

HOUSE BILL No. 4448

March 15, 1989, Introduced by Reps. Jonker and Hertel and referred to the Committee on Transportation.

A bill to amend sections 10c and 10e of Act No. 51 of the Public Acts of 1951, entitled as amended

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, and comprehensive transportation fund; to provide for the deposits in the state trunk line fund, critical

bridge fund, and comprehensive transportation fund of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal certain acts and parts of acts,"

as amended by Act No. 234 of the Public Acts of 1987, being sections 247.660c and 247.660e of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 10c and 10e of Act No. 51 of the Public
2 Acts of 1951, as amended by Act No. 234 of the Public Acts of
3 1987, being sections 247.660c and 247.660e of the Michigan
4 Compiled Laws, are amended to read as follows:

5 Sec. 10c. As used in this act:

6 (a) "Urban or rural area" means a contiguous developed area,
7 including the immediate surrounding area, where transportation
8 services should reasonably be provided presently or in the
9 future; the area within the jurisdiction of an eligible authori-
10 ty; or for the purpose of receiving funds for public transporta-
11 tion, a contiguous developed area having a population of less
12 than 50,000 population that has an urban public transportation
13 program approved by the state transportation department and for
14 which the state transportation commission determines that public

1 transportation services should reasonably be provided presently
2 or in the future.

3 (b) "Eligible authority" means an authority organized pursu-
4 ant to the metropolitan transportation authorities act of 1967,
5 Act No. 204 of the Public Acts of 1967, as amended, being sec-
6 tions 124.401 to ~~+24.425-~~ 124.426 of the Michigan Compiled
7 Laws.

8 (c) "Eligible governmental agency" means a county, city, or
9 village or an authority created pursuant to Act No. 55 of the
10 Public Acts of 1963, as amended, being sections 124.351 to
11 124.359 of the Michigan Compiled Laws; the urban cooperation act
12 of 1967, Act No. 7 of the Public Acts of the Extra Session of
13 1967, being sections 124.501 to 124.512 of the Michigan Compiled
14 Laws; Act No. 8 of the Public Acts of the Extra Session of 1967,
15 being sections 124.531 to 124.536 of the Michigan Compiled Laws;
16 Act No. 35 of the Public Acts of 1951, as amended, being sections
17 124.1 to 124.13 of the Michigan Compiled Laws; the public trans-
18 portation authority act, Act No. 196 of the Public Acts of 1986,
19 being sections 124.451 to 124.479 of the Michigan Compiled Laws;
20 or the revenue bond act of 1933, Act No. 94 of the Public Acts of
21 1933, as amended, being sections 141.101 to ~~+41.139-~~ 141.140 of
22 the Michigan Compiled Laws.

23 (d) "Transit vehicle" means a bus, rapid transit vehicle,
24 railroad car, water vehicle, taxicab, or other type of public
25 transportation vehicle or individual unit, whether operated
26 singly or in a group which provides public transportation.

1 (e) "Transit vehicle mile" means a transit vehicle operated
2 for 1 mile in public transportation service including demand
3 actuated and line-haul vehicle miles.

4 (f) "Demand actuated vehicle" means a bus or smaller transit
5 vehicle operated for providing group rides to members of the gen-
6 eral public paying fares individually, and on demand rather than
7 in regularly scheduled route service.

8 (g) "Demand actuated vehicle mile" means a demand actuated
9 vehicle operated for 1 mile in service to the general public.

10 (h) "Public transportation", "comprehensive transportation",
11 "public transportation service", "comprehensive transportation
12 service", "public transportation purpose", or "comprehensive
13 transportation purpose" means the movement of people and goods by
14 publicly or privately owned water vehicle, bus, railroad car,
15 aircraft, rapid transit vehicle, taxicab, or other conveyance
16 which provides general or special service to the public, but not
17 including charter or sightseeing service or transportation which
18 is exclusively for school purposes. Public transportation,
19 public transportation services, or public transportation pur-
20 poses; and comprehensive transportation, comprehensive transpor-
21 tation services, or comprehensive transportation purposes as
22 defined in this subdivision are declared by law to be transporta-
23 tion purposes within the meaning of section 9 of article IX of
24 the state constitution of 1963.

25 (i) "State transportation commission" means the state trans-
26 portation commission or the state highway commission as

1 established in section 28 of article V of the state constitution
2 of 1963.

3 (j) "Governmental unit" means the state transportation
4 department, state highway commission or the state transportation
5 commission, or a county road commission.

6 (k) "Department" or "department of transportation" means the
7 state transportation department, which may be referred to admin-
8 istratively as the department of transportation.

9 ~~(l) "New small bus service" means the operation of a vehi-~~
10 ~~cle with a rated seating capacity of 29 or less persons which has~~
11 ~~been in operation less than 3 full state fiscal years.~~

12 Sec. 10e. (1) The comprehensive transportation fund is
13 appropriated for each fiscal year in the following order of
14 priority.

15 (2) The first priority is to pay, but only from money
16 restricted as to use by section 9 of article IX of the state con-
17 stitution of 1963, the principal and interest on bonds or notes
18 issued under section 18b for comprehensive transportation pur-
19 poses as defined by law. A sufficient portion of the comprehen-
20 sive transportation fund is irrevocably appropriated to pay, when
21 due, the principal and interest on those bonds and notes.

22 (3) After making or setting aside payments required by sub-
23 section (2), the second priority of the comprehensive transporta-
24 tion fund is the payment of the department's cost in administer-
25 ing the comprehensive transportation fund. The amount to be
26 expended pursuant to this subsection shall not exceed the costs
27 appropriated for the administration of the fund in the fiscal

1 year ending September 30, 1987, as adjusted annually on October 1, by the change for the preceding 12 months in the Detroit consumer price index for urban wage earners and shall be appropriated annually by the legislature.

5 (4) After making or setting aside payments required by subsections (2) and (3), the balance of the comprehensive transportation fund beginning October 1, 1987, shall be expended each fiscal year as appropriated annually by the legislature pursuant to the state transportation program approved by the commission as follows:

11 (a) 65% for the fiscal year ending September 30, 1988, and 70% for each fiscal year thereafter, shall be distributed as operating grants to eligible authorities and eligible governmental agencies according to the following formulations and subject to the following requirements:

16 (i) For the fiscal year ending September 30, 1988, each eligible authority and eligible governmental agency which receives in those years grants under section 9 of the urban mass transportation act of 1964, 49 U.S.C. 1607a, ~~except as provided in subparagraph (vi),~~ shall receive from the funds distributed pursuant to this subparagraph a grant up to 50% of the difference between the eligible operating expenses of the eligible governmental agency or eligible authority and the amount of operating grants received by that agency or authority pursuant to section 9 of the urban mass transportation act of 1964, 49 U.S.C. 1607a. For the fiscal year ending September 30, 1989, and for each fiscal year thereafter, each eligible authority and eligible

1 governmental agency which provides public transportation services
2 in urbanized areas under the provisions of section 9 of the urban
3 mass transportation act of 1964, 49 U.S.C. 1607a, EXCEPT AS PRO-
4 VIDED IN SUBPARAGRAPH (vi), shall receive a grant of up to 40% of
5 their eligible operating expenses as defined by the state trans-
6 portation department. Funds not obligated at the end of the
7 fiscal year shall be ~~accounted for in the manner provided~~ USED
8 FOR THE PROGRAM DESCRIBED in subdivision ~~(e)~~ (D)(i).

9 (ii) For the fiscal year ending September 30, 1988, each
10 eligible authority and eligible governmental agency which
11 receives in that year grants from the federal government under
12 section 18 of the urban mass transportation act of 1964, 49
13 U.S.C. 1614, ~~except as provided in subparagraph (vi)~~, shall
14 receive from the funds distributed pursuant to this subparagraph
15 a grant up to 60% of the difference between the eligible operat-
16 ing expenses of the eligible governmental agency or eligible
17 authority and the amount of operating grants received by that
18 agency or authority under section 18 of the urban mass transpor-
19 tation act of 1964, 49 U.S.C. 1614. For the fiscal year ending
20 September 30, 1989, and each fiscal year thereafter, each eligi-
21 ble authority and eligible governmental agency which provides
22 public transportation services in nonurbanized areas under the
23 provisions of section 18 of the urban mass transportation act of
24 1964, 49 U.S.C. 1614, EXCEPT AS PROVIDED IN SUBPARAGRAPH (vi),
25 shall receive a grant of up to 50% of their eligible operating
26 expenses as defined by the state transportation department.
27 Funds remaining at the end of the fiscal year shall be ~~accounted~~

1 ~~for in the manner provided~~ USED FOR THE PROGRAM DESCRIBED in
2 subdivision ~~(d)~~ (D)(i).

3 (iii) Funds shall not be distributed to an eligible author-
4 ity or eligible governmental agency under this act unless the
5 eligible authority or eligible governmental agency provides or
6 agrees to provide preferential fares for public transportation
7 services to persons 65 years of age or over or handicappers
8 riding in off peak periods of service. As used in this section,
9 "handicapper" means a handicapped person as that term is defined
10 by the United States department of transportation in 49 C.F.R.
11 part 27. The preferential fares shall not be higher than 50% of
12 the regular 1-way single fare.

13 (iv) Eligible authorities and eligible governmental agencies
14 shall not engage in charter service using vehicles, facilities,
15 or equipment funded under this act except on an incidental basis
16 as defined by 49 C.F.R. part 604.

17 (v) Notwithstanding any other provision of this subsection,
18 for the fiscal years ending September 30, 1989, 1990, and 1991,
19 each eligible authority and eligible governmental agency shall
20 receive a distribution from the comprehensive transportation fund
21 not less than the distribution received for eligible operating
22 expenses for the fiscal year ending September 30, 1987.
23 Beginning with the fiscal year ending September 30, 1992 and each
24 fiscal year thereafter, each eligible authority and eligible gov-
25 ernmental agency shall receive a distribution from the comprehen-
26 sive transportation fund for eligible operating expenses not less
27 than the distribution received for the fiscal year ending

1 September 30, 1989. As it relates to this subsection the ratio
2 between comprehensive transportation funds and local funds in the
3 base years shall be maintained for all fiscal years by the eligi-
4 ble authority and eligible governmental agency. Reductions in
5 this ratio shall require a proportionate reduction in the compre-
6 hensive transportation funds provided for any fiscal year.

7 (vi) Notwithstanding any other provision of this subsection,
8 operating grants to eligible authorities and eligible governmen-
9 tal agencies shall not increase from 1 fiscal year to the next
10 fiscal year by an amount greater than the percentage change
11 between the comprehensive transportation fund revenues appropri-
12 ated for the purposes of this subdivision in the preceding fiscal
13 year, except for the fiscal year ending September 30, 1989, in
14 which case the fiscal year ending September 30, 1987 shall be
15 used, and the estimated comprehensive transportation fund reve-
16 nues to be appropriated for the purposes of this subdivision for
17 the fiscal year for which grants are authorized under this
18 subsection. Any funds remaining under this subdivision after
19 this determination is made are hereby authorized to be used for
20 the purposes of subdivision ~~(b)~~ (D)(i). The department shall
21 make this determination by March 1 of each year.

22 (vii) Each eligible authority and eligible governmental
23 agency receiving comprehensive transportation funds shall prepare
24 and submit to the department a quarterly report of the progress
25 made in carrying out its local transportation program within 40
26 days after the end of each fiscal year quarter. The progress
27 report shall be made on forms authorized by the United States

1 Department of transportation under the provisions of public law
2 100-17.

3 (viii) The department may periodically adjust or redistrib-
4 ute comprehensive transportation funds previously distributed
5 under this subdivision.

6 (b) 35% for the fiscal year ending September 30, 1988, shall
7 be distributed by the department for public transportation
8 purposes. Funds distributed under this subdivision shall be
9 expended pursuant to specific line item appropriation for, but
10 are not limited to, the following public transportation
11 purposes:

12 (i) Not less than \$850,000.00 in each fiscal year for oper-
13 ating assistance grants for specialized services. As used in
14 this subparagraph, "specialized services" means public transpor-
15 tation services primarily designed for persons who are handicap-
16 pers or who are 65 years of age or older.

17 (ii) Operating and capital grants to eligible authorities
18 and eligible governmental agencies for new small bus service.

19 (iii) Intercity passenger transportation purposes.

20 (iv) Intercity freight transportation purposes.

21 (v) Bus capital expenditure matching funds.

22 (vi) Supplemental operating assistance to eligible authori-
23 ties and eligible governmental agencies.

24 (vii) Not more than \$1,000,000.00 in each fiscal year for
25 the credit program created under section 104.

26 (viii) Public transportation development.

1 (c) Not less than 10% for the fiscal year ending
2 September 30, 1989, and each fiscal year thereafter, shall be
3 distributed by the department for intercity passenger and inter-
4 city freight transportation purposes.

5 (d) 20% for the fiscal year ending September 30, 1989, and
6 each fiscal year thereafter, shall be distributed by the depart-
7 ment for public transportation purposes. Funds distributed under
8 this subdivision shall be expended pursuant to specific line item
9 appropriation for, but are not limited to, the following public
10 transportation purposes:

11 (i) Beginning with the fiscal year ending September 30,
12 1989, the local share and effective bonus assistance programs.
13 The local share and effective bonus assistance programs shall
14 each be funded with not less than \$1,000,000.00 from funds dis-
15 tributed under this subdivision. Eligible authorities and eligi-
16 ble governmental agencies shall receive local share and effective
17 bonus assistance funds according to guidelines developed by the
18 department. Any undistributed funds from subdivision (a) may
19 also be used for the purpose of this program.

20 (ii) Beginning with the fiscal year ending September 30,
21 1989, the specialized services assistance program. The special-
22 ized services assistance program shall be funded with not less
23 than \$2,000,000.00 from funds distributed under this
24 subdivision. Funds shall be distributed according to guidelines
25 developed by the department based upon the following
26 considerations:

1 (A) ~~-(a)-~~ Proposals for coordinated specialized services
2 assistance funding shall be developed jointly between existing
3 eligible authorities or eligible governmental agencies that pro-
4 vide public transportation services and the area agencies on
5 aging or any other organization representing specialized services
6 interests, as defined in this subdivision. Plans shall be
7 reviewed and approved by the bureau of urban and public transpor-
8 tation of the department. Upon approval, the department shall
9 release the funds to the eligible authority or eligible govern-
10 mental agency which shall then allocate the funds to the area
11 agency on aging or any other organization representing special-
12 ized services interests, as defined in this subdivision for the
13 purchase of services as approved in the plan by the department.

14 (B) ~~-(b)-~~ If an eligible authority or eligible governmental
15 agency does not exist to provide public transportation service in
16 a county, coordinated proposals for specialized services assist-
17 ance funding may be submitted by the area agency on aging or any
18 other organization representing specialized services interests,
19 as defined in this subdivision. The proposals shall be reviewed
20 and approved by the bureau of urban and public transportation of
21 the department. Upon approval, the department shall release the
22 funds to the area agency on aging or any other organization rep-
23 resenting specialized services interests, as defined in this sub-
24 division for the purchase of services as approved in the plan by
25 the department.

26 (C) ~~-(c)-~~ For the purposes of this program, "specialized
27 services" means public transportation primarily designed for

1 persons who are handicappers or who are 65 years of age or
2 older. ~~Each eligible authority or eligible governmental agency~~
3 ~~jointly with the area agency on aging shall approve at least 1 or~~
4 ~~the equivalent of 12% of the membership to the local advisory~~
5 ~~committee.~~

6 (iii) Local bus capital.

7 (iv) Local bus new services.

8 (v) Not more than \$1,000,000.00 in each fiscal year for the
9 credit program established under section 104.

10 (vi) Public transportation development.

11 (vii) Other public transportation programs approved by the
12 commission.

13 (e) The unappropriated and unencumbered balance of the com-
14 prehensive transportation fund lapses at the end of each fiscal
15 year and reverts to the comprehensive transportation fund for
16 appropriation in the following fiscal year.

17 (5) Eligible authorities and eligible governmental agencies
18 shall receive capital grants each fiscal year by the annual pro-
19 cess described in this section. Amounts received by an eligible
20 authority or eligible governmental agency pursuant to this sub-
21 section shall be expended by that authority or agency solely for
22 capital projects which have been approved by the state transpor-
23 tation commission. Any funds approved by distribution to an eli-
24 gible authority or eligible governmental agency pursuant to this
25 section which have not been encumbered by that agency or author-
26 ity for an approved capital project by the end of the following
27 fiscal year in which the funds were approved shall not be

1 expended by the authority or agency and be available for
2 distribution from the comprehensive transportation fund for the
3 purposes described in this section.

4 (6) The department, in carrying out the policy of the state
5 transportation commission, shall annually prepare and distribute
6 by December 1, instructions to eligible governmental agencies ~~—~~
7 AND eligible authorities ~~—, and intercity carriers~~ to enable the
8 preparation of a local transportation program FOR THE FOLLOWING
9 LOCAL BUS PROGRAMS: LOCAL BUS OPERATING AND CAPITAL ASSISTANCE,
10 LOCAL BUS NEW SERVICES BEGINNING IN THE FOURTH YEAR, SPECIALIZED
11 SERVICES ASSISTANCE, MARKETING, AND GRANTS FROM THE FEDERAL GOV-
12 ERNMENT UNDER SECTIONS 18 AND 16(b)(2) OF THE URBAN MASS TRANS-
13 PORTATION ACT OF 1964, 49 U.S.C. 1614 AND 1612. IN ADDITION, THE
14 FOLLOWING PROGRAMS MAY PREPARE AND DISTRIBUTE INSTRUCTIONS TO
15 ELIGIBLE GOVERNMENTAL AGENCIES, ELIGIBLE GOVERNMENTAL AUTHORI-
16 TIES, AND INTERCITY CARRIERS DURING THE YEAR AS NEEDED: INTER-
17 CITY PASSENGER AND INTERCITY FREIGHT, LOCAL BUS SERVICE DEVELOP-
18 MENT, LOCAL BUS REHABILITATION/MAINTENANCE, LOCAL BUS NEW SERV-
19 ICES FOR THE FIRST 3 YEARS, AND GRANTS FROM THE FEDERAL GOVERN-
20 MENT UNDER SECTIONS 18(h) AND 3 OF THE URBAN MASS TRANSPORTATION
21 ACT OF 1964, 49 U.S.C. 1614 AND 1602. Eligible governmental agen-
22 cies, eligible authorities, and intercity carriers shall give
23 public notice of their intent to apply for money in the compre-
24 hensive transportation fund to the residents of the counties,
25 townships, villages, and cities affected by the local transporta-
26 tion program and shall make their application available for a
27 period of 30 days. All comments received by the eligible

1 governmental agency, eligible authority, or intercity carrier
2 shall be transmitted to the department.

3 (7) On or before March 1 of each year, each ~~intercity~~
4 ~~carrier,~~ eligible authority ~~—~~ and eligible governmental agency
5 THAT RECEIVED THE DECEMBER 1 INSTRUCTIONS DESCRIBED IN SUBSECTION
6 (6) shall submit to the department its local transportation pro-
7 gram for the next succeeding fiscal year. The format for each
8 local transportation program shall be as prescribed by the fed-
9 eral transportation improvement program insofar as practical and
10 shall include project descriptions, funding sources, and justifi-
11 cation for each line item, and summary budgets based on distribu-
12 tions anticipated under subsection (4). The program shall con-
13 tain at a minimum the contemplated routes, hours of service,
14 estimated transit vehicle miles, costs of public transportation
15 services, and projected capital improvements or projects as
16 exclusively determined by the eligible authority or eligible gov-
17 ernmental agency. The costs of service and capital improvements
18 or projects shall be in sufficient detail to permit the state
19 transportation department to evaluate and approve the annual
20 public transportation program. Determination of individual
21 projects to be included in the local transportation programs
22 other than those provided in this subsection shall be made by the
23 governing body of the eligible authority or eligible governmental
24 agency.

25 (8) On or before March 1 of each year, the department shall
26 prepare and file for public inspection and review the department
27 transportation program. The department transportation program

1 shall be prepared on similar format to the local transportation
2 programs, and shall include a summary description of projects,
3 with funding sources and project justifications for each line
4 item for the fiscal year immediately succeeding the fiscal year
5 in which the program is submitted. In addition, the department
6 transportation program shall include summary, nondetailed budget
7 and project descriptions and justifications excluding projects
8 contained in a local transportation program.

9 (9) On or before April 1 of each year, the department shall
10 prepare and file with the commission the proposed state transpor-
11 tation program for the next succeeding fiscal year. The proposed
12 state transportation program shall contain the local transporta-
13 tion programs of each intercity carrier, eligible authority and
14 eligible governmental agency, the department transportation pro-
15 gram, and the programs for the expenditure of the state trunk
16 line fund as they may have been supplemented, amended, or modi-
17 fied since their original filing. The state transportation pro-
18 gram shall include the estimated amount of money in the funds
19 described in this subsection by revenue source, project justifi-
20 cations, project descriptions funding sources, and budget
21 summaries.

22 (10) On or before May 1 of each year, the state transporta-
23 tion commission shall act on the state transportation program for
24 the fiscal year commencing on the following October 1. In con-
25 sidering approval of the proposed projects of each intercity car-
26 rier, eligible authority, or eligible governmental agency, other
27 than projects which are to be funded pursuant to subsection (5),

1 the state transportation commission shall consider whether the
2 projects comply with state law, are within funds allocated in
3 this section, whether they may be funded within the approved bud-
4 gets, whether there are intercity carriers, eligible authorities,
5 and eligible governmental agencies responsible to implement the
6 projects, and the recommendations of the department on individual
7 projects. Upon making those determinations, the state transpor-
8 tation commission shall approve the projects which best meet the
9 criteria of this subsection.

10 (11) By October 1, the department and each intercity carri-
11 er, eligible authority, or eligible governmental agency shall
12 enter into a contractual agreement or standardized grant memoran-
13 dum of agreement, which may cover 1 or more projects to be made
14 from this section in the applicable fiscal year to the intercity
15 carrier, eligible authority, or eligible governmental agency from
16 the comprehensive transportation fund.

17 (12) After a multiyear public transportation program is
18 approved by the state transportation commission, the state trans-
19 portation department may enter into a grant-in-aid instrument
20 with an eligible authority, intercity carrier, or eligible gov-
21 ernmental agency obligating the state to a minimum level of fund-
22 ing for approved projects to be available over the multiyear
23 period of the program. This obligation shall be binding upon the
24 state transportation department as long as the provisions and
25 conditions of the state transportation commission approved pro-
26 gram are carried out as agreed.

1 (13) Contracts and grant memorandum agreements may be
2 audited by the state transportation commission's office of
3 commission audits using rules promulgated by the United States
4 general accounting office and the terms and conditions of the
5 respective contracts and agreements. Third party agreements are
6 subject to the review and approval of the department.

7 (14) Funds distributed by the department may pay 100% of the
8 portion of the cost not eligible for reimbursement by the federal
9 government for eligible capital projects authorized by the state
10 transportation commission using comprehensive transportation
11 funds or the proceeds of notes and bonds issued under section
12 18b. Priority for funding obligation shall be given to capital
13 projects for which federal funds have been authorized.

14 (15) ~~Funds distributed by the department from the funds~~
15 ~~described in subsection (4)(c) may be used to initiate new serv-~~
16 ~~ices by eligible authorities and eligible governmental agencies~~
17 ~~not receiving operating grants under subsection (4)(a) as of~~
18 ~~October 1, 1988. The department shall fund approved projects~~
19 ~~under this subsection in the following percentages of eligible~~
20 ~~operating expenses:~~ ALL APPROVED LOCAL BUS NEW SERVICES INITI-
21 ATED BY ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES
22 NOT IN THEIR FOURTH YEAR OR BEYOND OF FUNDING ON OCTOBER 1, 1988,
23 SHALL BE FUNDED FROM SUBSECTION (4)(D)(iv). NEW SERVICES SHALL
24 NOT BE ELIGIBLE FOR FEDERAL OPERATING ASSISTANCE UNDER SECTION 18
25 OF THE URBAN MASS TRANSPORTATION ACT OF 1964, 49 U.S.C. 1614,
26 WHENEVER THE MICHIGAN APPORTIONMENT IS LESS THAN THAT RECEIVED IN
27 1987-88 UNDER PUBLIC LAW 100-202. HOWEVER, IF THE MICHIGAN

1 APPORTIONMENT EXCEEDS THAT RECEIVED IN 1987-88, THE DEPARTMENT
2 MAY DISTRIBUTE THESE ADDITIONAL FUNDS TO LOCAL BUS NEW SERVICES.
3 LOCAL BUS NEW SERVICES SHALL BE FUNDED UNDER SUBSECTION
4 (4)(D)(iv) IN THE FOLLOWING PERCENTAGES OF ELIGIBLE OPERATING
5 EXPENSES AS DETERMINED BY THE DEPARTMENT:

6 (a) Startup 100%.

7 (b) First year 90%.

8 (c) Second year 80%.

9 (d) Third year 70%.

10 (e) Fourth year and each year thereafter, ~~as outlined in~~
11 ~~subsection (4)(a)~~ UP TO 40% IF SUCH SERVICE IS PROVIDED WITHIN
12 AN URBANIZED AREA, UP TO 50% IF SUCH SERVICE IS PROVIDED WITHIN A
13 NONURBANIZED AREA AND RECEIVES FEDERAL OPERATING ASSISTANCE UNDER
14 SECTION 18 OF THE URBAN MASS TRANSPORTATION ACT OF 1964,
15 49 U.S.C. 1614, AND UP TO 65% IF SUCH SERVICE IS WITHIN A NONUR-
16 BANIZED AREA AND DOES NOT RECEIVE FEDERAL OPERATING ASSISTANCE
17 UNDER SECTION 18 OF THE URBAN MASS TRANSPORTATION ACT OF 1964,
18 49 U.S.C. 1614.

19 The balance of eligible operating expenses shall be met from
20 local revenue sources including farebox. The department shall
21 pay up to 100% of eligible capital expenses during the startup
22 and first 3 years of service, after the third year, the depart-
23 ment shall participate in eligible capital expenses in the same
24 percentage as for other eligible authorities and eligible govern-
25 mental agencies. For the purposes of this subsection, eligible
26 operating and capital expenses means those expenses determined by
27 the department as applicable to existing eligible authorities and

1 eligible governmental agencies. The department shall prioritize
2 annually all requests for comprehensive transportation funds to
3 institute new services under this subsection. First priority
4 shall be given to eligible authorities and eligible governmental
5 agencies who have not completed their first 3 years of service by
6 October 1, 1988. New services initiated by eligible authorities
7 and eligible governmental agencies under this subsection shall
8 meet all of the requirements of section 10.

9 (16) The department shall pay up to 80% of the portion of
10 the cost not eligible for reimbursement by the federal government
11 for intercity passenger operating assistance projects authorized
12 by the commission for the first 2 years of new services. For the
13 third year, eligible costs shall be reimbursed at up to 60% of
14 the portion of the cost not eligible for reimbursement by the
15 federal government. After the third year, eligible costs shall
16 be reimbursed at up to 50% of the portion of the cost not eligi-
17 ble for reimbursement by the federal government. Eligible costs
18 of services provided as of September 30, 1981, shall be reim-
19 bursed at up to 50% of the portion of the cost not eligible for
20 reimbursement by the federal government. However, the amount of
21 funds from the comprehensive transportation fund when added to
22 federal funds and local funds shall not exceed the total operat-
23 ing assistance project cost.

24 (17) A vehicle purchased, leased, or rented after
25 November 15, 1976, by an eligible authority or eligible govern-
26 mental agency with funds made available under this act, which
27 funds were not already committed under a contract in existence on

1 November 15, 1976, shall not be used to provide service on a
2 fixed schedule and fixed route for which a passenger fee is
3 charged unless the vehicle is accessible to a person using a
4 wheelchair from a roadway level or curb level, and has accommoda-
5 tions in which 1 or more wheelchairs can be secured.

6 (18) A vehicle shall not be purchased, leased, or rented by
7 an eligible authority or eligible governmental agency after
8 October 1, 1978, with funds made available under this act which
9 vehicle is used to provide demand actuated service unless the
10 eligible authority or eligible governmental agency has submitted
11 a plan to the state transportation department describing the
12 service to be provided by the demand actuated service to persons
13 65 years of age or older and handicappers within the applicable
14 service area and that plan has been approved by the department.
15 The department shall approve the plan as submitted or modified or
16 shall reject the plan within 60 days after the plan is
17 submitted. A plan which describes the service to be provided by
18 the demand actuated service shall not be approved by the depart-
19 ment unless that plan provides the following:

20 (a) That demand actuated service will be provided to persons
21 65 years of age or older and handicappers residing in the entire
22 service area subject to the plan.

23 (b) That as a minimum, demand actuated service will be pro-
24 vided to persons 65 years of age or older and handicappers during
25 the same hours as service is provided to all other persons in the
26 service area subject to the plan.

1 (c) That the average time period required for demand
2 actuated service to persons 65 years of age or older and
3 handicappers from the initiation of a service request to arrival
4 at the destination is equal to the average time period required
5 for demand actuated service provided to all other persons in the
6 service area subject to the plan.

7 (d) That the eligible authority or eligible governmental
8 agency submitting the plan has established a local advisory coun-
9 cil with not less than 50% of its membership representing persons
10 65 years of age or older and handicappers within the service area
11 subject to the plan and that the local advisory council has had
12 an opportunity to review and comment upon the plan before its
13 submission to the department. EACH ELIGIBLE AUTHORITY OR ELIGI-
14 BLE GOVERNMENTAL AGENCY JOINTLY WITH THE AREA AGENCY ON AGING
15 SHALL APPROVE AT LEAST 1 OR THE EQUIVALENT OF 12% OF THE MEMBER-
16 SHIP OF THE LOCAL ADVISORY COUNCIL. Each advisory council comment
17 shall be included in the plan when submitted to the department.

18 (19) Notwithstanding subsection (18), a plan required by
19 subsection (18) which is not approved or rejected by the state
20 transportation department within 60 days after submission shall
21 be considered approved as submitted.

22 (20) Subsections (17), (18), and (19) shall not apply to
23 vehicles or facilities used to transport persons by rail, air, or
24 water or to vehicles of common carriers licensed by the state
25 transportation department.

26 (21) Beginning January 1, 1979, the department shall submit
27 an annual report to the legislature detailing the service

1 provided in the prior year for persons 65 years of age or older
2 and handicappers by fixed route service and demand actuated
3 service. This report shall include a record of passenger usage
4 and shall be submitted by April 1 of each year.

5 (22) The commission shall request a formal opinion from the
6 attorney general regarding the question of whether reducing the
7 age of persons entitled to specialized services from 65 to 60
8 would constitute a state mandated cost on units of local govern-
9 ment thus requiring the state to reimburse those units for the
10 increased costs of services. If the attorney general concludes
11 that reducing the age of persons entitled to specialized services
12 from 65 to 60 would not constitute a state mandated cost, the
13 legislature shall reduce the age from 65 to 60 within 2 years
14 after the effective date of this subsection.