

HOUSE BILL No. 4632

April 13, 1989, Introduced by Reps. Knight, Hertel and O'Neill and referred to the Committee on Transportation.

A bill to amend sections 10 and 11 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,"

section 10 as amended by Act No. 348 of the Public Acts of 1988 and section 11 as amended by Act No. 234 of the Public Acts of 1987, being sections 247.660 and 247.661 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 10 and 11 of Act No. 51 of the Public
2 Acts of 1951, section 10 as amended by Act No. 348 of the Public
3 Acts of 1988 and section 11 as amended by Act No. 234 of the
4 Public Acts of 1987, being sections 247.660 and 247.661 of the
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 10. (1) A fund to be known as the Michigan transporta-
7 tion fund is established and shall be set up and maintained in
8 the state treasury as a separate fund. Money received and col-
9 lected under Act No. 150 of the Public Acts of 1927, as amended,
10 being sections 207.101 to 207.202 of the Michigan Compiled Laws,
11 except a license fee provided in that act, and a tax, fee,
12 license, and other money received and collected under sections
13 801 to 810 of the Michigan vehicle code, Act No. 300 of the

1 Public Acts of 1949, as amended, being sections 257.801 to
2 257.810 of the Michigan Compiled Laws, except a truck safety fund
3 fee provided in section 801(1)(k) of Act No. 300 of the Public
4 Acts of 1949, being section 257.801 of the Michigan Compiled
5 Laws, and money received under the motor carrier act, Act No. 254
6 of the Public Acts of 1933, as amended, being sections 475.1 to
7 479.20 of the Michigan Compiled Laws, shall be deposited in the
8 state treasury to the credit of the Michigan transportation
9 fund. In addition, income or profit derived from the investment
10 of money in the Michigan transportation fund shall be deposited
11 in the Michigan transportation fund. Except as provided in this
12 act, no other money, whether appropriated from the general fund
13 of this state or any other source, shall be deposited in the
14 Michigan transportation fund. The legislature shall appropriate
15 funds for the necessary expenses incurred in the administration
16 and enforcement of Act No. 150 of the Public Acts of 1927, as
17 amended, Act No. 254 of the Public Acts of 1933, as amended, and
18 sections 801 to 810 of Act No. 300 of the Public Acts of 1949, as
19 amended. After deduction of the amount as appropriated pursuant
20 to section 91 of Act No. 150 of the Public Acts of 1927, being
21 section 207.191 of the Michigan Compiled Laws, all money in the
22 Michigan transportation fund is apportioned and appropriated in
23 the following manner:

24 (a) For the fiscal years ending September 30, 1985, through
25 September 30, 1987, and for the period from October 1, 1987 to
26 October 30, 1987:

1 (i) 10.0% to the comprehensive transportation fund for the
2 purposes described in section 10e.

3 (ii) The balance of the Michigan transportation fund as fol-
4 lows, after the deduction of the amounts appropriated in subdivi-
5 sion (a) and section 11b:

6 (A) 39.1% to the state trunk line fund for the purposes
7 described in section 11.

8 (B) 39.1% to the county road commissions of the state.

9 (C) 21.8% to the cities and villages of the state.

10 (b) Beginning October 31, 1987 and for the fiscal years
11 ending September 30, 1988 through September 30, 1993:

12 (i) Not more than \$3,000,000.00 as may be annually appropri-
13 ated each fiscal year to the state trunk line fund for subsequent
14 deposit in the rail grade crossing account.

15 (ii) 10% PLUS AN AMOUNT EQUAL TO THE COLLECTIONS FROM THE
16 REGULATORY FEE SPECIFIED IN SECTION 4(1)(B) OF THE REBUILD
17 MICHIGAN PROGRAM FUNDING ACT to the comprehensive transportation
18 fund for the purposes described in section 10e. THE COLLECTIONS
19 FROM THE REGULATORY FEE SPECIFIED IN SECTION 4(1)(B) OF THE
20 REBUILD MICHIGAN PROGRAM FUNDING ACT SHALL BE USED FOR DEBT SERV-
21 ICE ON BONDS ISSUED TO FUND CAPITAL PROJECTS FOR ELIGIBLE AUTHOR-
22 ITIES AND ELIGIBLE GOVERNMENTAL AGENCIES FOR PUBLIC TRANSPORTA-
23 TION PURPOSES.

24 (iii) \$21,550,000.00 to the state trunk line fund for subse-
25 quent deposit in the transportation economic development fund, or
26 allocation to debt service on bonds issued to fund transportation
27 economic development fund projects for the fiscal year ending

1 September 30, 1988, and \$36,775,000.00 for each fiscal year
2 thereafter through the fiscal year ending September 30, 1993.

3 (iv) AN AMOUNT EQUAL TO THE COLLECTIONS FROM THE REGULATORY
4 FEE SPECIFIED IN SECTION 4(1)(C) OF THE REBUILD MICHIGAN PROGRAM
5 FUNDING ACT TO A DEBT SERVICE ACCOUNT IN THE STATE TRUNK LINE
6 FUND TO BE USED FOR DEBT SERVICE ON THE BONDS ISSUED PURSUANT TO
7 SECTION 11(1)(B).

8 (v) ~~(iv)~~ The balance of the Michigan transportation fund
9 as follows, after deduction of the amounts appropriated in sub-
10 paragraphs (i), (ii), ~~and~~ (iii), AND (iv) and section 11b:

11 (A) 39.1% to the state trunk line fund for the purposes
12 described in section 11.

13 (B) 39.1% to the county road commissions of the state.

14 (C) 21.8% to the cities and villages of the state.

15 (2) If a distribution formula is not enacted into law for
16 any time period beginning after September 30, 1993, the following
17 amounts are appropriated each fiscal year thereafter with the
18 balance reverting to the Michigan transportation fund until a
19 distribution formula is enacted:

20 (a) An amount is apportioned and appropriated to the compre-
21 hensive transportation fund sufficient to pay the principal and
22 interest payments due on bonds and notes issued for comprehensive
23 transportation purposes under section 18b.

24 (b) An amount is apportioned and appropriated to the state
25 trunk line fund sufficient to pay the principal and interest pay-
26 ments due on bonds and notes issued for those purposes for which
27 the state transportation commission may issue bonds and notes

1 under section 18b, except for those bonds and notes issued for
2 comprehensive transportation purposes, and sufficient to pay the
3 obligations of the state trunk line fund pursuant to contracts
4 entered into under section 18d, which contributions are pledged
5 for the payment of principal and interest on bonds issued under
6 section 18d.

7 (c) An amount is apportioned and appropriated to county road
8 commissions sufficient to pay the principal and interest payments
9 due on bonds and notes described in section 12(8).

10 (d) An amount is apportioned and appropriated to cities and
11 villages sufficient to pay the principal and interest payments
12 due on bonds and notes described in section 13(3)(a).

13 (3) The money appropriated pursuant to this section shall be
14 used for the purposes as provided in this act and any other
15 applicable act. The department shall develop programs to assist
16 small businesses as defined by law in becoming qualified to bid.

17 (4) The distribution formula enacted into law after
18 September 30, 1993 shall not adversely affect the ability of the
19 state or a city, village, county, or county road commission which
20 has issued bonds or notes payable from the Michigan transporta-
21 tion fund or the motor vehicle highway fund to pay the debt serv-
22 ice on those bonds or notes.

23 (5) Thirty percent of the funds appropriated to this state
24 from the federal government pursuant to 23 U.S.C. 157, commonly
25 known as 85% minimum floor funds, shall be allocated to the
26 transportation economic development fund, if such an allocation
27 is consistent with federal law. These funds shall be divided

1 equally between development projects for rural counties as
2 defined by law and for capacity improvement in urban counties as
3 defined by law.

4 Sec. 11. (1) A fund to be known as the state trunk line
5 fund is established and shall be set up and maintained in the
6 state treasury as a separate fund. The money deposited in the
7 state trunk line fund is appropriated to the state transportation
8 department for the following purposes in the following order of
9 priority:

10 (a) For the payment, but only from money restricted as to
11 use by section 9 of article IX of the state constitution of 1963,
12 of bonds, notes, or other obligations in the following order of
13 priority:

14 (i) For the payment of contributions required to be made by
15 the state highway commission or the state transportation commis-
16 sion under contracts entered into before July 18, 1979, under Act
17 No. 205 of the Public Acts of 1941, as amended, being sections
18 252.51 to 252.64 of the Michigan Compiled Laws, which contribu-
19 tions have been pledged before July 18, 1979, for the payment of
20 the principal and interest on bonds issued under Act No. 205 of
21 the Public Acts of 1941, as amended, for the payment of which a
22 sufficient sum is irrevocably appropriated.

23 (ii) For the payment of the principal and interest upon
24 bonds designated "State of Michigan, State Highway Commissioner,
25 Highway Construction Bonds, Series I", dated September 1, 1956,
26 in the aggregate principal amount of \$25,000,000.00, issued
27 pursuant to former Act No. 87 of the Public Acts of 1955 and the

1 resolution of the state administrative board adopted August 6,
2 1956, for the payment of which a sufficient sum is irrevocably
3 appropriated.

4 (iii) For the payment of the principal and interest on bonds
5 issued under section 18b for transportation purposes other than
6 comprehensive transportation purposes as defined by law and the
7 payment of contributions of the state highway commission or state
8 transportation commission to be made pursuant to contracts
9 entered into under section 18d, which contributions are pledged
10 to the payment of principal and interest on bonds issued under
11 the authorization of section 18d and contracts executed pursuant
12 to that section. A sufficient portion of the fund is irrevocably
13 appropriated to pay, when due, the principal and interest on
14 bonds or notes issued under section 18b for purposes other than
15 comprehensive transportation purposes as defined by law, and to
16 pay the annual contributions of the state highway commission and
17 the state transportation commission as are pledged for the pay-
18 ment of bonds issued pursuant to contracts authorized by section
19 18d.

20 (B) FOR THE TRANSFER OF FUNDS APPROPRIATED PURSUANT TO
21 SECTION 10(1)(B)(iv) TO THE DEBT SERVICE ACCOUNT WITHIN THE STATE
22 TRUNK LINE FUND FOR THE REBUILD MICHIGAN BONDING PROGRAM FOR
23 EXPENDITURE TO SERVICE THE DEBT INCURRED FOR BONDS ISSUED TO FUND
24 PROJECTS CONTAINED IN THE REBUILD MICHIGAN PROGRAM. ANY REMAIN-
25 ING BALANCE IN THE ACCOUNT AT THE END OF A FISCAL YEAR SHALL
26 LAPSE TO THE STATE TRUNK LINE FUND.

1 (C) ~~(b)~~ For the transfer of funds appropriated pursuant to
2 section 10(1)(b)(iii) to the transportation economic development
3 fund, but the transfer shall be reduced each fiscal year by the
4 amount of debt service to be paid in that year from the state
5 trunk line fund for bonds, notes, or other obligations issued to
6 fund projects of the transportation economic development fund,
7 which amount shall be certified by the department.

8 (D) ~~(c)~~ For the transfer of funds appropriated pursuant to
9 section 10(1)(b)(i) to the railroad grade crossing account in the
10 state trunk line fund for expenditure to meet the cost, in whole
11 or in part, of providing for the improvement, installation, and
12 retirement of new or existing safety devices at rail grade cross-
13 ings on public roads and streets subject to the following:

14 (i) Funds deposited pursuant to this subdivision for rail
15 grade crossing improvements and retirement may be expended only
16 after all federal funds from the grade crossing improvement pro-
17 gram or other comparable programs have been exhausted or
18 committed.

19 (ii) Funds may be expended only if the affected railroad
20 pays 25% and the local road authority pays 10% of the costs for
21 which appropriations have been made pursuant to this
22 subdivision.

23 (E) ~~(d)~~ For the total operating expenses of the state
24 trunk line fund for each fiscal year as appropriated by the
25 legislature.

26 (F) ~~(e)~~ For the maintenance of state trunk line highways
27 and bridges.

1 (G) ~~(F)~~ For the opening, widening, improving,
2 construction, and reconstruction of state trunk line highways and
3 bridges, including the acquisition of necessary rights of way and
4 the work incidental to that opening, widening, improving, con-
5 struction, or reconstruction. Those sums in the state trunk line
6 fund not otherwise appropriated, distributed, determined, or set
7 aside by law shall be used for the construction or reconstruction
8 of the national system of interstate and defense highways,
9 referred to in this act as "the interstate highway system" to the
10 extent necessary to match federal aid funds as the federal aid
11 funds become available for that purpose; and, for the construc-
12 tion and reconstruction of the state trunk line system.

13 (H) ~~(G)~~ The state transportation department may enter into
14 agreements with county road commissions and with cities and vil-
15 lages to perform work on a highway, road, or street. The agree-
16 ments may provide for the performance by any of the contracting
17 parties of any of the work contemplated by the contract including
18 engineering services and the acquisition of rights of way in con-
19 nection with the work, by purchase or condemnation by any of the
20 contracting parties in its own name, and for joint participation
21 in the costs, but only to the extent that the contracting parties
22 are otherwise authorized by law to expend money on the highways,
23 roads, or streets. The state transportation department also may
24 contract with a county road commission, city, and village to
25 advance money to a county road commission, city, and village to
26 pay their costs of improving railroad grade crossings on the
27 terms and conditions agreed to in the contract. A contract may

1 be executed before or after the state transportation commission
2 borrows money for the purpose of advancing money to a county road
3 commission, city, or village, but the contract shall be executed
4 before the advancement of any money to a county road commission,
5 city, or village by the state transportation commission, and
6 shall provide for the full reimbursement of any advancement by a
7 county road commission, city, or village to the state transporta-
8 tion department, with interest, within 15 years after advance-
9 ment, from any available revenue sources of the county road com-
10 mission, city, or village or, if provided in the contract, by
11 deduction from the periodic disbursements of any money returned
12 by the state to the county road commission, city, or village.

13 (I) ~~(h)~~ For providing inventories of supplies and materi-
14 als required for the activities of the state transportation
15 department. The state transportation department may purchase
16 supplies and materials for these purposes, with payment to be
17 made out of the state trunk line fund to be charged on the basis
18 of issues from inventory in accordance with the accounting and
19 purchasing laws of the state.

20 (2) Notwithstanding any other provision of this act, at
21 least 90% of state revenue appropriated annually to the state
22 trunk line fund less the amounts described in subdivisions (a) to
23 ~~(h)~~ (I) shall be expended annually by the state transportation
24 department for the maintenance of highways, roads, streets, and
25 bridges and for the payment of debt service on bonds, notes, or
26 other obligations described in subsection (1)(a) issued after
27 July 1, 1983, for the purpose of providing funds for the

1 maintenance of highways, roads, streets, and bridges. If an
2 appropriate certificate is filed under section 18e but only to
3 the extent necessary, this subsection shall not prohibit the use
4 of any amount of money restricted as to use by section 9 of arti-
5 cle IX of the state constitution of 1963 and deposited in the
6 state trunk line fund for the payment of debt service on bonds,
7 notes, or other obligations pledging for the payment thereof
8 money restricted as to use by section 9 of article IX of the
9 state constitution of 1963 and deposited in the state trunk line
10 fund, whenever issued, as specified under subsection (1)(a). The
11 amounts ~~which~~ THAT are deducted from the state trunk line fund
12 for the purpose of the calculation required by this subsection
13 are as follows:

14 (a) Amounts expended for the purposes described in subsec-
15 tion (1)(a) for the payment of debt service on bonds, notes, or
16 other obligations issued before July 2, 1983.

17 (b) Amounts expended to provide the state matching require-
18 ment for interstate highway construction and for the payment of
19 debt service on bonds, notes, or other obligations issued after
20 July 1, 1983 ~~—~~ for the purpose of providing funds for the state
21 matching requirements for interstate highway construction.

22 (c) Amounts expended for the construction of a highway,
23 street, road, or bridge to 1 or more of the following or for the
24 payment of debt service on bonds, notes, or other obligations
25 issued after July 1, 1983 ~~—~~ for the purpose of providing funds
26 for the construction of a highway, street, road, or bridge to 1
27 or more of the following:

1 (i) A location for which a building permit has been obtained
2 for the construction of a manufacturing or industrial facility.

3 (ii) A location for which a building permit has been
4 obtained for the renovation of, or addition to, a manufacturing
5 or industrial facility.

6 (d) Amounts expended for capital outlay other than for high-
7 ways, roads, streets, and bridges or to pay debt service on
8 bonds, notes, or other obligations issued after July 1, 1983 ~~—~~
9 for the purpose of providing funds for capital outlay other than
10 for highways, roads, streets, and bridges.

11 (e) Amounts expended for the operating expenses of the state
12 transportation department other than the units of the department
13 performing the functions assigned on January 1, 1983 to the
14 bureau of highways.

15 (f) Amounts expended pursuant to contracts entered into
16 before January 1, 1983.

17 (g) Amounts expended for the purposes described in subsec-
18 tion (5).

19 (h) Amounts appropriated for deposit in the transportation
20 economic development fund and the rail grade crossing account
21 pursuant to section 10(1)(b)(i) and (1)(b)(iii).

22 (3) Notwithstanding any other provision of this act, the
23 state transportation department shall expend annually at least
24 90% of the federal revenue distributed to the credit of the state
25 trunk line fund in that year, except for federal revenue expended
26 for the purposes described in subsection (2)(b), (c), and (f) on
27 the maintenance of highways, roads, streets, and bridges. The

1 requirement of this subsection shall be waived if compliance
2 would cause the state to be ineligible according to federal law
3 for federal revenue, but only to the extent necessary to make the
4 state eligible according to federal law for that revenue.

5 (4) As used in this section:

6 (a) "Maintenance" and "maintaining" means snow removal;
7 street cleaning and drainage; seal coating; patching and ordinary
8 repairs; erection and maintenance of traffic signs and markings;
9 safety projects; and the preservation, reconstruction, resurfac-
10 ing, restoration, and rehabilitation of highways, roads, streets,
11 and bridges. However, maintenance and maintaining do not include
12 projects ~~which~~ THAT increase the capacity of a highway facility
13 to accommodate that part of the traffic having neither origin nor
14 destination within the local area.

15 (b) "Maintenance" and "maintaining" include widening less
16 than lane width; adding auxiliary turning lanes of 1/2 mile or
17 less; adding auxiliary weaving, climbing, or speed change lanes;
18 and correcting substandard intersections.

19 (c) "Maintenance" and "maintaining" do not include the
20 upgrading of aggregate surface roads to hard surface roads.

21 (d) "Maintenance" and "maintaining" include the portion of
22 the costs of the units of the department performing the functions
23 assigned on January 1, 1983 — to the bureau of highways
24 expended for the purposes described in subdivisions (a) and (b).

25 (5) Notwithstanding any other provision of this section, the
26 state transportation department may loan money to county road
27 commissions, cities, and villages for paying capital costs of

1 transportation purposes described in the second paragraph of
2 section 9 of article IX of the state constitution of 1963 from
3 the proceeds of bonds or notes issued pursuant to section 18b or
4 from the state trunk line fund. Loans made directly from the
5 state trunk line fund shall be made only after provision of funds
6 for the purposes specified in subsection (1)(a) to (f).

7 (6) County road commissions, cities, and villages may borrow
8 money from the proceeds of bonds or notes issued under section
9 18b or the state trunk line fund for the purposes set forth in
10 subsection (5) which shall be repayable, with interest, from 1 or
11 more of the following:

12 (a) The money to be received by the county road commission,
13 city, or village from the Michigan transportation fund, except to
14 the extent the money has been or may in the future be pledged
15 ~~by~~ AS FOLLOWS:

16 (i) BY contract in accordance with Act No. 205 of the Public
17 Acts of 1941, being sections 252.51 to 252.64 of the Michigan
18 Compiled Laws. ~~, or has been or may in the future be pledged~~
19 ~~for~~

20 (ii) FOR the payment of the principal and interest upon
21 notes issued pursuant to Act No. 143 of the Public Acts of 1943,
22 being sections 141.251 to 141.254 of the Michigan Compiled Laws.
23 ~~, or has been or may in the future be pledged for~~

24 (iii) FOR the payment of principal and interest upon bonds
25 issued under section 18c or 18d. ~~, or has been or may in the~~
26 ~~future be pledged for~~

1 (iv) FOR the payment of the principal and interest upon
2 bonds issued pursuant to Act No. 175 of the Public Acts of 1952,
3 being sections 247.701 to 247.707 of the Michigan Compiled Laws.

4 (b) Any other legally available funds of the city, village,
5 or county road commission, other than the general funds of the
6 county.

7 (7) Loans made pursuant to subsection (5) if required by the
8 state transportation department may be payable by deduction by
9 the state treasurer, upon direction of the state transportation
10 department, from the periodic disbursements of any money returned
11 by the state under this act to the county road commission, city,
12 or village, but only after sufficient money has been returned to
13 the county road commission, city, or village to provide for the
14 payment of contractual obligations incurred or to be incurred and
15 principal and interest on notes and bonds issued or to be issued
16 under Act No. 205 of the Public Acts of 1941, Act No. 143 of the
17 Public Acts of 1943, Act No. 175 of the Public Acts of 1952, or
18 section 18c or 18d. The interest rates and payment schedules of
19 any loans made from the proceeds of bonds or notes issued pursu-
20 ant to section 18b shall be established by the state transporta-
21 tion department to conform as closely as practicable to the
22 interest rate and repayment schedules on the bonds or notes
23 issued to make the loans. However, the state transportation
24 department may allow for the deferral of the first payment of
25 interest or principal on the loans for a period of not to exceed
26 1 year after the respective first payment of interest or
27 principal on the bonds or notes issued to make the loans.

1 (8) The amount borrowed by a county road commission, city,
2 or village pursuant to subsection (6) shall not be included in,
3 or charged against, any constitutional, statutory, or charter
4 debt limitation of the county, city, or village and shall not be
5 included in the determination of the maximum annual principal and
6 interest requirements of, or the limitations upon, the maximum
7 annual principal and interest incurred under Act No. 205 of the
8 Public Acts of 1941, Act No. 143 of the Public Acts of 1943, Act
9 No. 175 of the Public Acts of 1952, or section 18c or 18d.

10 (9) The county road commission, city, or village shall not
11 be required to seek or obtain the approval of the electors, the
12 municipal finance commission or its successor agency, or, except
13 as provided in this subsection, the department of treasury to
14 borrow money pursuant to subsection (6). The borrowing shall not
15 be subject to the municipal finance act, Act No. 202 of the
16 Public Acts of 1943, being sections 131.1 to 139.3 of the
17 Michigan Compiled Laws, nor to section 5(g) of Act No. 279 of the
18 Public Acts of 1909, being section 117.5 of the Michigan Compiled
19 Laws. The state transportation department shall give at least 10
20 days' notice to the state treasurer of its intention to make a
21 loan under subsection (5). If the state treasurer gives notice
22 to the director of the state transportation department within 10
23 days of receiving the notice from the state transportation
24 department, that, based upon the then existing financial or
25 credit situation of the county road commission, city, or village,
26 it would not be in the best interests of the state to make a loan
27 under subsection (5) to the county road commission, city, or

1 village, the loan shall not be made unless the state treasurer,
2 after a hearing, if requested by the affected county road commis-
3 sion, city, or village, subsequently gives notice to the director
4 of the state transportation department that the loan may be made
5 on the conditions that the state treasurer specifies.

6 (10) The state transportation commission may borrow money
7 and issue bonds and notes under, and pursuant to the requirements
8 of, section 18b to make loans to county road commissions, cities,
9 and villages for the purposes described in the second paragraph
10 of section 9 of article IX of the state constitution of 1963, as
11 provided in subsection (5). A single issue of bonds or notes may
12 be issued for the purposes specified in subsection (5) and for
13 the other purposes specified in section 18b.

14 (11) The director of the state transportation department,
15 after consultation with representatives of the interests of
16 county road commissions, cities, and villages, shall establish,
17 by intergovernmental communication, procedures for the implemen-
18 tation and administration of the loan program established under
19 subsections (5) to (10).

20 Section 2. This amendatory act shall not take effect unless
21 all of the following bills of the 85th Legislature are enacted
22 into law:

23 (a) Senate Bill No. ____ or House Bill No. 4630 (request
24 no. 02166'89).

25 (b) Senate Bill No. ____ or House Bill No. 4631 (request
26 no. 02618'89).