

HOUSE BILL No. 5623

March 20, 1990, Introduced by Reps. Johnson and Hertel and referred to the Committee on Transportation.

A bill to amend section 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,"

as amended by Act No. 234 of the Public Acts of 1987, being section 247.661 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 11 of Act No. 51 of the Public Acts of
2 1951, as amended by Act No. 234 of the Public Acts of 1987, being
3 section 247.661 of the Michigan Compiled Laws, is amended to read
4 as follows:

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

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

1 (i) For the payment of contributions required to be made by
2 the state highway commission or the state transportation
3 commission under contracts entered into before July 18, 1979,
4 under Act No. 205 of the Public Acts of 1941, as amended, being
5 sections 252.51 to 252.64 of the Michigan Compiled Laws, which
6 contributions have been pledged before July 18, 1979, for the
7 payment of the principal and interest on bonds issued under Act
8 No. 205 of the Public Acts of 1941, as amended, for the payment
9 of which a sufficient sum is irrevocably appropriated.

10 (ii) For the payment of the principal and interest upon
11 bonds designated "State of Michigan, State Highway Commissioner,
12 Highway Construction Bonds, Series I", dated September 1, 1956,
13 in the aggregate principal amount of \$25,000,000.00, issued pur-
14 suant to former Act No. 87 of the Public Acts of 1955 and the
15 resolution of the state administrative board adopted August 6,
16 1956, for the payment of which a sufficient sum is irrevocably
17 appropriated.

18 (iii) For the payment of the principal and interest on bonds
19 issued under section 18b for transportation purposes other than
20 comprehensive transportation purposes as defined by law and the
21 payment of contributions of the state highway commission or state
22 transportation commission to be made pursuant to contracts
23 entered into under section 18d, which contributions are pledged
24 to the payment of principal and interest on bonds issued under
25 the authorization of section 18d and contracts executed pursuant
26 to that section. A sufficient portion of the fund is irrevocably
27 appropriated to pay, when due, the principal and interest on

1 bonds or notes issued under section 18b for purposes other than
2 comprehensive transportation purposes as defined by law, and to
3 pay the annual contributions of the state highway commission and
4 the state transportation commission as are pledged for the pay-
5 ment of bonds issued pursuant to contracts authorized by section
6 18d.

7 (b) For the transfer of funds appropriated pursuant to sec-
8 tion 10(1)(b)(iii) to the transportation economic development
9 fund, but the transfer shall be reduced each fiscal year by the
10 amount of debt service to be paid in that year from the state
11 trunk line fund for bonds, notes, or other obligations issued to
12 fund projects of the transportation economic development fund,
13 which amount shall be certified by the department.

14 (c) For the transfer of funds appropriated pursuant to sec-
15 tion 10(1)(b)(i) to the railroad grade crossing account in the
16 state trunk line fund for expenditure to meet the cost, in whole
17 or in part, of providing for the improvement, installation, and
18 retirement of new or existing safety devices at rail grade cross-
19 ings on public roads and streets subject to the following:

20 (i) Funds deposited pursuant to this subdivision for rail
21 grade crossing improvements and retirement may be expended only
22 after all federal funds from the grade crossing improvement pro-
23 gram or other comparable programs have been exhausted or
24 committed.

25 (ii) Funds may be expended only if the affected railroad
26 pays 25% and the local road authority pays 10% of the costs for

1 which appropriations have been made pursuant to this
2 subdivision.

3 (d) For the total operating expenses of the state trunk each
4 fiscal year as appropriated by the legislature.

5 (e) For the maintenance of state trunk line highways and
6 bridges.

7 (f) For the opening, widening, improving, construction,
8 reconstruction of state trunk line highways and bridges, includ-
9 ing the acquisition of necessary rights of way and the work inci-
10 dental to that opening, widening, improving, construction, or
11 reconstruction. Those sums in the state trunk line fund not oth-
12 erwise appropriated, distributed, determined, or set aside by law
13 shall be used for the construction or reconstruction of the
14 national system of interstate and defense highways, referred to
15 in this act as "the interstate highway system" to the extent nec-
16 essary to match federal aid funds as the federal aid funds become
17 available for that purpose, ~~—~~ and ~~—~~ for the construction and
18 reconstruction of the state trunk line system. SUMS IN THE STATE
19 TRUNK LINE FUND NOT OTHERWISE APPROPRIATED, DISTRIBUTED, DETER-
20 MINED, OR SET ASIDE BY LAW SHALL ALSO BE USED FOR THE INSTALLA-
21 TION OF EMERGENCY TELEPHONES ALONG THE INTERSTATE HIGHWAY SYSTEM
22 INCLUDING THAT PORTION OF INTERSTATE 696 COMPLETED WITHIN 1 YEAR
23 BEFORE THIS 1990 AMENDATORY ACT.

24 (g) The state transportation department may enter into
25 agreements with county road commissions and with cities and vil-
26 lages to perform work on a highway, road, or street. The
27 agreements may provide for the performance by any of the

1 contracting parties of any of the work contemplated by the
2 contract including engineering services and the acquisition of
3 rights of way in connection with the work, by purchase or condem-
4 nation by any of the contracting parties in its own name, and for
5 joint participation in the costs, but only to the extent that the
6 contracting parties are otherwise authorized by law to expend
7 money on the highways, roads, or streets. The state transporta-
8 tion department also may contract with a county road commission,
9 city, and village to advance money to a county road commission,
10 city, and village to pay their costs of improving railroad grade
11 crossings on the terms and conditions agreed to in the contract.
12 A contract may be executed before or after the state transporta-
13 tion commission borrows money for the purpose of advancing money
14 to a county road commission, city, or village, but the contract
15 shall be executed before the advancement of any money to a county
16 road commission, city, or village by the state transportation
17 commission, and shall provide for the full reimbursement of any
18 advancement by a county road commission, city, or village to the
19 state transportation department, with interest, within 15 years
20 after advancement, from any available revenue sources of the
21 county road commission, city, or village or, if provided in the
22 contract, by deduction from the periodic disbursements of any
23 money returned by the state to the county road commission, city,
24 or village.

25 (h) For providing inventories of supplies and materials
26 required for the activities of the state transportation
27 department. The state transportation department may purchase

1 supplies and materials for these purposes, with payment to be
2 made out of the state trunk line fund to be charged on the basis
3 of issues from inventory in accordance with the accounting and
4 purchasing laws of the state.

5 (2) Notwithstanding any other provision of this act, at
6 least 90% of state revenue appropriated annually to the state
7 trunk line fund less the amounts described in subdivisions (a) to
8 (h) shall be expended annually by the state transportation
9 department for the maintenance of highways, roads, streets, and
10 bridges and for the payment of debt service on bonds, notes, or
11 other obligations described in subsection (1)(a) issued after
12 July 1, 1983, for the purpose of providing funds for the mainte-
13 nance of highways, roads, streets, and bridges. If an appropri-
14 ate certificate is filed under section 18e but only to the extent
15 necessary, this subsection shall not prohibit the use of any
16 amount of money restricted as to use by section 9 of article IX
17 of the state constitution of 1963 and deposited in the state
18 trunk line fund for the payment of debt service on bonds, notes,
19 or other obligations pledging for the payment thereof money
20 restricted as to use by section 9 of article IX of the state con-
21 stitution of 1963 and deposited in the state trunk line fund,
22 whenever issued, as specified under subsection (1)(a). The
23 amounts ~~which~~ THAT are deducted from the state trunk line fund
24 for the purpose of the calculation required by this subsection
25 are as follows:

1 (a) Amounts expended for the purposes described in
2 subsection (1)(a) for the payment of debt service on bonds,
3 notes, or other obligations issued before July 2, 1983.

4 (b) Amounts expended to provide the state matching require-
5 ment for interstate highway construction and for the payment of
6 debt service on bonds, notes, or other obligations issued after
7 July 1, 1983 — for the purpose of providing funds for the state
8 matching requirements for interstate highway construction.

9 (c) Amounts expended for the construction of a highway,
10 street, road, or bridge to 1 or more of the following or for the
11 payment of debt service on bonds, notes, or other obligations
12 issued after July 1, 1983 — for the purpose of providing funds
13 for the construction of a highway, street, road, or bridge to 1
14 or more of the following:

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

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

20 (d) Amounts expended for capital outlay other than for high-
21 ways, roads, streets, and bridges or to pay debt service on
22 bonds, notes, or other obligations issued after July 1, 1983 —
23 for the purpose of providing funds for capital outlay other than
24 for highways, roads, streets, and bridges.

25 (e) Amounts expended for the operating expenses of the state
26 transportation department other than the units of the department

1 performing the functions assigned on January 1, 1983 to the
2 bureau of highways.

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

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

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

10 (3) Notwithstanding any other provision of this act, the
11 state transportation department shall expend annually at least
12 90% of the federal revenue distributed to the credit of the state
13 trunk line fund in that year, except for federal revenue expended
14 for the purposes described in subsection (2)(b), (c), and (f) on
15 the maintenance of highways, roads, streets, and bridges. The
16 requirement of this subsection shall be waived if compliance
17 would cause the state to be ineligible according to federal law
18 for federal revenue, but only to the extent necessary to make the
19 state eligible according to federal law for that revenue.

20 (4) As used in this section:

21 (a) "Maintenance" and "maintaining" means snow removal;
22 street cleaning and drainage; seal coating; patching and ordinary
23 repairs; erection and maintenance of traffic signs and markings;
24 safety projects; and the preservation, reconstruction, resurfac-
25 ing, restoration, and rehabilitation of highways, roads, streets,
26 and bridges. However, maintenance and maintaining do not include
27 projects ~~which~~ THAT increase the capacity of a highway facility

1 to accommodate that part of the traffic having neither origin nor
2 destination within the local area.

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

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

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

13 (5) Notwithstanding any other provision of this section, the
14 state transportation department may loan money to county road
15 commissions, cities, and villages for paying capital costs of
16 transportation purposes described in the second paragraph of sec-
17 tion 9 of article IX of the state constitution of 1963 from the
18 proceeds of bonds or notes issued pursuant to section 18b or from
19 the state trunk line fund. Loans made directly from the state
20 trunk line fund shall be made only after provision of funds for
21 the purposes specified in subsection (1)(a) to (f).

22 (6) County road commissions, cities, and villages may borrow
23 money from the proceeds of bonds or notes issued under section
24 18b or the state trunk line fund for the purposes set forth in
25 subsection (5) which shall be repayable, with interest, from 1 or
26 more of the following:

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

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

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

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

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

19 (b) Any other legally available funds of the city, village,
20 or county road commission, other than the general funds of the
21 county.

22 (7) Loans made pursuant to subsection (5) if required by the
23 state transportation department may be payable by deduction by
24 the state treasurer, upon direction of the state transportation
25 department, from the periodic disbursements of any money returned
26 by the state under this act to the county road commission, city,
27 or village, but only after sufficient money has been returned to

1 the county road commission, city, or village to provide for the
2 payment of contractual obligations incurred or to be incurred and
3 principal and interest on notes and bonds issued or to be issued
4 under Act No. 205 of the Public Acts of 1941, Act No. 143 of the
5 Public Acts of 1943, Act No. 175 of the Public Acts of 1952, or
6 section 18c or 18d. The interest rates and payment schedules of
7 any loans made from the proceeds of bonds or notes issued pursu-
8 ant to section 18b shall be established by the state transporta-
9 tion department to conform as closely as practicable to the
10 interest rate and repayment schedules on the bonds or notes
11 issued to make the loans. However, the state transportation
12 department may allow for the deferral of the first payment of
13 interest or principal on the loans for a period of not to exceed
14 1 year after the respective first payment of interest or princi-
15 pal on the bonds or notes issued to make the loans.

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

25 (9) The county road commission, city, or village shall not
26 be required to seek or obtain the approval of the electors, the
27 municipal finance commission or its successor agency, or, except

1 as provided in this subsection, the department of treasury to
2 borrow money pursuant to subsection (6). The borrowing shall not
3 be subject to the municipal finance act, Act No. 202 of the
4 Public Acts of 1943, being sections 131.1 to 139.3 of the
5 Michigan Compiled Laws, nor to section 5(g) of Act No. 279 of the
6 Public Acts of 1909, being section 117.5 of the Michigan Compiled
7 Laws. The state transportation department shall give at least 10
8 days' notice to the state treasurer of its intention to make a
9 loan under subsection (5). If the state treasurer gives notice
10 to the director of the state transportation department within 10
11 days of receiving the notice from the state transportation
12 department, that, based upon the then existing financial or
13 credit situation of the county road commission, city, or village,
14 it would not be in the best interests of the state to make a loan
15 under subsection (5) to the county road commission, city, or vil-
16 lage, the loan shall not be made unless the state treasurer,
17 after a hearing, if requested by the affected county road commis-
18 sion, city, or village, subsequently gives notice to the director
19 of the state transportation department that the loan may be made
20 on the conditions that the state treasurer specifies.

21 (10) The state transportation commission may borrow money
22 and issue bonds and notes under, and pursuant to the requirements
23 of, section 18b to make loans to county road commissions, cities,
24 and villages for the purposes described in the second paragraph
25 of section 9 of article IX of the state constitution of 1963, as
26 provided in subsection (5). A single issue of bonds or notes may

1 be issued for the purposes specified in subsection (5) and for
2 the other purposes specified in section 18b.

3 (11) The director of the state transportation department,
4 after consultation with representatives of the interests of
5 county road commissions, cities, and villages, shall establish,
6 by intergovernmental communication, procedures for the implemen-
7 tation and administration of the loan program established under
8 subsections (5) to (10).