

SENATE BILL No. 489

June 13, 1989, Introduced by Senator FESSLER and
referred to the Committee on Finance.

A bill to amend the title and 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; and to add sections 11e and 11f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 10 and 11 of Act No. 51
2 of the Public Acts of 1951, section 10 as amended by Act No. 348
3 of the Public Acts of 1988 and section 11 as amended by Act
4 No. 234 of the Public Acts of 1987, being sections 247.660 and
5 247.661 of the Michigan Compiled Laws, are amended and sections
6 11e and 11f are added to read as follows:

7	TITLE
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8 An act to provide for the classification of all public
9 roads, streets, and highways in this state, and for the revision
10 of that classification and for additions to and deletions from
11 each classification; to set up and establish the Michigan trans-
12 portation fund; to provide for the deposits in the Michigan
13 transportation fund of specific taxes on motor vehicles and motor

1 vehicle fuels; to provide for the allocation of funds from the
2 Michigan transportation fund and the use and administration of
3 the fund for transportation purposes; to set up and establish the
4 truck safety fund; to provide for the allocation of funds from
5 the truck safety fund and administration of the fund for truck
6 safety purposes; to set up and establish the Michigan truck
7 safety commission; TO CREATE CERTAIN OTHER FUNDS FOR TRANSPORTA-
8 TION PURPOSES; to provide for the continuing review of transpor-
9 tation needs within the state; to authorize the state transporta-
10 tion commission, counties, cities, and villages to borrow money,
11 issue bonds, and make pledges of funds for transportation pur-
12 poses; to authorize counties to advance funds for the payment of
13 deficiencies necessary for the payment of bonds issued under this
14 act; to provide for the limitations, payment, retirement, and
15 security of the bonds and pledges; to provide for appropriations
16 and tax levies by counties and townships for county roads; to
17 authorize contributions by townships for county roads; to provide
18 for the establishment and administration of the state trunk line
19 fund, critical bridge fund, and comprehensive transportation
20 fund; to provide for the deposits in the state trunk line fund,
21 critical bridge fund, and comprehensive transportation fund of
22 money raised by specific taxes and fees; to provide for defini-
23 tions of public transportation functions and criteria; to define
24 the purposes for which Michigan transportation funds may be allo-
25 cated; to provide for Michigan transportation fund grants; to
26 provide for review and approval of transportation programs; to
27 provide for submission of annual legislative requests and

1 reports; to provide for the establishment and functions of
2 certain advisory entities; to provide for conditions for grants;
3 to provide for the issuance of bonds and notes for transportation
4 purposes; to provide for the powers and duties of certain state
5 and local agencies and officials; to provide for the making of
6 loans for transportation purposes by the state transportation
7 department and for the receipt and repayment by local units and
8 agencies of those loans from certain specified sources; and to
9 repeal certain acts and parts of acts.

10 Sec. 10. (1) A fund to be known as the Michigan transporta-
11 tion fund is established and shall be set up and maintained in
12 the state treasury as a separate fund. Money received and col-
13 lected under Act No. 150 of the Public Acts of 1927, as amended,
14 being sections 207.101 to 207.202 of the Michigan Compiled Laws,
15 except a license fee provided in that act, and a tax, fee,
16 license, and other money received and collected under sections
17 801 to 810 of the Michigan vehicle code, Act No. 300 of the
18 Public Acts of 1949, as amended, being sections 257.801 to
19 257.810 of the Michigan Compiled Laws, except a truck safety fund
20 fee provided in section 801(1)(k) of Act No. 300 of the Public
21 Acts of 1949, being section 257.801 of the Michigan Compiled
22 Laws, and money received under the motor carrier act, Act No. 254
23 of the Public Acts of 1933, as amended, being sections 475.1 to
24 479.20 of the Michigan Compiled Laws, shall be deposited in the
25 state treasury to the credit of the Michigan transportation
26 fund. In addition, income or profit derived from the investment
27 of money in the Michigan transportation fund shall be deposited

1 in the Michigan transportation fund. Except as provided in this
2 act, no other money, whether appropriated from the general fund
3 of this state or any other source, shall be deposited in the
4 Michigan transportation fund. The legislature shall appropriate
5 funds for the necessary expenses incurred in the administration
6 and enforcement of Act No. 150 of the Public Acts of 1927, as
7 amended, Act No. 254 of the Public Acts of 1933, as amended, and
8 sections 801 to 810 of Act No. 300 of the Public Acts of 1949, as
9 amended. After deduction of the amount as appropriated pursuant
10 to section 91 of Act No. 150 of the Public Acts of 1927, being
11 section 207.191 of the Michigan Compiled Laws, all money in the
12 Michigan transportation fund is apportioned and appropriated in
13 the following manner:

14 (a) For the fiscal years ending September 30, 1985, through
15 September 30, 1987, and for the period from October 1, 1987 to
16 October 30, 1987:

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

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

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

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

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

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

1 (i) Not more than \$3,000,000.00 as may be annually
2 appropriated each fiscal year to the state trunk line fund for
3 subsequent deposit in the rail grade crossing account.

4 (ii) 10% to the comprehensive transportation fund for the
5 purposes described in section 10e.

6 (iii) \$21,550,000.00 to the state trunk line fund for subse-
7 quent deposit in the transportation economic development fund, or
8 allocation to debt service on bonds issued to fund transportation
9 economic development fund projects for the fiscal year ending
10 September 30, 1988, and \$36,775,000.00 for each fiscal year
11 thereafter through the fiscal year ending September 30, 1993.

12 (iv) AN AMOUNT EQUAL TO THE COLLECTIONS DERIVED FROM 2 CENTS
13 OF THE TAX LEVIED PURSUANT TO SECTION 2 OF ACT NO. 150 OF THE
14 PUBLIC ACTS OF 1927, BEING SECTION 207.102 OF THE MICHIGAN
15 COMPILED LAWS, TO A DEBT SERVICE ACCOUNT IN THE STATE TRUNK LINE
16 FUND TO BE USED FOR DEBT SERVICE ON THE BONDS ISSUED PURSUANT TO
17 SECTION 11(1)(B) FOR THE PURPOSES DESCRIBED IN SECTION 11E.

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

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

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

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

25 (2) If a distribution formula is not enacted into law for
26 any time period beginning after September 30, 1993, the following
27 amounts are appropriated each fiscal year thereafter with the

1 balance reverting to the Michigan transportation fund until a
2 distribution formula is enacted:

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

7 (b) An amount is apportioned and appropriated to the state
8 trunk line fund sufficient to pay the principal and interest pay-
9 ments due on bonds and notes issued for those purposes for which
10 the state transportation commission may issue bonds and notes
11 under section 18b, except for those bonds and notes issued for
12 comprehensive transportation purposes, and sufficient to pay the
13 obligations of the state trunk line fund pursuant to contracts
14 entered into under section 18d, which contributions are pledged
15 for the payment of principal and interest on bonds issued under
16 section 18d.

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

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

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

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

7 (5) Thirty percent of the funds appropriated to this state
8 from the federal government pursuant to 23 U.S.C. 157, commonly
9 known as 85% minimum floor funds, shall be allocated to the
10 transportation economic development fund, if such an allocation
11 is consistent with federal law. These funds shall be divided
12 equally between development projects for rural counties as
13 defined by law and for capacity improvement in urban counties as
14 defined by law.

15 Sec. 11. (1) A fund to be known as the state trunk line
16 fund is established and shall be set up and maintained in the
17 state treasury as a separate fund. The money deposited in the
18 state trunk line fund is appropriated to the state transportation
19 department for the following purposes in the following order of
20 priority:

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

25 (i) For the payment of contributions required to be made by
26 the state highway commission or the state transportation
27 commission under contracts entered into before July 18, 1979,

1 under Act No. 205 of the Public Acts of 1941, as amended, being
2 sections 252.51 to 252.64 of the Michigan Compiled Laws, which
3 contributions have been pledged before July 18, 1979, for the
4 payment of the principal and interest on bonds issued under Act
5 No. 205 of the Public Acts of 1941, as amended, for the payment
6 of which a sufficient sum is irrevocably appropriated.

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

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

1 the state transportation commission as are pledged for the
2 payment of bonds issued pursuant to contracts authorized by sec-
3 tion 18d.

4 (B) FOR THE TRANSFER OF FUNDS APPROPRIATED PURSUANT TO
5 SECTION 10(1)(B)(iv) TO THE DEBT SERVICE ACCOUNT WITHIN THE STATE
6 TRUNK LINE FUND FOR THE MICHIGAN ROAD CAPITAL IMPROVEMENT FUND
7 FOR EXPENDITURE TO SERVICE THE DEBT INCURRED FOR BONDS ISSUED TO
8 FUND PROJECTS AS DESCRIBED IN SECTION 11E. ANY REMAINING BALANCE
9 IN THE ACCOUNT AT THE END OF A FISCAL YEAR SHALL LAPSE TO THE
10 STATE TRUNK LINE FUND.

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

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

24 (i) Funds deposited pursuant to this subdivision for rail
25 grade crossing improvements and retirement may be expended only
26 after all federal funds from the grade crossing improvement

1 program or other comparable programs have been exhausted or
2 committed.

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

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

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

12 (G) ~~(f)~~ For the opening, widening, improving, construc-
13 tion, and reconstruction of state trunk line highways and
14 bridges, including the acquisition of necessary rights of way and
15 the work incidental to that opening, widening, improving, con-
16 struction, or reconstruction. Those sums in the state trunk line
17 fund not otherwise appropriated, distributed, determined, or set
18 aside by law shall be used for the construction or reconstruction
19 of the national system of interstate and defense highways,
20 referred to in this act as "the interstate highway system" to the
21 extent necessary to match federal aid funds as the federal aid
22 funds become available for that purpose; and, for the construc-
23 tion and reconstruction of the state trunk line system.

24 (H) ~~(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 (I) ~~(h)~~ For providing inventories of supplies and materi-
26 als 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)~~ (I) 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~~ 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).

9 SEC. 11E. (1) THE MICHIGAN ROAD CAPITAL IMPROVEMENT FUND IS
10 CREATED AND ESTABLISHED AS A SEPARATE FUND IN THE STATE
11 TREASURY. THE FUND SHALL CONTAIN THE REVENUE FROM THE BONDS
12 ISSUED BY THE STATE TRANSPORTATION COMMISSION PURSUANT TO THIS
13 SECTION.

14 (2) THE STATE TRANSPORTATION COMMISSION MAY BORROW MONEY AND
15 ISSUE NOTES OR BONDS FOR CAPITAL IMPROVEMENT ON ROADS AND HIGH-
16 WAYS WITHIN THIS STATE. EACH BORROWING SHALL BE DISTRIBUTED IN
17 THE SAME PERCENTAGES AS MICHIGAN TRANSPORTATION FUNDS ARE DIS-
18 TRIBUTED UNDER SECTION 10(1)(B)(v) TO THE STATE UNDER
19 SECTION 11F, TO THE COUNTIES UNDER SECTION 12, AND TO THE CITIES
20 AND VILLAGES UNDER SECTION 13.

21 (3) A DISTRIBUTION TO THE STATE TRANSPORTATION DEPARTMENT
22 UNDER THIS SECTION SHALL BE USED SOLELY ACCORDING TO THE PRIORITY
23 PROJECT LIST ESTABLISHED IN SECTION 11F.

24 (4) A DISTRIBUTION UNDER THIS SECTION TO A COUNTY OR A CITY
25 OR VILLAGE SHALL BE USED SOLELY FOR CAPITAL ROAD IMPROVEMENTS OR
26 FOR PAYMENTS ON EXISTING DEBT SERVICE FOR BONDS ISSUED TO FUND

1 CAPITAL ROAD IMPROVEMENTS PURSUANT TO THE REQUIREMENTS OF
2 SECTIONS 12 AND 13 RESPECTIVELY.

3 SEC. 11F. (1) DISTRIBUTIONS TO THE STATE TRANSPORTATION
4 DEPARTMENT FROM FUNDS OBTAINED THROUGH THE ISSUANCE OF BONDS PUR-
5 SUANT TO SECTION 11E SHALL BE USED TO FUND THE FOLLOWING CON-
6 STRUCTION PROJECTS:

7 ROUTE	LOCATION	FUNDING
8 M-6	SOUTH BELTWAY, KENT COUNTY	\$120,000,000.00
9 M-59	FROM I-96 TO ITS TERMINUS IN MACOMB COUNTY	95,000,000.00
10 M-9	HAGGERTY ROAD NORTH OF I-96 IN OAKLAND COUNTY	70,000,000.00
11 US-223		5,000,000.00
12	DAVISON FREEWAY IN WAYNE COUNTY	15,000,000.00
13 US-131	NORTH OF CADILLAC	15,000,000.00
14 M-275	BETWEEN I-75 AND M-59	30,500,000.00
15 M-15	IN NORTHERN OAKLAND COUNTY FOR INTERSECTION	
16	AND CAPACITY IMPROVEMENT	1,500,000.00

17 (2) DISTRIBUTIONS FROM SECTION 11E SHALL NOT REPLACE OTHER
18 STATE MONEY COMMITTED TO THESE PROJECTS. THE STATE TRANSPORTA-
19 TION DEPARTMENT SHALL CONTINUE TO PURSUE FEDERAL FUNDS FOR THESE
20 PROJECTS. IF THE COMBINATION OF STATE AND FEDERAL FUNDS EXCEEDS
21 THE AMOUNT NECESSARY FOR A PROJECT, THE EXCESS AMOUNT SHALL BE
22 SHIFTED TO ANOTHER PROJECT ON THIS LIST. FUNDS ALLOCATED TO
23 PROJECTS ON THIS LIST SHALL NOT BE SHIFTED TO OTHER PROJECTS NOT
24 ON THIS LIST WITHOUT PRIOR APPROVAL OF THE LEGISLATURE.

25 (3) FUNDS APPROPRIATED TO THIS STATE FROM THE FEDERAL GOV-
26 ERNMENT PURSUANT TO 23 U.S.C. 157, COMMONLY KNOWN AS 85% MINIMUM
27 FLOOR FUNDS, THAT ARE NOT ALLOCATED TO THE TRANSPORTATION

1 ECONOMIC DEVELOPMENT FUND PURSUANT TO SECTION 10(5) SHALL BE
2 ALLOCATED TO THE PROJECT LIST IN SUBSECTION (1), IF SUCH AN ALLO-
3 CATION IS CONSISTENT WITH FEDERAL LAW.