

SENATE BILL No. 1317

May 15, 2008, Introduced by Senators HARDIMAN, KAHN, PAPPAGEORGE, ALLEN, GILBERT and CROPEY and referred to the Committee on Transportation.

A bill to amend 1951 PA 51, entitled

"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 establish certain standards for road contracts for certain businesses; 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,

local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds 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 acts and parts of acts,"

by amending section 10 (MCL 247.660), as amended by 2006 PA 178.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A fund to be known as the Michigan transportation
 2 fund is established and shall be set up and maintained in the state
 3 treasury as a separate fund. Money received and collected under the
 4 motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, except a
 5 license fee provided in that act, and a tax, fee, license, and
 6 other money received and collected under sections 801 to 810 of the
 7 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, except
 8 a truck safety fund fee provided in section 801(1)(k) of the
 9 Michigan vehicle code, 1949 PA 300, MCL 257.801, and money received
 10 under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,
 11 shall be deposited in the state treasury to the credit of the
 12 Michigan transportation fund. In addition, income or profit derived
 13 from the investment of money in the Michigan transportation fund
 14 shall be deposited in the Michigan transportation fund. Except as
 15 provided in this act, no other money, whether appropriated from the
 16 general fund of this state or any other source, shall be deposited

1 in the Michigan transportation fund. Except as otherwise provided
2 in this section, the legislature shall appropriate funds for the
3 necessary expenses incurred in the administration and enforcement
4 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
5 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, and
6 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
7 257.801 to 257.810. Funds appropriated for necessary expenses shall
8 be based upon established cost allocation methodology that reflects
9 actual costs. **BEGINNING OCTOBER 1, 2007, THIS METHODOLOGY SHALL BE**
10 **BASED UPON REFLECTION OF ACTUAL COSTS INCURRED SINCE OCTOBER 1,**
11 **2002. THE AUDITOR GENERAL SHALL COMPLETE A STUDY TO DETERMINE THE**
12 **ACTUAL COSTS INCURRED BY THE DEPARTMENTS OF TREASURY AND THE STATE**
13 **POLICE AND TO BE REIMBURSED UNDER THIS SECTION NO LATER THAN**
14 **DECEMBER 31, 2007.** Appropriations for the necessary expenses
15 incurred by the department of state in administration and
16 enforcement of sections 801 to 810 of the Michigan vehicle code,
17 1949 PA 300, MCL 257.801 to 257.810, shall be made from the
18 Michigan transportation fund and from funds in the transportation
19 administration collection fund created in section 810b of the
20 Michigan vehicle code, 1949 PA 300, MCL 257.810b. Appropriations
21 from the Michigan transportation fund for the necessary expenses
22 incurred by department of state in administration and enforcement
23 of sections 801 to 810 of the Michigan vehicle code, 1949 PA 300,
24 MCL 257.801 to 257.810, shall not exceed \$20,000,000.00 per state
25 fiscal year except for the fiscal year ending September 30, 2006.
26 For the fiscal year ending September 30, 2006, the legislature may
27 appropriate funds in excess of \$20,000,000.00 from the Michigan

1 transportation fund for all incremental additional expenses
2 incurred by the department of state in enforcing sections 801 to
3 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801 to
4 257.810, that arise because of the replacement of standard design
5 registration license plates as provided in section 224 of the
6 Michigan vehicle code, 1949 PA 300, MCL 257.224. All money in the
7 Michigan transportation fund is apportioned and appropriated in the
8 following manner:

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

12 (b) Not less than \$3,000,000.00 each year to the local bridge
13 fund established in subsection (5) for the purpose of payment of
14 the principal, interest, and redemption premium on any notes or
15 bonds issued by the state transportation commission under former
16 section 11b or subsection (10).

17 (c) Revenue from 3 cents of the tax levied under section
18 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to
19 the state trunk line fund, county road commissions, and cities and
20 villages in the percentages provided in subdivision (i).

21 (d) Until September 30, 2004, all of the revenue from 1 cent
22 of the tax levied under section 8(1)(a) of the motor fuel tax act,
23 2000 PA 403, MCL 207.1008, to the state trunk line fund for repair
24 of state bridges under section 11. Beginning October 1, 2004 and
25 continuing through September 30, 2005, 3/4 of the revenue from 1
26 cent of the tax levied under section 8(1)(a) of the motor fuel tax
27 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state

1 trunk line fund for the repair of state bridges under section 11,
2 and 1/4 of the revenue from 1 cent of the tax levied under section
3 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall
4 be appropriated to the local bridge fund created in subsection (5)
5 for distribution only to cities, villages, and county road
6 commissions. Beginning October 1, 2005, 1/2 of the revenue from 1
7 cent of the tax levied under section 8(1)(a) of the motor fuel tax
8 act, 2000 PA 403, MCL 207.1008, shall be appropriated to the state
9 trunk line fund for the repair of state bridges under section 11,
10 and 1/2 of the revenue from 1 cent of the tax levied under section
11 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall
12 be appropriated to the local bridge fund created in subsection (5)
13 for distribution only to cities, villages, and county road
14 commissions.

15 (e) \$43,000,000.00 to the state trunk line fund for debt
16 service costs on state of Michigan projects.

17 (f) Except as provided in subsection (4), 10% to the
18 comprehensive transportation fund for the purposes described in
19 section 10e.

20 (g) \$5,000,000.00 to the local bridge fund established in
21 subsection (5) for distribution only to the local bridge advisory
22 board, the regional bridge councils, cities, villages, and county
23 road commissions.

24 (h) \$36,775,000.00 to the state trunk line fund for subsequent
25 deposit in the transportation economic development fund, and, as of
26 September 30, 1997, with first priority for allocation to debt
27 service on bonds issued to fund transportation economic development

1 fund projects. In addition, beginning October 1, 1997,
2 \$3,500,000.00 is appropriated from the Michigan transportation fund
3 to the state trunk line fund for subsequent deposit in the
4 transportation economic development fund to be used for economic
5 development road projects in any of the targeted industries
6 described in section 9(1)(a) of 1987 PA 231, MCL 247.909.

7 (i) Not less than \$33,000,000.00 as may be annually
8 appropriated each fiscal year to the local program fund created in
9 section 11e.

10 (j) The balance of the Michigan transportation fund as
11 follows, after deduction of the amounts appropriated in
12 subdivisions (a) through (i) and section 11b:

13 (i) 39.1% to the state trunk line fund for the purposes
14 described in section 11.

15 (ii) 39.1% to the county road commissions of the state.

16 (iii) 21.8% to the cities and villages of the state.

17 (2) The money appropriated pursuant to this section shall be
18 used for the purposes as provided in this act and any other
19 applicable act. Subject to the requirements of section 9b, the
20 department shall develop programs in conjunction with the Michigan
21 state chamber of commerce and the Michigan minority business
22 development council to assist small businesses, including those
23 located in enterprise zones and those located in empowerment zones
24 as determined under federal law, as defined by law in becoming
25 qualified to bid.

26 (3) Thirty-one and one-half percent of the funds appropriated
27 to this state from the federal government pursuant to 23 USC 157,

1 commonly known as minimum guarantee funds, shall be allocated to
2 the transportation economic development fund, if such an allocation
3 is consistent with federal law. These funds shall be distributed
4 16-1/2% for development projects for rural counties as defined by
5 law and 15% for capacity improvement or advanced traffic management
6 systems in urban counties as defined by law. Federal funds
7 allocated for distribution under this section shall be eligible for
8 obligation and use by all recipients as defined by the
9 transportation equity act for the 21st century, Public Law 105-178.

10 (4) For the fiscal year beginning October 1, 2003 only, the
11 apportionment of 10% of Michigan transportation fund money to the
12 comprehensive transportation fund as provided in subsection (1)(f)
13 shall be reduced by \$10,000,000.00 and the \$10,000,000.00 shall be
14 transferred to the state trunk line fund for capacity improvements
15 to state trunk line highways.

16 (5) A fund to be known as the local bridge fund is established
17 and is set up and maintained in the state treasury as a separate
18 fund. The money appropriated to the local bridge fund and the
19 interest accruing to that fund shall be expended for the local
20 bridge program. The purpose of the fund is to provide financial
21 assistance to highway authorities for the preservation,
22 improvement, or reconstruction of existing bridges or for the
23 construction of bridges to replace existing bridges in whole or
24 part. The money in the local bridge fund is not subject to section
25 12(15) or 13(5). The local bridge advisory board is created and
26 shall consist of 6 voting members appointed by the state
27 transportation commission and 2 nonvoting members appointed by the

1 state transportation department. The board shall include 3 members
2 from the county road association of Michigan, 1 member who
3 represents counties with populations 65,000 or greater, 1 member
4 who represents counties with populations greater than 30,000 and
5 less than 65,000, and 1 member who represents counties with
6 populations of 30,000 or less. Three members shall be appointed
7 from the Michigan municipal league, 1 member who represents cities
8 with a population 75,000 or greater, 1 member who represents cities
9 with a population less than 75,000, and 1 member who represents
10 villages. Each organization with voting rights shall submit a list
11 of nominees in each population category to the state transportation
12 commission. The state transportation commission shall make the
13 appointments from the lists submitted under this subsection. Names
14 shall be submitted within 45 days after October 1, 2004. The state
15 transportation commission shall make the appointments by January
16 30, 2005. Voting members shall be appointed for 2 years. The
17 chairperson of the board shall be selected from among the voting
18 members of the board. In addition to the 2 nonvoting members, the
19 department shall provide qualified administrative staff and
20 qualified technical assistance to the board.

21 (6) Beginning October 1, 2005, no less than 5% and no more
22 than 15% of the funds received in the local bridge fund may be used
23 for critical repair of large bridges and emergencies as determined
24 by the local bridge advisory board. Beginning October 1, 2005,
25 funds remaining after the funds allocated for critical large bridge
26 repair and emergencies are deducted shall be distributed by the
27 board to the regional bridge councils created under this section.

1 One regional council shall be formed for each department of
2 transportation region as those regions exist on October 1, 2004.
3 The regional councils shall consist of 2 members of the county road
4 association of Michigan from counties in the region, 2 members of
5 the Michigan municipal league from cities and villages in the
6 region, and 1 member of the state transportation department in each
7 region. The members of the state transportation department shall be
8 nonvoting members who shall provide qualified administrative staff
9 and qualified technical assistance to the regional councils.

10 (7) Beginning October 1, 2005, funds in the local bridge fund
11 after deduction of the amounts set aside for critical repair of
12 large bridges and emergency repairs shall be distributed among the
13 regional bridge councils according to all of the following ratios,
14 which shall be assigned a weight expressed as a percentage as
15 determined by the board, with each ratio receiving no greater than
16 a 50% weight and no less than a 25% weight:

17 (a) A ratio with a numerator that is the total number of local
18 bridges in the region and a denominator that is the total number of
19 local bridges in this state.

20 (b) A ratio with a numerator that is the total local bridge
21 deck area in the region and a denominator that is the total local
22 bridge deck area in this state.

23 (c) A ratio with a numerator that is the total amount of
24 structurally deficient local bridge deck area in the region and a
25 denominator that is the total amount of structurally deficient
26 local bridge deck area in this state.

27 (8) Beginning October 1, 2005, the regional bridge councils

1 shall allocate the funds received from the board for the
2 preservation, improvement, and reconstruction of existing bridges
3 or for the construction of bridges to replace existing bridges in
4 whole or in part in each region.

5 (9) Beginning January 1, 2007 and each January after 2007, the
6 department shall submit a report to the chair and the minority
7 vice-chair of the appropriations committees of the senate and the
8 house of representatives, and to the standing committees on
9 transportation of the senate and the house of representatives, on
10 all of the following activities for the previous state fiscal year:

11 (a) A listing of how much money was dedicated for emergency
12 and large bridge repair.

13 (b) A listing of what emergency and large bridge repair
14 projects were funded.

15 (c) The actual weights used in the calculation required under
16 subsection (7).

17 (d) A listing of the total money distributed to each region.

18 (e) A listing of what specific projects were funded pursuant
19 to subsection (8).

20 (10) The state transportation commission shall borrow money
21 and issue notes or bonds in an amount of not less than
22 \$30,000,000.00 to supplement the funding provided for the local
23 bridge program under subsection (6). The bonds or notes issued
24 pursuant to this subsection may be issued by the commission for any
25 purpose for which other local bridge funds may be used under this
26 section. The bonds or notes authorized by this subsection shall be
27 issued by resolution of the state transportation commission

1 consistent with the requirements of section 18b.

2 (11) The state transportation department shall promulgate
3 rules pursuant to the administrative procedures act of 1969, 1969
4 PA 306, MCL 24.201 to 24.328, governing the administration of the
5 local bridge program. The rules shall set forth the eligibility
6 criteria for financial assistance under the program and other
7 matters related to the program that the department considers
8 necessary and desirable. The department shall take into
9 consideration the availability of federal aid and other financial
10 resources of the highway authority responsible for the bridge, the
11 importance of the bridge to the highway, road, or street network,
12 and the condition of the existing bridge.

13 (12) Beginning October 1, 2004, the revenue appropriated to
14 the local bridge fund pursuant to subsection (1)(d) shall be
15 distributed only to the local bridge advisory board, the regional
16 bridge councils, cities, villages, and county road commissions.