

HOUSE BILL NO. 4950

September 16, 2025, Introduced by Rep. Skaggs and referred to Committee on Transportation and Infrastructure.

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 promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; 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; to investigate and study the tolling of roads, streets, highways, or bridges; and to repeal acts and parts of acts,"

by amending sections 5a, 10, 11, 11h, 12, 13, 14, 15, and 20a (MCL 247.655a, 247.660, 247.661, 247.661h, 247.662, 247.663, 247.664, 247.665, and 247.670a), section 5a as added by 1981 PA 184, section 10 as amended by 2022 PA 50, section 11 as amended by 2015 PA 175, sections 11h, 14, and 15 as amended by 2020 PA 152, section 12 as amended by 2023 PA 248, section 13 as amended by 2020 PA 153, and section 20a as amended by 2012 PA 298; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5a. (1) The board of county road commissioners of each
2 county may establish a system of seasonal county roads, which may
3 be part of either the county primary road system, the county local
4 road system, or both systems. A board of county road commissioners
5 in establishing a system of seasonal county roads, may declare a
6 road under the jurisdiction of the board to not be open to public
7 travel during the months of November through April, which road
8 shall then not be open to public travel.

9 (2) The seasonal county road system shall include any road
10 under the jurisdiction of the board of county road commissioners
11 which that board determines shall not be open to public travel each
12 year for a period of less than 12 months. The system of seasonal
13 county roads shall be selected on the basis of seasonal use of the
14 roads and in accordance with rules promulgated by the state
15 transportation department. A board of county road commissioners may
16 include or exclude roads in the seasonal county road system upon
17 adoption of a proper resolution, but only after holding a public
18 hearing. Notice of the public hearing shall be given to the clerk
19 of the county and of each city, village, or township in which the
20 roads are situated and published at least twice in a newspaper of
21 general circulation in that county, the first notice to be not less
22 than 30 days before the hearing and the second notice not less than
23 7 days before the hearing. The notice shall contain the date, time,
24 and place of the hearing and shall describe in general terms the
25 action proposed to be taken by the board, the roads to be affected,
26 and the period of time that the roads shall not be open to public
27 travel. The business which the board may perform at the public
28 hearing shall be conducted at a hearing held in compliance with ~~Act~~

~~No. 267 of the Public Acts of 1976, as amended, being sections 15.261 to 15.275 of the Michigan Compiled Laws. the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.~~ In addition to the other notices required by this subsection, public notice of the time, date, and place of the hearing shall be given in the manner required by ~~Act No. 267 of the Public Acts of 1976, as amended. the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.~~ If at the hearing an objection is made to the designation of a road as a part of the seasonal county road system by a person occupying a structure located upon or along the road as the person's principal residence, the commissioners shall not designate that road as a part of the seasonal county road system unless the commissioners provide that person with immediate access to a road which is not a part of the seasonal county road ~~system.~~**system.**

(3) Within 30 days after final adoption of a resolution establishing a seasonal county road system, the board of county road commissioners shall file with the state transportation department and each city, village, or township in which the roads are situated a full record of its determination.

(4) The designation of a road as part of the seasonal county road system shall not affect the certification of the road under this act, but if the road is not open to public travel during the months of December to April, the road shall be excluded for purposes of the distribution of snow removal funds under section 12a.

~~(5) A road included as part of the seasonal county road system shall be excluded for the purposes of determining the distribution of funds under sections 12(4) and 12b for each year in which the road is part of the seasonal county road system.~~

1 (5) ~~(6)~~—A map shall be maintained and on display in the office
2 of each board of county road commissioners which has established a
3 seasonal county roads system which shall also inform the public of
4 the dates the road or road shall not open to public travel.

5 (6) ~~(7)~~—The board shall place and maintain signs on all roads
6 designated as seasonal county roads, which signs shall describe the
7 roads as seasonal county roads.

8 Sec. 10. (1) A fund to be known as the Michigan transportation
9 fund is established in the state treasury as a separate fund. The
10 state treasurer may receive money or other assets from any source
11 for deposit into the fund. The state treasurer shall direct the
12 investment of the fund. The state treasurer shall credit to the
13 fund interest and earnings from fund investments. Except as
14 otherwise provided in this section, the legislature shall
15 appropriate money for the necessary expenses incurred in the
16 administration and enforcement of the motor fuel tax act, 2000 PA
17 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA 254,
18 MCL 475.1 to 479.42, and sections 801 to 810 of the Michigan
19 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Money
20 appropriated for necessary expenses must be based upon established
21 cost allocation methodology that reflects actual costs.
22 Appropriations for the necessary expenses incurred by the
23 department of state in administration and enforcement of sections
24 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801
25 to 257.810, must be made from the Michigan transportation fund and
26 from money in the transportation administration collection fund
27 created in section 810b of the Michigan vehicle code, 1949 PA 300,
28 MCL 257.810b. Appropriations from the Michigan transportation fund
29 for the necessary expenses incurred by the department of state in

1 administration and enforcement of sections 801 to 810 of the
2 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must
3 not exceed \$20,000,000.00 per state fiscal year. Except as provided
4 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
5 206.51d, all money in the Michigan transportation fund is
6 apportioned and appropriated in the following manner:

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

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

13 (c) Not more than \$3,000,000.00 each year to the local bridge
14 fund established in subsection (4) for the purpose of payment of
15 the principal, interest, and redemption premium on any notes or
16 bonds issued by the state transportation commission under former
17 section 11b or subsection (9).

18 (d) Except as otherwise provided in this subdivision and
19 subject to section 11h, \$2,000,000.00 each year of the revenue from
20 3 cents of the tax levied under section 8(1)(a) of the motor fuel
21 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
22 mitigation board fund created in section 11h.

23 (e) Except as otherwise provided in this subdivision,
24 \$5,000,000.00 each year of the revenue from 3 cents of the tax
25 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
26 403, MCL 207.1008, to the movable bridge fund created in section
27 11g, with the remainder to the state trunk line fund, county road
28 commissions, and cities and villages in the percentages provided in
29 subdivision (l). The department shall annually adjust the amount

1 allocated under this subdivision by an amount equal to the annual
2 increase in the Detroit Consumer Price Index for the preceding
3 year.

4 (f) One-half of the revenue from 1 cent of the tax levied
5 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
6 207.1008, to the state trunk line fund for the repair of state
7 bridges under section 11, and 1/2 of the revenue from 1 cent of the
8 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
9 403, MCL 207.1008, to the local bridge fund created in subsection
10 (4) for distribution only to cities, villages, and county road
11 commissions.

12 (g) \$50,000,000.00 to the state trunk line fund for debt
13 service costs on state of Michigan projects.

14 (h) Ten percent to the comprehensive transportation fund for
15 the purposes described in section 10e.

16 (i) \$5,000,000.00 to the local bridge fund established in
17 subsection (4) for distribution only to the local bridge advisory
18 board, the regional bridge councils, cities, villages, and county
19 road commissions.

20 (j) \$36,775,000.00 to the state trunk line fund for subsequent
21 deposit in the transportation economic development fund created in
22 section 2 of 1987 PA 231, MCL 247.902, with first priority for
23 allocation to debt service on bonds issued to fund transportation
24 economic development fund projects. In addition, \$3,500,000.00 is
25 appropriated from the Michigan transportation fund to the state
26 trunk line fund for subsequent deposit in the transportation
27 economic development fund created in section 2 of 1987 PA 231, MCL
28 247.902, to be used for economic development road projects in any
29 of the targeted industries described in section 9(1)(a) of 1987 PA

1 231, MCL 247.909.

2 (k) Not less than \$33,000,000.00 as may be annually
3 appropriated each fiscal year to the local program fund created in
4 section 11e.

5 (l) The balance of the Michigan transportation fund, as well as
6 funds allocated to the Michigan transportation fund and collected
7 under the Michigan Regulation and Taxation of Marihuana Act, 2018
8 IL 1, MCL 333.27951 to 333.27967, as follows, after deduction of
9 the amounts appropriated in subdivisions (a) to (k):

10 (i) 39.1% to the state trunk line fund for the purposes
11 described in section 11 and section 10o(5).

12 (ii) ~~39.1%~~ **30.45%** to the county road commissions of this state.

13 (iii) ~~21.8%~~ **30.45%** to the cities and villages of this state.

14 (2) The money appropriated under this section must be used for
15 the purposes as provided in this act and any other applicable act.
16 Subject to section 9b, the department shall develop programs in
17 conjunction with the Michigan Chamber of Commerce and the Michigan
18 Minority Supplier Development Council to assist small businesses,
19 including those located in enterprise zones and those located in
20 empowerment zones as determined under federal law, as defined by
21 law in becoming qualified to bid.

22 (3) From federal funds, an amount equal to 31-1/2% of the
23 money formerly appropriated to this state from the federal
24 government under former 23 USC 157, commonly known as minimum
25 guarantee funds, must be allocated to the transportation economic
26 development fund, if the allocation is consistent with federal law.
27 This money must be distributed 16-1/2% for development projects for
28 rural counties as defined by law and 15% for capacity improvement
29 or advanced traffic management systems in urban counties as defined

1 by law. Federal money allocated for distribution under this section
 2 is eligible for obligation and use by all recipients as provided in
 3 the moving ahead for progress in the 21st century act, Public Law
 4 112-141.

5 (4) A fund to be known as the local bridge fund is established
 6 in the state treasury as a separate fund. The money appropriated to
 7 the local bridge fund and the interest accruing to that fund must
 8 be expended for the local bridge program. The purpose of the fund
 9 is to provide financial assistance to highway authorities for the
 10 preservation, improvement, or reconstruction of existing bridges or
 11 for the construction of bridges to replace existing bridges in
 12 whole or part. The money in the local bridge fund is not subject to
 13 section ~~12(15)~~ **12(12)** or 13(5). The local bridge advisory board is
 14 created and must consist of 6 voting members appointed by the state
 15 transportation commission and 2 nonvoting members appointed by the
 16 department. The board must include 3 members from the County Road
 17 Association of Michigan: ~~7~~—1 member who represents counties with
 18 populations 65,000 or greater, 1 member who represents counties
 19 with populations greater than 30,000 and less than 65,000, and 1
 20 member who represents counties with populations of 30,000 or less.
 21 Three members must be appointed from the Michigan Municipal League:
 22 ~~7~~—1 member who represents cities with a population 75,000 or
 23 greater, 1 member who represents cities with a population less than
 24 75,000, and 1 member who represents villages. Each organization
 25 with voting rights shall submit a list of nominees in each
 26 population category to the state transportation commission. The
 27 state transportation commission shall make the appointments from
 28 the lists submitted under this subsection. Voting members must be
 29 appointed for 2 years. The chairperson of the board must be

1 selected from among the voting members of the board. In addition to
2 the 2 nonvoting members, the department shall provide qualified
3 administrative staff and qualified technical assistance to the
4 board.

5 (5) No less than 5% and no more than 15% of the money received
6 in the local bridge fund may be used for critical repair of large
7 bridges and emergencies as determined by the local bridge advisory
8 board. Money remaining after the money allocated for critical large
9 bridge repair and emergencies is deducted must be distributed by
10 the board to the regional bridge councils created under this
11 section. One regional council must be formed for each department of
12 transportation region as those regions exist on October 1, 2004.
13 The regional councils must consist of 2 members of the County Road
14 Association of Michigan from counties in the region, 2 members of
15 the Michigan Municipal League from cities and villages in the
16 region, and 1 member of the department in each region. The members
17 of the department are nonvoting members and shall provide qualified
18 administrative staff and qualified technical assistance to the
19 regional councils.

20 (6) Money in the local bridge fund after deduction of the
21 amounts set aside for critical repair of large bridges and
22 emergency repairs must be distributed among the regional bridge
23 councils according to all of the following ratios, which must be
24 assigned a weight expressed as a percentage as determined by the
25 board, with each ratio receiving no greater than a 50% weight and
26 no less than a 25% weight:

27 (a) A ratio with a numerator that is the total number of local
28 bridges in the region and a denominator that is the total number of
29 local bridges in this state.

1 (b) A ratio with a numerator that is the total local bridge
2 deck area in the region and a denominator that is the total local
3 bridge deck area in this state.

4 (c) A ratio with a numerator that is the total amount of
5 structurally deficient local bridge deck area in the region and a
6 denominator that is the total amount of structurally deficient
7 local bridge deck area in this state.

8 (7) The regional bridge councils shall allocate the money
9 received from the board for the preservation, improvement, and
10 reconstruction of existing bridges or for the construction of
11 bridges to replace existing bridges in whole or in part in each
12 region.

13 (8) Each January, the department shall submit a report to the
14 chair and the minority vice-chair of the appropriations committees
15 of the senate and the house of representatives, and to the standing
16 committees on transportation of the senate and the house of
17 representatives, on all of the following activities for the
18 previous state fiscal year:

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

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

23 (c) The actual weights used in the calculation required under
24 subsection (6).

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

26 (e) A listing of the specific projects that were funded under
27 subsection (7).

28 (9) The state transportation commission shall borrow money and
29 issue notes or bonds in an amount of not less than \$30,000,000.00

1 to supplement the funding provided for the local bridge program
2 under subsection (5). The bonds or notes issued under this
3 subsection may be issued by the commission for any purpose for
4 which other local bridge money may be used under this section. The
5 bonds or notes authorized by this subsection must be issued by
6 resolution of the state transportation commission consistent with
7 the requirements of section 18b.

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

19 (11) The revenue appropriated to the local bridge fund under
20 subsection (1)(i) must be distributed only to the local bridge
21 advisory board, the regional bridge councils, cities, villages, and
22 county road commissions.

23 (12) The regional bridge councils shall determine what bridge
24 projects are selected for funding from the local bridge fund
25 created in subsection (4) and shall make a list of selected
26 projects available to interested parties in the region. A
27 determination that a bridge project is selected for funding in a
28 given fiscal year is not approval to disburse the money.

29 (13) A county road commission, city, or village may implement

1 a bridge project if the bridge project has been selected for
2 funding and is included in the appropriate regional bridge
3 council's current multiyear bridge plan for the local bridge
4 program but the regional bridge council has not allocated money to
5 the bridge project for the fiscal year that the bridge project is
6 on the current multiyear bridge plan. A county road commission,
7 city, or village may borrow money to implement a project that has
8 been selected for funding and is included in the appropriate
9 regional bridge council's current multiyear bridge plan but has not
10 been allocated money by the regional bridge council. Based on
11 available local bridge money, when a bridge project that was
12 implemented with borrowed money is allocated funding in a
13 subsequent fiscal year, the funding must only be used to repay the
14 amount approved by the multiyear bridge plan when the money was
15 borrowed. To be eligible for repayment of the amount borrowed, a
16 bridge project that has been implemented with borrowed money must
17 be administered through the department's local bridge program.

18 Sec. 11. (1) A fund to be known as the state trunk line fund
19 is established in the state treasury as a separate fund. The money
20 deposited in the state trunk line fund is appropriated to the
21 department for the following purposes in the following order of
22 priority:

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

27 (i) For the payment of contributions pledged before July 18,
28 1979 and required to be made by the state highway commission or the
29 state transportation commission under contracts entered into before

1 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, for the
2 payment of the principal and interest on bonds issued under 1941 PA
3 205, MCL 252.51 to 252.64, for the payment of which a sufficient
4 sum is irrevocably appropriated.

5 (ii) For the payment of the principal and interest upon bonds
6 designated "State of Michigan, State Highway Commissioner, Highway
7 Construction Bonds, Series I", dated September 1, 1956, in the
8 aggregate principal amount of \$25,000,000.00, issued pursuant to
9 former 1955 PA 87 and the resolution of the state administrative
10 board adopted August 6, 1956, for the payment of which a sufficient
11 sum is irrevocably appropriated.

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

26 (b) For the transfer of money appropriated under section
27 10(1)(i) to the transportation economic development fund, but the
28 transfer shall be reduced each fiscal year by the amount of debt
29 service to be paid in that year from the state trunk line fund for

1 bonds, notes, or other obligations issued to fund projects of the
2 transportation economic development fund, which amount shall be
3 certified by the department.

4 (c) For the transfer of money appropriated under section
5 10(1)(a) to the rail grade crossing account in the state trunk line
6 fund for expenditure for rail grade crossing improvement purposes
7 at rail grade crossings on public roads and streets under the
8 jurisdiction of this state, counties, cities, or villages. The
9 department shall select projects for funding in accordance with the
10 following:

11 (i) Not more than 50% or less than 30% of this money and
12 matched federal money shall be expended for state trunk line
13 projects.

14 (ii) In prioritizing projects for this money, in whole or in
15 part, the department shall consider train and vehicular traffic
16 volumes, accident history, traffic control device improvement
17 needs, and the availability of funding.

18 (iii) Consistent with the other requirements for this money, the
19 first priority for money deposited under this subdivision for rail
20 grade crossing improvements and retirement shall be to match
21 federal money from the railroad-highway grade crossing improvement
22 program or other comparable federal programs if a match is required
23 under federal law.

24 (iv) If the department and a road authority with jurisdiction
25 over the crossing formally agree that the grade crossing should be
26 eliminated by permanent closing of the public road or street, the
27 physical removal of the crossing, roadway within railroad rights of
28 way and street termination treatment shall be negotiated between
29 the road authority and railroad company. The money provided to the

1 road authority as a result of the crossing closure shall be
2 credited to its account representing the same road or street system
3 on which the crossing is located and shall be used for any
4 transportation purpose within that road authority's jurisdiction.

5 (d) For the transfer of money appropriated under section
6 10(1) (b) to the grade crossing surface account in the state trunk
7 line fund for expenditure for rail grade crossing surface
8 improvement purposes at rail grade crossings on public roads and
9 streets under the jurisdiction of counties, cities, or villages.
10 Projects shall be selected for funding in accordance with the
11 following:

12 (i) In prioritizing projects, the department shall consider
13 vehicular traffic volumes, relative crossing surface condition, the
14 ability of the railroad and local road authority to make
15 coordinated improvements, and the availability of funding.

16 (ii) The grade crossing surface account shall fund 60% of the
17 project cost, with the remaining 40% funded by the railroad
18 company.

19 (iii) Funding under the grade crossing surface account shall be
20 limited to items of work that are normally the responsibility of
21 the railroad under section 309 of the railroad code of 1993, 1993
22 PA 354, MCL 462.309. Maintenance of the roadway approaches to the
23 crossing will continue to be the responsibility of the party with
24 jurisdiction over that roadway.

25 (e) For the total operating expenses of the state trunk line
26 fund for each fiscal year as appropriated by the legislature.

27 (f) For the preservation of state trunk line highways and
28 bridges.

29 (g) For the opening, widening, improving, construction, and

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

12 (h) The department may enter into agreements with a local road
13 agency or a private sector company to perform work on a highway,
14 road, or street. The agreements may provide for the performance by
15 any of the contracting parties of any of the work contemplated by
16 the contract including maintenance, engineering services, and the
17 acquisition of rights of way in connection with the work, by
18 purchase or condemnation by any of the contracting parties in its
19 own name, and for joint participation in the costs, but only to the
20 extent that the contracting parties are otherwise authorized by law
21 to expend money on the highways, roads, or streets. The department
22 also may contract with a local road agency to advance money to a
23 local road agency to pay the costs of improving railroad grade
24 crossings on the terms and conditions agreed to in the contract. A
25 contract may be executed before or after the state transportation
26 commission borrows money for the purpose of advancing money to a
27 local road agency, but the contract shall be executed before the
28 advancement of any money to a local road agency by the state
29 transportation commission, and shall provide for the full

1 reimbursement of any advancement by a local road agency to the
2 department, with interest, within 15 years after advancement, from
3 any available revenue sources of the local road agency or, if
4 provided in the contract, by deduction from the periodic
5 disbursements of any money returned by the state to the local road
6 agency.

7 (i) For providing inventories of supplies and materials
8 required for the activities of the department. The department may
9 purchase supplies and materials for these purposes, with payment to
10 be made out of the state trunk line fund to be charged on the basis
11 of issues from inventory in accordance with the accounting and
12 purchasing laws of this state.

13 (2) Notwithstanding any other provision of this act, the
14 department shall annually expend at least 90% of state revenue
15 appropriated annually to the state trunk line fund less the amounts
16 described in subdivisions (a) to (i) for the preservation of
17 highways, roads, streets, and bridges and for the payment of debt
18 service on bonds, notes, or other obligations described in
19 subsection (1)(a) issued after July 1, 1983, for the purpose of
20 providing money for the preservation of highways, roads, streets,
21 and bridges. Of the amounts appropriated for state trunk line
22 projects, the department shall, where possible, secure pavement
23 warranties for full replacement or appropriate repair for
24 contracted construction work on pavement projects whose cost
25 exceeds \$2,000,000.00 and projects for new construction or
26 reconstruction undertaken after the effective date of the 2015
27 amendatory act that amended this subsection. The department shall
28 compile and make available to the public an annual report ~~of all~~
29 ~~warranties that were secured under this subsection and all pavement~~

~~projects whose costs exceed \$2,000,000.00 where a warranty was not~~
~~secured~~ as provided in subsection (14). If an appropriate
certificate is filed under section 18e, but only to the extent
necessary, this subsection does not prohibit the use of any amount
of money restricted as to use by section 9 of article IX of the
state constitution of 1963 and deposited in the state trunk line
fund for the payment of debt service on bonds, notes, or other
obligations pledging for the payment thereof money restricted as to
use by section 9 of article IX of the state constitution of 1963
and deposited in the state trunk line fund, whenever issued, as
specified under subsection (1)(a). The amounts that are deducted
from the state trunk line fund for the purpose of the calculation
required by this subsection are as follows:

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

(b) Amounts expended to provide the state matching requirement
for projects on the national highway system and for the payment of
debt service on bonds, notes, or other obligations issued after
July 1, 1983, for the purpose of providing money for the state
matching requirements for projects on the national highway system.

(c) Amounts expended for the construction of a highway,
street, road, or bridge to 1 or more of the following or for the
payment of debt service on bonds, notes, or other obligations
issued after July 1, 1983, for the purpose of providing money for
the construction of a highway, street, road, or bridge to 1 or more
of the following:

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

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

4 (d) Amounts expended for capital outlay other than for
5 highways, roads, streets, and bridges or to pay debt service on
6 bonds, notes, or other obligations issued after July 1, 1983, for
7 the purpose of providing money for capital outlay other than for
8 highways, roads, streets, and bridges.

9 (e) Amounts expended for the operating expenses of the
10 department other than the units of the department performing the
11 functions assigned on January 1, 1983 to the bureau of highways.

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

14 (g) Amounts expended for the purposes described in subsection
15 (5).

16 (h) Amounts appropriated for deposit in the transportation
17 economic development fund and the rail grade crossing account
18 pursuant to section 10(1)(a) and (h).

19 (i) Upon the affirmative recommendation of the director of the
20 department and the approval by resolution of the state
21 transportation commission, those amounts expended for projects
22 vital to the economy of this state, a region, or local area or the
23 safety of the public. The resolution shall state the cost of the
24 project exempted from this subsection.

25 (3) Notwithstanding any other provision of this act, the
26 department shall expend annually at least 90% of the federal
27 revenue distributed to the credit of the state trunk line fund in
28 that year, except for federal revenue expended for the purposes
29 described in subsection (2)(b), (c), (f), and (i) and for the

1 payment of notes issued under section 18b(9) on the preservation of
2 highways, roads, streets, and bridges. The requirement of this
3 subsection is waived if compliance would cause this state to be
4 ineligible according to federal law for federal revenue, but only
5 to the extent necessary to make this state eligible according to
6 federal law for that revenue.

7 (4) Notwithstanding any other provision of this section, the
8 department may loan money to a local road agency for paying capital
9 costs of transportation purposes described in the second paragraph
10 of section 9 of article IX of the state constitution of 1963 from
11 the proceeds of bonds or notes issued pursuant to section 18b or
12 from the state trunk line fund. Loans made directly from the state
13 trunk line fund shall be made only after provision of money for the
14 purposes specified in subsection (1)(a) to (f). Loans described in
15 this subsection are not subject to the revised municipal finance
16 act, 2001 PA 34, MCL 141.2101 to 141.2821.

17 (5) A local road agency may borrow money from the proceeds of
18 bonds or notes issued under section 18b or the state trunk line
19 fund for the purposes set forth in subsection (4) that shall be
20 repayable, with interest, from 1 or more of the following:

21 (a) The money to be received by the local road agency from the
22 Michigan transportation fund, except to the extent the money has
23 been or may in the future be pledged by contract in accordance with
24 1941 PA 205, MCL 252.51 to 252.64, or has been or may in the future
25 be pledged for the payment of the principal and interest upon notes
26 issued under 1943 PA 143, MCL 141.251 to 141.254, or has been or
27 may in the future be pledged for the payment of principal and
28 interest upon bonds issued under section 18c or 18d, or has been or
29 may in the future be pledged for the payment of the principal and

1 interest upon bonds issued under 1952 PA 175, MCL 247.701 to
2 247.707.

3 (b) Any other legally available money of the local road
4 agency, other than the general funds of the county.

5 (6) If required by the department, loans made under subsection
6 (4) are payable by deduction by the state treasurer, upon direction
7 of the department, from the periodic disbursements of any money
8 returned by this state under this act to the local road agency, but
9 only after sufficient money has been returned to the local road
10 agency to provide for the payment of contractual obligations
11 incurred or to be incurred and principal and interest on notes and
12 bonds issued or to be issued under 1941 PA 205, MCL 252.51 to
13 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
14 247.701 to 247.707, or section 18c or 18d. The interest rates and
15 payment schedules of any loans made from the proceeds of bonds or
16 notes issued pursuant to section 18b shall be established by the
17 department to conform as closely as practicable to the interest
18 rate and repayment schedules on the bonds or notes issued to make
19 the loans. However, the department may allow for the deferral of
20 the first payment of interest or principal on the loans for a
21 period of not to exceed 1 year after the respective first payment
22 of interest or principal on the bonds or notes issued to make the
23 loans.

24 (7) The amount borrowed by a local road agency under
25 subsection (5) shall not be included in, or charged against, any
26 constitutional, statutory, or charter debt limitation of the
27 county, city, or village and shall not be included in the
28 determination of the maximum annual principal and interest
29 requirements of, or the limitations upon, the maximum annual

1 principal and interest incurred under 1941 PA 205, MCL 252.51 to
2 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
3 247.701 to 247.707, or section 18c or 18d.

4 (8) The local road agency is not required to seek or obtain
5 the approval of the electors, the municipal finance commission or
6 its successor agency, or, except as provided in this subsection,
7 the department of treasury to borrow money under subsection (5).
8 The borrowing is not subject to the revised municipal finance act,
9 2001 PA 34, MCL 141.2101 to 141.2821, or to section ~~5(g)~~**5(1)(g)** of
10 the home rule city act, 1909 PA 279, MCL 117.5. The department
11 shall give at least 10 days' notice to the state treasurer of its
12 intention to make a loan under subsection (4). If the state
13 treasurer gives notice to the director of the department within 10
14 days of receiving the notice from the department, that, based upon
15 the then existing financial or credit situation of the local road
16 agency, it would not be in the best interests of this state to make
17 a loan under subsection (4) to the local road agency, the loan
18 shall not be made unless the state treasurer, after a hearing, if
19 requested by the affected local road agency, subsequently gives
20 notice to the director of the department that the loan may be made
21 on the conditions that the state treasurer specifies.

22 (9) The state transportation commission may borrow money and
23 issue bonds and notes under section 18b to make loans to a local
24 road agency for the purposes described in the second paragraph of
25 section 9 of article IX of the state constitution of 1963, as
26 provided in subsection (4). A single issue of bonds or notes may be
27 issued for the purposes specified in subsection (4) and for the
28 other purposes specified in section 18b. The house and senate
29 transportation appropriations subcommittees shall be notified by

1 the department if there are extras and overruns sufficient to
2 require approval of either the state administrative board or the
3 commission, or both, on any contract between the department and a
4 local road agency or a private business.

5 (10) The director of the department, after consultation with
6 representatives of the interests of local road agencies, shall
7 establish, by intergovernmental communication, procedures for the
8 implementation and administration of the loan program established
9 under subsections (4) to (9).

10 (11) Not more than 8% per year of all of the money received by
11 and returned to the department from any source for the purposes of
12 this section may be expended for administrative expenses. The
13 department shall be subject to section 14(5) if more than 8% per
14 year is expended for administrative expenses. As used in this
15 subsection, "administrative expenses" means expenses that are not
16 assigned including, but not limited to, specific road construction
17 or preservation projects and are often referred to as general or
18 supportive services. Administrative expenses do not include net
19 equipment expense, net capital outlay, debt service principal and
20 interest, and payments to other state or local offices that are
21 assigned, but not limited to, specific road construction projects
22 or preservation activities.

23 (12) Any performance audits of the department shall be
24 conducted according to government auditing standards issued by the
25 United States General Accounting Office.

26 (13) Contracts entered into to advance money to a local road
27 agency under subsection (1)(g) are not subject to the revised
28 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

29 (14) The department shall prepare on an annual basis a report

1 listing all warranties that were secured under subsection (2) and
2 indicate whether any of those warranties were redeemed and all
3 pavement projects whose costs exceed \$2,000,000.00 for which a
4 warranty was not secured as described in subsection (2). The
5 department shall make the report required by this subsection
6 available to the public upon request and shall also post the report
7 on its website, which shall include, but is not limited to, all of
8 the following information:

9 (a) The type of project.

10 (b) The cost or estimated cost of the project.

11 (c) The expected lifespan of the project.

12 (d) Whether or not the project met or is currently meeting its
13 expected lifespan.

14 (e) If the project failed to meet or is not meeting its
15 expected lifespan, the cause of the failure and the cost to replace
16 or repair the project.

17 (f) The entity responsible for paying the cost of replacing or
18 repairing the project.

19 (15) As used in this section:

20 (a) "Local road agency" means that term as defined in section
21 9a.

22 (b) "Rail grade crossing improvement purposes" means 1 or more
23 of the following:

24 (i) The installation and modernization of active and passive
25 warning devices at railroad grade crossings.

26 (ii) The installation or improvement of grade crossing
27 surfaces.

28 (iii) Modification, relocation, or modernization of railroad
29 grade crossing active and passive warning devices necessitated by

1 roadway improvement projects.

2 (iv) Test installations of innovative warning devices or other
3 innovative applications.

4 (v) Construction of new grade separations.

5 (vi) A cash incentive payment made pursuant to subsection
6 (1)(c)(iv) for any public road or street crossing, in an amount no
7 greater than the cost of installing flashing light signals and half
8 roadway gates at the crossing.

9 (vii) Any other work that would be eligible for funding under
10 the federal railroad-highway grade crossing improvement program or
11 other comparable programs.

12 **(16) Each year, on appropriation, the department shall spend**
13 **an amount equal to 0.0025% of the amount in the Michigan**
14 **transportation fund on the maintenance and construction of state**
15 **trunk line highway rest areas.**

16 Sec. 11h. (1) The local agency wetland mitigation board fund
17 is established in the state treasury as a separate fund. The state
18 treasurer may receive money or other assets from any source for
19 deposit into the fund. The state treasurer shall direct the
20 investment of the fund. The state treasurer shall credit to the
21 fund interest and earnings from fund investments.

22 (2) The money appropriated to the local agency wetland
23 mitigation board fund and the interest accruing to that fund must
24 be expended for the local agency wetland mitigation board program.
25 The balance of the fund must not exceed \$8,000,000.00 at the
26 beginning of a fiscal year, less the amount of funds that have been
27 obligated but not yet expended. The money in the local agency
28 wetland mitigation board fund is not subject to section ~~12(15)~~.
29 **12(12)** .

(3) The local agency wetland mitigation bank advisory board is **dissolved.** ~~created and shall consist of the following 9 members:~~

~~(a) One voting member appointed by the County Road Association of Michigan from a county with a population greater than 400,000.~~

~~(b) One voting member appointed by the County Road Association of Michigan from a county with a population greater than 65,000 but no more than 400,000.~~

~~(c) One voting member appointed by the County Road Association of Michigan from a county with a population of less than 65,000.~~

~~(d) One voting member who shall be an engineer appointed jointly by the County Road Association of Michigan and the Michigan Municipal League.~~

~~(e) One voting member appointed by the Michigan Municipal League from a city with a population of more than 70,000.~~

~~(f) One voting member appointed by the Michigan Municipal League from a city with a population of 70,000 or less.~~

~~(g) One voting member appointed by the Michigan Municipal League from a village.~~

~~(h) Two nonvoting members appointed by the department and the department of environment, Great Lakes, and energy.~~

(4) ~~Beginning on March 27, 2019, the~~ **The** local agency wetland mitigation advisory board is created and shall consist of the following 7 members:

(a) Four voting members from road agencies appointed jointly by the County Road Association of Michigan and the Michigan Municipal League.

(b) One voting member who ~~shall be~~ **is** an engineer, appointed jointly by the County Road Association of Michigan and the Michigan Municipal League.

1 (c) Two nonvoting members appointed by the department and the
2 department of environment, Great Lakes, and energy.

3 ~~(5) The members first appointed to the local agency wetland~~
4 ~~mitigation bank advisory board under subsection (3) shall be~~
5 ~~appointed no later than October 1, 2015.~~ The members first
6 appointed to the local agency wetland mitigation advisory board
7 under subsection (4) shall be appointed no later than April 1,
8 2019.

9 (6) Members of the board shall serve for terms of 2 years or
10 until a successor is appointed, whichever is later.

11 (7) If a vacancy occurs on the board, the person that
12 appointed the vacating member shall make an appointment for the
13 unexpired term in the same manner as the original appointment.

14 (8) A member of the board may be removed for incompetence,
15 dereliction of duty, malfeasance, misfeasance, or nonfeasance in
16 office, or any other good cause.

17 (9) The first meeting of the board must be called by the
18 member appointed by the department under subsection (4)(c). At the
19 first meeting, the board shall elect from among its voting members
20 a chairperson and other officers as it considers necessary or
21 appropriate. After the first meeting, the board shall meet at least
22 quarterly.

23 (10) A majority of the voting members of the board constitute
24 a quorum for the transaction of business at a meeting of the board.
25 A majority of the members present and serving are required for
26 official action of the board.

27 (11) A board member shall serve without compensation, but may
28 receive reimbursement for necessary travel and expenses consistent
29 with applicable law and rules and procedures of the civil service

1 commission and department of technology, management, and budget or
2 local road agency policies, subject to available funding. The board
3 may employ a part-time or full-time manager or engineer or contract
4 with a person or firm to perform professional, technical, or
5 administrative assistance or legal counsel. The board shall
6 determine the duties of a person or firm employed under this
7 subsection, and shall require the manager and the board to retain
8 insurances.

9 (12) The business that the board may perform must be conducted
10 at a public meeting of the board held in compliance with the open
11 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

12 (13) A writing prepared, owned, used, in the possession of, or
13 retained by the board in the performance of an official function is
14 subject to the freedom of information act, 1976 PA 442, MCL 15.231
15 to 15.246.

16 (14) The 2 nonvoting members of the board, the department, and
17 the department of environment, Great Lakes, and energy shall
18 provide qualified administrative staff and qualified technical
19 assistance to the board as necessary.

20 (15) The local agency wetland mitigation program must provide
21 funds to local road agencies for 1 or more of the following:

22 (a) Complete engineering and design for a wetland mitigation
23 site.

24 (b) Purchase of land for a wetland mitigation site.

25 (c) Construction of a wetland mitigation site.

26 (d) Monitoring and maintenance necessary to ensure that the
27 performance standards are or will be met.

28 (e) Obtaining conservation easements in perpetuity and
29 maintenance of endowment funds to manage wetland mitigation sites.

1 (f) Funding for a wetland mitigation site established before
2 September 22, 2016.

3 (g) Purchasing wetland mitigation bank credits from an
4 established wetland mitigation bank approved by the department of
5 environment, Great Lakes, and energy to meet a local agency's
6 wetland mitigation permit requirements.

7 (16) Not more than 20% of a wetland mitigation site may be
8 sold to the private sector, and any revenues generated from that
9 sale must be deposited into the local agency wetland program fund.

10 (17) The board may approve the use of local agency wetland
11 mitigation funds for other activities needed to establish a wetland
12 mitigation site, a pre-mitigation wetland area or wetland
13 preservation site, or other mitigation as permitted by law on a
14 demonstrated need by a local road agency.

15 (18) An application for funds from the local agency wetland
16 mitigation program must be made on a form approved by the board and
17 must contain the information required by the board. An application
18 for funds under this section may be made at any time determined by
19 the board.

20 (19) The board shall establish a review process for
21 considering funding applications under this section. No later than
22 180 days after receiving a funding application under this section,
23 the board shall notify the applicant in writing whether the
24 application is approved or rejected. If the board fails to notify
25 an applicant in writing whether an application is approved or
26 rejected within 180 days after receiving the funding application,
27 the application is approved. Prior to releasing local agency
28 wetland mitigation program funds, the board shall enter into an
29 agreement with the funding recipient.

(20) For each year in which the board receives funding applications, the board shall report by October 1 to the standing committees of the senate and the house of representatives with primary jurisdiction over issues pertaining to transportation and natural resources and the environment and to the senate and house of representatives appropriations committees on the utilization of funds from the local agency wetland mitigation board fund. The report must include, at a minimum, all of the following:

(a) The number of funding applications received under this section.

(b) The name of each local road agency applying for funding, and whether each application was approved or denied.

(c) The amount of local match for each award under this section.

(d) The individual and annual cumulative amount of funds awarded, including an identification of the purpose of all funds awarded.

~~(21) Beginning on April 2, 2019, the local agency wetland mitigation bank advisory board created in subsection (3) is dissolved.~~

Sec. 12. (1) The amount distributed to the county road commissions must be returned to the county treasurers in the manner, for the purposes, and under the terms and conditions specified in this section. The department and the County Road Association of Michigan shall jointly develop incentives for counties to establish statewide purchasing pools for the more efficient use of Michigan transportation funds.

(2) Each county road commission shall be reimbursed in an amount up to \$10,000.00 per year for the sum paid to a licensed

1 professional engineer employed or retained by the county road
2 commission in the previous year. The sum must be returned to each
3 county road commission certified by the department as complying
4 with this subsection regarding the employment of an engineer.

5 (3) An amount equal to 1% of the total amount returned to the
6 county road commissions from the Michigan transportation fund
7 during the prior calendar year must be withheld annually from the
8 counties' November monthly distribution provided for in section 17,
9 and the amount must be returned to the county road commissions for
10 snow removal purposes as provided in section 12a.

11 ~~(4) An amount equal to 10% of the total amount returned to the~~
12 ~~county road commissions from the Michigan transportation fund must~~
13 ~~be returned to each county road commission having county primary,~~
14 ~~or county local road, or both, mileage in the urban areas as~~
15 ~~determined under section 12b. This sum must be distributed as~~
16 ~~provided in section 12b. The return must be in addition to the~~
17 ~~amounts provided in subsections (6) and (7) and for the purposes~~
18 ~~stated in those subsections.~~

19 ~~(5) An amount equal to 4% of the total amount returned to the~~
20 ~~county road commissions from the Michigan transportation fund must~~
21 ~~be returned to the county road commissions in the same percentages~~
22 ~~under subsection (7). All money returned to the county road~~
23 ~~commissions under this subsection must be expended by the county~~
24 ~~road commissions for the preservation, construction, acquisition,~~
25 ~~and extension of county local road systems and is in addition to~~
26 ~~the amounts provided in subsection (7).~~

27 ~~(6) Except as otherwise provided in subsection (23), 75% of~~
28 ~~the remainder of the total amount to be returned to the counties~~
29 ~~must be expended by each county road commission for the~~

~~preservation, construction, acquisition, and extension of the county primary road system, including the acquisition of a necessary right of way for the system, work incidental to the system, and a roadside park or motor parkway appurtenant to the system, and must be returned to the counties as follows:~~

~~(a) Three-fourths of the amount in proportion to the amount received within the respective county during the 12 months next preceding the date of each monthly distribution, as specific taxes upon registered motor vehicles under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.~~

~~(b) One-tenth of the amount in the same proportion that the total mileage in the county primary road system of each county bears to the total mileage in all of the county primary road systems of this state.~~

~~(c) One eighty third of the remaining 15% of the amount to each county.~~

~~(7) Except as otherwise provided in subsection (23), the balance of the remainder of the total amount to be returned to counties must be expended by each county road commission for the preservation, construction, acquisition, and extension of the county local road system as defined by this act, including the acquisition of a necessary right of way for the system, work incidental to the system, and a roadside park or motor parkway appurtenant to the system, and must be returned to the counties as follows:~~

~~(a) Sixty-five percent of the amount in the same proportion that the total mileage in the county local road system of each county bears to the total mileage in all of the county local road systems of this state.~~

~~(b) Thirty five percent of the amount in the same proportion that the total population outside of incorporated municipalities in each county bears to the total population outside of incorporated municipalities in all of the counties of this state, according to the most recent statewide federal census as certified at the beginning of the state fiscal year.~~

(4) The remainder of the amount returned to the county road commissions from the Michigan transportation fund must be returned to each county road commission using a formula that the department shall develop based on all of the following factors:

(a) 25% based on average daily commercial truck traffic.

(b) 5% based on average daily traffic.

(c) 20% based on lane miles. For the purposes of this subdivision, a shoulder wider than 6 feet must be counted as 1/3 of a lane.

(d) 20% based on population.

(e) 10% based on regional climate considerations. For the purposes of this subdivision, the department shall divide the state into 5 climate regions based on freeze thaw cycle data from the average of the previous 3 years.

(f) 5% based on regional variable construction costs, based on the cost of labor and materials involved in road construction within regional prosperity zones.

(g) 10% based on subbase geology and drainage requirements for local soil. For the purposes of this subdivision, the department shall develop a map by county based on the county's most prevalent subbase soil type.

(h) 5% based on the size of bridges and culverts as determined by the Michigan structure inventory and appraisal database with

1 1/10 of that amount allocated to the critical bridge program in the
2 county.

3 (5) ~~(8)~~ Money deposited in, or becoming a part of the county
4 road funds of a board of county road commissioners must be expended
5 first for the payment of principal and interest on the bonds, for
6 the payment of contractual contributions pledged for the payment of
7 bonds, for debt service requirements for the payment of contractual
8 contributions pledged for the payment of bonds, and for debt
9 service requirements for the payment of notes and loans in the
10 following order of priority:

11 (a) For the payment of contributions required to be made by a
12 board of county road commissioners under a contract entered into
13 under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for
14 the payment of the principal and interest on bonds issued under
15 that act, or for the payment of total debt service requirements
16 upon notes issued by a board of county road commissioners under
17 1943 PA 143, MCL 141.251 to 141.254.

18 (b) For the payment of principal and interest on bonds issued
19 under section 18c, and the payment of contributions of a board of
20 county road commissioners made under contracts entered into under
21 section 18d that are pledged to the payment of principal and
22 interest on bonds issued after June 30, 1957, under the
23 authorization of section 18c and contracts executed under section
24 18c.

25 (c) For the payment of principal and interest upon loans
26 received under section 11(5), to the extent other funds have not
27 been made available for that payment.

28 (6) ~~(9) Beginning November 1, 2008, no more than 50% per year~~
29 ~~of the amount returned to a county for use on the county primary~~

~~1 road system may be expended, with or without matching, on the~~
~~2 county local road system of that county. Except as otherwise~~
~~3 provided in this subsection, beginning September 30, 2010, no~~ **No**
4 more than 30% per year of the amount returned to a county for use
5 on the county primary road system may be expended, with or without
6 matching, on the county local road system of that county. An
7 additional amount, not to exceed 20% per year of the amount
8 returned to a county for use on the county primary road system, may
9 be expended on the county local road system of that county if there
10 is an emergency or if the county road commission determines that an
11 additional 20% may be expended on the county local road system. The
12 county road commission may attach any conditions to its
13 determination if the determination is for nonemergency purposes,
14 including, but not limited to, a requirement that the additional
15 20% expended on the county local road system only be used to
16 supplement money from other sources. No more than 15% per year of
17 the amount returned to a county for expenditure on the county local
18 road system may be used, with or without matching, on the county
19 primary road system of that county, and not to exceed an additional
20 15% per year of the amount returned to a county for expenditure on
21 the county local road system, may, in case of an emergency or with
22 the approval of the county road commission, be expended, with or
23 without matching, on the county primary road system of that county.
24 An amount returned to a county for and on account of county local
25 roads under this section that is in excess of the total amount paid
26 into the county treasury each year by all of the townships of that
27 county for and on account of the county local roads under section
28 14(6) may be transferred to and expended on the county primary road
29 system of that county.

(7) ~~(10)~~ Not less than 20% per year of the money returned to a county by this section must be expended for snow and ice removal, the reconstruction of an existing highway if not in conflict with its asset management plan as provided in section 9a, and the acquisition of a necessary right of way for those highways, and work incidental to those highways, or for the servicing of bonds issued by the county for these purposes. A county may expend surplus money for the development, construction, or repair of an off-street parking facility.

(8) ~~(11)~~ Not more than 5% per year of the money returned to a county for the county road system must be expended for the maintenance, improvement, or acquisition of appurtenant roadside parks and motor parkways.

(9) ~~(12)~~ Money returned to a county must be expended by the county road commission for the purposes provided in this section and must be deposited by the county treasurer in a designated county depository, in a separate account to the credit of the county road fund, and must be paid out only on the order of the county road commission. ~~, and interest~~ **Interest** accruing on the money must become a part of, and be deposited with the county road fund.

(10) ~~(13)~~ In a county to which money is returned under this section, the function of the county road commission is limited to the formation of policy and the performance of the official duties imposed by law and delegated by the county board of commissioners. A member of the county road commission shall not be employed individually in any other capacity for other duties with the county road commission.

(11) ~~(14)~~ A county road commission may enter into an agreement

1 with a county road commission of another county, with a city or
 2 village, or with the department, to perform work on a highway,
 3 road, or street within the limits of that county or of another
 4 county. The agreement may provide for the performance by each
 5 contracting party of the work contemplated by the contract
 6 including engineering services and the acquisition of rights of way
 7 in connection with the work contemplated, by purchase or
 8 condemnation, by any of the contracting parties in its own name.
 9 ~~and the~~ **The** agreement may provide for joint participation in the
 10 costs.

11 **(12)** ~~(15)~~ Money distributed from the Michigan transportation
 12 fund may be expended for construction purposes on county local
 13 roads only to the extent matched by money from other sources.
 14 However, Michigan transportation funds may be expended for the
 15 construction of bridges on the county local roads in an amount not
 16 to exceed 75% of the cost of the construction of local road
 17 bridges. The match may exceed 75% of the cost of construction in
 18 the case of a public emergency.

19 **(13)** ~~(16)~~ Notwithstanding any other provision of this act, at
 20 least 90% of the state revenue returned annually to the county road
 21 commission from the Michigan transportation fund less the amounts
 22 described in subdivisions (a) to (e) must be expended annually by
 23 the county road commission for the preservation of highways, roads,
 24 streets, and bridges, and for the payment of contractual
 25 contributions pledged for the payment of bonds or portions of
 26 bonds, debt service requirements for the payment of bonds or
 27 portions of bonds, and debt service requirements for the payment of
 28 notes and loans or portions of notes and loans issued or received
 29 after July 1, 1983, for the purpose of providing money for the

1 preservation of highways, roads, streets, and bridges. If an
2 appropriate certificate is filed under subsection ~~(18)~~-(15), but
3 only to the extent necessary, this subsection does not prohibit the
4 use of any amount of state revenue returned annually to the county
5 road commissions for the payment of contractual contributions
6 pledged for the payment of bonds, for debt service requirements for
7 the payment of bonds, and for debt service requirements for the
8 payment of notes or loans, whenever issued or received, as
9 specified under subsection ~~(8)~~-(5). The amounts that are deducted
10 from the state revenue returned to a county road commission from
11 the Michigan transportation fund, for the purpose of the
12 calculation required by this subsection, are as follows:

13 (a) Amounts expended for the purposes described in subsection
14 ~~(8)~~-(5) for bonds, notes, loans, or other obligations issued or
15 received before July 2, 1983.

16 (b) Amounts expended for the administrative costs of the
17 county road commission.

18 (c) Amounts expended for capital outlay projects for equipment
19 and buildings, and for the payment of contractual contributions
20 pledged for the payment of bonds, for debt service requirements for
21 the payment of bonds, and for debt service requirements for the
22 payment of notes and loans issued or received after July 1, 1983,
23 for the purpose of providing funds for capital outlay projects for
24 equipment and buildings.

25 (d) Amounts expended for projects vital to the economy of the
26 local area or the safety of the public in the local area. Before
27 these amounts can be deducted, the governing body over the county
28 road commission or the county road commission, as applicable, must
29 pass a resolution approving these projects. This resolution must

1 state the projects that will be funded and the cost of each
2 project. A copy of each approved resolution must be forwarded
3 immediately to the department.

4 (e) Amounts expended in urban areas as determined under
5 section 12b.

6 (14) ~~(17)~~ Notwithstanding any other provision of this act,
7 except as provided in this subsection, a county road commission
8 shall annually expend at least 90% of the federal revenue
9 distributed to the county road commission for highways, roads,
10 streets, and bridges, less the amount expended on urban routes for
11 purposes other than preservation and the amount expended for hard-
12 surfacing of gravel roads on the federal-aid system, on the
13 preservation of highways, roads, streets, and bridges. A county
14 road commission may expend in 1 year less than 90% of the federal
15 revenue distributed to the county road commission for highways,
16 roads, streets, and bridges, less the amount expended on urban
17 routes for purposes other than preservation and the amount expended
18 for hard-surfacing of gravel roads on the federal-aid system, on
19 the preservation of highways, roads, streets, and bridges, if that
20 year is part of a 3-year period in which at least 90% of the total
21 federal revenue distributed in the 3-year period to the county road
22 commission for highways, roads, streets, and bridges, less the
23 amount expended on urban routes for purposes other than
24 preservation purposes and the amount expended for hard-surfacing of
25 gravel roads on the federal-aid system, is expended on the
26 preservation of highways, roads, streets, and bridges. If a county
27 road commission expends in 1 year less than 90% of the federal
28 revenue distributed to the county road commission for highways,
29 roads, streets, and bridges, less the amount expended on urban

1 routes for purposes other than preservation and the amount expended
2 for hard-surfacing of gravel roads on the federal-aid system, on
3 the preservation of highways, roads, streets, and bridges and that
4 year is not a part of a 3-year period in which at least 90% of the
5 total federal revenue distributed in the 3-year period to the
6 county road commission for highways, roads, streets, and bridges,
7 less the amount expended on urban routes for purposes other than
8 preservation and the amount expended for hard-surfacing of gravel
9 roads on the federal-aid system, is expended on the preservation of
10 highways, roads, streets, and bridges, the county road commission
11 shall expend in each year subsequent to the 3-year period 100%, or
12 less in 1 year if sufficient for the purposes of this subsection,
13 of the federal revenue distributed to the county road commission
14 for highways, roads, streets, and bridges, less the amount expended
15 on urban routes for purposes other than preservation and the amount
16 expended for hard-surfacing of gravel roads on the federal-aid
17 system, on the preservation of highways, roads, streets, and
18 bridges until the average percentage spent on the preservation of
19 highways, roads, streets, and bridges in the 3-year period and the
20 subsequent years, less the amount expended on urban routes for
21 purposes other than preservation and the amount expended for hard-
22 surfacing of gravel roads on the federal-aid system, is at least
23 90%. A year may be included in only one 3-year period for the
24 purposes of this subsection. The requirements of this subsection
25 are waived if compliance would cause the county road commission to
26 be ineligible for federal revenue under federal law, but only to
27 the extent necessary to make the county road commission eligible
28 for that revenue under federal law. For the purpose of the
29 calculations required by this subsection, the amount expended on

1 urban routes by a county road commission for purposes other than
 2 preservation and the amount expended for hard-surfacing of gravel
 3 roads on the federal-aid system must be deducted from the total
 4 federal revenue distributed to the use of the county road
 5 commission. As used in this subsection, "urban routes" means those
 6 portions of 2-lane county primary roads within an urban area that
 7 have average daily traffic in excess of 15,000.

8 **(15)** ~~(18)~~—A county road commission shall certify to the
 9 department on or before the issuance of any bonds or notes issued
 10 after July 1, 1983, under 1943 PA 143, MCL 141.251 to 141.254, 1941
 11 PA 205, MCL 252.51 to 252.64, or section 18c or 18d, for purposes
 12 other than the preservation of highways, roads, streets, and
 13 bridges and purposes other than the purposes specified in
 14 subsection ~~(16)(e)~~ **(13)(c)** that its average annual debt service
 15 requirements for all **such** bonds and notes or portions of **such** bonds
 16 and notes, ~~issued after July 1, 1983, for purposes other than the~~
 17 ~~preservation of highways, roads, streets, and bridges and other~~
 18 ~~than for the purposes specified in subsection (16)(e), including~~
 19 the bond or note to be issued, does not exceed 10% of the money
 20 returned to the county road commission under this act, less the
 21 amounts specified in subsection ~~(16)(a)~~ **(13)(a)**, (b), and (c)
 22 during the last completed fiscal year of the county road
 23 commission. If the purpose for which the bonds or notes are issued
 24 is changed after the issuance of the notes or bonds, the change
 25 must be made in a manner that maintains compliance with the
 26 certification required by this subsection, as of the date the
 27 certificate was originally issued, but the change does not
 28 invalidate or otherwise affect the bonds or notes with respect to
 29 which the certificate was issued or the obligation to pay debt

1 service on the bonds or notes. A certification under this
2 subsection is conclusive as to the matters stated in the
3 certification for purposes of the validity of bonds and notes.

4 **(16)** ~~(19)~~—In each charter county to which funds are returned
5 under this section, the responsibility for road improvement,
6 preservation, and traffic operation work, and the development,
7 construction, or repair of off-road parking facilities and
8 construction or repair of road lighting must be coordinated by a
9 single administrator designated by the county executive who is
10 responsible for and represents the charter county in transactions
11 with the department under this act.

12 **(17)** ~~(20)~~—Not more than 10% per year of all of the money
13 received by and returned to a county from any source for the
14 purposes of this section may be expended for administrative
15 expenses. A county that expends more than 10% for administrative
16 expenses in a year is subject to section 14(5) unless a waiver is
17 granted by the department of treasury. As used in this subsection,
18 "administrative expenses" means expenses that are not assigned
19 including, but not limited to, specific road construction or
20 preservation projects and are often referred to as general or
21 supportive services. Administrative expenses do not include net
22 equipment expense, net capital outlay, debt service principal and
23 interest, and payments to other state or local offices that are
24 assigned, but not limited to, specific road construction projects
25 or preservation activities.

26 **(18)** ~~(21)~~—In addition to the financial compliance audits
27 required by law, the department may conduct performance audits and
28 make investigations of the disposition of all state money received
29 by county road commissions, county boards of commissioners, or any

1 other county governmental agency acting as the county road
 2 authority, for transportation purposes to determine compliance with
 3 the terms and conditions of this act. Performance audits must be
 4 conducted according to government auditing standards issued by the
 5 United States General Accounting Office. The department shall
 6 develop performance audit procedures and reporting requirements
 7 sufficient to determine whether money expended under this section
 8 was expended in compliance with this act. ~~by September 1, 2012 and~~
 9 ~~shall report to the transportation committees of the senate and~~
 10 ~~house of representatives no later than October 1, 2012 on the~~
 11 ~~additional audit procedures and reporting requirements.~~ The
 12 department shall provide notice to the county road commission,
 13 county board of commissioners, or any other county governmental
 14 agency acting as the county road authority, as applicable, of the
 15 standards to be used for audits performed under this subsection.
 16 The notice must be provided 6 months before the fiscal year in
 17 which the audit is conducted. The department shall notify the
 18 county road commission, county board of commissioners, or any other
 19 county governmental agency acting as the county road authority of
 20 any subsequent changes to the standards. County road commissions,
 21 county boards of commissioners, or any other county governmental
 22 agencies acting as county road authorities, as applicable, shall
 23 make available to the department the pertinent records for the
 24 audit. Performance audits may be performed at the discretion of the
 25 department or on receiving a request from the speaker of the house
 26 of representatives or the senate majority leader.

27 **(19)** ~~(22)~~ Of the amounts appropriated for a county primary or
 28 local road system under this section, where possible, a county road
 29 commission shall secure pavement warranties for full replacement or

appropriate repair for contracted construction work on pavement projects whose cost exceeds \$2,000,000.00 and projects for new construction or reconstruction undertaken after April 1, 2016, if allowed by the Federal Highway Administration and the department. A county road commission shall submit a proposed warranty program to the department for approval no later than April 1, 2016. If a proposed warranty program submitted under this subsection is approved by the department, the county road commission shall implement the program no later than 1 year after the approval. A county road commission shall include a list of all warranties that were secured under this subsection and indicate whether any of those warranties were redeemed ~~with~~**-in** the report required under section 14(3), and shall also list all pavement projects whose cost exceeds \$2,000,000.00 for which a warranty was not secured. The list must include, but is not limited to, all of the following information:

(a) The type of project.

(b) The cost or estimated cost of the project.

(c) The expected lifespan of the project.

(d) Whether or not the project met or is currently meeting its expected lifespan.

(e) If the project failed to meet or is not meeting its expected lifespan, the cause of the failure and the cost to replace or repair the project.

(f) The entity responsible for paying the cost of replacing or repairing the project.

(20) ~~(23)~~ Once the asset management plan for a county as described in section 9a has been approved, amounts distributed to a county under this section must be expended toward attainment of the

1 condition goals in the asset management plan and as otherwise
2 required by this act.

3 (21) ~~(24)~~—A county road commission may use a portion of the
4 amount returned to the county under this section for the payment of
5 debt service on bonds, notes, or other obligations.

6 Sec. 13. (1) The amount distributed to cities and villages
7 must be returned to the treasurers of the cities and villages in
8 the manner, for the purposes, and under the terms and conditions
9 specified in this section. The amount received by a newly
10 incorporated municipality must be in place of any other direct
11 distribution of money from the Michigan transportation fund. The
12 population of a newly incorporated municipality as determined under
13 this section must be added to the total population of all
14 incorporated cities and villages in this state in computing the
15 amounts to be returned under this section to each municipality in
16 the state. Major street mileage, local street mileage, and
17 equivalent major mileage, if applicable, must be determined by the
18 department before the next month for which distribution is made
19 following the effective date of incorporation of a newly
20 incorporated municipality.

21 (2) From the amount available for distribution to cities and
22 villages during each December, an amount equal to 0.7% of the total
23 amount returned to all cities and villages under subsections (3)
24 and (4) during the previous calendar year must be withheld. The
25 amount withheld must be used to partially reimburse cities and
26 villages located in counties that are eligible for snow removal
27 funds under section 12a and that have costs for winter maintenance
28 on major and local streets that are greater than the statewide
29 average. The distributions must be made annually during February

1 and must be calculated separately for the major and local street
2 systems but may be paid in a combined warrant. The distribution to
3 a city or village must be equal to 1/2 of its winter maintenance
4 expenditures after deducting the product of its total earnings
5 under subsections (3) and (4) multiplied by 2 times the average
6 municipal winter maintenance factor. Winter maintenance
7 expenditures must be determined from the street financial reports
8 for the most current fiscal years ending before July 1. A city or
9 village that does not submit a street financial report for the
10 fiscal year ending before July 1 by the subsequent December 31 is
11 ineligible for the winter maintenance payment that is to be based
12 on that street financial report. The department shall determine the
13 average municipal winter maintenance factor annually by dividing
14 the total expenditures of all cities and villages on winter
15 maintenance of streets and highways by the total amount earned by
16 all cities and villages under subsections (3) and (4) during the 12
17 months. If the sum of the distributions to be made under this
18 subsection exceeds the amount withheld, the distributions to each
19 eligible city and village must be reduced proportionately. If the
20 sum is less than the amount withheld, the balance must be added to
21 the amount available for distribution under subsections (3) and (4)
22 during the next month. The distributions are for use on the major
23 and local street systems respectively and are subject to the same
24 provisions as money returned under subsections (3) and (4).

25 (3) Seventy-five percent of the remaining amount to be
26 returned to the cities and villages, after deducting the amounts
27 withheld under subsection (2), must be returned ~~60% in the same~~
28 ~~proportion that the population of each bears to the total~~
29 ~~population of all cities and villages, and 40% in the same~~

~~proportion that the equivalent major mileage in each bears to the total equivalent major mileage in all cities and villages. The amount returned under this subsection must to and be used by each city and village for the following purposes in the following order of priority as follows:~~

(a) The amount returned under this subsection must be returned to each city and village using a formula that the department shall develop based on all of the following factors:

(i) 25% based on average daily commercial truck traffic.

(ii) 5% based on average daily traffic.

(iii) 20% based on lane miles. For the purposes of this subdivision, a shoulder wider than 6 feet must be counted as 1/3 of a lane.

(iv) 20% based on population.

(v) 10% based on regional climate considerations. For the purposes of this subdivision, the department shall divide the state into 5 climate regions based on freeze thaw cycle data from the average of the previous 3 years.

(vi) 5% based on regional variable construction costs, based on the cost of labor and materials involved in road construction within regional prosperity zones.

(vii) 10% based on subbase geology and drainage requirements for local soil. For the purposes of this subdivision, the department shall develop a map of cities and villages based on each city's and village's most prevalent subbase soil type.

(viii) 5% based on the size of bridges and culverts as determined by the Michigan structure inventory and appraisal database with 1/10 of that amount going to the critical bridge program in the city or village.

(b) The amount returned under this subsection must be used by each city and village for the following purposes in the following order of priority:

(i) ~~(a) For the payment~~ **Payment** of contributions required to be made by a city or village under the provisions of contracts previously entered into under 1941 PA 205, MCL 252.51 to 252.64, that have been previously pledged for the payment of the principal and interest on bonds issued under that act; or for the payment of the principal and interest upon bonds issued by a city or village under 1952 PA 175, MCL 247.701 to 247.707.

(ii) ~~(b)~~ Payment of obligations of the city or village on highway projects undertaken by the city or village jointly with the department.

(iii) ~~(c) For the payment~~ **Payment** of principal and interest on loans received under section 11(5), to the extent other money has not been made available for that payment.

(iv) ~~(d)~~ Except as otherwise provided in this ~~subdivision, for~~ **subparagraph**, the preservation, construction, acquisition, and extension of the major street system as defined by this act including the acquisition of a necessary right of way for the system, work incidental to the system, and an appurtenant roadside park or motor parkway, of the city or village and for the payment of the principal and interest on that portion of the city's or village's general obligation bonds that are attributable to the construction or reconstruction of the city's or village's major street system. However, once an asset management plan described in section 9a has been approved, funds shall be used for the preservation, construction, and acquisition of the street system as provided in subsection (16) or for an emergency as described in

1 section 11c. Not more than 5% per year of the money returned to a
 2 city or village by this subsection shall be expended for the
 3 preservation or acquisition of appurtenant roadside parks and motor
 4 parkways. Surplus money may be expended for the development,
 5 construction, or repair of off-street parking facilities, and the
 6 construction or repair of street lighting, and transfer to the
 7 local street system under subsection (6).

8 (v) ~~(e) For capital~~ **Capital** outlay projects for equipment and
 9 buildings, contributions pledged for the payment of loans and for
 10 the payment of contractual debt service requirements for the
 11 payment of bonds for the purpose of providing money for capital
 12 outlay projects for equipment and buildings necessary to the
 13 development and maintenance of the road system so long as amounts
 14 allocated under this subdivision are used for transportation
 15 purposes.

16 (4) The remaining amount to be returned to incorporated cities
 17 and villages must be expended in each city or village for the
 18 preservation, construction, acquisition, and extension of the local
 19 street system of the city or village, including the acquisition of
 20 a necessary right of way for the system, work incidental to the
 21 system, and subject to subsection (5), for the payment of the
 22 principal and interest on the portion of the city's or village's
 23 general obligation bonds that are attributable to the construction
 24 or reconstruction of the city's or village's local street system.
 25 However, once an asset management plan described in section 9a has
 26 been approved, funds shall be used for the preservation,
 27 construction, and acquisition of the street system as provided in
 28 subsection (16) or for an emergency as described in section 11c.
 29 The amount returned under this subsection must be returned ~~to the~~

~~cities and villages 60% in the same proportion that the population of each bears to the total population of all incorporated cities and villages in this state, and 40% in the same proportion that the total mileage of the local street system of each bears to the total mileage in the local street systems of all cities and villages of this state. using the same formula described in subsection (3)(a).~~

The payment of the principal and interest on bonds issued by a city or village under 1952 PA 175, MCL 247.701 to 247.707, and after that payment, the payment of debt service on loans received under section 11(5), must have priority in the expenditure of money returned under this subsection.

(5) Money distributed to each city and village for the maintenance and preservation of its local street system under this act represents the total responsibility of this state for local street system support. Money distributed from the Michigan transportation fund must not be expended for construction purposes on city and village local streets except to the extent matched from local revenues including other money returned to a city or village by this state under the state constitution of 1963 and statutes of this state, from money that can be raised by taxation in cities and villages for street purposes within the limitations of the state constitution of 1963 and statutes of this state, from special assessments, or from any other source.

(6) Money returned under this section to a city or village must be expended on the major and local street systems of that city or village. However, the first priority is the major street system. Money returned for expenditure on the major street system must be expended in the priority order provided in subsection ~~(3)~~ **(3)(b)** except that surplus money may be transferred for preservation of

1 the local street system. Major street money transferred for use on
2 the local street system must not be used for construction but may
3 be used for preservation. A city or village shall not transfer more
4 than 50% of its annual major street funding for the local street
5 system unless it has adopted and is following an asset management
6 process for its major and local street systems and adopts a
7 resolution with a copy to the department setting forth all of the
8 following:

9 (a) A list of the major streets in that city or village.

10 (b) A statement that the city or village is adequately
11 maintaining its major streets.

12 (c) The dollar amount of the transfer.

13 (d) The local streets to be funded with the transfer.

14 (e) A statement that the city or village is following an asset
15 management process for its major and local street systems.

16 (7) A city or village that has not adopted an asset management
17 plan shall obtain the concurrence of the department to transfer
18 more than 50% of its major street funding to its local street
19 system. The department may provide for pilot projects that ~~would~~
20 allow a city or village that has adopted an asset management plan
21 under subsection (6) to combine their local and major street funds
22 into 1 street fund and to submit a single report to the department
23 on the expenditure of money on the local and major street systems.

24 (8) Not more than 10% per year of all of the money returned to
25 a city or village from any source for the purposes of this section
26 may be expended for administrative expenses. A city or village that
27 expends more than 10% for administrative expenses in a year is
28 subject to section 14(5).

29 (9) In each city and village to which money is returned under

1 this section, the responsibility for street preservation and the
2 development, construction, or repair of off-street parking
3 facilities and construction or repair of street lighting shall be
4 coordinated by a single administrator designated by the governing
5 body who shall be responsible for and shall represent the
6 municipality in transactions with the department under this act.

7 (10) Cities and villages may provide for consolidated street
8 administration. A city or a village may enter into an agreement
9 with other cities or villages, the county road commission, or with
10 the state transportation commission for the performance of street
11 or highway work on a road or street within the limits of the city
12 or village or adjacent to the city or village. The agreement may
13 provide for any of the contracting parties to perform the work
14 contemplated by the contracts including services and acquisition of
15 rights of way, by purchase or condemnation in its own name. The
16 agreement may provide for joint participation in the costs if
17 appropriate.

18 (11) Interest earned on money returned to a city or a village
19 for purposes provided in this section must be credited to the
20 appropriate street fund.

21 (12) In addition to the financial compliance audits required
22 by law, the department may conduct performance audits and make
23 investigations of the disposition of all state money received by
24 cities and villages for transportation purposes to determine
25 compliance with the terms and conditions of this act. Performance
26 audits must be conducted according to government auditing standards
27 issued by the United States General Accounting Office. The
28 department shall develop all performance audit procedures and
29 reporting requirements sufficient to determine whether money

1 expended under this section was expended in compliance with this
2 act by September 1, 2012 and shall report to the transportation
3 committees of the senate and house of representatives no later than
4 October 1, 2012 on the additional audit procedures and reporting
5 requirements. The audit procedures must include a review of the
6 road fund balance of the city or village. The cities and villages
7 shall report their road fund balances by fund balance component.
8 The department shall assist cities and villages to ensure that road
9 fund balances are consistently classified and are in compliance
10 with the audit and reporting requirements of this section. The
11 department shall provide notice to cities and villages of the
12 standards to be used for audits under this subsection prior to the
13 fiscal year in which the audit is conducted. The department shall
14 notify cities and villages of any subsequent changes to the
15 standards. Cities and villages shall make available to the
16 department the pertinent records for the audit. Performance audits
17 may be performed at the discretion of the department or on
18 receiving a request from the speaker of the house of
19 representatives or the senate majority leader.

20 (13) Of the amounts appropriated for a city or village major
21 or local street system under this section, where possible, a city
22 or village shall secure pavement warranties for full replacement or
23 appropriate repair for contracted construction work on pavement
24 projects whose cost exceeds \$2,000,000.00 and projects for new
25 construction or reconstruction undertaken after April 1, 2016 if
26 allowed by the Federal Highway Administration and the department. A
27 city or village shall submit a proposed warranty program to the
28 department for approval no later than February 1, 2017. If a
29 proposed warranty program submitted under this subsection is

1 approved by the department, the city or village shall implement the
2 program no later than 1 year after the approval. A city or village
3 shall include a list of all warranties that were secured under this
4 subsection and indicate whether any of those warranties were
5 redeemed with the report required under section 14(3), and shall
6 also list all pavement projects whose cost exceeds \$2,000,000.00
7 for which a warranty was not secured. The list shall include, but
8 is not limited to, all of the following information:

9 (a) The type of project.

10 (b) The cost or estimated cost of the project.

11 (c) The expected lifespan of the project.

12 (d) Whether or not the project met or is currently meeting its
13 expected lifespan.

14 (e) If the project failed to meet or is not meeting its
15 expected lifespan, the cause of the failure and the cost to replace
16 or repair the project.

17 (f) The entity responsible for paying the cost of replacing or
18 repairing the project.

19 (14) With the approval of the director of the department, a
20 city may use up to 20% of the amount received by that city under
21 this section for public transit purposes if more than 10,000,000
22 passengers used public transit within that city during the previous
23 fiscal year.

24 (15) A city or village may use a portion of the amount
25 returned to the city or village under this section for the payment
26 of debt service on bonds, notes, or other obligations.

27 (16) Once the asset management plan for a city or village as
28 described in section 9a has been approved, amounts distributed to a
29 city or village under this section shall be expended toward

1 attainment of the condition goals in the asset management plan and
 2 as otherwise required by this act.

3 (17) As used in this section:

4 (a) "Administrative expenses" means expenses that are not
 5 assigned under this section, including, but not limited to,
 6 specific road construction or maintenance projects, and are often
 7 referred to as general or supportive services. Administrative
 8 expenses do not include net equipment expense, net capital outlay,
 9 debt service principal and interest, or payments to other state or
 10 local offices that are assigned, but not limited to, specific road
 11 construction projects or maintenance activities.

12 ~~(b) "Equivalent major mileage" means the sum of 2 times the~~
 13 ~~state trunk line mileage certified by the department as of March 31~~
 14 ~~of each year, as being within the boundaries of each city and~~
 15 ~~village having a population of 25,000 or more, plus the major~~
 16 ~~street mileage in each city and village, multiplied by the~~
 17 ~~following factor:~~

18 ~~(i) 1.0 for cities and villages of 2,000 or less population.~~

19 ~~(ii) 1.1 for cities and villages from 2,001 to 10,000~~
 20 ~~population.~~

21 ~~(iii) 1.2 for cities and villages from 10,001 to 20,000~~
 22 ~~population.~~

23 ~~(iv) 1.3 for cities and villages from 20,001 to 30,000~~
 24 ~~population.~~

25 ~~(v) 1.4 for cities and villages from 30,001 to 40,000~~
 26 ~~population.~~

27 ~~(vi) 1.5 for cities and villages from 40,001 to 50,000~~
 28 ~~population.~~

29 ~~(vii) 1.6 for cities and villages from 50,001 to 65,000~~

1 ~~population.~~

2 ~~(viii) 1.7 for cities and villages from 65,001 to 80,000~~

3 ~~population.~~

4 ~~(ix) 1.8 for cities and villages from 80,001 to 95,000~~

5 ~~population.~~

6 ~~(x) 1.9 for cities and villages from 95,001 to 160,000~~

7 ~~population.~~

8 ~~(xi) 2.0 for cities and villages from 160,001 to 320,000~~

9 ~~population.~~

10 ~~(xii) For cities over 320,000 population, a factor of 2.1~~

11 ~~increased successively by 0.1 for each 160,000 population increment~~

12 ~~over 320,000.~~

13 **(b)** ~~(c)~~ "Population" means the population according to the
 14 most recent statewide federal census as certified at the beginning
 15 of the state fiscal year, except that, if a municipality has been
 16 newly incorporated since completion of the census, the population
 17 of the municipality for purposes of the distribution of money
 18 before completion of the next census is the population as
 19 determined by special federal census, if there is a special federal
 20 census, and if not, by the population as determined by the official
 21 census in connection with the incorporation, if there is such a
 22 census and, if not, by a special state census to be taken at the
 23 expense of the municipality by the secretary of state under section
 24 6 of the home rule city act, 1909 PA 279, MCL 117.6.

25 Sec. 14. (1) Each county road commission and city and village
 26 of the state shall prepare biennial primary road and major street
 27 programs, based on long-range plans, and shall make the programs
 28 available for review by the public.

29 (2) Separate accounts must be kept by cities, villages, and

1 county road commissions of all money returned from the Michigan
 2 transportation fund. This subsection does not prevent the combining
 3 of accounts on which separate bookkeeping records are kept into a
 4 single deposit account.

5 (3) All county road commissions and cities and villages shall
 6 keep accurate and uniform records on all road and street work and
 7 funds, and shall annually report to the department at the time, in
 8 the manner, and on forms prescribed by the department the mileage
 9 of each road system under their jurisdiction and the receipts and
 10 disbursements of road and street funds. In the annual report, each
 11 county road commission shall report on its compliance in the
 12 preceding year with the requirements of section ~~12(16)~~ **12(13)** and
 13 ~~(17)~~ **(14)**. The report must also specify, with respect to section
 14 ~~12(17)~~ **12(14)**, the total dollar amount expended for other than
 15 maintenance purposes which would not have been permissible without
 16 the deduction of certain urban route expenditures as permitted
 17 under section ~~12(17)~~ **12(14)**. The report must also specify the
 18 justification for a waiver of the requirement of section ~~12(17)~~ **12(14)**, if that requirement was waived. A county road commission,
 19 city, or village shall post the report required by this subsection
 20 on its website, if the county road commission, city, or village has
 21 a website.

23 (4) ~~The county~~ **County** road commissions, ~~and the cities,~~ and
 24 villages are authorized to expend adequate amounts from funds
 25 returned by this act to cover the cost of administration,
 26 engineering, and record keeping, and expenditures for those
 27 purposes must be reported separately by each county road
 28 commission, city, and village to the department.

29 (5) All distributions and returns of funds provided for in

1 this act must be withheld from the department, eligible
2 authorities, county road commissions, cities, villages, or other
3 eligible governmental agencies for failure to comply with any of
4 the requirements of this act, and the withholding must continue for
5 the period of noncompliance.

6 (6) Money distributed to county road commissions for the
7 maintenance and improvement of county local road systems pursuant
8 to section 12 represents the total responsibility of this state for
9 local county road support. Additional funds required for the
10 support of county local road systems may be supplied from other
11 money returned to the township governments by this state under the
12 state constitution of 1963 and statutes of this state, or from
13 funds that can be raised by taxation in the townships or counties
14 for road purposes within the limitations of the state constitution
15 of 1963 and statutes of this state.

16 Sec. 15. (1) Before May 2 of each year, each county road
17 commission or the county executive or other agency acting as the
18 county road commission shall file with the director of the state
19 transportation department, each township in the county, and the
20 clerk of the county, on forms to be provided by the director, a
21 report showing the disposition of funds appropriated, apportioned,
22 or allocated under this act to the county road commission or the
23 county executive or other agency acting as the county road
24 commission including the funds expended for road construction and
25 heavy maintenance in each township in the county on the form
26 provided by the department in the annual county financial report
27 instruction and forms booklet prepared by the department, except
28 funds appropriated under section 10b.

29 (2) In addition to the general information required under

1 subsection (1), the report filed by the county road commission or
2 the county executive or other agency acting as the county road
3 commission under subsection (1) must also include the following
4 specific information:

5 ~~(a) The number of miles of local roads outside of incorporated~~
6 ~~municipalities in each township in the county and the amount of~~
7 ~~funds received for each of those miles by the county under the~~
8 ~~formula described in section 12(7)(a).~~

9 ~~(b) The number of miles of primary roads outside of~~
10 ~~incorporated municipalities in each township in the county and the~~
11 ~~amount of funds received for each of those miles by the county~~
12 ~~under the formula described in section 12(4) and (6)(b).~~

13 ~~(c) The total population outside of incorporated~~
14 ~~municipalities in each township in the county and the per capita~~
15 ~~amount of funds received for each person on the basis of population~~
16 ~~according to the formula described in section 12(7)(b).~~

17 ~~(d) The amount of funds received by the county road commission~~
18 ~~or the county executive or other agency acting as the county road~~
19 ~~commission directly from each township in the county for the~~
20 ~~purposes of this act.~~

21 (3) ~~Beginning with municipal fiscal years ending after April~~
22 ~~15, 1976, each~~ **Each** city and village shall file with the director
23 of the state transportation department, not more than 120 days
24 after the end of its fiscal year, on forms provided by the
25 director, a report showing the disposition of funds appropriated,
26 apportioned, or allocated under this act to the city or village,
27 except funds appropriated under section 10b.

28 Sec. 20a. A board of county road commissioners in a county and
29 the township board of a township with a population of 15,000 or

1 more, and which in the prior year and the contract year will have
2 levied a property tax of not less than 1 mill on each dollar of
3 assessed valuation of the township for the improvement or
4 preservation of county roads within the township, may exercise the
5 provisions of this section only by entering into a written contract
6 of not more than 1 year providing for the preservation by the
7 township of all or any part of the county local road system within
8 that township, subject to, at a minimum, the following conditions:

9 (a) The contract shall specify the total amount of money that
10 shall be annually expended by the contracting township for the
11 preservation of all or part of the local road system. The
12 contracting road commission may pay not more than 90% of the amount
13 specified in the contract to the contracting township annually. The
14 contracting road commission shall not pay more than 66% of an
15 amount equal to the average annual amount of funds expended by the
16 county road commission on the local road system located within the
17 contracting township for construction and preservation purposes
18 over the previous 5-year period from local road funds received by
19 the county under this act. The contracting township shall match any
20 funds expended by the contracting road commission on the local road
21 system located within the contracting township in excess of 66%.
22 The amount paid to the contracting township shall not directly or
23 indirectly include money transferred from the primary fund
24 allocation to the county under section ~~12(8)~~**12(5)**.

25 (b) The contracting township shall keep separate accounts and
26 accurate and uniform records on all road preservation work and
27 funds, and shall file with the state transportation commission and
28 the contracting county road commission on or before April 1 of each
29 year, on forms provided by the state transportation commission, a

1 report showing the disposition of funds received and expended for
2 road purposes.

3 (c) The contract shall require the contracting township to
4 provide insurance covering the contracting road commission's
5 liability for failure to preserve the local roads specified in the
6 contract.

7 (d) The contracting road commission shall determine and
8 specify the equipment and personnel necessary to provide the
9 preservation as set forth in the contract, and the contract shall
10 not take effect until the contracting township has acquired the
11 necessary equipment and personnel specified in the contract.

12 (e) As used in this section, "preservation" means that term as
13 defined in section 10c unless the contracting parties specify a
14 different meaning in the contract.

15 Enacting section 1. Section 12b of 1951 PA 51, MCL 247.662b,
16 is repealed.