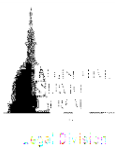


HOUSE BILL NO. 4782

June 26, 2019, Introduced by Rep. Sneller and referred to the Committee on Transportation.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to 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



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purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending the title and sections 10, 18b, 18c, 18d, and 18e (MCL 247.660, 247.668b, 247.668c, 247.668d, and 247.668e), the title as amended by 2010 PA 135, section 10 as amended by 2018 PA 471, sections 18b and 18e as amended by 2002 PA 498, section 18c as amended by 2002 PA 451, and section 18d as amended by 2002 PA 557, by designating sections 1 to 25 as article I, and by adding article II.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:



1 TITLE

2 An act to provide for the classification of all public roads,
3 streets, and highways in this state, and for the revision of that
4 classification and for additions to and deletions from each
5 classification; to set up and establish the Michigan transportation
6 fund; to provide for the deposits in the Michigan transportation
7 fund of specific taxes on motor vehicles and motor vehicle fuels;
8 to provide for the allocation of funds from the Michigan
9 transportation fund and the use and administration of the fund for
10 transportation purposes; to promote safe and efficient travel for
11 motor vehicle drivers, bicyclists, pedestrians, and other legal
12 users of roads, streets, and highways; to set up and establish the
13 truck safety fund; to provide for the allocation of funds from the
14 truck safety fund and administration of the fund for truck safety
15 purposes; to set up and establish the Michigan truck safety
16 commission; to establish certain standards for road contracts for
17 certain businesses; to provide for the continuing review of
18 transportation needs within the state; to authorize the state
19 transportation commission, counties, cities, and villages to borrow
20 money, issue bonds, and make pledges of funds for transportation
21 purposes; to authorize counties to advance funds for the payment of
22 deficiencies necessary for the payment of bonds issued under this
23 act; to provide for the limitations, payment, retirement, and
24 security of the bonds and pledges; to provide for appropriations
25 and tax levies by counties and townships for county roads; to
26 authorize contributions by townships for county roads; to provide
27 for the establishment and administration of the state trunk line
28 fund, local bridge fund, comprehensive transportation fund, **fixing**
29 **Michigan roads fund** and certain other funds; to provide for the



1 deposits **and expenditures** in the state trunk line fund, critical
 2 bridge fund, comprehensive transportation fund, **fixing Michigan**
 3 **roads fund** and certain other funds of money raised by specific
 4 taxes and fees; to provide for definitions of public transportation
 5 functions and criteria; to define the purposes for which Michigan
 6 transportation funds may be allocated; to provide for Michigan
 7 transportation fund grants; to provide for review and approval of
 8 transportation programs; to provide for submission of annual
 9 legislative requests and reports; to provide for the establishment
 10 and functions of certain advisory entities; to provide for
 11 conditions for grants; to provide for the issuance of bonds and
 12 notes for transportation purposes; to provide for the powers and
 13 duties of certain state and local agencies and officials; to
 14 provide for the making of loans for transportation purposes by the
 15 state transportation department and for the receipt and repayment
 16 by local units and agencies of those loans from certain specified
 17 sources; and to repeal acts and parts of acts.

18 **ARTICLE I**

19 Sec. 10. (1) A fund to be known as the Michigan transportation
 20 fund is established in the state treasury as a separate fund. The
 21 state treasurer may receive money or other assets from any source
 22 for deposit into the fund. The state treasurer shall direct the
 23 investment of the fund. The state treasurer shall credit to the
 24 fund interest and earnings from fund investments. ~~Except as~~
 25 ~~provided in this act, no other money, whether appropriated from the~~
 26 ~~general fund of this state or any other source, shall be deposited~~
 27 ~~in the Michigan transportation fund.~~ Except as otherwise provided
 28 in this section, the legislature shall appropriate money for the
 29 necessary expenses incurred in the administration and enforcement



1 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
2 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.42, and
3 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
4 257.801 to 257.810. Money appropriated for necessary expenses shall
5 be based upon established cost allocation methodology that reflects
6 actual costs. Appropriations for the necessary expenses incurred by
7 the department of state in administration and enforcement of
8 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
9 257.801 to 257.810, shall be made from the Michigan transportation
10 fund and from money in the transportation administration collection
11 fund created in section 810b of the Michigan vehicle code, 1949 PA
12 300, MCL 257.810b. Appropriations from the Michigan transportation
13 fund for the necessary expenses incurred by the department of state
14 in administration and enforcement of sections 801 to 810 of the
15 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
16 not exceed \$20,000,000.00 per state fiscal year. Except as provided
17 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
18 206.51d, all money in the Michigan transportation fund is
19 apportioned and appropriated in the following manner:

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

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

26 (c) Not more than \$3,000,000.00 each year to the local bridge
27 fund established in subsection (4) for the purpose of payment of
28 the principal, interest, and redemption premium on any notes or
29 bonds issued by the state transportation commission under former



1 section 11b or subsection (9).

2 (d) Except as otherwise provided in this subdivision and
3 subject to section 11h, \$2,000,000.00 each year of the revenue from
4 3 cents of the tax levied under section 8(1)(a) of the motor fuel
5 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
6 mitigation board fund created in section 11h.

7 (e) Except as otherwise provided in this subdivision,
8 \$5,000,000.00 each year of the revenue from 3 cents of the tax
9 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
10 403, MCL 207.1008, to the movable bridge fund created in section
11 11g, with the remainder to the state trunk line fund, county road
12 commissions, and cities and villages in the percentages provided in
13 subdivision (l). The department shall annually adjust the amount
14 allocated under this subdivision by an amount equal to the annual
15 increase in the Detroit Consumer Price Index for the preceding
16 year.

17 (f) One-half of the revenue from 1 cent of the tax levied
18 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
19 207.1008, to the state trunk line fund for the repair of state
20 bridges under section 11, and 1/2 of the revenue from 1 cent of the
21 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
22 403, MCL 207.1008, to the local bridge fund created in subsection
23 (4) for distribution only to cities, villages, and county road
24 commissions.

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

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

29 (i) \$5,000,000.00 to the local bridge fund established in



1 subsection (4) for distribution only to the local bridge advisory
2 board, the regional bridge councils, cities, villages, and county
3 road commissions.

4 (j) \$36,775,000.00 to the state trunk line fund for subsequent
5 deposit in the transportation economic development fund, with first
6 priority for allocation to debt service on bonds issued to fund
7 transportation economic development fund projects. In addition,
8 \$3,500,000.00 is appropriated from the Michigan transportation fund
9 to the state trunk line fund for subsequent deposit in the
10 transportation economic development fund **created in section 2 of**
11 **1987 PA 231, MCL 247.902**, to be used for economic development road
12 projects in any of the targeted industries described in section
13 9(1)(a) of 1987 PA 231, MCL 247.909.

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

17 (l) The balance of the Michigan transportation fund as follows,
18 after deduction of the amounts appropriated in subdivisions (a) to
19 (k), **as well as funds collected under the Michigan regulation and**
20 **taxation of marihuana act, 2018 IL 1, MCL 333.27951 to 333.27967,**
21 **and as directed to the Michigan transportation fund under section**
22 **143 of the motor fuel tax act, MCL 207.1143:**

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

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

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

27 (2) The money appropriated under this section shall be used
28 for the purposes as provided in this act and any other applicable
29 act. Subject to ~~the requirements of~~ section 9b, the department



1 shall develop programs in conjunction with the Michigan Chamber of
2 Commerce and the Michigan Minority Supplier Development Council to
3 assist small businesses, including those located in enterprise
4 zones and those located in empowerment zones as determined under
5 federal law, as defined by law in becoming qualified to bid.

6 (3) Thirty-one and one-half percent of the money appropriated
7 to this state from the federal government under 23 USC 157,
8 commonly known as minimum guarantee funds, shall be allocated to
9 the transportation economic development fund, if the allocation is
10 consistent with federal law. This money shall be distributed 16-
11 1/2% for development projects for rural counties as defined by law
12 and 15% for capacity improvement or advanced traffic management
13 systems in urban counties as defined by law. Federal money
14 allocated for distribution under this section is eligible for
15 obligation and use by all recipients as provided in the moving
16 ahead for progress in the 21st century act, Public Law 112-141.

17 (4) A fund to be known as the local bridge fund is established
18 in the state treasury as a separate fund. The money appropriated to
19 the local bridge fund and the interest accruing to that fund shall
20 be expended for the local bridge program. The purpose of the fund
21 is to provide financial assistance to highway authorities for the
22 preservation, improvement, or reconstruction of existing bridges or
23 for the construction of bridges to replace existing bridges in
24 whole or part. The money in the local bridge fund is not subject to
25 section 12(15) or 13(5). The local bridge advisory board is created
26 and shall consist of 6 voting members appointed by the state
27 transportation commission and 2 nonvoting members appointed by the
28 department. The board shall include 3 members from the County Road
29 Association of Michigan, 1 member who represents counties with



1 populations 65,000 or greater, 1 member who represents counties
2 with populations greater than 30,000 and less than 65,000, and 1
3 member who represents counties with populations of 30,000 or less.
4 Three members shall be appointed from the Michigan Municipal
5 League, 1 member who represents cities with a population 75,000 or
6 greater, 1 member who represents cities with a population less than
7 75,000, and 1 member who represents villages. Each organization
8 with voting rights shall submit a list of nominees in each
9 population category to the state transportation commission. The
10 state transportation commission shall make the appointments from
11 the lists submitted under this subsection. Voting members shall be
12 appointed for 2 years. The chairperson of the board shall be
13 selected from among the voting members of the board. In addition to
14 the 2 nonvoting members, the department shall provide qualified
15 administrative staff and qualified technical assistance to the
16 board.

17 (5) No less than 5% and no more than 15% of the money received
18 in the local bridge fund may be used for critical repair of large
19 bridges and emergencies as determined by the local bridge advisory
20 board. Money remaining after the money allocated for critical large
21 bridge repair and emergencies is deducted shall be distributed by
22 the board to the regional bridge councils created under this
23 section. One regional council shall be formed for each department
24 of transportation region as those regions exist on October 1, 2004.
25 The regional councils shall consist of 2 members of the County Road
26 Association of Michigan from counties in the region, 2 members of
27 the Michigan Municipal League from cities and villages in the
28 region, and 1 member of the department in each region. The members
29 of the department are nonvoting members and shall provide qualified



1 administrative staff and qualified technical assistance to the
2 regional councils.

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

10 (a) A ratio with a numerator that is the total number of local
11 bridges in the region and a denominator that is the total number of
12 local bridges in this state.

13 (b) A ratio with a numerator that is the total local bridge
14 deck area in the region and a denominator that is the total local
15 bridge deck area in this state.

16 (c) A ratio with a numerator that is the total amount of
17 structurally deficient local bridge deck area in the region and a
18 denominator that is the total amount of structurally deficient
19 local bridge deck area in this state.

20 (7) The regional bridge councils shall allocate the money
21 received from the board for the preservation, improvement, and
22 reconstruction of existing bridges or for the construction of
23 bridges to replace existing bridges in whole or in part in each
24 region.

25 (8) Each January, the department shall submit a report to the
26 chair and the minority vice-chair of the appropriations committees
27 of the senate and the house of representatives, and to the standing
28 committees on transportation of the senate and the house of
29 representatives, on all of the following activities for the



1 previous state fiscal year:

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

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

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

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

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

11 (9) The state transportation commission shall borrow money and
12 issue notes or bonds in an amount of not less than \$30,000,000.00
13 to supplement the funding provided for the local bridge program
14 under subsection (5). The bonds or notes issued under this
15 subsection may be issued by the commission for any purpose for
16 which other local bridge money may be used under this section. The
17 bonds or notes authorized by this subsection shall be issued by
18 resolution of the state transportation commission consistent with
19 the requirements of section 18b.

20 (10) The department shall promulgate rules under the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328, governing the administration of the local bridge program.
23 The rules shall set forth the eligibility criteria for financial
24 assistance under the program and other matters related to the
25 program that the department considers necessary and desirable. The
26 department shall take into consideration the availability of
27 federal aid and other financial resources of the highway authority
28 responsible for the bridge, the importance of the bridge to the
29 highway, road, or street network, and the condition of the existing



1 bridge.

2 (11) The revenue appropriated to the local bridge fund under
3 subsection ~~(1) (e)~~ **(1) (i)** shall be distributed only to the local
4 bridge advisory board, the regional bridge councils, cities,
5 villages, and county road commissions.

6 (12) The regional bridge councils shall determine what bridge
7 projects are selected for funding from the local bridge fund
8 created in subsection (4) and shall make a list of selected
9 projects available to interested parties in the region. A
10 determination that a bridge project is selected for funding in a
11 given fiscal year is not approval to disburse the money.

12 (13) A county road commission, city, or village may implement
13 a bridge project if the bridge project has been selected for
14 funding and is included in the appropriate regional bridge
15 council's current multiyear bridge plan for the local bridge
16 program but the regional bridge council has not allocated money to
17 the bridge project for the fiscal year that the bridge project is
18 on the current multiyear bridge plan. A county road commission,
19 city, or village may borrow money to implement a project that has
20 been selected for funding and is included in the appropriate
21 regional bridge council's current multiyear bridge plan but has not
22 been allocated money by the regional bridge council. Based on
23 available local bridge money, when a bridge project that was
24 implemented with borrowed money is allocated funding in a
25 subsequent fiscal year, the funding shall only be used to repay the
26 amount approved by the multiyear bridge plan when the money was
27 borrowed. To be eligible for repayment of the amount borrowed, a
28 bridge project that has been implemented with borrowed money shall
29 be administered through the department's local bridge program.



1 Sec. 18b. (1) The state transportation commission may borrow
2 money and issue notes or bonds for the following purposes:

3 (a) To pay all or any portion of or to make loans, grants, or
4 contract payments to pay all or any portion of any capital costs
5 for the purposes described in section 9 of article IX of the state
6 constitution of 1963.

7 (b) To pay the principal or the principal and interest on
8 notes and, if the state transportation commission considers
9 refunding to be expedient, to refund bonds payable from money in
10 the state trunk line fund or the comprehensive transportation fund
11 or received or to be received from the motor vehicle highway fund
12 or the Michigan transportation fund regardless of when the refunded
13 bonds were issued, by the issuance of new bonds, whether or not the
14 bonds to be refunded have matured or are subject to prior
15 redemption or are to be paid, redeemed, or surrendered at the time
16 of issuance of the refunding bonds; and to issue new bonds partly
17 to refund bonds or pay notes then outstanding and partly for any
18 other transportation purpose authorized by this act.

19 (c) To pay all costs relating to the issuance of the bonds or
20 notes described in this section, including, but not limited to,
21 legal, engineering, accounting, and consulting services, interest
22 on bonds or notes for such period as determined by the state
23 transportation commission in the resolution authorizing the bonds
24 or notes and a reserve for payment of principal, interest, and
25 redemption premiums on the bonds or notes in an amount determined
26 by the state transportation commission in the resolution
27 authorizing the bonds or notes.

28 (2) The refunding bonds described in subsection (1)(b) shall
29 be sold and the proceeds and the earnings or profits from the



1 investment of those proceeds applied in whole or in part to the
2 purchase, redemption, or payment of the principal or the principal
3 and interest of the bonds to be refunded and the refunding bonds
4 issued by the state transportation commission under subsection
5 (1)(b) and the costs described in subsection (1)(c). Refunding
6 notes or bonds shall be considered to be issued for the same
7 purpose or purposes for which the notes or bonds to be refunded
8 were issued.

9 (3) The notes or bonds authorized by this section shall be
10 issued only after authorization by resolution of the state
11 transportation commission, which resolution shall contain the
12 following:

13 (a) An irrevocable pledge providing for the payment of the
14 principal and interest on the notes or bonds from money which is
15 restricted as to use by section 9 of article IX of the state
16 constitution of 1963 and which is deposited or to be deposited in
17 the comprehensive transportation fund, **or in the fixing Michigan**
18 **roads fund**, in the case of bonds or notes issued for comprehensive
19 transportation purposes as defined by law, or in the state trunk
20 line fund, **or in the fixing Michigan roads fund**, in the case of
21 bonds or notes issued for transportation purposes described in the
22 second paragraph of section 9 of article IX of the state
23 constitution of 1963, or in the case of notes or bonds, if the
24 resolution authorizing the notes or bonds provides, from money
25 received or to be received by the state transportation department
26 from the proceeds of bonds or renewal notes to be issued after the
27 date of the resolution or from money received or to be received
28 from the proceeds of the grants described in subsection (9). If the
29 resolution authorizing the bonds or notes so provides, a portion of



1 the principal or interest on the bonds or notes may be secured by
2 an irrevocable pledge of money deposited in the comprehensive
3 transportation fund or the state trunk line fund, and the balance
4 of the principal and interest secured by an irrevocable pledge of
5 the proceeds of bonds or renewal notes or money received or to be
6 received from the proceeds of the grants described in subsection
7 (9).

8 (b) A brief statement describing the projects for which the
9 notes or bonds are to be issued and in the case of notes or bonds
10 to pay notes or refund bonds, a description of the notes or bonds
11 to be paid or refunded. For purposes of this section and section
12 18k, in connection with bonds issued to fund the loan program
13 established under section ~~11(6) to (11)~~, ~~11~~, the loan program shall
14 constitute the project, and it shall not be necessary to specify
15 the particular item or costs of a particular item to be financed
16 from any particular loan made under the loan program.

17 (c) The estimated cost of the projects or refunding or
18 refinancing.

19 (d) The detail of the notes or bonds including the date of
20 issue, maturity date or dates of the bonds or notes, the maximum
21 interest rate, the dates of payment of interest, the paying agents,
22 the transfer agent or agents, the provisions for registration, the
23 redemption provisions, and the manner of execution or, as provided
24 in subsection (11) (d), the limitations within which such detail may
25 be determined by the person designated by the commission.

26 (4) If after the issuance of notes or bonds, the state
27 transportation commission determines that a project for which the
28 notes or bonds are to be issued should be changed, the state
29 transportation commission, by resolution, adopted after the 30



1 days' notice of intention to adopt the resolution has been given to
2 the appropriations committees of the senate and the house of
3 representatives, shall amend the resolution authorizing the bonds
4 or notes to change the description of the project or projects or to
5 substitute a different project or projects for the project for
6 which the notes or bonds were issued and shall make other revisions
7 in the resolution authorizing the notes or bonds with respect to
8 cost as may be necessary to permit the change in or substitution of
9 a project or projects.

10 (5) Before October 1, 1979, the total amount of bonds and
11 notes issued pursuant to this section for comprehensive
12 transportation purposes as defined by law shall not exceed an
13 amount as will be serviced as to maximum principal and interest
14 requirements by a sum equal to the amount deposited to the credit
15 of the general transportation fund for the fiscal year ending
16 September 30, 1977. After September 30, 1979, the total amount of
17 bonds and notes issued pursuant to this section for comprehensive
18 transportation purposes as defined by law shall not exceed an
19 amount as will be serviced, out of state funds only, as to maximum
20 annual principal and interest requirements by an amount equal to
21 50% of the total amount of money from taxes, the use of which money
22 is restricted by section 9 of article IX of the state constitution
23 of 1963, and which money is deposited in the state treasury to the
24 credit of the comprehensive transportation fund during the state
25 fiscal year immediately preceding the issuance of the bonds or
26 notes.

27 (6) The total amount of bonds and notes issued pursuant to
28 this section for transportation purposes described in the second
29 paragraph of section 9 of article IX of the state constitution of



1 1963 shall not exceed ~~an~~ **any of the following:**

2 (a) An amount as will be serviced as to the maximum principal
3 and interest requirements by a sum equal to 50% of the total of the
4 amount of money received from taxes, the use of which is restricted
5 by section 9 of article IX of the state constitution of 1963 and
6 which is deposited in the state treasury to the credit of the state
7 trunk line fund during the state fiscal year immediately preceding
8 the issuance of the bonds or notes.

9 (b) An amount as will be serviced as to the maximum principal
10 and interest requirements by a sum equal to 50% of the total amount
11 of the money received from taxes, the use of which is restricted by
12 section 9 of article IX of the state constitution of 1963 and which
13 is deposited in the state treasury to the credit of the fixing
14 Michigan roads fund during the state fiscal year immediately
15 preceding the issuance of the bonds or notes. For purposes of
16 satisfying this calculation, in 2019, the amount of money received
17 from taxes imposed at the rate then in effect shall be projected
18 based on the average usage rates for the immediately preceding 2
19 fiscal years.

20 (c) If amounts to be received by the state trunk line fund and
21 the fixing Michigan roads fund are cross-collateralized in
22 accordance with section 18b(13), the restriction contained in this
23 subsection shall be measured against the total amount of money
24 received from taxes, the use of which is restricted by section 9 of
25 article IX of the state constitution of 1963 and which is deposited
26 in the state treasury to the credit of both the state trunk line
27 fund and the fixing Michigan roads fund during the state fiscal
28 year immediately preceding the issuance of the bonds and notes.

29 (7) The principal or principal and interest or the portion of



1 principal or interest of bonds or notes which are issued in
2 anticipation of the issuance of bonds or renewal notes or of
3 federal grants as provided in subsection (9) and which do not
4 pledge for their payment money in the state trunk line fund or the
5 comprehensive transportation fund or money received or to be
6 received by the state transportation department from the Michigan
7 transportation fund or the motor vehicle highway fund shall not be
8 considered to be principal and interest requirements subject to the
9 limitation set forth in subsections (5) and (6). The principal of
10 and interest on notes or bonds refunded or for the refunding of
11 which refunding bonds have been sold, whether the bonds to be
12 refunded are to be retired at the time of delivery of the refunding
13 bonds or not, shall not be considered to be principal and interest
14 requirements subject to the limitation set forth in subsections (5)
15 and (6).

16 (8) In computing the maximum annual principal and interest
17 requirements under subsection (6), the total outstanding maximum
18 annual contributions required to be made by the state highway
19 commission and the state transportation commission pursuant to
20 contracts entered into under the authorization of section 18d,
21 which contributions are pledged to the payment of bonds issued
22 under section 18d, shall be included in the amount.

23 (9) The state transportation commission may borrow money and
24 issue notes or bonds in anticipation of the receipt of grants from
25 the United States of America or any agency or instrumentality
26 thereof and may pledge for the payment of the principal, interest,
27 and redemption premiums on such notes or bonds 1 or more of the
28 following:

29 (a) The proceeds of any grant and any investment earnings or



1 gain on the grant.

2 (b) If deemed advisable by the state transportation
3 commission, money which is restricted as to use by section 9 of
4 article IX of the state constitution of 1963, and which is
5 deposited or to be deposited in the comprehensive transportation
6 fund, in the case of bonds or notes issued for comprehensive
7 transportation purposes as defined by law, or in the state trunk
8 line fund, in the case of bonds or notes issued for transportation
9 purposes described in the second paragraph of section 9 of article
10 IX of the state constitution of 1963.

11 (c) If deemed advisable by the state transportation
12 commission, money received or to be received by the state from the
13 sale of the bonds or notes described in this section to be issued
14 after the issuance of the notes or bonds described in this
15 subsection and any investment earnings or gain thereon.

16 (10) Bonds or notes may be issued under this section as
17 separate issues or series with different dates of issuance, but the
18 aggregate of the bonds or notes shall be subject to the limitations
19 set forth in this section.

20 (11) The state transportation commission in determining to
21 issue bonds or notes may do 1 or more of the following:

22 (a) Authorize and enter into insurance contracts, agreements
23 for lines of credit, letters of credit, commitments to purchase
24 obligations, remarketing agreements, reimbursement agreements, and
25 any other transactions to provide security to assure timely payment
26 of any bonds or notes.

27 (b) Authorize payment from the proceeds of the bonds or notes
28 or other funds available, of the cost of issuance, including, but
29 not limited to, fees for placement, fees or charges for insurance,



1 letters of credit, lines of credit, remarketing agreements,
2 reimbursement agreements, or purchase or sales agreements or
3 commitments, or other agreements to provide security to assure
4 timely payment of bonds or notes.

5 (c) Authorize principal and interest to be payable from 1 or
6 more of the following:

7 (i) Money described in subsection (3) (a).

8 (ii) Proceeds of bonds or notes.

9 (iii) Earning on proceeds of bonds or notes or other funds held
10 for payment of bonds or notes.

11 (iv) Proceeds of any other security provided to assure timely
12 payment of the bonds or notes.

13 (v) Proceeds of federal grants and other money described in
14 subsection (9).

15 (vi) Any combination of the sources described in subparagraphs
16 (i) to (v).

17 (d) Authorize or provide for a person designated by the state
18 transportation commission, but only within limitations which shall
19 be contained in the authorization resolution of the state
20 transportation commission, to do 1 or more of the following:

21 (i) Sell and deliver and receive payment for bonds or notes.

22 (ii) Refund bonds or notes by the delivery of new bonds or
23 notes, whether or not the bonds or notes to be refunded have
24 matured or are subject to redemption prior to maturity on the date
25 of delivery of the refunding bonds or notes.

26 (iii) Deliver bonds or notes partly to refund bonds or notes and
27 partly for any other authorized purposes.

28 (iv) Buy, hold without cancellation, or sell bonds or notes so



1 issued.

2 (v) Approve interest rates or methods for fixing interest
3 rates, prices, discounts, maturities, principal amounts,
4 denominations, dates of issuance, interest payment dates, optional
5 or mandatory redemption or tender rights and obligations to be
6 exercised by the state transportation commission or the holder, the
7 place of delivery and payment, and other matters and procedures
8 necessary to complete the transactions authorized.

9 (e) In connection with outstanding bonds, notes, or other
10 obligations issued under this act, or in connection with the
11 issuance or proposed issuance of bonds, notes, or other
12 indebtedness, the state transportation commission may authorize by
13 resolution the execution and delivery of agreements providing for
14 interest rate exchanges or swaps, hedges, or similar agreements.
15 The obligations of this state under the agreements, including
16 termination payments, may be made payable from and secured by a
17 pledge of the same sources of funds as the bonds, notes, or other
18 obligations in connection with which the agreements are entered
19 into, or from any other sources of funds available as a payment
20 source of bonds, notes, or other obligations issued under this act.
21 In calculating debt service on bonds, notes, and other obligations,
22 the payments and receipts under the agreements authorized by this
23 subsection, without regard to termination payments, and the payment
24 obligations under the bonds, notes, or other obligations in
25 connection with which the agreements are entered into, shall be
26 aggregated and treated as a single obligation.

27 (f) Bonds and notes issued under this act are not subject to
28 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
29 141.2821.



1 (g) The issuance of bonds and notes under this section is
2 subject to the agency financing reporting act.

3 If additionally secured as provided in this subsection, the
4 bonds or notes, notwithstanding other provisions of this act, may
5 be made payable or subject to purchase on demand or prior to
6 maturity at the option of the holder at the time and in the manner
7 as determined by the state transportation commission or the
8 designated person as provided in the resolution authorizing the
9 bonds or notes. Any bonds or notes authorized by this section may
10 bear no interest or interest at a rate or rates which may be
11 variable but which shall be subject to the limitations provided in
12 section 18e as provided in the resolution authorizing the
13 obligations. If bonds or notes are subject to payment or purchase
14 on demand or prior to maturity at the option of the holder, and the
15 obligation of the state to make payment or effect purchases on
16 demand or prior to maturity, at the option of the holder is limited
17 to the proceeds of 1 or more of the additional security devices
18 described in this subsection and is not payable from
19 constitutionally restricted funds deposited in the comprehensive
20 transportation fund, ~~or the state trunk line fund,~~ **or the fixing**
21 **Michigan roads fund,** for purposes of computing maximum annual
22 principal and interest requirements under subsections (5) and (6),
23 the principal and interest on the bonds or notes subject to payment
24 or purchase on demand or prior redemption at the option of the
25 holder shall be disregarded and the maximum annual principal and
26 interest requirements which would arise with respect to the
27 repayment of the proceeds of the additional security device shall
28 be substituted therefor.

29 (12) **The irrevocable pledge authorized by subsection (3) (a) of**



1 amounts deposited in the comprehensive transportation fund, the
2 state trunk line fund, and the fixing Michigan roads fund, are
3 separate and distinct pledges and constitute separate and distinct
4 security for bonds and notes issued for comprehensive
5 transportation purposes or for transportation purposes.

6 (13) The commission is authorized to cross-collateralize the
7 pledge of amounts received by the state trunk line fund and the
8 fixing Michigan roads fund if the director of the department
9 determines it would be more economical or efficient to do so. The
10 commission is further authorized to issue senior, parity, and
11 subordinate bonds or notes in order to effectuate the lowest cost
12 interest rate on bonds or notes it issues for transportation
13 purposes.

14 Sec. 18c. (1) A county may borrow money and issue bonds to pay
15 all or any portion of the cost of the construction or
16 reconstruction of highways, including limited access highways,
17 which by law a county road commission is authorized to construct or
18 reconstruct, or participate with any other county road commission,
19 city, or village in the construction or reconstruction of,
20 including the construction or the enlargement, reconstruction, or
21 relocation of existing highways and the acquisition of necessary
22 rights-of-way for those highways, and all work incidental to the
23 construction or reconstruction, which bonds shall be issued only
24 upon the written recommendation or approval of the county road
25 commission, and the adoption of a resolution by a majority vote of
26 the county board of commissioners of the county. The resolution
27 shall briefly describe the contemplated highway construction
28 project, the estimated cost of the project, and the amount, maximum
29 rate of interest, and maturity dates of the bonds to be issued and



1 the form of the bonds. The resolution shall contain an irrevocable
 2 appropriation providing for the payment of the principal and
 3 interest of the bonds from the money received or to be received by
 4 the county road commission from the Michigan transportation fund **or**
 5 **the fixing Michigan roads fund**, except to the extent the money has
 6 been pledged by contract in accordance with 1941 PA 205, MCL 252.51
 7 to 252.64, before July 1, 1957, for the construction or financing
 8 of limited access highways, and except to the extent the ~~moneys~~
 9 **money** have been pledged before July 1, 1957, for the payment of
 10 notes issued under 1943 PA 143, MCL 141.251 to 141.254. A
 11 contractual pledge made before July 1, 1957, in accordance with the
 12 provisions of 1941 PA 205, MCL 252.51 to 252.64, and a pledge made
 13 before July 1, 1957, for the payment of promissory notes under 1943
 14 PA 143, MCL 141.251 to 141.254, shall have and retain its priority
 15 of lien or charge against the money distributed by law to the
 16 county road commission from the Michigan transportation fund **or the**
 17 **fixing Michigan roads fund**, as contemplated by those acts, and as
 18 provided in the contract or resolution authorizing the issuance of
 19 bonds or notes under those acts. A pledge made after June 30, 1957,
 20 by a county road commission under 1941 PA 205, MCL 252.51 to
 21 252.64, or 1943 PA 143, MCL 141.251 to 141.254, shall have equal
 22 standing and priority with a pledge made after June 30, 1957, by
 23 the county road commission under this act. The total aggregate
 24 amount of bonds that may be issued by a county under this section
 25 shall not exceed the amount that will be serviced as to their
 26 maximum annual principal and interest requirements by an amount
 27 equal to 20% of the ~~moneys~~**money** received by the county road
 28 commission of the county from the Michigan transportation fund **or**
 29 **the fixing Michigan roads fund** during the fiscal year immediately



1 preceding the issuance of the bonds. Bonds may be issued under this
 2 section as separate issues or series with different dates of
 3 issuance but the aggregate of the bonds shall be subject to the
 4 limitations set forth in this act. As additional security for the
 5 payment of the bonds, a county, upon adoption of a resolution by a
 6 majority of the members of its county board of commissioners, may
 7 agree on behalf of the county that if the funds pledged for the
 8 payment of the bonds are at any time insufficient to pay the
 9 principal and interest on the bonds as the same become due, the
 10 county treasurer shall be obligated to advance sufficient money
 11 from the general fund of the county to make up the deficiency, and
 12 reimbursement shall be made from the first subsequent revenues
 13 received by the county road commission from the Michigan
 14 transportation fund **or the fixing Michigan roads fund** not pledged
 15 or required to be set aside and used for the payment of the
 16 principal and interest on bonds, notes, or other evidences of
 17 indebtedness.

18 (2) The total annual amount that may be pledged by a county
 19 road commission for the payment of principal and interest on bonds
 20 issued pursuant to this section, or the payment of contributions as
 21 required by a contract entered into in accordance with section 18d,
 22 which contributions are pledged for the payment of bonds, together
 23 with total maximum debt service requirements for payment of notes
 24 issued under 1943 PA 143, MCL 141.251 to 141.254, shall not exceed
 25 50% of the total amount received by the county road commission from
 26 the Michigan transportation fund **or the fixing Michigan roads fund**
 27 during the last completed fiscal year ending on June 30 before the
 28 issuance of a bond or note or the execution of a contract.

29 (3) Bonds issued under this section are subject to the revised



1 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

2 Sec. 18d. (1) The state transportation commission, county road
3 commission, and a city or village may enter into a contract
4 providing for the construction or reconstruction of highways,
5 including limited access highways, under the jurisdiction and
6 control of 1 of the contracting parties to the extent that the
7 contracting parties are otherwise authorized by law to expend
8 moneys on the highways, roads, or streets, which contract shall
9 provide for allocation of the share of the cost of the construction
10 or reconstruction to be borne by the department or a county road
11 commission, city, or village in annual installments for a period
12 not to exceed 30 years. The contract shall designate the department
13 or a county road commission, city, or village to carry on, in whole
14 or in part, the engineering, construction, or reconstruction work
15 required by the contract, which may include the construction or
16 enlargement, reconstruction, or relocation of existing highways and
17 work incidental to the engineering, construction, or reconstruction
18 work. The contract shall designate the department or a county road
19 commission, city, or village to undertake the acquisition of rights
20 of way required for the highways, which rights of way may be
21 acquired by purchase or condemnation by the department or a county
22 road commission, city, or village in its own name for the purposes
23 of the construction or reconstruction. The department or a county
24 road commission, city, or village may make a contribution to the
25 cost of its highway construction and reconstruction projects as are
26 provided for in contracts authorized in this section. A
27 governmental unit may make irrevocable pledges of its Michigan
28 transportation fund **or the fixing Michigan roads fund** receipts to
29 meet its annual obligations pursuant to the contracts. A



1 governmental unit that is a party to a contract may make an
2 additional irrevocable pledge of a contribution or funds received,
3 or to be received, by the department or a county road commission,
4 city, or village from the federal government or 1 of its agencies
5 or from any other source for or in aid of the highway construction
6 or reconstruction projects provided for in the contracts. A
7 governmental unit that is a party to the contracts may borrow money
8 and issue bonds in accordance with this act for the purpose of
9 providing funds for the immediate construction or reconstruction of
10 the highway projects contemplated by the contracts. The bonds shall
11 be secured by an irrevocable pledge of the annual contributions
12 required to be made by the department or a county road commission,
13 city, or village that is a party to the contracts. Before the
14 issuance of the bonds by a governmental unit, the issuance of the
15 bonds shall be approved by a resolution of the state administrative
16 board and by a resolution of the county road commission of each
17 county and the governing body of each city or village that is a
18 party to the contracts. The annual contribution required by the
19 contracts shall be paid to the governmental unit issuing the bonds.
20 A governmental unit that is a party to the contracts, at any time,
21 may pay all or part of the unpaid annual contributions undertaken
22 by it in a contract, and may raise money for that payment by the
23 issuance of bonds in accordance with and subject to this act. A
24 contract executed under this section may authorize the governmental
25 unit issuing the bonds pursuant to the contract to receive bids for
26 the bonds, accept the best bid, and issue and deliver the bonds for
27 and on behalf of all the parties to the contract.

28 (2) The aggregate amount of annual contributions from the
29 Michigan transportation fund **or the fixing Michigan roads fund** that



1 may be made by a county, city, or village under this section and
2 pledged for the payment of principal and interest on bonds issued
3 pursuant to a contract, shall not exceed 40% of the total amount
4 received by it from the Michigan transportation fund **or the fixing**
5 **Michigan roads fund** during the last completed fiscal year ending on
6 the June 30 before the execution of a contract. The amount of an
7 annual contribution made by the state transportation department and
8 pledged for the payment of bonds pursuant to this section shall be
9 included in computing the bonding limit set forth in section 18b.
10 The total aggregate amount that may be pledged by a city or village
11 for the payment of principal and interest on bonds issued pursuant
12 to a contract entered into in accordance with this section and 1952
13 PA 175, MCL 247.701 to 247.707, shall not exceed 50% of the total
14 amount received by the city or village from the Michigan
15 transportation fund **or the fixing Michigan roads fund** and the
16 highway construction fund during the last completed fiscal year
17 ending on June 30 before the issuance of the bonds.

18 (3) Bonds issued and contracts entered into under this section
19 are not subject to the revised municipal finance act, 2001 PA 34,
20 MCL 141.2101 to 141.2821.

21 (4) The issuance of bonds under this section is subject to the
22 agency financing reporting act.

23 Sec. 18e. Except for bonds issued under section 18c, bonds
24 issued by a governmental unit under this act shall be serial bonds
25 with periodic maturities, or term bonds, with mandatory redemption
26 requirements, or both serial and term bonds, the aggregate of which
27 shall not exceed 30 years, the first of which shall fall due not
28 more than 5 years from the date of issuance. Maturities shall be as
29 established by the resolution or ordinance authorizing the bonds or



1 notes, without regard to the useful lives of the projects financed
2 from the proceeds of the bonds or notes. The bonds shall bear
3 interest, taking into account any discount or premium on the sale
4 of the bonds, at a rate not exceeding the maximum rate permitted by
5 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
6 141.2821, may be made redeemable before maturity on those terms and
7 conditions, and with the premium as shall be provided by the
8 proceedings authorizing their issuance. Outstanding and authorized
9 bonds issued pursuant to this act may be treated as a single issue
10 for the purpose of fixing maturities. If pursuant to 1952 PA 175,
11 MCL 247.701 to 247.707, or in 1943 PA 143, MCL 141.251 to 141.254,
12 the maximum annual principal and interest requirements on bonds
13 issued by governmental units are required to be measured by
14 reference to amounts received from the motor vehicle highway fund,
15 the requirements shall be measured by the receipts from the motor
16 vehicle highway fund, the Michigan transportation fund, or ~~both~~
17 ~~funds,~~ **the fixing Michigan roads fund, or all 3 of these funds** and
18 if pursuant to this act the maximum annual principal and interest
19 requirements on bonds or notes issued by governmental units are
20 required to be measured by reference to amounts received from the
21 Michigan transportation fund **or the fixing Michigan roads fund,** the
22 requirements shall be measured by the receipts from the motor
23 vehicle highway fund, the Michigan transportation fund, or ~~both~~ **the**
24 **fixing Michigan roads fund, or all 3 of these** funds. The state
25 transportation commission shall certify, which certification shall,
26 for purposes of the validity of bonds, notes, and other
27 obligations, be conclusive as to the matters stated in the
28 certification, to the state treasury on or before the issuance of
29 any bonds, notes, or other obligations payable from and secured by



1 a lien on the state trunk line fund, issued after July 1, 1983,
2 pursuant to section 18b or 18d for purposes other than the
3 preservation of highways, roads, streets, and bridges and for
4 purposes other than the purposes specified in section 11(2)(b),
5 (c), (d), (g), (h), and (i) that its average annual debt service
6 requirements payable from and secured by a lien on the state trunk
7 line fund for all bonds, notes, and other obligations, or portions
8 of bonds, notes, and other obligations issued after July 1, 1983,
9 for purposes other than the preservation of highways, roads,
10 streets, and bridges and other than for the purposes specified in
11 section 11(2)(b), (c), (d), (g), (h), and (i), including the bonds,
12 notes, or other obligations to be issued does not exceed 10% of the
13 state revenue appropriated to the state trunk line fund, less the
14 amounts described in section 11(2)(a) to (i) during the last
15 completed state fiscal year. The state transportation commission
16 shall certify, which certification shall, for purposes of the
17 validity of bonds, notes, or other certification, to the state
18 treasury on or before the issuance of any bonds, notes, or other
19 obligations issued after December 31, 2001, pursuant to section
20 18b(9) in anticipation of the receipt of grants from the United
21 States or any agency or instrumentality of the United States for
22 distributions to the credit of the state trunk line fund, and not
23 payable from taxes deposited in the state trunk line fund, for
24 purposes other than the preservation of highways, roads, streets,
25 and bridges and for purposes other than the purposes specified in
26 section 11(2)(b), (c), (f), and (i), that its average annual debt
27 service requirements for all bonds, notes, and other obligations,
28 or portions of bonds, notes, or other obligations issued after
29 December 31, 2001, pursuant to section 18b(9) and not payable from



1 taxes deposited in the state trunk line fund, for purposes other
2 than the preservation of highways, roads, streets, and bridges and
3 other than the purposes specified in section 11(2)(b), (c), (f),
4 and (i), including the bonds, notes, or other obligations to be
5 issued, do not exceed 10% of the federal revenue distributed to the
6 credit of the state trunk line fund during the last completed state
7 fiscal year. If the purpose for which the bonds, notes, or other
8 obligations is issued is changed after the issuance of the bonds,
9 notes, or other obligations, the change shall be made in a manner
10 to maintain compliance with the certification required by the
11 preceding sentence, as of the date the certificate was originally
12 issued, but no change shall invalidate or otherwise affect the
13 bonds, notes, or other obligations with respect to which the
14 certificate was issued, or the obligation to pay debt service on
15 the bonds, notes, or other obligations. As used in this section,
16 "preservation" means preservation as defined in section 10c.

17 ARTICLE II

18 **Sec. 26. As used in this article:**

19 (a) "Fixing Michigan roads fund" means the fixing Michigan
20 roads fund created in section 27.

21 (b) "Fixing Michigan roads review committee" or "committee"
22 means the fixing Michigan roads review committee created in section
23 28.

24 (c) "Lane-miles" means the number of survey centerline and
25 ramp miles multiplied by the number of through lanes on each
26 highway segment not including turn, parking, or other lanes not
27 continuously open to traffic by at least 1 class of road user.

28 (d) "National functional classification", or "NFC", means the
29 system of road classification administered by the United States



1 government established at 23 CFR 470.105(b), or its successor
2 system. In the event of abandonment of the system of national
3 functional classification by the United States government,
4 classification for the purposes of this act shall be in accordance
5 with the publication of the United States Department of
6 Transportation, Federal Highway Administration, "Highway Functional
7 Classification Concepts, Criteria and Procedures, 2013 edition".

8 (e) "Road agency" means the state transportation department, a
9 city or village, or a county road commission or, in a county not
10 having a road commission, the division of county general government
11 having authority over county roads.

12 Sec. 27. (1) The fixing Michigan roads fund is established in
13 the state treasury as a separate fund. The state treasurer may
14 receive money or other assets from any source for deposit into the
15 fund. The state treasurer shall direct the investment of the fund.
16 The state treasurer shall credit to the fund interest and earnings
17 from fund investments. All money in the fixing Michigan roads fund
18 is apportioned and appropriated in the following manner:

19 (a) Forty-seven percent to the road agencies of this state in
20 the proportion that the lane-miles as determined by federal
21 functional classification of interstate and freeway highways under
22 each agency's jurisdiction bears to the total of all interstate and
23 freeway lane-miles in this state.

24 (b) Thirty percent to the road agencies of this state in the
25 proportion that the lane-miles as determined by federal functional
26 classification of principal arterials under each agency's
27 jurisdiction bears to the total of all principal arterial lane
28 miles in this state.

29 (c) Seven percent to the road agencies of this state in the



1 proportion that the lane-miles as determined by federal functional
2 classification of minor arterial highways under each agency's
3 jurisdiction bears to the total of all minor arterial lane-miles in
4 this state.

5 (d) Seven percent to the road agencies of this state in the
6 proportion that the lane-miles as determined by federal functional
7 classification of major collector highways under each agency's
8 jurisdiction bears to the total of all major collector lane-miles
9 in this state.

10 (e) Four percent for bridges under the jurisdiction of local
11 road agencies and usable by local road agencies in consultation
12 with the department for the preservation, improvement,
13 reconstruction, or replacement of bridges under local control in
14 multiple jurisdictions and in 1 or more contracts administered by
15 the department, or for the repayment of bonds or notes issued by
16 the commission to finance projects for any purpose for which bridge
17 money is usable under this section, and for the costs of
18 administering those contracts. Money not used for contracts
19 covering bridges in multiple jurisdictions shall be distributed to
20 local road agencies in proportion to the deck area of bridges under
21 each agency's jurisdiction.

22 (f) Three percent for programs administered by the department
23 that promote innovation, efficiency, or energy conservation in
24 public transportation by public and private carriers, support
25 improving the rail network of this state, and promote efficient
26 freight and passenger movement on rail lines, marine ports, and
27 associated facilities.

28 (g) Two percent for economic development road projects on
29 county primary roads and city major streets in rural counties, to



1 be distributed to the regional rural task forces created in section
2 12a of 1987 PA 231, MCL 247.912a, in the manner provided in section
3 11(3)(c) of 1987 PA 231, MCL 247.911.

4 (2) The bonding provisions set forth in sections 18b to 18/
5 apply to distributions from the fixing Michigan roads fund.

6 (3) At the close of the fiscal year, any unencumbered and
7 unexpended balance in the fixing Michigan roads fund shall remain
8 in the fixing Michigan roads fund, shall carry forward and is
9 appropriated for the purposes and according to the percentages
10 described in this article.

11 Sec. 28. (1) The fixing Michigan roads review committee is
12 created within the state transportation department.

13 (2) The fixing Michigan roads review committee shall consist
14 of the director of the department and 8 members appointed by the
15 governor having expertise in asset management, engineering, and tax
16 administration. The committee shall solicit comment and advice from
17 road users and other persons dependent on the adequacy of the
18 transportation system.

19 (3) The committee shall study the following subjects:

20 (a) Progress toward system-condition goals.

21 (b) Adequacy of user fees.

22 (c) Available federal aid.

23 (d) Long-range transportation plans.

24 (e) Alternative fee bases and rates.

25 (f) Means of collection including, but not limited to, fuel
26 taxes, mileage-based user fees, systems of vehicle registration, ad
27 valorem and other vehicle taxes, and truck axle loading.

28 (g) Alternative models of road stewardship.

29 (h) Alternative models of public-transit service provision.



1 (i) Other issues at the commission's discretion.

2 (4) The committee shall make recommendations to the governor
3 to address such items as, but not limited to, the following:

4 (a) Revisions to this act, the Michigan vehicle code, 1949 PA
5 300, MCL 257.1 to 257.923, 1909 PA 283, MCL 220.1 to 239.6, and any
6 other laws, with the goal of enacting a simple, efficient, and
7 transparent transportation funding mechanism which ensures that
8 taxes and fees on transportation activities fund only
9 transportation infrastructure and services.

10 (b) Reductions or increases in road-user fees, including
11 alternative methods of road-user fee collection.

12 (5) Members of the fixing Michigan roads review committee
13 shall be appointed no later than October 1, 2024. Members of the
14 commission shall serve for terms of 2 years or until a successor is
15 appointed, whichever is later.

16 (6) The fixing Michigan roads review committee shall present
17 its recommendations for legislative action no later than September
18 30, 2026, after which it is abolished.

19 (7) If a vacancy occurs on the committee, the person that
20 appointed the vacating member shall make an appointment for the
21 unexpired term in the same manner as the original appointment.

22 (8) A member of the committee may be removed for incompetence,
23 dereliction of duty, malfeasance, misfeasance, or nonfeasance in
24 office, or any other good cause.

25 (9) The first meeting of the committee shall be called by the
26 director of the department. At its first meeting, the committee
27 shall elect from among its members a chairperson and other officers
28 as it considers necessary or appropriate. After the first meeting,
29 the committee shall meet at least quarterly.



1 (10) A majority of the members of the committee constitute a
 2 quorum for the transaction of business at a meeting of the
 3 committee. A majority of members present and serving is required
 4 for official action by the committee.

5 (11) A committee member shall serve without compensation, but
 6 may receive reimbursement for necessary travel and expenses
 7 consistent with applicable law and rules and procedures of the
 8 civil service commission and department of technology, management,
 9 and budget, subject to available funding.

10 (12) The business of the committee shall be conducted at a
 11 public meeting held in compliance with the open meetings act, 1976
 12 PA 267, MCL 15.261 to 15.275.

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

17 (14) The department shall provide qualified administrative
 18 staff and qualified technical assistance to the commission as
 19 necessary.

20 Sec. 29. (1) The following provisions of article I apply to
 21 distributions from the fixing Michigan roads fund made under this
 22 article:

23 (a) Section 10c.

24 (b) Section 11c.

25 (c) Section 13a.

26 (d) Section 16.

27 (e) Section 17.

28 (f) Sections 18b to 18l.

29 (2) Notwithstanding any other provision of this article, road



1 agencies receiving money distributed from the fixing Michigan roads
2 fund shall expend annually at least 90% of money from the fixing
3 Michigan roads fund on the preservation or improvement of roads
4 classified under the federal system of National Functional
5 Classification as interstates, freeways, principal arterials, minor
6 arterials, or major collectors. This requirement can be waived
7 annually by the director of the department if a road agency can
8 demonstrate using data provided through the transportation asset
9 management council that the roads in those classifications for
10 which it is responsible are already in 90% good or fair condition.

11 (3) Amounts distributed to county road agencies under this
12 section shall be expended by each county road commission for the
13 preservation, construction, acquisition, and extension of the
14 county road system, including the acquisition of a necessary right
15 of way for the system, and work incidental to the system, and shall
16 be returned to the county treasurers in the manner specified in
17 article I and under the terms and conditions specified in this
18 section.

19 (4) Amounts distributed to cities and villages under this
20 section shall be returned to the treasurers of the cities and
21 villages for the preservation, construction, acquisition, and
22 extension of the street system as defined by this article,
23 including the acquisition of a necessary right of way for the
24 system, work incidental to the system, and for the payment of the
25 principal and interest on that portion of the city's or village's
26 general obligation bonds that are attributable to the construction
27 or reconstruction of the city's or village's major street system,
28 and under the terms and conditions specified in this section.

29 Sec. 30. Notwithstanding any other provision of this act,



1 agencies receiving money distributed from the fixing Michigan roads
2 fund shall do all of the following:

3 (a) Employ distributions from the fixing Michigan roads fund
4 on road and bridge projects in accordance with agency asset
5 management plans or asset management processes established under
6 sections 1g and 9a, and post a summary of that process to the
7 agency's website.

8 (b) Include road projects to be funded with distributions from
9 the fixing Michigan roads fund in the annual multiyear programs
10 developed by each road agency in accordance with section 9a(11),
11 except that starting 1 year from the effective date of the
12 amendatory act that added this section, multiyear programs shall
13 include projects funded from the fixing Michigan roads fund
14 anticipated to be contracted for by the department or a local road
15 agency during a 5-year period.

16 (c) Secure pavement warranties, where possible, for full
17 replacement or appropriate repair for contracted construction work
18 on pavement projects whose cost exceeds \$2,000,000.00.

19 Sec. 31. (1) The department and the transportation asset
20 management council working jointly shall establish a website
21 reporting on all road and bridge projects funded from the fixing
22 Michigan roads fund by all agencies. The website shall receive and
23 publish information reported through the investment reporting tool
24 provided by this state.

25 (2) Recipients of distributions from the fixing Michigan roads
26 fund shall, at a minimum, post a list or map of all projects funded
27 by distributions from the fixing Michigan roads fund to a public
28 website, and may include all projects funded under this act.

29 (3) Recipients of distributions from the fixing Michigan roads



1 fund shall use the investment reporting tool provided by this
2 state, or a successor system, annually to report for publication on
3 the statewide website provided under subsection (1) all projects
4 funded under this act, including at a minimum all of the following:

5 (a) Project route name and location by miles points or
6 intersecting street names.

7 (b) Estimated project cost.

8 (c) Construction start date or year.

9 (d) Year of project's anticipated completion or opening to
10 traffic.

11 (e) Project work type or class of work according to the
12 definitions provided in guidance by the transportation asset
13 management council.

14 (4) Within 1 year of the effective date of the amendatory act
15 that added this section, the department jointly with interested
16 local road agencies, the Michigan Municipal League, and the County
17 Road Association, shall review the process established under 23 CFR
18 470.105(b) for developing and updating the system of National
19 Functional Classification of roads, in accordance with applicable
20 federal rules and guidance.

21 Sec. 32. If a section, subsection, subdivision, clause, or
22 provision of this act is adjudged unconstitutional or is
23 ineffective, the remainder of this act shall be valid and
24 effective. Any other section, subsection, subdivision, clause, or
25 provision of this act shall not on account of that judgment be
26 considered invalid or ineffective and the inapplicability or
27 invalidity of a section, subsection, subdivision, clause, or
28 provision of this act in 1 or more instances or under 1 or more
29 circumstances shall not be taken to affect or prejudice in any way



- 1 its applicability or validity in any other instance or under any
- 2 other circumstance.

