

HOUSE BILL No. 5733

February 21, 2002, Introduced by Reps. Gilbert, Hummel, Julian and Stallworth and referred to the Committee on Transportation.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical 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 sections 10, 11b, 18b, and 18e (MCL 247.660, 247.661b, 247.668b, and 247.668e), section 10 as amended by 2000 PA 188, section 11b as amended by 1992 PA 223, and sections 18b and 18e as amended by 1985 PA 201, and by adding section 11f; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) A fund to be known as the Michigan transporta-
 2 tion fund is established and shall be set up and maintained in
 3 the state treasury as a separate fund. Money received and col-
 4 lected under ~~1927 PA 150, MCL 207.101 to 207.202~~ THE MOTOR FUEL
 5 TAX ACT, 2000 PA 403, MCL 207.1001 TO 207.1170, except a license
 6 fee provided in that act, and a tax, fee, license, and other
 7 money received and collected under sections 801 to 810 of the
 8 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810,
 9 except a truck safety fund fee provided in section 801(1)(k) of
 10 THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.801, and money
 11 received under the motor carrier act, 1933 PA 254, MCL 475.1 to
 12 479.43, shall be deposited in the state treasury to the credit of
 13 the Michigan transportation fund. In addition, income or profit

1 derived from the investment of money in the Michigan
2 transportation fund shall be deposited in the Michigan transpor-
3 tation fund. Except as provided in this act, no other money,
4 whether appropriated from the general fund of this state or any
5 other source, shall be deposited in the Michigan transportation
6 fund. Except as otherwise provided in this section, the legisla-
7 ture shall appropriate funds for the necessary expenses incurred
8 in the administration and enforcement of ~~1927 PA 150,~~
9 ~~MCL 207.101 to 207.202, 1933 PA 254, MCL 475.1 to 479.43~~ THE
10 MOTOR FUEL TAX ACT, 2000 PA 403, MCL 207.1001 TO 207.1170, and
11 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300,
12 MCL 257.801 to 257.810. Funds appropriated for necessary
13 expenses shall be based upon established cost allocation method-
14 ology that reflects actual costs. ~~Beginning with the fiscal~~
15 ~~year ending September 30, 1998 and the next 2 succeeding fiscal~~
16 ~~years thereafter, funds appropriated for these administrative~~
17 ~~expenses for all state agencies and departments, other than the~~
18 ~~department, the commission, the department of environmental qual-~~
19 ~~ity expedited permit processing program for road agencies, the~~
20 ~~department of state, and the attorney general shall be phased out~~
21 ~~until further funds are no longer appropriated for this purpose.~~
22 All money in the Michigan transportation fund is apportioned and
23 appropriated in the following manner:
24 (a) Not more than \$3,000,000.00 as may be annually appropri-
25 ated each fiscal year to the state trunk line fund for subsequent
26 deposit in the rail grade crossing account.

1 (b) Not less than \$3,000,000.00 each year to the critical
2 bridge fund established in section 11b for the purpose of payment
3 of the principal, interest, and redemption premium on any notes
4 or bonds issued by the state transportation commission under
5 section 11b.

6 (c) Revenue from 3 cents of the tax levied under section
7 ~~2(1) of 1950 PA 127, MCL 207.102~~ 8 OF THE MOTOR FUEL TAX ACT,
8 2000 PA 403, MCL 207.1008, to the state trunk line fund, county
9 road commissions, and cities and villages in the percentages pro-
10 vided in subdivision (i).

11 (d) Revenue from 1 cent of the tax levied under section
12 ~~2(1) of 1950 PA 127, MCL 207.102~~ 8 OF THE MOTOR FUEL TAX ACT,
13 2000 PA 403, MCL 207.1008, to the state trunk line fund for
14 repair of state bridges under section 11.

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

17 (F) 85% OF THE REVENUE FROM 4 CENTS OF THE TAX LEVIED UNDER
18 SECTION 8(1)(B) OF THE MOTOR FUEL TAX ACT, 2000 PA 403,
19 MCL 207.1008, AND 85% OF THE REVENUE FROM 4 CENTS OF THE TAX
20 LEVIED UNDER SECTION 2(1) OF THE MOTOR CARRIER FUEL TAX ACT, 1980
21 PA 119, MCL 207.212, TO THE STATE TRUNK LINE FUND FOR SUBSEQUENT
22 DEPOSIT IN THE COMMERCIAL HIGHWAY FUND DESCRIBED IN SECTION 11F.

23 (G) 15% OF THE REVENUE FROM 4 CENTS OF THE TAX LEVIED UNDER
24 SECTION 8(1)(B) OF THE MOTOR FUEL TAX ACT, 2000 PA 403,
25 MCL 207.1008, AND 15% OF THE REVENUE FROM 4 CENTS OF THE TAX
26 LEVIED UNDER SECTION 2(1) OF THE MOTOR CARRIER FUEL TAX ACT, 1980
27 PA 119, MCL 207.212, TO THE STATE TRUNK LINE FUND FOR SUBSEQUENT

1 DEPOSIT IN THE CRITICAL BRIDGE FUND FOR PURPOSES DESCRIBED IN
2 SECTION 11B(4).

3 (H) ~~-(f)-~~ 10% to the comprehensive transportation fund for
4 the purposes described in section 10e.

5 (I) ~~-(g)-~~ \$36,775,000.00 to the state trunk line fund for
6 subsequent deposit in the transportation economic development
7 fund, ~~and, as of September 30, 1997,~~ with first priority for
8 allocation to debt service on bonds issued to fund transportation
9 economic development fund projects. In addition, beginning
10 October 1, 1997, \$3,500,000.00 is appropriated from the Michigan
11 transportation fund to the state trunk line fund for subsequent
12 deposit in the transportation economic development fund to be
13 used for economic development road projects in any of the tar-
14 geted industries described in section 9(1)(a) of 1987 PA 231,
15 MCL 247.909.

16 (J) ~~-(h)-~~ Not less than \$33,000,000.00 as may be annually
17 appropriated each fiscal year to the local program fund created
18 in section 11e.

19 (K) ~~-(i)-~~ The balance of the Michigan transportation fund as
20 follows, after deduction of the amounts appropriated in subdivi-
21 sions (a) through ~~-(h)-~~ (J) and section 11b:

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

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

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

26 (2) The money appropriated pursuant to this section shall be
27 used for the purposes as provided in this act and any other

1 applicable act. Subject to the requirements of section 9b, the
2 department shall develop programs in conjunction with the
3 Michigan state chamber of commerce and the Michigan minority
4 business development council to assist small businesses, includ-
5 ing those located in enterprise zones and those located in empow-
6 erment zones as determined under federal law, as defined by law
7 in becoming qualified to bid.

8 (3) Thirty-one and one-half percent of the funds appropri-
9 ated to this state from the federal government pursuant to 23
10 U.S.C. 157, commonly known as minimum guarantee funds, shall be
11 allocated to the transportation economic development fund, if
12 such an allocation is consistent with federal law. These funds
13 shall be distributed 16-1/2% for development projects for rural
14 counties as defined by law and 15% for capacity improvement or
15 advanced traffic management systems in urban counties as defined
16 by law. Federal funds allocated for distribution under this sec-
17 tion shall be eligible for obligation and use by all recipients
18 as defined by the transportation equity act for the 21st century,
19 Public Law 105-178, 112 Stat. 107.

20 Sec. 11b. (1) During each April, there is appropriated to a
21 critical bridge fund from the Michigan transportation fund,
22 \$5,000,000.00. The money appropriated to a critical bridge fund
23 and the interest accruing to that fund shall be expended for a
24 critical bridge program to be administered by the department to
25 provide financial assistance to highway authorities for the
26 improvement or reconstruction of existing bridges or for the
27 construction of bridges to replace existing bridges in whole or

1 in part. This section is not subject to section 12(15) or
2 section 13(5).

3 (2) The state transportation commission shall borrow money
4 and issue notes or bonds in an amount of not less than
5 \$30,000,000.00 to supplement the funding provided for the local
6 bridge program under subsection (1). The bonds or notes issued
7 pursuant to this subsection may be issued by the commission for
8 any purpose for which other critical bridge funds may be used
9 under this section. The bonds or notes authorized by this sub-
10 section shall be issued by resolution of the state transportation
11 commission consistent with the requirements of section 18b.

12 (3) The state transportation department shall promulgate
13 rules pursuant to ~~Act No. 306 of the Public Acts of 1969, as~~
14 ~~amended, being sections 24.201 to 24.328 of the Michigan Compiled~~
15 ~~Laws~~ THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306,
16 MCL 24.201 TO 24.328, governing the administration of the criti-
17 cal bridge program. The rules shall set forth the eligibility
18 criteria for financial assistance under the program and other
19 matters related to the program as the department considers neces-
20 sary and desirable. The department shall take into consideration
21 the availability of federal aid and other financial resources of
22 the highway authority responsible for the bridge, the importance
23 of the bridge to the highway, road, or street network, and the
24 condition of the existing bridge. The department shall not
25 receive more than 38.4% of the critical bridge funds available
26 during a 5-year period for expenditures on the state trunk line
27 system.

1 (4) REVENUES THAT ARE TRANSFERRED TO THE CRITICAL BRIDGE
2 FUND PURSUANT TO SECTION 10(1)(I) SHALL ONLY BE USED ON FEDERAL
3 AID HIGHWAY BRIDGES AS DEFINED UNDER SECTION 101(a)(5) OF TITLE
4 23 OF THE UNITED STATES CODE, 23 U.S.C. 101.

5 (5) ON OR BEFORE JANUARY 1 OF EACH CALENDAR YEAR, THE
6 ADVISORY COMMITTEE CREATED PURSUANT TO R 247.154 OF THE MICHIGAN
7 ADMINISTRATIVE CODE SHALL AFFIRM IN WRITING TO THE DEPARTMENT
8 THAT THE REVENUE TRANSFERRED TO THE CRITICAL BRIDGE FUND UNDER
9 SECTION 10(1)(I) DURING THE PRECEDING FISCAL YEAR WAS SPENT ONLY
10 FOR PURPOSES AUTHORIZED UNDER SUBSECTION (4).

11 SEC. 11F. (1) THERE IS CREATED WITHIN THE STATE TRUNK LINE
12 FUND THE COMMERCIAL HIGHWAY FUND FOR THE PURPOSE OF RECEIVING
13 FUNDS ALLOCATED FROM THE MICHIGAN TRANSPORTATION FUND AND THE
14 STATE TRUNK LINE FUND. FUNDS RECEIVED INTO THE COMMERCIAL HIGH-
15 WAY FUND SHALL BE EXPENDED ONLY FOR THE CONSTRUCTION, RECONSTRUC-
16 TION, REHABILITATION, RESTORATION, OR RESURFACING OF STATE TRUNK
17 LINE HIGHWAYS AND BRIDGES BELONGING TO THE NATIONAL HIGHWAY
18 SYSTEM DESCRIBED IN SECTION 103(b) OF TITLE 23 OF THE UNITED
19 STATES CODE, 23 U.S.C. 103.

20 (2) ON OR BEFORE JANUARY 1 OF EACH CALENDAR YEAR, THE
21 DEPARTMENT SHALL AFFIRM IN WRITING TO THE STATE TRANSPORTATION
22 COMMISSION THAT REVENUE TRANSFERRED TO THE COMMERCIAL HIGHWAY
23 FUND UNDER SECTION 10(1)(H) DURING THE PRECEDING FISCAL YEAR WAS
24 SPENT ONLY ON PURPOSES AUTHORIZED UNDER THIS SECTION.

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

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

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

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

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

11 (3) The notes or bonds authorized by this section shall be
12 issued only after authorization by resolution of the state trans-
13 portation commission. ~~—, which~~ THE resolution shall contain ALL
14 OF the following:

15 (a) An irrevocable pledge providing for the payment of the
16 principal and interest on the notes or bonds from money ~~—which~~
17 THAT is restricted as to use by section 9 of article IX of the
18 state constitution of 1963 and ~~—which~~ THAT is deposited or to be
19 deposited in the comprehensive transportation fund, in the case
20 of bonds or notes issued for comprehensive transportation pur-
21 poses as defined by law, or in the state trunk line fund, in the
22 case of bonds or notes issued for transportation purposes
23 described in the second paragraph of section 9 of article IX of
24 the state constitution of 1963, or in the case of notes or bonds,
25 if the resolution authorizing the notes or bonds provides, from
26 money received or to be received by the state transportation
27 department from the proceeds of bonds or renewal notes to be

1 issued after the date of the resolution or from money received or
2 to be received from the proceeds of the grants described in sub-
3 section (9). If the resolution authorizing the bonds or notes
4 ~~so~~ provides, a portion of the principal or interest on the
5 bonds or notes may be secured by an irrevocable pledge of money
6 deposited in the comprehensive transportation fund or the state
7 trunk line fund, and the balance of the principal and interest
8 secured by an irrevocable pledge of the proceeds of bonds or
9 renewal notes or money received or to be received from the pro-
10 ceeds of the grants described in subsection (9).

11 (b) A brief statement describing the projects for which the
12 notes or bonds are to be issued and in the case of notes or bonds
13 to pay notes or refund bonds, a description of the notes or bonds
14 to be paid or refunded. For purposes of this section and section
15 18k, in connection with bonds issued to fund the loan program
16 established under section 11(7) to (12), the loan program shall
17 constitute the project, and it shall not be necessary to specify
18 the particular item or costs of a particular item to be financed
19 from any particular loan made under the loan program.

20 (c) The estimated cost of the projects, ~~or~~ THE ESTIMATED
21 COST OF refunding, or THE ESTIMATED COST OF refinancing.

22 (d) The detail of the notes or bonds including the date of
23 issue, maturity date or dates of the bonds or notes, the maximum
24 interest rate, the dates of payment of interest, the paying
25 agents, the transfer agent or agents, the provisions for regis-
26 tration, the redemption provisions, and the manner of execution
27 or, as provided in subsection (11)(d), the limitations within

1 which ~~such~~ THE REQUIRED detail may be determined by the person
2 designated by the commission.

3 (4) If after the issuance of notes or bonds, the state
4 transportation commission determines that a project for which the
5 notes or bonds are to be issued should be changed, the state
6 transportation commission, by resolution, adopted after the 30
7 days' notice of intention to adopt the resolution has been given
8 to the appropriations committees of the senate and the house of
9 representatives, shall amend the resolution authorizing the bonds
10 or notes to change the description of the project or projects or
11 to substitute a different project or projects for the project for
12 which the notes or bonds were issued and shall make other revi-
13 sions in the resolution authorizing the notes or bonds with
14 respect to cost as may be necessary to permit the change in or
15 substitution of a project or projects.

16 (5) Before October 1, 1979, the total amount of bonds and
17 notes issued pursuant to this section for comprehensive transpor-
18 tation purposes as defined by law shall not exceed an amount as
19 will be serviced as to maximum principal and interest require-
20 ments by a sum equal to the amount deposited to the credit of the
21 general transportation fund for the fiscal year ending
22 September 30, 1977. After September 30, 1979, the total amount
23 of bonds and notes issued pursuant to this section for comprehen-
24 sive transportation purposes as defined by law shall not exceed
25 an amount as will be serviced, out of state funds only, as to
26 maximum annual principal and interest requirements by an amount
27 equal to 50% of the total amount of money from taxes, the use of

1 which money is restricted by section 9 of article IX of the state
2 constitution of 1963, and which money is deposited in the state
3 treasury to the credit of the comprehensive transportation fund
4 during the state fiscal year immediately preceding the issuance
5 of the bonds or notes.

6 (6) The total amount of bonds and notes issued pursuant to
7 this section for transportation purposes described in the second
8 paragraph of section 9 of article IX of the state constitution of
9 1963 shall not exceed an amount as will be serviced as to the
10 maximum principal and interest requirements by a sum equal to 50%
11 of the total of the amount of money received from taxes, the use
12 of which is restricted by section 9 of article IX of the state
13 constitution of 1963 and which is deposited in the state treasury
14 to the credit of the state trunk line fund during the state
15 fiscal year immediately preceding the issuance of the bonds or
16 notes.

17 (7) The principal or principal and interest or the portion
18 of principal or interest of bonds or notes ~~which~~ THAT are
19 issued in anticipation of the issuance of bonds or renewal notes
20 or of federal grants as provided in subsection (9) and ~~which~~
21 THAT do not pledge for their payment money in the state trunk
22 line fund or the comprehensive transportation fund or money
23 received or to be received by the state transportation department
24 from the Michigan transportation fund or the motor vehicle high-
25 way fund shall not be considered to be principal and interest
26 requirements subject to the limitation set forth in subsections
27 (5) and (6). The principal of and interest on notes or bonds

1 refunded or for the refunding of which refunding bonds have been
2 sold, whether the bonds to be refunded are to be retired at the
3 time of delivery of the refunding bonds or not, shall not be con-
4 sidered to be principal and interest requirements subject to the
5 limitation set forth in subsections (5) and (6).

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

13 (9) The state transportation commission may borrow money and
14 issue notes or bonds in anticipation of the receipt of grants
15 from the United States of America or any agency or instrumental-
16 ity ~~thereof~~ OF THE UNITED STATES OF AMERICA and may pledge for
17 the payment of the principal, interest, and redemption premiums
18 on ~~such~~ THE notes or bonds 1 or more of the following:

19 (a) The proceeds of any ~~such~~ grant, ~~and~~ any investment
20 earnings, or ANY gain ~~thereon~~ ON THE NOTES OR BONDS.

21 (b) If deemed advisable by the state transportation commis-
22 sion, money ~~which~~ THAT is restricted as to use by section 9 of
23 article IX of the state constitution of 1963, and ~~which~~ THAT is
24 deposited or to be deposited in the comprehensive transportation
25 fund, in the case of bonds or notes issued for comprehensive
26 transportation purposes as defined by law, or in the state trunk
27 line fund, in the case of bonds or notes issued for

1 transportation purposes described in the second paragraph of
2 section 9 of article IX of the state constitution of 1963.

3 (c) If ~~deemed~~ CONSIDERED advisable by the state transpor-
4 tation commission, money received or to be received by the state
5 from the sale of the bonds or notes described in this section to
6 be issued after the issuance of the notes or bonds described in
7 this subsection and any investment earnings or gain thereon.

8 (10) Bonds or notes may be issued under this section as sep-
9 arate issues or series with different dates of issuance, but the
10 aggregate of the bonds or notes shall be subject to the limita-
11 tions set forth in this section.

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

14 (a) Authorize and enter into insurance contracts, agreements
15 for lines of credit, letters of credit, commitments to purchase
16 obligations, remarketing agreements, reimbursement agreements,
17 and any other transactions to provide security to assure timely
18 payment of any bonds or notes.

19 (b) Authorize payment from the proceeds of the bonds or
20 notes or other funds available, of the cost of issuance, includ-
21 ing, but not limited to, fees for placement, fees or charges for
22 insurance, letters of credit, lines of credit, remarketing agree-
23 ments, reimbursement agreements, or purchase or sales agreements
24 or commitments, or other agreements to provide security to assure
25 timely payment of bonds or notes.

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

- 1 (i) Money described in subsection (3)(a).
- 2 (ii) Proceeds of bonds or notes.
- 3 (iii) Earning on proceeds of bonds or notes or other funds
4 held for payment of bonds or notes.
- 5 (iv) Proceeds of any other security provided to assure
6 timely payment of the bonds or notes.
- 7 (v) Proceeds of federal grants and other money described in
8 subsection (9).
- 9 (vi) Any combination of the sources described in subpara-
10 graphs (i) to (v).
- 11 (d) Authorize or provide for a person designated by the
12 state transportation commission, but only within limitations
13 ~~which~~ THAT shall be contained in the authorization resolution
14 of the state transportation commission, to do 1 or more of the
15 following:
- 16 (i) Sell and deliver and receive payment for bonds or
17 notes.
- 18 (ii) Refund bonds or notes by the delivery of new bonds or
19 notes, whether or not the bonds or notes to be refunded have
20 matured or are subject to redemption prior to maturity on the
21 date of delivery of the refunding bonds or notes.
- 22 (iii) Deliver bonds or notes partly to refund bonds or notes
23 and partly for any other authorized purposes.
- 24 (iv) Buy, hold without cancellation, or sell bonds or notes
25 so issued.
- 26 (v) Approve interest rates or methods for fixing interest
27 rates, prices, discounts, maturities, principal amounts,

1 denominations, dates of issuance, interest payment dates,
2 optional or mandatory redemption or tender rights and obligations
3 to be exercised by the state transportation commission or the
4 holder, the place of delivery and payment, and other matters and
5 procedures necessary to complete the transactions authorized.

6 (E) ENTER INTO INTEREST RATE EXCHANGES OR SWAPS, HEDGES, OR
7 SIMILAR AGREEMENTS WITH RESPECT TO ITS BONDS OR NOTES IN THE SAME
8 MANNER AND SUBJECT TO THE SAME LIMITATIONS AND CONDITIONS PRO-
9 VIDED FOR A MUNICIPALITY IN SECTION 317 OF THE REVISED MUNICIPAL
10 FINANCE ACT, 2001 PA 34, MCL 141.2317.

11 (12) If additionally secured as provided in ~~this~~ subsec-
12 tion (11), the bonds or notes, notwithstanding other provisions
13 of this act, may be made payable or subject to purchase on demand
14 or ~~prior to~~ BEFORE maturity at the option of the holder at the
15 time and in the manner ~~as~~ THAT IS determined by the state
16 transportation commission or the designated person ~~as~~ provided
17 in the resolution authorizing the bonds or notes. Any bonds or
18 notes authorized by this section may bear no interest or interest
19 at a rate ~~or rates which~~ THAT may be variable but ~~which shall~~
20 ~~be~~ THAT IS subject to the limitations provided in section 18e as
21 provided in the resolution authorizing the obligations. If bonds
22 or notes are subject to payment or purchase on demand or ~~prior~~
23 ~~to~~ BEFORE maturity at the option of the holder, and the obliga-
24 tion of the state to make payment or effect purchases on demand
25 or ~~prior to~~ BEFORE maturity, at the option of the holder is
26 limited to the proceeds of 1 or more of the additional security
27 devices described in ~~this~~ subsection (11) and is not payable

1 from constitutionally restricted funds deposited in the
2 comprehensive transportation fund or the state trunk line fund,
3 for purposes of computing maximum annual principal and interest
4 requirements under subsections (5) and (6), the principal and
5 interest on the bonds or notes subject to payment or purchase on
6 demand or prior redemption at the option of the holder shall be
7 disregarded and the maximum annual principal and interest
8 requirements ~~which~~ THAT would arise with respect to the repay-
9 ment of the proceeds of the additional security device shall be
10 substituted ~~therefor~~ FOR THE PRINCIPAL AND INTEREST ON THE
11 BONDS OR NOTES.

12 Sec. 18e. Bonds issued by a governmental unit under this
13 act shall be serial bonds with periodic maturities, or term
14 bonds, with mandatory redemption requirements, or both serial and
15 term bonds, the aggregate of which shall not exceed 30 years, the
16 first of which shall fall due not more than 5 years from the date
17 of issuance. Maturities shall be as established by the resolu-
18 tion or ordinance authorizing the bonds or notes, without regard
19 to the useful lives of the projects financed from the proceeds of
20 the bonds or notes. The bonds shall bear interest, taking into
21 account any discount or premium on the sale of the bonds, at a
22 rate not exceeding the maximum rate permitted by the ~~municipal~~
23 ~~finance act, Act No. 202 of the Public Acts of 1943, as amended,~~
24 ~~being sections 131.1 to 139.3 of the Michigan Compiled Laws~~
25 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
26 141.2821, may be made redeemable before maturity on those terms
27 and conditions, and with the premium ~~as shall be~~ THAT IS

1 provided by the proceedings authorizing their issuance.
2 Outstanding and authorized bonds issued pursuant to this act may
3 be treated as a single issue for the purpose of fixing
4 maturities. If pursuant to ~~Act No. 175 of the Public Acts of~~
5 ~~1952, as amended, being sections 247.701 to 247.707 of the~~
6 ~~Michigan Compiled Laws, or in Act No. 143 of the Public Acts of~~
7 ~~1943, as amended, being sections 141.251 to 141.254 of the~~
8 ~~Michigan Compiled Laws~~ 1952 PA 175, MCL 247.201 TO 247.707, OR
9 1943 PA 143, MCL 141.251 TO 141.254, the maximum annual principal
10 and interest requirements on bonds issued by governmental units
11 are required to be measured by reference to amounts received from
12 the motor vehicle highway fund, the requirements shall be mea-
13 sured by the receipts from the motor vehicle highway fund, the
14 Michigan transportation fund, or both funds. ~~, and if~~ IF pursu-
15 ant to this act the maximum annual principal and interest
16 requirements on bonds or notes issued by governmental units are
17 required to be measured by reference to amounts received from the
18 Michigan transportation fund, the requirements shall be measured
19 by the receipts from the motor vehicle highway fund, the Michigan
20 transportation fund, or both funds. The state transportation
21 commission shall certify ~~, which certification shall, for pur-~~
22 ~~poses of the validity of bonds, notes, and other obligations, be~~
23 ~~conclusive as to the matters stated therein,~~ to the state trea-
24 sury on or before the issuance of any bonds, notes, or other
25 obligations issued after July 1, 1983, pursuant to section 18b or
26 18d for purposes other than the maintenance of highways, roads,
27 streets, and bridges and for purposes other than the purposes

1 specified in section 11(2)(b), (c), and (d) that its average
2 annual debt service requirements for all bonds, notes, and other
3 obligations, or portions of bonds, notes, and other obligations
4 issued after July 1, 1983, for purposes other than the mainte-
5 nance of highways, roads, streets, and bridges and other than for
6 the purposes specified in section 11(2)(b), (c), and (d), includ-
7 ing the bonds, notes, or other obligations to be issued does not
8 exceed 10% of the state revenue appropriated to the state trunk
9 line fund, less the amounts described in section 11(2)(a) to
10 ~~(g)~~ (H) during the last completed state fiscal year. THE CER-
11 TIFICATION OF THE STATE TRANSPORTATION COMMISSION REQUIRED UNDER
12 THIS SECTION SHALL BE CONCLUSIVE FOR THE PURPOSES OF DETERMINING
13 THE VALIDITY OF BONDS, NOTES, AND OTHER OBLIGATIONS. If the pur-
14 pose for which the bonds, notes, or other obligations is issued
15 is changed after the issuance of the bonds, notes, or other obli-
16 gations, the change shall be made in such a manner to maintain
17 compliance with the certification required by the preceding sen-
18 tence, as of the date the certificate was originally issued, but
19 no ~~such~~ change shall invalidate or otherwise affect the bonds,
20 notes, or other obligations with respect to which the certificate
21 was issued, or the obligation to pay debt service on the bonds,
22 notes, or other obligations. As used in this section,
23 "maintenance" means maintenance as defined in section 11(6).

24 Enacting section 1. Section 9a of 1951 PA 51, MCL 247.659a,
25 is repealed.

1 Enacting section 2. This amendatory act does not take
2 effect unless all of the following bills of the 91st Legislature
3 are enacted into law:

4 (a) Senate Bill No. _____ or House Bill No. 5734 (request
5 no. 02672'01 *).

6 (b) Senate Bill No. _____ or House Bill No. 5735 (request
7 no. 02672'01 a *).

8 (c) Senate Bill No. _____ or House Bill No. 5736 (request
9 no. 04929'01).