

HOUSE BILL No. 5460

April 17, 2014, Introduced by Reps. Lauwers, McCreedy, O'Brien, Schmidt and Lane and referred to the Committee on Transportation and Infrastructure.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations

and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending sections 11, 12, and 13 (MCL 247.661, 247.662, and 247.663), section 11 as amended by 2002 PA 639 and sections 12 and 13 as amended by 2012 PA 298.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) A fund to be known as the state trunk line fund
2 is established ~~and shall be set up and maintained~~ in the state
3 treasury as a separate fund. The money deposited in the state trunk
4 line fund is appropriated to the ~~state transportation~~ department
5 for the following purposes in the following order of priority:

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

10 (i) For the payment of contributions required to be made by the
11 state highway commission or the state transportation commission
12 under contracts entered into before July 18, 1979, under 1941 PA

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

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

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

27 (b) For the transfer of ~~funds~~ **MONEY** appropriated pursuant to

section 10(1)(g) to the transportation economic development fund, but the transfer shall be reduced each fiscal year by the amount of debt service to be paid in that year from the state trunk line fund for bonds, notes, or other obligations issued to fund projects of the transportation economic development fund, which amount shall be certified by the department.

(c) For the transfer of ~~funds~~ **MONEY** appropriated pursuant to **UNDER** section 10(1)(a) to the railroad grade crossing account in the state trunk line fund for expenditure for rail grade crossing improvement purposes at rail grade crossings on public roads and streets under the jurisdiction of ~~the~~ **THIS** state, counties, cities, or villages. ~~Projects~~ **THE DEPARTMENT** shall be ~~selected~~ **SELECT PROJECTS** for funding in accordance with the following:

(i) Not more than 50% or less than 30% of ~~these funds~~ **THIS MONEY** and matched federal ~~funds~~ **MONEY** shall be expended for state trunk line projects.

(ii) In prioritizing projects for ~~these funds~~, **THIS MONEY**, in whole or in part, the department shall consider train and vehicular traffic volumes, accident history, traffic control device improvement needs, and the availability of funding.

(iii) Consistent with the other requirements for ~~these funds~~, **THIS MONEY**, the first priority for ~~funds~~ **MONEY** deposited pursuant to ~~to~~ **UNDER** this subdivision for rail grade crossing improvements and retirement shall be to match federal ~~funds~~ **MONEY** from the railroad-highway grade crossing improvement program or other comparable federal programs if a match is required under federal law.

(iv) If the department and ~~the~~ **A** road authority with

1 jurisdiction over the crossing formally agree that the grade
2 crossing should be eliminated by permanent closing of the public
3 road or street, the physical removal of the crossing, roadway
4 within railroad rights of way and street termination treatment ~~will~~
5 **SHALL** be negotiated between the road authority and railroad
6 company. The ~~funds~~-**MONEY** provided to the road authority as a result
7 of the crossing closure ~~will~~-**SHALL** be credited to its account
8 representing the same road or street system on which the crossing
9 is located and shall be used for any transportation purpose within
10 that road authority's jurisdiction.

11 (d) For the total operating expenses of the state trunk line
12 fund for each fiscal year as appropriated by the legislature.

13 (e) For the preservation of state trunk line highways and
14 bridges.

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

27 (g) The ~~state transportation~~ department may enter into

1 agreements with county road commissions and with cities and
2 villages to perform work on a highway, road, or street. The
3 agreements may provide for the performance by any of the
4 contracting parties of any of the work contemplated by the contract
5 including engineering services and the acquisition of rights of way
6 in connection with the work, by purchase or condemnation by any of
7 the contracting parties in its own name, and for joint
8 participation in the costs, but only to the extent that the
9 contracting parties are otherwise authorized by law to expend money
10 on the highways, roads, or streets. The ~~state transportation~~
11 department also may contract with a county road commission, city,
12 ~~and OR~~ village to advance money to a ~~THE~~ county road commission,
13 city, ~~and OR~~ village to pay ~~their ITS~~ costs of improving railroad
14 grade crossings on the terms and conditions agreed to in the
15 contract. A contract may be executed before or after the state
16 transportation commission borrows money for the purpose of
17 advancing money to a county road commission, city, or village, but
18 the contract shall be executed before the advancement of any money
19 to a county road commission, city, or village by the state
20 transportation commission, and shall provide for the full
21 reimbursement of any advancement by a county road commission, city,
22 or village to the ~~state transportation~~ department, with interest,
23 within 15 years after advancement, from any available revenue
24 sources of the county road commission, city, or village or, if
25 provided in the contract, by deduction from the periodic
26 disbursements of any money returned by the state to the county road
27 commission, city, or village.

1 (h) For providing inventories of supplies and materials
2 required for the activities of the ~~state transportation department~~.
3 The ~~state transportation department~~ may purchase supplies and
4 materials for these purposes, with payment to be made out of the
5 state trunk line fund to be charged on the basis of issues from
6 inventory in accordance with the accounting and purchasing laws of
7 this state.

8 (2) Notwithstanding any other provision of this act, **THE**
9 **DEPARTMENT SHALL ANNUALLY EXPEND** at least 90% of state revenue
10 appropriated annually to the state trunk line fund less the amounts
11 described in subdivisions (a) to (i) ~~shall be expended annually by~~
12 ~~the state transportation department for the preservation of~~
13 highways, roads, streets, and bridges and for the payment of debt
14 service on bonds, notes, or other obligations described in
15 subsection (1)(a) issued after July 1, 1983, for the purpose of
16 providing ~~funds~~ **MONEY** for the preservation of highways, roads,
17 streets, and bridges. Of the amounts appropriated for state trunk
18 line projects, the department shall ~~, where possible,~~ secure
19 warranties ~~of not less than 5 year~~ **FOR** full replacement guarantee
20 for ~~contracted construction work.~~ **CONSTRUCTION AND PRESERVATION**
21 **PROJECTS.** If an appropriate certificate is filed under section 18e
22 but only to the extent necessary, this subsection ~~shall~~ **DOES** not
23 prohibit the use of any amount of money restricted as to use by
24 section 9 of article IX of the state constitution of 1963 and
25 deposited in the state trunk line fund for the payment of debt
26 service on bonds, notes, or other obligations pledging for the
27 payment thereof money restricted as to use by section 9 of article

1 IX of the state constitution of 1963 and deposited in the state
2 trunk line fund, whenever issued, as specified under subsection
3 (1)(a). The amounts ~~which~~**THAT** are deducted from the state trunk
4 line fund for the purpose of the calculation required by this
5 subsection are as follows:

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

9 (b) Amounts expended to provide the state matching requirement
10 for projects on the national highway system and for the payment of
11 debt service on bonds, notes, or other obligations issued after
12 July 1, 1983, for the purpose of providing ~~funds~~**MONEY** for the
13 state matching requirements for projects on the national highway
14 system.

15 (c) Amounts expended for the construction of a highway,
16 street, road, or bridge to 1 or more of the following or for the
17 payment of debt service on bonds, notes, or other obligations
18 issued after July 1, 1983, for the purpose of providing ~~funds~~**MONEY**
19 for the construction of a highway, street, road, or bridge to 1 or
20 more of the following:

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

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

26 (d) Amounts expended for capital outlay other than for
27 highways, roads, streets, and bridges or to pay debt service on

1 bonds, notes, or other obligations issued after July 1, 1983, for
2 the purpose of providing ~~funds~~ **MONEY** for capital outlay other than
3 for highways, roads, streets, and bridges.

4 (e) Amounts expended for the operating expenses of the ~~state~~
5 ~~transportation~~ department other than the units of the department
6 performing the functions assigned on January 1, 1983 to the bureau
7 of highways.

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

10 (g) Amounts expended for the purposes described in subsection
11 (5).

12 (h) Amounts appropriated for deposit in the transportation
13 economic development fund and the rail grade crossing account
14 pursuant to section ~~10(1)(g) and~~ 10(1)(a) **AND (G)**.

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

21 (3) Notwithstanding any other provision of this act, the ~~state~~
22 ~~transportation~~ department shall expend annually at least 90% of the
23 federal revenue distributed to the credit of the state trunk line
24 fund in that year, except for federal revenue expended for the
25 purposes described in subsection (2)(b), (c), (f), and (i) and for
26 the payment of notes issued under section 18b(9) on the
27 preservation of highways, roads, streets, and bridges. The

1 requirement of this subsection ~~shall be~~ **IS** waived if compliance
2 would cause this state to be ineligible according to federal law
3 for federal revenue, but only to the extent necessary to make this
4 state eligible according to federal law for that revenue.

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

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

21 (a) The money to be received by the county road commission,
22 city, or village from the Michigan transportation fund, except to
23 the extent the money has been or may in the future be pledged by
24 contract in accordance with 1941 PA 205, MCL 252.51 to 252.64, or
25 has been or may in the future be pledged for the payment of the
26 principal and interest upon notes issued pursuant to 1943 PA 143,
27 MCL 141.251 to 141.254, or has been or may in the future be pledged

1 for the payment of principal and interest upon bonds issued under
2 section 18c or 18d, or has been or may in the future be pledged for
3 the payment of the principal and interest upon bonds issued
4 pursuant to 1952 PA 175, MCL 247.701 to 247.707.

5 (b) Any other legally available ~~funds~~**MONEY** of the city,
6 village, or county road commission, other than the general funds of
7 the county.

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

1 (7) The amount borrowed by a county road commission, city, or
2 village pursuant to subsection (5) shall not be included in, or
3 charged against, any constitutional, statutory, or charter debt
4 limitation of the county, city, or village and shall not be
5 included in the determination of the maximum annual principal and
6 interest requirements of, or the limitations upon, the maximum
7 annual principal and interest incurred under 1941 PA 205, MCL
8 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175,
9 MCL 247.701 to 247.707, or section 18c or 18d.

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

1 road commission, city, or village, subsequently gives notice to the
2 director of the ~~state transportation~~ department that the loan may
3 be made on the conditions that the state treasurer specifies.

4 (9) The state transportation commission may borrow money and
5 issue bonds and notes under, and pursuant to the requirements of,
6 section 18b to make loans to county road commissions, cities, and
7 villages for the purposes described in the second paragraph of
8 section 9 of article IX of the state constitution of 1963, as
9 provided in subsection (4). A single issue of bonds or notes may be
10 issued for the purposes specified in subsection (4) and for the
11 other purposes specified in section 18b. The house and senate
12 transportation appropriations subcommittees shall be notified by
13 the department if there are extras and overruns sufficient to
14 require approval of either the state administrative board or the
15 commission, or both, on any contract between the department and a
16 local road agency or a private business.

17 (10) The director of the ~~state transportation~~ department,
18 after consultation with representatives of the interests of county
19 road commissions, cities, and villages, shall establish, by
20 intergovernmental communication, procedures for the implementation
21 and administration of the loan program established under
22 subsections (4) to (9).

23 (11) Not more than 10% per year of all of the ~~funds~~ **MONEY**
24 received by and returned to the ~~state transportation~~ department
25 from any source for the purposes of this section may be expended
26 for administrative expenses. The department shall be subject to
27 section 14(5) if more than 10% per year is expended for

1 administrative expenses. As used in this subsection,
2 "administrative expenses" means ~~these~~ expenses that are not
3 assigned including, but not limited to, specific road construction
4 or preservation projects and are often referred to as general or
5 supportive services. Administrative expenses ~~shall~~ **DO** not include
6 net equipment expense, net capital outlay, debt service principal
7 and interest, and payments to other state or local offices which
8 are assigned, but not limited to, specific road construction
9 projects or preservation activities.

10 (12) Any performance audits of the department shall be
11 conducted according to government auditing standards issued by the
12 United States general accounting office.

13 (13) Contracts entered into to advance money to a county road
14 commission, city, or village under subsection (1)(g) are not
15 subject to the revised municipal finance act, 2001 PA 34, MCL
16 141.2101 to 141.2821.

17 (14) As used in this section, "rail grade crossing improvement
18 purposes" means 1 or more of the following:

19 (a) The installation and modernization of active and passive
20 warning devices at railroad grade crossings.

21 (b) The installation or improvement of grade crossing
22 surfaces.

23 (c) Modification, relocation, or modernization of railroad
24 grade crossing active and passive warning devices necessitated by
25 roadway improvement projects.

26 (d) Test installations of innovative warning devices or other
27 innovative applications.

1 (e) Construction of new grade separations.

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

6 (g) Any other work that would be eligible for funding under
7 the federal railroad-highway grade crossing improvement program or
8 other comparable programs.

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

16 (2) Each county road commission shall be reimbursed in an
17 amount up to \$10,000.00 per year for the sum paid to a licensed
18 professional engineer employed or retained by the county road
19 commission in the previous year. The sum shall be returned to each
20 county road commission certified by the department as complying
21 with this subsection regarding the employment of an engineer.

22 (3) An amount equal to 1% of the total amount returned to the
23 county road commissions from the Michigan transportation fund
24 during the prior calendar year shall be withheld annually from the
25 counties' November monthly distribution provided for in section 17,
26 and the amount shall be returned to the county road commissions for
27 snow removal purposes as provided in section 12a.

1 (4) An amount equal to 10% of the total amount returned to the
2 county road commissions from the Michigan transportation fund shall
3 be returned to each county road commission having county primary,
4 or county local road, or both, mileage in the urban areas as
5 determined pursuant to section 12b. This sum shall be distributed
6 pursuant to section 12b. The return shall be in addition to the
7 amounts provided in subsections (6) and (7) and for the purposes
8 stated in those subsections.

9 (5) An amount equal to 4% of the total amount returned to the
10 county road commissions from the Michigan transportation fund shall
11 be returned to the county road commissions in the same percentages
12 as provided in subsection (7). All money returned to the county
13 road commissions as provided in this subsection shall be expended
14 by the county road commissions for the preservation, construction,
15 acquisition, and extension of county local road systems and shall
16 be in addition to the amounts provided in subsection (7).

17 (6) Seventy-five percent of the remainder of the total amount
18 to be returned to the counties shall be expended by each county
19 road commission for the preservation, construction, acquisition,
20 and extension of the county primary road system, including the
21 acquisition of a necessary right of way for the system, work
22 incidental to the system, and a roadside park or motor parkway
23 appurtenant to the system, and shall be returned to the counties as
24 follows:

25 (a) Three-fourths of the amount in proportion to the amount
26 received within the respective county during the 12 months next
27 preceding the date of each monthly distribution, as specific taxes

1 upon registered motor vehicles under the Michigan vehicle code,
2 1949 PA 300, MCL 257.1 to 257.923.

3 (b) One-tenth of the amount in the same proportion that the
4 total mileage in the county primary road system of each county
5 bears to the total mileage in all of the county primary road
6 systems of ~~the~~**THIS** state.

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

9 (7) The balance of the remainder of the total amount to be
10 returned to counties shall be expended by each county road
11 commission for the preservation, construction, acquisition, and
12 extension of the county local road system as defined by this act,
13 including the acquisition of a necessary right of way for the
14 system, work incidental to the system, and a roadside park or motor
15 parkway appurtenant to the system, and shall be returned to the
16 counties as follows:

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

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

27 (8) Money deposited in, or becoming a part of the county road

1 funds of a board of county road commissioners shall be expended
2 first for the payment of principal and interest on the bonds, for
3 the payment of contractual contributions pledged for the payment of
4 bonds, for debt service requirements for the payment of contractual
5 contributions pledged for the payment of bonds, and for debt
6 service requirements for the payment of notes and loans in the
7 following order of priority:

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

15 (b) For the payment of principal and interest upon bonds
16 issued under section 18c, and the payment of contributions of a
17 board of county road commissioners made pursuant to contracts
18 entered into under section 18d that are pledged to the payment of
19 principal and interest on bonds issued after June 30, 1957, under
20 the authorization of section 18c and contracts executed pursuant to
21 ~~its provisions.~~**SECTION 18C.**

22 (c) For the payment of principal and interest upon loans
23 received pursuant to section 11(5), to the extent other funds have
24 not been made available for that payment.

25 (9) Beginning November 1, 2008, no more than 50% per year of
26 the amount returned to a county for use on the county primary road
27 system may be expended, with or without matching, on the county

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

1 primary road system of that county.

2 (10) Not less than 20% per year of the ~~funds~~**MONEY** returned to
3 a county by this section shall be expended for snow and ice
4 removal, the construction or reconstruction of a new highway or
5 existing highway, and the acquisition of a necessary right of way
6 for those highways, and work incidental to those highways, or for
7 the servicing of bonds issued by the county for these purposes.
8 ~~Surplus funds~~**A COUNTY** may ~~be expended~~**EXPEND SURPLUS MONEY** for the
9 development, construction, or repair of an off-street parking
10 facility.

11 (11) Not more than 5% per year of the ~~funds~~**MONEY** returned to
12 a county for the county primary road system and the county local
13 road system shall be expended for the maintenance, improvement, or
14 acquisition of appurtenant roadside parks and motor parkways.

15 (12) ~~Funds~~**MONEY** returned to a county shall be expended by the
16 county road commission for the purposes provided in this section
17 and shall be deposited by the county treasurer in a designated
18 county depository, in a separate account to the credit of the
19 county road fund, and shall be paid out only upon the order of the
20 county road commission, and interest accruing on the money shall
21 become a part of, and be deposited with the county road fund.

22 (13) In a county to which ~~funds are~~**MONEY IS** returned under
23 this section, the function of the county road commission ~~shall be~~
24 **IS** limited to the formation of policy and the performance of the
25 official duties imposed by law and delegated by the county board of
26 commissioners. A member of the county road commission shall not be
27 employed individually in any other capacity for other duties with

1 the county road commission.

2 (14) A county road commission may enter into an agreement with
3 a county road commission of an adjacent county and with a city or
4 village to perform work on a highway, road, or street, and with the
5 department with respect to a state trunk line **HIGHWAY** and
6 connecting links of the state trunk line **HIGHWAY** within the limits
7 of the county or adjacent to the county. The agreement may provide
8 for the performance by each contracting party of the work
9 contemplated by the contract including engineering services and the
10 acquisition of rights of way in connection with the work
11 contemplated, by purchase or condemnation, by any of the
12 contracting parties in its own name and the agreement may provide
13 for joint participation in the costs.

14 (15) Money distributed from the Michigan transportation fund
15 may be expended for construction purposes on county local roads
16 only to the extent matched by money from other sources. However,
17 Michigan transportation funds may be expended for the construction
18 of bridges on the county local roads in an amount not to exceed 75%
19 of the cost of the construction of local road bridges.

20 (16) Notwithstanding any other provision of this act, at least
21 90% of the state revenue returned annually to the county road
22 commission from the Michigan transportation fund less the amounts
23 described in subdivisions (a) to (e) shall be expended annually by
24 the county road commission for the preservation of highways, roads,
25 streets, and bridges, and for the payment of contractual
26 contributions pledged for the payment of bonds or portions of
27 bonds, debt service requirements for the payment of bonds or

1 portions of bonds, and debt service requirements for the payment of
2 notes and loans or portions of notes and loans issued or received
3 after July 1, 1983, for the purpose of providing ~~funds~~**MONEY** for
4 the preservation of highways, roads, streets, and bridges. If an
5 appropriate certificate is filed under subsection (18) but only to
6 the extent necessary, this subsection does not prohibit the use of
7 any amount of state revenue returned annually to the county road
8 commissions for the payment of contractual contributions pledged
9 for the payment of bonds, for debt service requirements for the
10 payment of bonds, and for debt service requirements for the payment
11 of notes or loans, whenever issued or received, as specified under
12 subsection (8). The amounts that are deducted from the state
13 revenue returned to a county road commission from the Michigan
14 transportation fund, for the purpose of the calculation required by
15 this subsection are as follows:

16 (a) Amounts expended for the purposes described in subsection
17 (8) for bonds, notes, loans, or other obligations issued or
18 received before July 2, 1983.

19 (b) Amounts expended for the administrative costs of the
20 county road commission.

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

1 (d) Amounts expended for projects vital to the economy of the
2 local area or the safety of the public in the local area. Before
3 these amounts can be deducted, the governing body over the county
4 road commission or the county road commission, as applicable, shall
5 pass a resolution approving these projects. This resolution shall
6 state which projects will be funded and the cost of each project. A
7 copy of each approved resolution shall be forwarded immediately to
8 the department.

9 (e) Amounts expended in urban areas as determined pursuant to
10 section 12b.

11 (17) As used in this subsection, "urban routes" means those
12 portions of 2-lane county primary roads within an urban area that
13 have average daily traffic in excess of 15,000. Notwithstanding any
14 other provision of this act, except as provided in this subsection,
15 a county road commission shall annually expend at least 90% of the
16 federal revenue distributed to the county road commission for
17 highways, roads, streets, and bridges, less the amount expended on
18 urban routes for purposes other than preservation and the amount
19 expended for hard-surfacing of gravel roads on the federal-aid
20 system, on the preservation of highways, roads, streets, and
21 bridges. A county road commission may expend in 1 year less than
22 90% of the federal revenue distributed to the county road
23 commission for highways, roads, streets, and bridges, less the
24 amount expended on urban routes for purposes other than
25 preservation and the amount expended for hard-surfacing of gravel
26 roads on the federal-aid system, on the preservation of highways,
27 roads, streets, and bridges, if that year is part of a 3-year

1 period in which at least 90% of the total federal revenue
2 distributed in the 3-year period to the county road commission for
3 highways, roads, streets, and bridges, less the amount expended on
4 urban routes for purposes other than preservation purposes and the
5 amount expended for hard-surfacing of gravel roads on the federal-
6 aid system, is expended on the preservation of highways, roads,
7 streets, and bridges. If a county road commission expends in 1 year
8 less than 90% of the federal revenue distributed to the county road
9 commission for highways, roads, streets, and bridges, less the
10 amount expended on urban routes for purposes other than
11 preservation and the amount expended for hard-surfacing of gravel
12 roads on the federal-aid system, on the preservation of highways,
13 roads, streets, and bridges and that year is not a part of a 3-year
14 period in which at least 90% of the total federal revenue
15 distributed in the 3-year period to the county road commission for
16 highways, roads, streets, and bridges, less the amount expended on
17 urban routes for purposes other than preservation and the amount
18 expended for hard-surfacing of gravel roads on the federal-aid
19 system, is expended on the preservation of highways, roads,
20 streets, and bridges, the county road commission shall expend in
21 each year subsequent to the 3-year period 100%, or less in 1 year
22 if sufficient for the purposes of this subsection, of the federal
23 revenue distributed to the county road commission for highways,
24 roads, streets, and bridges, less the amount expended on urban
25 routes for purposes other than preservation and the amount expended
26 for hard-surfacing of gravel roads on the federal-aid system, on
27 the preservation of highways, roads, streets, and bridges until the

1 average percentage spent on the preservation of highways, roads,
2 streets, and bridges in the 3-year period and the subsequent years,
3 less the amount expended on urban routes for purposes other than
4 preservation and the amount expended for hard-surfacing of gravel
5 roads on the federal-aid system, is at least 90%. A year may be
6 included in only one 3-year period for the purposes of this
7 subsection. The requirements of this subsection shall be waived if
8 compliance would cause the county road commission to be ineligible
9 for federal revenue under federal law, but only to the extent
10 necessary to make the county road commission eligible for that
11 revenue under federal law. For the purpose of the calculations
12 required by this subsection, the amount expended on urban routes by
13 a county road commission for purposes other than preservation and
14 the amount expended for hard-surfacing of gravel roads on the
15 federal-aid system shall be deducted from the total federal revenue
16 distributed to the use of the county road commission.

17 (18) A county road commission shall certify to the department
18 on or before the issuance of any bonds or notes issued after July
19 1, 1983, pursuant to 1943 PA 143, MCL 141.251 to 141.254, 1941 PA
20 205, MCL 252.51 to 252.64, or section 18c or 18d, for purposes
21 other than the preservation of highways, roads, streets, and
22 bridges and purposes other than the purposes specified in
23 subsection (16)(c) that its average annual debt service
24 requirements for all bonds and notes or portions of bonds and notes
25 issued after July 1, 1983, for purposes other than the preservation
26 of highways, roads, streets, and bridges and other than for the
27 purposes specified in subsection (16)(c), including the bond or

1 note to be issued does not exceed 10% of the ~~funds~~**MONEY** returned
2 to the county road commission pursuant to this act, less the
3 amounts specified in subsection (16)(a), (b), and (c) during the
4 last completed fiscal year of the county road commission. If the
5 purpose for which the bonds or notes are issued is changed after
6 the issuance of the notes or bonds, the change shall be made in a
7 manner that maintains compliance with the certification required by
8 this subsection, as of the date the certificate was originally
9 issued, but no such change shall invalidate or otherwise affect the
10 bonds or notes with respect to which the certificate was issued or
11 the obligation to pay debt service on the bonds or notes. A
12 certification under this subsection is conclusive as to the matters
13 stated in the certification for purposes of the validity of bonds
14 and notes.

15 (19) In each charter county to which funds are returned under
16 this section, the responsibility for road improvement,
17 preservation, and traffic operation work, and the development,
18 construction, or repair of off-road parking facilities and
19 construction or repair of road lighting shall be coordinated by a
20 single administrator ~~to be~~ designated by the county executive who
21 shall be responsible for and shall represent the charter county in
22 transactions with the department pursuant to this act.

23 (20) Not more than 10% per year of all of the ~~funds~~**MONEY**
24 received by and returned to a county from any source for the
25 purposes of this section may be expended for administrative
26 expenses. A county that expends more than 10% for administrative
27 expenses in a year is subject to section 14(5) unless a waiver is

1 granted by the department of treasury. As used in this subsection,
2 "administrative expenses" means those expenses that are not
3 assigned including, but not limited to, specific road construction
4 or preservation projects and are often referred to as general or
5 supportive services. Administrative expenses do not include net
6 equipment expense, net capital outlay, debt service principal and
7 interest, and payments to other state or local offices that are
8 assigned, but not limited to, specific road construction projects
9 or preservation activities.

10 (21) In addition to the financial compliance audits required
11 by law, the department may conduct performance audits and make
12 investigations of the disposition of all state ~~funds~~**MONEY** received
13 by county road commissions, county boards of commissioners, or any
14 other county governmental agency acting as the county road
15 authority, for transportation purposes to determine compliance with
16 the terms and conditions of this act. Performance audits shall be
17 conducted according to government auditing standards issued by the
18 United States general accounting office. The department shall
19 develop performance audit procedures and reporting requirements
20 sufficient to determine whether ~~funds~~**MONEY** expended under this
21 section ~~were~~**WAS** expended in compliance with this act by September
22 1, 2012 and shall report to the transportation committees of the
23 senate and house of representatives no later than October 1, 2012
24 on the additional audit procedures and reporting requirements. The
25 department shall provide notice to the county road commission,
26 county board of commissioners, or any other county governmental
27 agency acting as the county road authority, as applicable, of the

standards to be used for audits performed under this subsection. The notice shall be provided 6 months prior to the fiscal year in which the audit is conducted. The department shall notify the county road commission, county board of commissioners, or any other county governmental agency acting as the county road authority of any subsequent changes to the standards. County road commissions, county boards of commissioners, or any other county governmental agencies acting as county road authorities, as applicable, shall make available to the department the pertinent records for the audit. Performance audits may be performed at the discretion of the department or upon receiving a request from the speaker of the house of representatives or the senate majority leader.

(22) OF THE AMOUNTS APPROPRIATED FOR A COUNTY PRIMARY OR LOCAL ROAD SYSTEM UNDER THIS SECTION, A COUNTY ROAD COMMISSION SHALL SECURE WARRANTIES FOR FULL REPLACEMENT GUARANTEE FOR CONSTRUCTION AND PRESERVATION PROJECTS. A COUNTY ROAD COMMISSION SHALL INCLUDE A LIST OF ALL WARRANTIES THAT WERE SECURED UNDER THIS SUBSECTION AND INDICATE WHETHER ANY OF THOSE WARRANTIES WERE REDEEMED WITH THE REPORT REQUIRED UNDER SECTION 14(3).

Sec. 13. (1) The amount distributed to cities and villages shall be returned to the treasurers of the cities and villages in the manner, for the purposes, and under the terms and conditions specified in this section. The amount received by a newly incorporated municipality shall be in place of any other direct distribution of ~~funds~~ **MONEY** from the Michigan transportation fund. The population of a newly incorporated municipality as determined under this section shall be added to the total population of all

1 incorporated cities and villages in the state in computing the
2 amounts to be returned under this section to each municipality in
3 the state. Major street mileage, local street mileage, and
4 equivalent major mileage, if applicable, shall be determined by the
5 department before the next month for which distribution is made
6 following the effective date of incorporation of a newly
7 incorporated municipality.

8 (2) From the amount available for distribution to cities and
9 villages during each December, an amount equal to 0.7% of the total
10 amount returned to all cities and villages under subsections (3)
11 and (4) during the previous calendar year shall be withheld. The
12 amount withheld shall be used to partially reimburse cities and
13 villages located in counties that are eligible for snow removal
14 funds pursuant to section 12a and that have costs for winter
15 maintenance on major and local streets that are greater than the
16 statewide average. The distributions shall be made annually during
17 February and shall be calculated separately for the major and local
18 street systems but may be paid in a combined warrant. The
19 distribution to a city or village shall be equal to 1/2 of its
20 winter maintenance expenditures after deducting the product of its
21 total earnings under subsections (3) and (4) multiplied by 2 times
22 the average municipal winter maintenance factor. Winter maintenance
23 expenditures shall be determined from the street financial reports
24 for the most current fiscal years ending before July 1. A city or
25 village that does not submit a street financial report for the
26 fiscal year ending before July 1 by the subsequent December 31 is
27 ineligible for the winter maintenance payment that is to be based

1 on that street financial report. The department shall determine the
2 average municipal winter maintenance factor annually by dividing
3 the total expenditures of all cities and villages on winter
4 maintenance of streets and highways by the total amount earned by
5 all cities and villages under subsections (3) and (4) during the 12
6 months. If the sum of the distributions to be made under this
7 subsection exceeds the amount withheld, the distributions to each
8 eligible city and village shall be reduced proportionately. If the
9 sum is less than the amount withheld, the balance shall be added to
10 the amount available for distribution under subsections (3) and (4)
11 during the next month. The distributions shall be for use on the
12 major and local street systems respectively and shall be subject to
13 the same provisions as ~~funds~~**MONEY** returned under subsections (3)
14 and (4).

15 (3) Seventy-five percent of the remaining amount to be
16 returned to the cities and villages, after deducting the amounts
17 withheld pursuant to subsection (2), shall be returned 60% in the
18 same proportion that the population of each bears to the total
19 population of all cities and villages, and 40% in the same
20 proportion that the equivalent major mileage in each bears to the
21 total equivalent major mileage in all cities and villages. The
22 amount returned under this subsection shall be used by each city
23 and village for the following purposes in the following order of
24 priority:

25 (a) For the payment of contributions required to be made by a
26 city or village under the provisions of contracts previously
27 entered into under 1941 PA 205, MCL 252.51 to 252.64, that have

1 been previously pledged for the payment of the principal and
2 interest on bonds issued under that act; or for the payment of the
3 principal and interest upon bonds issued by a city or village
4 pursuant to 1952 PA 175, MCL 247.701 to 247.707.

5 (b) Payment of obligations of the city or village on highway
6 projects undertaken by the city or village jointly with the
7 department.

8 (c) For the payment of principal and interest upon loans
9 received pursuant to section 11(5), to the extent other ~~funds have~~
10 **MONEY HAS** not been made available for that payment.

11 (d) For the preservation, construction, acquisition, and
12 extension of the major street system as defined by this act
13 including the acquisition of a necessary right of way for the
14 system, work incidental to the system, and an appurtenant roadside
15 park or motor parkway, of the city or village and for the payment
16 of the principal and interest on that portion of the city's or
17 village's general obligation bonds that are attributable to the
18 construction or reconstruction of the city's or village's major
19 street system. Not more than 5% per year of the ~~funds-MONEY~~
20 returned to a city or village by this subsection shall be expended
21 for the preservation or acquisition of appurtenant roadside parks
22 and motor parkways. Surplus ~~funds-MONEY~~ may be expended for the
23 development, construction, or repair of off-street parking
24 facilities, the construction or repair of street lighting, and
25 transfer to the local street system under subsection (6).

26 (e) For capital outlay projects for equipment and buildings,
27 contributions pledged for the payment of loans and for the payment

1 of contractual debt service requirements for the payment of bonds
2 for the purpose of providing ~~funds~~**MONEY** for capital outlay
3 projects for equipment and buildings necessary to the development
4 and maintenance of the road system so long as amounts allocated
5 under this subdivision are used for transportation purposes.

6 (4) The remaining amount to be returned to incorporated cities
7 and villages shall be expended in each city or village for the
8 preservation, construction, acquisition, and extension of the local
9 street system of the city or village, including the acquisition of
10 a necessary right of way for the system, work incidental to the
11 system, and subject to subsection (5), for the payment of the
12 principal and interest on the portion of the city's or village's
13 general obligation bonds that are attributable to the construction
14 or reconstruction of the city's or village's local street system.
15 The amount returned under this subsection shall be returned to the
16 cities and villages 60% in the same proportion that the population
17 of each bears to the total population of all incorporated cities
18 and villages in the state, and 40% in the same proportion that the
19 total mileage of the local street system of each bears to the total
20 mileage in the local street systems of all cities and villages of
21 the state. The payment of the principal and interest upon bonds
22 issued by a city or village pursuant to 1952 PA 175, MCL 247.701 to
23 247.707, and after that payment, the payment of debt service on
24 loans received under section 11(5), shall have priority in the
25 expenditure of money returned under this subsection.

26 (5) Money distributed to each city and village for the
27 maintenance and preservation of its local street system under this

1 act represents the total responsibility of the state for local
2 street system support. ~~Funds~~**MONEY** distributed from the Michigan
3 transportation fund shall not be expended for construction purposes
4 on city and village local streets except to the extent matched from
5 local revenues including other money returned to a city or village
6 by ~~the~~**THIS** state under the state constitution of 1963 and statutes
7 of ~~the~~**THIS** state, from ~~funds~~**MONEY** that can be raised by taxation
8 in cities and villages for street purposes within the limitations
9 of the state constitution of 1963 and statutes of this state, from
10 special assessments, or from any other source.

11 (6) Money returned under this section to a city or village
12 shall be expended on the major and local street systems of that
13 city or village. However, the first priority ~~shall be~~**IS** the major
14 street system. Money returned for expenditure on the major street
15 system shall be expended in the priority order provided in
16 subsection (3) except that surplus ~~funds~~**MONEY** may be transferred
17 for preservation of the local street system. Major street ~~funds~~
18 **MONEY** transferred for use on the local street system shall not be
19 used for construction but may be used for preservation. A city or
20 village shall not transfer more than 50% of its annual major street
21 funding for the local street system unless it has adopted and is
22 following an asset management process for its major and local
23 street systems and adopts a resolution with a copy to the
24 department setting forth all of the following:

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

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

1 (c) The dollar amount of the transfer.

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

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

5 (7) A city or village that has not adopted an asset management
6 plan shall obtain the concurrence of the department to transfer
7 more than 50% of its major street funding to its local street
8 system. The department may provide for pilot projects that would
9 allow a city or village that has adopted an asset management plan
10 under subsection (6) to combine their local and major street funds
11 into 1 street fund and to submit a single report to the department
12 on the expenditure of ~~funds~~**MONEY** on the local and major street
13 systems.

14 (8) Not more than 10% per year of all of the ~~funds~~**MONEY**
15 returned to a city or village from any source for the purposes of
16 this section may be expended for administrative expenses. A city or
17 village that expends more than 10% for administrative expenses in a
18 year is subject to section 14(5).

19 (9) In each city and village to which ~~funds are~~**MONEY IS**
20 returned under this section, the responsibility for street
21 preservation and the development, construction, or repair of off-
22 street parking facilities and construction or repair of street
23 lighting shall be coordinated by a single administrator ~~to be~~
24 designated by the governing body who shall be responsible for and
25 shall represent the municipality in transactions with the
26 department pursuant to this act.

27 (10) Cities and villages may provide for consolidated street

1 administration. A city or a village may enter into an agreement
2 with other cities or villages, the county road commission, or with
3 the state transportation commission for the performance of street
4 or highway work on a road or street within the limits of the city
5 or village or adjacent to the city or village. The agreement may
6 provide for any of the contracting parties to perform the work
7 contemplated by the contracts including services and acquisition of
8 rights of way, by purchase or condemnation in its own name. The
9 agreement may provide for joint participation in the costs if
10 appropriate.

11 (11) Interest earned on ~~funds~~**MONEY** returned to a city or a
12 village for purposes provided in this section shall be credited to
13 the appropriate street fund.

14 (12) In addition to the financial compliance audits required
15 by law, the department may conduct performance audits and make
16 investigations of the disposition of all state ~~funds~~**MONEY** received
17 by cities and villages for transportation purposes to determine
18 compliance with the terms and conditions of this act. Performance
19 audits shall be conducted according to government auditing
20 standards issued by the United States general accounting office.
21 The department shall develop all performance audit procedures and
22 reporting requirements sufficient to determine whether ~~funds~~**MONEY**
23 expended under this section ~~were~~**WAS** expended in compliance with
24 this act by September 1, 2012 and shall report to the
25 transportation committees of the senate and house of
26 representatives no later than October 1, 2012 on the additional
27 audit procedures and reporting requirements. The audit procedures

1 shall include a review of the road fund balance of the city or
2 village. The cities and villages shall report their road fund
3 balances by fund balance component. The department shall assist
4 cities and villages to ensure that road fund balances are
5 consistently classified and are in compliance with the audit and
6 reporting requirements of this section. The department shall
7 provide notice to cities and villages of the standards to be used
8 for audits under this subsection prior to the fiscal year in which
9 the audit is conducted. The department shall notify cities and
10 villages of any subsequent changes to the standards. Cities and
11 villages shall make available to the department the pertinent
12 records for the audit. Performance audits may be performed at the
13 discretion of the department or upon receiving a request from the
14 speaker of the house of representatives or the senate majority
15 leader.

16 **(13) OF THE AMOUNTS APPROPRIATED FOR A CITY OR VILLAGE MAJOR**
17 **OR LOCAL STREET SYSTEM UNDER THIS SECTION, A CITY OR VILLAGE SHALL**
18 **SECURE WARRANTIES FOR FULL REPLACEMENT GUARANTEE FOR CONSTRUCTION**
19 **AND PRESERVATION PROJECTS. A CITY OR VILLAGE SHALL INCLUDE A LIST**
20 **OF ALL WARRANTIES THAT WERE SECURED UNDER THIS SUBSECTION AND**
21 **INDICATE WHETHER ANY OF THOSE WARRANTIES WERE REDEEMED WITH THE**
22 **REPORT REQUIRED UNDER SECTION 14(3).**

23 **(14) ~~(13)~~—As used in this section:**

24 (a) "Administrative expenses" means expenses that are not
25 assigned under this section, including, but not limited to,
26 specific road construction or maintenance projects, and are often
27 referred to as general or supportive services. Administrative

1 expenses do not include net equipment expense, net capital outlay,
2 debt service principal and interest, or payments to other state or
3 local offices that are assigned, but not limited to, specific road
4 construction projects or maintenance activities.

5 (b) "Equivalent major mileage" means the sum of 2 times the
6 state trunk line mileage certified by the department as of March 31
7 of each year, as being within the boundaries of each city and
8 village having a population of 25,000 or more, plus the major
9 street mileage in each city and village, multiplied by the
10 following factor:

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

12 (ii) 1.1 for cities and villages from 2,001 to 10,000
13 population.

14 (iii) 1.2 for cities and villages from 10,001 to 20,000
15 population.

16 (iv) 1.3 for cities and villages from 20,001 to 30,000
17 population.

18 (v) 1.4 for cities and villages from 30,001 to 40,000
19 population.

20 (vi) 1.5 for cities and villages from 40,001 to 50,000
21 population.

22 (vii) 1.6 for cities and villages from 50,001 to 65,000
23 population.

24 (viii) 1.7 for cities and villages from 65,001 to 80,000
25 population.

26 (ix) 1.8 for cities and villages from 80,001 to 95,000
27 population.

1 (x) 1.9 for cities and villages from 95,001 to 160,000
2 population.

3 (xi) 2.0 for cities and villages from 160,001 to 320,000
4 population.

5 (xii) For cities over 320,000 population, a factor of 2.1
6 increased successively by 0.1 for each 160,000 population increment
7 over 320,000.

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