

# SENATE BILL No. 385

May 23, 2013, Introduced by Senator MOOLENAAR and referred to the Committee on Transportation.

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety 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 10, 11, and 11f (MCL 247.660, 247.661, and 247.661f), section 10 as amended by 2007 PA 210, section 11 as amended by 2002 PA 639, and section 11f as amended by 2008 PA 73.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 10. (1) A fund to be known as the Michigan transportation  
 2 fund is established ~~and shall be set up and maintained~~ in the state  
 3 treasury as a separate fund. Money received and collected under the  
 4 motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170, except a  
 5 license fee provided in that act, and a tax, fee, license, and  
 6 other money received and collected under sections 801 to 810 of the  
 7 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, except  
 8 a truck safety fund fee provided in section 801(1)(k) of the  
 9 Michigan vehicle code, 1949 PA 300, MCL 257.801, and money received  
 10 under the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,  
 11 shall be deposited in the state treasury to the credit of the  
 12 Michigan transportation fund. In addition, income or profit derived  
 13 from the investment of money in the Michigan transportation fund

1 shall be deposited in the Michigan transportation fund. Except as  
2 provided in this act, no other money, whether appropriated from the  
3 general fund of this state or any other source, shall be deposited  
4 in the Michigan transportation fund. Except as otherwise provided  
5 in this section, the legislature shall appropriate ~~funds~~**MONEY** for  
6 the necessary expenses incurred in the administration and  
7 enforcement of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to  
8 207.1170, the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43,  
9 and sections 801 to 810 of the Michigan vehicle code, 1949 PA 300,  
10 MCL 257.801 to 257.810. ~~Funds~~**MONEY** appropriated for necessary  
11 expenses shall be based upon established cost allocation  
12 methodology that reflects actual costs. Appropriations for the  
13 necessary expenses incurred by the department of state in  
14 administration and enforcement of sections 801 to 810 of the  
15 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall  
16 be made from the Michigan transportation fund and from ~~funds~~**MONEY**  
17 in the transportation administration collection fund created in  
18 section 810b of the Michigan vehicle code, 1949 PA 300, MCL  
19 257.810b. Appropriations from the Michigan transportation fund for  
20 the necessary expenses incurred by **THE** department of state in  
21 administration and enforcement of sections 801 to 810 of the  
22 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall  
23 not exceed \$20,000,000.00 per state fiscal year. ~~except for the~~  
24 ~~fiscal year ending September 30, 2006. For the fiscal year ending~~  
25 ~~September 30, 2006, the legislature may appropriate funds in excess~~  
26 ~~of \$20,000,000.00 from the Michigan transportation fund for all~~  
27 ~~incremental additional expenses incurred by the department of state~~

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

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

10 **(B) NOT MORE THAN \$3,000,000.00 AS MAY BE ANNUALLY**  
11 **APPROPRIATED EACH FISCAL YEAR TO THE STATE TRUNK LINE FUND FOR**  
12 **SUBSEQUENT DEPOSIT IN THE GRADE CROSSING SURFACE ACCOUNT.**

13 (C) ~~(b)~~ Not less than \$3,000,000.00 each year to the local  
14 bridge fund established in subsection ~~(5)~~ **(4)** for the purpose of  
15 payment of the principal, interest, and redemption premium on any  
16 notes or bonds issued by the state transportation commission under  
17 former section 11b or subsection ~~(10)~~ **(9)**.

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

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

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

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

18 (G) ~~(f)~~ ~~Except as provided in subsection (4), 10% **TEN PERCENT**~~  
 19 ~~to the comprehensive transportation fund for the purposes described~~  
 20 ~~in section 10e.~~

21 (H) ~~(g)~~ \$5,000,000.00 to the local bridge fund established in  
 22 ~~subsection (5) **(4)** for distribution only to the local bridge~~  
 23 ~~advisory board, the regional bridge councils, cities, villages, and~~  
 24 ~~county road commissions.~~

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

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

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

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

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

16 (ii) 39.1% to the county road commissions of ~~the~~ **THIS** state.

17 (iii) 21.8% to the cities and villages of ~~the~~ **THIS** state.

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

27 (3) Thirty-one and one-half percent of the ~~funds~~ **MONEY**

1 appropriated to this state from the federal government pursuant to  
 2 23 USC 157, commonly known as minimum guarantee funds, shall be  
 3 allocated to the transportation economic development fund, if ~~such~~  
 4 ~~an~~ **THE** allocation is consistent with federal law. ~~These funds~~ **THIS**  
 5 **MONEY** shall be distributed 16-1/2% for development projects for  
 6 rural counties as defined by law and 15% for capacity improvement  
 7 or advanced traffic management systems in urban counties as defined  
 8 by law. Federal ~~funds~~ **MONEY** allocated for distribution under this  
 9 section ~~shall be~~ **IS** eligible for obligation and use by all  
 10 recipients as ~~defined by~~ **PROVIDED IN** the ~~transportation equity act~~  
 11 **MOVING AHEAD** for **PROGRESS IN** the 21st century **ACT**, Public Law ~~105-~~  
 12 ~~178-112-141~~.

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

19 (4) ~~(5)~~ A fund to be known as the local bridge fund is  
 20 established ~~and is set up and maintained~~ in the state treasury as a  
 21 separate fund. The money appropriated to the local bridge fund and  
 22 the interest accruing to that fund shall be expended for the local  
 23 bridge program. The purpose of the fund is to provide financial  
 24 assistance to highway authorities for the preservation,  
 25 improvement, or reconstruction of existing bridges or for the  
 26 construction of bridges to replace existing bridges in whole or  
 27 part. The money in the local bridge fund is not subject to section

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

24 (5) ~~(6) Beginning October 1, 2005, no~~ **NO** less than 5% and no  
25 more than 15% of the ~~funds~~ **MONEY** received in the local bridge fund  
26 may be used for critical repair of large bridges and emergencies as  
27 determined by the local bridge advisory board. ~~Beginning October 1,~~



1 ~~2005, funds MONEY~~ remaining after the ~~funds MONEY~~ allocated for  
2 critical large bridge repair and emergencies ~~are IS~~ deducted shall  
3 be distributed by the board to the regional bridge councils created  
4 under this section. One regional council shall be formed for each  
5 department of transportation region as those regions exist on  
6 October 1, 2004. The regional councils shall consist of 2 members  
7 of the county road association of Michigan from counties in the  
8 region, 2 members of the Michigan municipal league from cities and  
9 villages in the region, and 1 member of the ~~state transportation~~  
10 department in each region. The members of the ~~state transportation~~  
11 department ~~shall be ARE~~ nonvoting members ~~who AND~~ shall provide  
12 qualified administrative staff and qualified technical assistance  
13 to the regional councils.

14 (6) ~~(7) Beginning October 1, 2005, funds MONEY~~ in the local  
15 bridge fund after deduction of the amounts set aside for critical  
16 repair of large bridges and emergency repairs shall be distributed  
17 among the regional bridge councils according to all of the  
18 following ratios, which shall be assigned a weight expressed as a  
19 percentage as determined by the board, with each ratio receiving no  
20 greater than a 50% weight and no less than a 25% weight:

21 (a) A ratio with a numerator that is the total number of local  
22 bridges in the region and a denominator that is the total number of  
23 local bridges in this state.

24 (b) A ratio with a numerator that is the total local bridge  
25 deck area in the region and a denominator that is the total local  
26 bridge deck area in this state.

27 (c) A ratio with a numerator that is the total amount of

1 structurally deficient local bridge deck area in the region and a  
 2 denominator that is the total amount of structurally deficient  
 3 local bridge deck area in this state.

4 (7) ~~(8) Beginning October 1, 2005, the~~ **THE** regional bridge  
 5 councils shall allocate the ~~funds~~ **MONEY** received from the board for  
 6 the preservation, improvement, and reconstruction of existing  
 7 bridges or for the construction of bridges to replace existing  
 8 bridges in whole or in part in each region.

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

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

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

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

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

22 (e) A listing of ~~what~~ **THE** specific projects **THAT** were funded  
 23 pursuant to subsection ~~(8)~~ **(7)**.

24 (9) ~~(10)~~ The state transportation commission shall borrow  
 25 money and issue notes or bonds in an amount of not less than  
 26 \$30,000,000.00 to supplement the funding provided for the local  
 27 bridge program under subsection ~~(6)~~ **(5)**. The bonds or notes issued

1 pursuant to this subsection may be issued by the commission for any  
2 purpose for which other local bridge funds ~~fund~~ **MONEY** may be used under  
3 this section. The bonds or notes authorized by this subsection  
4 shall be issued by resolution of the state transportation  
5 commission consistent with the requirements of section 18b.

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

17 (11) ~~(12)~~ Beginning October 1, 2004, the ~~the~~ **THE** revenue  
18 appropriated to the local bridge fund pursuant to subsection ~~(1)-(d)~~  
19 (1) **(E)** shall be distributed only to the local bridge advisory  
20 board, the regional bridge councils, cities, villages, and county  
21 road commissions.

22 (12) ~~(13)~~ Beginning October 1, 2008, the ~~the~~ **THE** regional bridge  
23 councils shall determine what bridge projects are selected for  
24 funding from the local bridge fund created in subsection ~~(5)-(4)~~  
25 and shall make a list of selected projects available to interested  
26 parties in the region. A determination that a bridge project is  
27 selected for funding in a given fiscal year is not approval to

1 disburse the  ~~funds-MONEY~~.

2 (13) ~~(14) Beginning October 1, 2008, a~~ A county road  
3 commission, city, or village may implement a bridge project if the  
4 bridge project has been selected for funding and is included in the  
5 appropriate regional bridge council's current multiyear bridge plan  
6 for the local bridge program but the regional bridge council has  
7 not allocated  ~~funds-MONEY~~ to the bridge project for the fiscal year  
8 that the bridge project is on the current multiyear bridge plan. A  
9 county road commission, city, or village may borrow  ~~funds-MONEY~~ to  
10 implement a project that has been selected for funding and is  
11 included in the appropriate regional bridge council's current  
12 multiyear bridge plan but has not been allocated  ~~funds-MONEY~~ by the  
13 regional bridge council. Based on available local bridge  ~~funds~~  
14 MONEY, when a bridge project that was implemented with borrowed  
15  ~~funds-MONEY~~ is allocated funding in a subsequent fiscal year, the  
16 funding shall only be used to repay the amount approved by the  
17 multiyear bridge plan when the  ~~funds were-MONEY WAS~~ borrowed. To be  
18 eligible for repayment of the amount borrowed, a bridge project  
19 that has been implemented with borrowed  ~~funds-MONEY~~ shall be  
20 administered through the department's local bridge program.

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

26 (a) For the payment, but only from money restricted as to use  
27 by section 9 of article IX of the state constitution of 1963, of

1 bonds, notes, or other obligations in the following order of  
2 priority:

3 (i) For the payment of contributions required to be made by the  
4 state highway commission or the state transportation commission  
5 under contracts entered into before July 18, 1979 ~~—~~under 1941 PA  
6 205, MCL 252.51 to 252.64, ~~which contributions have been~~ **THAT WERE**  
7 pledged before July 18, 1979, for the payment of the principal and  
8 interest on bonds issued under 1941 PA 205, MCL 252.51 to 252.64,  
9 for the payment of which a sufficient sum is irrevocably  
10 appropriated.

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

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

1 or notes issued under section 18b for purposes other than  
2 comprehensive transportation purposes as defined by law, and to pay  
3 the annual contributions of the state highway commission and the  
4 state transportation commission as are pledged for the payment of  
5 bonds issued pursuant to contracts authorized by section 18d.

6 (b) For the transfer of ~~funds~~**MONEY** appropriated pursuant to  
7 section ~~10(1)(g)~~**10(1)(I)** to the transportation economic  
8 development fund, but the transfer shall be reduced each fiscal  
9 year by the amount of debt service to be paid in that year from the  
10 state trunk line fund for bonds, notes, or other obligations issued  
11 to fund projects of the transportation economic development fund,  
12 which ~~amount~~ shall be certified by the department.

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

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

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

27 (iii) Consistent with the other requirements for ~~these funds~~

1 **THIS MONEY**, the first priority for  ~~funds~~ **MONEY** deposited pursuant  
2 to this subdivision for rail grade crossing improvements and  
3 retirement  ~~shall be~~ **IS** to match federal  ~~funds~~ **MONEY** from the  
4 railroad-highway grade crossing improvement program or other  
5 comparable federal programs if a match is required under federal  
6 law.

7 (iv) If the department and the road authority with jurisdiction  
8 over the crossing formally agree that the grade crossing should be  
9 eliminated by permanent closing of the public road or street, the  
10 physical removal of the crossing, roadway within railroad rights of  
11 way, and street termination treatment  ~~will~~ **SHALL** be negotiated  
12 between the road authority and railroad company. The  ~~funds~~ **MONEY**  
13 provided to the road authority as a result of the crossing closure  
14  ~~will~~ **SHALL** be credited to its account representing the same road or  
15 street system on which the crossing is located and shall be used  
16 for any transportation purpose within that road authority's  
17 jurisdiction.

18 (D) **FOR THE TRANSFER OF MONEY APPROPRIATED PURSUANT TO SECTION**  
19 **10(1)(B) TO THE GRADE CROSSING SURFACE ACCOUNT IN THE STATE TRUNK**  
20 **LINE FUND FOR EXPENDITURE FOR RAIL GRADE CROSSING SURFACE**  
21 **IMPROVEMENT PURPOSES AT RAIL GRADE CROSSINGS ON PUBLIC ROADS AND**  
22 **STREETS UNDER THE JURISDICTION OF COUNTIES, CITIES, OR VILLAGES.**  
23 **PROJECTS SHALL BE SELECTED FOR FUNDING IN ACCORDANCE WITH THE**  
24 **FOLLOWING:**

25 (i) **IN PRIORITIZING PROJECTS, THE DEPARTMENT SHALL CONSIDER**  
26 **VEHICULAR TRAFFIC VOLUMES, RELATIVE CROSSING SURFACE CONDITION, THE**  
27 **ABILITY OF THE RAILROAD AND LOCAL ROAD AUTHORITY TO MAKE**

1 COORDINATED IMPROVEMENTS, AND THE AVAILABILITY OF FUNDING.

2 (ii) THE GRADE CROSSING SURFACE ACCOUNT SHALL FUND 60% OF THE  
3 PROJECT COST, WITH THE REMAINING 40% FUNDED BY THE RAILROAD  
4 COMPANY.

5 (iii) FUNDING UNDER THE GRADE CROSSING SURFACE ACCOUNT SHALL BE  
6 LIMITED TO ITEMS OF WORK THAT ARE NORMALLY THE RESPONSIBILITY OF  
7 THE RAILROAD UNDER SECTION 309 OF THE RAILROAD CODE OF 1993, 1993  
8 PA 354, MCL 462.309. MAINTENANCE OF THE ROADWAY APPROACHES TO THE  
9 CROSSING WILL CONTINUE TO BE THE RESPONSIBILITY OF THE PARTY WITH  
10 JURISDICTION OVER THAT ROADWAY.

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

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

15 (G) ~~(f)~~—For the opening, widening, improving, construction,  
16 and reconstruction of state trunk line highways and bridges,  
17 including the acquisition of necessary rights of way and the work  
18 incidental to ~~that~~ **THE** opening, widening, improving, construction,  
19 or reconstruction. ~~Those sums~~ **MONEY** in the state trunk line fund  
20 not otherwise appropriated, distributed, determined, or set aside  
21 by 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 (H) ~~(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 ~~THE~~ 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 ~~THE~~ county road commission,  
22 city, or village to the ~~state transportation~~ department, with  
23 interest, within 15 years after advancement, from any available  
24 revenue sources of the county road commission, city, or village or,  
25 if provided in the contract, by deduction from the periodic  
26 disbursements of any money returned by ~~the THIS~~ state to the county  
27 road commission, city, or village.

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

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

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

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

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

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

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

25 (d) Amounts expended for capital outlay other than for  
26 highways, roads, streets, and bridges or to pay debt service on  
27 bonds, notes, or other obligations issued after July 1, 1983, for

1 the purpose of providing ~~funds~~ **MONEY** for capital outlay other than  
2 for highways, roads, streets, and bridges.

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

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

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

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

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, ~~these~~ amounts expended for  
18 projects vital to the economy of this state, a region, ~~or~~ **A** 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~~ **UNDER** federal  
3 law for federal revenue, but only to the extent necessary to make  
4 this state eligible ~~according to~~ **UNDER** federal law for that  
5 revenue.

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

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

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

1 MCL 141.251 to 141.254, or has been or may in the future be pledged  
2 for the payment of principal and interest upon bonds issued under  
3 section 18c or 18d, or has been or may in the future be pledged for  
4 the payment of the principal and interest upon bonds issued  
5 pursuant to 1952 PA 175, MCL 247.701 to 247.707.

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

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

1 payment of interest or principal on the bonds or notes issued to  
2 make the loans.

3 (7) The amount borrowed by a county road commission, city, or  
4 village pursuant to subsection (5) shall not be included in, or  
5 charged against, any constitutional, statutory, or charter debt  
6 limitation of the county, city, or village and shall not be  
7 included in the determination of the maximum annual principal and  
8 interest requirements of, or the limitations upon, the maximum  
9 annual principal and interest incurred under 1941 PA 205, MCL  
10 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175,  
11 MCL 247.701 to 247.707, or section 18c or 18d.

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

1 city, or village, the loan shall not be made unless the state  
2 treasurer, after a hearing ~~—if requested by the affected county~~  
3 road commission, city, or village, subsequently gives notice to the  
4 director of the ~~state transportation~~ department that the loan may  
5 be made on the conditions that the state treasurer specifies.

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

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

26 (11) Not more than 10% per year of all of the ~~funds~~ **MONEY**  
27 received by and returned to the ~~state transportation~~ department



1 from any source for the purposes of this section may be expended  
2 for administrative expenses. The department ~~shall be~~ **IS** subject to  
3 section 14(5) if more than 10% per year is expended for  
4 administrative expenses. As used in this subsection,  
5 "administrative expenses" means ~~those~~ expenses that are not  
6 assigned including, but not limited to, specific road construction  
7 or preservation projects, and are often referred to as general or  
8 supportive services. Administrative expenses ~~shall~~ **DO** not include  
9 net equipment expense, net capital outlay, debt service principal  
10 and interest, ~~and~~ **OR** payments to other state or local offices ~~which~~  
11 **THAT** are assigned, but not limited to, specific road construction  
12 projects or preservation activities.

13 (12) ~~Any~~ **A** performance ~~audits~~ **AUDIT** of the department shall be  
14 conducted according to government auditing standards issued by the  
15 United States general accounting office.

16 (13) Contracts entered into to advance money to a county road  
17 commission, city, or village under subsection ~~(1)(g)~~ **(1)(H)** are not  
18 subject to the revised municipal finance act, 2001 PA 34, MCL  
19 141.2101 to 141.2821.

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

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

24 (b) The installation or improvement of grade crossing  
25 surfaces.

26 (c) Modification, relocation, or modernization of railroad  
27 grade crossing active and passive warning devices necessitated by

1 roadway improvement projects.

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

4 (e) Construction of new grade separations.

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

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

12 Sec. 11f. (1) ~~Funds~~**MONEY** received under the local federal  
13 match program created in section 11e shall be granted to local  
14 municipalities and other local road agencies to match federal aid  
15 projects as provided in this subsection. ~~Projects~~**A LOCAL**  
16 **MUNICIPALITY OR OTHER LOCAL ROAD AGENCY** shall ~~be submitted~~**SUBMIT**  
17 **PROJECTS** to the ~~state transportation department. by the local~~  
18 ~~municipality or other local road agency.~~The department shall  
19 review the submittals and apply criteria that take into account the  
20 needs of highway, road, and street systems and an equitable  
21 allocation of available ~~funds~~**MONEY** considering the geographic  
22 location of the proposed project. If ~~the projects meet~~**A PROJECT**  
23 **MEETS** the criteria, the ~~state transportation department~~ shall award  
24 ~~grants~~**A GRANT** to the extent of available ~~funds~~**MONEY**. An  
25 individual grant shall not exceed 25% of the amount of federal  
26 ~~funds~~**MONEY** available for the project. ~~Projects~~**A PROJECT** selected  
27 for funding **UNDER THIS SUBSECTION** shall meet all of the following

1 criteria:

2 (a) Except for projects described in subdivision (d)(iv), the  
3 project shall be under construction or let for bid no later than  
4 September 5, 2008.

5 (b) The applicant ~~shall have~~**HAS** identified all of the  
6 necessary funding to complete the project.

7 (c) The project ~~shall be~~**IS** for the opening, widening,  
8 improving, construction, or reconstruction of a federal aid  
9 eligible road or street, including the work incidental to that  
10 opening, widening, improving, construction, or reconstruction.

11 (d) The project ~~shall be~~**IS** 1 or more of the following:

12 (i) ~~Projects that are the~~**THE** subject of a federal  
13 appropriation in the safe, accountable, flexible, efficient  
14 transportation equity act, a legacy for users (SAFETEA-LU), Public  
15 Law 109-59, or the transportation equity act for the 21st century,  
16 Public Law 105-178, and ~~have~~**HAS** been designated as **A** high priority  
17 road and bridge ~~projects~~**PROJECT**, and that can be let for bid no  
18 later than April 4, 2008.

19 (ii) ~~Projects that are not~~**NOT** the subject of a federal  
20 appropriation in the safe, accountable, flexible, efficient  
21 transportation equity act, a legacy for users (SAFETEA-LU), Public  
22 Law 109-59, or the transportation equity act for the 21st century,  
23 Public Law 105-178, ~~that have~~**HAS** received earmarks in the federal  
24 budget, and ~~that~~ can be let for bid no later than April 4, 2008.

25 (iii) ~~Projects that are for~~**FOR** federal aid eligible roads and  
26 ~~that are~~**IS** scheduled to be under construction or let for bid  
27 during the fiscal year that begins October 1, 2008 or a later

1 fiscal year, ~~and that~~ can be advanced to the fiscal year that  
2 begins October 1, 2007, and can be let for bid no later than  
3 September 5, 2008.

4 (iv) ~~Projects that are the~~ **THE** subject of a federal  
5 appropriation in the safe, accountable, flexible, efficient  
6 transportation equity act, a legacy for users (SAFETEA-LU), Public  
7 Law 109-59, or the transportation equity act for the 21st century,  
8 Public Law 105-178, and ~~have been~~ designated as **A** high priority  
9 road and bridge ~~projects~~ **PROJECT** from the following list as  
10 determined by the department:

11 (A) Romeo Plank, construction of 5 lane concrete pavement with  
12 curb, gutter, and sewer on Romeo Plank Road from M-59 to 23 Mile  
13 Road in Macomb Township.

14 (B) Finkbeiner Road, construct improvements to Crane &  
15 Finkbeiner Road from Patterson Road to Whitneyville Road in Barry  
16 County, and new bridge over Thornapple River.

17 (C) CR 492, Marquette County, realignment of 3200 feet of  
18 County Road 492 from U.S. 41 north to County Road HD.

19 (D) H-58, Alger County, reconstruct, pave, and some  
20 realignment of H-58 from 2600 feet south of Little Beaver Lake Road  
21 to 4600 feet east of Hurricane River.

22 (E) Westland, Ann Arbor Trail between Farmington and Inkster,  
23 Warren/Newburgh intersection, reconstruction.

24 (F) Port Huron, NAFTA corridor congestion mitigation project,  
25 grade separation, integrated highway realignment at Port Huron,  
26 Michigan to eliminate road blockages from NAFTA rail traffic.

27 (G) Muskegon County, City of Muskegon: study and implement

1 transportation system alternatives in the vicinity of U.S. 31/M 46.  
2 Quarterline Rd, Laketon to McArthur, US-31/M-46 vicinity.  
3 Transportation system improvements on Quarterline Road from Laketon  
4 Avenue to Stebbins Road. Project description; right-of-way  
5 acquisition, road relocation, road reconstruction/resurfacing and  
6 signal improvements.

7 (2) Except for projects described in subsection (1)(d)(iv), ~~all~~  
8 bond proceeds not used to fund grants awarded by September 5, 2008  
9 are appropriated for the purposes described in section  
10 ~~11(1)(f)~~. **11(1)(G)**.

11 (3) ~~Beginning February 1, 2007, the~~ **THE** department shall  
12 submit a written report to the legislature by ~~each~~ February 1 **OF**  
13 **EACH YEAR** containing all of the following information:

14 (a) The balance contained in the program.

15 (b) A list of all projects currently funded under the program.

16 (c) A list of all federal high priority projects eligible for  
17 funding under the program.

18 (d) A list of pending requests for funding under the program,  
19 if any.

20 (4) The department shall submit a written report to the  
21 legislature no later than 30 days after the program has expended  
22 \$40,000,000.00. The report shall contain all of the following:

23 (a) A list of all projects currently funded under the program.

24 (b) A list of federal high priority projects eligible to  
25 receive funding from the program.

26 (c) A list of pending requests for funding under the program,  
27 if any.

1           (5) The department shall provide additional criteria if  
2 necessary for selecting the remaining projects to be funded in a  
3 fiscal year no later than 30 days after **IT ISSUES** the report  
4 required under subsection (4). ~~is issued.~~ In determining the  
5 additional criteria to apply to the remaining ~~funds~~**MONEY**, the  
6 department shall consult with interested local road agencies, the  
7 Michigan municipal league, and the county road association of  
8 Michigan and shall utilize any recommendations made on additional  
9 criteria by these entities unless the department determines that  
10 the additional criteria are inequitable or impractical. If the  
11 **DEPARTMENT DETERMINES THAT THE** additional criteria are deemed  
12 inequitable or impractical, the department ~~is directed to~~**SHALL**  
13 work with the interested parties to develop equitable and practical  
14 criteria. The department shall apply ~~these~~**THE** criteria that most  
15 equitably distribute the remaining ~~funds~~**MONEY** considering the  
16 geographic location of the funded projects. In applying criteria,  
17 the department shall take into account the needs of highway, road,  
18 and street systems and an equitable allocation of available ~~funds~~  
19 **MONEY** considering the geographic location of the funded project.