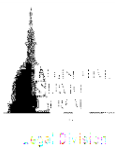


HOUSE BILL NO. 4673

May 24, 2019, Introduced by Reps. Sheppard, Webber, Hernandez, Bollin, Howell, Green, Meerman, O'Malley, Leutheuser, Paquette, Eisen and Yaroch 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



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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 and 11 (MCL 247.660 and 247.661), section 10 as amended by 2018 PA 471 and section 11 as amended by 2015 PA 175, and by adding section 10r.

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 in the state treasury as a separate fund. The
- 3 state treasurer may receive money or other assets from any source



1 for deposit into the fund. The state treasurer shall direct the
2 investment of the fund. The state treasurer shall credit to the
3 fund interest and earnings from fund investments. Except as
4 provided in this act, no other money, whether appropriated from the
5 general fund of this state or any other source, shall be deposited
6 in the Michigan transportation fund. Except as otherwise provided
7 in this section, the legislature shall appropriate money for the
8 necessary expenses incurred in the administration and enforcement
9 of the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170,
10 the motor carrier act, 1933 PA 254, MCL 475.1 to 479.42, and
11 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
12 257.801 to 257.810. Money appropriated for necessary expenses shall
13 be based upon established cost allocation methodology that reflects
14 actual costs. Appropriations for the necessary expenses incurred by
15 the department of state in administration and enforcement of
16 sections 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL
17 257.801 to 257.810, shall be made from the Michigan transportation
18 fund and from money in the transportation administration collection
19 fund created in section 810b of the Michigan vehicle code, 1949 PA
20 300, MCL 257.810b. Appropriations from the Michigan transportation
21 fund for the necessary expenses incurred by the department of state
22 in administration and enforcement of sections 801 to 810 of the
23 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, shall
24 not exceed \$20,000,000.00 per state fiscal year. Except as provided
25 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
26 206.51d, all money in the Michigan transportation fund is
27 apportioned and appropriated in the following manner:

28 (a) Not more than \$3,000,000.00 as may be annually
29 appropriated each fiscal year to the state trunk line fund for



1 subsequent deposit in the rail grade crossing account.

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

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

10 (d) Except as otherwise provided in this subdivision and
11 subject to section 11h, \$2,000,000.00 each year of the revenue from
12 3 cents of the tax levied under section 8(1)(a) of the motor fuel
13 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
14 mitigation board fund created in section 11h.

15 (e) Except as otherwise provided in this subdivision,
16 \$5,000,000.00 each year of the revenue from 3 cents of the tax
17 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
18 403, MCL 207.1008, to the movable bridge fund created in section
19 11g, with the remainder to the state trunk line fund, county road
20 commissions, and cities and villages in the percentages provided in
21 subdivision (l). The department shall annually adjust the amount
22 allocated under this subdivision by an amount equal to the annual
23 increase in the Detroit Consumer Price Index for the preceding
24 year.

25 (f) One-half of the revenue from 1 cent of the tax levied
26 under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL
27 207.1008, to the state trunk line fund for the repair of state
28 bridges under section 11, and 1/2 of the revenue from 1 cent of the
29 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA



1 403, MCL 207.1008, to the local bridge fund created in subsection
 2 (4) for distribution only to cities, villages, and county road
 3 commissions.

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

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

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

12 (j) \$36,775,000.00 to the state trunk line fund for subsequent
 13 deposit in the transportation economic development fund **created in**
 14 **section 2 of 1987 PA 231, MCL 247.902**, with first priority for
 15 allocation to debt service on bonds issued to fund transportation
 16 economic development fund projects. In addition, \$3,500,000.00 is
 17 appropriated from the Michigan transportation fund to the state
 18 trunk line fund for subsequent deposit in the transportation
 19 economic development fund **created in section 2 of 1987 PA 231, MCL**
 20 **247.902**, to be used for economic development road projects in any
 21 of the targeted industries described in section 9(1)(a) of 1987 PA
 22 231, MCL 247.909.

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

26 (l) The balance of the Michigan transportation fund as follows,
 27 after deduction of the amounts appropriated in subdivisions (a) to
 28 (k):

29 (i) 39.1% to the state trunk line fund for the purposes



1 described in section 11.

2 (ii) **Except as otherwise provided in subdivision (m)**, 39.1% to
3 the county road commissions of this state.

4 (iii) **Except as otherwise provided in subdivision (m)**, 21.8% to
5 the cities and villages of this state.

6 (m) **\$5,000,000.00 proportionally from the funds described in**
7 **subdivision (l) (ii) and (iii) to the innovative transportation grant**
8 **fund created in section 10s.**

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

17 (3) Thirty-one and one-half percent of the money appropriated
18 to this state from the federal government under 23 USC 157,
19 commonly known as minimum guarantee funds, shall be allocated to
20 the transportation economic development fund, if the allocation is
21 consistent with federal law. This money shall be distributed 16-
22 1/2% for development projects for rural counties as defined by law
23 and 15% for capacity improvement or advanced traffic management
24 systems in urban counties as defined by law. Federal money
25 allocated for distribution under this section is eligible for
26 obligation and use by all recipients as provided in the moving
27 ahead for progress in the 21st century act, Public Law 112-141.

28 (4) A fund to be known as the local bridge fund is established
29 in the state treasury as a separate fund. The money appropriated to



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

28 (5) No less than 5% and no more than 15% of the money received
29 in the local bridge fund may be used for critical repair of large



1 bridges and emergencies as determined by the local bridge advisory
2 board. Money remaining after the money allocated for critical large
3 bridge repair and emergencies is deducted shall be distributed by
4 the board to the regional bridge councils created under this
5 section. One regional council shall be formed for each department
6 of transportation region as those regions exist on October 1, 2004.
7 The regional councils shall consist of 2 members of the County Road
8 Association of Michigan from counties in the region, 2 members of
9 the Michigan Municipal League from cities and villages in the
10 region, and 1 member of the department in each region. The members
11 of the department are nonvoting members and shall provide qualified
12 administrative staff and qualified technical assistance to the
13 regional councils.

14 (6) Money in the local bridge fund after deduction of the
15 amounts set aside for critical repair of large bridges and
16 emergency repairs shall be distributed among the regional bridge
17 councils according to all of the following ratios, which shall be
18 assigned a weight expressed as a percentage as determined by the
19 board, with each ratio receiving no greater than a 50% weight and
20 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
28 structurally deficient local bridge deck area in the region and a
29 denominator that is the total amount of structurally deficient



1 local bridge deck area in this state.

2 (7) The regional bridge councils shall allocate the money
3 received from the board for the preservation, improvement, and
4 reconstruction of existing bridges or for the construction of
5 bridges to replace existing bridges in whole or in part in each
6 region.

7 (8) Each January, the department shall submit a report to the
8 chair and the minority vice-chair of the appropriations committees
9 of the senate and the house of representatives, and to the standing
10 committees on transportation of the senate and the house of
11 representatives, on all of the following activities for the
12 previous state fiscal year:

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

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

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

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

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

22 (9) The state transportation commission shall borrow money and
23 issue notes or bonds in an amount of not less than \$30,000,000.00
24 to supplement the funding provided for the local bridge program
25 under subsection (5). The bonds or notes issued under this
26 subsection may be issued by the commission for any purpose for
27 which other local bridge money may be used under this section. The
28 bonds or notes authorized by this subsection shall be issued by
29 resolution of the state transportation commission consistent with



1 the requirements of section 18b.

2 (10) The department shall promulgate rules under the
3 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
4 24.328, governing the administration of the local bridge program.
5 The rules shall set forth the eligibility criteria for financial
6 assistance under the program and other matters related to the
7 program that the department considers necessary and desirable. The
8 department shall take into consideration the availability of
9 federal aid and other financial resources of the highway authority
10 responsible for the bridge, the importance of the bridge to the
11 highway, road, or street network, and the condition of the existing
12 bridge.

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

17 (12) The regional bridge councils shall determine what bridge
18 projects are selected for funding from the local bridge fund
19 created in subsection (4) and shall make a list of selected
20 projects available to interested parties in the region. A
21 determination that a bridge project is selected for funding in a
22 given fiscal year is not approval to disburse the money.

23 (13) A county road commission, city, or village may implement
24 a bridge project if the bridge project has been selected for
25 funding and is included in the appropriate regional bridge
26 council's current multiyear bridge plan for the local bridge
27 program but the regional bridge council has not allocated money to
28 the bridge project for the fiscal year that the bridge project is
29 on the current multiyear bridge plan. A county road commission,



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

12 **Sec. 10r. Each year the department shall select from among the**
13 **innovative materials that have been approved by the Michigan**
14 **innovative transportation board established in section 10q and have**
15 **been previously applied on the local system for use on trunk line**
16 **projects where the innovative material would be most appropriate.**
17 **The department shall not spend less than \$10,000,000.00 of state**
18 **trunk line funds each year on projects utilizing approved**
19 **materials. The \$10,000,000.00 minimum includes the entire cost of**
20 **the project, and the same innovative material may be used on**
21 **multiple projects and in multiple years. Any mitigation required**
22 **for the failure of an innovative material may be used for this**
23 **calculation. Nothing in this section precludes the department from**
24 **utilizing other innovative materials at its own discretion.**

25 **Sec. 11. (1) A fund to be known as the state trunk line fund**
26 **is established in the state treasury as a separate fund. The money**
27 **deposited in the state trunk line fund is appropriated to the**
28 **department for the following purposes in the following order of**
29 **priority:**



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

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

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

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



1 and to pay the annual contributions of the state highway commission
 2 and the state transportation commission as are pledged for the
 3 payment of bonds issued under contracts authorized by section 18d.

4 (b) For the transfer of money appropriated under section
 5 ~~10(1)(i)~~**10(1)(j)** to the transportation economic development fund
 6 **created in section 2 of 1987 PA 231, MCL 247.902**, but the transfer
 7 shall be reduced each fiscal year by the amount of debt service to
 8 be paid in that year from the state trunk line fund for bonds,
 9 notes, or other obligations issued to fund projects of the
 10 transportation economic development fund **created in section 2 of**
 11 **1987 PA 231, MCL 247.902**, which amount shall be certified by the
 12 department.

13 (c) For the transfer of money appropriated under section
 14 10(1)(a) to the rail grade crossing account in the state trunk line
 15 fund for expenditure for rail grade crossing improvement purposes
 16 at rail grade crossings on public roads and streets under the
 17 jurisdiction of this state, counties, cities, or villages. The
 18 department shall select projects for funding in accordance with the
 19 following:

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

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

27 (iii) Consistent with the other requirements for this money, the
 28 first priority for money deposited under this subdivision for rail
 29 grade crossing improvements and retirement shall be to match



1 federal money from the railroad-highway grade crossing improvement
2 program or other comparable federal programs if a match is required
3 under federal law.

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

14 (d) For the transfer of money appropriated under section
15 10(1)(b) to the grade crossing surface account in the state trunk
16 line fund for expenditure for rail grade crossing surface
17 improvement purposes at rail grade crossings on public roads and
18 streets under the jurisdiction of counties, cities, or villages.
19 Projects shall be selected for funding in accordance with the
20 following:

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

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

28 (iii) Funding under the grade crossing surface account shall be
29 limited to items of work that are normally the responsibility of



1 the railroad under section 309 of the railroad code of 1993, 1993
2 PA 354, MCL 462.309. Maintenance of the roadway approaches to the
3 crossing will continue to be the responsibility of the party with
4 jurisdiction over that roadway.

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

7 (f) For the preservation of state trunk line highways and
8 bridges.

9 (g) For the opening, widening, improving, construction, and
10 reconstruction of state trunk line highways and bridges, including
11 the acquisition of necessary rights of way and the work incidental
12 to that opening, widening, improving, construction, or
13 reconstruction. Those sums in the state trunk line fund not
14 otherwise appropriated, distributed, determined, or set aside by
15 law shall be used for the construction or reconstruction of the
16 national system of interstate and defense highways, referred to in
17 this act as "the interstate highway system" to the extent necessary
18 to match federal aid money as the federal aid money becomes
19 available for that purpose; and, for the construction and
20 reconstruction of the state trunk line system.

21 (h) The department may enter into agreements with a local road
22 agency or a private sector company to perform work on a highway,
23 road, or street. The agreements may provide for the performance by
24 any of the contracting parties of any of the work contemplated by
25 the contract including maintenance, engineering services, and the
26 acquisition of rights of way in connection with the work, by
27 purchase or condemnation by any of the contracting parties in its
28 own name, and for joint participation in the costs, but only to the
29 extent that the contracting parties are otherwise authorized by law



1 to expend money on the highways, roads, or streets. The department
2 also may contract with a local road agency to advance money to a
3 local road agency to pay the costs of improving railroad grade
4 crossings on the terms and conditions agreed to in the contract. A
5 contract may be executed before or after the state transportation
6 commission borrows money for the purpose of advancing money to a
7 local road agency, but the contract shall be executed before the
8 advancement of any money to a local road agency by the state
9 transportation commission, and shall provide for the full
10 reimbursement of any advancement by a local road agency to the
11 department, with interest, within 15 years after advancement, from
12 any available revenue sources of the local road agency or, if
13 provided in the contract, by deduction from the periodic
14 disbursements of any money returned by the state to the local road
15 agency.

16 (i) For providing inventories of supplies and materials
17 required for the activities of the department. The department may
18 purchase supplies and materials for these purposes, with payment to
19 be made out of the state trunk line fund to be charged on the basis
20 of issues from inventory in accordance with the accounting and
21 purchasing laws of this state.

22 (2) Notwithstanding any other provision of this act, the
23 department shall annually expend at least 90% of state revenue
24 appropriated annually to the state trunk line fund less the amounts
25 described in subdivisions (a) to (i) for the preservation of
26 highways, roads, streets, and bridges and for the payment of debt
27 service on bonds, notes, or other obligations described in
28 subsection (1) (a) issued after July 1, 1983, for the purpose of
29 providing money for the preservation of highways, roads, streets,



1 and bridges. Of the amounts appropriated for state trunk line
2 projects, the department shall, where possible, secure pavement
3 warranties for full replacement or appropriate repair for
4 contracted construction work on pavement projects whose cost
5 exceeds \$2,000,000.00 and projects for new construction or
6 reconstruction undertaken after ~~the effective date of the 2015~~
7 ~~amendatory act that amended this subsection.~~ **April 1, 2016.** The
8 department shall compile and make available to the public an annual
9 report of all warranties that were secured under this subsection
10 and all pavement projects whose costs exceed \$2,000,000.00 where a
11 warranty was not secured as provided in subsection (14). If an
12 appropriate certificate is filed under section 18e but only to the
13 extent necessary, this subsection does not prohibit the use of any
14 amount of money restricted as to use by section 9 of article IX of
15 the state constitution of 1963 and deposited in the state trunk
16 line fund for the payment of debt service on bonds, notes, or other
17 obligations pledging for the payment thereof money restricted as to
18 use by section 9 of article IX of the state constitution of 1963
19 and deposited in the state trunk line fund, whenever issued, as
20 specified ~~under~~**in** subsection (1) (a). The amounts that are deducted
21 from the state trunk line fund for the purpose of the calculation
22 required by this subsection are as follows:

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

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



1 matching requirements for projects on the national highway system.

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

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

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

13 (d) Amounts expended for capital outlay other than for
14 highways, roads, streets, and bridges or to pay debt service on
15 bonds, notes, or other obligations issued after July 1, 1983, for
16 the purpose of providing money for capital outlay other than for
17 highways, roads, streets, and bridges.

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

21 (f) Amounts expended ~~pursuant to~~ **under** contracts entered into
22 before January 1, 1983.

23 (g) Amounts expended for the purposes described in subsection
24 (5).

25 (h) Amounts appropriated for deposit in the transportation
26 economic development fund **created in section 2 of 1987 PA 231, MCL**
27 **247.902**, and the rail grade crossing account ~~pursuant to~~ **under**
28 section 10(1)(a) and ~~(h)~~ **(j)**.

29 (i) Upon the affirmative recommendation of the director of the



1 department and the approval by resolution of the state
2 transportation commission, those amounts expended for projects
3 vital to the economy of this state, a region, or local area or the
4 safety of the public. The resolution shall state the cost of the
5 project exempted from this subsection.

6 (3) Notwithstanding any other provision of this act, the
7 department shall expend annually at least 90% of the federal
8 revenue distributed to the credit of the state trunk line fund in
9 that year, except for federal revenue expended for the purposes
10 described in subsection (2)(b), (c), (f), and (i) and for the
11 payment of notes issued under section 18b(9) on the preservation of
12 highways, roads, streets, and bridges. The requirement of this
13 subsection is waived if compliance would cause this state to be
14 ineligible according to federal law for federal revenue, but only
15 to the extent necessary to make this state eligible according to
16 federal law for that revenue.

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

27 (5) A local road agency may borrow money from the proceeds of
28 bonds or notes issued under section 18b or the state trunk line
29 fund for the purposes set forth in subsection (4) that shall be



1 repayable, with interest, from 1 or more of the following:

2 (a) The money to be received by the local road agency from the
3 Michigan transportation fund, except to the extent the money has
4 been or may in the future be pledged by contract in accordance with
5 1941 PA 205, MCL 252.51 to 252.64, or has been or may in the future
6 be pledged for the payment of the principal and interest upon notes
7 issued under 1943 PA 143, MCL 141.251 to 141.254, or has been or
8 may in the future be pledged for the payment of principal and
9 interest upon bonds issued under section 18c or 18d, or has been or
10 may in the future be pledged for the payment of the principal and
11 interest upon bonds issued under 1952 PA 175, MCL 247.701 to
12 247.707.

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

15 (6) If required by the department, loans made under subsection
16 (4) are payable by deduction by the state treasurer, upon direction
17 of the department, from the periodic disbursements of any money
18 returned by this state under this act to the local road agency, but
19 only after sufficient money has been returned to the local road
20 agency to provide for the payment of contractual obligations
21 incurred or to be incurred and principal and interest on notes and
22 bonds issued or to be issued under 1941 PA 205, MCL 252.51 to
23 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
24 247.701 to 247.707, or section 18c or 18d. The interest rates and
25 payment schedules of any loans made from the proceeds of bonds or
26 notes issued ~~pursuant to~~ **under** section 18b shall be established by
27 the department to conform as closely as practicable to the interest
28 rate and repayment schedules on the bonds or notes issued to make
29 the loans. However, the department may allow for the deferral of



1 the first payment of interest or principal on the loans for a
2 period of not to exceed 1 year after the respective first payment
3 of interest or principal on the bonds or notes issued to make the
4 loans.

5 (7) The amount borrowed by a local road agency under
6 subsection (5) shall not be included in, or charged against, any
7 constitutional, statutory, or charter debt limitation of the
8 county, city, or village and shall not be included in the
9 determination of the maximum annual principal and interest
10 requirements of, or the limitations upon, the maximum annual
11 principal and interest incurred under 1941 PA 205, MCL 252.51 to
12 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
13 247.701 to 247.707, or section 18c or 18d.

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



1 notice to the director of the department that the loan may be made
2 on the conditions that the state treasurer specifies.

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

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

20 (11) Not more than 8% per year of all of the money received by
21 and returned to the department from any source for the purposes of
22 this section may be expended for administrative expenses. The
23 department ~~shall be~~ **is** subject to section 14(5) if more than 8% per
24 year is expended for administrative expenses. As used in this
25 subsection, "administrative expenses" means expenses that are not
26 assigned including, but not limited to, specific road construction
27 or preservation projects and are often referred to as general or
28 supportive services. Administrative expenses do not include net
29 equipment expense, net capital outlay, debt service principal and



1 interest, and payments to other state or local offices that are
 2 assigned, but not limited to, specific road construction projects
 3 or preservation activities.

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

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

10 (14) The department shall prepare on an annual basis a report
 11 listing all warranties that were secured under subsection (2) and
 12 indicate whether any of those warranties were redeemed and all
 13 pavement projects whose costs exceed \$2,000,000.00 for which a
 14 warranty was not secured as described in subsection (2). The
 15 department shall make the report required by this subsection
 16 available to the public upon request and shall also post the report
 17 on its website, which shall include, but is not limited to, all of
 18 the following information:

19 (a) The type of project.

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

21 (c) The expected lifespan of the project.

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

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

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

29 (15) As used in this section:



1 (a) "Local road agency" means that term as defined in section
2 9a.

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

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

7 (ii) The installation or improvement of grade crossing
8 surfaces.

9 (iii) Modification, relocation, or modernization of railroad
10 grade crossing active and passive warning devices necessitated by
11 roadway improvement projects.

12 (iv) Test installations of innovative warning devices or other
13 innovative applications.

14 (v) Construction of new grade separations.

15 (vi) A cash incentive payment made ~~pursuant to~~**under** subsection
16 (1)(c)(iv) for any public road or street crossing, in an amount no
17 greater than the cost of installing flashing light signals and half
18 roadway gates at the crossing.

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

22 Enacting section 1. This amendatory act takes effect 90 days
23 after the date it is enacted into law.

24 Enacting section 2. This amendatory act does not take effect
25 unless all of the following bills of the 100th Legislature are
26 enacted into law:

27 (a) Senate Bill No. ____ or House Bill No.4672 (request no.
28 02387'19).

29 (b) Senate Bill No. ____ or House Bill No.4674 (request no.



1 02389'19).

