

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5319**

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund,

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

by amending the title and section 10 (MCL 247.660), the title as amended by 1997 PA 79 and section 10 as amended by 2003 PA 151; and to repeal acts and parts of acts.

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

1 TITLE

2 An act to provide for the classification of all public  
 3 roads, streets, and highways in this state, and for the revision  
 4 of that classification and for additions to and deletions from  
 5 each classification; to set up and establish the Michigan  
 6 transportation fund; to provide for the deposits in the Michigan  
 7 transportation fund of specific taxes on motor vehicles and motor  
 8 vehicle fuels; to provide for the allocation of funds from the  
 9 Michigan transportation fund and the use and administration of  
 10 the fund for transportation purposes; to set up and establish the  
 11 truck safety fund; to provide for the allocation of funds from  
 12 the truck safety fund and administration of the fund for truck  
 13 safety purposes; to set up and establish the Michigan truck  
 14 safety commission; to establish certain standards for road

1 contracts for certain businesses; to provide for the continuing  
2 review of transportation needs within the state; to authorize the  
3 state transportation commission, counties, cities, and villages  
4 to borrow money, issue bonds, and make pledges of funds for  
5 transportation purposes; to authorize counties to advance funds  
6 for the payment of deficiencies necessary for the payment of  
7 bonds issued under this act; to provide for the limitations,  
8 payment, retirement, and security of the bonds and pledges; to  
9 provide for appropriations and tax levies by counties and  
10 townships for county roads; to authorize contributions by  
11 townships for county roads; to provide for the establishment and  
12 administration of the state trunk line fund, ~~critical~~ **local**  
13 bridge fund, comprehensive transportation fund, and certain other  
14 funds; to provide for the deposits in the state trunk line fund,  
15 critical bridge fund, comprehensive transportation fund, and  
16 certain other funds of money raised by specific taxes and fees;  
17 to provide for definitions of public transportation functions and  
18 criteria; to define the purposes for which Michigan  
19 transportation funds may be allocated; to provide for Michigan  
20 transportation fund grants; to provide for review and approval of  
21 transportation programs; to provide for submission of annual  
22 legislative requests and reports; to provide for the  
23 establishment and functions of certain advisory entities; to  
24 provide for conditions for grants; to provide for the issuance of  
25 bonds and notes for transportation purposes; to provide for the  
26 powers and duties of certain state and local agencies and  
27 officials; to provide for the making of loans for transportation

1 purposes by the state transportation department and for the  
2 receipt and repayment by local units and agencies of those loans  
3 from certain specified sources; and to repeal acts and parts of  
4 acts.

5       Sec. 10. (1) A fund to be known as the Michigan  
6 transportation fund is established and shall be set up and  
7 maintained in the state treasury as a separate fund. Money  
8 received and collected under the motor fuel tax act, 2000 PA 403,  
9 MCL 207.1001 to 207.1170, except a license fee provided in that  
10 act, and a tax, fee, license, and other money received and  
11 collected under sections 801 to 810 of the Michigan vehicle code,  
12 1949 PA 300, MCL 257.801 to 257.810, except a truck safety fund  
13 fee provided in section 801(1)(k) of the Michigan vehicle code,  
14 1949 PA 300, MCL 257.801, and money received under the motor  
15 carrier act, 1933 PA 254, MCL 475.1 to 479.43, shall be deposited  
16 in the state treasury to the credit of the Michigan  
17 transportation fund. In addition, income or profit derived from  
18 the investment of money in the Michigan transportation fund shall  
19 be deposited in the Michigan transportation fund. Except as  
20 provided in this act, no other money, whether appropriated from  
21 the general fund of this state or any other source, shall be  
22 deposited in the Michigan transportation fund. Except as  
23 otherwise provided in this section, the legislature shall  
24 appropriate funds for the necessary expenses incurred in the  
25 administration and enforcement of the motor fuel tax act, 2000 PA  
26 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA  
27 254, MCL 475.1 to 479.43, and sections 801 to 810 of the Michigan

1 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Funds  
2 appropriated for necessary expenses shall be based upon  
3 established cost allocation methodology that reflects actual  
4 costs. Appropriations for the necessary expenses incurred by the  
5 department of state in administration and enforcement of sections  
6 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801  
7 to 257.810, shall be made from the Michigan transportation fund  
8 and from funds in the transportation administration collection  
9 fund created in section 810b of the Michigan vehicle code, 1949  
10 PA 300, MCL 257.810b. Appropriations from the Michigan  
11 transportation fund for the necessary expenses incurred by  
12 department of state in administration and enforcement of sections  
13 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801  
14 to 257.810, shall not exceed \$20,000,000.00 per state fiscal  
15 year. All money in the Michigan transportation fund is  
16 apportioned and appropriated in the following manner:

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

20 (b) Not less than \$3,000,000.00 each year to the ~~critical~~  
21 **local** bridge fund established in ~~section 11b~~ **subsection (5)** for  
22 the purpose of payment of the principal, interest, and redemption  
23 premium on any notes or bonds issued by the state transportation  
24 commission under section 11b.

25 (c) Revenue from 3 cents of the tax levied under section ~~8~~  
26 **8(1)(a)** of the motor fuel tax act, 2000 PA 403, MCL 207.1008, to  
27 the state trunk line fund, county road commissions, and cities

1 and villages in the percentages provided in subdivision (i).

2       (d) ~~Revenue~~ **Until September 30, 2004, all of the revenue**  
3 from 1 cent of the tax levied under section ~~8~~ **8(1)(a)** of the  
4 motor fuel tax act, 2000 PA 403, MCL 207.1008, to the state trunk  
5 line fund for repair of state bridges under section 11.  
6 **Beginning October 1, 2004 and continuing through September 30,**  
7 **2005, 3/4 of the revenue from 1 cent of the tax levied under**  
8 **section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL**  
9 **207.1008, shall be appropriated to the state trunk line fund for**  
10 **the repair of state bridges under section 11, and 1/4 of the**  
11 **revenue from 1 cent of the tax levied under section 8(1)(a) of**  
12 **the motor fuel tax act, 2000 PA 403, MCL 207.1008, shall be**  
13 **appropriated to the local bridge fund created in subsection (5)**  
14 **for distribution only to cities, villages, and county road**  
15 **commissions. Beginning October 1, 2005, 1/2 of the revenue from 1**  
16 **cent of the tax levied under section 8(1)(a) of the motor fuel**  
17 **tax act, 2000 PA 403, MCL 207.1008, shall be appropriated to the**  
18 **state trunk line fund for the repair of state bridges under**  
19 **section 11, and 1/2 of the revenue from 1 cent of the tax levied**  
20 **under section 8(1)(a) of the motor fuel tax act, 2000 PA 403, MCL**  
21 **207.1008, shall be appropriated to the local bridge fund created**  
22 **in subsection (5) for distribution only to cities, villages, and**  
23 **county road commissions.**

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

26       (f) Except as provided in subsection (4), 10% to the  
27 comprehensive transportation fund for the purposes described in

1 section 10e.

2 (g) \$5,000,000.00 to the local bridge fund established in  
3 subsection (5) for distribution only to the local bridge advisory  
4 board, the regional bridge councils, cities, villages, and county  
5 road commissions.

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

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

20 (j) ~~(i)~~ The balance of the Michigan transportation fund as  
21 follows, after deduction of the amounts appropriated in  
22 subdivisions (a) through ~~(h)~~ (i) and section 11b:

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

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

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

27 (2) The money appropriated pursuant to this section shall be

1 used for the purposes as provided in this act and any other  
2 applicable act. Subject to the requirements of section 9b, the  
3 department shall develop programs in conjunction with the  
4 Michigan state chamber of commerce and the Michigan minority  
5 business development council to assist small businesses,  
6 including those located in enterprise zones and those located in  
7 empowerment zones as determined under federal law, as defined by  
8 law in becoming qualified to bid.

9 (3) Thirty-one and one-half percent of the funds appropriated  
10 to this state from the federal government pursuant to 23 ~~U.S.C.~~  
11 **USC** 157, commonly known as minimum guarantee funds, shall be  
12 allocated to the transportation economic development fund, if  
13 such an allocation is consistent with federal law. These funds  
14 shall be distributed 16-1/2% for development projects for rural  
15 counties as defined by law and 15% for capacity improvement or  
16 advanced traffic management systems in urban counties as defined  
17 by law. Federal funds allocated for distribution under this  
18 section shall be eligible for obligation and use by all  
19 recipients as defined by the transportation equity act for the  
20 21st century, Public Law 105-178. ~~— Stat. 107.~~

21 (4) For the fiscal year beginning October 1, 2003 only, the  
22 apportionment of 10% of Michigan transportation fund money to the  
23 comprehensive transportation fund as provided in subsection  
24 (1)(f) shall be reduced by \$10,000,000.00 and the \$10,000,000.00  
25 shall be transferred to the state trunk line fund for capacity  
26 improvements to state trunk line highways.

27 (5) **A fund to be known as the local bridge fund is**

1 established and is set up and maintained in the state treasury as  
2 a separate fund. The money appropriated to the local bridge fund  
3 and the interest accruing to that fund shall be expended for the  
4 local bridge program. The purpose of the fund is to provide  
5 financial assistance to highway authorities for the preservation,  
6 improvement, or reconstruction of existing bridges or for the  
7 construction of bridges to replace existing bridges in whole or  
8 part. The money in the local bridge fund is not subject to  
9 section 12(15) or 13(5). The local bridge advisory board is  
10 created and shall consist of 6 voting members appointed by the  
11 state transportation commission and 2 nonvoting members appointed  
12 by the state transportation department. The board shall include  
13 3 members from the county road association of Michigan, 1 member  
14 who represents counties with populations 65,000 or greater, 1  
15 member who represents counties with populations greater than  
16 30,000 and less than 65,000, and 1 member who represents counties  
17 with populations of 30,000 or less. Three members shall be  
18 appointed from the Michigan municipal league, 1 member who  
19 represents cities with a population 75,000 or greater, 1 member  
20 who represents cities with a population less than 75,000, and 1  
21 member who represents villages. Each organization with voting  
22 rights shall submit a list of nominees in each population  
23 category to the state transportation commission. The state  
24 transportation commission shall make the appointments from the  
25 lists submitted under this subsection. Names shall be submitted  
26 within 45 days after October 1, 2004. The state transportation  
27 commission shall make the appointments by January 30, 2005.

1 Voting members shall be appointed for 2 years. The chairperson  
2 of the board shall be selected from among the voting members of  
3 the board. In addition to the 2 nonvoting members, the  
4 department shall provide qualified administrative staff and  
5 qualified technical assistance to the board.

6 (6) Beginning October 1, 2005, no less than 5% and no more  
7 than 15% of the funds received in the local bridge fund may be  
8 used for critical repair of large bridges and emergencies as  
9 determined by the local bridge advisory board. Beginning October  
10 1, 2005, funds remaining after the funds allocated for critical  
11 large bridge repair and emergencies are deducted shall be  
12 distributed by the board to the regional bridge councils created  
13 under this section. One regional council shall be formed for  
14 each department of transportation region as those regions exist  
15 on October 1, 2004. The regional councils shall consist of 2  
16 members of the county road association of Michigan from counties  
17 in the region, 2 members of the Michigan municipal league from  
18 cities and villages in the region, and 1 member of the state  
19 transportation department in each region. The members of the  
20 state transportation department shall be nonvoting members who  
21 shall provide qualified administrative staff and qualified  
22 technical assistance to the regional councils.

23 (7) Beginning October 1, 2005, funds in the local bridge fund  
24 after deduction of the amounts set aside for critical repair of  
25 large bridges and emergency repairs shall be distributed among  
26 the regional bridge councils according to all of the following  
27 ratios, which shall be assigned a weight expressed as a

1 percentage as determined by the board, with each ratio receiving  
2 no greater than a 50% weight and no less than a 25% weight:

3 (a) A ratio with a numerator that is the total number of  
4 local bridges in the region and a denominator that is the total  
5 number of local bridges in this state.

6 (b) A ratio with a numerator that is the total local bridge  
7 deck area in the region and a denominator that is the total local  
8 bridge deck area in this state.

9 (c) A ratio with a numerator that is the total amount of  
10 structurally deficient local bridge deck area in the region and a  
11 denominator that is the total amount of structurally deficient  
12 local bridge deck area in this state.

13 (8) Beginning October 1, 2005, the regional bridge councils  
14 shall allocate the funds received from the board for the  
15 preservation, improvement, and reconstruction of existing bridges  
16 or for the construction of bridges to replace existing bridges in  
17 whole or in part in each region.

18 (9) Beginning January 1, 2007 and each January after 2007,  
19 the department shall submit a report to the chair and the  
20 minority vice-chair of the appropriations committees of the  
21 senate and the house of representatives, and to the standing  
22 committees on transportation of the senate and the house of  
23 representatives, on all of the following activities for the  
24 previous state fiscal year:

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

27 (b) A listing of what emergency and large bridge repair

1 projects were funded.

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

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

5 (e) A listing of what specific projects were funded pursuant  
6 to subsection (8).

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

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

27 (12) Beginning October 1, 2004, the revenue appropriated to

1 the local bridge fund pursuant to subsection (1)(d) shall be  
2 distributed only to the local bridge advisory board, the regional  
3 bridge councils, cities, villages, and county road commissions.

4 Enacting section 1. Section 11b of 1951 PA 51, MCL  
5 247.661b, is repealed effective October 1, 2004.