

**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.

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
 15 contracts for certain businesses; to provide for the continuing

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

1 receipt and repayment by local units and agencies of those loans
2 from certain specified sources; and to repeal acts and parts of
3 acts.

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

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

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

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

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

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

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

16 (f) Except as provided in subsection (4), 10% to the
17 comprehensive transportation fund for the purposes described in
18 section 10e.

19 (g) **\$5,000,000.00 to the local bridge fund established in**
20 **section 11b for distribution only to cities, villages, and county**
21 **road commissions.**

22 (h) ~~(g)~~ \$36,775,000.00 to the state trunk line fund for
23 subsequent deposit in the transportation economic development
24 fund, and, as of September 30, 1997, with first priority for
25 allocation to debt service on bonds issued to fund transportation
26 economic development fund projects. In addition, beginning
27 October 1, 1997, \$3,500,000.00 is appropriated from the Michigan

1 transportation fund to the state trunk line fund for subsequent
2 deposit in the transportation economic development fund to be
3 used for economic development road projects in any of the
4 targeted industries described in section 9(1)(a) of 1987 PA 231,
5 MCL 247.909.

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

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

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

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

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

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

25 (3) Thirty-one and one-half percent of the funds appropriated
26 to this state from the federal government pursuant to 23 ~~U.S.C.~~
27 **USC** 157, commonly known as minimum guarantee funds, shall be

1 allocated to the transportation economic development fund, if
2 such an allocation is consistent with federal law. These funds
3 shall be distributed 16-1/2% for development projects for rural
4 counties as defined by law and 15% for capacity improvement or
5 advanced traffic management systems in urban counties as defined
6 by law. Federal funds allocated for distribution under this
7 section shall be eligible for obligation and use by all
8 recipients as defined by the transportation equity act for the
9 21st century, Public Law 105-178. ~~Stat. 107.~~

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

16 Enacting section 1. This amendatory act does not take
17 effect unless House Bill No. 5318 of the 92nd Legislature is
18 enacted into law.