

# HOUSE BILL No. 5318

November 13, 2003, Introduced by Reps. Elkins, Bieda, Adamini, Brown, Meisner, Murphy, Hopgood, Sheltroun, Paletko, Law, Wojno, Woodward, Accavitti, Gielegem, Anderson, Jamnick, Minore, Vagnozzi, Hunter, Sak, Farrah, Spade, Condino, Phillips, Williams, Gaffney, Nofs, Ward, Tabor, Hart, Ehardt, Richardville, Reeves, Pumford, Rivet, Hune, Zelenko and Meyer 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 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 sections 10 and 11b (MCL 247.660 and 247.661b), section 10 as amended by 2003 PA 151 and section 11b as amended by 1992 PA 223.

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

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

1 be deposited in the Michigan transportation fund. Except as  
2 provided in this act, no other money, whether appropriated from  
3 the general fund of this state or any other source, shall be  
4 deposited in the Michigan transportation fund. Except as  
5 otherwise provided in this section, the legislature shall  
6 appropriate funds for the necessary expenses incurred in the  
7 administration and enforcement of the motor fuel tax act, 2000 PA  
8 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA  
9 254, MCL 475.1 to 479.43, and sections 801 to 810 of the Michigan  
10 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Funds  
11 appropriated for necessary expenses shall be based upon  
12 established cost allocation methodology that reflects actual  
13 costs. Appropriations for the necessary expenses incurred by the  
14 department of state in administration and enforcement of sections  
15 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801  
16 to 257.810, shall be made from the Michigan transportation fund  
17 and from funds in the transportation administration collection  
18 fund created in section 810b of the Michigan vehicle code, 1949  
19 PA 300, MCL 257.810b. Appropriations from the Michigan  
20 transportation fund for the necessary expenses incurred by  
21 department of state in administration and enforcement of sections  
22 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801  
23 to 257.810, shall not exceed \$20,000,000.00 per state fiscal  
24 year. All money in the Michigan transportation fund is  
25 apportioned and appropriated in the following manner:  
26 (a) Not more than \$3,000,000.00 as may be annually  
27 appropriated each fiscal year to the state trunk line fund for

1 subsequent deposit in the rail grade crossing account.

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

7 (c) Revenue from 3 cents of the tax levied under section 8 of  
8 the motor fuel tax act, 2000 PA 403, MCL 207.1008, to the state  
9 trunk line fund, county road commissions, and cities and villages  
10 in the percentages provided in subdivision (i).

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

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

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

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

12 (h) Not less than \$33,000,000.00 as may be annually  
13 appropriated each fiscal year to the local program fund created  
14 in section 11e.

15 (i) The balance of the Michigan transportation fund as  
16 follows, after deduction of the amounts appropriated in  
17 subdivisions (a) through (h) and section 11b:

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

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

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

22 (2) The money appropriated pursuant to this section shall be  
23 used for the purposes as provided in this act and any other  
24 applicable act. Subject to the requirements of section 9b, the  
25 department shall develop programs in conjunction with the  
26 Michigan state chamber of commerce and the Michigan minority  
27 business development council to assist small businesses,

1 including those located in enterprise zones and those located in  
2 empowerment zones as determined under federal law, as defined by  
3 law in becoming qualified to bid.

4 (3) Thirty-one and one-half percent of the funds appropriated  
5 to this state from the federal government pursuant to 23 ~~U.S.C.~~  
6 **USC** 157, commonly known as minimum guarantee funds, shall be  
7 allocated to the transportation economic development fund, if  
8 such an allocation is consistent with federal law. These funds  
9 shall be distributed 16-1/2% for development projects for rural  
10 counties as defined by law and 15% for capacity improvement or  
11 advanced traffic management systems in urban counties as defined  
12 by law. Federal funds allocated for distribution under this  
13 section shall be eligible for obligation and use by all  
14 recipients as defined by the transportation equity act for the  
15 21st century, Public Law 105-178, 112 Stat. 107.

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

22 Sec. 11b. (1) During each April, there is appropriated to a  
23 critical bridge fund from the Michigan transportation fund,  
24 \$5,000,000.00. The money appropriated to a critical bridge fund  
25 and the interest accruing to that fund shall be expended for a  
26 critical bridge program to be administered by the department to  
27 provide financial assistance to highway authorities for the

1 improvement or reconstruction of existing bridges or for the  
2 construction of bridges to replace existing bridges in whole or  
3 in part. This section is not subject to section 12(15) or  
4 section 13(5).

5 (2) The state transportation commission shall borrow money  
6 and issue notes or bonds in an amount of not less than  
7 \$30,000,000.00 to supplement the funding provided for the local  
8 bridge program under subsection (1). The bonds or notes issued  
9 pursuant to this subsection may be issued by the commission for  
10 any purpose for which other critical bridge funds may be used  
11 under this section. The bonds or notes authorized by this  
12 subsection shall be issued by resolution of the state  
13 transportation commission consistent with the requirements of  
14 section 18b.

15 (3) The state transportation department shall promulgate  
16 rules pursuant to ~~Act No. 306 of the Public Acts of 1969, as~~  
17 ~~amended, being sections 24.201 to 24.328 of the Michigan Compiled~~  
18 ~~Laws~~ **the administrative procedures act of 1969, 1969 PA 306, MCL**  
19 **24.201 to 24.328**, governing the administration of the critical  
20 bridge program. The rules shall set forth the eligibility  
21 criteria for financial assistance under the program and other  
22 matters related to the program ~~as~~ **that** the department considers  
23 necessary and desirable. The department shall take into  
24 consideration the availability of federal aid and other financial  
25 resources of the highway authority responsible for the bridge,  
26 the importance of the bridge to the highway, road, or street  
27 network, and the condition of the existing bridge. The

1 department shall not receive more than 38.4% of the critical  
2 bridge funds available during a 5-year period for expenditures on  
3 the state trunk line system.

4       (4) Beginning October 1, 2004, the revenue appropriated to  
5 the critical bridge fund pursuant to section 10(1)(d) shall be  
6 distributed only to cities, villages, and county road  
7 commissions.