

**SUBSTITUTE FOR
HOUSE BILL NO. 5945**

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; to investigate and study the tolling of roads, streets, highways, or bridges; 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 2022 PA 50 and section 11 as amended by 2015 PA 175, and by adding section 11k.

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
 4 for deposit into the fund. The state treasurer shall direct the
 5 investment of the fund. The state treasurer shall credit to the
 6 fund interest and earnings from fund investments. Except as
 7 otherwise provided in this section, the legislature shall



1 appropriate money for the necessary expenses incurred in the
2 administration and enforcement of the motor fuel tax act, 2000 PA
3 403, MCL 207.1001 to 207.1170, the motor carrier act, 1933 PA 254,
4 MCL 475.1 to 479.42, and sections 801 to 810 of the Michigan
5 vehicle code, 1949 PA 300, MCL 257.801 to 257.810. Money
6 appropriated for necessary expenses must be based upon established
7 cost allocation methodology that reflects actual costs.
8 Appropriations for the necessary expenses incurred by the
9 department of state in administration and enforcement of sections
10 801 to 810 of the Michigan vehicle code, 1949 PA 300, MCL 257.801
11 to 257.810, must be made from the Michigan transportation fund and
12 from money in the transportation administration collection fund
13 created in section 810b of the Michigan vehicle code, 1949 PA 300,
14 MCL 257.810b. Appropriations from the Michigan transportation fund
15 for the necessary expenses incurred by the department of state in
16 administration and enforcement of sections 801 to 810 of the
17 Michigan vehicle code, 1949 PA 300, MCL 257.801 to 257.810, must
18 not exceed \$20,000,000.00 per state fiscal year. Except as provided
19 in section 51d of the income tax act of 1967, 1967 PA 281, MCL
20 206.51d, all money in the Michigan transportation fund is
21 apportioned and appropriated in the following manner:

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

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

28 (c) Not more than \$3,000,000.00 each year to the local bridge
29 fund established in subsection (4) for the purpose of payment of



1 the principal, interest, and redemption premium on any notes or
2 bonds issued by the state transportation commission under former
3 section 11b or subsection (9).

4 (d) Except as otherwise provided in this subdivision and
5 subject to section 11h, \$2,000,000.00 each year of the revenue from
6 3 cents of the tax levied under section 8(1)(a) of the motor fuel
7 tax act, 2000 PA 403, MCL 207.1008, to the local agency wetland
8 mitigation board fund created in section 11h.

9 (e) Except as otherwise provided in this subdivision,
10 \$5,000,000.00 each year of the revenue from 3 cents of the tax
11 levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
12 403, MCL 207.1008, to the movable bridge fund created in section
13 11g, with the remainder to the state trunk line fund, county road
14 commissions, and cities and villages in the percentages provided in
15 subdivision (l). The department shall annually adjust the amount
16 allocated under this subdivision by an amount equal to the annual
17 increase in the Detroit Consumer Price Index for the preceding
18 year.

19 (f) One-half 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, to the state trunk line fund for the repair of state
22 bridges under section 11, and 1/2 of the revenue from 1 cent of the
23 tax levied under section 8(1)(a) of the motor fuel tax act, 2000 PA
24 403, MCL 207.1008, to the local bridge fund created in subsection
25 (4) for distribution only to cities, villages, and county road
26 commissions.

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

29 (h) Ten percent to the comprehensive transportation fund for



1 the purposes described in section 10e.

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

6 (j) \$36,775,000.00 to the state trunk line fund for
7 subsequent deposit in the transportation economic development fund
8 created in section 2 of 1987 PA 231, MCL 247.902, with first
9 priority for allocation to debt service on bonds issued to fund
10 transportation economic development fund projects. In addition,
11 \$3,500,000.00 is appropriated from the Michigan transportation fund
12 to the state trunk line fund for subsequent deposit in the
13 transportation economic development fund created in section 2 of
14 1987 PA 231, MCL 247.902, to be used for economic development road
15 projects in any of the targeted industries described in section
16 9(1)(a) of 1987 PA 231, MCL 247.909.

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

20 (l) The balance of the Michigan transportation fund, as well as
21 funds allocated to the Michigan transportation fund and collected
22 under the Michigan Regulation and Taxation of Marihuana Act, 2018
23 IL 1, MCL 333.27951 to 333.27967, as follows, after deduction of
24 the amounts appropriated in subdivisions (a) to (k):

25 (i) 39.1% to the state trunk line fund for the purposes
26 described in section 11 and section 10o(5).

27 (ii) 39.1% **as follows:**

28 **(A) Subject to section 11k, \$3,000,000.00 to the local agency**
29 **disaster relief board fund created in section 11k.**



1 **(B) The remainder** to the county road commissions of this
2 state.

3 (iii) 21.8% **as follows:**

4 **(A) Subject to section 11k, \$2,000,000.00 to the local agency**
5 **disaster relief board fund created in section 11k.**

6 **(B) The remainder** to the cities and villages of this state.

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

15 (3) From federal funds, an amount equal to 31-1/2% of the
16 money formerly appropriated to this state from the federal
17 government under former 23 USC 157, commonly known as minimum
18 guarantee funds, must be allocated to the transportation economic
19 development fund, if the allocation is consistent with federal law.
20 This money must be distributed 16-1/2% for development projects for
21 rural counties as defined by law and 15% for capacity improvement
22 or advanced traffic management systems in urban counties as defined
23 by law. Federal money allocated for distribution under this section
24 is eligible for obligation and use by all recipients as provided in
25 the moving ahead for progress in the 21st century act, Public Law
26 112-141.

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



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

26 (5) No less than 5% and no more than 15% of the money received
27 in the local bridge fund may be used for critical repair of large
28 bridges and emergencies as determined by the local bridge advisory
29 board. Money remaining after the money allocated for critical large



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

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

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

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

25 (c) A ratio with a numerator that is the total amount of
26 structurally deficient local bridge deck area in the region and a
27 denominator that is the total amount of structurally deficient
28 local bridge deck area in this state.

29 (7) The regional bridge councils shall allocate the money



1 received from the board for the preservation, improvement, and
2 reconstruction of existing bridges or for the construction of
3 bridges to replace existing bridges in whole or in part in each
4 region.

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

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

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

15 (c) The actual weights used in the calculation required under
16 subsection (6).

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

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

20 (9) The state transportation commission shall borrow money and
21 issue notes or bonds in an amount of not less than \$30,000,000.00
22 to supplement the funding provided for the local bridge program
23 under subsection (5). The bonds or notes issued under this
24 subsection may be issued by the commission for any purpose for
25 which other local bridge money may be used under this section. The
26 bonds or notes authorized by this subsection must be issued by
27 resolution of the state transportation commission consistent with
28 the requirements of section 18b.

29 (10) The department shall promulgate rules under the



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

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

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

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



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

10 Sec. 11. (1) A fund to be known as the state trunk line fund
11 is established in the state treasury as a separate fund. The money
12 deposited in the state trunk line fund is appropriated to the
13 department for the following purposes in the following order of
14 priority:

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

19 (i) For the payment of contributions pledged before July 18,
20 1979 and required to be made by the state highway commission or the
21 state transportation commission under contracts entered into before
22 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, for the
23 payment of the principal and interest on bonds issued under 1941 PA
24 205, MCL 252.51 to 252.64, for the payment of which a sufficient
25 sum is irrevocably appropriated.

26 (ii) For the payment of the principal and interest upon bonds
27 designated "State of Michigan, State Highway Commissioner, Highway
28 Construction Bonds, Series I", dated September 1, 1956, in the
29 aggregate principal amount of \$25,000,000.00, issued pursuant to



1 former 1955 PA 87 and the resolution of the state administrative
 2 board adopted August 6, 1956, for the payment of which a sufficient
 3 sum is irrevocably appropriated.

4 (iii) For the payment of the principal and interest on bonds
 5 issued under section 18b for transportation purposes other than
 6 comprehensive transportation purposes as defined by law and the
 7 payment of contributions pledged to the payment of principal and
 8 interest on bonds issued under section 18d and contracts entered
 9 into under section 18d by the state highway commission or state
 10 transportation commission to be made pursuant to contracts entered
 11 into under section 18d. A sufficient portion of the fund is
 12 irrevocably appropriated to pay, when due, the principal and
 13 interest on bonds or notes issued under section 18b for purposes
 14 other than comprehensive transportation purposes as defined by law,
 15 and to pay the annual contributions of the state highway commission
 16 and the state transportation commission as are pledged for the
 17 payment of bonds issued under contracts authorized by section 18d.

18 (b) For the transfer of money appropriated under section
 19 ~~10(1)(i)~~**10(1)(j)** to the transportation economic development fund,
 20 but the transfer shall be reduced each fiscal year by the amount of
 21 debt service to be paid in that year from the state trunk line fund
 22 for bonds, notes, or other obligations issued to fund projects of
 23 the transportation economic development fund, ~~which~~**in an** amount
 24 ~~shall~~**that must** be certified by the department.

25 (c) For the transfer of money appropriated under section
 26 10(1)(a) to the rail grade crossing account in the state trunk line
 27 fund for expenditure for rail grade crossing improvement purposes
 28 at rail grade crossings on public roads and streets under the
 29 jurisdiction of this state, counties, cities, or villages. The



1 department shall select projects for funding in accordance with the
2 following:

3 (i) Not more than 50% or less than 30% of this money and
4 matched federal money ~~shall~~**may** be expended for state trunk line
5 projects.

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

10 (iii) Consistent with the other requirements for this money, the
11 first priority for money deposited under this subdivision for rail
12 grade crossing improvements and retirement ~~shall be~~**is** to match
13 federal money from the railroad-highway grade crossing improvement
14 program or other comparable federal programs if a match is required
15 under federal law.

16 (iv) If the department and a road authority with jurisdiction
17 over the crossing formally agree that the grade crossing should be
18 eliminated by permanent closing of the public road or street, the
19 physical removal of the crossing, roadway within railroad rights of
20 way and street termination treatment ~~shall~~**must** be negotiated
21 between the road authority and railroad company. The money provided
22 to the road authority as a result of the crossing closure ~~shall~~
23 **must** be credited to its account representing the same road or
24 street system on which the crossing is located and ~~shall~~**must** be
25 used for any transportation purpose within that road authority's
26 jurisdiction.

27 (d) For the transfer of money appropriated under section
28 10(1)(b) to the grade crossing surface account in the state trunk
29 line fund for expenditure for rail grade crossing surface



1 improvement purposes at rail grade crossings on public roads and
2 streets under the jurisdiction of counties, cities, or villages.
3 Projects ~~shall~~**must** be selected for funding in accordance with the
4 following:

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

9 (ii) The grade crossing surface account ~~shall~~**must** fund 60% of
10 the project cost, with the remaining 40% funded by the railroad
11 company.

12 (iii) Funding under the grade crossing surface account ~~shall be~~
13 **is** limited to items of work that are normally the responsibility of
14 the railroad under section 309 of the railroad code of 1993, 1993
15 PA 354, MCL 462.309. Maintenance of the roadway approaches to the
16 crossing will continue to be the responsibility of the party with
17 jurisdiction over that roadway.

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

20 (f) For the preservation of state trunk line highways and
21 bridges.

22 (g) For the opening, widening, improving, construction, and
23 reconstruction of state trunk line highways and bridges, including
24 the acquisition of necessary rights of way and the work incidental
25 to that opening, widening, improving, construction, or
26 reconstruction. Those sums in the state trunk line fund not
27 otherwise appropriated, distributed, determined, or set aside by
28 law ~~shall~~**must** be used for the construction or reconstruction of
29 the national system of interstate and defense highways, referred to



1 in this act as "the interstate highway system" to the extent
2 necessary to match federal aid money as the federal aid money
3 becomes available for that purpose; and, for the construction and
4 reconstruction of the state trunk line system.

5 (h) The department may enter into agreements with a local road
6 agency or a private sector company to perform work on a highway,
7 road, or street. The agreements may provide for the performance by
8 any of the contracting parties of any of the work contemplated by
9 the contract including maintenance, engineering services, and the
10 acquisition of rights of way in connection with the work, by
11 purchase or condemnation by any of the contracting parties in its
12 own name, and for joint participation in the costs, but only to the
13 extent that the contracting parties are otherwise authorized by law
14 to expend money on the highways, roads, or streets. The department
15 also may contract with a local road agency to advance money to a
16 local road agency to pay the costs of improving railroad grade
17 crossings on the terms and conditions agreed to in the contract. A
18 contract may be executed before or after the state transportation
19 commission borrows money for the purpose of advancing money to a
20 local road agency, but the contract ~~shall~~**must** be executed before
21 the advancement of any money to a local road agency by the state
22 transportation commission, and ~~shall~~**must** provide for the full
23 reimbursement of any advancement by a local road agency to the
24 department, with interest, within 15 years after advancement, from
25 any available revenue sources of the local road agency or, if
26 provided in the contract, by deduction from the periodic
27 disbursements of any money returned by the state to the local road
28 agency.

29 (i) For providing inventories of supplies and materials



1 required for the activities of the department. The department may
2 purchase supplies and materials for these purposes, with payment to
3 be made out of the state trunk line fund to be charged on the basis
4 of issues from inventory in accordance with the accounting and
5 purchasing laws of this state.

6 (2) Notwithstanding any other provision of this act, the
7 department shall annually expend at least 90% of state revenue
8 appropriated annually to the state trunk line fund less the amounts
9 described in subdivisions (a) to (i) for the preservation of
10 highways, roads, streets, and bridges and for the payment of debt
11 service on bonds, notes, or other obligations described in
12 subsection (1)(a) issued after July 1, 1983, for the purpose of
13 providing money for the preservation of highways, roads, streets,
14 and bridges. Of the amounts appropriated for state trunk line
15 projects, the department shall, where possible, secure pavement
16 warranties for full replacement or appropriate repair for
17 contracted construction work on pavement projects whose cost
18 exceeds \$2,000,000.00 and projects for new construction or
19 reconstruction undertaken after ~~the effective date of the 2015~~
20 ~~amendatory act that amended this subsection.~~ **April 1, 2016.** The
21 department shall compile and make available to the public an annual
22 report of all warranties that were secured under this subsection
23 and all pavement projects whose costs exceed \$2,000,000.00 where a
24 warranty was not secured as provided in subsection (14). If an
25 appropriate certificate is filed under section 18e but only to the
26 extent necessary, this subsection does not prohibit the use of any
27 amount of money restricted as to use by section 9 of article IX of
28 the state constitution of 1963 and deposited in the state trunk
29 line fund for the payment of debt service on bonds, notes, or other



1 obligations pledging for the payment thereof money restricted as to
2 use by section 9 of article IX of the state constitution of 1963
3 and deposited in the state trunk line fund, whenever issued, as
4 specified under subsection (1)(a). The amounts that are deducted
5 from the state trunk line fund for the purpose of the calculation
6 required by this subsection are as follows:

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

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

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

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

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

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



1 highways, roads, streets, and bridges.

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

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

7 (g) Amounts expended for the purposes described in subsection
8 (5).

9 (h) Amounts appropriated for deposit in the ~~transportation~~
10 ~~economic development fund and the rail grade crossing account~~
11 ~~pursuant to~~ **under** section 10(1)(a) and ~~(h)~~ **the transportation**
12 **economic development fund under section 10(1)(j)**.

13 (i) Upon the affirmative recommendation of the director of the
14 department and the approval by resolution of the state
15 transportation commission, those amounts expended for projects
16 vital to the economy of this state, a region, or local area or the
17 safety of the public. The resolution ~~shall~~ **must** state the cost of
18 the project exempted from this subsection.

19 (3) Notwithstanding any other provision of this act, the
20 department shall expend annually at least 90% of the federal
21 revenue distributed to the credit of the state trunk line fund in
22 that year, except for federal revenue expended for the purposes
23 described in subsection (2)(b), (c), (f), and (i) and for the
24 payment of notes issued under section 18b(9) on the preservation of
25 highways, roads, streets, and bridges. The requirement of this
26 subsection is waived if compliance would cause this state to be
27 ineligible according to federal law for federal revenue, but only
28 to the extent necessary to make this state eligible according to
29 federal law for that revenue.



1 (4) Notwithstanding any other provision of this section, the
 2 department may loan money to a local road agency for paying capital
 3 costs of transportation purposes described in the second paragraph
 4 of section 9 of article IX of the state constitution of 1963 from
 5 the proceeds of bonds or notes issued ~~pursuant to~~**under** section 18b
 6 or from the state trunk line fund. Loans made directly from the
 7 state trunk line fund ~~shall~~**must not** be made ~~only after provision~~
 8 ~~of~~**until** money **is provided** for the purposes specified in subsection
 9 (1) (a) to (f). Loans described in this subsection are not subject
 10 to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
 11 141.2821.

12 (5) A local road agency may borrow money from the proceeds of
 13 bonds or notes issued under section 18b or the state trunk line
 14 fund for the purposes set forth in subsection (4) that ~~shall be~~**are**
 15 repayable, with interest, from 1 or more of the following:

16 (a) The money to be received by the local road agency from the
 17 Michigan transportation fund, except to the extent the money has
 18 been or may in the future be pledged by contract ~~in accordance with~~
 19 **under** 1941 PA 205, MCL 252.51 to 252.64, or has been or may in the
 20 future be pledged for the payment of the principal and interest
 21 upon notes issued under 1943 PA 143, MCL 141.251 to 141.254, or has
 22 been or may in the future be pledged for the payment of principal
 23 and interest upon bonds issued under section 18c or 18d, or has
 24 been or may in the future be pledged for the payment of the
 25 principal and interest upon bonds issued under 1952 PA 175, MCL
 26 247.701 to 247.707.

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

29 (6) If required by the department, loans made under subsection



1 (4) are payable by deduction by the state treasurer, upon direction
 2 of the department, from the periodic disbursements of any money
 3 returned by this state under this act to the local road agency, but
 4 only after sufficient money has been returned to the local road
 5 agency to provide for the payment of contractual obligations
 6 incurred or to be incurred and principal and interest on notes and
 7 bonds issued or to be issued under 1941 PA 205, MCL 252.51 to
 8 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
 9 247.701 to 247.707, or section 18c or 18d. The **department shall**
 10 **establish** interest rates and payment schedules of any loans made
 11 from the proceeds of bonds or notes issued ~~pursuant to~~ ~~under~~
 12 section 18b ~~shall be established by the department to conform as~~
 13 closely as practicable to the interest rate and repayment schedules
 14 on the bonds or notes issued to make the loans. However, the
 15 department may allow for the deferral of the first payment of
 16 interest or principal on the loans for a period of not to exceed 1
 17 year after the respective first payment of interest or principal on
 18 the bonds or notes issued to make the loans.

19 (7) The amount borrowed by a local road agency under
 20 subsection (5) ~~shall must~~ not be included in, or charged against,
 21 any constitutional, statutory, or charter debt limitation of the
 22 county, city, or village and ~~shall must~~ not be included in the
 23 determination of the maximum annual principal and interest
 24 requirements of, or the limitations upon, the maximum annual
 25 principal and interest incurred under 1941 PA 205, MCL 252.51 to
 26 252.64, 1943 PA 143, MCL 141.251 to 141.254, 1952 PA 175, MCL
 27 247.701 to 247.707, or section 18c or 18d.

28 (8) The local road agency is not required to seek or obtain
 29 the approval of the electors, the municipal finance commission or



1 its successor agency, or, except as provided in this subsection,
 2 the department of treasury to borrow money under subsection (5).
 3 The borrowing is not subject to the revised municipal finance act,
 4 2001 PA 34, MCL 141.2101 to 141.2821, or to section ~~5(g)~~**5(1)(g)** of
 5 the home rule city act, 1909 PA 279, MCL 117.5. The department
 6 shall give at least 10 days' notice to the state treasurer of its
 7 intention to make a loan under subsection (4). If the state
 8 treasurer gives notice to the director of the department within 10
 9 days ~~of~~**after** receiving the notice from the department, that, based
 10 upon the then existing financial or credit situation of the local
 11 road agency, it would not be in the best interests of this state to
 12 make a loan under subsection (4) to the local road agency, the loan
 13 ~~shall~~**must** not be made unless the state treasurer, after a hearing,
 14 if requested by the affected local road agency, subsequently gives
 15 notice to the director of the department that the loan may be made
 16 on the conditions that the state treasurer specifies.

17 (9) The state transportation commission may borrow money and
 18 issue bonds and notes under section 18b to make loans to a local
 19 road agency for the purposes described in the second paragraph of
 20 section 9 of article IX of the state constitution of 1963, as
 21 provided in subsection (4). A single issue of bonds or notes may be
 22 issued for the purposes specified in subsection (4) and for the
 23 other purposes specified in section 18b. The **department shall**
 24 **notify the** house and senate transportation appropriations
 25 subcommittees ~~shall be notified by the department~~ if there are
 26 extras and overruns sufficient to require approval of either the
 27 state administrative board or the commission, or both, on any
 28 contract between the department and a local road agency or a
 29 private business.



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

6 (11) Not more than 8% per year of all of the money received by
 7 and returned to the department from any source for the purposes of
 8 this section may be expended for administrative expenses. The
 9 department ~~shall be~~ **is** subject to section 14(5) if more than 8% per
 10 year is expended for administrative expenses. As used in this
 11 subsection, "administrative expenses" means expenses that are not
 12 assigned including, but not limited to, specific road construction
 13 or preservation projects and are often referred to as general or
 14 supportive services. Administrative expenses do not include net
 15 equipment expense, net capital outlay, debt service principal and
 16 interest, and payments to other state or local offices that are
 17 assigned, but not limited to, specific road construction projects
 18 or preservation activities.

19 (12) Any performance audits of the department ~~shall~~ **must** be
 20 conducted according to government auditing standards issued by the
 21 United States General Accounting Office.

22 (13) Contracts entered into to advance money to a local road
 23 agency under subsection ~~(1)(g)~~ **(1)(h)** are not subject to the
 24 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
 25 141.2821.

26 (14) The department shall prepare on an annual basis a report
 27 listing all warranties that were secured under subsection (2) and
 28 indicate whether any of those warranties were redeemed and all
 29 pavement projects whose costs exceed \$2,000,000.00 for which a



1 warranty was not secured as described in subsection (2). The
2 department shall make the report required by this subsection
3 available to the public upon request and shall also post the report
4 on its website, which ~~shall~~**must** include, but is not limited to,
5 all of the following information:

6 (a) The type of project.

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

8 (c) The expected lifespan of the project.

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

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

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

16 (15) As used in this section:

17 (a) "Local road agency" means that term as defined in section
18 9a.

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

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

23 (ii) The installation or improvement of grade crossing
24 surfaces.

25 (iii) Modification, relocation, or modernization of railroad
26 grade crossing active and passive warning devices necessitated by
27 roadway improvement projects.

28 (iv) Test installations of innovative warning devices or other
29 innovative applications.



1 (v) Construction of new grade separations.

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

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

9 (c) "Transportation economic development fund" means the
10 transportation economic development fund created in section 2 of
11 1987 PA 231, MCL 247.902.

12 Sec. 11k. (1) The local agency disaster relief board fund is
13 created in the state treasury. The state treasurer shall deposit
14 money and other assets received from any source in the fund. The
15 state treasurer shall direct the investment of money in the fund
16 and credit interest and earnings from the investments to the fund.
17 The department is the administrator of the fund for audits of the
18 fund.

19 (2) The money appropriated to the fund and the interest
20 accruing to the fund shall be expended by the board as provided in
21 this section. Up to \$5,000,000.00 annually may be deposited in the
22 fund and the balance of the fund shall not exceed \$50,000,000.00 at
23 the beginning of a fiscal year plus funds already obligated but not
24 spent. The money in the fund is not subject to section 12(15).

25 (3) The local agency disaster relief program is created in the
26 department. The program must provide financial assistance as
27 provided in this section and in accordance with the board's
28 policies, criteria, agreements, or contracts to assist in repairing
29 or replacing a local road agency's infrastructure following a local



1 or state-level declared emergency.

2 (4) The local agency disaster relief board is created in the
3 department. The first members of the board must be appointed by not
4 later than October 1, 2025. The board must, except as otherwise
5 provided in this section, consist of the all of the following
6 individuals:

7 (a) Three voting members appointed by the County Road
8 Association of Michigan.

9 (b) Two voting members appointed by the Michigan Municipal
10 League.

11 (c) One voting member, who must be an engineer, appointed
12 jointly by the County Road Association of Michigan and the Michigan
13 Municipal League.

14 (d) One nonvoting member appointed by the department.

15 (e) One nonvoting member appointed by the department of
16 environment, Great Lakes, and energy.

17 (f) One nonvoting member appointed by the department of state
18 police.

19 (5) Except as provided in subsection (6), members of the board
20 shall serve for terms of 2 years or until a successor is appointed,
21 whichever is later.

22 (6) Of the first members appointed to the board, the following
23 members shall serve a term of 3 years:

24 (a) Two voting members appointed under subsection (4) (a) as
25 determined by the County Road Association of Michigan.

26 (b) One voting member appointed under subsection (4) (b) as
27 determined by the Michigan Municipal League.

28 (c) The nonvoting member appointed under subsection (4) (d).

29 (7) At the expiration of a member's term or if a vacancy



1 occurs on the board, an individual must be appointed to the board
2 or to fill the vacancy for the remainder of the term subject to all
3 of the following:

4 (a) A successor to a voting member appointed under subsection
5 (4) (a), (b), or (c) must be appointed jointly by the County Road
6 Association of Michigan and the Michigan Municipal League.

7 (b) A successor to a nonvoting member appointed under
8 subsection (4) (d), (e), or (f) must be appointed by the same
9 department that appointed that nonvoting member.

10 (8) A member of the board may be removed by the governor or
11 the board for incompetence, dereliction of duty, malfeasance,
12 misfeasance, nonfeasance in office, or any other good cause.

13 (9) The nonvoting member appointed by the department under
14 subsection (4) (d) shall call the first meeting of the board. At the
15 first meeting, the board shall elect from among the board's voting
16 members a chairperson and other officers that the board considers
17 necessary or appropriate. After the first meeting, the board shall
18 meet at least quarterly. The chairperson may call a special meeting
19 of the board in response to a local or state-level declared
20 emergency that is of a fiscal magnitude established as actionable
21 by the board.

22 (10) A majority of the voting members of the board constitute
23 a quorum for the transaction of business at a meeting of the board.
24 A majority of the voting members present and serving is required
25 for official action of the board.

26 (11) A member of the board shall serve without compensation
27 but may receive reimbursement for necessary travel and expenses
28 consistent with applicable law and the rules and procedures of the
29 civil service commission and department of technology, management,



1 and budget or local road agency policies, subject to available
2 funding.

3 (12) The board shall conduct its business in compliance with
4 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

5 (13) A writing prepared, owned, used, in the possession of, or
6 retained by the board in the performance of an official function is
7 subject to the freedom of information act, 1976 PA 442, MCL 15.231
8 to 15.246.

9 (14) The board may employ part-time or full-time managers or
10 engineers and may contract with a person, in accordance with the
11 board's policies, to provide expertise or to perform professional
12 or technical services, administrative assistance, or legal counsel
13 in accordance with the board's policies. The board shall determine
14 the duties of a manager, engineer, or other person employed under
15 this subsection and shall require the manager, engineer, or other
16 person to maintain all necessary insurances.

17 (15) The program shall provide funding to local road agencies
18 for 1 or more of the following:

19 (a) Restoring or replacing a public local road, bridge, or
20 other physical transportation infrastructure to the condition
21 existing before the state-level declared emergency event or to the
22 current state and federal standards as recognized in board policy,
23 if the local road agency has exhausted all other federal and state
24 funding sources.

25 (b) Completing engineering and design to meet current
26 standards.

27 (c) Purchasing land or construction easements required to
28 construct the public road, bridge, or physical transportation
29 infrastructure.



1 (d) Conducting inspection and oversight necessary to ensure
2 that performance standards are met.

3 (e) Performing project administration necessary to ensure that
4 financial accountability standards are met.

5 (16) The board may approve the use of money in the fund for
6 other activities, including, but not limited to, items not
7 otherwise eligible for funding from a federal or state disaster
8 program or from federal or state matching funds, needed to restore
9 a public road, a bridge, drainage, or other facilities as permitted
10 by law on a demonstrated need by a local road agency.

11 (17) To obtain funding under subsection (15), a local road
12 agency must file a funding application with the board at any time
13 as determined by the board, on a form approved by the board that
14 contains the information required by the board.

15 (18) The board shall establish policies, criteria,
16 definitions, and timelines for funding a repair or replace work
17 project and a review process for considering funding applications.
18 By not later than 180 days after receiving a funding application,
19 the board shall notify the applicant in writing whether the funding
20 application is approved in part or in entirety, or if the funding
21 application is rejected or remains pending for a specific reason.
22 Before releasing money from the program, the board shall enter into
23 an agreement with the funding recipient.

24 (19) For each year in which the board receives funding
25 applications under subsection (17), the board shall report by
26 October 1 to the standing committees of the senate and house of
27 representatives with primary jurisdiction over transportation
28 issues and to the senate and house of representatives appropriation
29 subcommittees on transportation on the utilization of money from



1 the fund. The report must include, at a minimum, all of the
2 following:

3 (a) The number of funding applications received.

4 (b) The name of each local road agency that submitted a
5 funding application and whether each funding application was
6 approved or denied.

7 (c) The amount of local match for each funding application
8 that was granted.

9 (d) The individual and annual cumulative amount of money
10 awarded under this section, including an identification of the
11 purpose of the money awarded.

12 (20) As used in this section:

13 (a) "Board" means the local agency disaster relief board
14 created in subsection (4).

15 (b) "Fund" means the local agency disaster relief board fund
16 created in subsection (1).

17 (c) "Funding application" means an application under
18 subsection (17) for money from the program.

19 (d) "Local road agency" means that term as defined in section
20 9a.

21 (e) "Program" means the local agency disaster relief program
22 created in subsection (3).

