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MICHIGAN TRANSPORTATION LAW



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MICHIGAN DEPARTMENT OF TRANSPORTATION

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or village jurisdiction during the preceding period of July 1 to June 30. In each year after that determination, the transferred mileage shall be accumulated and added to the mileage transferred in each subsequent July 1 to June 30 period.

(2) The current average revenue worth per mile of a county primary road and a county local road shall be determined annually by dividing the total county primary and local road mileages respectively as of the first day of the preceding July 1 to June 30 period into the total amount of Michigan transportation funds returned to counties pursuant to this act for use on county primary and local roads respectively during that period, except money returned to counties pursuant to section 12(2) and (3).

(3) The total amount of money to be transferred from and to the state trunk line fund, the counties, cities, and villages shall be determined annually by multiplying the current revenue worth per mile of a county primary road and a county local road respectively by the number of accumulated miles in each category transferred from and to state, county, city, or village jurisdiction. If the transferred facility becomes classified as part of the local road or street system of the receiving jurisdiction, the transfer of money shall be calculated on the basis of the revenue worth per mile of a county local road. In any other category of jurisdictional transfer, the transfer of money shall be calculated on the basis of the revenue worth per mile of a county primary road.

(4) For jurisdictional transfers made from the state to a county, city, or village after July 1, 1992, the amount in the state trunk line fund to be transferred shall be transferred to the county, city, or village receiving jurisdiction. If the transferred highway is then classified as part of the local road or street system of the receiving jurisdiction, the transfer of money to the receiving jurisdiction shall be calculated on the basis of the revenue worth per mile of a county local road as determined in subsection (2). If the transferred highway is then classified as part of the primary road or major street system of the receiving jurisdiction, the transfer of money to the receiving jurisdiction shall be calculated on the basis of the revenue worth per mile of a county primary road as determined in subsection (2). This subsection and subsection (5) shall not be construed to effect contracts entered into before or after the effective date of this subsection pursuant to Act No. 166 of the Public Acts of 1965, being sections 408.551 to 408.558 of the Michigan Compiled Laws, for the maintenance of a transferred highway.

(5) In cities and villages with a population of 25,000 or more, trunk line mileage that is transferred to local jurisdiction after July 1, 1992 and is then classified as a major street shall be certified at twice its measured length.

(6) The transfer of funds under this section shall be included each year in the October appropriation of the Michigan transportation fund.

247.660b COMPREHENSIVE TRANSPORTATION FUND. [M.S.A. 9.1097(10c)]

Sec. 10b. (1) A fund to be known as the comprehensive transportation fund is established and shall be set up and maintained in the state treasury as a separate fund. In addition to the money distributed to the comprehensive transportation fund pursuant to this act, the money authorized to be credited to the comprehensive transportation fund pursuant to section 25 of the general sales tax act, Act No. 167 of the Public Acts of 1933, as amended, being section 205.75 of the Michigan Compiled Laws, shall be deposited in the comprehensive transportation fund and is appropriated to the state transportation department for the purposes described in section 10e.

(2) The comprehensive transportation fund shall be administered by the state transportation department in accordance with this act.

(3) The general functions of the state transportation department in the administration of funds for comprehensive transportation services shall include the following:

(a) Establishing public transportation procedures and administrative practices for which there is a clear requirement for uniformity statewide.

(b) Planning and providing for the current and long-range development of a system of public transportation in areas for which an eligible authority or eligible governmental agency does not exist.

(c) Investigating public transportation conditions and making recommendations for improvement to the state transportation commission for forwarding to the legislature.

(d) Encouraging, coordinating, and administering grants for research and demonstration projects to develop the application of new ideas and concepts in public transportation facilities and services as applied to state as opposed to nationwide problems.

(e) Performing each function necessary to comply fully with present or future federal transportation acts.

(f) Administering and distributing money from the comprehensive transportation fund and the proceeds of notes and bonds sold for public transportation purposes. If money is raised by an eligible authority or an eligible governmental agency for a public transportation capital outlay project funded pursuant to sections 3, 5, and 6 of the urban mass transportation act of 1964, 49 U.S.C. 1602, 1604, and 1605, or federal law codified in 23 U.S.C. 101 to 407, the state shall pay not less than 66-2/3% of the local match. The state shall not expend money as a local match or otherwise, and an eligible authority or eligible governmental agency shall not expend money distributed pursuant to this act, as a local match or otherwise, for the preliminary or final construction engineering plans or the construction of a subway system within the area of the southeastern Michigan transportation authority until that expenditure is approved by concurrent resolution of the legislature. The concurrent resolution shall be approved on a record roll call vote of each house. The state shall not expend money for the construction, operation, or maintenance of a commuter boat service system within a county which is a member of the southeastern Michigan transportation authority until approved by concurrent resolution of the legislature. The concurrent resolution shall be approved on a record roll call vote of each house.

(g) Applying for, receiving, and accepting any grant, gift, contribution, loan, or other assistance in the form of money, property, labor, and any other form from a public or private source, including assistance from an agency or instrumentality of the United States and doing each thing as is necessary to apply for, receive, and administer that assistance in accordance with the laws of this state.

(h) Promulgating rules for the implementation and administration of the comprehensive transportation fund, pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

(I) Issuing bonds or notes for public transportation purposes in accordance with this act.

(j) Making direct expenditures, loans, grants, or guaranteeing lease costs to public and private corporations for public transportation purposes using the comprehensive transportation fund or using as appropriate, the proceeds of notes and bonds authorized by section 18b.

247.660c DEFINITIONS.

Sec. 10c. As used in this act:

(a) "Urban or rural area" means a contiguous developed area, including the immediate surrounding area, where transportation services should reasonably be provided presently or in the future; the area within the jurisdiction of an eligible authority; or for the purpose of receiving funds for public transportation, a contiguous developed area having a population of less than 50,000 population that has an urban public transportation program approved by the state transportation department and for which the state transportation commission determines that public transportation services should reasonably be provided presently or in the future.

(b) "Eligible authority" means an authority organized pursuant to the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, as amended, being sections 124.401 to 124.426 of the Michigan Compiled Laws.

(c) "Eligible governmental agency" means a county, city, or village or an authority created pursuant to Act No. 55 of the Public Acts of 1963, as amended, being sections 124.351 to 124.359 of the Michigan Compiled Laws; the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws; Act No. 8 of the Public Acts of the Extra Session of 1967, being sections 124.531 to 124.536 of the Michigan Compiled Laws; Act No. 35 of the Public Act of 1951, as amended, being sections 124.1 to 124.13 of the Michigan Compiled Laws; the public transportation authority act, Act No. 196 of the Public Acts of 1986, being sections 124.451 to 124.479 of the Michigan Compiled Laws; or the revenue bond act of 1933, Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.140 of the Michigan Compiled Laws.

(d) "Transit vehicle" means a bus, rapid transit vehicle, railroad car, water vehicle, taxicab, or other type of public transportation vehicle or individual unit, whether operated singly or in a group which provides public transportation.

(e) "Transit vehicle mile" means a transit vehicle operated for 1 mile in public transportation service including demand actuated and line-haul vehicle miles.

(f) "Demand actuated vehicle" means a bus or smaller transit vehicle operated for providing group rides to members of the general public paying fares individually, and on demand rather than in regularly scheduled route service.

(g) "Demand actuated vehicle mile" means a demand actuated vehicle operated for 1 mile in service to the general public.

(h) "Public transportation", "comprehensive transportation", "public transportation service", "comprehensive transportation service", "public transportation purpose", or "comprehensive transportation purpose" means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, aircraft, rapid transit vehicle, taxicab, or other conveyance which provides general or special service to the public, but not including charter or sightseeing service or transportation which is exclusively for school purposes. Public transportation, public transportation services, or public transportation purposes; and comprehensive transportation, comprehensive transportation services, or comprehensive transportation purposes as defined in this subdivision are declared by law to be transportation purposes within the meaning of section 9 of article IX of the state constitution of 1963.

(i) "State transportation commission" means the state transportation commission or the state highway commission as established in section 28 of article V of the state constitution of 1963.

(j) "Governmental unit" means the state transportation department, state highway commission or the state transportation commission, or a county road commission.

(k) "Department" or "department of transportation" means the state transportation department, which may be referred to administratively as the department of transportation.

247.660d COMPREHENSIVE TRANSPORTATION FUND; DISTRIBUTION. [M.S.A. 9.1097(10e)]

Sec. 10d. The comprehensive transportation fund shall be distributed to eligible authorities for public transportation purposes, distributed to eligible governmental agencies which are not within the jurisdiction of an eligible authority for public transportation purposes, and expended by the department of transportation for public transportation purposes. A distribution to an eligible governmental agency located within the jurisdiction of an eligible authority for public transportation purposes may be made directly if the eligible governmental agency was providing public transportation service on January 3, 1973. Except for an eligible governmental agency which was providing public transportation service on January 3, 1973, distribution for public transportation purposes may be made directly to an eligible governmental agency located within the jurisdiction of an eligible governmental agency or eligible authority which is providing public transportation service on the date of the creation of the comprehensive transportation fund, only if approved by the eligible governmental agency or eligible authority in which the eligible governmental agency is located. Further, except for an eligible governmental agency or eligible authority in whose jurisdiction is located an eligible governmental agency which was providing public transportation service on January 3, 1973, a distribution may be made directly to an eligible governmental agency or eligible authority in whose jurisdiction is located an eligible governmental agency which is providing public transportation service on the date of the creation of the comprehensive transportation fund, only if approved by the eligible governmental agency located within the eligible governmental agency or eligible authority. A county which withdraws from an eligible authority shall not be considered to be within the jurisdiction of the eligible authority.

247.660e COMPREHENSIVE TRANSPORTATION FUND; APPROPRIATION AND EXPENDITURE; ORDER OF PRIORITY; CAPITAL GRANTS RECEIVED BY ELIGIBLE AUTHORITIES AND ELIGIBLE GOVERNMENTAL AGENCIES; ANNUAL INSTRUCTIONS TO ELIGIBLE AGENCIES AND AUTHORITIES AND INTERCITY CARRIERS TO ENABLE PREPARATION OF LOCAL TRANSPORTATION PROGRAMS; PUBLIC NOTICE; COMMENTS; SUBMISSION OF LOCAL TRANSPORTATION PROGRAM TO DEPARTMENT; DEPARTMENT TRANSPORTATION PROGRAM; PROPOSED STATE TRANSPORTATION PROGRAM; ACTION BY COMMISSION; APPROVAL OF PROJECTS; CONTRACTUAL AGREEMENT OR STANDARDIZED GRANT MEMORANDUM OF AGREEMENT; APPROVAL OF MULTIYEAR PUBLIC TRANSPORTATION PROGRAM; GRANT-IN-AID INSTRUMENT; FUNDING; AUDITS; SOURCE OF FUNDS FOR PAYMENT OF ELIGIBLE CAPITAL PROJECTS, NEW SERVICES, AND INTERCITY PASSENGER OPERATING ASSISTANCE

PROJECTS; USE OF VEHICLE PURCHASED, LEASED, OR RENTED; PURCHASE, LEASE, OR RENTAL OF VEHICLE PROVIDING DEMAND ACTUATED SERVICE; PLAN; EXCEPTIONS; ANNUAL REPORT; OPINION OF ATTORNEY GENERAL.

Sec. 10e. (1) The comprehensive transportation fund is appropriated for each fiscal year in the following order of priority.

(2) The first priority is to pay, but only from money restricted as to use by section 9 of article IX of the state constitution of 1963, the principal and interest on bonds or notes issued under section 18b for comprehensive transportation purposes as defined by law. A sufficient portion of the comprehensive transportation fund is irrevocably appropriated to pay, when due, the principal and interest on those bonds and notes.

(3) After making or setting aside payments required by subsection (2), the second priority of the comprehensive transportation fund is the payment of the department's cost in administering the comprehensive transportation fund. The amount to be expended pursuant to this subsection shall not exceed the costs appropriated for the administration of the fund in the fiscal year ending September 30, 1987, as adjusted annually on October 1, by the change for the preceding 12 months in the Detroit consumer price index for urban wage earners and shall be appropriated annually by the legislature.

(4) After making or setting aside payments required by subsections (2) and (3), the balance of the comprehensive transportation fund shall be expended each fiscal year as appropriated annually by the legislature pursuant to the state transportation program approved by the commission as follows:

(a) The third priority shall be the payment of operating grants to eligible authorities and eligible governmental agencies according to the following formulations and subject to the following requirements:

(i) For the fiscal year ending September 30, 1998, and for each fiscal year thereafter, each eligible authority and eligible governmental agency which provides public transportation services in urbanized areas under Public Law 103-272, 49 U.S.C. 5307, with a Michigan population greater than 100,000 shall receive a grant of up to 50% of their eligible operating expenses as defined by the state transportation department.

(ii) For the fiscal year ending September 30, 1998, and each fiscal year thereafter, each eligible authority and eligible governmental agency which provides public transportation services in urbanized areas with a Michigan population less than or equal to 100,000 and nonurbanized areas under Public Law 103-272, 49 U.S.C. 5311, shall receive a grant of up to 60% of their eligible operating expenses as defined by the state transportation department.

For purposes of receiving a grant under this subparagraph in nonurbanized areas, eligible costs of services provided by water vehicle shall be reimbursed at not less than 50% of the portion of the costs not eligible for reimbursement by the federal government.

(iii) Funds shall not be distributed to an eligible authority or eligible governmental agency under this act unless the eligible authority or eligible governmental agency provides or agrees to provide preferential fares for public transportation services to persons 65 years of age or over or handicappers riding in off peak periods of service. As used in this section, "handicapper" means a handicapped person as that term is defined by the United States department of transportation in 49 C.F.R. part 27. The preferential fares shall not be higher than 50% of the regular 1-way single fare.

(iv) Eligible authorities and eligible governmental agencies shall not engage in charter service using vehicles, facilities, or equipment funded under this act except on an incidental basis as defined by 49 C.F.R. Part 604.

(v) Notwithstanding any other provision of this subsection, for the fiscal year ending September 30, 1998, each eligible authority and eligible governmental agency shall receive a distribution from the comprehensive transportation fund not less than the distribution received for eligible operating expenses for the fiscal year ending September 30, 1997. Beginning with the fiscal year ending September 30, 1998 and each fiscal year thereafter, each eligible authority and eligible governmental agency shall receive a distribution from the comprehensive transportation fund for eligible operating expenses not less than the distribution received for the fiscal year ending September 30, 1997. As it relates to this subsection the ratio between comprehensive transportation funds and local funds in the fiscal year ending September 30, 1989 shall be maintained for all fiscal years by the eligible authority and eligible governmental agency. Reductions in this ratio shall require a proportionate reduction in the comprehensive transportation funds provided for any fiscal year.

(vi) Each eligible authority and eligible governmental agency receiving comprehensive transportation funds shall

prepare and submit to the department a quarterly report of the progress made in carrying out its local transportation program within 40 days after the end of each fiscal year quarter. The progress report shall be made on forms authorized by the United States department of transportation under the provisions of public law 100-17.

(vii) The department shall periodically adjust or redistribute comprehensive transportation funds previously distributed under this subdivision.

(b) For the fiscal year ending September 30, 1997, and each fiscal year thereafter, not less than 10% shall be distributed by the department for intercity passenger and intercity freight transportation purposes.

(c) For the fiscal year ending September 30, 1997, and each fiscal year thereafter, funds remaining in the fund after payment of the amounts required by subdivisions (a) and (b) shall be distributed by the department for public transportation purposes. For the fiscal year ending September 30, 1998, and each fiscal year thereafter, funds shall be made available to match all projects for eligible authorities and eligible governmental agencies that are approved for federal funding as provided by federal law and for which an approved transportation improvement program (TIP) and state transportation improvement plan (STIP) exist. Funds distributed under this subdivision shall be expended pursuant to specific line item appropriation for, but not limited to, the following public transportation purposes:

(i) The specialized services assistance program. The specialized services assistance program shall be funded with not less than \$3,600,100.00 from funds distributed under this subdivision. Funds shall be distributed according to guidelines developed by the department based upon the following considerations:

(A) Proposals for coordinated specialized services assistance funding shall be developed jointly between existing eligible authorities or eligible governmental agencies that provide public transportation services and the area agencies on aging or any other organization representing specialized services interests, as defined in this subdivision. Plans shall be reviewed and approved by the bureau of urban and public transportation of the department. Upon approval, the department shall release the funds to the eligible authority or eligible governmental agency which shall then allocate the funds to the area agency on aging or any other organization representing specialized services interests, as defined in this subdivision for the purchase of services as approved in the plan by the department.

(B) If an eligible authority or eligible governmental agency does not exist to provide public transportation service in a county, coordinated proposals for specialized services assistance funding may be submitted by the area agency on aging or any other organization representing specialized services interests, as defined in this subdivision. The proposals shall be reviewed and approved by the bureau of urban and public transportation of the department. Upon approval, the department shall release the funds to the area agency on aging or any other organization representing specialized services interests, as defined in this subdivision for the purchase of services as approved in the plan by the department.

(C) For the purposes of this program, "specialized services" means public transportation primarily designed for persons who are handicappers or who are 65 years of age or older.

(ii) Local bus capital. For the fiscal year ending September 30, 1998 and each fiscal year thereafter, not less than \$8,000,000.00 will be distributed for either matching federal funds for local bus capital or 100% capital projects for eligible authorities and eligible governmental agencies that are not eligible to receive federal capital formula funds under section 5307 of the federal intermodal surface transportation efficiency act, Public Law 102-240, or any successor act.

(iii) Local bus new services.

(iv) Not less than \$2,000,000.00 in each fiscal year for the credit program established under section 10/.

(v) Public transportation development.

(vi) Other public transportation programs approved by the commission.

(d) The unappropriated and unencumbered balance of the comprehensive transportation fund lapses at the end of each fiscal year and reverts to the comprehensive transportation fund for appropriation in the following fiscal year.

(5) Eligible authorities and eligible governmental agencies shall receive capital grants each fiscal year by the annual process described in this section. Amounts received by an eligible authority or eligible governmental agency pursuant to this subsection shall be expended by that authority or agency solely for capital projects which have been approved by the state transportation commission. Any funds approved by distribution to an eligible authority or eligible governmental agency pursuant to this section which have not been encumbered by that agency or authority for an approved capital project by the end of the following fiscal year in which the funds were approved shall not be expended by the authority or agency and be available for distribution from the comprehensive transportation fund for the purposes

described in this section.

(6) The department, in carrying out the policy of the state transportation commission, shall annually prepare and distribute by December 1, instructions to eligible governmental agencies, eligible authorities, and intercity carriers to enable the preparation of a local transportation program. Eligible governmental agencies, eligible authorities, and intercity carriers shall give public notice of their intent to apply for money in the comprehensive transportation fund to the residents of the counties, townships, villages, and cities affected by the local transportation program and shall make their application available for a period of 30 days. All comments received by the eligible governmental agency, eligible authority, or intercity carrier shall be transmitted to the department.

(7) On or before March 1 of each year, each intercity carrier, eligible authority, and eligible governmental agency shall submit to the department its local transportation program for the next succeeding fiscal year. The format for each local transportation program shall be as prescribed by the federal transportation improvement program insofar as practical and shall include project descriptions, funding sources, and justification for each line item, and summary budgets based on distributions anticipated under subsection (4). The program shall contain at a minimum the contemplated routes, hours of service, estimated transit vehicle miles, costs of public transportation services, and projected capital improvements or projects as exclusively determined by the eligible authority or eligible governmental agency. The costs of service and capital improvements or projects shall be in sufficient detail to permit the state transportation department to evaluate and approve the annual public transportation program. Determination of individual projects to be included in the local transportation programs other than those provided in this subsection shall be made by the governing body of the eligible authority or eligible governmental agency.

(8) On or before March 1 of each year, the department shall prepare and file for public inspection and review the department transportation program. The department transportation program shall be prepared on similar format to the local transportation programs, and shall include a summary description of projects, with funding sources and project justifications for each line item for the fiscal year immediately succeeding the fiscal year in which the program is submitted. In addition, the department transportation program shall include summary, nondetailed budget and project descriptions and justifications excluding projects contained in a local transportation program.

(9) On or before April 1 of each year, the department shall prepare and file with the commission the proposed state transportation program for the next succeeding fiscal year. The proposed state transportation program shall contain the local transportation programs of each intercity carrier, eligible authority and eligible governmental agency, the department transportation program, and the programs for the expenditure of the state trunk line fund as they may have been supplemented, amended, or modified since their original filing. The state transportation program shall include the estimated amount of money in the funds described in this subsection by revenue source, project justifications, project descriptions funding sources, and budget summaries.

(10) On or before May 1 of each year, the state transportation commission shall act on the state transportation program for the fiscal year commencing on the following October 1. In considering approval of the proposed projects of each intercity carrier, eligible authority, or eligible governmental agency, other than projects which are to be funded pursuant to subsection (5), the state transportation commission shall consider whether the projects comply with state law, are within funds allocated in this section, whether they may be funded within the approved budgets, whether there are intercity carriers, eligible authorities, and eligible governmental agencies responsible to implement the projects, and the recommendations of the department on individual projects. Upon making those determinations, the state transportation commission shall approve the projects which best meet the criteria of this subsection.

(11) By October 1, the department and each intercity carrier, eligible authority, or eligible governmental agency shall enter into a contractual agreement or standardized grant memorandum of agreement, which may cover 1 or more projects to be made from this section in the applicable fiscal year to the intercity carrier, eligible authority, or eligible governmental agency from the comprehensive transportation fund.

(12) After a multiyear public transportation program is approved by the state transportation commission, the state transportation department may enter into a grant-in-aid instrument with an eligible authority, intercity carrier, or eligible governmental agency obligating the state to a minimum level of funding for approved projects to be available over the multiyear period of the program. This obligation shall be binding upon the state transportation department as long as the provisions and conditions of the state transportation commission approved program are carried out as agreed.

(13) Contracts and grant memorandum agreements may be audited by the state transportation commission's office

of commission audits using rules promulgated by the United States general accounting office and the terms and conditions of the respective contracts and agreements. Third party agreements are subject to the review and approval of the department.

(14) Funds distributed by the department may pay 100% of the portion of the cost not eligible for reimbursement by the federal government for eligible capital projects authorized by the state transportation commission using comprehensive transportation funds or the proceeds of notes and bonds issued under section 18b. Priority for funding obligation shall be given to capital projects for which federal funds have been authorized.

(15) All approved local bus new services initiated by eligible authorities and eligible governmental agencies not in their fourth year or beyond of funding on October 1, 1988, shall be funded from subsection (4) (c) (iii). Local bus new services shall be funded under subsection (4) (c) (iii) in the following percentages of eligible operating expenses as determined by the department:

- (a) Startup 100%.
- (b) First year 90%.
- (c) Second year 80%.
- (d) Third year 70%.
- (e) Fourth year and each year thereafter, as determined by and from funds provided under subsection (4) (a).

The balance of eligible operating expenses shall be met from local revenue sources including farebox. The department shall pay up to 100% of eligible capital expenses during the startup and first 3 years of service, after the third year, the department shall participate in eligible capital expenses in the same percentage as for other eligible authorities and eligible governmental agencies. For the purposes of this subsection, eligible operating and capital expenses means those expenses determined by the department as applicable to existing eligible authorities and eligible governmental agencies. The department shall prioritize annually all requests for comprehensive transportation funds to institute new services under this subsection. First priority shall be given to eligible authorities and eligible governmental agencies who have not completed their first 3 years of service by October 1, 1998. New services initiated by eligible authorities and eligible governmental agencies under this subsection shall meet all of the requirements of section 10.

(16) The department shall pay up to 80% of the portion of the cost not eligible for reimbursement by the federal government for intercity passenger operating assistance projects authorized by the commission for the first 2 years of new services. For the third year, eligible costs shall be reimbursed at up to 60% of the portion of the cost not eligible for reimbursement by the federal government. After the third year, eligible costs shall be reimbursed at up to 50% of the portion of the cost not eligible for reimbursement by the federal government. Eligible costs of services provided as of September 30, 1981, shall be reimbursed at up to 50% of the portion of the cost not eligible for reimbursement by the federal government. However, the amount of funds from the comprehensive transportation fund when added to federal funds and local funds shall not exceed the total operating assistance project cost.

(17) A vehicle purchased, leased, or rented after November 15, 1976, by an eligible authority or eligible governmental agency with funds made available under this act, which funds were not already committed under a contract in existence on November 15, 1976, shall not be used to provide service on a fixed schedule and fixed route for which a passenger fee is charged unless the vehicle is accessible to a person using a wheelchair from a roadway level or curb level, and has accommodations in which 1 or more wheelchairs can be secured.

(18) A vehicle shall not be purchased, leased, or rented by an eligible authority or eligible governmental agency after October 1, 1978, with funds made available under this act which vehicle is used to provide demand actuated service unless the eligible authority or eligible governmental agency has submitted a plan to the state transportation department describing the service to be provided by the demand actuated service to persons 65 years of age or older and handicappers within the applicable service area and that plan has been approved by the department. The department shall approve the plan as submitted or modified or shall reject the plan within 60 days after the plan is submitted. A plan which describes the service to be provided by the demand actuated service shall not be approved by the department unless that plan provides the following:

- (a) That demand actuated service will be provided to persons 65 years of age or older and handicappers residing in the entire service area subject to the plan.
- (b) That as a minimum, demand actuated service will be provided to persons 65 years of age or older and handicappers during the same hours as service is provided to all other persons in the service area subject to the plan.
- (c) That the average time period required for demand actuated service to persons 65 years of age or older and

handicappers from the initiation of a service request to arrival at the destination is equal to the average time period required for demand actuated service provided to all other persons in the service area subject to the plan.

(d) That the eligible authority or eligible governmental agency submitting the plan has established a local advisory council with not less than 50% of its membership representing persons 65 years of age or older and handicappers within the service area subject to the plan and that the local advisory council has had an opportunity to review and comment upon the plan before its submission to the department. Each eligible authority or eligible governmental agency jointly with the area agency on aging shall approve at least 1 or the equivalent of 12% of the membership of the local advisory council. Each advisory council comment shall be included in the plan when submitted to the department.

(19) Notwithstanding subsection (18), a plan required by subsection (18) which is not approved or rejected by the state transportation department within 60 days after submission shall be considered approved as submitted.

(20) Subsections (17), (18), and (19) shall not apply to vehicles or facilities used to transport persons by rail, air, or water or to vehicles of common carriers licensed by the state transportation department.

(21) Beginning January 1, 1979, the department shall submit an annual report to the legislature detailing the service provided in the prior year for persons 65 years of age or older and handicappers by fixed route service and demand actuated service. This report shall include a record of passenger usage and shall be submitted by April 1 of each year.

(22) Notwithstanding any other provision of this section, if the unreserved balance of the comprehensive transportation fund as of September 30, 1997 is greater than \$50,000,000.00, then the entire unreserved balance minus \$50,000,000.00 shall be appropriated for the fiscal year ending September 30, 1998 only to local bus transit authorities for discretionary capital expenditures. These funds shall be distributed to individual authorities in the same proportion provided for in the provisions of section 10e (4)(a)(i) except that the costs of services provided by water vehicle shall not be eligible for reimbursement.

247.660g RULES. [M.S.A. 9.1097(10h)]

Sec. 10g. The state transportation department shall promulgate rules for the implementation and administration of the comprehensive transportation fund pursuant to Act No. 306 of the Public Acts of 1969, as amended.

247.660h REPORT BY STATE TRANSPORTATION COMMISSION TO LEGISLATURE, GOVERNOR, AND AUDITOR GENERAL; CONTENTS; AUDIT OF FINANCIAL TRANSACTIONS AND ACCOUNTS RELATED TO CERTAIN DISTRIBUTIONS FROM COMPREHENSIVE TRANSPORTATION FUND; COST; SUBMISSION OF AUDIT REPORT AND MANAGEMENT LETTER TO DEPARTMENT; MINIMUM AUDIT STANDARDS AND REQUIREMENTS; TASK FORCE. [M.S.A. 9.1097(10i)]

Sec. 10h. (1) By May 1 of each year the state transportation commission shall report to each member of the legislature, the governor, and the auditor general its recommendations for a transportation program which the state transportation commission acts on under Section 10e(10). The report shall specify the following:

(a) The estimated amount of money in the comprehensive transportation fund to be distributed in the following fiscal year and the amount of money in the comprehensive transportation fund to be distributed to each eligible authority, each intercity carrier, each eligible governmental agency, and the state transportation department; the estimated amount of money in the state trunk line fund to be distributed to the state transportation department for the maintenance, as defined in section 11, of state trunk line highways; and the estimated amount of money in the state trunk line fund to be distributed to the state transportation department for all other purposes in the following fiscal year. The report shall further subdivide the money to be distributed to each eligible authority, each intercity carrier, each eligible governmental agency, the state transportation department from the comprehensive transportation fund, the state transportation department from the state trunk line fund for the maintenance of state trunk line highways, and the state transportation department from the state trunk line fund for all other purposes specifying how much of that money is proposed to be expended for either capital acquisitions, including demonstration projects, or for operating expenses, including demonstration projects.

(b) An account of all expenditures of funds distributed from the state trunk line fund and the comprehensive transportation fund to the state transportation department, eligible authorities, intercity carriers, and eligible governmental agencies, and the progress made by the state transportation department, eligible authorities, intercity carriers, and eligible governmental agencies in carrying out the approved transportation programs in the preceding fiscal year through the use of those funds. The progress report shall be made based on information supplied to the state transportation department on forms authorized by the federal department of transportation. For those eligible authorities, intercity carriers, and eligible governmental agencies not receiving federal funds pursuant to the urban mass transportation act of 1964, Public Law 88-365, the progress report shall be made upon forms supplied by the state transportation department. The progress report shall also contain the whole amount of the expenses of the state transportation department for the fiscal year.

(c) Each project certified to be eligible for a multiyear funding commitment.

(d) The status of all multiyear funding commitments.

(e) An account of the state transportation department's compliance in the preceding year with the requirements of section 11(2) and (3). The report shall also specify the justification for a waiver of the requirement of section 11(3), if that requirement was waived.

(2) The financial transactions and accounts related to distributions made from the comprehensive transportation fund to an eligible authority created under the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, as amended, being sections 124.401 to 124.425 of the Michigan Compiled Laws shall be audited pursuant to that act. The cost of the audit shall be paid by the eligible authority. The financial transactions and accounts related to distributions made from the fund to an eligible governmental agency, other than a county, shall be audited in accordance with the uniform budgeting and accounting act, Act No. 2 of the Public Acts of 1968, as amended, being sections 141.421 to 141.440a of the Michigan Compiled Laws. The financial transactions and accounts related to distributions made from the fund to a county which is an eligible governmental agency shall be audited in accordance with Act No. 71 of the Public Acts of 1919, as amended, being sections 21.41 to 21.54 of the Michigan Compiled Laws. The financial transaction and accounts relative to distributions made to an intercity carrier shall be audited by an independent certified public accountant in accordance with instructions promulgated by the department of treasury. A copy of the complete audit report and management letter shall be submitted by the eligible authority, intercity carrier, or eligible governmental agency to the state transportation department. The department of treasury shall develop minimum audit standards and requirements.

(3) There is hereby established a task force composed of the Michigan public transit association, the Michigan motorbus association, the Michigan rail users and supporters association, the Michigan railroad association, a representative of a state owned or leased short line railroad, and the office of auditor general or a certified public accountant appointed by the auditor general, to assist the department in the development of the progress report requirements outlined in subsection (1) (b).

247.660j INELIGIBILITY FOR GRANT OR DISTRIBUTION; ACCRUED PENSION OR RETIREMENT LIABILITIES. [M.S.A. 9.1097(10k)]

Sec. 10j. (1) An eligible authority or eligible governmental agency may not receive a grant or distribution pursuant to this act if it has an employee which is considered to be a state employee or is subject to the jurisdiction of the department of civil service.

(2) An eligible authority may not receive a grant or distribution pursuant to this act if the eligible authority assumes responsibility for a pension or retirement benefit which accrued to former employees of acquired public or private transportation systems who are not transferred as regular employees to the authority at the time of acquisition in conformity with sections 13 and 24 of Act No. 204 of the Public Acts of 1967, as amended, being sections 124.413 and 124.424 of the Michigan Compiled Laws.

(3) Nothing in this section shall relieve former employers of any accrued pension or retirement liabilities to employees or former employees not transferred at the time of acquisition.

247.660k NONMOTORIZED TRANSPORTATION SERVICES AND FACILITIES; EXPENDITURE; IMPROVEMENTS AS QUALIFIED NONMOTORIZED FACILITY; MEETING REQUIREMENTS OF SECTION; 5-YEAR PROGRAM; ESTABLISHMENT OF FACILITIES; INFORMATION AND ASSISTANCE AS TO PLANNING, DESIGN, AND CONSTRUCTION. [M.S.A. 9.1097(10)]

Sec. 10k. (1) Transportation purposes as provided in this act include provisions for facilities and services for nonmotorized transportation including bicycling.

(2) Of the funds allocated from the Michigan transportation fund to the state trunk line fund and to the counties, cities, and villages, a reasonable amount, but not less than 1% of those funds shall be expended for nonmotorized transportation services and facilities.

(3) An improvement in a road, street, or highway which facilitates nonmotorized transportation by the paving of unpaved road surfaces and shoulders, widening of lanes, or any other appropriate measure shall be considered to be a qualified nonmotorized facility for the purposes of this section.

(4) Units of government need not meet the provisions of this section annually, provided the requirements are met as an average over a reasonable period of years, beginning with 1978, not to exceed 10.

(5) The state transportation department or a county, city, or village receiving money from the Michigan transportation fund annually shall prepare and submit a 5-year program for the improvement of qualified nonmotorized facilities which when implemented would result in the expenditure of an amount equal to at least 1% of the amount distributed to the state transportation department or the county, city, or village, whichever is appropriate, from the Michigan transportation fund in the previous calendar year multiplied by 10, less the accumulated total expenditures by the state transportation department or the county, city, or village for qualified nonmotorized facilities in the immediately preceding 5 calendar years.

(6) Facilities for nonmotorized transportation may be established in conjunction with or separate from already existing highways, roads, and streets and shall be established when a highway, road, or street is being constructed, reconstructed, or relocated, unless:

(a) The cost of establishing the facilities would be disproportionate to the need or probable use.

(b) The establishment of the facilities would be contrary to public safety.

(c) Adequate facilities for nonmotorized transportation already exist in the area.

(d) Matching funds are not available through the department of natural resources or other state, local, or federal government sources.

(e) The previous expenditures and projected expenditures for nonmotorized transportation facilities for the fiscal year exceed 1% of that unit's share of the Michigan transportation fund in which case additional expenditures shall be discretionary.

(7) The state transportation department may provide information and assistance to county road commissions, cities and villages on the planning, design and construction of nonmotorized transportation facilities and services.

247.660l RETURN OF MONEY AS CREDIT TO CITIES, VILLAGES, AND TOWNSHIPS; EXPENDITURE OF CREDIT; USE OF UNEXPENDED CREDIT; FINAL DECISION; EXPENDITURE BY COUNTY AS CONDITION PROHIBITED; COORDINATION OF SERVICES; "OPERATING DEFICIT" DEFINED.

Sec. 101. (1) For each 12-month period beginning October 1, 1987, and each 12-month period thereafter, \$2,000,000.00 shall be returned from the distribution under section 10e (4)(a) by each multicounty authority created under the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.425 of the Michigan Compiled Laws, in terms of a credit to those cities, villages, and townships within each transportation district of the authority created under section 16a of Act No. 204 of the Public Acts of 1967, being section 124.416a of the Michigan Compiled Laws, which apply to the authority for the credit in accordance with procedures and standards established by the authority, except as provided by subsections (2) and (3). The return of money in terms of a credit shall be based upon the population of each city, village, or township within the authority.

(2) For each 12-month period described in subsection (1), a city, village, or township described in subsection (1) may apply to the authority to use its credit for public transportation purposes within the authority's jurisdiction.

However, the money returned in terms of a credit to any city, village, or township which provides public transportation service for that city, village, or township shall be used exclusively toward reducing the operating deficit of that service. Moreover, any service provided by the city, township, or village utilizing the credit received pursuant to this section shall be operated by the authority returning the money in terms of a credit on a contractual basis with each city, village, or township or with a combination of cities, villages, and townships. If a city, township, or village has not applied to the authority to utilize its credit pursuant to this subsection by the last day of the 12-month period, that municipality's share of the money credited pursuant to subsection (1) shall be used by the authority for an expenditure within the county within which the city, village, or township lies.

(3) A city, village, or township which has applied for and received approval from the authority for use of its credit pursuant to subsection (2) shall have 1 year after the end of the period in which the application was made to actually expend that credit. A credit not actually expended by the city, village, or township by the last day of the year after the end of the period in which the application was made shall be used by the authority for an expenditure within the county within which the city, village, or township lies.

(4) Notwithstanding any other section of this or any other act, each authority authorized by this section to return money in terms of a credit shall have the final decision as to what constitutes a proper expenditure, a public transportation service, or a public transportation purpose under subsections (2) and (3).

(5) The expenditure of the amounts required to be expended under subsections (2) and (3) shall not be conditioned on an expenditure by a county in which the expenditure is required to be expended.

(6) The authority shall retain the ability to coordinate services between contracting cities, villages, and townships or groups of cities, villages, or townships.

(7) As used in this section, "operating deficit" means the operating cost of a public transportation service less the revenues generated by the service.

247.660m SCHEDULE.

Sec. 10m. An eligible authority or eligible governmental agency shall make available, at no cost, a schedule of the times at which public transportation services are offered by the eligible authority or eligible governmental agency as exclusively determined by the eligible authority or eligible governmental agency.

247.660n COMPREHENSIVE TRANSPORTATION FUND; DISTRIBUTION OF FUNDS; NOTES.

Sec. 10n. Funds from the comprehensive transportation fund may be distributed to a trustee, or to the Michigan municipal bond authority as created under the shared credit rating act, Act No. 227 of the Public Acts of 1985, being sections 141.1051 to 141.1077 of the Michigan Compiled Laws, that is authorized to receive the funds pursuant to a borrowing resolution adopted by an eligible authority. The issuance of the notes of an eligible authority in anticipation of payment of proceeds from the comprehensive transportation fund shall be authorized by a borrowing resolution of the eligible authority pursuant to the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.425 of the Michigan Compiled Laws. The issuance of the notes under this section shall be subject to section 11 of chapter III of the municipal finance act, Act No. 202 of the Public Acts of 1943, being section 133.11 of the Michigan Compiled Laws, and shall be subject to the prior approval of the state transportation commission. Failure of the commission to take action within 35 days after receipt of notification from the eligible authority of intent to issue the notes, constitutes approval by the state transportation commission. The eligible authority may only issue the notes in anticipation of funds to be received during its current fiscal year at any time before the eligible authority's receipt of the funds from the comprehensive transportation fund. The principal amount of notes for which the funds to be received from the comprehensive transportation fund are pledged shall not exceed 85% of the amount remaining to be received by the eligible authority from the comprehensive transportation fund in the current fiscal year. The pledge of 100% of the funds the eligible authority expects to receive from the comprehensive transportation fund shall be secured by a direct transfer of the pledge funds from the comprehensive transportation fund to the trustee or the Michigan municipal bond authority that is authorized to receive the funds by the borrowing resolution adopted by the eligible authority. The notes of the eligible authority shall not be in any way a debt or a liability of the state and shall not create or constitute any indebtedness, liability, or obligations of the state

or be or constitute a pledge of the full faith and credit of the state. Each note shall contain on its face a statement to the effect that the eligible authority is obligated to pay the principal of and the interest on the note only from funds of or due to the eligible authority and that the state is not obligated to pay that principal or interest and that neither the faith in credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on the note. The notes shall mature not more than 13 months from the date of issuance, shall bear interest at a fixed or variable rate or rates of interest per annum, and, in addition to other security required by this section, may be secured by letter or line of credit issued by a financial institution or as provided in the borrowing resolution.

247.661 STATE TRUNK LINE FUND; SEPARATE FUND; APPROPRIATION; PURPOSES; ORDER OF PRIORITY; EXPENDITURE OF REVENUE FOR MAINTENANCE OF HIGHWAYS, ROADS, STREETS, AND BRIDGES AND FOR PAYMENT OF DEBT SERVICE; DEDUCTIONS; "MAINTENANCE" AND "MAINTAINING" DEFINED; BORROWING BY COUNTY ROAD COMMISSIONS, CITIES, AND VILLAGES FROM STATE TRANSPORTATION DEPARTMENT OR FROM PROCEEDS OF BONDS OR NOTES; LIMITATION; APPROVAL; NOTICE; BORROWING BY STATE TRANSPORTATION COMMISSION; PROCEDURES FOR IMPLEMENTATION AND ADMINISTRATION OF LOAN PROGRAM.

Sec. 11. (1) A fund to be known as the state trunk line fund is established and shall be set up and maintained in the state treasury as a separate fund. The money deposited in the state trunk line fund is appropriated to the state transportation department for the following purposes in the following order of priority:

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

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

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

(iii) For the payment of the principal and interest on bonds issued under section 18b for transportation purposes other than comprehensive transportation purposes as defined by law and the payment of contributions of the state highway commission or state transportation commission to be made pursuant to contracts entered into under section 18d, which contributions are pledged to the payment of principal and interest on bonds issued under the authorization of section 18d and contracts executed pursuant to that section. A sufficient portion of the fund is irrevocably appropriated to pay, when due, the principal and interest on bonds or notes issued under section 18b for purposes other than comprehensive transportation purposes as defined by law, and to pay the annual contributions of the state highway commission and the state transportation commission as are pledged for the payment of bonds issued pursuant to contracts authorized by section 18d.

(b) For the transfer of funds appropriated pursuant to section 10 (1) (g) to the transportation economic development fund, but the transfer shall be reduced each fiscal year by the amount of debt service to be paid in that year from the state trunk line fund for bonds, notes, or other obligations issued to fund projects of the transportation economic development fund, which amount shall be certified by the department.

(c) For the transfer of funds appropriated pursuant to section 10 (1) (a) to the railroad grade crossing account in the state trunk line fund for expenditure to meet the cost, in whole or in part, of providing for the improvement, installation, and retirement of new or existing safety devices or other rail grade crossing improvements at rail grade crossings on public roads and streets under the jurisdiction of the state, counties, or cities and villages. Projects shall be selected for funding in accordance with the following:

(i) Not more than 50% or less than 30% of these funds and matched federal funds shall be expended for state trunk line projects.