

# HOUSE BILL No. 6036

May 4, 2006, Introduced by Reps. LaJoy and Stahl and referred to the Committee on Transportation.

A bill to amend 1987 PA 231, entitled

"An act to create a transportation economic development fund in the state treasury; to prescribe the uses of and distributions from this fund; to create the office of economic development and to prescribe its powers and duties; to prescribe the powers and duties of the state transportation department, state transportation commission, and certain other bodies; and to permit the issuance of certain bonds,"

by amending sections 9, 10, and 11 (MCL 247.909, 247.910, and 247.911), as amended by 1993 PA 149, and by adding section 12b.

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

- 1           Sec. 9. (1) A project shall relate to 1 or more of the  
2 following categories:

1 (a) Economic development road projects in any of the  
2 following targeted industries:

3 (i) Agriculture or food processing.

4 (ii) Tourism.

5 (iii) Forestry.

6 (iv) High technology research.

7 (v) Manufacturing.

8 (vi) Mining.

9 (vii) Office centers of not less than 50,000 square feet.

10 **(B) ROAD DEVELOPMENT PROJECTS IN SUBURBAN GROWTH AREAS THAT**  
11 **EITHER ADDRESS INFRASTRUCTURE NEEDS OF THAT GROWTH AREA OR**  
12 **INCREASE OR IMPROVE THE CAPACITY OF THE EXISTING ROAD NETWORK**  
13 **WITHIN THAT GROWTH AREA, OR BOTH.**

14 (c) Projects for reducing congestion on county primary and  
15 city major streets within urban counties including advanced  
16 traffic management systems.

17 (d) Development projects for the improvement of rural  
18 primary roads in rural counties and major streets in cities and  
19 villages with a population of 5,000 or less.

20 (e) Projects for development within rural counties on county  
21 rural primary roads or major streets within incorporated villages  
22 and cities with a population of less than 5,000.

23 (2) The minimum requirements specified in section 7 for  
24 projects identified in subsection (1)(a) shall ensure that those  
25 projects satisfy the following requirements:

26 (a) Meet a particular transportation need that is shown to  
27 exist.

1 (b) Have an immediate positive impact on local employment  
2 and the economy.

3 (c) Exclude speculative projects with little or no return on  
4 investment. Projects that contribute to the economic development  
5 and redevelopment of areas having experienced or having  
6 significant potential to experience job loss which meet the  
7 criteria for funding under section 7(3)(b)(ii) shall not be  
8 considered speculative for the purposes of this subdivision.

9 (d) Provide cooperation and support between developers and  
10 state and local government.

11 (e) Were evaluated on the basis of impact on the local  
12 community.

13 (3) A project that is within 1 or more of the categories in  
14 subsection (1) shall also meet the criteria developed for that  
15 category.

16 **(4) AS USED IN SUBSECTION (1)(B), "SUBURBAN GROWTH AREA"**  
17 **MEANS THE COMMUNITIES WITH THE LARGEST PERCENTAGE OF GROWTH AS**  
18 **REPORTED BY THE UNITED STATES CENSUS BUREAU ESTIMATES FOR THE**  
19 **POPULATION OF MICHIGAN COUNTIES FOR THE PRECEDING CALENDAR YEAR.**

20 Sec. 10. (1) The costs of a project that are eligible to be  
21 funded under section 11(3)(a), **(B)**, and (c) shall be developed by  
22 the administrator in accordance with the adopted policies of the  
23 commission and shall include at a minimum those costs normally  
24 associated with highway construction projects such as project  
25 planning, design, right-of-way acquisition, and construction, but  
26 excluding routine maintenance.

27 (2) The costs of a project that are eligible to be funded

1 under section 11(3)(d) shall be developed by the administrator in  
2 accordance with the adopted policies of the commission and shall  
3 exclude right-of-way acquisition, design, engineering, and  
4 routine maintenance.

5 (3) Matching funds of not less than 20% of the total  
6 eligible costs of a project shall be required for those projects  
7 described in section 9(1)(a), **(B)**, (c), and (d). This requirement  
8 may be set aside in the case of extreme economic hardship for  
9 projects described in section 9(1)(a), **(B)**, (c), and (d) in the  
10 local unit in which the project is located. Evaluation criteria  
11 for projects described in section 9(1)(a) shall include whether  
12 there is a contribution of more than the required 20% matching  
13 funds as part of the determination of which projects are to be  
14 funded.

15 Sec. 11. (1) Bonds may be issued as authorized by the  
16 commission for the purpose of funding projects under this act in  
17 the manner provided in sections 18b and 18k of ~~Act No. 51 of the~~  
18 ~~Public Acts of 1951, being sections 247.668b and 247.668k of the~~  
19 ~~Michigan Compiled Laws—~~ **1951 PA 51, MCL 247.668B AND 247.668K,**  
20 and in accordance with the adopted policies of the commission.  
21 Bonds shall not be committed for any project under this act until  
22 the requirements set forth under section 3(1) have been  
23 satisfied.

24 (2) Projects shall be funded in the following categories in  
25 the following amounts:

26 (a) The first \$5,000,000.00 of the fund shall be distributed  
27 each fiscal year to each qualified county in a percentage amount

1 equal to the same percentage amount that the number of acres of  
 2 commercial forest, national park, and national lakeshore land in  
 3 each qualified county bears to the total number of acres of  
 4 commercial forest, national park, and national lakeshore land in  
 5 all qualified counties in this state. Revenue distributed under  
 6 this subdivision shall be used for the construction or  
 7 reconstruction of roads.

8 (b) The next \$2,500,000.00 of the fund shall be distributed  
 9 each fiscal year for improvements to roads and streets that are  
 10 eligible for federal aid in cities and villages having a  
 11 population of 5,000 or greater within rural counties.

12 (3) Of the balance remaining after funding projects pursuant  
 13 to subsection (2), projects shall be funded in the categories  
 14 described in section 9 based on the following percentages:

15 (a) 50% for economic development road projects in any of the  
 16 targeted industries.

17 (c) 25% for projects to reduce congestion on county primary  
 18 and city major streets within urban counties including advanced  
 19 traffic management systems. The funds shall be distributed to  
 20 counties with populations in excess of 400,000 in accordance with  
 21 the following formula:

22	<u>Population</u>	<u>Percentage of Funds</u>
23	1,750,000 or more	16%
24	1,000,000 to 1,750,000	40%
25	600,000 to 1,000,000	20%
26	400,000 to 600,000	24%

1           When 2 or more counties occupy the same category, the funds  
2 shall be divided equally.

3           Projects funded under this category shall be used for the  
4 widening of county primary roads or city major streets or for  
5 advanced traffic management systems in eligible counties.

6           (d) 25% for development projects within rural counties.

7 These revenues shall be distributed for the improvement of rural  
8 primary roads in rural counties and major streets in cities and  
9 villages with a population of 5,000 or less. Funds distributed  
10 under this subdivision shall be allocated by the commission to  
11 the regional rural task force areas defined in section 12a in the  
12 same proportion that the rural primary mileage of the regional  
13 rural task force area bears to the total rural primary mileage of  
14 all counties. Each rural county shall be credited with an  
15 allocation in the proportion that the county's rural primary  
16 mileage is to the total rural primary mileage of those rural  
17 counties within the same regional rural task force area. Projects  
18 funded under this subdivision shall be limited to upgrading rural  
19 primary roads and major streets to create an all-season road  
20 network.

21           (4) The obligation authority for any federal funds allocated  
22 under section 10 of ~~Act No. 51 of the Public Acts of 1951, being~~  
23 ~~section 247.660 of the Michigan Compiled Laws~~ **1951 PA 51, MCL**  
24 **247.660**, shall be distributed equally among urban task forces and  
25 regional rural task forces according to the distribution formula  
26 outlined in subsection (3)(c) and (d). An additional 1.5% of the  
27 obligation authority for federal funds identified in section 10

1 of ~~Act No. 51 of the Public Acts of 1951~~ 1951 PA 51, MCL  
2 247.660, shall be distributed among the regional rural task  
3 forces according to the distribution formula outlined in  
4 subsection (3)(d). These funds shall be obligated and used  
5 consistent with the provisions of section 10 of ~~Act No. 51 of~~  
6 ~~the Public Acts of 1951~~ 1951 PA 51, MCL 247.660.

7       SEC. 12B. (1) THE SUBURBAN TASK FORCE THAT REPRESENTS THE  
8 MAJORITY OF THE COMMUNITIES IN THE SUBURBAN AREA OF A COUNTY  
9 SHALL SELECT AND DESIGNATE FOR ELIGIBILITY PROJECTS FOR FUNDING  
10 UNDER SECTION 11(2)(C) WITHIN THEIR RESPECTIVE ALLOCATIONS. ONE  
11 NONVOTING MEMBER OF EACH TASK FORCE SHALL BE A DESIGNEE OF AND  
12 REPRESENT THE ADMINISTRATOR. PROJECTS SUBMITTED TO THE  
13 ADMINISTRATOR FOR FUNDING UNDER SECTION 11(2)(C) SHALL BE BASED  
14 ON THE FOLLOWING:

15       (A) ONLY PROJECTS ELIGIBLE FOR FEDERAL AID SHALL BE FUNDED  
16 UNLESS OTHERWISE APPROVED BY THE REGIONAL SUBURBAN TASK FORCE.

17       (B) PROJECTS SHALL BE ON EXISTING HARD SURFACE ROADS UNLESS  
18 OTHERWISE WAIVED BY THE REGIONAL SUBURBAN TASK FORCE.

19       (C) CONSTRUCTION SHALL BE TO ALL-SEASON STANDARDS.

20       (D) THESE FUNDS SHALL BE USED FOR PHYSICAL CONSTRUCTION ONLY  
21 AND SHALL NOT INCLUDE COSTS OF RIGHT-OF-WAY ACQUISITION AND  
22 ENGINEERING.

23       (2) PROJECTS FUNDED UNDER SECTION 11(4) SHALL BE CONSISTENT  
24 WITH THE PROVISIONS OF SECTION 10 OF 1951 PA 51, MCL 247.660.

25       (3) THE PROGRAMS AND PROJECTS AUTHORIZED IN SECTION 11(2)(C)  
26 SHALL BE ADMINISTERED IN A SIMILAR MANNER TO THE CURRENT LOCAL  
27 FEDERAL AID PROJECTS AND IN ACCORDANCE WITH THE ADOPTED POLICIES

1 OF THE COMMISSION.