



# SENATE BILL No. 239

February 21, 2001, Introduced by Senators HOFFMAN, GOUGEON, JOHNSON, STILLE  
and MC MANUS and referred to the Committee on Appropriations.

## EXECUTIVE BUDGET BILL

A bill to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2002; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials, certain state institutions of higher education, and local units of government; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

1       Sec. 101. Subject to the conditions set forth in this bill, the  
2 amounts listed in this part are appropriated for the state  
3 transportation department and certain state purposes designated in  
4 this bill for the fiscal year ending September 30, 2002, from the  
5 funds indicated in this part. The following is a summary of the  
6 appropriations in this part:

7       **DEPARTMENT OF TRANSPORTATION**

8       APPROPRIATION SUMMARY:

9	Full-time equated unclassified positions . . . . .	6.0
10	Full-time equated classified positions . . . . .	3,176.3
11	GROSS APPROPRIATION . . . . .	\$ 3,138,667,700
12	Interdepartmental grant revenues:	
13	Total interdepartmental grants and intradepartmental	
14	transfers . . . . .	11,459,500
15	ADJUSTED GROSS APPROPRIATION . . . . .	\$ 3,127,208,200
16	Federal revenues:	
17	Total federal revenues . . . . .	984,483,900
18	Special revenue funds:	
19	Total local revenues . . . . .	5,800,000
20	Total private revenues . . . . .	0
21	Total state restricted revenues . . . . .	2,136,924,300
22	State general fund/general purpose . . . . .	\$ 0
23	<b>Sec. 102. DEBT SERVICE</b>	
24	State trunkline . . . . .	\$ 80,901,700
25	Economic development. . . . .	13,607,100
26	Critical bridge . . . . .	3,000,000
27	Blue water bridge . . . . .	2,309,400
28	Comprehensive transportation . . . . .	<u>21,798,600</u>
29	GROSS APPROPRIATION . . . . .	\$ 121,616,800

1       Appropriated from:

2       Federal revenues:

3       DOT-FHWA, highway research, planning, and

4       construction . . . . . 10,000,000

5       Special revenue funds:

6       Blue water bridge fund . . . . . 2,309,400

7       Comprehensive transportation fund . . . . . 21,798,600

8       Economic development fund . . . . . 13,607,100

9       Michigan transportation fund . . . . . 3,000,000

10      State trunkline fund . . . . . 70,901,700

11      State general fund/general purpose . . . . . \$ 0

12      **Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS**

13      Michigan transportation fund (MTF)

14      MTF grant to department of environmental quality. \$ 885,300

15      MTF grant to department of state . . . . . 55,814,100

16      MTF grant to legislative auditor general . . . . . 132,400

17      State trunkline fund (STF)

18      STF grant to attorney general . . . . . 2,524,300

19      STF grant to department of civil service . . . . . 1,430,000

20      STF grant to department of management and budget 1,057,000

21      STF grant to department of state police . . . . . 6,810,700

22      STF grant to department of treasury . . . . . 29,100

23      STF grant to legislative auditor general . . . . . 362,100

24      State aeronautics fund (SAF)

25      SAF grant to department of attorney general . . . 123,600

26      SAF grant to department of civil service . . . . . 75,000

27      SAF grant to department of environmental quality 40,000

28      SAF grant to department of management and budget 30,500

29      SAF grant to department of treasury . . . . . 64,100

1	SAF grant to legislative auditor general . . . .	31,100
2	Comprehensive transportation fund (CTF)	
3	CTF grant to attorney general . . . . .	129,400
4	CTF grant to department of civil service . . . .	115,000
5	CTF grant to department of management and budget	57,000
6	CTF grant to department of treasury . . . . .	5,300
7	CTF grant to legislative auditor general . . . .	<u>47,600</u>
8	GROSS APPROPRIATION . . . . .	\$ 69,763,600
9	Appropriated from:	
10	Special revenue funds:	
11	Comprehensive transportation fund . . . . .	354,300
12	Michigan transportation fund . . . . .	56,831,800
13	State aeronautics fund . . . . .	364,300
14	State trunkline fund . . . . .	12,213,200
15	State general fund/general purpose . . . . .	\$ 0
16	<b>Sec. 104. EXECUTIVE DIRECTION</b>	
17	Full-time equated unclassified positions . 6.0	
18	Full-time equated classified positions . . 33.3	
19	Unclassified salaries . . . . .	\$ 521,800
20	State transportation commission (per diem	
21	payments) . . . . .	7,200
22	Commission audit--33.3 FTE positions . . . . .	<u>2,982,600</u>
23	GROSS APPROPRIATION . . . . .	\$ 3,511,600
24	Appropriated from:	
25	Special revenue funds:	
26	State trunkline fund . . . . .	3,511,600
27	State general fund/general purpose . . . . .	\$ 0
28	<b>Sec. 105. ADMINISTRATIVE SERVICES</b>	
29	Full-time equated classified positions . . 144.7	

1	Administration and data center--108.7 FTE positions	\$	27,817,500
2	Property management . . . . .		6,406,500
3	Human resources--31.0 FTE positions . . . . .		2,478,600
4	Economic development administration--5.0		
5	FTE positions . . . . .		500,700
6	Worker's compensation . . . . .		<u>2,712,000</u>
7	GROSS APPROPRIATION . . . . .	\$	39,915,300
8	Appropriated from:		
9	Special revenue funds:		
10	Comprehensive transportation fund . . . . .		1,182,700
11	Economic development fund . . . . .		537,800
12	Michigan transportation fund . . . . .		70,800
13	State aeronautics fund . . . . .		687,100
14	State trunkline fund . . . . .		37,436,900
15	State general fund/general purpose . . . . .	\$	0
16	<b>Sec. 106. BUREAU OF FINANCE AND ADMINISTRATION</b>		
17	Full-time equated classified positions . . 254.5		
18	Administration--254.5 FTE positions . . . . .	\$	<u>21,032,400</u>
19	GROSS APPROPRIATION . . . . .	\$	21,032,400
20	Appropriated from:		
21	Special revenue funds:		
22	Michigan transportation fund . . . . .		1,115,300
23	State trunkline fund . . . . .		19,917,100
24	State general fund/general purpose . . . . .	\$	0
25	<b>Sec. 107. BUREAU OF TRANSPORTATION PLANNING</b>		
26	Full-time equated classified positions . . 188.1		
27	Administration--188.1 FTE positions . . . . .	\$	28,943,800
28	Grants to regional planning councils . . . . .		<u>488,800</u>
29	GROSS APPROPRIATION . . . . .	\$	29,432,600

1	Appropriated from:	
2	Federal revenues:	
3	DOT-FHWA, highway research, planning, and	
4	construction . . . . .	16,800,000
5	Special revenue funds:	
6	Comprehensive transportation fund . . . . .	2,024,900
7	Michigan transportation fund . . . . .	5,840,700
8	State aeronautics fund . . . . .	321,900
9	State trunkline fund . . . . .	4,445,100
10	State general fund/general purpose . . . . . \$	0
11	<b>Sec. 108. BUREAU OF HIGHWAYS</b>	
12	Full-time equated classified positions . . . . .	1,654.2
13	Engineering operations--824.1 FTE positions . . . . . \$	35,251,400
14	Maintenance operations--77.0 FTE positions . . . . .	7,034,300
15	Program services--753.1 FTE positions . . . . .	<u>38,498,400</u>
16	GROSS APPROPRIATION . . . . . \$	80,784,100
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	IDT, intradepartmental charges . . . . .	207,500
20	Federal revenues:	
21	DOT-FHWA, highway research, planning, and	
22	construction . . . . .	5,000,000
23	Special revenue funds:	
24	Michigan transportation fund . . . . .	4,089,500
25	State trunkline fund . . . . .	71,487,100
26	State general fund/general purpose . . . . . \$	0
27	<b>Sec. 109. HIGHWAY MAINTENANCE</b>	
28	Full-time equated classified positions . . . . .	704.0
29	State trunkline operations--704.0 FTE positions . . . . . \$	<u>238,155,000</u>

1	GROSS APPROPRIATION . . . . .	\$ 238,155,000
2	Appropriated from:	
3	Interdepartmental grant revenues:	
4	IDT, intradepartmental charges . . . . .	11,252,000
5	Special revenue funds:	
6	State trunkline fund . . . . .	226,903,000
7	State general fund/general purpose . . . . .	\$ 0
8	<b>Sec. 110. ROAD AND BRIDGE PROGRAMS</b>	
9	State trunkline federal aid and road and bridge	
10	construction . . . . .	\$ 982,221,800
11	Local federal aid and road and bridge	
12	construction . . . . .	231,111,700
13	Grants to local programs . . . . .	33,000,000
14	Rail grade crossing . . . . .	3,000,000
15	Critical bridge program . . . . .	5,750,000
16	County road commissions . . . . .	608,548,700
17	Cities and villages . . . . .	<u>339,293,100</u>
18	GROSS APPROPRIATION . . . . .	\$ 2,202,925,300
19	Appropriated from:	
20	Federal revenues:	
21	DOT-FHWA, highway research, planning, and	
22	construction . . . . .	896,783,900
23	Special revenue funds:	
24	Local funds . . . . .	5,000,000
25	Blue water bridge fund . . . . .	5,000,000
26	Michigan transportation fund . . . . .	988,841,800
27	State trunkline fund . . . . .	307,299,600
28	State general fund/general purpose . . . . .	\$ 0
29	<b>Sec. 111. BLUE WATER BRIDGE</b>	

1	Full-time equated classified positions . .	34.0	
2	Blue water bridge operations--34.0 FTE		
3	positions . . . . .	\$	<u>10,316,400</u>
4	GROSS APPROPRIATION . . . . .	\$	10,316,400
5	Appropriated from:		
6	Special revenue funds:		
7	Blue water bridge fund . . . . .		10,316,400
8	State general fund/general purpose . . . . .	\$	0
9	<b>Sec. 112. TRANSPORTATION ECONOMIC DEVELOPMENT FUND</b>		
10	Forest roads . . . . .	\$	5,000,000
11	Rural county urban system . . . . .		2,500,000
12	Target industries/economic redevelopment . . . .		19,565,100
13	Urban county congestion . . . . .		8,032,500
14	Rural county primary . . . . .		<u>8,032,500</u>
15	GROSS APPROPRIATION . . . . .	\$	43,130,100
16	Appropriated from:		
17	Special revenue funds:		
18	Economic development fund . . . . .		43,130,100
19	State general fund/general purpose . . . . .	\$	0
20	<b>Sec. 113. BUREAU OF AERONAUTICS</b>		
21	Full-time equated classified positions . .	57.0	
22	Administration--57.0 FTE positions . . . . .	\$	6,925,200
23	Air service program . . . . .		<u>1,000,000</u>
24	GROSS APPROPRIATION . . . . .	\$	7,925,200
25	Appropriated from:		
26	Special revenue funds:		
27	State aeronautics fund . . . . .		7,925,200
28	State general fund/general purpose . . . . .	\$	0
29	<b>Sec. 114. BUREAU OF URBAN AND PUBLIC TRANSPORTATION</b>		



1	Full-time equated classified positions . . .	106.5	
2	Administration--106.5 FTE positions . . . . .	\$	<u>8,878,500</u>
3	GROSS APPROPRIATION . . . . .	\$	8,878,500
4	Appropriated from:		
5	Special revenue funds:		
6	Comprehensive transportation fund . . . . .		7,063,600
7	Michigan transportation fund . . . . .		1,814,900
8	State general fund/general purpose . . . . .	\$	0
9	<b>Sec. 115. BUS TRANSIT DIVISION: STATUTORY OPERATING</b>		
10	Local bus operating . . . . .	\$	153,799,800
11	Nonurban operating/capital . . . . .		<u>8,900,000</u>
12	GROSS APPROPRIATION . . . . .	\$	162,699,800
13	Appropriated from:		
14	Federal revenues:		
15	DOT, federal transit act . . . . .		8,700,000
16	Special revenue funds:		
17	Local funds . . . . .		200,000
18	Comprehensive transportation fund . . . . .		153,799,800
19	State general fund/general purpose . . . . .	\$	0
20	<b>Sec. 116. INTERCITY PASSENGER AND FREIGHT</b>		
21	Freight property management . . . . .	\$	1,893,300
22	Detroit/Wayne County port authority . . . . .		408,500
23	Intercity bus equipment . . . . .		3,000,000
24	Rail passenger service . . . . .		10,000,000
25	Freight preservation and development . . . . .		6,828,000
26	Rail infrastructure loan program . . . . .		800,000
27	Intercity bus service development . . . . .		2,750,000
28	Marine passenger services . . . . .		800,000
29	Terminal development . . . . .		<u>1,628,300</u>

1	GROSS APPROPRIATION . . . . .	\$	28,108,100
2	Appropriated from:		
3	Federal revenues:		
4	DOT, federal transit act . . . . .		1,400,000
5	DOT-FRA, local rail service assistance . . . . .		500,000
6	DOT-FRA, rail passenger/HSGT . . . . .		3,000,000
7	Special revenue funds:		
8	Local funds . . . . .		50,000
9	Comprehensive transportation fund . . . . .		20,158,100
10	Intercity bus equipment fund . . . . .		1,000,000
11	Rail preservation fund . . . . .		2,000,000
12	State general fund/general purpose . . . . .	\$	0
13	<b>Sec. 117. PUBLIC TRANSPORTATION DEVELOPMENT</b>		
14	Specialized services . . . . .	\$	3,827,800
15	Municipal credit program . . . . .		2,000,000
16	Bus capital . . . . .		56,074,400
17	Ride sharing . . . . .		330,700
18	Van pooling . . . . .		195,000
19	Bus property management . . . . .		100,000
20	Service development and new technology . . . . .		1,675,000
21	Planning grants . . . . .		120,000
22	Audit settlements . . . . .		150,000
23	Regional service coordination . . . . .		1,000,000
24	Work first initiative . . . . .		<u>5,000,000</u>
25	GROSS APPROPRIATION . . . . .	\$	70,472,900
26	Appropriated from:		
27	Federal revenues:		
28	DOT, federal transit act . . . . .		42,300,000
29	Special revenue funds:		

1	Local funds . . . . .	550,000
2	Comprehensive transportation fund . . . . .	27,622,900
3	State general fund/general purpose . . . . .	\$ 0

4 PART 2

5 PROVISIONS CONCERNING APPROPRIATIONS

6 GENERAL SECTIONS

7 Sec. 201. Pursuant to section 30 of article IX of the state  
 8 constitution of 1963, total state spending from state resources under  
 9 part 1 for fiscal year 2001-2002 is \$2,136,924,300.00 and state  
 10 spending from state resources to be paid to local units of government  
 11 for fiscal year 2001-2002 is \$1,186,506,800.00. The itemized  
 12 statement below identifies appropriations from which spending to units  
 13 of local government will occur:

14 DEPARTMENT OF TRANSPORTATION

15	Local grant program . . . . .	\$ 33,000,000
16	Economic development fund . . . . .	23,565,000
17	Grants to cities and villages . . . . .	339,293,100
18	Grants to county road commissions . . . . .	608,548,700
19	Critical bridge program . . . . .	5,750,000
20	Grants to regional planning councils . . . . .	488,800
21	Local bus operating . . . . .	153,799,800
22	Bus capital . . . . .	14,574,400
23	Marine passenger service . . . . .	800,000
24	Detroit/Wayne County port authority . . . . .	408,500
25	Local ride sharing operating grants . . . . .	330,700
26	Planning grants . . . . .	120,000
27	Municipal credit program . . . . .	2,000,000
28	Specialized services . . . . .	3,827,800
29	Total payments to local units of government . . . \$	1,186,506,800

1       Sec. 202. The appropriations authorized under this bill are  
2 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to  
3 18.1594.

4       Sec. 203. As used in this bill:

5       (a) "CTF" means comprehensive transportation fund.

6       (b) "Department" means the department of transportation.

7       (c) "DOT" means the United States department of transportation.

8       (d) "DOT-FHWA" means DOT, federal highway administration.

9       (e) "DOT-FRA" means DOT, federal railroad administration.

10       (f) "DOT-FRA, rail passenger/HSGT" means DOT, federal railroad  
11 administration, high-speed ground transportation.

12       (g) "EDF" means economic development fund.

13       (h) "FTE" means full-time equated.

14       (i) "IDT" means intradepartmental transfer.

15       (j) "MTF" means Michigan transportation fund.

16       (k) "RIF" means recreation improvement fund.

17       (l) "SAF" means state aeronautics fund.

18       (m) "STF" means state trunkline fund.

19       Sec. 204. The department of civil service shall bill departments  
20 and agencies at the end of the first fiscal quarter for the 1% charge  
21 authorized by section 5 of article XI of the state constitution of  
22 1963. Payments shall be made for the total amount of the billing by  
23 the end of the second fiscal quarter.

24       Sec. 205. (1) In addition to the funds appropriated in part 1,  
25 there is appropriated an amount not to exceed \$100,000,000.00 for  
26 federal contingency funds. These funds are not available for  
27 expenditure until they have been transferred to another line item in  
28 this bill under section 393(2) of the management and budget act, 1984  
29 PA 431, MCL 18.1393.

30       (2) In addition to the funds appropriated in part 1, there is

1 appropriated an amount not to exceed \$40,000,000.00 for state  
2 restricted contingency funds. These funds are not available for  
3 expenditure until they have been transferred to another line item in  
4 this bill under section 393(2) of the management and budget act, 1984  
5 PA 431, MCL 18.1393.

6 (3) In addition to the funds appropriated in part 1, there is  
7 appropriated an amount not to exceed \$1,000,000.00 for local  
8 contingency funds. These funds are not available for expenditure  
9 until they have been transferred to another line item in this bill  
10 under section 393(2) of the management and budget act, 1984 PA 431,  
11 MCL 18.1393.

12 (4) In addition to the funds appropriated in part 1, there is  
13 appropriated an amount not to exceed \$1,000,000.00 for private  
14 contingency funds. These funds are not available for expenditure  
15 until they have been transferred to another line item in this bill  
16 under section 393(2) of the management and budget act, 1984 PA 431,  
17 MCL 18.1393.

18 Sec. 206. Unless otherwise specified, the department shall use  
19 the Internet to fulfill the reporting requirements in this bill. This  
20 may include transmission of reports via electronic mail to the  
21 recipients identified for each reporting requirement or it may include  
22 placement of reports on an Internet or Intranet site. Quarterly, the  
23 department shall provide to the appropriations subcommittee members,  
24 state budget office, and the fiscal agencies an electronic and paper  
25 copy listing of the reports submitted during the most recent 3-month  
26 period along with the Internet or Intranet site of each report, if  
27 any.

28 Sec. 207. (1) A hiring freeze is imposed on the state classified  
29 civil service. State departments and agencies are prohibited from  
30 hiring any new full-time state classified civil service employees and

1 prohibited from filling any vacant state classified civil service  
2 positions. This hiring freeze does not apply to internal transfers of  
3 classified employees from one position to another within a department.

4 (2) The state budget director shall grant exceptions to this  
5 hiring freeze when the state budget director believes that the hiring  
6 freeze will result in rendering a state department or agency unable to  
7 deliver basic services, cause loss of revenue to the state, result in  
8 the inability of the state to receive federal funds, or would  
9 necessitate additional expenditures that exceed any savings from  
10 maintaining a vacancy. The state budget director shall report by the  
11 thirtieth of each month to the chairpersons of the senate and house  
12 standing committees on appropriations the number of exceptions to the  
13 hiring freeze approved during the previous month and the reasons to  
14 justify the exception.

15 **DEPARTMENTAL SECTIONS**

16 Sec. 301. (1) The department may establish a fee schedule and  
17 collect fees sufficient to cover the costs to issue the permits that  
18 the department is authorized by law to issue upon request, and for  
19 which fees are not otherwise stipulated by law.

20 (2) A bridge authority shall hold 3 public hearings on a change in  
21 any toll charged by the authority at least 30 days before the toll  
22 change will become effective. Two of the hearings shall be held  
23 within 5 miles of the bridge over which the bridge authority has  
24 jurisdiction. One hearing shall be held in Lansing.

25 Sec. 302. If, as a requirement of bidding on a highway project,  
26 the department requires a contractor to submit financial or  
27 proprietary documentation as to how the bid was calculated, that bid  
28 documentation shall be kept confidential and shall not be disclosed  
29 other than to a department representative without the contractor's  
30 written consent. The department may disclose the bid documentation if

1 necessary to address or defend a claim by a contractor.

2       Sec. 303. The department may permit space on public passenger  
3 transportation properties to be occupied by public or private tenants  
4 on a competitive market rate basis. The department may require that  
5 revenue from the tenants be placed in an account to be used to pay the  
6 costs to maintain and improve the property.

7       Sec. 304. Before February 1 of each year, the department will  
8 provide to the legislature, state budget office, and to the house and  
9 senate fiscal agencies its rolling 5-year plan listing by county or by  
10 county road commission of all highway construction projects for the  
11 fiscal year and a list of expected projects for the ensuing fiscal  
12 years.

13       Sec. 305. The department and local road agencies that receive  
14 appropriations under this bill shall pursue compliance with contract  
15 specifications for construction and maintenance of state highways and  
16 local roads and streets. Work shall not be accepted and paid for  
17 until it complies with contract requirements. Contractors with  
18 unsatisfactory performance ratings shall be restricted from future  
19 bidding through the prequalification process established by the  
20 department or a local road agency. The department, county road  
21 commissions, and cities and villages shall report to the house of  
22 representatives and senate appropriations subcommittees on  
23 transportation and the state budget office on their respective  
24 activities under this section.

25       Sec. 306. The department shall continue its efforts to reduce  
26 administrative costs and provide the maximum funding possible for  
27 construction projects.

28       Sec. 307. The department shall provide in a timely manner copies  
29 of the agenda and approved minutes of monthly transportation  
30 commission meetings to the members of the house and senate

1 appropriations subcommittees on transportation, the house and senate  
2 fiscal agencies, and the state budget director.

3 Sec. 308. The department shall not use funds appropriated under  
4 part 1 on behalf of a local governmental unit to pay the amount  
5 required for that local governmental unit to participate in the  
6 federal advance construct program.

7 Sec. 309. At the close of the fiscal year ending September 30,  
8 2002, any unencumbered and unexpended balance in the state trunkline  
9 fund shall remain in the state trunkline fund and shall carry forward  
10 and be appropriated for federal aid road and bridge programs for  
11 projects contained in an annual state transportation program.

12 Sec. 310. (1) From funds appropriated in part 1, the department  
13 may increase a state infrastructure bank program and grant or loan  
14 funds in accordance with regulations of the state infrastructure bank  
15 program of the United States department of transportation. The state  
16 infrastructure bank is to be administered by the department for the  
17 purpose of providing a revolving, self-sustaining resource for  
18 financing transportation infrastructure projects.

19 (2) In addition to funds provided in subsection (1), money  
20 received by the state as federal grants, repayment of state  
21 infrastructure bank loans, or other reimbursement or revenue received  
22 by the state as a result of projects funded by the program shall be  
23 deposited in the revolving state infrastructure bank fund and shall be  
24 available for transportation infrastructure projects. At the close of  
25 the fiscal year, any funds remaining in the state infrastructure bank  
26 fund shall remain in the fund and be carried forward into the  
27 succeeding fiscal year.

28 Sec. 311. Funds appropriated in part 1 for state transportation  
29 commission per diem payments shall provide daily per diem payments of  
30 \$100.00 to each of the 6 appointed members of the state transportation



1 commission for all scheduled public state transportation commission  
2 meetings, with annual distributions of not more than \$1,200.00 to each  
3 appointed member.

4 Sec. 312. Not later than 30 days after being notified by the  
5 United States department of transportation, federal highway  
6 administration, of the amount of federal bridge funding available for  
7 the fiscal year 2001-2002 critical bridge program, the department  
8 shall notify those local communities scheduled to receive federal  
9 bridge funding under the critical bridge program.

10 Sec. 313. (1) The appropriation in part 1 for state trunkline  
11 debt service includes \$35,000,000.00 appropriated and transferred to  
12 the state trunkline fund from the countercyclical budget and economic  
13 stabilization fund under section 358(3) of the management and budget  
14 act, 1984 pa 431, MCL 18.1358(3).

15 (2) Funds from the countercyclical budget and economic  
16 stabilization fund and from streamlining diesel fuel tax collection  
17 deposited in the state trunkline fund and intended for the build  
18 Michigan III program at the close of the fiscal year shall remain in  
19 the state trunkline fund and shall carry forward and are appropriated  
20 for debt service payments associated with the build Michigan III  
21 program.

22 **FEDERAL**

23 Sec. 401. (1) Twenty-three to twenty-seven percent of the  
24 remaining DOT-FHWA highway research, planning, and construction  
25 federal funds appropriated in section 110 shall be allocated to  
26 programs administered by local jurisdictions after deduction of the  
27 following:

28 (a) Funds that are specifically allocated at the federal level to  
29 the state or local jurisdictions.

30 (b) Funds allocated by the department to the state and to local

1 jurisdictions through a competitive process.

2 (2) Federal aid excluded from the calculation of funding allocated  
3 to programs administered by local jurisdictions in subsection (1)  
4 includes, but is not limited to, congestion mitigation and air quality  
5 funds, federal bridge funds, transportation enhancement funds, funds  
6 distributed at the discretion of the United States secretary of  
7 transportation, and congressionally designated funds.

8 (3) The funds shall be distributed to eligible local agencies for  
9 transportation purposes in a manner consistent with state and federal  
10 law.

11 (4) Federal aid to highways allocated to local jurisdictions in  
12 subsection (1) shall be distributed in a manner that produces a 25%  
13 average allocation of applicable funds to programs for local  
14 jurisdictions in each fiscal year through the fiscal year ending  
15 September 30, 2005. The average allocation of applicable federal aid  
16 to highway funds to programs for local jurisdictions shall be the  
17 average of the amount distributed to local jurisdictions under  
18 subsection (1) and similarly calculated distributions in each  
19 succeeding fiscal year.

20 (5) The allocation percentage described in subsection (1) shall be  
21 adjusted to reflect any voluntary agreements made by the department  
22 with local jurisdictions regarding the transfer of federal aid  
23 eligible roadways or the state buyout of local federal aid.

24 (6) The department shall not borrow against the critical bridge  
25 fund for the first 9 months of the fiscal year.

26 **MICHIGAN TRANSPORTATION FUND**

27 Sec. 501. The money received under the motor carrier act, 1933 PA  
28 254, MCL 475.1 to 479.43, and not appropriated to the department of  
29 consumer and industry services or the department of state police, is  
30 deposited in the Michigan transportation fund.

1       Sec. 502. The department of treasury shall perform audits and  
2 make investigations of the disposition of all state funds received by  
3 county road commissions or county boards of commissioners, as  
4 applicable, and cities and villages for transportation purposes to  
5 determine compliance with the terms and conditions of 1951 PA 51, MCL  
6 247.651 to 247.675. County road commissions or county boards of  
7 commissioners, as applicable, and cities and villages shall make  
8 available to the department of treasury the pertinent records for the  
9 audit.

10       Sec. 503. (1) The funds appropriated in part 1 for the economic  
11 development and critical bridge programs shall not lapse at the end of  
12 the fiscal year but shall carry forward each fiscal year for the  
13 purposes for which appropriated in accordance with 1987 PA 231, MCL  
14 247.901 to 247.913, and section 11b of 1951 PA 51, MCL 247.661b.

15       (2) Interest earned in the department of transportation economic  
16 development fund and critical bridge fund shall remain in the  
17 respective funds and shall be allocated to the respective programs  
18 based on actual interest earned at the end of each fiscal year.

19       (3) The department of transportation economic development fund and  
20 critical bridge fund may receive and expend federal, local, or private  
21 funds or restricted source funds such as interest earnings for  
22 projects that are consistent with the programmatic mission of the  
23 respective funds in addition to funds appropriated in part 1.

24       (4) None of the funds statutorily dedicated to the transportation  
25 economic development fund and critical bridge fund shall be diverted  
26 to other projects.

27       Sec. 504. (1) Funds from the Michigan transportation fund (MTF)  
28 shall be distributed to the comprehensive transportation fund (CTF),  
29 the economic development fund (EDF), the recreational improvement fund  
30 (RIF), and the state trunkline fund (STF), in accordance with this

1 bill and part 711 (recreation improvement fund) of the natural  
2 resources and environmental protection act, 1994 PA 451, MCL 324.71101  
3 to 324.71108, and may only be used as specified in this bill, 1951 PA  
4 51, MCL 247.651 to 247.675, and part 711 (recreation improvement fund)  
5 of the natural resources and environmental protection act, 1994 PA  
6 451, MCL 324.71101 to 324.71108.

7 (2) The amounts appropriated and transferred to various state  
8 agencies from part 1 shall be expended from the transportation funds  
9 pursuant to annual contracts between the department and state agencies  
10 providing tax and fee collection and other services applicable to  
11 transportation funds. The contracts shall be executed prior to the  
12 transfer of these funds. The contracts shall provide, but are not  
13 limited to, the following data applicable to each state agency:

14 (a) Estimated costs to be recovered from transportation funds.

15 (b) Description of services financed with transportation funds.

16 (3) If the spending authorization accounts also are to be used for  
17 financing other than transportation fund services, the contracts shall  
18 include detailed cost allocation methods that are appropriate to the  
19 type of services being provided and the activities financed and  
20 supporting rationale for the portion of costs allocated to  
21 transportation funds.

22 (4) At the close of each fiscal year and before April 1, each  
23 state agency shall submit a written report to the state budget  
24 director stating by spending authorization account the amount of  
25 estimated funds contracted with the department, the amount of funds  
26 expended, and the amount of funds returned to the transportation  
27 funds. A copy of the report shall be submitted to the auditor general  
28 and the report shall be subject to audit by the auditor general.

29 (5) The department and the state agencies with which the  
30 department contracts in the manner provided in subsection (2) shall

1 work together to explore methods of minimizing lapses or shortfalls in  
2 grants from transportation funds.

3 Sec. 505. (1) Of the amount appropriated in part 1 from the  
4 Michigan transportation fund to the department of state, \$186,600.00  
5 represents the additional cost of issuing specialized license plates  
6 for veterans and national guard members, as included in 1989 PAs 16,  
7 17, 18, and 19, MCL 257.803i, 257.803j, 257.803k, and 257.803l, and  
8 \$187,600.00 represents the additional cost of issuing generic license  
9 plates for nonprofit fraternal or public service organizations, as  
10 included in section 803m of the Michigan vehicle code, 1949 PA 300,  
11 MCL 257.803m.

12 (2) In addition, commemorative and specialty license plate fee  
13 revenue collected by the department of state and deposited into the  
14 Michigan transportation fund is authorized for expenditure by the  
15 department of state up to the amount of revenue collected, but not to  
16 exceed \$2,153,300.00 for commemorative plates and \$3,915,000.00 for  
17 specialty plates. These amounts are appropriated to the department of  
18 state in part 1 to administer the commemorative and specialty license  
19 plate programs pursuant to section 225 of the Michigan vehicle code,  
20 1949 PA 300, MCL 257.225.

21 (3) The department of state shall prepare an annual report on the  
22 number of, and the additional costs associated with, these license  
23 plate programs to the department, the state budget director, the house  
24 and senate fiscal agencies, and the chairpersons of the house of  
25 representatives and senate appropriations subcommittees on  
26 transportation.

27 (4) Any unspent funds based on these annual reports shall lapse to  
28 the Michigan transportation fund and be distributed in accordance with  
29 1951 PA 51, MCL 247.651 to 247.675.

30 **STATE TRUNKLINE FUND**

1       Sec. 601. The department shall work with the road construction  
2 industry to develop performance and road construction warranties for  
3 construction contracts. The development of warranties shall include  
4 warranties on materials, workmanship, performance criteria, and  
5 design/build projects. The department will report by September 30,  
6 2002, to the house of representatives and senate appropriations  
7 subcommittees on transportation, the state budget office, and to the  
8 house and senate fiscal agencies on the status of efforts to develop  
9 performance and road construction warranties.

10       Sec. 602. If the department uses manufactured pipe for road  
11 construction drainage, the department shall require that pipe used  
12 under certain load bearing conditions beneath the roadway meet the  
13 standards established by the American society for testing and  
14 materials (ASTM) or American association of state highway and  
15 transportation officials (AASHTO). The department may also use the  
16 mandrel test for manufactured pipe 60 days after installation and  
17 provide a summary of the results of these inspections to the house and  
18 senate appropriations subcommittees on transportation, the state  
19 budget office, and house and senate fiscal agencies.

20       **COMPREHENSIVE TRANSPORTATION FUND**

21       Sec. 701. Money that is returned to the state as repayment for a  
22 loan for intercity bus equipment is not money to be deposited in the  
23 comprehensive transportation fund under section 10b of 1951 PA 51, MCL  
24 247.660b, but is money that is deposited in an intercity bus equipment  
25 fund for appropriation for the purchase and repair of intercity bus  
26 equipment. Proceeds received by the state from the sale of intercity  
27 bus equipment are deposited in an intercity bus equipment fund for  
28 appropriation for the purchase and repair of intercity bus equipment.  
29 Security deposits from the lease of state-owned intercity bus  
30 equipment not returned to the lessee of the equipment under terms of

1 the lease agreement are deposited in an intercity bus equipment fund  
2 for appropriation for the repair of intercity bus equipment.

3 Sec. 702. Money that is received by the state as repayment for  
4 loans made for rail or water freight capital projects, and as a result  
5 of the sale of property or equipment used or projected to be used for  
6 rail or water freight projects shall be deposited in the fund created  
7 by section 17 of the state transportation preservation act of 1976,  
8 1976 PA 295, MCL 474.67.

9 Sec. 703. After receiving notification from a railroad company  
10 pursuant to section 8 of the state transportation preservation act of  
11 1976, 1976 PA 295, MCL 474.58, the department shall immediately notify  
12 the house of representatives and senate appropriations subcommittees  
13 on transportation and the state budget office that the railroad  
14 company has filed with the appropriate governmental agencies for  
15 abandonment of a line.

16 Sec. 704. The department shall submit a report to both the house  
17 and senate appropriations subcommittees on transportation, the state  
18 budget office, and the house and senate fiscal agencies by March 1 of  
19 each year outlining its efforts to develop a high-speed rail service  
20 as well as efforts to obtain funding for this purpose. The report  
21 shall include recommendations on self-sustaining revenue sources to  
22 increase awareness and include efforts to increase ridership.

23 Sec. 705. From the funds appropriated in part 1, \$800,000.00  
24 is allocated for a rail infrastructure loan program. The program  
25 shall provide noninterest bearing loans for rail infrastructure  
26 improvements. The department shall evaluate loan applications  
27 according to the relative merit of the project in conjunction with  
28 program goals. The transportation commission shall approve the loans.  
29 The loans shall fund not less than 90% of the rail portion of project  
30 costs, and the loan repayment period shall not exceed 10 years. Local

1 governments, railroads, and current or potential users of freight  
2 railroad services are eligible applicants. At the end of the fiscal  
3 year, unexpended funds shall remain in the rail infrastructure loan  
4 program and shall be available to be allocated for the purposes of the  
5 program in the succeeding fiscal year. Money that is received by this  
6 state as repayment for rail infrastructure loans made pursuant to this  
7 program shall remain within the rail infrastructure loan program and  
8 shall be allocated for the purposes of the program. The state's total  
9 contribution to the rail infrastructure loan program shall not exceed  
10 \$15,000,000.00.

11 Sec. 706. The Detroit/Wayne County port authority shall issue a  
12 complete operations assessment and a financial disclosure statement.  
13 The operations assessment shall include operational goals for the next  
14 5 years and recommendations to improve land acquisition and  
15 development efficiency. The report shall be completed and submitted  
16 to the house and senate appropriations subcommittees on  
17 transportation, the state budget office, and the house and senate  
18 fiscal agencies by December 15, 2001.

19 Sec. 707. For the fiscal year ending September 30, 2002, each  
20 eligible authority and each eligible governmental agency which  
21 provides public transportation services in urbanized areas with a  
22 Michigan population of less than or equal to 100,000 and nonurbanized  
23 areas under section 5311 of title 49 of the United States Code, 49  
24 U.S.C. 5311, shall receive a grant of up to 60% of its eligible  
25 operating expenses. Each eligible authority and each eligible  
26 government agency which provides public transportation services in  
27 urbanized areas with a Michigan population of greater than 100,000  
28 under section 5311 of title 49 of the United States Code, 49 U.S.C.  
29 5311, shall receive a grant of up to 50% of its eligible operating  
30 expenses.



1       Sec. 708. If funds appropriated in part 1 are used to provide  
2 state-owned or state-leased buses to private intercity bus carriers,  
3 the department shall charge not less than \$1,000.00 per bus per year  
4 for their use.

5       Sec. 709. Whenever possible, the department shall work with the  
6 local transit agencies to avoid establishing new routes that duplicate  
7 existing routes served by intercity carriers when providing services  
8 under regional transportation service programs. It is preferable that  
9 private intercity carriers be provided an opportunity to bid by local  
10 public transit agencies on services funded through the regional  
11 transportation service program.

12       Sec. 710. (1) From the funds appropriated in part 1 from the  
13 comprehensive transportation fund for rail passenger service, the  
14 department shall negotiate with a rail carrier to provide rail service  
15 between Grand Rapids and Chicago and between Port Huron and Chicago on  
16 a seven day basis, consistent with the other provisions of this  
17 section.

18       (2) The department shall work with the rail carrier, host  
19 railroads, local communities, and the federal government to increase  
20 marketing efforts to promote awareness of rail passenger service, to  
21 increase ridership, to reduce operating subsidies in conjunction with  
22 the federal phase out of operating subsidies, to maximize the revenue  
23 of the rail passenger lines in Michigan, and to improve on-time  
24 performance.

25       (3) Future state support for the service between Grand Rapids and  
26 Chicago and Port Huron and Chicago is dependent on the department's  
27 ability to provide a plan and a contract for services that increase  
28 ridership and revenue, reduce operating costs, and improve on-time  
29 performance. The department shall submit a report to the house and  
30 senate appropriations subcommittees on transportation, house and

1 senate fiscal agencies, and state budget office detailing efforts to  
2 reduce the dependence on state operating subsidies and projected  
3 operating expenses for the next two years, and recommending service  
4 alternatives, for the Grand Rapids to Chicago service and the Port  
5 Huron to Chicago service.

6 (4) Any state subsidy shall only provide for the direct operating  
7 costs in Michigan, and shall not exceed \$5,700.000.00 for the service  
8 between Port Huron and Chicago and Grand Rapids and Chicago.

9 **AERONAUTICS FUND**

10 Sec. 801. At the close of the fiscal year ending September 30,  
11 2002, any unobligated and unexpended balance in the state aeronautics  
12 fund created in the aeronautics code of the state of Michigan, 1945  
13 PA 327, MCL 259.1 to 259.208, shall lapse to the state aeronautics  
14 fund and be available for appropriation by the legislature in the  
15 immediately succeeding fiscal year.