

# SENATE BILL No. 1117

February 13, 2002, Introduced by Senators Hoffman and Young and referred to the  
Committee on Appropriations.

## EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of transportation and certain transportation purposes for the fiscal year ending September 30, 2003; 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 and local units of government; and to provide for the expenditure of the appropriations.

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

PART 1

LINE-ITEM APPROPRIATIONS

1     Sec. 101. Subject to the conditions set forth in this bill,  
 2 the amounts listed in this part are appropriated for the  
 3 department of transportation and certain state purposes designated  
 4 in this bill for the fiscal year ending September 30, 2003, from  
 5 the funds indicated in this part. The following is a summary of  
 6 the 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	3,069.3	
11	GROSS APPROPRIATION . . . . .		\$3,166,371,100
12	Interdepartmental grant revenues:		
13	Total interdepartmental grants and		
14	intradepartmental transfers . . . . .		0
15	ADJUSTED GROSS APPROPRIATION . . . . .		\$3,166,371,100
16	Federal revenues:		
17	Total federal revenues . . . . .		987,176,100
18	Special revenue funds:		
19	Total local revenues . . . . .		5,800,000
20	Total private revenues . . . . .		0
21	Total other state restricted revenues . . . . .		2,173,395,000
22	State general fund/general purpose . . . . .	\$	0

**23 Sec. 102. DEBT SERVICE**

24	State trunkline . . . . .	\$	91,903,200
25	Economic development. . . . .		13,928,900
26	Critical bridge . . . . .		8,760,000
27	Blue water bridge . . . . .		2,308,100
28	Airport safety and protection plan . . . . .		5,000,000

1	Comprehensive transportation . . . . .	<u>21,491,900</u>
2	GROSS APPROPRIATION . . . . .	\$ 143,392,100
3	Appropriated from:	
4	Federal revenues:	
5	DOT-FHWA, highway research, planning, and	
6	construction . . . . .	21,000,000
7	Special revenue funds:	
8	Blue water bridge fund . . . . .	2,308,100
9	Comprehensive transportation fund . . . . .	21,491,900
10	Economic development fund . . . . .	13,928,900
11	Michigan transportation fund . . . . .	8,760,000
12	State aeronautics fund . . . . .	5,000,000
13	State trunkline fund . . . . .	70,903,200
14	State general fund/general purpose . . . . .	\$ 0
15	<b>Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS</b>	
16	Michigan transportation fund (MTF)	
17	MTF grant to department of environmental quality. \$	884,800
18	MTF grant to department of state for collection	
19	of revenue and fees . . . . .	90,430,700
20	MTF grant to department of state for	
21	commemorative and specialty plates . . . . .	6,062,300
22	MTF grant to department of treasury . . . . .	10,225,000
23	MTF grant to legislative auditor general . . .	138,000
24	State trunkline fund (STF)	
25	STF grant to department of attorney general . .	2,524,300
26	STF grant to department of civil service . . .	2,000,000
27	STF grant to department of management and budget	1,133,900
28		

1	STF grant to department of state police . . . .	6,853,300
2	STF grant to department of treasury . . . . .	29,100
3	STF grant to legislative auditor general . . .	404,200
4	State aeronautics fund (SAF)	
5	SAF grant to department of attorney general . .	123,600
6	SAF grant to department of civil service . . .	50,000
7	SAF grant to department of management and budget	27,900
8	SAF grant to department of treasury . . . . .	64,100
9	SAF grant to legislative auditor general . . .	17,100
10	Comprehensive transportation fund (CTF)	
11	CTF grant to department of attorney general . .	129,400
12	CTF grant to department of civil service . . .	90,000
13	CTF grant to department of management and budget	49,900
14	CTF grant to department of treasury . . . . .	5,300
15	CTF grant to legislative auditor general . . .	<u>48,200</u>
16	GROSS APPROPRIATION . . . . .	\$ 121,291,100
17	Appropriated from:	
18	Special revenue funds:	
19	Comprehensive transportation fund . . . . .	322,800
20	Michigan transportation fund . . . . .	107,740,800
21	State aeronautics fund . . . . .	282,700
22	State trunkline fund . . . . .	12,944,800
23	State general fund/general purpose . . . . .	\$ 0
24	<b>Sec. 104. EXECUTIVE DIRECTION</b>	
25	Full-time equated unclassified positions 6.0	
26	Full-time equated classified positions . 33.3	
27	Unclassified salaries . . . . .	\$ 532,200
28	State transportation commission (per diem	

1	payments) . . . . .	10,000
2	Commission audit--33.3 FTE positions . . . . .	<u>2,983,000</u>
3	GROSS APPROPRIATION . . . . .	\$ 3,525,200
4	Appropriated from:	
5	Special revenue funds:	
6	State trunkline fund . . . . .	3,525,200
7	State general fund/general purpose . . . . .	\$ 0
8	<b>Sec. 105. ADMINISTRATIVE SERVICES</b>	
9	Full-time equated classified positions 106.0	
10	Administration--106.0 FTE positions . . . . .	\$ 9,172,500
11	Property management . . . . .	7,237,300
12	Worker's compensation . . . . .	<u>2,966,000</u>
13	GROSS APPROPRIATION . . . . .	\$ 19,375,800
14	Appropriated from:	
15	Special revenue funds:	
16	Comprehensive transportation fund . . . . .	1,599,000
17	Economic development fund . . . . .	500,700
18	Michigan transportation fund . . . . .	77,100
19	State aeronautics fund . . . . .	657,400
20	State trunkline fund . . . . .	16,541,600
21	State general fund/general purpose . . . . .	\$ 0
22	<b>Sec. 106. INFORMATION TECHNOLOGY</b>	
23	Information technology services and projects . . . . .	\$ <u>26,396,400</u>
24	GROSS APPROPRIATION . . . . .	\$ 26,396,400
25	Appropriated from:	
26	Special revenue funds:	
27	Blue water bridge fund . . . . .	43,900
28	Comprehensive transportation fund . . . . .	240,900

1	Economic development fund . . . . .	37,100
2	Michigan transportation fund . . . . .	35,200
3	State aeronautics fund . . . . .	134,500
4	State trunkline fund . . . . .	25,904,800
5	State general fund/general purpose . . . . .	\$ 0
6	<b>Sec. 107. BUREAU OF FINANCE AND ADMINISTRATION</b>	
7	Full-time equated classified positions	237.0
8	Administration--237.0 FTE positions . . . . .	\$ <u>19,758,200</u>
9	GROSS APPROPRIATION . . . . .	\$ 19,758,200
10	Appropriated from:	
11	Special revenue funds:	
12	Michigan transportation fund . . . . .	1,127,500
13	State trunkline fund . . . . .	18,630,700
14	State general fund/general purpose . . . . .	\$ 0
15	<b>Sec. 108. BUREAU OF TRANSPORTATION PLANNING</b>	
16	Full-time equated classified positions	175.0
17	Administration--175.0 FTE positions . . . . .	\$ 22,254,900
18	Grants to regional planning councils . . . . .	<u>488,800</u>
19	GROSS APPROPRIATION . . . . .	\$ 22,743,700
20	Appropriated from:	
21	Federal revenues:	
22	DOT-FHWA, highway research, planning, and	
23	construction . . . . .	15,206,800
24	Special revenue funds:	
25	Comprehensive transportation fund . . . . .	1,168,000
26	Michigan transportation fund . . . . .	4,760,900
27	State aeronautics fund . . . . .	200,800
28	State trunkline fund . . . . .	1,407,200

1	State general fund/general purpose . . . . .	\$	0
2	<b>Sec. 109. BUREAU OF HIGHWAYS</b>		
3	Full-time equated classified positions 1,625.4		
4	Engineering operations--799.4 FTE positions . .	\$	31,796,800
5	Maintenance operations--78.0 FTE positions . .		7,071,200
6	Program services--748.0 FTE positions . . . .		<u>39,004,800</u>
7	GROSS APPROPRIATION . . . . .	\$	77,872,800
8	Appropriated from:		
9	Federal revenues:		
10	DOT-FHWA, highway research, planning, and		
11	construction . . . . .		5,000,000
12	Special revenue funds:		
13	Michigan transportation fund . . . . .		4,155,900
14	State trunkline fund . . . . .		68,716,900
15	State general fund/general purpose . . . . .	\$	0
16	<b>Sec. 110. HIGHWAY MAINTENANCE</b>		
17	Full-time equated classified positions 699.6		
18	State trunkline operations--699.6 FTE positions	\$	<u>232,911,100</u>
19	GROSS APPROPRIATION . . . . .	\$	232,911,100
20	Appropriated from:		
21	Special revenue funds:		
22	State trunkline fund . . . . .		232,911,100
23	State general fund/general purpose . . . . .	\$	0
24	<b>Sec. 111. ROAD AND BRIDGE PROGRAMS</b>		
25	State trunkline federal aid and road		
26	and bridge construction . . . . .	\$	963,123,600
27	Local federal aid and road and bridge		
28	construction . . . . .		233,132,000

1	Grants to local programs . . . . .	33,000,000
2	Rail grade crossing . . . . .	3,000,000
3	Critical bridge program . . . . .	5,750,000
4	County road commissions . . . . .	599,175,000
5	Cities and villages . . . . .	<u>334,066,900</u>
6	GROSS APPROPRIATION . . . . .	\$ 2,171,247,500
7	Appropriated from:	
8	Federal revenues:	
9	DOT-FHWA, highway research, planning, and	
10	construction . . . . .	895,319,300
11	Special revenue funds:	
12	Local funds . . . . .	5,000,000
13	Blue water bridge fund . . . . .	1,000,000
14	Commercial highway fund . . . . .	32,640,000
15	Michigan transportation fund . . . . .	974,241,900
16	State trunkline fund . . . . .	263,046,300
17	State general fund/general purpose . . . . .	\$ 0
18	<b>Sec. 112. BLUE WATER BRIDGE</b>	
19	Full-time equated classified positions .	33.0
20	Blue water bridge operations--33.0 FTE	
21	positions . . . . .	<u>\$ 10,265,500</u>
22	GROSS APPROPRIATION . . . . .	\$ 10,265,500
23	Appropriated from:	
24	Special revenue funds:	
25	Blue water bridge fund . . . . .	10,265,500
26	State general fund/general purpose . . . . .	\$ 0
27	<b>Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT FUND</b>	
28	Forest roads . . . . .	\$ 5,000,000

1	Rural county urban system . . . . .	2,500,000
2	Target industries/economic redevelopment . . .	19,404,300
3	Urban county congestion . . . . .	7,952,000
4	Rural county primary . . . . .	<u>7,952,000</u>
5	GROSS APPROPRIATION . . . . .	\$ 42,808,300
6	Appropriated from:	
7	Special revenue funds:	
8	Economic development fund . . . . .	42,808,300
9	State general fund/general purpose . . . . .	\$ 0
10	<b>Sec. 114. BUREAU OF AERONAUTICS</b>	
11	Full-time equated classified positions . 56.0	
12	Administration--56.0 FTE positions . . . . .	\$ 5,530,600
13	Air service program . . . . .	<u>300,000</u>
14	GROSS APPROPRIATION . . . . .	\$ 5,830,600
15	Appropriated from:	
16	Special revenue funds:	
17	State aeronautics fund . . . . .	5,830,600
18	State general fund/general purpose . . . . .	\$ 0
19	<b>Sec. 115. BUREAU OF URBAN AND PUBLIC TRANSPORTATION</b>	
20	Full-time equated classified positions 104.0	
21	Administration--104.0 FTE positions . . . . .	<u>\$ 8,725,400</u>
22	GROSS APPROPRIATION . . . . .	\$ 8,725,400
23	Appropriated from:	
24	Special revenue funds:	
25	Comprehensive transportation fund . . . . .	6,953,900
26	Michigan transportation fund . . . . .	1,771,500
27	State general fund/general purpose . . . . .	\$ 0
28	<b>Sec. 116. BUS TRANSIT DIVISION: STATUTORY OPERATING</b>	

1	Local bus operating . . . . .	\$ 158,500,000
2	Nonurban operating/capital . . . . .	<u>10,300,000</u>
3	GROSS APPROPRIATION . . . . .	\$ 168,800,000
4	Appropriated from:	
5	Federal revenues:	
6	DOT, federal transit act . . . . .	10,100,000
7	Special revenue funds:	
8	Local funds . . . . .	200,000
9	Comprehensive transportation fund . . . . .	158,500,000
10	State general fund/general purpose . . . . .	\$ 0
11	<b>Sec. 117. INTERCITY PASSENGER AND FREIGHT</b>	
12	Freight property management . . . . .	\$ 1,500,000
13	Detroit/Wayne County port authority . . . . .	500,000
14	Intercity bus equipment . . . . .	3,000,000
15	Rail passenger service . . . . .	11,000,000
16	Freight preservation and development . . . . .	5,692,900
17	Intercity bus service development . . . . .	2,850,000
18	Marine passenger services . . . . .	800,000
19	Terminal development . . . . .	<u>2,884,800</u>
20	GROSS APPROPRIATION . . . . .	\$ 28,227,700
21	Appropriated from:	
22	Federal revenues:	
23	DOT, federal transit act . . . . .	1,500,000
24	DOT-FRA, local rail service assistance . . . . .	100,000
25	DOT-FRA, rail passenger/HSGT . . . . .	3,000,000
26	Special revenue funds:	
27	Local funds . . . . .	50,000
28	Comprehensive transportation fund . . . . .	20,577,700

1	Intercity bus equipment fund . . . . .	1,000,000
2	Rail preservation fund . . . . .	2,000,000
3	State general fund/general purpose . . . . .	\$ 0

4     **Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT**

5	Specialized services . . . . .	\$ 3,939,500
6	Municipal credit program . . . . .	2,000,000
7	Bus capital . . . . .	48,554,500
8	Ride sharing . . . . .	330,700
9	Van pooling . . . . .	195,000
10	Bus property management . . . . .	50,000
11	Service development and new technology . . . . .	1,550,000
12	Planning grants . . . . .	80,000
13	Audit settlements . . . . .	150,000
14	Regional service coordination . . . . .	500,000
15	Work first initiative . . . . .	<u>5,850,000</u>
16	GROSS APPROPRIATION . . . . .	\$ 63,199,700

17     Appropriated from:

18     Federal revenues:

19	DOT, federal transit act . . . . .	35,950,000
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20     Special revenue funds:

21	Local funds . . . . .	550,000
22	Comprehensive transportation fund . . . . .	26,699,700
23	State general fund/general purpose . . . . .	\$ 0

24                                     PART 2

25                                     PROVISIONS CONCERNING APPROPRIATIONS

26     GENERAL SECTIONS

27         Sec. 201. Pursuant to section 30 of article IX of the state  
28 constitution of 1963, total state spending from state resources

1 under part 1 for fiscal year 2002-2003 is \$2,173,395,000.00 and  
 2 state spending from state resources to be paid to local units of  
 3 government for fiscal year 2002-2003 is \$1,185,991,600.00. The  
 4 itemized statement below identifies appropriations from which  
 5 spending to units of local government will occur:

6 DEPARTMENT OF TRANSPORTATION

7	Local grant program . . . . .	\$ 33,000,000
8	Economic development fund . . . . .	33,106,200
9	Grants to cities and villages . . . . .	334,066,900
10	Grants to county road commissions . . . . .	599,175,000
11	Critical bridge program . . . . .	5,750,000
12	Grants to regional planning councils . . . . .	488,800
13	Local bus operating . . . . .	158,500,000
14	Bus capital . . . . .	14,254,500
15	Marine passenger service . . . . .	800,000
16	Detroit/Wayne County port authority . . . . .	500,000
17	Local ride sharing operating grants . . . . .	330,700
18	Planning grants . . . . .	80,000
19	Municipal credit program . . . . .	2,000,000
20	Specialized services . . . . .	3,939,500
21	Total payments to local units of government . .	\$1,185,991,600

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

25 Sec. 203. As used in this bill:

- 26 (a) "CTF" means comprehensive transportation fund.  
 27 (b) "Department" means the department of transportation.  
 28 (c) "DOT" means the United States department of

1 transportation.

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

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

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

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

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

8 (i) "MTF" means Michigan transportation fund.

9 (j) "RIF" means recreation improvement fund.

10 (k) "SAF" means state aeronautics fund.

11 (l) "STF" means state trunkline fund.

12 Sec. 204. The department of civil service shall bill  
13 departments and agencies at the end of the first fiscal quarter  
14 for the 1% charge authorized by section 5 of article XI of the  
15 state constitution of 1963. Payments shall be made for the total  
16 amount of the billing by the end of the second fiscal quarter.

17 Sec. 205. (1) A hiring freeze is imposed on the state  
18 classified civil service. State departments and agencies are  
19 prohibited from hiring any new full-time state classified civil  
20 service employees and prohibited from filling any vacant state  
21 classified civil service positions. This hiring freeze does not  
22 apply to internal transfers of classified employees from one  
23 position to another within a department.

24 (2) The state budget director shall grant exceptions to this  
25 hiring freeze when the state budget director believes that the  
26 hiring freeze will result in rendering a state department or  
27 agency unable to deliver basic services, cause loss of revenue to  
28 the state, result in the inability of the state to receive federal

1 funds, or would necessitate additional expenditures that exceed  
2 any savings from maintaining a vacancy. The state budget director  
3 shall report quarterly to the chairpersons of the senate and house  
4 standing committees on appropriations the number of exceptions to  
5 the hiring freeze approved during the previous quarter and the  
6 reasons to justify the exception.

7       Sec. 206. (1) In addition to the funds appropriated in part 1,  
8 there is appropriated an amount not to exceed \$100,000,000.00 for  
9 federal contingency funds. These funds are not available for  
10 expenditure until they have been transferred to another line item  
11 in this bill pursuant to section 393(2) of the management and  
12 budget act, 1984 PA 431, MCL 18.1393.

13       (2) In addition to the funds appropriated in part 1, there is  
14 appropriated an amount not to exceed \$40,000,000.00 for state  
15 restricted contingency funds. These funds are not available for  
16 expenditure until they have been transferred to another line item  
17 in this bill pursuant to section 393(2) of the management and  
18 budget act, 1984 PA 431, MCL 18.1393.

19       (3) In addition to the funds appropriated in part 1, there is  
20 appropriated an amount not to exceed \$1,000,000.00 for local  
21 contingency funds. These funds are not available for expenditure  
22 until they have been transferred to another line item in this bill  
23 pursuant to section 393(2) of the management and budget act, 1984  
24 PA 431, MCL 18.1393.

25       (4) In addition to the funds appropriated in part 1, there is  
26 appropriated an amount not to exceed \$1,000,000.00 for private  
27 contingency funds. These funds are not available for expenditure  
28 until they have been transferred to another line item in this bill

1 pursuant to section 393(2) of the management and budget act, 1984  
2 PA 431, MCL 18.1393.

3 Sec. 208. Unless otherwise specified, the department shall use  
4 the Internet to fulfill the reporting requirements of this bill.  
5 This may include transmission of reports via electronic mail to  
6 the recipients identified for each reporting requirement or it may  
7 include placement of reports on an Internet or Intranet site.

8 Sec. 259. From the funds appropriated in part 1 for  
9 information technology, the department shall pay user fees to the  
10 department of information technology for technology related  
11 services and projects. Such user fees shall be subject to  
12 provisions of an interagency agreement between the department and  
13 the department of information technology.

14 Sec. 260. Amounts appropriated in part 1 for information  
15 technology may be designated as work projects and carried forward  
16 to support technology projects under the direction of the  
17 department of information technology. Funds designated in this  
18 manner are not available for expenditure until approved as work  
19 projects under section 451a of the management and budget act, 1984  
20 PA 431, MCL 18.1451a.

21 **DEPARTMENTAL SECTIONS**

22 Sec. 301. (1) The department may establish a fee schedule and  
23 collect fees sufficient to cover the costs to issue the permits  
24 that the department is authorized by law to issue upon request,  
25 and for which fees are not otherwise stipulated by law. All  
26 permit fees are non-refundable application fees and shall be  
27 credited to the state trunkline fund to recover the direct and  
28 indirect costs of receiving, reviewing, and processing the

1 requests.

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

7       Sec. 304. If, as a requirement of bidding on a highway  
8 project, the department requires a contractor to submit financial  
9 or proprietary documentation as to how the bid was calculated,  
10 that bid documentation shall be kept confidential and shall not be  
11 disclosed other than to a department representative without the  
12 contractor's written consent. The department may disclose the bid  
13 documentation if necessary to address or defend a claim by a  
14 contractor.

15       Sec. 305. The department may permit space on public passenger  
16 transportation properties to be occupied by public or private  
17 tenants on a competitive market rate basis. The department may  
18 require that revenue from the tenants be placed in an account to  
19 be used to pay the costs to maintain and improve the property.

20       Sec. 307. Before February 1 of each year, the department will  
21 provide to the legislature, the state budget director, and the  
22 house and senate fiscal agencies its rolling 5-year plan listing  
23 by county or by county road commission all highway construction  
24 projects for the fiscal year and all expected projects for the  
25 ensuing fiscal years.

26       Sec. 308. The department and local road agencies that receive  
27 appropriations under this bill shall pursue compliance with  
28 contract specifications for construction and maintenance of state

1 highways and local roads and streets. Work shall not be accepted  
2 and paid for until it complies with contract requirements.  
3 Contractors with unsatisfactory performance ratings shall be  
4 restricted from future bidding through the prequalification  
5 process established by the department or a local road agency. The  
6 department, county road commissions, and cities and villages shall  
7 report to the house of representatives and senate appropriations  
8 subcommittees on transportation on their respective activities  
9 under this section.

10 Sec. 309. The department shall continue its efforts to reduce  
11 administrative costs and provide the maximum funding possible for  
12 construction projects.

13 Sec. 310. The department shall provide in a timely manner  
14 copies of the agenda and approved minutes of monthly  
15 transportation commission meetings to the members of the house and  
16 senate appropriations subcommittees on transportation, the house  
17 and senate fiscal agencies, and the state budget director.

18 Sec. 311. The department shall not use funds appropriated in  
19 part 1 on behalf of a local governmental unit to pay the amount  
20 required for that local governmental unit to participate in the  
21 federal advance construct program.

22 Sec. 312. At the close of the fiscal year ending September 30,  
23 2003, any unencumbered and unexpended balance in the state  
24 trunkline fund shall remain in the state trunkline fund and shall  
25 carry forward and is appropriated for federal aid road and bridge  
26 programs for projects contained in the annual state transportation  
27 program.

28 Sec. 313. (1) From funds appropriated in part 1, the

1 department may increase a state infrastructure bank program and  
2 grant or loan funds in accordance with regulations of the state  
3 infrastructure bank program of the United States department of  
4 transportation. The state infrastructure bank is to be  
5 administered by the department for the purpose of providing a  
6 revolving, self-sustaining resource for financing transportation  
7 infrastructure projects.

8 (2) In addition to funds provided in subsection (1), money  
9 received by the state as federal grants, repayment of state  
10 infrastructure bank loans, or other reimbursement or revenue  
11 received by the state as a result of projects funded by the  
12 program and interest earned on that money shall be deposited in  
13 the revolving state infrastructure bank fund and shall be  
14 available for transportation infrastructure projects. At the  
15 close of the fiscal year, any funds remaining in the state  
16 infrastructure bank fund shall remain in the fund and be carried  
17 forward into the succeeding fiscal year.

18 Sec. 317. Funds appropriated in part 1 for state  
19 transportation commission per diem payments shall provide daily  
20 per diem payments of \$100.00 to each of the 6 appointed members of  
21 the state transportation commission for all scheduled state  
22 transportation commission meetings.

23 **FEDERAL**

24 Sec. 402. (1) Twenty-three to twenty-seven percent of the  
25 DOT-FHWA highway research, planning, and construction federal  
26 funds appropriated in section 111 shall be allocated to programs  
27 administered by local jurisdictions after deduction of the  
28 following:

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

3 (b) Funds allocated by the department to the state and to  
4 local jurisdictions through a competitive process.

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

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

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

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

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

3 (7) The federal funds appropriated in section 111 for local  
4 federal aid and road and bridge construction, to eligible local  
5 road agencies, may be transferred through a voluntary buyout  
6 agreement made between eligible local road agencies.

7 **MICHIGAN TRANSPORTATION FUND**

8 Sec. 501. The money received under the motor carrier act,  
9 1933 PA 254, MCL 475.1 to 479.43, and not appropriated to the  
10 department of consumer and industry services or the department of  
11 state police is deposited in the Michigan transportation fund.

12 Sec. 502. The department of treasury shall perform audits and  
13 make investigations of the disposition of all state funds received  
14 by county road commissions or county boards of commissioners, as  
15 applicable, and cities and villages for transportation purposes to  
16 determine compliance with the terms and conditions of 1951 PA 51,  
17 MCL 247.651 to 247.675. County road commissions or county boards  
18 of commissioners, as applicable, and cities and villages shall  
19 make available to the department of treasury the pertinent records  
20 for the audit.

21 Sec. 503. (1) The funds appropriated in part 1 for the  
22 economic development and critical bridge programs shall not lapse  
23 at the end of the fiscal year but shall carry forward each fiscal  
24 year for the purposes for which appropriated in accordance with  
25 1987 PA 231, MCL 247.901 to 247.913, and section 11b of 1951 PA  
26 51, MCL 247.661b.

27 (2) Interest earned in the department of transportation  
28 economic development fund and critical bridge fund shall remain in

1 the respective funds and shall be allocated to the respective  
2 programs based on actual interest earned at the end of each fiscal  
3 year.

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

9 (4) None of the funds statutorily dedicated to the  
10 transportation economic development fund and critical bridge fund  
11 shall be diverted to other projects.

12 Sec. 504. (1) Funds from the Michigan transportation fund  
13 (MTF) shall be distributed to the comprehensive transportation  
14 fund (CTF), the economic development fund (EDF), the recreation  
15 improvement fund (RIF), and the state trunkline fund (STF), in  
16 accordance with this bill and part 711 (recreation improvement  
17 fund) of the natural resources and environmental protection act,  
18 1994 PA 451, MCL 324.71101 to 324.71108, and may only be used as  
19 specified in this bill, 1951 PA 51, MCL 247.651 to 247.675, and  
20 part 711 (recreation improvement fund) of the natural resources  
21 and environmental protection act, 1994 PA 451, MCL 324.71101 to  
22 324.71108.

23 (2) The amounts appropriated and transferred to various state  
24 agencies from part 1 shall be expended from the transportation  
25 funds pursuant to annual contracts between the department and  
26 state agencies providing tax and fee collection and other services  
27 applicable to transportation funds. The contracts shall be  
28 executed prior to the transfer of these funds. The contracts

1 shall provide, but are not limited to, the following data  
2 applicable to each state agency:

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

4 (b) Description of services financed with transportation  
5 funds.

6 (c) Detailed cost allocation methods that are appropriate to  
7 the type of services being provided and the activities financed  
8 with transportation funds.

9 (3) At the close of each fiscal year and before April 1, each  
10 state agency receiving an interdepartment and statutory contract  
11 from the department shall submit a written report to the  
12 department stating by spending authorization account the amount of  
13 estimated funds contracted with the department, the amount of  
14 funds expended, and the amount of funds returned to the  
15 transportation funds.

16 (4) The department and the state agencies with which the  
17 department contracts in the manner provided in subsection (2)  
18 shall work together to explore methods of minimizing lapses or  
19 shortfalls in grants from transportation funds.

20 (5) In addition to subsection (2), the department is  
21 authorized to receive billings from other state agencies that  
22 provide transportation-related services and to make payments from  
23 the Michigan transportation fund, comprehensive transportation  
24 fund, economic development fund, state aeronautics fund, and state  
25 trunkline fund as determined by the department based on allowable  
26 expenditures and verification by the department.

27 Sec. 505. (1) Of the amount appropriated in part 1 from the  
28 Michigan transportation fund to the department of state,

1 \$186,600.00 represents the additional cost of issuing specialized  
2 license plates for veterans and national guard members, as  
3 included in 1989 PA's 16, 17, 18, and 19, MCL 257.803i, 257.803j,  
4 257.803k, and 257.803l, and \$187,600.00 represents the additional  
5 cost of issuing generic license plates for nonprofit fraternal or  
6 public service organizations, as included in section 803m of the  
7 Michigan vehicle code, 1949 PA 300, MCL 257.803m.

8 (2) In addition, commemorative and specialty license plate fee  
9 revenue collected by the department of state and deposited into  
10 the Michigan transportation fund is authorized for expenditure by  
11 the department of state up to the amount of revenue collected, but  
12 not to exceed \$2,147,300.00 for commemorative plates and  
13 \$3,915,000.00 for specialty plates. These amounts are  
14 appropriated to the department of state in part 1 to administer  
15 the commemorative and specialty license plate programs pursuant to  
16 section 225 of the Michigan vehicle code, 1949 PA 300, MCL  
17 257.225.

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

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

27 **STATE TRUNKLINE FUND**

28 Sec. 601. The department shall work with the road construction

1 industry to develop performance and road construction warranties  
2 for construction contracts. The development of warranties shall  
3 include warranties on materials, workmanship, performance  
4 criteria, and design/build projects. The department will report  
5 by September 30, 2003, to the house of representatives and senate  
6 appropriations subcommittees on transportation, the state budget  
7 director, and the house and senate fiscal agencies on the status  
8 of efforts to develop performance and road construction  
9 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  
16 the mandrel test for manufactured pipe 60 days after installation  
17 and provide a summary of the results of these inspections to the  
18 house of representatives and senate appropriations subcommittees  
19 on transportation, house and senate fiscal agencies, and state  
20 budget director.

21 **COMPREHENSIVE TRANSPORTATION FUND**

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

1 intercity bus equipment fund for appropriation for the purchase  
2 and repair of intercity bus equipment. Security deposits from the  
3 lease of state-owned intercity bus equipment not returned to the  
4 lessee of the equipment under terms of the lease agreement are  
5 deposited in an intercity bus equipment fund for appropriation for  
6 the repair of intercity bus equipment.

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

13       Sec. 705. The rail infrastructure loan program shall provide  
14 noninterest-bearing loans for rail infrastructure improvements.  
15 The department shall evaluate loan applications according to the  
16 relative merit of the project in conjunction with program goals.  
17 The transportation commission shall approve the loans. The loans  
18 shall fund not more than 90% of the rail portion of project costs,  
19 and the loan repayment period shall not exceed 10 years. Local  
20 governments, railroads, and current or potential users of freight  
21 railroad services are eligible applicants. At the end of the  
22 fiscal year, unexpended funds shall remain in the rail  
23 infrastructure loan program and shall be available to be allocated  
24 for the purposes of the program in the succeeding fiscal year.  
25 Money that is received by this state as repayment for rail  
26 infrastructure loans made pursuant to this program shall remain  
27 within the rail infrastructure loan program and shall be allocated  
28 for the purposes of the program. The state's total contribution

1 to the rail infrastructure loan program shall not exceed  
2 \$15,000,000.00.

3       Sec. 706. The Detroit/Wayne County port authority shall issue  
4 a complete operations assessment and a financial disclosure  
5 statement. The operations assessment shall include operational  
6 goals for the next 5 years and recommendations to improve land  
7 acquisition and development efficiency. The report shall be  
8 completed and submitted to the house of representatives and senate  
9 appropriations subcommittees on transportation, the state budget  
10 director, and the house and senate fiscal agencies by February 15,  
11 2003.

12       Sec. 707. For the fiscal year ending September 30, 2003, each  
13 eligible authority and each eligible governmental agency which  
14 provides public transportation services in urbanized areas with a  
15 Michigan population of less than or equal to 100,000 and  
16 nonurbanized areas under section 5311 of title 49 of the United  
17 States Code, 49 U.S.C. 5311, shall receive a grant of up to 60% of  
18 its eligible operating expenses. Each eligible authority and each  
19 eligible government agency which provides public transportation  
20 services in urbanized areas with a Michigan population of greater  
21 than 100,000 under section 5311 of title 49 of the United States  
22 Code, 49 U.S.C. 5311, shall receive a grant of up to 50% of its  
23 eligible operating expenses.

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

28       Sec. 710. Whenever possible, the department shall work with

1 the local transit agencies to avoid establishing new routes that  
2 duplicate existing routes served by intercity carriers when  
3 providing services under regional transportation service programs.  
4 It is preferable that private intercity carriers be provided an  
5 opportunity to bid by local public transit agencies on services  
6 funded through the regional transportation service program.

7       Sec. 711. (1) From the funds appropriated in part 1 from the  
8 comprehensive transportation fund for rail passenger service, the  
9 department shall negotiate with a rail carrier to provide rail  
10 service between Grand Rapids and Chicago and between Port Huron  
11 and Chicago on a 7-day basis, consistent with the other provisions  
12 of this section.

13       (2) The department shall work with the rail carrier, local  
14 communities, and the federal government to increase marketing  
15 efforts to promote awareness of rail passenger service, to  
16 increase ridership, to reduce operating subsidies in conjunction  
17 with the federal phaseout of operating subsidies, to maximize the  
18 revenue of the rail passenger lines in Michigan, and to improve  
19 on-time performance. The department shall submit a report to both  
20 the house and senate appropriations committees, the state budget  
21 director, and the house and senate fiscal agencies by January 1,  
22 2003, that provides a 5-year history on services, ridership, and  
23 subsidies.

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

1 section in the report required in subsection (2) detailing efforts  
2 to reduce the dependence on state operating subsidies and  
3 projected operating expenses for the next 2 years, and  
4 recommending service alternatives, for the Grand Rapids to Chicago  
5 service and the Port Huron to Chicago service.

6 (4) Any state subsidy shall only provide for the direct  
7 operating costs in Michigan and shall not exceed \$5,700,000.00 for  
8 the service between Port Huron and Chicago and Grand Rapids and  
9 Chicago.

10 Sec. 719. The department may provide advances to local road  
11 authorities from the rail grade crossing account pursuant to  
12 section 11.(1)(g) of 1951 PA 51, MCL 247.661 for the construction  
13 of grade separations. Money that is received by the state as a  
14 repayment of the advance, including interest on the advance, shall  
15 be returned to the rail grade crossing account and be available  
16 for the local grade crossing program for advances for the  
17 construction of grade separations per section 11.(1)(g) of 1951 PA  
18 51, MCL 247.661.

19 **AERONAUTICS FUND**

20 Sec. 801. At the close of the fiscal year ending September 30,  
21 2003, any unobligated and unexpended balance in the state  
22 aeronautics fund created in the aeronautics code of the state of  
23 Michigan, 1945 PA 327, MCL 259.1 to 259.208, shall lapse to the  
24 state aeronautics fund and be appropriated by the legislature in  
25 the immediately succeeding fiscal year.