

**Summary: Enacted
TRANSPORTATION
FY 2004-05 House Bill 5528 (as enacted)**



9/30/04

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*Difference: Enacted
from FY 2003-04 YTD*

	FY 2003-04 YTD (as of 9/30/04)	Executive	House	Senate	Enacted	Amount	%
Federal	\$1,053,086,900	\$1,132,701,200	\$1,132,701,200	\$1,132,701,200	\$1,132,701,200	\$79,614,300	7.6
Local	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	0	0
Private	0	0	0	0	0	0	0
Restricted	2,160,263,600	2,153,986,400	2,156,526,400	2,145,102,400	2,140,556,900	(19,706,700)	(0.9)
GF/GP	0	0	0	0	0	0	0
Gross	\$3,219,150,500	\$3,292,487,600	\$3,295,027,600	\$3,283,603,600	\$3,279,058,100	\$59,907,600	1.9%
FTEs	3,056.3	3,050.3	2,924.3	3,024.3	3,037.2	(19.0)	(0.6)

Overview

The \$3.3 billion state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Funding is provided from state-restricted, federal, and local revenue. There is no state GF/GP revenue in this budget.

Approximately two-thirds of the state transportation budget - over \$2.1 billion - comes from Constitutionally-restricted revenue sources, primarily motor fuel taxes and vehicle registration fees. These revenues are credited to the Michigan Transportation Fund (MTF) for subsequent distribution to other state transportation funds and programs, and to local road agencies. Approximately one-third of the budget - over \$1.1 billion - comes from federal revenue sources. The amounts shown in the proposed FY 2004-05 budget are based on the department's best estimate of available federal revenues. At this time Congress has not yet passed a long-term reauthorization of the federal aid transportation program - the Transportation Equity Act for the 21st Century (TEA-21). TEA-21 was originally set to expire on September 30, 2003, and has been extended on a short-term basis. The amount of federal support for Michigan transportation programs will depend on the provisions of the enacted reauthorization bill.

Summary of FY 2004-05 Major Budget Issues

Local/Critical Bridge Program

The enacted budget includes \$18.5 million for the Local Bridge Program - \$12.8 million more than previous Critical Bridge program. The increase reflects the earmark of one-quarter cent of gasoline excise tax made in HB 5319. This is less than the half-cent earmark originally recommended by the Governor. The half-cent earmark would have equated to a \$25.6 million increase in the local bridge program funding.

CTF Revenue/Local Bus Operating Assistance

The enacted budget reduced Comprehensive Transportation Fund (CTF) funding by \$8.9 million from the amounts originally recommended by the Governor. This action reflects an anticipated reduction in CTF revenue as a result of SB 1103, a proposed amendment to the Sales Tax Act. The reductions were taken in a number of CTF-funded line items including rail passenger service, specialized services, bus capital, regional service coordination, transportation to work, and Public Transportation and Freight Services. The ride sharing program was eliminated. The bill holds Local bus operating assistance at FY 2003-04 levels of \$161.7 million (CTF).

Administrative Reductions/Increases

The enacted budget reduced funding for the certain administrative line items from the amounts originally recommended by the Governor, including Office of Communications (3.0 FTEs, \$232,400) the Office of Performance Excellence (12.0 FTEs, \$1.2 million), and Bureau of Multi-modal Transportation Services (11.0 FTEs, \$850,000). The enacted budget appropriates \$1.0 million more than the Governor's original recommendation for the Design & Engineering Services appropriations unit, with 13.0 additional FTE positions.

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 9/30/04)	Enacted Change from YTD
1. Debt Service	Gross	\$132,062,300	\$35,687,800
Appropriation increases to \$167.7 million - reflecting anticipated debt service schedules. Approximately \$21.6 million represents estimated debt service on new STF bond issue.	Federal	24,000,000	20,000,000
	Restricted	108,062,300	15,687,800
2. Michigan Transportation Fund (MTF) Grants to Other State Departments (IDGs)	Gross	\$27,765,900	\$1,235,400
Appropriates \$29.0 million in MTF grants to other state departments, including \$20.0 million to the Department of State, and \$7.8 million to the Department of Treasury, for the costs of collecting MTF revenue. Reflects provisions of PA 152 of 2003 and PA 151 of 2003.	Restricted	27,765,900	1,235,400
3. Design and Engineering Services – Program Services	FTEs	634.0	93.7
<i>Program services</i> supports department design engineering functions. The House had reduced line to \$100, reduced FTE positions to 595.7, and had transferred funding to a new <i>Contract design services</i> line. The enacted bill did not include the new <i>Contract design services</i> line, and increased FTE positions to 727.7.	Gross	\$29,998,000	\$6,105,700
	Restricted	29,998,000	6,105,700
4. State Trunkline Maintenance	FTEs	692.6	125.0
Line funded at \$253.7 million, an increase of 8.4%. Reflects transfer of 74.0 positions and \$7.7 million from Design & Engineering Services, additional state trunkline lane miles (added through new construction and jurisdictional transfers) and increased road maintenance material costs.	Gross	\$234,028,600	\$19,697,500
	Restricted	234,028,600	19,697,500
5. State Trunkline Road and Bridge Construction	Gross	\$1,024,960,200	(\$17,386,400)
This line, funded at \$1.008 billion, authorizes construction and reconstruction of state trunkline roads and bridges. Anticipates increased federal aid. Budget also reflects a decrease in State Trunkline Fund (STF) revenue due to loss of one-time trailer fee revenue. The enacted appropriation also reflects the Governor's veto of project designations made in boilerplate sections 617, 621, 622, 623, 633, and 634.	Federal	702,895,100	44,048,000
	Local	5,000,000	0
	Restricted	317,065,100	(61,434,400)
6. Local/Critical Bridge Program	Gross	\$5,750,000	\$12,789,500
Executive had recommended increased funding for the Local /Critical Bridge Program by \$25.6 million – from a redirection of one-half cent of the state's 19-cent per gallon gasoline excise tax. The enacted budget includes \$18.5 million for the Local Bridge Program – \$12.8 million more than previous Critical Bridge program, reflecting the earmark of 1/4 cent of gasoline tax made in HB 5319.	Restricted	5,750,000	12,789,500
7. MTF Distribution to Local Road Agencies	Gross	\$992,971,200	(\$5,390,600)
Appropriates \$987.6 million—\$634.2 million to county road commissions and \$353.3 million to cities and villages. Actual MTF distributions will be based on actual MTF revenue.	Restricted	992,971,200	(5,390,600)
8. Transportation Economic Development	Gross	\$39,972,400	\$0
Enacted budget same as FY 2003-04. [House had included an additional \$2.5 million MTF for the Category F program which was not included.]	Restricted	39,972,400	0
9. Aeronautics Programs	Gross	\$6,518,900	\$1,681,900
Appropriations \$8.2 million reflecting increased estimates of State Aeronautics Fund revenue.	Restricted	6,518,900	1,681,900
10. Public Transportation and Freight Services	FTEs	85.0	(11.0)
Appropriates \$7.2 million with 74.0 FTE positions – \$850,000 and 11.0 FTE positions less than Executive recommendation and House-passed bill. This unit is identified as “ <i>Bureau of Urban and Public Transportation</i> ” in the FY 2003-04 budget. Note that boilerplate Section 380 prohibits use of other fund sources for this unit.	Gross	\$6,650,000	\$564,700
	Restricted	6,650,000	564,700

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 9/30/04)	Enacted Change from YTD
11. Bus Transit - Local Bus Operating Assistance	Gross	\$161,680,000	\$0
Maintains state operating assistance for the state's public transit agencies at FY 2003-04 level of \$161.7 million (CTF).	Restricted	161,680,000	0
12. Bus Transit - Non-Urban Operating/Capital	Gross	\$10,900,000	\$3,700,000
Provides federal funds (from Federal Transit Act, Section 5311) to transit systems in "non-urbanized" areas (populations less than 50,000). Budget anticipates federal revenue increase.	Federal	10,700,000	3,700,000
	Local	200,000	0
13. Rail Passenger Service	Gross	\$11,300,000	(\$3,100,000)
Appropriation sufficient to maintain AMTRAK service to Michigan in FY 2004-05 from \$7.2 million state-restricted (CTF).	Federal	3,000,000	(2,000,000)
	Restricted	8,300,000	(1,100,000)
14. Specialized Services	Gross	\$3,939,500	\$4,260,600
Supports transit services to the elderly and persons with disabilities. Budget recognizes \$4.6 million from proposed new federal program, but reduces state-restricted (CTF) support to statutory minimum.	Federal	0	4,600,000
	Restricted	3,939,500	(339,400)
15. Bus Capital	Gross	\$53,049,500	(\$14,549,500)
Appropriates \$38.5 million; reduces CTF support to statutory minimum of \$8.0 million.	Federal	38,000,000	(8,000,000)
	Restricted	14,549,500	(6,549,500)
	Local	500,000	0
16. Transportation to Work	Gross	\$6,000,000	\$2,600,000
Appropriates \$8.6 million. Anticipates \$4.3 million additional federal funding; reduces CTF support to \$3.3 million.	Federal	1,000,000	4,300,000
	Restricted	5,000,000	(1,700,000)
17. Economics	Gross	N/A	\$33,936,600
Reflects \$33.9 million in anticipated cost increases, including \$11.5 million in salary and wage increases, \$19.7 million for retirement contributions, and \$3.3 million for other employee insurances. Increases partially offset by reductions in workers compensation (\$135,000) and building occupancy charges (\$501,300).	Restricted	N/A	33,936,600
18. Employee savings	Gross	N/A	(\$8,684,000)
Anticipates budgetary savings of \$8.7 million.	Restricted	N/A	(8,684,000)

Major Boilerplate Changes from FY 2003-04

Sec. 201. State Spending – MODIFIED

Standard section – updated to reflect Part 1

Sec. 202. Management & Budget Act – RETAINED

Standard section – reference to PA 431 of 1984

Sec. 203. Definitions – RETAINED

Sec. 204. Civil Service Billing – MODIFIED

(technical change).

Sec. 205. Hiring Freeze – RETAINED

Standard section

Sec. 206. Contingency Funds – NOT INCLUDED

Sec. 207. Privatization – MODIFIED

Provides for report on privatization activities. Reduces evaluation time from 30 months to 6 months.

Sec. 208. Internet Reports – MODIFIED

Provides for Internet to fulfill reporting requirements. Eliminates quarterly reports.

Major Boilerplate Changes from FY 2003-04

Sec. 209. Foreign Goods & Services – RETAINED

Directs the department to give priority to purchase of Michigan goods and services.

Sec. 210. Deprived & Depressed Communities – RETAINED

Sec. 211. Receive and Retain Reports – RETAINED

Secs. 259 Information Technology – RETAINED

Provides for user fees. (Work project carry-forward language in previous Section 260, not included).

Secs. 260. Out-of-State Travel – NEW

Standard section – limitation on out-of-state travel. New travel report required.

Sec. 301. Permit Fees/ Bridge Tolls – MODIFIED

Modified to include fees from FOIA requests.

Sec. 303. Legislative Report – RETAINED

Provides for report on spending by district.

Sec. 304. Confidentiality of Bid Documents – RETAINED

Provides for confidentiality of bid documents.

Sec. 305. Lease of Space in Public Passenger Properties – MODIFIED

Modified to require use of rental income to maintain property.

Sec. 306. Audit of Transportation Funds – MODIFIED

Modifies to require biennial audit.

Sec. 307. Rolling 5-Year Plan – MODIFIED

Includes provision for legislative approval of plan before it is implemented. The Governor has indicated that legislative approval requirement is unconstitutional and thus unenforceable.

Sec. 308. Contract Compliance Required – RETAINED

Requires the department and local road agencies to pursue compliance with contract specifications.

Sec. 309. Reduce Administrative Costs – RETAINED

Directs department to reduce administrative costs.

Sec. 310. State Transportation Commission Agenda – RETAINED

Requires the department to provide copies of agenda/minutes.

Sec. 311. Local Advance Construct Projects – RETAINED

Prohibits the department from paying for local share of advance construct.

Sec. 312. State Trunkline Fund Carry-forward – MODIFIED

(technical change)

Sec. 313. State Infrastructure Bank – – RETAINED

Provides guidance for SIB program.

Sec. 314. Internal Audit Report – MODIFIED

Changes report date to February 1.

Sec. 319. Signs at Rest Areas – RETAINED

Requires signs identifying agency or contractor responsible for cleaning.

Sec. 324. Construction Traffic Zone Enforcement – RETAINED

Earmarks \$500,000 for “Give ‘em a break campaign.”

Sec. 334. MBE/WBE Program – NEW

Requires department to continue MBE/WBE program; reporting requirement.

Sec. 353. Prompt Payment – MODIFIED

Directs the department to review contractor payment process and ensure that contractors are paid promptly.

Sec. 357. 120 Day Target for Local Project Review – MODIFIED

Directs the department to review local agency projects within 120 days; deletes “where possible,” but adds “When presented with complete local federal aid project submittal,”

Sec. 361. Bureau of Multi-modal Transportation Services – MODIFIED

Requires the department to report on any change in bureau services or functions as approved by the state transportation commission.

Sec. 363. Log Truck Safety Study – RETAINED

Retains current year language which earmarks funds to complete study by Michigan Technological University.

Major Boilerplate Changes from FY 2003-04

Sec. 365. US-131 Project Study – NEW

Indicates that no funds may be expended on Practical Alternative 5, or Practical Alternative 5 modified as identified in the US-131 Improvement Study in St. Joseph County. Indicates legislative intent that the department construct a full limited access freeway along the US-131 planning corridor. The Governor indicated that this provision violates federal law and was therefore unenforceable.

Sec. 370. Transit Agency Charter Service – NEW

Directs the department to develop a compliant process to violations of 49 CFR. Part 604 regarding use of public transit vehicles for charter service.

Sec. 374. MDOT Employee Newsletters – NEW

Prohibits the department from printing employee newsletters except for employees with disabilities.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – NEW

Prohibits the department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from the budget.

Sec. 376. Deferred Project Report – NEW

Requires report on status of 17 projects deferred in 2003 and subsequently restored to 5-year plan.

Sec. 378. Food and Beverage Prohibition – NEW

Prohibition on payment for food and beverage for in-house training conducted by department staff.

Sec. 379. Prohibition on Planning for Transit Agencies – NEW

Prohibits department from using CTF funds for operational planning for transit agencies.

Sec. 380. Prohibition on Cross-funding for Bureau of Multi-modal Transportation Services – NEW

Restricts funding for Multi-modal employees to Section 114 and 115 (Aeronautics and Public Transportation and Freight Services). Effectively prohibits use of federal funds in Planning appropriations unit to fund Public Transportation and Freight Services employees.

Sec. 381. Prohibition on TV Program – NEW

Prohibits department from using funds to produce TV program (e.g. MDOT Today) other than for safety or construction advisories.

Sec. 383. Report on Use of State Airfleet – NEW

Requires report on use of state airplanes; excludes Governor, Attorney General, and Secretary of State

Sec. 401. Federal Aid – Distribution Report – MODIFIED

Requires department to report on proposed distribution of federal funds between department and local road agencies. Modified to provide a 60-day window for legislative approval/disapproval.

Sec. 402. State/Local Federal Aid – RETAINED

Provides for the distribution of federal funds between department and local road agencies.

Sec. 501. Motor Carrier Act – MODIFIES

Reference to Motor Carrier Act, PA 254 of 1933. Bill makes technical changes to section.

Sec. 502. Treasury Audits of Local Road Agencies – RETAINED

Provides for Treasury audits of local road agencies.

Sec. 503. TEDF/Critical Bridge Fund Carry-Forward – MODIFIED

Technical change to reference “local bridge fund.”

Sec. 504. Use of MTF Report (other state agencies) – MODIFIED

Includes “unreimbursed costs.”

Sec. 506. Prohibition on Stumpage Charges to County Road Commissions – DELETED

Sec. 601. Construction Warranties – MODIFIED

(technical changes).

Sec. 602. Manufactured Pipe Standards – RETAINED

Sec. 603. Congestion as Criteria for 5-Year Plan – MODIFIED

Updates date reference; includes specific criteria.

Sec. 607. Unsafe Pedestrian Crossings – RETAINED

Directs that funds be used to remediate unsafe pedestrian crossings.

Sec. 608. Truck Inspection Stations – MODIFIED

Retains current year language and \$40,000 earmark; updates date reference.

Sec. 610. Dead Deer Removal – RETAINED

Notes legislative intent with regard to clean up of dead deer and large animal remains.

Sec. 611. Pavement Marking – MODIFIED

Directs department to use high quality pavement marking. Updates date reference.

Major Boilerplate Changes from FY 2003-04

Sec. 612. Incentive/Disincentive Contracts – MODIFIED

Requires guidelines for use of incentive/disincentive contracts. Updates reporting requirement.

Sec. 617. M-48 at I-75 Interchange Project – VETOED

Project earmark.

Sec. 621. Traffic Light at Bay Harbor (Emmet County) Project – VETOED

Project earmark.

Sec. 622. Caledonia Township (M-37) Improvements – PARTIAL VETO

Project earmark.

Sec. 623. Tienken Road Barricade Removal – VETOED

Project earmark contingent on passage of Senate Bill 145.

Sec. 624. Hume Township (M-25) Bridge of Schram Drain – VETOED

Project earmark.

Sec. 625. I-75 at M-30 Interchange Feasibility Study – VETOED

Project earmark.

Sec. 626. Replacement of Lincoln Avenue Bridge in Cheboygan Bridge – VETOED

Project earmark.

Sec. 628. Transfer of Mackinac Bridge Authority Treasury Functions – NEW

Prohibits use of funds to transfer treasury functions from the Mackinac Bridge Authority to State Treasurer. The Governor has indicated that this section is in conflict with PA 21 of 1950(Ex Sess) and is thus unenforceable.

Sec. 629. Street Closing in Port Huron – NEW

Directs the department to close M-25 in Port Huron for Happy Apple Days. The Governor has indicated that this section is in conflict with PA 200 of 1969 and is thus unenforceable.

Sec. 633. Traffic Signal on Spicerville Hwy in Eaton County – VETOED

Project earmark.

Sec. 634. Traffic Signals in Plymouth and Brownstone Twp. in Wayne County – VETOED

Project earmark.

Sec. 701. Intercity Bus Equipment Fund – MODIFIED

Provides for separate accounting and carry-forward authority. Transfers \$200,000 from the 9/30/2005 fund balance to the CTF.

Sec. 702. Rail Preservation Fund – MODIFIED

Provides for separate accounting and carry-forward authority. Enacted bill makes technical changes to section.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires the department to notify the department of rail abandonments.

Sec. 704. High Speed Rail Report – MODIFIED

Requires report on program to develop high speed rail program. Enacted bill makes technical changes to section.

Sec. 705. Rail Infrastructure Loan Program – RETAINED

References PA 295 of 1976.

Sec. 706. Detroit/Wayne County Port Authority – MODIFIED

Provides for report on DWCPA. Enacted bill makes technical changes to section.

Sec. 707. Local Bus Operating – MODIFIED

Provides guidelines for local bus operating appropriation. Modifies to prohibit grants to the Detroit Transportation Corporation (i.e. People Mover). The Governor has indicated that the prohibition on grants to the DTC is in conflict with Section 10c of PA 51 of 1951 and is thus unenforceable.

Sec. 708. Intercity Bus Equipment Program – RETAINED

Requires annual lease of not less than \$1,000.

Sec. 709. Intercity Bus Essential Corridor – RETAINED

Identifies essential bus corridors.

Sec. 710. Intercity Bus /Transit Coordination/Bidding – DELETED

Enacted bill does not include section on coordination of intercity bus and transit service.

Sec. 711. Rail Passenger (AMTRAK) - MODIFIED

Provides for state subsidy for rail passenger service; limited to \$7.1 million. Does not include earmark for marketing.

Sec. 714. State-wide Demand/Response Service – MODIFIED

Requires department, in cooperation with local transit agencies, work to ensure that demand-response services are provided throughout Michigan. Enacted bill includes new reporting requirement.

Sec. 715. Unreserved CTF Fund Balance – MODIFIED

Provides for annual review of CTF fund balance. Enacted bill makes technical changes to section.

Major Boilerplate Changes from FY 2003-04

Sec. 719. Rail Grade Separation Advances – RETAINED

Authorizes department to advance funds from rail grade crossing account to local road agencies for construction of grade crossings.

Sec. 721. Guidelines for CTF Matching Federal Transit Funds – RETAINED

Reduces CTF funds for projects not put under contract within specified time period.

Sec. 722. Work First Initiative (Transportation to Work) – MODIFIED

Requires that CTF funds be used to match federal Job Access/Reverse Commute program grants.

Sec. 727. Local Bus Operating – Limitation on RTCC Funding – DELETED

Enacted bill does not include prior year limitation of funding for the RTCC to FY 2002-03 level.

Sec. 728. Lake State Rail Company – VETOED

Earmarks \$250,000 from the Freight preservation and development line for rail project.

Sec. 729. Intercity Bus Marketing – NEW

Earmarks \$100,000 from the Intercity bus service development line for marketing.

Sec. 730. Intercity Bus Equipment Sales– NEW

Directs the department to sell state-owned intercity bus equipment within 6 months of lease termination and to credit proceeds to intercity bus equipment loan fund.

Sec. 731. Intercity Bus Space Rental– NEW

Directs the department to charge transit agencies and intercity bus carriers the same rent when leasing similar space in state-owned intermodal facilities.

Sec. 732. Handicap Bus Lifts Maintenance Reporting Requirement – NEW

Provides reporting requirement for maintenance of wheelchair lifts by transit agencies; provides sanctions for failure to repair by milestone dates.

Sec. 734. Transit Agency Service Performance Measures – NEW

Directs the department to work to ensure that transit agencies meet certain service performance measures.

Sec. 801. State Aeronautics Fund Lapse – MODIFIED

Provides for separate accounting and carry-forward authority. Enacted bill makes technical changes to section.

Sec. 802. Aeronautics Debt Service – RETAINED

Designates SAF funds for debt service on CTF bonds issued for ASAP program.