

HOUSE BILL No. 4429

March 19, 2003, Introduced by Rep. Brown 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, 2004; 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
2 Sec. 101. Subject to the conditions set forth in this bill, the
3 amounts listed in this part are appropriated for the state
4 transportation department and certain state purposes designated in this
5 bill for the fiscal year ending September 30, 2004, from the funds
6 indicated in this part. The following is a summary of the
7 appropriations in this part:

8 **STATE TRANSPORTATION DEPARTMENT**

9 APPROPRIATION SUMMARY:

10	Full-time equated unclassified positions.....	6.0
11	Full-time equated classified positions.....	3,069.3
12	GROSS APPROPRIATION.....	\$ 3,199,989,200
13	Total interdepartmental grants and	
14	intradepartmental transfers.....	0
15	ADJUSTED GROSS APPROPRIATION.....	\$ 3,199,989,200
16	Federal revenues:	
17	Total federal revenues.....	965,255,100
18	Special revenue funds:	
19	Total local revenues.....	5,800,000
20	Total private revenues.....	0
21	Total other state restricted revenues.....	2,228,934,100
22	State general fund/general purpose.....	\$ 0
23	Sec. 102. DEBT SERVICE	
24	State trunkline.....	\$ 79,246,800
25	Economic development.....	16,804,800
26	Critical bridge.....	3,000,000
27	Blue Water Bridge.....	2,503,600
28	Airport safety, protection, and improvement.....	5,000,000

1	Comprehensive transportation.....	28,720,500
2	GROSS APPROPRIATION.....	\$ 135,275,700
3	Appropriated from:	
4	Federal revenues:	
5	DOT-FHWA, highway research, planning, and construction .	24,000,000
6	Special revenue funds:	
7	Comprehensive transportation fund.....	28,720,500
8	Michigan transportation fund.....	3,000,000
9	State trunkline fund.....	55,246,800
10	Blue Water Bridge fund.....	2,503,600
11	Economic development fund.....	16,804,800
12	State aeronautics fund.....	5,000,000
13	State general fund/general purpose.....	\$ 0
14	Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS	
15	MTF grant to department of environmental quality.....	\$ 884,800
16	MTF grant to department of state for collection of	
17	revenue and fees	90,683,000
18	MTF grant to department of state for commemorative and	
19	specialty plates	4,069,300
20	MTF grant to legislative auditor general.....	181,100
21	MTF grant to department of treasury.....	8,561,000
22	STF grant to department of attorney general.....	2,566,200
23	STF grant to department of civil service.....	2,000,000
24	STF grant to department of management and budget	1,434,000
25	STF grant to department of state police.....	6,853,300
26	STF grant to department of history, arts, and libraries	128,100
27	STF grant to department of treasury.....	29,100

1	STF grant to legislative auditor general.....	371,100
2	SAF grant to department of attorney general.....	125,400
3	SAF grant to department of civil service.....	50,000
4	SAF grant to department of management and budget.....	39,400
5	SAF grant to department of history, arts, and libraries	3,500
6	SAF grant to department of treasury.....	62,600
7	SAF grant to legislative auditor general.....	16,600
8	CTF grant to department of attorney general.....	131,500
9	CTF grant to department of civil service.....	90,000
10	CTF grant to department of management and budget.....	65,800
11	CTF grant to department of history, arts, and libraries	5,900
12	CTF grant to department of treasury.....	5,300
13	CTF grant to legislative auditor general.....	<u>47,400</u>
14	GROSS APPROPRIATION.....	\$ 118,404,400
15	Appropriated from:	
16	Special revenue funds:	
17	Comprehensive transportation fund.....	345,900
18	Michigan transportation fund.....	104,379,200
19	State aeronautics fund.....	297,500
20	State trunkline fund.....	13,381,800
21	State general fund/general purpose.....	\$ 0
22	Sec. 104. EXECUTIVE DIRECTION	
23	Full-time equated unclassified positions.....	6.0
24	Full-time equated classified positions.....	33.3
25	Unclassified salaries.....	\$ 532,200
26	Asset management council.....	1,626,400
27	Commission audit-33.3 FTE positions.....	<u>2,948,400</u>

1	GROSS APPROPRIATION.....	\$	5,107,000
2	Appropriated from:		
3	Special revenue funds:		
4	Michigan transportation fund.....		1,626,400
5	State trunkline fund.....		3,480,600
6	State general fund/general purpose	\$	0
7	Sec. 105. ADMINISTRATIVE SERVICES		
8	Full-time equated classified positions.....	70.5	
9	Administration—30.5 FTE positions.....	\$	3,089,300
10	Property management.....		6,921,500
11	Human resources—31.0 FTE positions.....		2,478,300
12	Economic development administration—9.0 FTE positions ..		759,500
13	Worker's compensation.....		<u>3,136,000</u>
14	GROSS APPROPRIATION.....	\$	16,384,600
15	Appropriated from:		
16	Special revenue funds:		
17	Economic development fund.....		500,700
18	State aeronautics fund.....		630,400
19	Comprehensive transportation fund.....		1,382,900
20	Michigan transportation fund.....		81,500
21	State trunkline fund.....		13,789,100
22	State general fund/general purpose.....	\$	0
23	Sec. 106. INFORMATION TECHNOLOGY		
24	Information technology services and projects.....	\$	<u>26,135,800</u>
25	GROSS APPROPRIATION.....	\$	26,135,800
26	Appropriated from:		
27	Federal revenues:		

1	DOT-FHWA, highway research, planning, and construction .	555,100
2	Special revenue funds:	
3	Blue Water Bridge fund.....	43,900
4	Comprehensive transportation fund.....	240,900
5	Economic development fund.....	37,100
6	Michigan transportation fund.....	35,200
7	State aeronautics fund.....	134,500
8	State trunkline fund.....	25,089,100
9	State general fund/general purpose.....	\$
10	Sec. 107. BUREAU OF FINANCE AND ADMINISTRATION	
11	Full-time equated classified positions.....271.5	
12	Administration—271.5 FTE positions.....	\$ 21,839,900
13	GROSS APPROPRIATION.....	\$ 21,839,900
14	Appropriated from:	
15	Special revenue funds:	
16	Michigan transportation fund.....	1,127,500
17	State trunkline fund.....	20,712,400
18	State general fund/general purpose.....	\$ 0
19	Sec. 108. BUREAU OF TRANSPORTATION PLANNING	
20	Full-time equated classified positions..... 173.0	
21	Administration—173.0 FTE positions.....	\$ 23,501,700
22	Grants to regional planning councils.....	488,800
23	GROSS APPROPRIATION.....	\$ 23,990,500
24	Appropriated from:	
25	Federal revenues:	
26	DOT-FHWA, highway research, planning, and construction .	16,000,000
27	Special revenue funds:	

1	State aeronautics fund.....	195,700
2	Comprehensive transportation fund.....	1,033,300
3	Michigan transportation fund.....	5,233,800
4	State trunkline fund.....	1,527,700
5	State general fund/general purpose..... \$	0
6	Sec. 109. BUREAU OF HIGHWAYS	
7	Full-time equated classified positions.....	1,635.4
8	Engineering operations—924.4 FTE positions..... \$	39,757,100
9	Maintenance operations—77.0 FTE positions.....	6,928,300
10	Program services—634.0 FTE positions.....	<u>29,998,000</u>
11	GROSS APPROPRIATION..... \$	76,683,400
12	Appropriated from:	
13	Federal revenues:	
14	DOT-FHWA, highway research, planning, and construction.	5,000,000
15	Special revenue funds:	
16	Michigan transportation fund.....	3,901,700
17	State trunkline fund.....	67,781,700
18	State general fund/general purpose.....	\$
19	Sec. 110. HIGHWAY MAINTENANCE	
20	Full-time equated classified positions	692.6
21	State trunkline operations—692.6 FTE positions..... \$	<u>234,028,600</u>
22	GROSS APPROPRIATION..... \$	234,028,600
23	Appropriated from:	
24	Special revenue funds:	
25	State trunkline fund.....	234,028,600
26	State general fund/general purpose..... \$	0
27	Sec. 111. ROAD AND BRIDGE PROGRAMS	

1	State trunkline federal aid and road and bridge	
2	construction	\$ 961,340,100
3	Local federal aid and road and bridge construction	226,500,000
4	Grants to local programs	33,000,000
5	Rail grade crossing	3,000,000
6	Critical bridge program	5,750,000
7	County road commissions	637,523,400
8	Cities and villages	<u>355,447,800</u>
9	GROSS APPROPRIATION	\$ 2,222,561,300
10	Appropriated from:	
11	Federal revenues:	
12	DOT-FHWA, highway research, planning, and construction .	864,000,000
13	Special revenue funds:	
14	Local funds	5,000,000
15	Blue Water Bridge fund	3,000,000
16	Michigan transportation fund	1,033,971,200
17	State trunkline fund	316,590,100
18	State general fund/general purpose	\$ 0
19	Sec. 112. BLUE WATER BRIDGE	
20	Full-time equated classified positions	33.0
21	Blue Water Bridge operations—33.0 FTE 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	Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT FUND	

1	Forest roads.....	\$	5,000,000
2	Rural county urban system.....		2,500,000
3	Target industries/economic redevelopment.....		11,466,200
4	Urban county congestion.....		3,983,100
5	Rural county primary.....		<u>3,983,100</u>
6	GROSS APPROPRIATION.....	\$	26,932,400
7	Appropriated from:		
8	Special revenue funds:		
9	Economic development fund.....		26,932,400
10	State general fund/general purpose.....	\$	0
11	Sec. 114. BUREAU OF AERONAUTICS		
12	Full-time equated classified positions.....	56.0	
13	Administration—56.0 FTE positions.....	\$	5,918,900
14	Air service program.....		<u>600,000</u>
15	GROSS APPROPRIATION.....	\$	6,518,900
16	Appropriated from:		
17	Special revenue funds:		
18	State aeronautics fund.....		6,518,900
19	State general fund/general purpose.....	\$	0
20	Sec. 115. BUREAU OF URBAN AND PUBLIC TRANSPORTATION		
21	Full-time equated classified positions.....	104.0	
22	Administration—104.0 FTE positions.....	\$	<u>8,388,800</u>
23	GROSS APPROPRIATION.....	\$	8,388,800
24	Appropriated from:		
25	Special revenue funds:		
26	Comprehensive transportation fund.....		6,691,400
27	Michigan transportation fund.....		1,697,400

1	State general fund/general purpose.....	\$	0
2	Sec. 116. BUS TRANSIT DIVISION: STATUTORY OPERATING		
3	Local bus operating.....	\$	160,000,000
4	Nonurban operating/capital.....		<u>10,900,000</u>
5	GROSS APPROPRIATION.....	\$	170,900,000
6	Appropriated from:		
7	Federal revenues:		
8	DOT, federal transit act.....		10,700,000
9	Special revenue funds:		
10	Local funds.....		200,000
11	Comprehensive transportation fund.....		160,000,000
12	State general fund/general purpose.....	\$	0
13	Sec. 117. INTERCITY PASSENGER AND FREIGHT		
14	Freight property management.....	\$	1,500,000
15	Detroit/Wayne County port authority.....		500,000
16	Intercity bus equipment.....		3,000,000
17	Rail passenger service.....		11,300,000
18	Freight preservation and development.....		
19	Rail infrastructure loan program.....		100,000
20	Intercity bus service development.....		2,950,000
21	Marine passenger service.....		800,000
22	Terminal development.....		<u>2,884,800</u>
23	GROSS APPROPRIATION.....	\$	28,727,700
24	Appropriated from:		
25	Federal revenues:		
26	DOT, federal transit act.....		1,600,000
27	DOT-FRA, local rail service assistance.....		100,000

1	DOT-FRA, rail passenger/HSGT.....	3,000,000
2	Special revenue funds:	
3	Local funds.....	50,000
4	Rail preservation fund.....	2,000,000
5	Intercity bus equipment fund.....	1,000,000
6	Comprehensive transportation fund.....	20,977,700
7	State general fund/general purpose..... \$	0
8	Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT	
9	Specialized services..... \$	3,939,500
10	Municipal credit program.....	2,000,000
11	Bus capital.....	53,049,500
12	Ride sharing.....	330,700
13	Van pooling.....	195,000
14	Bus property management.....	50,000
15	Service development and new technology.....	1,550,000
16	Planning grants.....	80,000
17	Audit settlements.....	150,000
18	Regional service coordination.....	500,000
19	Work first initiative.....	<u>6,000,000</u>
20	GROSS APPROPRIATION..... \$	67,844,700
21	Appropriated from:	
22	Federal revenues:	
23	DOT, federal transit act.....	40,300,000
24	Special revenue funds:	
25	Local funds.....	550,000
26	Comprehensive transportation fund.....	26,994,700
27	State general fund/general purpose.....	\$

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

3 GENERAL SECTIONS

4 Sec. 201. Pursuant to section 30 of article IX of the state
 5 constitution of 1963, total state spending from state resources under
 6 part 1 for year 2003-2004 is \$2,228,934,100.00 and state spending from
 7 state resources to be paid to units of local government for fiscal year
 8 2003-2004 is \$1,234,759,000.00. The itemized statement below
 9 identifies appropriations from which spending to units of local
 10 government will occur:

11 DEPARTMENT OF TRANSPORTATION

12	Local grant program.....	\$	33,000,000
13	Forest roads.....		5,000,000
14	Rural county urban system.....		2,500,000
15	Target industries/economic redevelopment.....		5,733,100
16	Urban county congestion.....		3,983,100
17	Rural county primary.....		3,983,100
18	Grants to cities and villages.....		355,447,800
19	Grants to county road commissions.....		637,523,400
20	Critical bridge program.....		5,750,000
21	Grants to regional planning councils.....		488,800
22	Local bus operating.....		160,000,000
23	Bus capital.....		13,699,500
24	Marine passenger service.....		800,000
25	Detroit/Wayne County port authority.....		500,000
26	Local ride sharing operating grants.....		330,700
27	Planning grants.....		80,000

1	Municipal credit program.....	2,000,000
2	Specialized services.....	<u>3,939,500</u>
3	Total payments to local units of government.....	\$ 1,234,759,000

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

6 Sec. 203. As used in this bill:

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

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

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

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

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

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

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

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

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

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

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

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

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

25 Sec. 205. (1) A hiring freeze is imposed on the state classified
26 civil service. State departments and agencies are prohibited from
27 hiring any new state classified civil service employees and prohibited

1 from filling any vacant state classified civil service positions. This
2 hiring freeze does not apply to internal transfers of classified
3 employees from 1 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 a loss of revenue to the state, result in
8 the inability of the state to receive federal funds, or necessitate
9 additional expenditures that exceed any savings from maintaining a
10 vacancy. The state budget director shall report quarterly to the
11 chairpersons of the senate and house of representatives standing
12 committees on appropriations the number of exceptions to the hiring
13 freeze approved during the previous quarter and the reasons to justify
14 the exception.

15 Sec. 206. (1) In addition to the funds appropriated in part 1, there
16 is appropriated an amount not to exceed \$200,000,000.00 for federal
17 contingency funds. These funds are not available for expenditure until
18 they have been transferred to another line item in this bill pursuant
19 to section 393(2) of the management and budget act, 1984 PA 431, MCL
20 18.1393.

21 (2) In addition to the funds appropriated in part 1, there is
22 appropriated an amount not to exceed \$40,000,000.00 for state
23 restricted contingency funds. These funds are not available for
24 expenditure until they have been transferred to another line item in
25 this bill pursuant to section 393(2) of the management and budget act,
26 1984 PA 431, MCL 18.1393.

27 (3) In addition to the funds appropriated in part 1, there is

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

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

12 Sec. 208. Unless otherwise specified, the department shall use the
13 Internet to fulfill the reporting requirements of this bill. This
14 requirement may include transmission of reports via electronic mail to
15 the recipients identified for each reporting requirement, or it may
16 include placement of reports on an Internet or Intranet site.

17 Sec. 209 (1) In addition to the amounts appropriated in part 1, in
18 order to encourage administrative efficiencies, there is appropriated
19 to the department of transportation, an amount not to exceed one-half
20 of the unexpended, unreserved general fund portions of fiscal year
21 2002-2003 appropriations made to the department for salaries and wages
22 expenses, contractual services, supplies and materials expenses,
23 information technology expenses and program operations costs.

24 (2) The appropriations contained in subsection 1 are subject to
25 the approval of the state budget director and shall be spent for the
26 same purposes for which the original appropriation was made in fiscal
27 year 2002-2003.

1 Sec. 259. From the funds appropriated in part 1 for information
2 technology, the department shall pay user fees to the department of
3 information technology for technology-related services and projects.
4 Such user fees shall be subject to provisions of an interagency
5 agreement between the department and the department of information
6 technology.

7 Sec. 260. Amounts appropriated in part 1 for information technology
8 may be designated as work projects and carried forward to support
9 department of transportation projects under the direction of the
10 department of information technology. Funds designated in this manner
11 are not available for expenditure until approved as work projects under
12 section 451a of the management and budget act, 1984 PA 431, MCL
13 18.1451a.

14 **DEPARTMENTAL SECTIONS**

15 Sec. 301. (1) The department may establish a fee schedule and
16 collect fees sufficient to cover the costs to issue the permits that
17 the department is authorized by law to issue upon request, and for
18 which fees are not otherwise stipulated by law. All permit fees are
19 nonrefundable application fees and shall be credited to the state
20 trunkline fund to recover the direct and indirect costs of receiving,
21 reviewing, and processing the requests.

22 (2) A bridge authority shall hold 3 public hearings on a change
23 in any toll charged by the authority at least 30 days before the toll
24 change will become effective. Two of the hearings shall be held within
25 5 miles of the bridge over which the bridge authority has jurisdiction.
26 One hearing shall be held in Lansing.

27 Sec. 304. If, as a requirement of bidding on a highway project, the

1 department requires a contractor to submit financial or proprietary
2 documentation as to how the bid was calculated, that bid documentation
3 shall be kept confidential and shall not be disclosed other than to a
4 department representative without the contractor's written consent.
5 The department may disclose the bid documentation if necessary to
6 address or defend a claim by a contractor.

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

12 Sec. 306. Biennially, the auditor general shall conduct an audit of
13 charges to the Michigan transportation fund by state departments for
14 the two proceeding fiscal years, with the first such audit including
15 the fiscal years ending September 30, 2003 and September 30, 2004. The
16 auditor general shall prepare a detailed report, with recommendations
17 and conclusions, including a list of services charged to the Michigan
18 transportation fund, the appropriateness of those charges, and the cost
19 allocation methodologies used in determining the level of funding, and
20 any unreimbursed costs, and provide the report, upon request, to any
21 member of the senate and house of representatives, senate and house
22 fiscal agencies, and the state budget director six months after
23 publication of the State of Michigan comprehensive annual financial
24 report.

25 Sec. 307. Before February 1 of each year, the department will
26 provide to the legislature, the state budget office, and the house and
27 senate fiscal agencies its rolling 5-year plan listing by county or by

1 county road commission all highway construction projects for the fiscal
2 year and all expected projects for the ensuing fiscal years.

3 Sec. 308. The department and local road agencies that receive
4 appropriations under this bill shall pursue compliance with contract
5 specifications for construction and maintenance of state highways and
6 local roads and streets. Work shall not be accepted and paid for until
7 it complies with contract requirements. Contractors with
8 unsatisfactory performance ratings shall be restricted from future
9 bidding through the prequalification process established by the
10 department or a local road agency. The department, county road
11 commissions, and cities and villages shall report to the house of
12 representatives and senate appropriations subcommittees on
13 transportation on their respective activities under this section.

14 Sec. 309. The department shall continue its efforts to reduce
15 administrative costs and provide the maximum funding possible for
16 construction projects.

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

22 Sec. 311. The department shall not use funds appropriated under part
23 1 on behalf of a local governmental unit to pay the amount required for
24 that local governmental unit to participate in the federal advance
25 construction program.

26 Sec. 312. At the close of the fiscal year ending September 30, 2004,
27 any unencumbered and unexpended balance in the state trunkline fund

1 shall remain in the state trunkline fund and shall carry forward and is
2 appropriated for federal aid road and bridge programs for projects
3 contained in the annual state transportation program.

4 Sec. 313. (1) From funds appropriated in part 1, the department may
5 increase a state infrastructure bank program and grant or loan funds in
6 accordance with regulations of the state infrastructure bank program of
7 the United States department of transportation. The state
8 infrastructure bank is to be administered by the department for the
9 purpose of providing a revolving, self-sustaining resource for
10 financing transportation infrastructure projects.

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

20 Sec. 318. The department shall continue its program to increase the
21 use of women- and minority-owned businesses in state and local road
22 construction projects. This program shall comprise, at a minimum,
23 outreach and education efforts to inform women- and minority-owned
24 firms of department competitive bidding processes and requirements, and
25 an assessment of the availability of surety for women- and minority-
26 owned businesses.

27 **FEDERAL**

1 Sec. 402. (1) Twenty-three to twenty-seven percent of the DOT-FHWA,
2 highway research, planning, and construction federal funds appropriated
3 in part 1 shall be allocated to programs administered by local
4 jurisdictions after deduction of the following:

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

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

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

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

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

27 (5) The allocation percentage described in subsection (1) shall

1 be adjusted to reflect any voluntary agreements made by the department
2 with local jurisdictions regarding the transfer of federal aid eligible
3 roadways or the state buyout of local federal aid.

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

6 (7) The federal funds appropriated in part 1 for local federal
7 aid and road and bridge construction, to eligible local road agencies,
8 may be transferred through a voluntary buyout agreement made between
9 eligible local road agencies.

10 **MICHIGAN TRANSPORTATION FUND**

11 Sec. 501. The money received under the motor carrier act, 1933 PA
12 254, MCL 475.1 to 479.43, and not appropriated to the department of
13 consumer and industry services or the department of state police is
14 deposited in the Michigan transportation fund.

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

20 County road commissions or county boards of commissioners, as
21 applicable, and cities and villages shall make available to the
22 department of treasury the pertinent records for the audit.

23 Sec. 503. (1) The funds appropriated in part 1 for the economic
24 development and critical bridge programs shall not lapse at the end of
25 the fiscal year but shall carry forward each fiscal year for the
26 purposes for which appropriated in accordance with 1987 PA 231, MCL
27 247.901 to 247.913, and section 11b of 1951 PA 51, MCL 247.661b.

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

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

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

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

22 (2) The amounts appropriated and transferred to various state
23 agencies from part 1 shall be expended from the transportation funds
24 pursuant to annual contracts between the department and state agencies
25 providing tax and fee collection and other services applicable to
26 transportation. The contracts shall be executed prior to the transfer
27 of these funds. The contracts shall provide, but are not limited to,

1 the following data applicable to each state agency:

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

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

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

7 (3) Two months after publication of the State of Michigan
8 comprehensive annual financial report each state agency receiving an
9 interdepartment and statutory contract from the department shall submit
10 a written report to the department, the state budget director, and the
11 house and senate fiscal agencies stating by spending authorization
12 account the amount of funds appropriated from transportation funds, the
13 amount of estimated funds contracted with the department, the amount of
14 funds expended, the amount of funds returned to the transportation
15 funds, and any unreimbursed transportation-related costs incurred but
16 not billed to the transportation funds. A copy of the report shall be
17 submitted to the auditor general and the report shall be subject to
18 audit by the auditor general.

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

26 Sec. 505. (1) Of the amount appropriated in part 1 from the Michigan
27 transportation fund to the department of state, \$186,600.00 represents

1 the additional cost of issuing specialized license plates for veterans
2 and national guard members, as included in sections 803i, 803j, 803k,
3 and 803l of the Michigan vehicle code, 1949 PA 300, MCL 257.803i,
4 257.803j, 257.803k, and 257.803l, and \$187,600.00 represents the
5 additional cost of issuing generic license plates for nonprofit
6 fraternal or public service organizations, as included in section 803m
7 of the 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 the
10 Michigan transportation fund is authorized for expenditure by the
11 department of state up to the amount of revenue collected, but not to
12 exceed \$2,147,300.00 for commemorative plates and \$1,922,000.00 for
13 specialty plates. These amounts are appropriated to the department of
14 state in part 1 to administer the commemorative and specialty license
15 plate programs pursuant to section 225 of the Michigan vehicle code,
16 1949 PA 300, MCL 257.225.

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

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

26 **STATE TRUNKLINE FUND**

27 Sec. 601. The department shall work with the road construction
28 industry and engineering consulting community to develop performance

1 and road construction warranties for construction contracts. The
2 development of warranties shall include warranties on materials,
3 workmanship, performance criteria, and design/build projects. The
4 department will report by September 30, 2004 to the house of
5 representatives and senate appropriations subcommittees on
6 transportation, the state budget office, and the house and senate
7 fiscal agencies on the status of efforts to develop performance and
8 road construction warranties.

9 **COMPREHENSIVE TRANSPORTATION FUND**

10 Sec. 701. Money that is received by the state as a lease payment for
11 state-owned intercity bus equipment is not money to be deposited in the
12 comprehensive transportation fund under section 10b of 1951 PA 51, MCL
13 247.660b, but is money that is deposited in an intercity bus equipment
14 fund for appropriation for the purchase and repair of intercity bus
15 equipment. Proceeds received by the state from the sale of intercity
16 bus equipment are deposited in an intercity bus equipment fund for
17 appropriation for the purchase and repair of intercity bus equipment.
18 Security deposits from the lease of state-owned intercity bus equipment
19 not returned to the lessee of the equipment under terms of the lease
20 agreement are deposited in an intercity bus equipment fund for
21 appropriation for the repair of intercity bus equipment.

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

1 Sec. 706. The Detroit/Wayne County port authority shall issue a
2 complete operations assessment and a financial disclosure statement.
3 The operations assessment shall include operational goals for the next
4 5 years and recommendations to improve land acquisition and development
5 efficiency. The report shall be completed and submitted to the house
6 of representatives and senate appropriations subcommittees on
7 transportation, the state budget office, and the house and senate
8 fiscal agencies by February 15, 2004.

9 Sec. 707. For the fiscal year ending September 30, 2004, each
10 eligible authority and each eligible governmental agency which provides
11 public transportation services in urbanized areas with a Michigan
12 population of less than or equal to 100,000 and nonurbanized areas
13 under section 5311 of title 49 of the United States Code, 49 U.S.C.
14 5311, shall receive a grant of up to 60% of its eligible operating
15 expenses. Each eligible authority and each eligible government agency
16 which provides public transportation services in urbanized areas with a
17 Michigan population of greater than 100,000 under section 5307 of title
18 49 of the United States Code, 49 U.S.C. 5307, shall receive a grant of
19 up to 50% of its eligible operating expenses.

20 Sec. 710. Whenever possible, the department shall work with the
21 local transit agencies to avoid establishing new routes that duplicate
22 existing routes served by intercity carriers when providing services
23 under regional transportation service programs. It is preferable that
24 private intercity carriers be provided an opportunity to bid by local
25 public transit agencies on services funded through the regional
26 transportation service program.

27 Sec. 711. (1) From the funds appropriated in part 1 from the

1 comprehensive transportation fund for rail passenger service, the
2 department shall negotiate with a rail carrier to provide rail service
3 between Grand Rapids and Chicago and between Port Huron and Chicago on
4 a 7-day basis, consistent with the other provisions of this section.

5 (2) The department shall work with the rail carrier, local
6 communities, and the federal government to increase marketing efforts
7 to promote awareness of rail passenger service, to increase ridership,
8 to reduce operating subsidies in conjunction with the federal phaseout
9 of operating subsidies, to maximize the revenue of the rail passenger
10 lines in Michigan, and to improve on-time performance. The department
11 shall submit a report to both the house and senate appropriations
12 committees and the house and senate fiscal agencies by January 1, 2004,
13 that provides a 5-year history on services, ridership, and subsidies.

14 (3) Future state support for the service between Grand Rapids and
15 Chicago and Port Huron and Chicago is dependent on the department's
16 ability to provide a plan and a contract for services that increase
17 ridership and revenue, reduce operating costs, and improve on-time
18 performance. The department shall include a section in the report
19 required in subsection (2) detailing efforts to reduce the dependence
20 on state operating subsidies and projected operating expenses for the
21 next 2 years, and recommending service alternatives, for the Grand
22 Rapids to Chicago service and the Port Huron to Chicago service.

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

26 (5) The rail carrier shall, as a condition to receiving a state
27 operating subsidy, establish a system to monitor, collect, and resolve

1 customer complaints and shall make the information available to the
2 department, the house and senate appropriations subcommittees on
3 transportation, and to the house and senate fiscal agencies.

4 (6) The carrier shall provide information to the department
5 identifying direct and indirect operating costs prior to receiving any
6 state funding. The carrier shall provide the department an accounting
7 of actual costs for the previous year by November 30th of the current
8 fiscal year.

9 Sec. 714. The department, in cooperation with local transit
10 agencies, shall work to ensure that demand-response services are
11 provided throughout Michigan. The department shall continue to work
12 with local units of government to address the unmet transit needs in
13 Michigan.

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

22 Sec. 721. For federal transit administration bus acquisition capital
23 grants matched with CTF funds appropriated in part 1, transit agencies
24 shall have 4 years from the federal approval date to carry out their
25 projects. Contract line items unobligated 4 years after the federal
26 approval date may be matched with CTF funds only up to 15% in the fifth
27 and subsequent years. "Unobligated" means any line item in the

1 contract that is not committed to a third party or purchase order. A
2 waiver shall be granted by the department for an additional year with
3 documented justification from the transit agency accompanied by a
4 resolution from the board or authority seeking a waiver. If a transit
5 agency does not carry out a line item activity in a specific
6 authorization and the transit agency requests funds in a new
7 authorization for that same activity, the line item shall be matched at
8 up to 15%. This section applies only to bus acquisition capital
9 grants. Lapsed funds under this section shall remain in the CTF.

10 **AERONAUTICS FUND**

11 Sec. 801. At the close of the fiscal year ending September 30, 2004,
12 any unobligated and unexpended balance in the state aeronautics fund
13 created in the aeronautics code of the state of Michigan, 1945 PA 327,
14 MCL 259.1 to 259.208, shall lapse to the state aeronautics fund and be
15 appropriated by the legislature in the immediately succeeding fiscal
16 year.

17 Sec. 802. State aeronautics funds appropriated in part 1 for airport
18 safety and protection plan debt service are transferred to the
19 comprehensive transportation fund and are appropriated for the purpose
20 of reimbursing comprehensive transportation fund debt service
21 obligations for the airport safety and protection plan program.