

SENATE BILL No. 1050

March 2, 2004, Introduced by Senator BARCIA 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, 2005; 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

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the state transportation department and certain state purposes designated in this bill for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

STATE TRANSPORTATION DEPARTMENT

APPROPRIATIONS SUMMARY:

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions.....	3,044.3	
GROSS APPROPRIATION.....		\$3,292,487,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION.....		\$3,292,487,600
Federal revenues:		
Total federal revenues.....		1,132,701,200
Special revenue funds:		
Total local revenues.....		5,800,000
Total private revenues.....		0
Total other state restricted revenues.....		2,153,986,400
State general fund/general purpose.....		\$ 0
Sec. 102. DEBT SERVICE		
State trunkline.....		\$ 114,271,800
Economic development.....		16,804,800
Critical bridge.....		3,000,000

1	Blue Water Bridge.....	2,506,900
2	Airport safety and protection plan.....	1,786,600
3	Comprehensive transportation.....	<u>29,380,000</u>
4	GROSS APPROPRIATION.....	\$ 167,750,100
5	Appropriated from:	
6	Federal revenues:	
7	DOT-FHWA, highway research, planning, and construction	44,000,000
8	Special revenue funds:	
9	Blue Water Bridge fund.....	2,506,900
10	Comprehensive transportation fund.....	29,380,000
11	Economic development fund.....	16,804,800
12	Michigan transportation fund.....	3,000,000
13	State aeronautics fund.....	1,786,600
14	State trunkline fund.....	70,271,800
15	State general fund/general purpose.....	\$ 0
16	Sec. 103. COLLECTION, ENFORCEMENT AND OTHER AGENCY	
17	SUPPORT SERVICES	
18	MTF grant to department of environmental quality.....	\$ 958,200
19	MTF grant to department of state for collection of	
20	revenue and fees	20,000,000
21	MTF grant to department of treasury.....	7,838,800
22	MTF grant to legislative auditor general.....	204,300
23	STF grant to department of attorney general.....	2,672,300
24	STF grant to department of civil service.....	2,000,000
25	STF grant to department of management and budget.....	1,240,800
26	STF grant to department of state police.....	7,226,700
27	STF grant to department of history, arts, and	

1	libraries	129,600
2	STF grant to department of treasury.....	29,100
3	STF grant to legislative auditor general.....	474,600
4	SAF grant to department of attorney general.....	127,100
5	SAF grant to department of civil service.....	50,000
6	SAF grant to department of management and budget	34,400
7	SAF grant to department of history, arts, and	
8	libraries	3,500
9	SAF grant to department of treasury.....	62,500
10	SAF grant to legislative auditor general.....	19,600
11	CTF grant to department of attorney general.....	137,000
12	CTF grant to department of civil service.....	90,000
13	CTF grant to department of management and budget	60,500
14	CTF grant to department of history, arts, and	
15	libraries	5,900
16	CTF grant to department of treasury.....	5,300
17	CTF grant to legislative auditor general.....	<u>25,200</u>
18	GROSS APPROPRIATION.....	\$ 43,395,400
19	Appropriated from:	
20	Special revenue funds:	
21	Comprehensive transportation fund.....	323,900
22	Michigan transportation fund.....	29,001,300
23	State aeronautics fund.....	297,100
24	State trunkline fund.....	13,773,100
25	State general fund/general purpose.....	\$ 0
26	Sec. 104. EXECUTIVE DIRECTION	
27	Full-time equated unclassified positions.....	6.0

1	Full-time equated classified positions.....	31.3	
2	Unclassified salaries.....		\$ 532,200
3	Asset management council.....		1,626,400
4	Commission audit--31.3 FTE positions.....		<u>3,250,700</u>
5	GROSS APPROPRIATION.....		\$ 5,409,300
6	Appropriated from:		
7	Special revenue funds:		
8	Michigan transportation fund.....		1,626,400
9	State trunkline fund.....		3,782,900
10	State general fund/general purpose.....		\$ 0
11	Sec. 105. BUSINESS SUPPORT		
12	Full-time equated classified positions.....	61.5	
13	Business support services--27.5 FTE positions.....		\$ 2,939,200
14	Property management.....		6,420,200
15	Human resources--25.0 FTE positions.....		2,447,700
16	Human resources optimization user charges.....		177,200
17	Economic development and enhancement programs--9.0		
18	FTE positions		867,500
19	Worker's compensation.....		<u>3,001,000</u>
20	GROSS APPROPRIATION.....		\$ 15,852,800
21	Appropriated from:		
22	Special revenue funds:		
23	Comprehensive transportation fund.....		1,386,200
24	Economic development fund.....		500,700
25	State aeronautics fund.....		556,100
26	State trunkline fund.....		13,409,800
27	State general fund/general purpose.....		\$ 0

1	Sec. 106. INFORMATION TECHNOLOGY	
2	Information technology services and projects	\$ <u>26,827,300</u>
3	GROSS APPROPRIATION	\$ 26,827,300
4	Appropriated from:	
5	Federal revenues:	
6	DOT-FHWA, highway research, planning, and construction	555,100
7	Special revenue funds:	
8	Blue Water Bridge fund	45,100
9	Comprehensive transportation fund	247,400
10	Economic development fund	37,100
11	Michigan transportation fund	236,200
12	State aeronautics fund	138,100
13	State trunkline fund	25,568,300
14	State general fund/general purpose	\$ 0
15	Sec. 107. FINANCE, CONTRACTS AND SUPPORT SERVICES	
16	Full-time equated classified positions	267.5
17	Financial and contractual services--116.1 FTE	
18	positions	\$ 9,849,700
19	Technical and support services--96.4 FTE positions	10,560,300
20	Welcome center operations--55.0 FTE positions	<u>4,334,000</u>
21	GROSS APPROPRIATION	\$ 24,744,000
22	Appropriated from:	
23	Special revenue funds:	
24	Michigan transportation fund	1,363,300
25	State trunkline fund	23,380,700
26	State general fund/general purpose	\$ 0
27	Sec. 108. TRANSPORTATION PLANNING	

1	Full-time equated classified positions.....	172.0	
2	Statewide planning services--119.0 FTE positions.....	\$	11,937,400
3	Data collection services--53.0 FTE positions.....		5,907,100
4	Specialized planning services and local studies.....		9,023,900
5	Grants to regional planning councils.....		<u>488,800</u>
6	GROSS APPROPRIATION.....	\$	27,357,200
7	Appropriated from:		
8	Federal revenues:		
9	DOT-FHWA, highway research, planning, and construction		17,000,000
10	Special revenue funds:		
11	Comprehensive transportation fund.....		1,382,800
12	Michigan transportation fund.....		6,838,800
13	State aeronautics fund.....		261,900
14	State trunkline fund.....		1,873,700
15	State general fund/general purpose.....	\$	0
16	Sec. 109. DESIGN AND ENGINEERING SERVICES		
17	Full-time equated classified positions.....	1,518.4	
18	Engineering services--796.7 FTE positions.....	\$	47,136,200
19	Program services--721.7 FTE positions.....		<u>35,623,700</u>
20	GROSS APPROPRIATION.....	\$	82,759,900
21	Appropriated from:		
22	Federal revenues:		
23	DOT-FHWA, highway research, planning, and construction		7,000,000
24	Special revenue funds:		
25	Michigan transportation fund.....		4,711,400
26	State trunkline fund.....		71,048,500
27	State general fund/general purpose.....	\$	0

Sec. 110. HIGHWAY MAINTENANCE

Full-time equated classified positions..... 817.6

State trunkline operations--817.6 FTE positions..... \$ 253,726,100

GROSS APPROPRIATION..... \$ 253,726,100

Appropriated from:

Special revenue funds:

State trunkline fund..... 253,726,100

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

Sec. 111. ROAD AND BRIDGE PROGRAMS

State trunkline federal aid and road and bridge

construction \$ 998,020,700

Local federal aid and road and bridge construction.... 256,903,000

Grants to local programs..... 33,000,000

Rail grade crossing..... 3,000,000

Critical bridge fund..... 31,329,000

County road commissions..... 634,447,600

Cities and villages..... 353,733,000

GROSS APPROPRIATION..... \$2,310,433,300

Appropriated from:

Federal revenues:

DOT-FHWA, highway research, planning, and construction 1,003,846,100

Special revenue funds:

Local funds..... 5,000,000

Blue Water Bridge fund..... 3,000,000

Michigan transportation fund..... 1,054,759,600

State trunkline fund..... 243,827,600

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

Sec. 112. BLUE WATER BRIDGE

Full-time equated classified positions..... 35.0

Blue Water Bridge operations--35.0 FTE positions..... \$ 10,656,000

GROSS APPROPRIATION..... \$ 10,656,000

Appropriated from:

Special revenue funds:

Blue Water Bridge fund..... 10,656,000

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

Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT

Forest roads..... \$ 5,000,000

Rural county urban system..... 2,500,000

Target industries/economic redevelopment..... 17,966,200

Urban county congestion..... 7,233,100

Rural county primary..... 7,233,100

GROSS APPROPRIATION..... \$ 39,932,400

Appropriated from:

Special revenue funds:

Economic development fund..... 39,932,400

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

Sec. 114. AERONAUTICS SERVICES

Full-time equated classified positions..... 56.0

Airport improvement services--30.0 FTE positions..... \$ 2,809,200

Aviation services--26.0 FTE positions..... 4,391,600

Air service program..... 1,000,000

GROSS APPROPRIATION..... \$ 8,200,800

Appropriated from:

Special revenue funds:

1	State aeronautics fund.....	8,200,800
2	State general fund/general purpose.....	\$ 0
3	Sec. 115. PUBLIC TRANSPORTATION AND FREIGHT SERVICES	
4	Full-time equated classified positions.....	85.0
5	Freight and safety services--35.5 FTE positions.....	\$ 3,538,900
6	Passenger transportation services--49.5 FTE positions .	<u>4,525,800</u>
7	GROSS APPROPRIATION.....	\$ 8,064,700
8	Appropriated from:	
9	Special revenue funds:	
10	Comprehensive transportation fund.....	6,338,000
11	Michigan transportation fund.....	1,726,700
12	State general fund/general purpose.....	\$ 0
13	Sec. 116. BUS TRANSIT STATUTORY OPERATING ASSISTANCE	
14	Local bus operating assistance.....	\$ 161,680,000
15	Nonurban operating/capital assistance.....	<u>14,600,000</u>
16	GROSS APPROPRIATION.....	\$ 176,280,000
17	Appropriated from:	
18	Federal revenues:	
19	DOT, federal transit act.....	14,400,000
20	Special revenue funds:	
21	Local funds.....	200,000
22	Comprehensive transportation fund.....	161,680,000
23	State general fund/general purpose.....	\$ 0
24	Sec. 117. INTERCITY PASSENGER AND FREIGHT	
25	Freight property management.....	\$ 1,500,000
26	Detroit/Wayne County port authority.....	500,000
27	Intercity bus equipment.....	3,000,000

1	Rail passenger service.....	9,300,000
2	Freight preservation and development.....	5,692,900
3	Rail infrastructure loan program.....	100,000
4	Intercity bus service development.....	4,850,000
5	Marine passenger service.....	800,000
6	Terminal development.....	<u>2,884,800</u>
7	GROSS APPROPRIATION.....	\$ 28,627,700
8	Appropriated from:	
9	Federal revenues:	
10	DOT, federal transit act.....	3,500,000
11	DOT-FRA, local rail service assistance.....	100,000
12	DOT-FRA, rail passenger/HSGT.....	1,000,000
13	Special revenue funds:	
14	Local funds.....	50,000
15	Comprehensive transportation fund.....	20,977,700
16	Intercity bus equipment fund.....	1,000,000
17	Rail preservation fund.....	2,000,000
18	State general fund/general purpose.....	\$ 0
19	Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT	
20	Specialized services.....	\$ 8,539,500
21	Municipal credit program.....	2,000,000
22	Bus capital.....	38,675,400
23	Ride sharing.....	330,700
24	Van pooling.....	195,000
25	Bus property management.....	50,000
26	Service development and new technology.....	1,650,000
27	Planning grants.....	80,000

1	Audit settlements.....	150,000
2	Regional service coordination.....	500,000
3	Transportation to work.....	<u>10,300,000</u>
4	GROSS APPROPRIATION.....	\$ 62,470,600

5 Appropriated from:

6 Federal revenues:

7	DOT, federal transit act.....	41,300,000
---	-------------------------------	------------

8 Special revenue funds:

9	Local funds.....	550,000
---	------------------	---------

10	Comprehensive transportation fund.....	20,620,600
----	--	------------

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

12 PART 2

13 PROVISIONS CONCERNING APPROPRIATIONS

14 GENERAL SECTIONS

15 Sec. 201. Pursuant to section 30 of article IX of the state
 16 constitution of 1963, total state spending from state resources under
 17 part 1 for fiscal year 2004-2005 is \$2,153,986,400.00 and state
 18 spending from state resources to be paid to local units of government
 19 for fiscal year 2004-2005 is \$1,266,053,300.00. The itemized statement
 20 below identifies appropriations from which spending to units of local
 21 government will occur:

22 DEPARTMENT OF TRANSPORTATION

23	Local grant program.....	\$ 33,000,000
----	--------------------------	---------------

24	Economic development fund.....	30,949,300
----	--------------------------------	------------

25	Grants to cities and villages.....	353,733,000
----	------------------------------------	-------------

26	Grants to county road commissions.....	634,447,600
----	--	-------------

27	Critical bridge fund.....	31,329,000
----	---------------------------	------------

1	Grants to regional planning councils.....	488,800
2	Local bus operating.....	161,680,000
3	Bus capital.....	8,175,400
4	Marine passenger service.....	800,000
5	Detroit/Wayne County port authority.....	500,000
6	Ride sharing grants.....	330,700
7	Planning grants.....	80,000
8	Municipal credit program.....	2,000,000
9	Specialized services.....	<u>8,539,500</u>
10	Total payments to local units of government.....	\$1,266,053,300

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

13 Sec. 203. As used in this bill:

- 14 (a) "CTF" means comprehensive transportation fund.
- 15 (b) "Department" means the department of transportation.
- 16 (c) "DOT" means the United States department of transportation.
- 17 (d) "DOT-FHWA" means DOT, federal highway administration.
- 18 (e) "DOT-FRA" means DOT, federal railroad administration.
- 19 (f) "DOT-FRA, rail passenger/HSGT" means DOT, federal railroad
 20 administration, high-speed ground transportation.
- 21 (g) "EDF" means economic development fund.
- 22 (h) "FTE" means full-time equated.
- 23 (i) "MTF" means Michigan transportation fund.
- 24 (j) "RIF" means recreation improvement fund.
- 25 (k) "SAF" means state aeronautics fund.
- 26 (l) "STF" means state trunkline fund.

27 Sec. 204. The department of civil service shall bill the department

1 at the end of the first fiscal quarter for the 1% charge authorized by
2 section 5 of article XI of the state constitution of 1963. Payments
3 shall be made for the total amount of the billing by the end of the
4 second fiscal quarter.

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

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

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

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

1 18.1393.

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

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

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

19 Sec. 261. Funds appropriated in part 1 shall not be used for the
20 purchase of foreign goods or services, or both, if competitively priced
21 and comparable quality American goods or services, or both, are
22 available. Preference should be given to goods and services or both,
23 manufactured or provided by Michigan businesses if they are
24 competitively priced and of comparable value.

25 **DEPARTMENTAL SECTIONS**

26 Sec. 301. (1) The department may establish a fee schedule and
27 collect fees sufficient to cover the costs to issue the permits that

1 the department is authorized by law to issue upon request, and for
2 which fees are not otherwise stipulated by law. All permit fees are
3 nonrefundable application fees and shall be credited to the state
4 trunkline fund to recover the direct and indirect costs of receiving,
5 reviewing, and processing the requests.

6 (2) A bridge authority shall hold 3 public hearings on an
7 increase in any toll charged by the authority at least 30 days before
8 the toll change will become effective. Two of the hearings shall be
9 held within 5 miles of the bridge over which the bridge authority has
10 jurisdiction. One hearing shall be held in Lansing. Public hearings
11 held under this section shall be conducted in accordance with the open
12 meetings act, 1976 PA 267, MCL 15.261 to 15.275 and shall be conducted
13 so as to provide a reasonable opportunity for public comment, including
14 both spoken and written comments.

15 Sec. 304. If, as a requirement of bidding on a highway project, the
16 department requires a contractor to submit financial or proprietary
17 documentation as to how the bid was calculated, that bid documentation
18 shall be kept confidential and shall not be disclosed other than to a
19 department representative without the contractor's written consent.
20 The department may disclose the bid documentation if necessary to
21 address or defend a claim by a contractor.

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

27 Sec. 306. Biennially, the auditor general shall conduct an audit of

1 charges to transportation funds by state departments for the two
2 proceeding fiscal years, with the first such audit including the fiscal
3 years ending September 30, 2004 and September 30, 2005. The auditor
4 general shall prepare a detailed report, with recommendations and
5 conclusions, including a list of services charged to transportation
6 funds, the appropriateness of those charges, the cost allocation
7 methodologies used in determining the level of funding, and any
8 unreimbursed costs. The report shall be provided, upon request, to any
9 member of the senate and house of representatives, senate and house
10 fiscal agencies, and the state budget director six months after
11 publication of the state of Michigan comprehensive annual financial
12 report.

13 Sec. 307. The department will provide to the legislature, the state
14 budget director, and the house and senate fiscal agencies its rolling
15 5-year plan listing by county or by county road commission all highway
16 construction projects for the fiscal year and all expected projects for
17 the ensuing fiscal years.

18 Sec. 308. The department and local road agencies that receive
19 appropriations under this bill shall pursue compliance with contract
20 specifications for construction and maintenance of state highways and
21 local roads and streets. Work shall not be accepted and paid for until
22 it complies with contract requirements. Contractors with
23 unsatisfactory performance ratings shall be restricted from future
24 bidding through the prequalification process established by the
25 department or a local road agency. The department, county road
26 commissions, and cities and villages shall report to the house of
27 representatives and senate appropriations subcommittees on

1 transportation on their respective activities under this section.

2 Sec. 309. The department shall continue its efforts to reduce
3 administrative costs and provide the maximum funding possible for
4 construction projects.

5 Sec. 310. The department shall provide in a timely manner copies of
6 the agenda and approved minutes of monthly transportation commission
7 meetings to the members of the house and senate appropriations
8 subcommittees on transportation, the house and senate fiscal agencies,
9 and the state budget director.

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

14 Sec. 312. At the close of the fiscal year, any unencumbered and
15 unexpended balance in the state trunkline fund shall remain in the
16 state trunkline fund and shall carry forward and is appropriated for
17 federal aid road and bridge programs for projects contained in the
18 annual state transportation program.

19 Sec. 313. (1) From funds appropriated in part 1, the department may
20 increase a state infrastructure bank program and grant or loan funds in
21 accordance with regulations of the state infrastructure bank program of
22 the United States department of transportation. The state
23 infrastructure bank is to be administered by the department for the
24 purpose of providing a revolving, self-sustaining resource for
25 financing transportation infrastructure projects.

26 (2) In addition to funds provided in subsection (1), money
27 received by the state as federal grants, repayment of state

1 infrastructure bank loans, or other reimbursement or revenue received
2 by the state as a result of projects funded by the program and interest
3 earned on that money shall be deposited in the revolving state
4 infrastructure bank fund and shall be available for transportation
5 infrastructure projects. At the close of the fiscal year, any funds
6 remaining in the state infrastructure bank fund shall remain in the
7 fund and be carried forward into the succeeding fiscal year.

8 Sec. 324. From the funds appropriated in part 1, up to \$500,000.00
9 from the state trunkline fund shall be used for enhanced construction
10 zone traffic law enforcement and the "give 'em a brake" campaign. The
11 funding shall be used to reimburse law enforcement agencies for costs
12 associated with construction zone traffic enforcement. The funding
13 shall be provided based on approved memoranda of understanding between
14 the department and participating law enforcement agencies.

15 Sec. 361. The department will notify the senate and house
16 appropriations subcommittees on transportation, the senate and house
17 fiscal agencies, and the state budget director of any substantive
18 changes to the services or function of the multi-modal transportation
19 services program as approved by the state transportation commission.

20 **FEDERAL**

21 Sec. 401. Within 30 days of receiving the applicable fiscal year
22 authorization from the federal government to commit transportation
23 funds pursuant to federal appropriations, the department shall
24 determine the amount of federal aid subject to the section 402
25 requirements for categorical allocations to state and local agency
26 programs. Formal notification shall be provided to local agency
27 representatives, house of representatives and senate appropriations

1 subcommittees on transportation, house and senate fiscal agencies, and
2 state budget director regarding recommended allocations for those
3 programs not specifically allocated in either federal or state law.
4 Local agency representatives shall have 30 days to provide written
5 notification to the department if the department recommendations are
6 not supported or an alternative allocation is recommended. If an
7 agreement is not reached between the department and local agencies on a
8 distribution within 30 days subsequent, the local agencies may appeal
9 the department's recommendation to the department director. If the
10 final distribution is different than that which was previously
11 transmitted, the department shall provide notification of the final
12 distribution determination to those entities receiving the original
13 transmittal.

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

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

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

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

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

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

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

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

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

23 **MICHIGAN TRANSPORTATION FUND**

24 Sec. 501. The money received under the motor carrier act, 1933 PA
25 254, MCL 475.1 to 479.43, and not appropriated to the department of
26 labor and economic growth or the department of state police is
27 deposited in the Michigan transportation fund.

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

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

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

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

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

26 Sec. 504. (1) Funds from the Michigan transportation fund (MTF)
27 shall be distributed to the comprehensive transportation fund (CTF),

1 the economic development fund (EDF), the recreational improvement fund
2 (RIF), and the state trunkline fund (STF), in accordance with this bill
3 and part 711 of the natural resources and environmental protection act,
4 1994 PA 451, MCL 324.71101 to 324.71108, and may only be used as
5 specified in this bill, 1951 PA 51, MCL 247.651 to 247.675, and part
6 711 of the natural resources and environmental protection act, 1994 PA
7 451, MCL 324.71101 to 324.71108.

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

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

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

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

20 (3) Two months after publication of the state of Michigan
21 comprehensive annual financial report, each state agency receiving an
22 interdepartment and statutory contract from the department shall submit
23 a written report to the department, the state budget director, and the
24 house and senate fiscal agencies stating by spending authorization
25 account the amount of estimated funds contracted with the department,
26 the amount of funds expended, the amount of funds returned to the
27 transportation funds, and any unreimbursed transportation-related costs

1 incurred but not billed to the transportation funds. A copy of the
2 report shall be submitted to the auditor general and the report shall
3 be subject to audit by the auditor general.

4 (4) In addition to subsection (2), the department is authorized
5 to receive billings from other state agencies that provide
6 transportation-related services and to make payments from the Michigan
7 transportation fund, comprehensive transportation fund, economic
8 development fund, state aeronautics fund, and state trunkline fund as
9 determined by the department based on allowable expenditures and
10 verification by the department.

11 **STATE TRUNKLINE FUND**

12 Sec. 601. The department shall work with the road construction
13 industry and engineering consulting community to develop performance
14 and road construction warranties for construction contracts. The
15 development of warranties shall include warranties on materials,
16 workmanship, performance criteria, and design/build projects. The
17 department will report by September 30 of each fiscal year to the house
18 of representatives and senate appropriations subcommittees on
19 transportation, the state budget director, and the house and senate
20 fiscal agencies on the status of efforts to develop performance and
21 road construction warranties.

22 Sec. 602. If the department uses manufactured pipe for road
23 construction drainage, the department shall require that pipe used
24 under certain load-bearing conditions beneath the roadway meets the
25 standards established by the American society for testing and materials
26 (ASTM) or American association of state highway and transportation
27 officials (AASHTO). The department may also use the mandrel test for

1 manufactured pipe 60 days after installation and provide a summary of
2 the results of these inspections to the house of representatives and
3 senate appropriations subcommittees on transportation and house and
4 senate fiscal agencies.

5 Sec. 611. The department shall identify pilot projects for
6 demonstration of pavement marking materials with wet reflective
7 characteristics. The department shall submit a report to both the
8 house and senate appropriations committees and the house and senate
9 fiscal agencies by January 31, 2005, that provides a report on the wet
10 reflective pilot projects and the use of high-quality pavement marking
11 materials in coordination with material suppliers, equipment
12 manufacturers, and application contractors.

13 **COMPREHENSIVE TRANSPORTATION FUND**

14 Sec. 701. Money that is received by the state as a lease payment
15 for state-owned intercity bus equipment is not money to be deposited in
16 the comprehensive transportation fund under section 10b of 1951 PA 51,
17 MCL 247.660b, but is money that is deposited in an intercity bus
18 equipment fund for appropriation for the purchase and repair of
19 intercity bus equipment. Proceeds received by the state from the sale
20 of intercity bus equipment are deposited in an intercity bus equipment
21 fund for appropriation for the purchase and repair of intercity bus
22 equipment. Security deposits from the lease of state-owned intercity
23 bus equipment not returned to the lessee of the equipment under terms
24 of the lease agreement are deposited in an intercity bus equipment fund
25 for appropriation for the repair of intercity bus equipment. At the
26 close of the fiscal year, any funds remaining in the intercity bus
27 equipment fund shall remain in the fund and be carried forward into the

1 succeeding fiscal year.

2 Sec. 702. Money that is received by the state as repayment for
3 loans made for rail or water freight capital projects, and as a result
4 of the sale of property or equipment used or projected to be used for
5 rail or water freight projects shall be deposited in the fund created
6 by section 17 of the state transportation preservation act of 1976,
7 1976 PA 295, MCL 474.67. At the close of the fiscal year, any funds
8 remaining in the rail preservation fund shall remain in the fund and be
9 carried forward into the succeeding fiscal year.

10 Sec. 704. The department shall submit a report to both the house
11 and senate appropriations subcommittees on transportation, the house
12 and senate fiscal agencies, and state budget director by March 1 of
13 each year outlining its efforts to develop a high-speed rail program as
14 well as efforts to obtain funding for this purpose. The report shall
15 include recommendations on self-sustaining revenue sources to increase
16 awareness and include efforts to increase ridership.

17 Sec. 705. Funds appropriated in part 1 for the rail infrastructure
18 loan program shall be credited to the rail infrastructure loan fund
19 established in section 15a of the state transportation preservation act
20 of 1976, 1976 PA 295, MCL 474.65a.

21 Sec. 706. The Detroit/Wayne County port authority shall issue a
22 complete operations assessment and a financial disclosure statement.
23 The operations assessment shall include operational goals for the next
24 5 years and recommendations to improve land acquisition and development
25 efficiency. The report shall be completed and submitted to the house
26 of representatives and senate appropriations subcommittees on
27 transportation, the state budget director, and the house and senate

1 fiscal agencies by February 15 of each fiscal year for the prior fiscal
2 year.

3 Sec. 707. For the fiscal year ending September 30, 2005, each
4 eligible authority and each eligible governmental agency which provides
5 public transportation services in urbanized areas with a Michigan
6 population of less than or equal to 100,000 and nonurbanized areas
7 under section 5311 of title 49 of the United States Code, 49 U.S.C.
8 5311, shall receive a grant of up to 60% of its eligible operating
9 expenses. Each eligible authority and each eligible government agency
10 which provides public transportation services in urbanized areas with a
11 Michigan population of greater than 100,000 under section 5307 of title
12 49 of the United States Code, 49 U.S.C. 5307, shall receive a grant of
13 up to 50% of its eligible operating expenses.

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

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

25 Sec. 711. (1) From the funds appropriated in part 1 from the
26 comprehensive transportation fund for rail passenger service, the
27 department shall negotiate with a rail carrier to provide rail service

1 between Grand Rapids and Chicago and between Port Huron and Chicago on
2 a 7-day basis, consistent with the other provisions of this section and
3 1951 PA 51, as amended.

4 (2) The department may fund up to fifty percent of the portion of
5 the direct operating costs not eligible for reimbursement by the
6 federal government, in accordance with section 10e(16) of 1951 PA 51,
7 as amended, for rail passenger service between Grand Rapids and Chicago
8 and between Port Huron and Chicago but in no case shall state funding
9 exceed \$7,100,000.00 for direct operating support.

10 (3) In addition to the direct operating subsidy provided to the
11 rail carrier in subsection (2), the department may provide up to
12 \$100,000.00 each for a local targeted marketing and advertising effort
13 for the rail service between Grand Rapids and Chicago and between Port
14 Huron and Chicago. These funds may be granted to a local entity
15 responsible for this marketing and advertising campaign or the rail
16 carrier, but can only be used for local targeted marketing and
17 advertising in Michigan.

18 Sec. 714. The department, in cooperation with local transit
19 agencies, shall work to ensure that demand-response services are
20 provided throughout Michigan. The department shall continue to work
21 with local units of government to address the unmet transit needs in
22 Michigan.

23 Sec. 719. The department may provide advances to local road
24 authorities from the rail grade crossing account pursuant to section
25 11(1)(g) of 1951 PA 51, MCL 247.661, for the construction of grade
26 separations. Money that is received by the state as a repayment of the
27 advance, including interest on the advance, shall be returned to the

1 rail grade crossing account and be available for the local grade
2 crossing program for advances for the construction of grade separations
3 pursuant to section 11(1)(g) of 1951 PA 51, MCL 247.661.

4 Sec. 721. For federal transit administration bus acquisition
5 capital grants matched with CTF funds appropriated in part 1, transit
6 agencies shall have 4 years from the federal approval date to carry out
7 their projects. Contract line items unobligated 4 years after the
8 federal approval date may be matched with CTF funds only up to 15% in
9 the fifth and subsequent years. "Unobligated" means any line item in
10 the contract that is not committed to a third party or purchase order.
11 A waiver shall be granted by the department for an additional year with
12 documented justification from the transit agency accompanied by a
13 resolution from the board or authority seeking a waiver. If a transit
14 agency does not carry out a line item activity in a specific
15 authorization and the transit agency requests funds in a new
16 authorization for that same activity, the line item shall be matched at
17 up to 15%. This section applies only to bus acquisition capital
18 grants. Lapsed funds under this section shall remain in the CTF.

19 Sec. 722. From the funds appropriated in part 1 for transportation
20 to work from the CTF, sufficient funds shall be used as a match for job
21 access reverse commute grants for local transit agencies.

22 **AERONAUTICS FUND**

23 Sec. 801. At the close of the fiscal year, any unobligated and
24 unexpended balance in the state aeronautics fund created in the
25 aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to
26 259.208, shall lapse to the state aeronautics fund and be appropriated
27 by the legislature in the immediately succeeding fiscal year.

1 Sec. 805. State aeronautics funds appropriated in part 1 for
2 airport safety and protection plan debt service are transferred to the
3 comprehensive transportation fund and are appropriated for the purpose
4 of reimbursing comprehensive transportation fund debt service
5 obligations for the airport safety and protection plan program.