

# HOUSE BILL No. 4349

## EXECUTIVE BUDGET BILL

February 28, 2007, Introduced by Rep. Gonzales and referred to the Committee on Appropriations.

A bill to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2008; 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, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**STATE TRANSPORTATION DEPARTMENT**

APPROPRIATION SUMMARY:

Full-time equated unclassified positions .....	6.0
Full-time equated classified positions.....	3,029.3
GROSS APPROPRIATION.....	\$ 3,365,255,600
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers .....	0
ADJUSTED GROSS APPROPRIATION.....	\$ 3,365,255,600
Federal revenues:	
Total federal revenues.....	1,200,740,600
Special revenue funds:	
Total local revenues.....	42,850,000
Total private revenues.....	0
Total other state restricted revenues.....	2,121,665,000
State general fund/general purpose.....	\$ 0
<b>Sec. 102. DEBT SERVICE</b>	
State trunkline.....	\$ 170,934,500
Economic development.....	14,609,400
Local bridge fund.....	3,000,000
Blue Water Bridge.....	1,751,800
Airport safety and protection plan.....	2,533,700
Comprehensive transportation.....	<u>30,782,800</u>

1	GROSS APPROPRIATION.....	\$	223,612,200
2	Appropriated from:		
3	Federal revenues:		
4	DOT-FHWA, highway research, planning, and construction		55,080,000
5	Special revenue funds:		
6	Blue Water Bridge fund.....		1,751,800
7	Comprehensive transportation fund.....		29,841,900
8	Economic development fund.....		14,609,400
9	Local bridge fund.....		3,000,000
10	State aeronautics fund.....		3,474,600
11	State trunkline fund.....		115,854,500
12	State general fund/general purpose.....	\$	0
13	<b>Sec. 103. COLLECTION, ENFORCEMENT, AND OTHER AGENCY</b>		
14	<b>SUPPORT SERVICES</b>		
15	MTF grant to department of environmental quality.....	\$	1,057,000
16	MTF grant to department of state for collection of		
17	revenue and fees .....		20,000,000
18	MTF grant to department of treasury.....		8,004,600
19	MTF grant to legislative auditor general.....		204,300
20	STF grant to department of attorney general.....		2,807,200
21	STF grant to department of civil service.....		2,700,000
22	STF grant to department of history, arts and		
23	libraries .....		133,100
24	STF grant to department of management and budget.....		1,502,200
25	STF grant to department of state police.....		9,564,800
26	STF grant to department of treasury.....		199,500
27	STF grant to legislative auditor general.....		474,600

1	SAF grant to department of attorney general .....	156,900
2	SAF grant to department of civil service .....	55,000
3	SAF grant to department of history, arts and	
4	libraries .....	2,300
5	SAF grant to department of management and budget .....	38,700
6	SAF grant to department of treasury .....	73,600
7	SAF grant to legislative auditor general .....	19,600
8	CTF grant to department of attorney general .....	159,000
9	CTF grant to department of civil service .....	95,000
10	CTF grant to department of history, arts and	
11	libraries .....	3,800
12	CTF grant to department of management and budget .....	62,100
13	CTF grant to department of treasury .....	1,300
14	CTF grant to legislative auditor general .....	25,200
15	GROSS APPROPRIATION .....	\$ 47,339,800
16	Appropriated from:	
17	Special revenue funds:	
18	Comprehensive transportation fund .....	346,400
19	Michigan transportation fund .....	29,265,900
20	State aeronautics fund .....	346,100
21	State trunkline fund .....	17,381,400
22	State general fund/general purpose .....	\$ 0
23	<b>Sec. 104. EXECUTIVE DIRECTION</b>	
24	Full-time equated unclassified positions .....	6.0
25	Full-time equated classified positions .....	31.3
26	Unclassified salaries .....	\$ 532,200
27	Asset management council .....	1,626,400

1	Commission audit--31.3 FTE positions .....	<u>3,498,100</u>
2	GROSS APPROPRIATION .....	\$ 5,656,700
3	Appropriated from:	
4	Special revenue funds:	
5	Michigan transportation fund .....	1,626,400
6	State trunkline fund .....	4,030,300
7	State general fund/general purpose .....	\$ 0
8	<b>Sec. 105. BUSINESS SUPPORT</b>	
9	Full-time equated classified positions..... 78.0	
10	Business support services--48.0 FTE positions .....	\$ 5,817,300
11	Human resources services--21.0 FTE positions .....	2,441,800
12	Economic development and enhancement services--9.0 FTE	
13	positions .....	1,151,700
14	Property management .....	9,266,800
15	Human resources optimization user charges .....	205,000
16	Worker's compensation .....	<u>2,146,000</u>
17	GROSS APPROPRIATION .....	\$ 21,028,600
18	Appropriated from:	
19	Special revenue funds:	
20	Comprehensive transportation fund .....	1,324,000
21	Economic development fund .....	494,200
22	Michigan transportation fund .....	179,000
23	State aeronautics fund .....	668,700
24	State trunkline fund .....	18,362,700
25	State general fund/general purpose .....	\$ 0
26	<b>Sec. 106. INFORMATION TECHNOLOGY</b>	
27	Information technology services and projects .....	<u>\$ 28,483,300</u>

1	GROSS APPROPRIATION.....	\$	28,483,300
2	Appropriated from:		
3	Federal revenues		
4	DOT-FHWA, highway research, planning, and construction		1,446,900
5	Special revenue funds:		
6	Blue Water Bridge fund.....		46,800
7	Comprehensive transportation fund.....		183,500
8	Economic development fund.....		37,100
9	Michigan transportation fund.....		242,600
10	State aeronautics fund.....		143,200
11	State trunkline fund.....		26,383,200
12	State general fund/general purpose.....	\$	0
13	<b>Sec. 107. FINANCE, CONTRACTS, AND SUPPORT SERVICES</b>		
14	Full-time equated classified positions.....		243.5
15	Finance, contracts and support services--243.5 FTE		
16	positions .....	\$	<u>24,674,100</u>
17	GROSS APPROPRIATION.....	\$	24,674,100
18	Appropriated from:		
19	Special revenue funds:		
20	Michigan transportation fund.....		1,894,700
21	State trunkline fund.....		22,779,400
22	State general fund/general purpose.....	\$	0
23	<b>Sec. 108. TRANSPORTATION PLANNING</b>		
24	Full-time equated classified positions.....		176.0
25	Transportation planning services--176.0 FTE positions	\$	35,348,900
26	Grants to regional planning councils.....		<u>488,800</u>
27	GROSS APPROPRIATION.....	\$	35,837,700

1	Appropriated from:		
2	Federal revenues:		
3	DOT-FHWA, highway research, planning, and construction		22,000,000
4	Special revenue funds:		
5	Comprehensive transportation fund.....		960,300
6	Michigan transportation fund.....		6,304,500
7	State aeronautics fund.....		261,900
8	State trunkline fund.....		6,311,000
9	State general fund/general purpose.....	\$	0
10	<b>Sec. 109. DESIGN AND ENGINEERING SERVICES</b>		
11	Full-time equated classified positions.....	1,500.8	
12	Engineering services--785.1 FTE positions.....	\$	58,279,800
13	Program services--704.7 FTE positions.....		39,350,100
14	Intelligent transportation systems operations--11.0		
15	FTE positions .....		<u>10,091,100</u>
16	GROSS APPROPRIATION.....	\$	107,721,000
17	Appropriated from:		
18	Federal revenues:		
19	DOT-FHWA, highway research, planning, and construction		18,909,800
20	Special revenue funds:		
21	Michigan transportation fund.....		5,597,400
22	State trunkline fund.....		83,213,800
23	State general fund/general purpose.....	\$	0
24	<b>Sec. 110. HIGHWAY MAINTENANCE</b>		
25	Full-time equated classified positions.....	828.7	
26	State trunkline operations--828.7 FTE positions .....	\$	<u>278,607,700</u>
27	GROSS APPROPRIATION .....	\$	278,607,700

1	Appropriated from:		
2	Special revenue funds:		
3	State trunkline fund.....	278,607,700	
4	State general fund/general purpose.....	\$	0
5	<b>Sec. 111. ROAD AND BRIDGE PROGRAMS</b>		
6	State trunkline federal aid and road and bridge		
7	construction .....	\$	951,515,600
8	Local federal aid and road and bridge construction...		268,570,000
9	Grants to local programs.....		33,000,000
10	Rail grade crossing.....		3,000,000
11	Local bridge program.....		29,618,400
12	County road commissions.....		623,396,400
13	Cities and villages.....		<u>347,571,400</u>
14	GROSS APPROPRIATION.....	\$	2,256,671,800
15	Appropriated from:		
16	Federal revenues:		
17	DOT-FHWA, highway research, planning, and construction		1,042,941,800
18	Special revenue funds:		
19	Local funds.....		30,000,000
20	Blue Water Bridge fund.....		8,553,200
21	Local bridge fund.....		29,618,400
22	Michigan transportation fund.....		1,006,967,800
23	State trunkline fund.....		138,590,600
24	State general fund/general purpose.....	\$	0
25	<b>Sec. 112. BLUE WATER BRIDGE</b>		
26	Full-time equated classified positions.....	41.0	
27	Blue water bridge operations--41.0 FTE positions .....	\$	<u>5,320,200</u>

1	GROSS APPROPRIATION.....	\$	5,320,200
2	Appropriated from:		
3	Special revenue funds:		
4	Blue Water Bridge fund.....		5,320,200
5	State general fund/general purpose.....	\$	0
6	<b>Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT FUND</b>		
7	Forest roads.....	\$	5,000,000
8	Rural county urban system.....		2,500,000
9	Target industries/economic redevelopment.....		12,567,100
10	Urban county congestion.....		4,533,600
11	Rural county primary.....		<u>4,533,600</u>
12	GROSS APPROPRIATION.....	\$	29,134,300
13	Appropriated from:		
14	Special revenue funds:		
15	Economic development fund.....		29,134,300
16	State general fund/general purpose.....	\$	0
17	<b>Sec. 114. AERONAUTICS AND FREIGHT SERVICES</b>		
18	Full-time equated classified positions.....		84.0
19	Aeronautics services--56.0 FTE positions.....	\$	7,110,500
20	Air service program.....		700,000
21	Freight and safety services--28.0 FTE positions.....		<u>3,305,100</u>
22	GROSS APPROPRIATION.....	\$	11,115,600
23	Appropriated from:		
24	Special revenue funds:		
25	State aeronautics fund.....		7,810,500
26	Comprehensive transportation fund.....		1,429,900
27	Michigan transportation fund.....		1,875,200

1	State general fund/general purpose .....	\$	0
2	<b>Sec. 115. PUBLIC TRANSPORTATION SERVICES</b>		
3	Full-time equated classified positions .....	46.0	
4	Public transportation services--46.0 FTE .....		
5	positions .....	\$	<u>5,316,500</u>
6	GROSS APPROPRIATION .....	\$	5,316,500
7	Appropriated from:		
8	Federal revenues:		
9	DOT, federal transit act .....		762,100
10	Special revenue funds:		
11	Comprehensive transportation fund .....		4,357,400
12	Michigan transportation fund .....		197,000
13	State general fund/general purpose .....	\$	0
14	<b>Sec. 116. BUS TRANSIT OPERATING ASSISTANCE</b>		
15	Local bus operating .....	\$	166,624,000
16	Nonurban operating/capital .....		<u>18,200,000</u>
17	GROSS APPROPRIATION .....	\$	184,824,000
18	Appropriated from:		
19	Federal revenues:		
20	DOT, federal transit act .....		17,000,000
21	Special revenue funds:		
22	Local funds .....		1,200,000
23			
24	Comprehensive transportation fund .....		166,624,000
25	State general fund/general purpose .....	\$	0
26	<b>Sec. 117. INTERCITY PASSENGER AND FREIGHT</b>		
27	Freight property management .....	\$	1,000,000
28	Detroit/Wayne County port authority .....		500,000

1	Intercity services.....	8,650,000
2	Rail passenger service.....	8,200,000
3	Freight preservation and development.....	5,192,900
4	Rail infrastructure loan program.....	1,100,000
5	Marine passenger services.....	500,000
6	Terminal development.....	<u>1,300,000</u>
7	GROSS APPROPRIATION.....	\$ 26,442,900
8	Appropriated from:	
9	Federal revenues:	
10	DOT, federal transit act.....	4,500,000
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.....	17,792,900
16	Intercity bus equipment fund.....	1,000,000
17	Rail freight fund.....	2,000,000
18	State general fund/general purpose.....	\$ 0
19	<b>Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT</b>	
20	Specialized services.....	\$ 9,500,100
21	Municipal credit program.....	2,000,000
22	Bus capital.....	48,613,600
23	Van pooling.....	195,000
24	Service initiatives.....	916,500
25	Transportation to work.....	<u>12,244,000</u>
26	GROSS APPROPRIATION.....	\$ 73,469,200
27	Appropriated from:	

1	Federal revenues:	
2	DOT, federal transit act.....	37,000,000
3	Special revenue funds:	
4	Local funds.....	11,600,000
5	Comprehensive transportation fund.....	24,869,200
6	State general fund/general purpose.....	\$ 0

7 PART 2

8 PROVISIONS CONCERNING APPROPRIATIONS

9 **GENERAL SECTIONS**

10 Sec. 201. Pursuant to section 30 of article IX of the state

11 constitution of 1963, total state spending from state resources

12 under part 1 for fiscal year 2007-2008 is \$2,121,665,000.00 and

13 state spending from state resources to be paid to local units of

14 government for fiscal year 2007-2008 is \$1,242,823,900.00. The

15 itemized statement below identifies appropriations from which

16 spending to units of local government will occur:

17 DEPARTMENT OF TRANSPORTATION

18	Grants to local programs.....	\$ 33,000,000
19	Economic development fund.....	16,567,200
20	Grants to cities and villages.....	347,571,400
21	Grants to county road commissions.....	623,396,400
22	Local bridge fund.....	29,618,400
23	Grants to regional planning councils.....	488,800
24	Local bus operating.....	166,624,000
25	Bus capital.....	13,613,600

1	Marine passenger service.....	500,000
2	Detroit/Wayne County port authority.....	500,000
3	Municipal credit program.....	2,000,000
4	Specialized services.....	4,100,100
5	Transportation to work.....	<u>4,844,000</u>
6	Total payments to local units of government .....	\$ 1,242,823,900

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

10       Sec. 203. As used in this bill:

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

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

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

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

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

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

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

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

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

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

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

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

25       Sec. 204. The department of civil service shall bill the  
26 departments and agencies at the end of the first fiscal quarter for  
27 the 1% charge authorized by section 5 of article XI of the state

1 constitution of 1963. Payments shall be made for the total amount  
2 of the billing by the end of the second fiscal quarter.

3       Sec. 205. (1) A hiring freeze is imposed on the state  
4 classified civil service. State departments and agencies are  
5 prohibited from hiring any new full-time state classified civil  
6 service employees and prohibited from filling any vacant state  
7 classified civil service positions. This hiring freeze does not  
8 apply to internal transfers of classified employees from 1 position  
9 to another within a department.

10       (2) The state budget director may grant exceptions to this  
11 hiring freeze when the state budget director believes that the  
12 hiring freeze will result in rendering a state department or agency  
13 unable to deliver basic services, cause loss of revenue to the  
14 state, result in the inability of the state to receive federal  
15 funds, or necessitate additional expenditures that exceed any  
16 savings from maintaining a vacancy. The state budget director  
17 shall report quarterly to the chairpersons of the senate and house  
18 of representatives standing committees on appropriations the number  
19 of exceptions to the hiring freeze approved during the previous  
20 quarter and the reasons to justify the exception.

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

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

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

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

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

18 Sec. 208. The department shall use the Internet to fulfill the  
19 reporting requirements of this bill. This requirement may include  
20 transmission of reports via electronic mail to the recipients  
21 identified for each reporting requirement or it may include  
22 placement of reports on an Internet or Intranet site.

23 Sec. 209. Funds appropriated in part 1 shall not be used for  
24 the purchase of foreign goods or services, or both, if  
25 competitively priced and of comparable quality American goods or  
26 services, or both, are available. Preference should be given to  
27 goods or services, or both, manufactured or provided by Michigan

1 businesses if they are competitively priced and of comparable  
2 quality.

3 Sec. 210. The director shall take all reasonable steps to  
4 ensure businesses in deprived and depressed communities compete for  
5 and perform contracts to provide services or supplies, or both.  
6 The director shall strongly encourage firms with which the  
7 department contracts to subcontract with certified businesses in  
8 deprived and depressed communities for services, supplies, or both.

9 Sec. 258. Amounts appropriated in part 1 for information  
10 technology may be designated as work projects and carried forward  
11 to support technology projects under the direction of the  
12 department of information technology. Funds designated in this  
13 manner are not available for expenditure until approved as work  
14 projects under section 451a of the management and budget act, 1984  
15 PA 431, MCL 18.1451a.

16 Sec. 259. From the funds appropriated in part 1 for  
17 information technology, the department shall pay user fees to the  
18 department of information technology for technology-related  
19 services and projects. Such user fees shall be subject to  
20 provisions of an interagency agreement between the department and  
21 the department of information technology.

22 Sec. 260. (1) Due to the current budgetary problems in this  
23 state, out-of-state travel shall be limited to situations in which  
24 1 or more of the following conditions apply:

25 (a) The travel is required by legal mandate or court order or  
26 for law enforcement purposes.

27 (b) The travel is necessary to protect the health or safety of

1 Michigan citizens or visitors or to assist other states in similar  
2 circumstances.

3 (c) The travel is necessary to produce budgetary savings or to  
4 increase state revenues, including protecting existing federal  
5 funds or securing additional federal funds.

6 (d) The travel is necessary to comply with federal  
7 requirements.

8 (e) The travel is necessary to secure specialized training for  
9 staff that is not available within this state.

10 (f) The travel is financed entirely by federal or nonstate  
11 funds.

12 (2) If out-of-state travel is necessary but does not meet 1 or  
13 more of the conditions in subsection (1), the state budget director  
14 may grant an exception to allow the travel. Any exceptions granted  
15 by the state budget director shall be reported on a monthly basis  
16 to the senate and house of representatives standing committees on  
17 appropriations.

18 (3) Not later than January 1 of each year, each department  
19 shall prepare a travel report listing all travel by classified and  
20 unclassified employees outside this state in the immediately  
21 preceding fiscal year that was funded in whole or in part with  
22 funds appropriated in the department's budget. The report shall be  
23 submitted to the chairs and members of the house and senate  
24 standing committees on appropriations, the fiscal agencies, and the  
25 state budget director. The report shall include the following  
26 information:

27 (a) The name of each person receiving reimbursement for travel

1 outside this state or whose travel costs were paid by this state.

2 (b) The destination of each travel occurrence.

3 (c) The dates of each travel occurrence.

4 (d) A brief statement of the reason for each travel  
5 occurrence.

6 (e) The transportation and related costs of each travel  
7 occurrence, including the proportion funded with state general  
8 fund/general purpose revenues, the proportion funded with state  
9 restricted revenues, the proportion funded with federal revenues,  
10 and the proportion funded with other revenues.

11 (f) A total of all out-of-state travel funded for the  
12 immediately preceding fiscal year.

### 13 DEPARTMENTAL SECTIONS

14 Sec. 301. (1) The department may establish a fee schedule and  
15 collect fees sufficient to cover the costs to issue the permits  
16 that the department is authorized by law to issue upon request,  
17 unless otherwise stipulated by law. All permit fees are  
18 nonrefundable application fees and shall be credited to the state  
19 trunkline fund to recover the direct and indirect costs of  
20 receiving, reviewing, and processing the requests.

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

1 accordance with the open meetings act, 1976 PA 267, MCL 15.261 to  
2 15.275, and shall be conducted so as to provide a reasonable  
3 opportunity for public comment, including both spoken and written  
4 comments.

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

13       Sec. 305. The department may permit space on state-owned  
14 public passenger transportation properties to be occupied by public  
15 or private tenants on a competitive market rate basis. The  
16 department shall require that revenue from the tenants be placed in  
17 an account to be used to pay the costs to maintain and improve the  
18 property. Funds in excess of those needed to maintain the property  
19 shall be deposited into the appropriate fund.

20       Sec. 306. Biennially, in each even numbered fiscal year, the  
21 auditor general shall conduct an audit of charges to transportation  
22 funds by state departments for the 2 preceding fiscal years. The  
23 auditor general shall prepare a detailed report, with  
24 recommendations and conclusions, including a list of services  
25 charged to transportation funds, the appropriateness of those  
26 charges, the cost allocation methodologies used in determining the  
27 level of funding, and any unreimbursed costs. The report shall be

1 provided to the senate and house of representatives committees on  
2 appropriations, the senate and house fiscal agencies, and the state  
3 budget director 9 months after publication of the state of Michigan  
4 comprehensive annual financial report.

5       Sec. 307. Before February 1 of each year, the department will  
6 provide to the legislature, the state budget director, and the  
7 house and senate fiscal agencies its rolling 5-year plan listing by  
8 county or by county road commission all highway construction  
9 projects for the fiscal year and all expected projects for the  
10 ensuing fiscal years.

11       Sec. 308. The department and local road agencies that receive  
12 appropriations under this bill shall pursue compliance with  
13 contract specifications for construction and maintenance of state  
14 highways and local roads and streets. Work shall not be accepted  
15 and paid for until it complies with contract requirements.  
16 Contractors with unsatisfactory performance ratings shall be  
17 restricted from future bidding through the prequalification process  
18 established by the department or a local road agency. The  
19 department, county road commissions, and cities and villages shall  
20 report to the house of representatives and senate appropriations  
21 subcommittees on transportation, the senate and house fiscal  
22 agencies, and the state budget director on their respective  
23 activities under this section.

24       Sec. 310. The department shall provide in a timely manner  
25 copies of the agenda and approved minutes of monthly transportation  
26 commission meetings to the members of the house and senate  
27 appropriations subcommittees on transportation, the house and

1 senate fiscal agencies, and the state budget director.

2       Sec. 312. At the close of the fiscal year, any unencumbered  
3 and unexpended balance in the state trunkline fund shall remain in  
4 the state trunkline fund and shall carry forward and is  
5 appropriated for federal aid road and bridge programs for projects  
6 contained in the annual state transportation program.

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

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

25       Sec. 324. From the funds appropriated in part 1, up to  
26 \$500,000.00 from the state trunkline fund shall be used for  
27 enhanced construction zone traffic law enforcement and the "give

1 'em a brake" campaign. The funding shall be used to reimburse law  
2 enforcement agencies for costs associated with construction zone  
3 traffic enforcement. The funding shall be provided based on  
4 approved memoranda of understanding between the department and  
5 participating law enforcement agencies.

6 Sec. 334. The department shall continue its program to  
7 increase the use of women- and minority-owned businesses in state  
8 and local road construction projects. This program shall comprise,  
9 at a minimum, outreach and education efforts to inform women- and  
10 minority-owned firms of department competitive bidding processes  
11 and requirements, and an assessment of the availability of surety  
12 for women- and minority-owned businesses.

13 Sec. 375. The department is prohibited from reimbursing  
14 contractors or consultants for costs associated with groundbreaking  
15 ceremonies, receptions, open houses, or press conferences related  
16 to transportation projects funded, in whole or in part, by revenue  
17 appropriated in part 1.

#### 18 **FEDERAL**

19 Sec. 401. Within 30 days of receiving the applicable fiscal  
20 year authorization from the federal government to commit  
21 transportation funds, the department shall notify local agency  
22 representatives, the senate and house of representatives  
23 appropriations transportation subcommittees, the senate and house  
24 fiscal agencies, and the state budget director regarding the amount  
25 of federal aid for categorical allocations to state and local  
26 agency programs not specifically allocated in either federal or

1 state law.

2       Sec. 402. A portion of the federal DOT-FHWA highway research,  
3 planning, and construction funds made available to the state shall  
4 be allocated to transportation programs administered by local  
5 jurisdictions in accordance with section 10o of 1951 PA 51, MCL  
6 247.660o. A local road agency, with respect to a project approved  
7 for federal aid funding in a state transportation improvement  
8 program, may enter into a voluntary buyout agreement with the  
9 department or with another local road agency to exchange the  
10 federal aid with state restricted transportation funds as agreed to  
11 by the respective parties. The state-restricted transportation  
12 funds received in exchange for federal aid funds shall be used for  
13 the same purpose as the federal aid funds were originally intended.

14 **MICHIGAN TRANSPORTATION FUND**

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

19       Sec. 502. The department of treasury shall perform audits and  
20 make investigations of the disposition of all state funds received  
21 by county road commissions or county boards of commissioners, as  
22 applicable, and cities and villages for transportation purposes to  
23 determine compliance with the terms and conditions of 1951 PA 51,  
24 MCL 247.651 to 247.675. County road commissions or county boards  
25 of commissioners, as applicable, and cities and villages shall make  
26 available to the department of treasury the pertinent records for

1 the audit.

2 Sec. 503. (1) The funds appropriated in part 1 for the  
3 economic development and local bridge programs shall not lapse at  
4 the end of the fiscal year but shall carry forward each fiscal year  
5 for the purposes for which appropriated in accordance with 1987 PA  
6 231, MCL 247.901 to 247.913, and section 10(5) of 1951 PA 51, MCL  
7 247.660.

8 (2) Interest earned in the department of transportation  
9 economic development fund and local bridge fund shall remain in the  
10 respective funds and shall be allocated to the respective programs.

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

16 (4) None of the funds statutorily dedicated to the  
17 transportation economic development fund and local bridge fund  
18 shall be diverted to other projects.

19 Sec. 504. (1) Funds from the Michigan transportation fund  
20 (MTF) shall be distributed to the comprehensive transportation fund  
21 (CTF), the economic development fund (EDF), the recreation  
22 improvement fund (RIF), and the state trunkline fund (STF), in  
23 accordance with this bill and part 711 of the natural resources and  
24 environmental protection act, 1994 PA 451, MCL 324.71101 to  
25 324.71108, and may only be used as specified in this bill, 1951 PA  
26 51, MCL 247.651 to 247.675, and part 711 of the natural resources  
27 and environmental protection act, 1994 PA 451, MCL 324.71101 to

1 324.71108.

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

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

11 (b) Description of services financed with transportation  
12 funds.

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

16 (3) Two months after publication of the state of Michigan  
17 comprehensive annual financial report, each state agency receiving  
18 an interdepartment and statutory contract from the department shall  
19 submit a written report to the department, the state budget  
20 director, and the house and senate fiscal agencies stating by  
21 spending authorization account the amount of estimated funds  
22 contracted with the department, the amount of funds expended, the  
23 amount of funds returned to the transportation funds, and any  
24 unreimbursed transportation-related costs incurred but not billed  
25 to transportation funds. A copy of the report shall be submitted  
26 to the auditor general and the report shall be subject to audit by  
27 the auditor general.

1     **STATE TRUNKLINE FUND**

2           Sec. 601. The department shall work with the road construction  
3 industry and engineering consulting community to develop  
4 performance and road construction warranties for construction  
5 contracts. The development of warranties shall include warranties  
6 on materials, workmanship, performance criteria, and design/build  
7 projects.

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

19          Sec. 603. The department shall use traffic congestion as 1 of  
20 the criteria in determining the priorities for designating which  
21 roads shall be remediated in its 5-year road plan, which must be  
22 submitted on or before February 1, 2008. Criteria for evaluating  
23 traffic congestion shall include, but not be limited to,  
24 coordination with local, county, and regional planning, improvement  
25 in traffic operations, improvement in physical roadway conditions,  
26 accident reduction, and coordination with area public

1 transportation planning.

2       Sec. 611. From the appropriations in part 1, the department  
3 shall use high-quality pavement marking materials for all state  
4 trunkline projects with a design life of 10 years or greater. The  
5 department shall coordinate with material suppliers, equipment  
6 manufacturers, and application contractors to ensure cost-effective  
7 improvements in durability and retro-reflectivity.

8 **COMPREHENSIVE TRANSPORTATION FUND**

9       Sec. 701. Money that is received by the state as a lease  
10 payment for state-owned intercity bus equipment is not money to be  
11 deposited in the comprehensive transportation fund under section  
12 10b of 1951 PA 51, MCL 247.660b, but is money that is deposited in  
13 an intercity bus equipment fund for appropriation for the purchase  
14 and repair of intercity bus equipment. Proceeds received by the  
15 state from the sale of intercity bus equipment are deposited in an  
16 intercity bus equipment fund for appropriation for the purchase and  
17 repair of intercity bus equipment. Security deposits from the  
18 lease of state-owned intercity bus equipment not returned to the  
19 lessee of the equipment under terms of the lease agreement are  
20 deposited in an intercity bus equipment fund for appropriation for  
21 the repair of intercity bus equipment. At the close of the fiscal  
22 year, any funds remaining in the intercity bus equipment fund shall  
23 remain in the fund and be carried forward into the succeeding  
24 fiscal year.

25       Sec. 702. Money that is received by the state as repayment for  
26 loans made for rail or water freight capital projects, and as a

1 result of the sale of property or equipment used or projected to be  
2 used for rail or water freight projects shall be deposited in the  
3 fund created by section 17 of the state transportation preservation  
4 act of 1976, 1976 PA 295, MCL 474.67. At the close of the fiscal  
5 year, any funds remaining in the rail freight fund shall remain in  
6 the fund and be carried forward into the succeeding fiscal year.

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

16       Sec. 707. For the fiscal year ending September 30, 2008, each  
17 eligible authority and each eligible governmental agency which  
18 provides public transportation services in urbanized areas with a  
19 Michigan population of less than or equal to 100,000 and  
20 nonurbanized areas under section 5311 of title 49 of the United  
21 States Code, 49 USC 5311, shall receive a grant of up to 60% of its  
22 eligible operating expenses. Each eligible authority and each  
23 eligible government agency which provides public transportation  
24 services in urbanized areas with a Michigan population of greater  
25 than 100,000 under section 5307 of title 49 of the United States  
26 Code, 49 USC 5307, shall receive a grant of up to 50% of its  
27 eligible operating expenses.

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

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

11       (2) The rail carrier shall, as a condition to receiving a  
12 state operating subsidy, maintain a system to monitor, collect, and  
13 resolve customer complaints and shall make the information  
14 available to the department, the house and senate appropriations  
15 subcommittees on transportation, and the house and senate fiscal  
16 agencies.

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

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

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

11 **AERONAUTICS FUND**

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

18 Sec. 805. State aeronautics funds appropriated in part 1 for  
19 airport safety and protection plan debt service are transferred to  
20 the comprehensive transportation fund and are appropriated for the  
21 purpose of reimbursing comprehensive transportation fund debt  
22 service obligations for the airport safety and protection plan  
23 program.