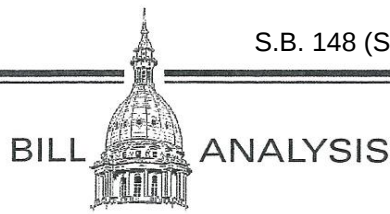




Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
Fax: (517) 373-1986

Senate Bill 148 (S-1 as reported)
Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 SEN. FULL COMM.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,912.3	2,912.3	0.0	0.0
GROSS	4,115,753,600	4,347,443,000	231,689,400	5.6
Less:				
Interdepartmental Grants Received	4,013,400	4,039,300	25,900	0.6
ADJUSTED GROSS.....	4,111,740,200	4,343,403,700	231,663,500	5.6
Less:				
Federal Funds.....	1,314,744,000	1,340,301,200	25,557,200	1.9
Local and Private	50,518,500	50,632,000	113,500	0.2
TOTAL STATE SPENDING.....	2,746,477,700	2,952,470,500	205,992,800	7.5
Less:				
Other State Restricted Funds.....	2,736,727,700	2,952,470,500	215,742,800	7.9
GENERAL FUND/GENERAL PURPOSE.....	9,750,000	0	(9,750,000)	(100.0)
PAYMENTS TO LOCALS	1,587,185,200	1,716,980,300	129,795,100	8.2

FY 2016-17 Year-to-Date Gross Appropriation	\$4,115,753,600
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Changes from FY 2016-17 Year-to-Date:

- 1. Baseline Adjustment from the Road Funding Package.** The Governor's budget included increases to State Trunkline Road and Bridge (\$68,918,900), County Road Commissions (\$88,941,600), and Cities and Villages (\$49,589,000). The Senate concurred (total amount includes the Lump Sum Payment removal of -\$560,000). 207,449,500
- 2. Transportation Economic Development.** The Governor's budget included full funding for Targeted Industries: Category A of the Transportation Economic Development Fund. Category A funds were diverted by earmarks in the previous fiscal year. The total appropriation for FY 2017-18 was \$42,119,100. The Senate concurred. 17,671,600
- 3. Transit and Rail Program Adjustments.** The Governor's recommendation for transit and rail adjustments included increases due to additional CTF revenue for Transit Capital (\$5,496,400), Intercity Services (\$1,610,000), and Service Initiatives (\$500,000). The Senate concurred. The Governor's recommendation also included an increase to Rail Operations & Infrastructure (\$6,496,700 (The Governor's recommendation of additional \$7,496,700 was reduced by \$1,000,000, which the Senate added to Local Bus Operating, below.)) 14,103,100
- 4. Metro Detroit Drainage and Flooding Mitigation.** The Governor included an increase to the Highway Maintenance line item from the State Trunkline Fund to contract performance of drainage maintenance in Oakland, Macomb, and Wayne Counties. The Senate concurred. 8,500,000

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| 5. Local Federal Aid Road and Bridge. The Governor included a baseline increase of federal funds for local road agency construction based upon increased federal revenue. The Senate concurred. | 5,889,300 |
| 6. Salt Storage Buildings and Containment Contract. The Governor's recommendation included this investment from the State Trunkline Fund to renovate existing salt storage facilities. The Senate concurred. | 2,500,000 |
| 7. Nonurban Operating/Capital. The Governor's recommendation included \$2.0 million in additional federal funds. The Senate concurred. | 2,000,000 |
| 8. Information Technology Improvements. The Governor's recommendation included additional money for IT modernization projects from the State Trunkline Fund. The Senate concurred. | 1,000,000 |
| 9. Local Bus Operating. The Senate included an additional \$1,000,000 drawn from increased CTF revenue for Rail Operations and Infrastructure. | 1,000,000 |
| 10. Local Bridge Program. The Governor included a baseline increase for this program, as directed by Act 51. The Senate concurred. | 814,300 |
| 11. Transportation Asset Management Council. The Governor's recommendation included additional baseline support for the Council (TAMC). The TAMC has new responsibilities to evaluate warranties under the Road Funding Package and has not had a baseline increase in funding for over a decade. With the additional \$250,000, The Governor's total appropriation was \$1,876,400. The Senate concurred. | 250,000 |
| 12. Aviation Program Adjustments. The Governor's recommendation adjusted aviation program funding to reflect lower-than-projected revenue from aviation fuel taxes. (Aviation Services adjustment: (-\$123,000); Airport Safety, Protection and Improvement Program adjustment: (-\$3,881,000); Detroit Metro Airport: (-\$2,275,000)). The Senate concurred. | (6,279,000) |
| 13. Movable Bridge. PA 246 of 2016 established the Movable Bridge Fund for distributions to each person or agency responsible for the operation of a publicly owned movable bridge. Prior to the act, operating costs for movable bridges were covered by each local agency's distribution of MTF funds. Although it was created in statute during FY 2015-16, the Movable Bridge Fund was not appropriated any funds until FY 2016-17 with the passage of a supplemental, PA 340 of 2016. To make up for the absence of funding for FY 2015-16, the supplemental appropriated two fiscal years of funding for the Movable Bridge Fund; \$5.0 million for each fiscal year, totaling \$10,000,000. For FY 2017-18, the Governor recommended a total for the Fund of \$5,110,000, an \$110,000 increase over base funding, but \$4,890,000 less that the \$10.0 million appropriated in FY 2016-17. The Senate concurred. | (4,890,000) |
| 14. FY 2016-17 Employee Lump Sum Payments. The Governor's recommendation included a technical adjustment to remove lump sum payments from the previous year. The Senate concurred. (Does not include the Lump Sum Payment removal for the Road and Bridge Programs.) | (1,755,500) |
| 15. Local Agency Wetland Mitigation. PA 246 of 2016 established the Local Agency Wetland Mitigation Fund and Advisory Board. The Board provides grants to local road agencies for the purpose of construction and purchasing land for a wetland mitigation bank. Although it was created in statute during FY 2015-16, the Local Agency Wetland Mitigation Fund was not appropriated any funds until FY 2016-17 with the passage of a supplemental, PA 340 of 2016. To make up for the absence of funding for FY 2015-16, the supplemental appropriated two fiscal years of funding for the Wetland Mitigation Fund; \$2.0 million for each fiscal year, totaling \$4,000,000. For FY 2017-18, the Governor recommended a total for the Fund of \$2,000,000, half the amount appropriated in FY 2016-17. The Senate concurred. | (2,000,000) |
| 16. Other Baseline Adjustments. Other adjustments due to increased revenue and shifting funds, including: Information Technology (-\$123,100); Design and Engineering Services (\$120,100); Terminal Development (-\$300,000); Intercity Services (\$200,000, from Terminal Development); Rail Operations and Infrastructure (\$100,000, from Terminal Development); and Highway Maintenance (\$33,900). The Senate concurred. | 30,900 |

17. Other Changes. Including removal of FY 2016-17 One-Time Funding (-\$8,500,000), FY 2016-17 Supplementals (-\$1,250,000), Debt Service Adjustments (-\$8,985,900), and Grant adjustments (\$107,700 includes economic and baseline adjustments). The Senate concurred.	(18,628,200)
18. Economic Adjustments. \$4,033,400 Gross and \$0 GF/GP for economic adjustments. Includes the adjustments for Department Administration (\$438,300), Information Technology (\$224,500), Transportation Planning (\$123,000), Design and Engineering Services (\$1,861,900), Highway Maintenance (\$1,024,000), Blue Water Bridge Operations (\$67,400), Aeronautics (\$116,700), Public Transportation Services (\$84,200), and Intercity Passenger and Freight (\$93,400). The Senate concurred.	4,033,400
19. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over/under the Governor.	0
Total Changes	\$231,689,400
FY 2017-18 Senate Appropriations Committee Gross Appropriation	\$4,347,443,000

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Hydration Catalyst and Sealant Pilot Program.** The Senate included a new section to require the department to conduct and report on a pilot program to cycle test concrete pavement on the trunkline treated with a cement hydration catalyst and sealant. (Sec. 302)
2. **State Infrastructure Bank Program.** The Governor deleted a subsection that required an annual report on the program to the Legislature and the State Budget Office. The Senate retained the subsection. (Sec. 313)
3. **Aircraft Travel Reporting.** The Governor removed a subsection requiring a reciprocal agreement, and the related annual report, between the Department and the Michigan State Police on police use of fixed-wing aircraft. The Senate concurred. (Sec. 383)
4. **Toll Credits and Limited Access Highway Repairs.** The Senate included a new section to require the department to use toll credits to secure federal funds to assist cities in receivership cover the cost of limited access highway repairs assessed prior to December 31, 2016. (Sec. 386)
5. **Best Practices.** The Governor removed a section that required the Department to employ and report on best practices for transportation services in the state. The Senate kept the section, but removed the reporting requirement in subsection (2). (Sec. 393)
6. **Additional Maintenance Funds.** The Governor retained a section from the previous year that allowed the department to expend up to \$10.0 million of STF Road and Bridge funds on highway maintenance. The Senate amended this section to allow the department to expend up to \$6.9 million on maintenance, and also require the department to expend \$3.1 million on a grant program to assist small communities with resurfacing projects. The program is to be managed by the asset management council. (Sec. 395)
7. **Work Project Balances.** The Senate included a section requiring the department to report to the appropriation subcommittees and fiscal agencies on all work project balances and federal earmarks not expended for the previous fiscal year. The first report is due on February 1, 2018. (Sec. 397)
8. **Toward Zero Deaths.** The Senate included a new section to require the department to continue the Toward Zero Deaths (TZD) campaign. The section requires the department to prioritize additional median cable guardrails where appropriate. (Sec. 398)
9. **Bus Replacement for 5310 Indirect Recipients.** The Senate included a new section to require the department to use 5310 federal funds, as available, to fund bus replacement for 5310 indirect recipients. (Sec. 403)
10. **Roads Innovation Fund Report.** The Governor removed a section requiring a Departmental report if the Roads Innovation Funds were not released by October 1, 2016. The funds were released before the end of the last fiscal year and the report is no longer required. The Senate concurred. (Sec. 505)

11. **Flooding Mitigation.** The Governor included a new section to support highway drainage maintenance activities on limited access State trunklines in Wayne, Oakland, and Macomb counties. The Senate concurred. (Sec. 19-605)
12. **I-94 in Jackson County.** The Senate included a new section requiring the department to expend \$5.0 million of STF funds on the design and engineering of a rebuilding and modernization project on I-94 between M-60 and Sargent road in Jackson County. (Sec. 606)
13. **Alternative Road Surface Materials.** The Governor removed a section that encouraged the Department to examine the use of alternative or recycled materials for road construction. Removal of this section included removal of the annual reporting requirement on the use of such materials. The Senate concurred. (Sec. 660)
14. **Winter Maintenance Truck Refurbishment.** The Senate included a new section that requires the department to investigate and report the costs and/or benefits of refurbishing winter maintenance trucks as opposed to sale or retirement of those vehicles. (Sec. 670)
15. **Rail Operations and Infrastructure Reporting.** The Governor modified a section to require reporting on rail and infrastructure "obligations" in lieu of "expenditures". The new section also required notification to the State Budget Director and new reporting deadlines. The Senate concurred, and added additional language to require reporting for the 2016-17 fiscal year. (Sec. 704)
16. **Woodhaven Project.** The Governor removed a section that encouraged the Department to provide assistance to the city of Woodhaven for a rail and street separation project. The Senate concurred. (Sec. 705)
17. **Freight Economic Development.** The Senate included a new section that requires the department to expend at least \$2.5 million of funds from Rail Operations and Infrastructure on Freight Economic Development. (Sec. 750)
18. **Department Ownership and Operation of Airports.** The Governor removed a section that encouraged the Department to find private entities or local public agencies to assume ownership and operating responsibility of Department owned airports. The Senate concurred. (Sec. 802)
19. **Aging Aircraft.** The Governor removed a section that required the Department to issue an RFP for competitive bids to manage and sell the Department's aging aircraft fleet. The Senate retained and updated the due date for the RFP to November 1, 2017. (Sec. 803)
20. **One-Time Special Grants.** The Governor removed a section that identified FY 2016-17 earmarks to Berrien, Lenawee, and Macomb counties. The Senate concurred. (Sec. 1001)
21. **Restored Provisions.** The Senate restored the following sections that were removed by the Governor: prohibition against disciplinary action for employees that communicate with the legislature (Sec. 215); a requirement to notify the legislature about federal law changes that may require amendments to state law (Sec. 217); prioritization for the use of remanufactured parts (Sec. 270); a section that required space leased by the Department be rented on a competitive market rate basis and that placed restrictions on uses for lease revenue (Sec. 305); a section that required signage with contact information be posted for the contractor responsible for rest area maintenance (Sec. 319); a section requiring prompt payment of contractors and Departmental review of the payment process (Sec. 353); a section requiring review of local Federal aid projects within 120 days of receipt (Sec. 357); a section prohibiting reimbursement to contractors or consultants for costs associated with groundbreaking ceremonies (Sec. 375); section prohibiting safety studies on the impacts of billboards on motorist safety (Sec. 376); a section requiring the use of the E-Verify system to verify that all persons hired by a contractor are legally present and authorized to work in the United States (Sec. 381); a section that requires the Department to submit a final cost-sharing bill to local agencies, when applicable, within 2 years after the date of the final contract payment (Sec. 382); a section that required the Department and local agencies to prioritize funding for existing road networks (Sec. 394); a section that required applicants for contractual services, other than construction contracts, meet eligibility requirements (Sec. 396); a section that required the Department to develop a warranty program in conjunction with the road construction industry and engineering consultants (Sec. 601); a section that required the Department and local agencies to prioritize large animal carcass removal when funds are available to do so (Sec. 610); a section that required the Department to establish and report annually on contract incentives and disincentives for the prior fiscal year (Sec. 612); and a section that required the Department to notify the Legislature if and when the Department receives notification of a railroad company's intent to abandon a rail line (Sec. 703).

Date Completed: 4-21-17

Fiscal Analyst: Michael Siracuse

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.