

Act No. 341
Public Acts of 1996
Approved by the Governor
June 27, 1996
Filed with the Secretary of State
June 27, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Reps. Jellema, Middleton, Bankes, Johnson, McBryde, Gilmer, Bobier, Dolan and McNutt

ENROLLED HOUSE BILL No. 5582

AN ACT to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 1997; to provide for the imposition of fees; to create certain work groups and committees; to provide for reports; to create certain funds; to prescribe requirements for certain railroad facilities; to prescribe certain powers and duties of certain state departments and officials, local units of government, committees, and work groups; and to provide for the expenditure of the appropriations.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for the state transportation department and certain state purposes designated in this act for the fiscal year ending September 30, 1997, from the following funds:

**STATE TRANSPORTATION DEPARTMENT
APPROPRIATION SUMMARY:**

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	3,439.3	
GROSS APPROPRIATION		\$ 2,099,052,900
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 2,099,052,900
Federal revenues:		
Total federal revenues		576,612,300
Special revenue funds:		
Total local revenues		5,600,000
Total private revenues		0
Total other state restricted revenues		1,516,840,600
State general fund/general purpose		\$ 0

DEBT SERVICE

State trunkline	\$ 45,187,900
Trunkline bonds, series 1989A-EDF (\$100,000,000)	11,482,000
Critical bridge	3,000,000
Comprehensive transportation	23,130,100
GROSS APPROPRIATION	\$ 82,800,000
Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund	23,130,100

	For Fiscal Year Ending Sept. 30, 1997
Michigan transportation fund.....	14,482,000
State trunkline fund.....	45,187,900
State general fund/general purpose.....	\$ 0

INTERDEPARTMENT & STATUTORY CONTRACTS

Michigan transportation fund (MTF)	
MTF grant to department of civil service	\$ 668,000
MTF grant to department of environmental quality	750,000
MTF grant to department of management and budget	323,300
MTF grant to department of state.....	86,255,600
MTF grant to department of state police	607,600
MTF grant to department of treasury	6,288,800
MTF grant to legislative auditor general	185,200
State trunkline fund (STF)	
STF grant to department of attorney general.....	2,247,000
STF grant to department of civil service	3,376,700
STF grant to department of management and budget	715,900
STF grant to department of natural resources	25,700
STF grant to department of state police	5,810,100
STF grant to department of treasury	19,100
STF grant to legislative auditor general	376,400
State aeronautics fund (SAF)	
SAF grant to department of attorney general	115,900
SAF grant to department of civil service.....	49,700
SAF grant to department of treasury	59,100
SAF grant to legislative auditor general.....	21,000
Comprehensive transportation fund (CTF)	
CTF grant to department of attorney general	119,400
CTF grant to department of civil service.....	99,300
CTF grant to department of management and budget.....	48,500
CTF grant to department of treasury.....	3,000
CTF grant to legislative auditor general.....	48,500
GROSS APPROPRIATION.....	\$ 108,213,800
Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund	318,700
Michigan transportation fund.....	95,078,500
State aeronautics fund	245,700
State trunkline fund.....	12,570,900
State general fund/general purpose	\$ 0

EXECUTIVE DIRECTION

Full-time equated unclassified positions	6.0
Full-time equated classified positions.....	36.0
Members of the state transportation commission (per diem payments).....	\$ 60,000
Unclassified salaries.....	444,800
Commission Audit—36.0 FTE positions.....	2,960,400
GROSS APPROPRIATION.....	\$ 3,465,200
Appropriated from:	
Special revenue funds:	
State trunkline fund.....	3,465,200
State general fund/general purpose	\$ 0

ADMINISTRATIVE SERVICES

Full-time equated classified positions.....	123.7
Administration and data center—76.2 FTE positions	\$ 15,495,200
Building occupancy charges-property management.....	4,275,000
Human resources—42.5 FTE positions	3,472,000

Economic development administration—5.0 FTE positions.....	537,800
Rent.....	1,940,000
Worker's compensation.....	2,446,200
GROSS APPROPRIATION.....	\$ 28,166,200

Appropriated from:

Special revenue funds:

General fund restricted purpose.....	130,000
State aeronautics fund.....	754,100
Comprehensive transportation fund.....	1,578,900
Michigan transportation fund.....	401,000
State trunkline fund.....	25,302,200
State general fund/general purpose.....	\$ 0

BUREAU OF FINANCE AND ADMINISTRATION

Full-time equated classified positions.....	286.5
Administration—286.5 FTE positions.....	\$ 27,002,000
Equipment rental.....	(7,665,200)
GROSS APPROPRIATION.....	\$ 19,336,800

Appropriated from:

Special revenue funds:

Michigan transportation fund.....	459,500
State trunkline fund.....	18,877,300
State general fund/general purpose.....	\$ 0

BUREAU OF TRANSPORTATION PLANNING

Full-time equated classified positions.....	194.1
Administration—194.1 FTE positions.....	\$ 16,102,100
Grants to regional planning councils.....	488,800
GROSS APPROPRIATION.....	\$ 16,590,900

Appropriated from:

Federal revenues:

DOT-FHWA Highway research, planning, and construction.....	5,819,500
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Special revenue funds:

State aeronautics fund.....	226,700
Comprehensive transportation fund.....	1,618,500
Michigan transportation fund.....	4,275,700
State trunkline fund.....	4,650,500
State general fund/general purpose.....	\$ 0

BUREAU OF HIGHWAYS

Full-time equated classified positions.....	1,808.5
Engineering operations—906.5 FTE positions.....	\$ 24,872,600
Maintenance operations—85.0 FTE positions.....	9,915,500
Program services—817.0 FTE positions.....	49,660,100
Testing services.....	(12,000,000)
GROSS APPROPRIATION.....	\$ 72,448,200

Appropriated from:

Federal revenues:

DOT-FHWA Highway research, planning, and construction.....	2,000,000
DOT-NHTSA, State and community highway safety.....	146,800

Special revenue funds:

Michigan transportation fund.....	1,972,600
State trunkline fund.....	68,328,800
State general fund/general purpose.....	\$ 0

HIGHWAY MAINTENANCE

Full-time equated classified positions.....	817.5
State operations—817.5 FTE positions.....	\$ 76,635,300
Equipment rental.....	(10,334,800)

	For Fiscal Year Ending Sept. 30, 1997
Sign and signal	(1,500,000)
Contract operations	114,487,900
GROSS APPROPRIATION	\$ 179,288,400
Appropriated from:	
Special revenue funds:	
State trunkline fund	179,288,400
State general fund/general purpose	\$ 0
ROAD AND BRIDGE PROGRAMS	
Federal aid and road and bridge	\$ 528,160,900
Local federal aid and road and bridge construction	105,000,000
Grants to local programs	33,000,000
Rail grade crossing	3,000,000
Critical bridge program	5,250,000
County road commissions	423,713,800
Cities and villages	236,239,300
GROSS APPROPRIATION	\$ 1,334,364,000
Appropriated from:	
Federal revenues:	
DOT-FHWA Highway research, planning, and construction	532,500,000
Special revenue funds:	
Local funds	5,000,000
Michigan transportation fund	700,953,100
State trunkline fund	95,910,900
State general fund/general purpose	\$ 0
TRANSPORTATION ECONOMIC DEVELOPMENT FUND	
Forest roads	\$ 5,000,000
Rural county urban system	2,500,000
Target industries/economic redevelopment	11,386,600
Urban county congestion	11,434,300
Rural county primary	11,434,300
GROSS APPROPRIATION	\$ 41,755,200
Appropriated from:	
Special revenue funds:	
General fund restricted purpose	12,870,000
Michigan transportation fund	24,925,200
State trunkline fund	3,960,000
State general fund/general purpose	\$ 0
BUREAU OF AERONAUTICS	
Full-time equated classified positions	60.0
Administration—60.0 FTE positions	\$ 6,716,300
Air service program	1,000,000
GROSS APPROPRIATION	\$ 7,716,300
Appropriated from:	
Special revenue funds:	
State aeronautics fund	7,716,300
State general fund/general purpose	\$ 0
BUREAU OF URBAN & PUBLIC TRANSPORTATION	
Full-time equated classified positions	113.0
Administration—113.0 FTE positions	\$ 8,641,900
GROSS APPROPRIATION	\$ 8,641,900
Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund	7,458,900
Michigan transportation fund	1,183,000
State general fund/general purpose	\$ 0

BUS TRANSIT DIVISION: STATUTORY OPERATING

Local bus operating.....	\$	110,964,000
Nonurban operating/capital		6,746,000
GROSS APPROPRIATION.....	\$	117,710,000
Appropriated from:		
Federal revenues:		
DOT-Federal transit act.....		6,546,000
Special revenue funds:		
Local funds.....		200,000
Comprehensive transportation fund		110,964,000
State general fund/general purpose	\$	0

INTERCITY PASSENGER AND FREIGHT

Freight property management.....	\$	2,000,000
Detroit/Wayne county port authority		301,900
Intercity bus equipment.....		1,500,000
Rail passenger service		5,000,000
Freight preservation and development		4,800,000
Rail infrastructure loan program.....		3,000,000
Intercity bus service development		2,050,000
Marine passenger services		1,000,000
Terminal development		1,100,000
Intercity passenger and freight discretionary		2,200,100
GROSS APPROPRIATION.....	\$	22,952,000
Appropriated from:		
Federal revenues:		
DOT-Federal transit act.....		1,000,000
DOT-FRA, Local rail service assistance		2,000,000
DOT-FRA, rail passenger/HSGT		3,000,000
Special revenue funds:		
Local funds.....		100,000
Rail preservation fund		1,000,000
Comprehensive transportation fund		15,852,000
State general fund/general purpose	\$	0

PUBLIC TRANSPORTATION DEVELOPMENT

Specialized services	\$	3,200,000
Local share bonus		1,000,000
Effective service bonus		1,000,000
Municipal credit program		1,000,000
Bus capital.....		32,500,000
Ride sharing		262,500
Van pooling		125,000
Bus property management		175,000
Service development and new technology		2,900,000
Planning grants.....		100,000
Audit settlements		200,000
Region service coordination.....		2,000,000
Public transportation development discretionary		11,141,500
GROSS APPROPRIATION.....	\$	55,604,000
Appropriated from:		
Federal revenues:		
DOT-Federal transit act.....		23,600,000
Special revenue funds:		
Local funds.....		300,000
Comprehensive transportation fund		31,704,000
State general fund/general purpose	\$	0

GENERAL SECTIONS

Sec. 201. (1) In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1996-1997 is estimated at \$1,516,840,600.00 and state sources paid to local units of government for fiscal year 1996-1997 are estimated at \$850,438,900.00. The itemized list below identifies appropriations from which spending to units of local government will occur:

For Fiscal Year
Ending Sept. 30,
1997

DEPARTMENT OF TRANSPORTATION

MICHIGAN TRANSPORTATION FUND

Local grant program	\$ 33,000,000
Economic development fund.....	30,368,600
Grants to cities and villages	236,239,300
Grants to county road commissions.....	423,713,800
Critical bridge program.....	5,000,000

STATE TRUNKLINE FUND

Grants to regional planning councils.....	488,800
Critical bridge program interest.....	250,000

COMPREHENSIVE TRANSPORTATION FUND

Local bus operating.....	110,964,000
Bus capital.....	2,600,000
Marine passenger service.....	1,000,000
Detroit/Wayne County port authority.....	301,900
Local ride sharing operating grants.....	262,500
Planning grants.....	50,000
Local share bonus.....	1,000,000
Effective service bonus	1,000,000
Municipal credit program.....	1,000,000
Specialized services.....	3,200,000
Total payments to local units of government.....	\$ 850,438,900

(2) If it appears to the principal executive officer of a department or branch that state spending to local units of government will be less than the amount that was projected to be expended under subsection (1), the principal executive officer shall immediately give notice of the approximate shortfall to the department of management and budget, the senate and house appropriations committees, and the senate and house fiscal agencies.

Sec. 202. The expenditures and funding sources authorized under this act are subject to the management and budget act, Act No. 431 of the Public Acts of 1984, being sections 18.1101 to 18.1594 of the Michigan Compiled Laws.

Sec. 203. As used in this act:

- (a) "CTF" means comprehensive transportation fund.
- (b) "Department" means the department of transportation.
- (c) "DOT" means the United States department of transportation.
- (d) "DOT-FHWA" means DOT-federal highway administration.
- (e) "DOT-FRA" means DOT-federal railroad administration.
- (f) "DOT-FRA, rail passenger/HSGT" means DOT-federal railroad administration, high speed ground transportation.
- (g) "DOT-NHTSA" means DOT-national highway traffic safety administration.
- (h) "EDF" means economic development fund.
- (i) "FTE" means full-time equated.
- (j) "IDG" means interdepartmental grant.
- (k) "MTF" means Michigan transportation fund.
- (l) "RIF" means recreation improvement fund.
- (m) "SAF" means state aeronautics fund.
- (n) "STF" means state trunkline fund.

Sec. 205. (1) Beginning October 1, 1996, there is a hiring freeze imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees or prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department or to positions that are funded with 80% or more federal or restricted funds.

(2) The director of the department of management and budget shall grant exceptions to this hiring freeze when the director believes that the hiring freeze will result in the state department or agency being unable to deliver basic services. The director of the department of management and budget shall report by the fifteenth of each month to the chairpersons of the senate and house appropriations committees the number of exclusions to the hiring freeze approved during the previous month and the justification for the exclusion.

Sec. 206. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charges authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 207. (1) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$40,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

(2) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$10,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

(3) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$1,000,000.00 for local and private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, Act No. 431 of the Public Acts of 1984, being section 18.1393 of the Michigan Compiled Laws.

Sec. 208. The amounts appropriated from 1 fund to another fund shall be authorized pursuant to annual appropriations within the department responsible for each fund's appropriation.

Sec. 212. The governor shall convene a needs study committee and appoint the committee members by December 1, 1996 pursuant to the statutory guidelines of section 9a of Act No. 51 of the Public Acts of 1951, being section 247.659a of the Michigan Compiled Laws. Funding for the activities of the needs study committee shall be allocated from the funds appropriated in section 101.

Sec. 213. (1) All new rail passenger platforms constructed in this state after the effective date of this act shall be in full compliance with published standards for rail passenger platforms of the American railway engineering association.

(2) The design of all new rail passenger facilities constructed in this state after the effective date of this act shall take into consideration the published standards for rail passenger facilities of the American railway engineering association.

Sec. 214. (1) A joint legislative work group on program performance assessment for departments receiving appropriations from this act is established. This work group shall consist of representatives of the house and senate standing committees on transportation and the house and senate appropriations subcommittees on transportation. Members of this work group shall be appointed on a bipartisan basis by the speaker of the house and the majority leader of the senate. Assistance and staff support to the work group may be provided by the house and senate fiscal agencies. The work group shall issue a report on or before February 1, 1997 to members of the Michigan house of representatives and the Michigan state senate addressing basic program assessment requirements. These recommendations should include suggested measures of need and demand, workload, and outcomes for each program.

(2) Each department receiving appropriations in section 101 shall prepare annual performance objectives. Program performance objectives shall be provided to the work group on program performance assessment on November 1, 1996. The work group shall review these program performance objectives and any associated outcomes and make recommendations in the report issued on or before February 1, 1997 to the members of the Michigan house of representatives and the Michigan state senate.

Sec. 215. (1) The republican and democratic leaders of the house and senate are requested to establish, by December 1, 1996, a special committee comprised exclusively of legislators to study whether transportation revenues are being spent efficiently. The leadership of both houses of the legislature shall appoint the members of the special committee with the advice and consent of the chairpersons of the house and senate transportation committees and the house and senate appropriations subcommittees on transportation. The committee shall exist for not more than 1 year

and shall issue a report that contains its conclusions and recommendations not later than 1 year after its establishment. Funding for the committee shall be allocated from the funds appropriated in section 101.

(2) The special committee shall explore the entire road construction and maintenance system including all of the following:

(a) The type and extent of duplication of road construction and maintenance activities at the state, county, and municipal levels.

(b) Methods to improve oversight of local road agencies.

(c) Methods to improve the efficiency of the expenditure of transportation funds by road construction and maintenance systems.

(d) Alternatives to increase transportation funding at the state and local levels.

(e) Alternatives to improve the effectiveness of project selection and bidding.

(f) Methods to improve the efficiency and self-sufficiency of transit agencies.

(3) To the extent possible, the department shall honor the special committee's request for information and technical assistance concerning the issues the special committee is directed to explore.

Sec. 216. An agency, department, or other entity receiving funds under section 101 shall not conduct or sponsor any activity that causes a motor vehicle to be stopped on any highway or freeway in this state for the purpose of disseminating literature including but not limited to a survey.

Sec. 217. The department shall not implement an affirmative action plan unless it has been submitted to the Michigan civil rights commission for approval in accordance with section 210 of the Elliott-Larsen civil rights act, Act No. 453 of the Public Acts of 1976, being section 37.2210 of the Michigan Compiled Laws, and the Michigan civil rights commission has approved the plan.

DEPARTMENTAL SECTIONS

Sec. 301. The department may establish a fee schedule and collect fees sufficient to cover the costs to issue the permits that the department is authorized by law to issue upon request, and for which fees are not otherwise stipulated by law. A bridge authority shall hold 3 public hearings on a change in any toll charged by the authority at least 30 days before the toll change will become effective. Two of the hearings shall be held within 5 miles of the bridge that the bridge authority has jurisdiction over. One hearing shall be held in Lansing.

Sec. 302. The department shall prepare an official transportation map that shall be distributed without charge. Each legislator shall receive a quantity of maps as determined by the legislative council.

Sec. 303. On request, the state treasurer shall provide to a legislator, in writing, a report on the amount of money to be received by each city and village and the county road commission of each county, that is included in whole or in part within the legislator's legislative district.

Sec. 307. If, as a requirement of bidding on a highway project, the department requires a contractor to submit financial or proprietary documentation as to how the bid was calculated, that bid documentation shall be kept confidential and shall not be disclosed other than to a department representative without the contractor's written consent. The department may disclose the bid documentation if necessary to address or defend a claim by a contractor.

Sec. 308. The department may permit space on public passenger transportation properties to be occupied by public or private tenants on a competitive market rate basis. The department may require that revenue from the tenants be placed in an account to be used to pay the costs to maintain and improve the property.

Sec. 309. From the funds appropriated in section 101, the auditor general shall conduct an audit of charges to transportation funds by state departments. The auditor general shall prepare a detailed report, with recommendations and conclusions, including a list of services charged to transportation funds, the appropriateness of those charges, and the cost allocation methodologies used in determining the level of funding, and provide the report, upon request, to any member of the senate and house of representatives and to the senate and house fiscal agencies by January 15, 1997.

Sec. 310. Before January 1 of each year, the department will provide to the legislature a listing by county or by county road commission of all highway construction projects for the fiscal year and a list of expected projects for the ensuing fiscal year.

Sec. 311. Funds appropriated in section 101 shall not be used for the purchase of foreign goods or services, or both, if competitively priced American goods or services, or both, of comparable quality are available.

Sec. 312. The department shall aggressively pursue compliance with contract specifications for construction of state highways. The department shall identify contractors who fail to meet minimum standards and will actively pursue remuneration efforts. Collections shall be deposited into the appropriate fund accounts.

Sec. 313. The department shall continue its efforts to privatize functions that can be efficiently and effectively performed by the private sector. Efforts shall include, but not be limited to, airports, roads, bridges, maintenance, rest areas, and other areas that would result in a savings to the state. The department shall also develop a strategy for privatizing ownership of limited access highways. The department shall provide a written report to the house and senate appropriations subcommittees on transportation by December 31 of each year, listing functions that have been reviewed for privatization and estimated savings.

Sec. 315. The department shall continue its efforts to reduce administrative costs and provide the maximum funding possible for construction projects. The department shall develop a detailed plan to reduce the ratio of administrative costs to construction by a minimum of 1%. The detailed plan shall include, but not be limited to, staffing reductions, privatization, organizational process reengineering and continuous improvement, the development of and integration of the ISTEA transportation management systems, and the development of a comprehensive long-range business plan for the department. The plan shall be submitted to the house and senate appropriations subcommittees on transportation on or before December 31, 1996.

Sec. 318. To promote more effective management of employees within the bureau of highways, the director of the department may temporarily transfer positions between appropriation units within and between the highway engineering and highway maintenance programs to cover functions that the director considers to be critical due to seasonal fluctuations and emergency situations. The department shall report at the end of the fiscal year to the department of management and budget on the temporary cross-divisional transfers of positions pursuant to this section.

Sec. 319. To facilitate an informed and cooperative relationship between the transportation commission and the legislature, the department shall provide in a timely manner copies of the agenda and approved minutes of monthly transportation commission meetings to the members of the house and senate subcommittees on transportation and to the house and senate fiscal agencies.

Sec. 320. At the close of the fiscal year ending September 30, 1997, any unencumbered and unexpended balance in the state trunkline fund shall remain in the state trunkline fund and shall be used for federal aid and road and bridge programs pursuant to section 11(1)(d) of Act No. 51 of the Public Acts of 1951, being section 247.661 of the Michigan Compiled Laws, for projects contained in an annual state transportation program approved by the legislature.

Sec. 321. The department shall work with the federal government regarding the development of a 4-lane limited access highway connecting south-central Michigan with Ohio.

Sec. 322. The director of each department receiving appropriations in section 101 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

Sec. 323. The department shall not use funds appropriated under section 101 on behalf of a local governmental unit to pay the amount required for that local governmental unit to participate in the federal advance construct program.

Sec. 324. In a bidding process for the funds in section 101, the department shall not establish a pre-bid qualification that bidders have an affirmative action plan unless the plan is required by federal law or court order.

FEDERAL

Sec. 401. (1) The projected apportionment for this state for the fiscal year ending September 30, 1997, from the intermodal surface transportation efficiency act of 1991, is \$451,645,919.00. The \$451,645,919.00 is projected to be broken down into the following categories (programs) of highway assistance:

Interstate resurfacing, restoration, rehabilitation, and reconstruction.....	\$	77,508,502
National highway system.....		79,791,005

Surface transportation.....	87,330,500
Interstate reimbursement.....	68,995,474
Bridge.....	53,997,769
Congestion mitigation and air quality	24,418,096
Donor state bonus.....	31,894,190
Minimum allocation	9,043,181
Metropolitan planning.....	4,775,676
Highway research planning and construction	6,592,159
Restoration	7,329,367
Total apportionment.....	\$ 451,645,919

(2) When the department receives authorization from the federal government to commit transportation funds pursuant to federal appropriations, it shall present to the senate and house appropriations transportation subcommittees and the senate and house fiscal agencies, the federal amounts and categories authorized and the department's recommendation for distribution of these funds. If a recommendation or recommendations are not disapproved within 30 business days by the senate and house appropriations transportation subcommittees, then the recommendation or recommendations shall be considered as approved.

Sec. 403. (1) Of the amount appropriated in section 101, priority shall be given to local federal aid and road and bridge construction in the allocation of federal DOT-FHWA construction funds as apportioned under the ISTEA. The funds shall be distributed to local eligible agencies for transportation purposes, as defined in the ISTEA, from the Michigan department of transportation, consistent with federal legislation.

(2) In addition to funds appropriated in section 101, the department and local authorities are authorized to use the process for contingency funds contained in section 207 for federal road construction funds that may become available for local or state demonstration or other projects.

MICHIGAN TRANSPORTATION FUND

Sec. 501. The money received under the motor carrier act, Act No. 254 of the Public Acts of 1933, being sections 475.1 to 479.43 of the Michigan Compiled Laws, and not appropriated to the department of commerce or the department of state police, is deposited in the Michigan transportation fund.

Sec. 502. The legislative auditor general shall perform audits and make investigations of the disposition of all state funds received by county road commissions or county boards of commissioners, as applicable, and cities and villages for transportation purposes to determine compliance with the terms and conditions of Act No. 51 of the Public Acts of 1951, being sections 247.651 to 247.675 of the Michigan Compiled Laws. County road commissions or county boards of commissioners, as applicable, and cities and villages shall make available to the legislative auditor general the pertinent records for the audit.

Sec. 503. If a county road commission or county board of commissioners, as applicable, has entered into a contract with the department to eliminate or cut roadside weeds and if the weeds were eliminated or cut by a city or township after the city or township had requested the county to perform its contractual obligation, then the department shall reimburse the city or township and shall deduct that amount from the funds appropriated to the county involved. This action shall require prior approval of the department. The department shall consult with the department of agriculture prior to use of plant growth retardant on freeway or highway rights-of-way.

Sec. 504. (1) The funds appropriated in section 101 for the economic development programs shall not lapse at the end of the fiscal year but shall carry forward each fiscal year for the purposes for which appropriated in accordance with Act No. 231 of the Public Acts of 1987, being sections 247.901 to 247.914 of the Michigan Compiled Laws.

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

(3) The department of transportation economic development fund may receive and expend federal, local, or private funds or restricted source funds such as interest earnings for projects that are consistent with the programmatic mission of the fund in addition to funds appropriated in section 101.

Sec. 505. (1) Funds from the Michigan transportation fund (MTF) shall be distributed to the comprehensive transportation fund (CTF), the economic development fund (EDF), the recreational improvement fund (RIF), and the state trunkline fund (STF), in accordance with this act and part 711 (recreation improvement fund) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being sections 324.71101 to

324.71108 of the Michigan Compiled Laws, and may only be used as specified in this act, Act No. 51 of the Public Acts of 1951, being sections 247.651 to 247.675 of the Michigan Compiled Laws, and part 711 of Act No. 451 of the Public Acts of 1994.

(2) The amounts appropriated and transferred to various state agencies from section 101 shall be expended from the transportation funds pursuant to annual contracts between the department and state agencies providing tax and fee collection and other services applicable to transportation funds. The contracts shall be executed prior to the transfer of these funds. The contracts shall provide, but are not limited to, the following data applicable to each state agency:

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

(b) Description of services financed with transportation funds.

(3) If the spending authorization accounts also are to be used for financing other than transportation fund services, the contracts shall include detailed cost allocation methods that are appropriate to the type of services being provided and the activities financed and supporting rationale for the portion of costs allocated to transportation funds.

(4) At the close of each fiscal year and before April 1, each state agency shall submit a written report to the department of management and budget stating by spending authorization account the amount of estimated funds contracted with the department, the amount of funds expended, and the amount of funds returned to the transportation funds. A copy of the report shall be submitted to the auditor general and the report shall be subject to audit by the auditor general.

(5) The department and the state agencies with which the department contracts in the manner provided in subsection (2) shall work together to explore methods of minimizing lapses or shortfalls in grants from transportation funds.

(6) In addition to the reporting requirements in subsection (4), the department of state shall submit a written report to the auditor general, not later than April 30 of each year, stating by spending authorization account the amount of funds contracted with the department of transportation that had been received during the first 6 months of the fiscal year, the amount of funds expended during the first 6 months of the fiscal year, a description of the services and costs that were financed by those funds, and the rationale for the allocation of transportation funds for those services and costs. The report shall be subject to audit by the auditor general. A copy of the report shall be submitted to the department of transportation, the house and senate appropriations subcommittees on transportation, and the house and senate fiscal agencies. If the report is not received by April 30 of each year, the auditor general shall immediately notify the house and senate appropriations subcommittees on transportation and the house and senate fiscal agencies in writing of the department of state's failure to submit the required report.

Sec. 507. Of the amount appropriated in section 101 from the Michigan transportation fund to the department of state, \$186,600.00 represents the additional cost of issuing specialized license plates for veterans and national guard members, as included in Act Nos. 16, 17, 18, and 19 of the Public Acts of 1989. The department of state shall prepare an annual report on the number of and the additional costs associated with the veteran license plates to the department of transportation and the chairpersons of the house and senate appropriations subcommittees on transportation. Any unspent funds based on these annual reports shall lapse to the Michigan transportation fund and be distributed in accordance with Act No. 51 of the Public Acts of 1951, being sections 247.651 to 247.675 of the Michigan Compiled Laws.

Sec. 508. (1) Of the amount appropriated in section 101 from the Michigan transportation fund to the department of state, \$187,600.00 represents the additional cost of issuing generic license plates for nonprofit fraternal or public service organizations, as included in section 803m of the Michigan vehicle code, Act No. 300 of the Public Acts of 1949, being section 257.803m of the Michigan Compiled Laws.

(2) The department of state shall prepare an annual report on the number of, and the additional costs associated with, the generic license plates to the state transportation department, the house and senate appropriations subcommittees on transportation, and the house and senate fiscal agencies.

(3) Any unspent funds based on these annual reports shall lapse to the Michigan transportation fund to be distributed in accordance with Act No. 51 of the Public Acts of 1951, being sections 247.651 to 247.675 of the Michigan Compiled Laws.

Sec. 509. Of the amounts appropriated in section 101 from the Michigan transportation fund to the department of state, \$9,260,000.00 represents the cost of establishing a new commemorative license plate for 1997 pursuant to section 225 of the Michigan vehicle code, Act No. 300 of the Public Acts of 1949, being section 257.225 of the Michigan Compiled Laws.

Sec. 510. (1) A cost allocation methodology study shall be undertaken to determine the appropriateness of costs charged to transportation funds by the department of state. A steering committee comprised of 1 representative each from the department of transportation, the department of state, the department of management and budget, and the office of information technology of the department of management and budget shall provide study oversight. The

steering committee shall determine the scope and design of the study. The departments of state and transportation shall honor requests by the steering committee for information and for technical assistance concerning the issues to be explored in the study. The study shall be completed and its findings presented to the house and senate appropriations subcommittees on transportation on or before March 1, 1997.

(2) The study shall be funded from the amounts appropriated in section 101 in an amount not to exceed \$500,000.00. If the cost of the study is to exceed \$500,000.00, the steering committee, by October 15, 1996, shall return to the house and senate appropriations subcommittees on transportation for spending authorization. The department of state shall allocate an amount equal to 45% of the cost of the study.

STATE TRUNKLINE FUND

Sec. 601. Pursuant to section 11 of Act No. 286 of the Public Acts of 1964, being section 247.811 of the Michigan Compiled Laws, the amount appropriated in section 101 for the state transportation commission may be expended for per diem payments at the rate of \$75.00 per day, not to exceed \$10,000.00 in the fiscal year, for each member of the state transportation commission.

Sec. 603. Of the amounts appropriated in section 101 for state trunkline projects, the department shall, where possible, secure warranties for contracted construction work.

Sec. 605. If the department uses corrugated plastic pipe for road construction drainage, the department shall inspect the pipe pursuant to state standards prior to the laying of concrete or bituminous.

Sec. 606. From the funds appropriated in section 101 for federal aid and road and bridge construction, the department shall convert an existing site on U.S. 2 and U.S. 41 between Escanaba and Powers to a year-round modern indoor restroom facility.

COMPREHENSIVE TRANSPORTATION FUND

Sec. 701. Money that is returned to the state as repayment for a loan for intercity bus equipment is not money to be deposited in the comprehensive transportation fund under section 10b of Act No. 51 of the Public Acts of 1951, being section 247.660b of the Michigan Compiled Laws, but is money that is deposited in an intercity bus equipment fund for appropriation for the purchase and repair of intercity bus equipment. Proceeds received by the state from the sale of intercity bus equipment are deposited in an intercity bus equipment fund for appropriation for the purchase and repair of intercity bus equipment. Security deposits from the lease of state owned intercity bus equipment not returned to the lessee of the equipment under terms of the lease agreement are deposited in an intercity bus equipment fund for appropriation for the repair of intercity bus equipment.

Sec. 702. Money that is received by the state as repayment for loans made for rail or water freight capital projects, and as a result of the sale of property or equipment used or projected to be used for rail or water freight projects shall be deposited in the fund created by section 17 of the state transportation preservation act of 1976, Act No. 295 of the Public Acts of 1976, being section 474.67 of the Michigan Compiled Laws.

Sec. 703. Entities that operate railroads and receive appropriations under section 101 shall expend those appropriations for goods and services of manufacturers, suppliers, and service companies located in this state, whenever practicable, if the goods and services are comparably priced and reasonably available.

Sec. 704. (1) The discretionary accounts in section 101 shall be used for programs and projects as determined by the department. The department shall inform the house and senate appropriations committees of the manner in which the funds in these accounts will be expended not less than 30 days before expenditure.

(2) If a situation arises that is considered to be an emergency by the director of the department, the requirement to inform the house and senate appropriations committees shall be waived. The director shall inform those committees of this action within 5 days of the action.

(3) If the department intends to alter a program after approval, the department shall follow the requirements of subsection (1).

Sec. 705. (1) The departments of community health and transportation, the office of services to the aging within the department of management and budget, and the family independence agency shall develop a system to identify and collect the following information annually for each county:

(a) All operational and capital costs of services provided, contracted for, or purchased, to transport clients or program participants within the county, including all other funds received and expended for those purposes by the state department.

(b) Population groups that utilize transportation services by a percentage of the total number of persons who utilize the services.

(c) Services accessed through transportation provided by percentages of the total dollar amount expended for the services.

(d) All funding sources for transportation and amounts from each source.

(e) If known, provide the existence of interagency or countywide transportation planning or coordination, and the extent to which each state department participates.

(2) The information specified in subsection (1) shall be submitted to the department of transportation. The department of transportation shall compile and report the information it has collected and received on or before December 31 of the immediately succeeding state fiscal year to the house and senate appropriations subcommittees on transportation and the department of management and budget.

(3) The report specified in subsection (2) shall include, but not be limited to, all of the following:

(a) Current efforts to coordinate or consolidate transportation services provided by human service agencies.

(b) Areas where coordination or consolidation of transportation services will produce cost savings.

(c) Legislation needed to facilitate the coordination and consolidation of transportation services.

(d) Steps to implement policy to more efficiently coordinate and consolidate transportation services.

(e) The use of the amount appropriated in section 101 to regional service coordination.

Sec. 706. The department shall use funding appropriated in section 101 to effect changes and improvements to rail infrastructure and to develop and implement a high speed rail program that provides passenger service in Michigan. Efforts shall include improving rail grade crossings, crossing signalization, and state owned rights-of-way. The department shall also actively pursue available federal funding for high speed rail projects and explore the feasibility of private development of high speed rail services.

Sec. 707. (1) From the funds appropriated in section 101, the department of transportation shall allocate sufficient comprehensive transportation fund revenue to continue 7-day rail passenger service on the Pere Marquette and the International lines.

(2) The department shall work with Amtrak and local interests on increasing marketing efforts to promote awareness of rail passenger service and to increase ridership. The department shall also work with Amtrak to reduce the operating cost and to maximize the revenue of its rail passenger lines in Michigan including, but not limited to, privatization of food services aboard the train and selling of advertising space aboard the train.

Sec. 708. (1) The following rail lines are designated as an essential corridor in Michigan and shall receive priority in matters concerning operation, maintenance, and rehabilitation:

ANN ARBOR RAILROAD SYSTEM:

Toledo to north of Ann Arbor (Osmer).

Pittsfield Junction to Saline.

STATE OF MICHIGAN OWNED RAIL LINES (ACTIVE):

North of Ann Arbor (Osmer) to Durand, Durand to Owosso via Central Michigan Railway trackage rights, and then Owosso to Ashley to Cadillac to Thompsonville.

(Tuscola and Saginaw Bay Railway)

Owosso north to Swan Creek. (TSB)

Cadillac north to Petoskey via Walton Junction. (TSB)

Walton Junction to Traverse City. (TSB)

Grawn via Traverse City to Williamsburg. (TSB)

Millington to Vassar to Munger. (TSB)

Vassar to Caro to Colling. (TSB)

Iron Mountain to Ontonagon via Channing. (Escanaba and Lake Superior Railroad)

Hillsdale to Indiana State Line via Reading. (Hillsdale County Railway)

Hillsdale to east of Quincy via Jonesville. (HCRC)

Jonesville to Litchfield. (HCRC)
Linwood to Sallings via West Branch and Grayling. (Detroit and Mackinac Railway)
Riga to west of Adrian. (Adrian and Blissfield Railroad)
Grosvenor to River Raisin. (A&B)

STATE OF MICHIGAN OWNED RAIL LINES (INACTIVE):

Weston to Morenci. (Inactive)
Thompsonville to Frankfort. (Inactive)

TUSCOLA AND SAGINAW BAY RAILWAY:

Middleton to Ashley.

HURON AND EASTERN RAILWAY:

Denmark Junction to Harger (Saginaw).
Saginaw to Bad Axe.
Bad Axe to Kinde.
Bad Axe to Croswell.
Palms to Harbor Beach.
Poland to Sandusky.

NORFOLK SOUTHERN RAILWAY COMPANY:

Detroit to Ohio State Line via Milan.

CSX TRANSPORTATION:

Ohio State Line to Saginaw via Plymouth and Flint.
Detroit to Grand Rapids via Plymouth and Lansing.
Grand Rapids to Indiana State Line via Holland and St. Joseph.
Holland to Montague via Muskegon.
Holland to Hamilton.
Berry to Fremont.
Saginaw to Brown City.
Saginaw to Midland.
Saginaw to Bay City to Essexville.
Saginaw to Paines.
Grand Rapids to Baldwin via Newaygo.
Baldwin to Ludington via Walhalla.
Walhalla to Manistee/Filer City.
Port Huron to Marine City.

MID-MICHIGAN RAILROAD:

Paines to Elwell via Alma.
Elmdale to Greenville.

COE RAIL. INC.:

Wixom to east of Walled Lake.

GRAND TRUNK WESTERN RAILROAD (CN NORTH AMERICA):

Port Huron to Indiana State Line via Flint, Durand, Lansing, Battle Creek, and Cassopolis.
Durand to Detroit via Pontiac.
Dearborn to Ohio State Line via Flat Rock and Dundee.
Port Huron to Detroit.
Richmond to Pontiac.
Pontiac to Lake Orion.
Detroit to Ohio State Line via Monroe.
Pavilion to Kalamazoo.

WISCONSIN CENTRAL LIMITED:

Canadian International Boundary at Sault Ste. Marie to Wisconsin State Line via Trout Lake and Gladstone.
Trout Lake to Baraga via Munising Junction and Marquette.
Munising to Munising Junction.
Baraga to Arnheim.
White Pine to Wisconsin State Line via Bergland.

ESCANABA AND LAKE SUPERIOR RAILROAD:

Escanaba/Wells to Channing.
Channing to Republic.
Iron Mountain to Wisconsin State Line.
At Menominee.

CHICAGO AND NORTH WESTERN TRANSPORTATION CO.:

Wisconsin State Line at Menominee to Escanaba via Powers.
Powers to Iron Mountain (Antoine).
Quinnesec to Wisconsin State Line.
Escanaba to Ishpeming.

LAKE SUPERIOR AND ISHPEMING RAILROAD:

Marquette to Republic Mine via Eagle Mills and Ishpeming.
Eagle Mills to Tilden Mine.

DETROIT AND MACKINAC RAILWAY:

Bay City to Linwood.
Pinconning to Hawks via Tawas City and Alpena.
Alabaster Junction to Alabaster.
Alpena to Paxton.
Posen to Rogers City.
Sallings to Cheboygan via Gaylord.

CENTRAL MICHIGAN RAILWAY:

Bay City to Midland.

CONSOLIDATED RAIL CORPORATION:

Detroit to Kalamazoo via Jackson and Battle Creek.
Jackson to Lansing.
Detroit to Toledo.
Detroit to Carleton.
Detroit to Utica.
Jackson to Ackerson Lake.
Ottawa Lake to Ohio State Line.
Grand Rapids to Indiana State Line via Kalamazoo.
White Pigeon Junction to Sturgis.
Kalamazoo to Portage (Upjohn).
Plainwell to Otsego.
Grand Rapids to Kentwood (44 Street).

NATIONAL RAILROAD PASSENGER CORPORATION:

Kalamazoo to Indiana State Line via Niles.

CANADIAN NATIONAL RAILWAYS:

Detroit River Tunnel.
St. Clair River Tunnel.

DELRAY CONNECTING RAILROAD:

At Detroit.

KALAMAZOO, LAKE SHORE AND CHICAGO RAILWAY:

Hartford to Paw Paw.

LUDINGTON AND NORTHERN RAILWAY:

Ludington to North Epworth.

BRANCH AND ST. JOSEPH COUNTIES RAIL USERS ASSOCIATION:

Sturgis to east of Quincy.

MICHIGAN SHORE RAILROAD:

At Muskegon.

IRON CLIFFS RAILWAY COMPANY:

At Ishpeming.

(2) Any changes to the essential corridor list in subsection (1), including sales of state owned rights-of-way, shall be approved by the house and senate appropriations subcommittees on transportation.

(3) After receiving notification from a railroad company pursuant to section 8 of the state transportation preservation act of 1976, Act No. 295 of the Public Acts of 1976, being section 474.58 of the Michigan Compiled Laws, the department shall immediately notify the house and senate appropriations subcommittees on transportation that the railroad company has filed with the appropriate governmental agencies for abandonment of a line.

Sec. 709. (1) The appropriation in section 101 for van pooling shall be administered by the bureau of transportation planning of the department through grants to eligible authorities and eligible governmental agencies to insure coordination between van and car pooling programs and the transit systems operated by the eligible authorities and eligible governmental agencies.

(2) The department shall utilize competitive bidding for each grant awarded under subsection (1).

Sec. 710. From the funds appropriated in section 101, \$3,000,000.00 is allocated for the department to establish a rail infrastructure loan program. The program shall provide noninterest bearing loans for rail infrastructure improvements. The department shall evaluate loan applications according to the relative merit of the project in conjunction with program goals. The transportation commission shall approve the loans. The loans shall fund not less than 90% of the rail portion of project costs, and the loan repayment period shall not exceed 10 years. Local governments, railroads, and current or potential users of freight railroad services are eligible applicants. At the end of the fiscal year, unexpended funds shall remain in the rail infrastructure loan program and shall be available to be allocated for the purposes of the program in the succeeding fiscal year. Money that is received by this state as repayment for rail infrastructure loans made pursuant to this program shall remain within the rail infrastructure loan program and shall be allocated for the purposes of the program. The state's total contribution to the rail infrastructure loan program shall not exceed \$15,000,000.00.

Sec. 711. (1) From the funds appropriated in section 101 for public transportation development discretionary, there is appropriated \$200,000.00 to the independence for life organization that may be expended for senior citizen transportation. This transition funding is available for 1 year only and is restricted as to use for the following purposes only:

- (a) Adding lift equipment to new vehicles.
- (b) Purchasing replacement vehicles.
- (c) Vehicle insurance.
- (2) None of the funds appropriated in this section shall be used for administrative purposes.

AERONAUTICS FUND

Sec. 801. At the close of the fiscal year ending September 30, 1997, any unobligated and unexpended balance in the state aeronautics fund created in the aeronautics code of the state of Michigan, Act No. 327 of the Public Acts of 1945, being sections 259.1 to 259.208 of the Michigan Compiled Laws, shall lapse to the state aeronautics fund and be appropriated by the legislature in the immediately succeeding fiscal year.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.