

SUBSTITUTE FOR
HOUSE BILL NO. 5528

A bill to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2005; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials and local units of government; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for the state
5 transportation department and certain state purposes designated in
6 this act for the fiscal year ending September 30, 2005, from the funds

House Bill No. 5528 (H-1) as amended March 30, 2004

1 indicated in this part. The following is a summary of the
 2 appropriations in this part:

3 **STATE TRANSPORTATION DEPARTMENT**

4 APPROPRIATION SUMMARY:

5	Full-time equated unclassified positions.....	6.0
6	Full-time equated classified positions.....	2,918.3
7	GROSS APPROPRIATION.....	\$ [3,295,027,600]
8	Total interdepartmental grants and intradepartmental	
9	transfers.....	0
10	ADJUSTED GROSS APPROPRIATION.....	\$ [3,295,027,600]
11	Federal revenues:	
12	DOT-federal transit act.....	59,200,000
13	DOT-FHWA highway research, planning, and	
14	construction.....	1,072,401,200
15	DOT-FRA, local rail service assistance.....	100,000
16	DOT-FRA, Rail passenger/HSGT.....	1,000,000
17	Total federal revenues.....	1,132,701,200
18	Special revenue funds:	
19	Total local revenues.....	5,800,000
20	Total private revenues.....	0
21	Total local and private revenues.....	5,800,000
22	Michigan transportation fund.....	[1,105,763,700]
23	Economic development fund.....	57,315,000
24	State trunkline fund.....	[720,662,500]
25	State aeronautics fund.....	11,240,600
26	Comprehensive transportation fund.....	242,336,600
27	Blue Water Bridge fund.....	16,208,000

House Bill No. 5528 (H-1) as amended March 30, 2004

1	Intercity bus equipment fund.....	1,000,000
2	Rail preservation fund.....	2,000,000
3	Total other state restricted revenues.....	[2,156,526,400]
4	State general fund/general purpose..... \$	0
5	Sec. 102. DEBT SERVICE	
6	State trunkline..... \$	114,271,800
7	Economic development.....	16,804,800
8	Critical bridge.....	3,000,000
9	Blue Water Bridge.....	2,506,900
10	Airport safety and protection plan.....	1,786,600
11	Comprehensive transportation.....	<u>29,380,000</u>
12	GROSS APPROPRIATION..... \$	167,750,100
13	Appropriated from:	
14	Federal revenues:	
15	DOT-FHWA highway research, planning, and	
16	construction.....	44,000,000
17	Special revenue funds:	
18	Comprehensive transportation fund.....	29,380,000
19	Michigan transportation fund.....	3,000,000
20	State trunkline fund.....	70,271,800
21	Blue Water Bridge fund.....	2,506,900
22	Economic development fund.....	16,804,800
23	State aeronautics fund.....	1,786,600
24	State general fund/general purpose..... \$	0
25	Sec. 103. INTERDEPARTMENTAL AND STATUTORY	
26	CONTRACTS	
27	Michigan transportation fund (MTF)	

1	MTF grant to department of environmental quality....	958,200
2	MTF grant to department of state for collection of	
3	revenue and fees.....	20,000,000
4	MTF grant to legislative auditor general.....	204,300
5	MTF grant to department of treasury.....	7,838,800
6	STF grant to department of attorney general.....	2,672,300
7	STF grant to department of civil service.....	2,000,000
8	STF grant to department of management and budget....	1,240,800
9	STF grant to department of state police.....	7,226,700
10	STF grant to department of history, arts, and	
11	libraries.....	129,600
12	STF grant to department of treasury.....	29,100
13	STF grant to legislative auditor general.....	474,600
14	SAF grant to department of attorney general.....	127,100
15	SAF grant to department of civil service.....	50,000
16	SAF grant to department of management and budget....	34,400
17	SAF grant to department of history, arts, and	
18	libraries.....	3,500
19	SAF grant to department of treasury.....	62,500
20	SAF grant to legislative auditor general.....	19,600
21	CTF grant to department of attorney general.....	137,000
22	CTF grant to department of civil service.....	90,000
23	CTF grant to department of management and budget....	60,500
24	CTF grant to department of history, arts, and	
25	libraries.....	5,900
26	CTF grant to department of treasury.....	5,300
27	CTF grant to legislative auditor general.....	<u>25,200</u>

House Bill No. 5528 (H-1) as amended March 30, 2004

1	GROSS APPROPRIATION.....	\$	43,395,400
2	Appropriated from:		
3	Special revenue funds:		
4	Comprehensive transportation fund.....		323,900
5	Michigan transportation fund.....		29,001,300
6	State aeronautics fund.....		297,100
7	State trunkline fund.....		13,773,100
8	State general fund/general purpose.....	\$	0
9	Sec. 104. EXECUTIVE DIRECTION		
10	Full-time equated unclassified positions.....	6.0	
11	Full-time equated classified positions.....	31.3	
12	Unclassified salaries.....	\$	532,200
13	Asset management council.....		[1,626,400]
14	Commission audit--31.3 FTE positions.....		<u>3,250,700</u>
15	GROSS APPROPRIATION.....	\$	[5,409,300]
16	Appropriated from:		
17	Special revenue funds:		
18	Michigan transportation fund.....		[1,626,400]
19	State trunkline fund.....		3,782,900
20	State general fund/general purpose.....	\$	0
21	Sec. 105. ADMINISTRATIVE SERVICES		
22	Full-time equated classified positions.....	61.5	
23	Business support services--27.5 FTE positions.....	\$	2,939,200
24	Property management.....		6,420,200
25	Human resources--25.0 FTE positions.....		2,447,700
26	Human resources optimization user charges.....		177,200
27	Economic development and enhancement programs--	9.0	

1	FTE positions.....	867,500
2	Worker's compensation.....	<u>3,001,000</u>
3	GROSS APPROPRIATION..... \$	15,852,800
4	Appropriated from:	
5	Special revenue funds:	
6	Economic development fund.....	500,700
7	State aeronautics fund.....	556,100
8	Comprehensive transportation fund.....	1,386,200
9	State trunkline fund.....	13,409,800
10	State general fund/general purpose..... \$	0
11	Sec. 106. INFORMATION TECHNOLOGY	
12	Information technology services and projects..... \$	<u>26,827,300</u>
13	GROSS APPROPRIATION..... \$	26,827,300
14	Appropriated from:	
15	Federal revenues:	
16	DOT-FHWA highway research, planning, and	
17	construction.....	555,100
18	Special revenue funds:	
19	Blue Water Bridge fund.....	45,100
20	Comprehensive transportation fund.....	247,400
21	Economic development fund.....	37,100
22	Michigan transportation fund.....	236,200
23	State aeronautics fund.....	138,100
24	State trunkline fund.....	25,568,300
25	State general fund/general purpose..... \$	0
26	Sec. 107. FINANCE, CONTRACTS, AND SUPPORT	
27	SERVICES	

1	Full-time equated classified positions.....	267.5	
2	Financial and contractual services--116.1 FTE		
3	positions.....	\$	9,849,700
4	Technical and support services--96.4 FTE positions..		10,560,300
5	Welcome center operations--55.0 FTE positions.....		<u>4,334,000</u>
6	GROSS APPROPRIATION.....	\$	24,744,000
7	Appropriated from:		
8	Special revenue funds:		
9	Michigan transportation fund.....		1,363,300
10	State trunkline fund.....		23,380,700
11	State general fund/general purpose.....	\$	0
12	Sec. 108. TRANSPORTATION PLANNING		
13	Full-time equated classified positions.....	172.0	
14	Statewide planning services--119.0 FTE positions....	\$	11,937,400
15	Data collection services--53.0 FTE positions.....		5,907,100
16	Specialized planning services and local studies.....		9,023,900
17	Grants to regional planning councils.....		<u>488,800</u>
18	GROSS APPROPRIATION.....	\$	27,357,200
19	Appropriated from:		
20	Federal revenues:		
21	DOT-FHWA highway research, planning, and		
22	construction.....		17,000,000
23	Special revenue funds:		
24	State aeronautics fund.....		261,900
25	Comprehensive transportation fund.....		1,382,800
26	Michigan transportation fund.....		6,838,800
27	State trunkline fund.....		1,873,700

House Bill No. 5528 (H-1) as amended March 30, 2004

1	State general fund/general purpose.....	\$	0
2	Sec. 109. DESIGN AND ENGINEERING SERVICES		
3	Full-time equated classified positions.....	1,392.4	
4	Engineering services--796.7 FTE positions.....	\$	47,136,200
5	Program services--595.7 FTE positions.....		100
6	Contract design services.....		<u>35,623,600</u>
7	GROSS APPROPRIATION.....	\$	82,759,900
8	Appropriated from:		
9	Federal revenues:		
10	DOT-FHWA highway research, planning, and		
11	construction.....		7,000,000
12	Special revenue funds:		
13	Michigan transportation fund.....		4,711,400
14	State trunkline fund.....		71,048,500
15	State general fund/general purpose.....	\$	0
16	Sec. 110. HIGHWAY MAINTENANCE		
17	Full-time equated classified positions.....	817.6	
18	State trunkline operations--817.6 FTE positions.....	\$	118,379,000
19	Contract operations.....		<u>135,347,100</u>
20	GROSS APPROPRIATION.....	\$	253,726,100
21	Appropriated from:		
22	Special revenue funds:		
23	State trunkline fund.....		253,726,100
24	State general fund/general purpose.....	\$	0
25	Sec. 111. ROAD AND BRIDGE PROGRAMS		
26	State trunkline federal aid and road and bridge		
27	construction.....	\$	[998,020,700]

House Bill No. 5528 (H-1) as amended March 30, 2004

1	Local federal aid and road and bridge construction..	256,903,000
2	Grants to local programs.....	33,000,000
3	Rail grade crossing.....	3,000,000
4	Critical bridge fund.....	31,329,000
5	County road commissions.....	[634,447,600]
6	Cities and villages.....	[353,733,000]
7	GROSS APPROPRIATION..... \$	[2,310,433,300]
8	Appropriated from:	
9	Federal revenues:	
10	DOT-FHWA highway research, planning, and	
11	construction.....	1,003,846,100
12	Special revenue funds:	
13	Local funds.....	5,000,000
14	Blue Water Bridge fund.....	3,000,000
15	Michigan transportation fund.....	[1,054,759,600]
16	State trunkline fund.....	[243,827,600]
17	State general fund/general purpose..... \$	
18	Sec. 112. BLUE WATER BRIDGE	
19	Full-time equated classified positions.....35.0	
20	Blue Water Bridge operations--35.0 FTE positions.... \$	<u>10,656,000</u>
21	GROSS APPROPRIATION..... \$	10,656,000
22	Appropriated from:	
23	Special revenue funds:	
24	Blue Water Bridge fund.....	10,656,000
25	State general fund/general purpose..... \$	0
26	Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT	
27	Forest roads..... \$	5,040,000

1	Rural county urban system.....	5,000,000
2	Target industries/economic redevelopment.....	17,966,200
3	Urban county congestion.....	7,233,100
4	Rural county primary.....	<u>7,233,100</u>
5	GROSS APPROPRIATION..... \$	42,472,400
6	Appropriated from:	
7	Special revenue funds:	
8	Economic development fund.....	39,972,400
9	Michigan transportation fund.....	2,500,000
10	State general fund/general purpose..... \$	0
11	Sec. 114. AERONAUTICS SERVICES	
12	Full-time equated classified positions.....56.0	
13	Airport improvement services--30.0 FTE positions.... \$	2,809,200
14	Aviation services--26.0 FTE positions.....	4,391,600
15	Air service program.....	<u>1,000,000</u>
16	GROSS APPROPRIATION..... \$	8,200,800
17	Appropriated from:	
18	Special revenue funds:	
19	State aeronautics fund.....	8,200,800
20	State general fund/general purpose..... \$	0
21	Sec. 115. PUBLIC TRANSPORTATION AND FREIGHT	
22	SERVICE	
23	Full-time equated classified positions.....85.0	
24	Freight and safety services--35.5 FTE positions..... \$	3,538,900
25	Passenger transportation services--49.5 FTE	
26	positions.....	<u>4,525,800</u>
27	GROSS APPROPRIATION..... \$	8,064,700

1	Appropriated from:		
2	Special revenue funds:		
3	Comprehensive transportation fund.....		6,338,000
4	Michigan transportation fund.....		1,726,700
5	State general fund/general purpose.....	\$	0
6	Sec. 116. BUS TRANSIT DIVISION: STATUTORY		
7	OPERATING		
8	Local bus operating.....	\$	161,680,000
9	Nonurban operating/capital.....		<u>14,600,000</u>
10	GROSS APPROPRIATION.....	\$	176,280,000
11	Appropriated from:		
12	Federal revenues:		
13	DOT-federal transit act.....		14,400,000
14	Special revenue funds:		
15	Comprehensive transportation fund.....		161,680,000
16	Local funds.....		200,000
17	State general fund/general purpose.....	\$	0
18	Sec. 117. INTERCITY PASSENGER AND FREIGHT		
19	Freight property management.....	\$	1,500,000
20	Detroit/Wayne County port authority.....		500,000
21	Intercity bus equipment.....		3,000,000
22	Rail passenger service.....		9,300,000
23	Freight preservation and development.....		5,692,900
24	Rail infrastructure loan program.....		100,000
25	Intercity bus service development.....		4,850,000
26	Marine passenger service.....		800,000
27	Terminal development.....		<u>2,884,800</u>

1	GROSS APPROPRIATION.....	\$	28,627,700
2	Appropriated from:		
3	Federal revenues:		
4	DOT-federal transit act.....		3,500,000
5	DOT-FRA, local rail service assistance.....		100,000
6	DOT-FRA, rail passenger/HSGT.....		1,000,000
7	Special revenue funds:		
8	Rail preservation fund.....		2,000,000
9	Intercity bus equipment fund.....		1,000,000
10	Comprehensive transportation fund.....		20,977,700
11	Local funds.....		50,000
12	State general fund/general purpose.....	\$	0
13	Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT		
14	Specialized services.....	\$	8,539,500
15	Municipal credit program.....		2,000,000
16	Bus capital.....		38,675,400
17	Ride sharing.....		330,700
18	Van pooling.....		195,000
19	Bus property management.....		50,000
20	Service development and new technology.....		1,650,000
21	Planning grants.....		80,000
22	Audit settlements.....		150,000
23	Regional service coordination.....		500,000
24	Transportation to work.....		<u>10,300,000</u>
25	GROSS APPROPRIATION.....	\$	62,470,600
26	Appropriated from:		
27	Federal revenues:		

House Bill No. 5528 (H-1) as amended March 30, 2004

1	DOT-federal transit act.....	41,300,000
2	Special revenue funds:	
3	Comprehensive transportation fund.....	20,620,600
4	Local funds.....	550,000
5	State general fund/general purpose..... \$	0

6 PART 2

7 PROVISIONS CONCERNING APPROPRIATIONS

8 **GENERAL SECTIONS**

9 Sec. 201. Pursuant to section 30 of article IX of the state
 10 constitution of 1963, total state spending from state resources under
 11 part 1 for fiscal year 2004-2005 is [\$2,156,526,400.00] and state
 12 spending from state resources to be paid to local units of government
 13 for fiscal year 2004-2005 is [\$1,255,010,200.00]. The itemized
 14 statement below identifies appropriations from which spending to units
 15 of local government will occur:

16 DEPARTMENT OF TRANSPORTATION

17	Local grant program..... \$	33,000,000
18	Economic development fund.....	24,506,200
19	Grants to cities and villages.....	[353,733,000]
20	Grants to county road commissions.....	[634,447,600]
21	Critical bridge fund.....	31,329,000
22	Grants to regional planning councils.....	488,800
23	Local bus operating.....	161,680,000
24	Bus capital.....	8,175,400
25	Marine passenger service.....	800,000

House Bill No. 5528 (H-1) as amended March 30, 2004

1	Detroit/Wayne County port authority.....	500,000
2	Local ride sharing operating grants.....	330,700
3	Planning grants.....	80,000
4	Municipal credit program.....	2,000,000
5	Specialized services.....	<u>3,939,500</u>
6	Total payments to local units of government.....	\$ [1,255,010,200]

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

10 Sec. 203. As used in this act:

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

24 Sec. 204. The department of civil service shall bill the
 25 department at the end of the first fiscal quarter for the 1% charge
 26 authorized by section 5 of article XI of the state constitution of
 27 1963. Payments shall be made for the total amount of the billing by

1 the end of the second fiscal quarter.

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

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

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

25 (2) In addition to the funds appropriated in part 1, there is
26 appropriated an amount not to exceed \$40,000,000.00 for state
27 restricted contingency funds. These funds are not available for

1 expenditure until they have been transferred to another line item in
2 this act under section 393(2) of the management and budget act, 1984
3 PA 431, MCL 18.1393.

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

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

16 Sec. 207. At least 90 days before beginning any effort to
17 privatize, the department shall submit a complete project plan to the
18 appropriate senate and house of representatives appropriations
19 subcommittees and the senate and house fiscal agencies. The plan
20 shall include the criteria under which the privatization initiative
21 will be evaluated. The evaluation shall be completed and submitted to
22 the appropriate senate and house of representatives appropriations
23 subcommittees and the senate and house fiscal agencies within 30
24 months. As used in this section, "privatize" or "privatization" means
25 the transfer of state highway maintenance functions or activities
26 currently performed by department forces, or by boards of county road
27 commissioners, county boards of commissioners, or local units of

1 government under contract with the department, to private
2 contractors.

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

8 Sec. 209. Funds appropriated in part 1 shall not be used for the
9 purchase of foreign goods or services, or both, if competitively
10 priced and of comparable quality American goods or services, or both,
11 are available. The department shall give priority to the purchase of
12 Michigan goods and services.

13 Sec. 210. The director of each department receiving
14 appropriations in part 1 shall take all reasonable steps to ensure
15 businesses in deprived and depressed communities compete for and
16 perform contracts to provide services or supplies, or both. Each
17 director shall strongly encourage firms with which the department
18 contracts to subcontract with certified businesses in depressed and
19 deprived communities for services, supplies, or both.

20 Sec. 211. The departments and state agencies receiving
21 appropriations under this act shall receive and retain copies of all
22 reports funded from appropriations in part 1. These departments and
23 state agencies shall follow federal and state guidelines for
24 short-term and long-term retention of these reports and records.

25 Sec. 259. From the funds appropriated in part 1 for information
26 technology, the department shall pay user fees to the department of
27 information technology for technology-related services and projects.

1 The user fees shall be subject to provisions of an interagency
2 agreement between the department and the department of information
3 technology.

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

11 DEPARTMENTAL SECTIONS

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

19 (2) A bridge authority shall hold 3 public hearings on an increase
20 in any toll charged by the authority at least 30 days before the toll
21 change will become effective. Two of the hearings shall be held
22 within 5 miles of the bridge over which the bridge authority has
23 jurisdiction. One hearing shall be held in Lansing. Public hearings
24 held under this section shall be conducted in accordance with the open
25 meetings act, 1976 PA 267, MCL 15.261 to 15.275 and shall be conducted
26 so as to provide a reasonable opportunity for public comment,

1 including both spoken and written comments.

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

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

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

19 Sec. 306. Biennially, the auditor general shall conduct an audit
20 of charges to transportation funds by state departments for the two
21 proceeding fiscal years, with the first such audit including the
22 fiscal years ending September 30, 2004 and September 30, 2005. The
23 auditor general shall prepare a detailed report, with recommendations
24 and conclusions, including a list of services charged to
25 transportation funds, the appropriateness of those charges, the cost
26 allocation methodologies used in determining the level of funding, and
27 any unreimbursed costs. The report shall be provided, upon request,

1 to any member of the senate and house of representatives, senate and
2 house fiscal agencies, and the state budget director six months after
3 publication of the state of Michigan comprehensive annual financial
4 report.

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

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

21 Sec. 309. The department shall continue its efforts to reduce
22 administrative costs and provide the maximum funding possible for
23 construction projects.

24 Sec. 310. The department shall provide in a timely manner copies
25 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 senate

1 fiscal agencies, and the state budget director.

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

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

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

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

1 Sec. 314. The department shall provide a report prepared by the
2 department's internal auditor on the activities of the internal
3 auditor for the previous fiscal year. The report shall be due on
4 February 1, 2005 and shall be submitted to the senate and house of
5 representatives appropriations committees, the senate and house fiscal
6 agencies, the director of the state budget office, and the auditor
7 general. This report shall include a list of all of the following:

8 (a) All work activities conducted by the internal auditor,
9 including a listing of all audits, reviews, and investigations.

10 (b) The time charged to each work activity, including time
11 charged to each audit, review, or investigation.

12 (c) A listing of which audits, reviews, and investigations have
13 been completed and which audits, reviews, and investigations have had
14 reports of the results issued.

15 Sec. 319. The department shall post signs at each rest area to
16 identify the agency or contractor responsible for maintenance of the
17 rest area. The signs shall include a department telephone number and
18 shall indicate that unsafe or unclean conditions at the rest area may
19 be reported to that telephone number.

20 Sec. 324. From the funds appropriated in part 1, \$500,000.00
21 from the state trunkline fund shall be used for enhanced construction
22 zone traffic law enforcement and the "give 'em a brake" campaign. The
23 funding shall be used to reimburse law enforcement agencies for costs
24 associated with construction zone traffic enforcement. The funding
25 shall be provided based on approved memoranda of understanding between
26 the department and participating law enforcement agencies.

27 Sec. 334. The department shall continue its program to increase

1 the use of women and minority owned businesses in state and local road
2 construction projects. This program shall comprise, at a minimum,
3 outreach and education efforts to inform women and minority owned
4 firms of department competitive bidding processes and requirements,
5 and an assessment of the availability of surety for women and minority
6 owned businesses. The department shall report by March 31, 2005, to
7 the house and senate appropriations subcommittees on transportation
8 and the house and senate fiscal agencies of its progress in complying
9 with this section.

10 Sec. 353. The department shall review its contractor payment
11 process and use its best efforts to ensure that all prime contractors
12 are paid promptly. The department shall work to ensure that prime
13 contractors are in compliance with special provision 109.10 regarding
14 the prompt payment of subcontractors.

15 Sec. 357. Where possible, the department shall complete all
16 necessary reviews and inspections required to let local federal aid
17 projects within 120 days of the department's receipt of local federal
18 aid project submittals. The department shall implement a system for
19 monitoring the local federal aid project review process.

20 Sec. 361. The department will notify the senate and house
21 appropriations subcommittees on transportation, the senate and house
22 fiscal agencies, and the state budget director of any substantive
23 changes to the services or function of the multi-modal transportation
24 services program as approved by the state transportation commission.

25 Sec. 362. Funds appropriated in part 1 for contract design
26 services shall be expended solely for contract design and
27 environmental work performed by private engineering consulting firms

1 under contract with the department. It is the intent of the
2 legislature that the ratio of engineering design work performed by
3 department staff to that performed by private engineering consulting
4 firms remain substantially the same as the ratio in the fiscal year
5 ending September 30, 2003.

6 Sec. 363. From the funds appropriated in part 1, sufficient
7 funds shall be granted to Michigan Technological University to
8 complete a study of the distribution and nature of log truck accidents
9 and the characteristics of log trucks and log loads. The study shall
10 consider alternative designs for log trucks and trailers, including
11 crib vehicles on which logs are loaded lengthwise. The findings of
12 this study shall be forwarded to the house and senate appropriations
13 committees, the house and senate fiscal agencies, and the state budget
14 director.

[Sec. 364. From the funds appropriated in part 1, the department shall develop and construct a pilot project utilizing a bituminous mix which incorporates recycled scrap tires.

Sec. 365. No funds appropriated in part 1 may be expended for the development of design plans or for the construction of either Practical Alternative 5 or Practical Alternative 5 modified, as identified in US-131 Improvement Study in St. Joseph County. It is the intention of the legislature that the department proceed with the construction of a full limited access freeway development within the US-131 planning corridor from the Indiana state line to north of the city of Three Rivers to Lovers Lane. The highway location must be determined with public input and using Practical Alternative numbers 1 through 4.]

15 **FEDERAL**

16 Sec. 401. When the department receives authorization from the
17 federal government to commit transportation funds pursuant to federal
18 appropriations, it shall present to the senate and house of
19 representatives appropriations transportation subcommittees and the
20 senate and house fiscal agencies, the federal amounts and categories
21 authorized and the department's recommendation for distribution of
22 these funds. If a recommendation or recommendations are not

House Bill No. 5528 (H-1) as amended March 30, 2004 (2 of 2)

23 disapproved within 30 business days by either the senate or house of
24 representatives appropriations transportation subcommittee, then the
25 recommendation or recommendations shall be considered as approved. If
26 either the senate or house of representatives appropriations

1 transportation subcommittee disapproves the proposed distribution,
2 then the senate and house of representatives appropriations
3 transportation subcommittees and the department shall hold a joint
4 meeting on the issue to arrive at a final distribution. If no
5 agreement is reached between the parties, the department's
6 distribution shall stand.

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

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

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

15 (2) Federal aid excluded from the calculation of funding
16 allocated to programs administered by local jurisdictions in
17 subsection (1) includes, but is not limited to, congestion mitigation
18 and air quality funds, federal bridge funds, transportation
19 enhancement funds, funds distributed at the discretion of the United
20 States secretary of transportation, and congressionally designated
21 funds.

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

25 (4) Federal aid to highways allocated to local jurisdictions in
26 subsection (1) shall be distributed in a manner that produces a 25%
27 average allocation of applicable funds to programs for local

1 jurisdictions in each fiscal year through the fiscal year ending
2 September 30, 2005. The average allocation of applicable federal aid
3 to highway funds to programs for local jurisdictions shall be the
4 average of the amount distributed to local jurisdictions under
5 subsection (1) and similarly calculated distributions in each
6 succeeding fiscal year.

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

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

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

17 **MICHIGAN TRANSPORTATION FUND**

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

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

1 MCL 247.651 to 247.675. County road commissions or county boards of
2 commissioners, as applicable, and cities and villages shall make
3 available to the department of treasury the pertinent records for the
4 audit.

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

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

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

19 (4) None of the funds statutorily dedicated to the transportation
20 economic development fund and critical bridge fund shall be diverted
21 to other projects.

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

1 specified in this act, 1951 PA 51, MCL 247.651 to 247.675, and part
2 711 of the natural resources and environmental protection act, 1994
3 PA 451, MCL 324.71101 to 324.71108.

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

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

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

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

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

27 Sec. 506. From the funds appropriated in part 1 for county road

1 commissions, no county road commission shall pay any fee to the state
2 department of natural resources to cut down and/or remove any tree or
3 vegetation on any county right-of-way property.

4 **STATE TRUNKLINE FUND**

5 Sec. 601. The department shall work with the road construction
6 industry and engineering consulting community to develop performance
7 and road construction warranties for construction contracts. The
8 development of warranties shall include warranties on materials,
9 workmanship, performance criteria, and design/build projects. The
10 department will report by September 30 of each calendar year to the
11 house of representatives and senate appropriations subcommittees on
12 transportation, the state budget director, and the house and senate
13 fiscal agencies on the status of efforts to develop performance and
14 road construction warranties.

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

25 Sec. 603. It is the intent of the legislature that the
26 department shall use traffic congestion as 1 of the criteria in

1 determining the priorities for designating which roads shall be
2 remediated in its 5-year road plan, which must be submitted on or
3 before February 1, 2005. Criteria for evaluating traffic congestion
4 shall include, but not be limited to, coordination with local, county,
5 and regional planning, improvement in traffic operations, improvement
6 in physical roadway conditions, accident reduction, and coordination
7 with area public transportation planning.

8 Sec. 607. Funding shall be made available for the remediation of
9 unsafe pedestrian crossings on state highways. Funds from this
10 appropriation may be expended only as matching funds for up to 50% of
11 project cost with additional project funding to be provided by local
12 units of government or through private contributions. Selected
13 projects shall require the approval of the transportation commission.
14 Maintenance of pedestrian overpasses constructed from funds made
15 available through this appropriation shall be the responsibility of a
16 local unit of government or public or private institutions of higher
17 education.

18 Sec. 608. From the amounts appropriated in part 1 for forest
19 roads from the transportation economic development fund in the fiscal
20 year ending September 30, 2005, \$40,000.00 shall be used for the
21 purpose of establishing 2 additional truck inspection stations. The
22 department shall work directly with representatives of the timber
23 industry to educate truck drivers on the use of the stations. The
24 department shall report on the status of this program.

25 Sec. 610. It is the intent of the legislature that the
26 department have as a priority the removal of dead deer and other large
27 animal remains from the traveled portion and shoulder of state

1 highways. The department, and counties that perform state highway
2 maintenance under contract, shall remove animal remains, wherever
3 practicable, away from the traveled portion and shoulder of state
4 highways.

5 Sec. 611. From the appropriations in part 1, the department
6 shall use high-quality pavement marking materials for all state
7 trunkline projects with a design life of 10 years or greater. The
8 department shall coordinate with material suppliers, equipment
9 manufacturers, and application contractors to ensure cost-effective
10 improvements in durability and retro-reflectivity. The department
11 shall identify pilot projects for demonstration of wet reflective
12 characteristics. The department shall submit a report to both the
13 house and senate appropriations committees and the house and senate
14 fiscal agencies by January 31, 2006, that provides a report on the wet
15 reflective pilot projects and the use of high-quality pavement marking
16 materials in coordination with material suppliers, equipment
17 manufacturers, and application contractors.

18 Sec. 612. The department shall establish guidelines governing
19 incentives and disincentives provided under contracts for state
20 trunkline projects. The guidelines shall include specific financial
21 information concerning incentives and disincentives. On or before
22 January 1, 2005, the department shall prepare a report for the
23 immediately preceding fiscal year regarding contract incentives and
24 disincentives. This report shall include a list, by project, of the
25 contractors that received contract incentives and/or disincentives,
26 the amount of the incentives and/or disincentives, and the number of
27 days that each project was completed either ahead or past the

1 contracted completion date. This report shall be provided to the
2 senate and house appropriations subcommittees on transportation, the
3 senate and house standing committees on transportation, and the senate
4 and house fiscal agencies.

5 Sec. 617. From the funds appropriated in part 1, the department
6 shall proceed with the construction of a full interchange at the
7 intersection of M-48 and I-75 in Chippewa County. The department
8 shall develop design plans and award the construction contract for
9 this project during the fiscal year ending September 30, 2005.

10 Sec. 621. From the funds appropriated in part 1, the department
11 shall install a traffic light on US-31 at the intersection with Bay
12 Harbor in Emmet County.

13 Sec. 622. From the funds appropriated in part 1, the department
14 shall proceed with the construction of improvements to the M-37
15 corridor between 100th street and 84th street in Caledonia Township,
16 Kent County, as recommended in the department's corridor traffic
17 study. The improvements shall include traffic signalization at the
18 intersections of M-37 and Glengarry drive, and M-37 and 100th street,
19 and the construction of a turning lane along the length of the
20 corridor.

21 **COMPREHENSIVE TRANSPORTATION FUND**

22 Sec. 701. Money that is received by the state as a lease payment
23 for state-owned intercity bus equipment is not money to be deposited
24 in the comprehensive transportation fund under section 10b of 1951 PA
25 51, MCL 247.660b, but is money that is deposited in an intercity bus
26 equipment fund for appropriation for the purchase and repair of

1 intercity bus equipment. Proceeds received by the state from the sale
2 of intercity bus equipment are deposited in an intercity bus equipment
3 fund for appropriation for the purchase and repair of intercity bus
4 equipment. Security deposits from the lease of state-owned intercity
5 bus equipment not returned to the lessee of the equipment under terms
6 of the lease agreement are deposited in an intercity bus equipment
7 fund for appropriation for the repair of intercity bus equipment. At
8 the close of the fiscal year, any funds remaining in the intercity bus
9 equipment fund shall remain in the fund and be carried forward into
10 the succeeding fiscal year.

11 Sec. 702. Money that is received by the state as repayment for
12 loans made for rail or water freight capital projects, and as a result
13 of the sale of property or equipment used or projected to be used for
14 rail or water freight projects shall be deposited in the fund created
15 by section 17 of the state transportation preservation act of 1976,
16 1976 PA 295, MCL 474.67. At the close of the fiscal year, any funds
17 remaining in the rail preservation fund shall remain in the fund and
18 be carried forward into the succeeding fiscal year.

19 Sec. 703. After receiving notification from a railroad company
20 pursuant to section 8 of the state transportation preservation act of
21 1976, 1976 PA 295, MCL 474.58, the department shall immediately notify
22 the house of representatives and senate appropriations subcommittees
23 on transportation and the state budget office that the railroad
24 company has filed with the appropriate governmental agencies for
25 abandonment of a line.

26 Sec. 704. The department shall submit a report to both the house
27 and senate appropriations subcommittees on transportation, the house

1 and senate fiscal agencies, and the state budget director by March 1
2 of each year outlining its efforts to develop a high-speed rail
3 program as well as efforts to obtain funding for this purpose. The
4 report shall include recommendations on self-sustaining revenue
5 sources to increase awareness and include efforts to increase
6 ridership.

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

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

20 Sec. 707. For the fiscal year ending September 30, 2005, each
21 eligible authority and each eligible governmental agency which
22 provides public transportation services in urbanized areas with a
23 Michigan population of less than or equal to 100,000 and nonurbanized
24 areas under section 5311 of title 49 of the United States Code, 49 USC
25 5311, shall receive a grant of up to 60% of its eligible operating
26 expenses. Each eligible authority and each eligible government agency
27 which provides public transportation services in urbanized areas with

1 a Michigan population of greater than 100,000 under section 5307 of
 2 title 49 of the United States Code, 49 USC 5307, shall receive a grant
 3 of up to 50% of its eligible operating expenses.

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

8 Sec. 709. (1) The following bus routes are designated as an
 9 essential corridor in Michigan:

10	Between St. Ignace and	
11	Escanaba	US-2
12	Between Escanaba and	
13	Duluth	US-2 through Ironwood to the
14		state line
15	Between Calumet and	
16	Escanaba	US-41
17	Between Escanaba and	
18	Milwaukee	US-41 through Menominee to the
19		state line
20	Between St. Ignace and	
21	Sault Ste. Marie	I-75
22	Between Detroit and	
23	Chicago	I-94 from Detroit to the state
24		line
25	Between Detroit and	
26	Muskegon	I-96
27	Between Grand Rapids,	

1	Holland, and Benton	
2	Harbor	I-196 to I-94
3	Between Muskegon and	
4	Grand Rapids	US-31, I-96
5	Between Detroit and Bay	
6	City	I-75
7	Between Bay City and	
8	Mount Pleasant	US-10, M-20
9	Between Jackson and	
10	Traverse City	US-127, US-27, I-75, Grayling,
11		Gaylord, M-72 to Traverse City
12	Between Jackson and	
13	Indianapolis	I-69, I-94 to the state line
14		through Albion, Marshall, and
15		Coldwater
16	Between Houghton Lake	
17	and Cadillac	M-55 and M-66
18	Between Detroit and	
19	Toledo	I-75 to the state line
20	Between the Indiana	
21	state line and	
22	Traverse City	US-31 and I-196
23	Between Detroit and Port	
24	Huron	I-375 and I-94
25	Between Toledo and Bay	
26	City	US-23, I-75, and I-675, I-75
27	Between Bay City and	

1 Chicago I-75, Flint, I-69, I-94, Battle
 2 Creek, I-94 to the state line
 3 Between Flint and
 4 Lansing I-69, M-21, Owosso, M-52, I-69
 5 Between Bay City and
 6 St. Ignace I-75, US-23
 7 Between Grand Rapids and
 8 St. Ignace US-131, Cadillac, M-115, Mesick,
 9 M-37 to Traverse City, US-31,
 10 Acme, M-72, Kalkaska, US-131,
 11 Boyne Falls, M-75, Walloon
 12 Lake, US-131, Petoskey, US-31,
 13 I-75, St. Ignace
 14 Between Kalamazoo and
 15 Grand Rapids US-131
 16 (2) Any changes to the essential corridor list in subsection (1)
 17 shall be approved by the house and senate appropriations subcommittees
 18 on transportation.
 19 (3) No entity shall receive operating assistance for a scheduled
 20 regular route service which is competing with another private or
 21 public carrier over the same route.
 22 Sec. 710. Whenever possible, the department shall work with the
 23 local transit agencies to avoid establishing new routes that duplicate
 24 existing routes served by intercity carriers when providing services
 25 under regional transportation service programs. It is preferable that
 26 private intercity carriers be provided an opportunity to bid by local
 27 public transit agencies on services funded through the regional

1 transportation service program.

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

7 (2) Any state subsidy for rail passenger service between Grand
8 Rapids and Chicago and between Port Huron and Chicago shall be limited
9 to the direct operating costs of rail passenger service between Grand
10 Rapids and Chicago and between Port Huron and Chicago. Direct
11 operating costs shall include the costs that are needed to provide
12 staffing for passenger service kiosks at Port Huron, Flint, and East
13 Lansing stations. Direct operating costs shall also include
14 \$100,000.00 for marketing efforts, as further described in subsection
15 (4), related to the Port Huron to Chicago service route. Any state
16 funding provided under this section shall not exceed \$7,100,000.00.

17 (3) The rail carrier shall, as a condition to receiving a state
18 operating subsidy, establish a system to monitor, collect, and resolve
19 customer complaints and shall make the information available to the
20 department, the house and senate appropriations subcommittees on
21 transportation, and the house and senate fiscal agencies.

22 (4) The department shall work with the rail carrier, Travel
23 Michigan, local communities, including local chambers of commerce, and
24 the federal government to increase marketing efforts to promote
25 awareness of rail passenger service, to increase ridership, to reduce
26 operating subsidies in conjunction with the federal phaseout of
27 operating subsidies, to maximize the revenue of the rail passenger

1 lines in Michigan, and to improve on-time performance.

2 (5) The department shall submit a report to both the house and
3 senate appropriations committees and the house and senate fiscal
4 agencies by January 1, 2005 that provides a 5-year history on
5 services, ridership, and subsidies.

6 (6) Future state support for the service between Grand Rapids and
7 Chicago and Port Huron and Chicago is dependent on the department's
8 ability to provide a plan and a contract for services that increase
9 ridership and revenue, reduce operating costs, and improve on-time
10 performance. The department shall include a section in the report
11 required in subsection (5) detailing efforts to reduce the dependence
12 on state operating subsidies and projected operating expenses for the
13 next 2 years, and recommending service alternatives, for the Grand
14 Rapids to Chicago service and the Port Huron to Chicago service.

15 (7) No state subsidy shall be provided from the funds
16 appropriated in part 1 if the chosen rail carrier is Amtrak and Amtrak
17 discontinued service or any portion of the service between Port Huron
18 and Chicago or Grand Rapids and Chicago during the preceding fiscal
19 year, unless the discontinuance of service was for track maintenance
20 or was caused by acts of God.

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

26 Sec. 715. (1) On or before January 27, 2005, the department,
27 together with the house and senate fiscal agencies and the department

1 of management and budget, shall estimate the unreserved and
2 unencumbered closing balance of the comprehensive transportation fund
3 (CTF) for the fiscal year ending September 30, 2004. The estimate
4 shall consider lapsed appropriations from the CTF and revised
5 estimates of state restricted transportation revenue.

6 (2) On or before February 3, 2005, the department shall request a
7 legislative transfer in accordance with section 393 of the management
8 and budget act, 1984 PA 431, MCL 18.1393, to appropriate any estimated
9 unreserved and unencumbered CTF fund balance in excess of
10 \$1,000,000.00. The appropriations included in the transfer request
11 shall be in accordance with the statutory requirements of 1951 PA 51,
12 MCL 247.651 to 247.675, with priority given to local bus operating
13 grants. At the same time the department makes its transfer request,
14 the department shall submit copies of the transfer request to the
15 house of representatives and senate appropriations subcommittees on
16 transportation and the house and senate fiscal agencies.

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

25 Sec. 721. For federal transit administration bus acquisition
26 capital grants matched with CTF funds appropriated in part 1, transit
27 agencies shall have 4 years from the federal approval date to carry

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

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

17 Sec. 727. From the appropriation in part 1 for local bus
18 operating grants, the regional transit coordinating council created
19 under section 4a of the metropolitan transportation authorities act of
20 1967, 1967 PA 204, MCL 124.404a, or its successor agency, shall
21 receive no more than the amount received in the fiscal year ending
22 September 30, 2003, pursuant to 2002 PA 561.

23 AERONAUTICS FUND

24 Sec. 801. At the close of the fiscal year, any unobligated and
25 unexpended balance in the state aeronautics fund created in the
26 aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to

1 259.208, shall lapse to the state aeronautics fund and be appropriated
2 by the legislature in the immediately succeeding fiscal year.

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