

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 265

A bill to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2004; 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, 2004, from the funds

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.....	3,050.3	
7	GROSS APPROPRIATION.....	\$	3,136,377,100
8	Total interdepartmental grants and intradepartmental		
9	transfers.....	\$	0
10	ADJUSTED GROSS APPROPRIATION.....	\$	3,136,377,100
11	Federal revenues:		
12	DOT-federal transit act.....		52,600,000
13	DOT-FHWA highway research, planning, and		
14	construction.....		909,555,100
15	DOT-FRA, local rail service assistance.....		100,000
16	DOT-FRA, rail passenger/HSGT.....		3,000,000
17	Total federal revenues.....	\$	965,255,100
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.....		1,078,440,600
23	Economic development fund.....		57,315,000
24	State trunkline fund.....		751,627,900
25	State aeronautics fund.....		12,777,000
26	Comprehensive transportation fund.....		246,348,500
27	Blue Water Bridge fund.....		15,913,000

1	Intercity bus equipment fund.....	1,000,000
2	Rail preservation fund.....	2,000,000
3	Total other state restricted revenues..... \$	2,165,322,000
4	State general fund/general purpose..... \$	0
5	Sec. 102. DEBT SERVICE	
6	State trunkline..... \$	79,246,800
7	Economic development.....	16,804,800
8	Critical bridge.....	3,000,000
9	Blue Water Bridge.....	2,503,600
10	Airport safety and protection plan.....	5,000,000
11	Comprehensive transportation.....	<u>28,720,500</u>
12	GROSS APPROPRIATION..... \$	135,275,700
13	Appropriated from:	
14	Federal revenues:	
15	DOT-FHWA highway research, planning, and	
16	construction.....	24,000,000
17	Special revenue funds:	
18	Comprehensive transportation fund.....	28,720,500
19	Michigan transportation fund.....	3,000,000
20	State trunkline fund.....	55,246,800
21	Blue Water Bridge fund.....	2,503,600
22	Economic development fund.....	16,804,800
23	State aeronautics fund.....	5,000,000
24	State general fund/general purpose..... \$	0
25	Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS	
26	MTF grant to department of environmental quality.... \$	884,800
27	MTF grant to department of state for collection of	

1	revenue and fees.....	20,000,000
2	MTF grant to legislative auditor general.....	181,100
3	MTF grant to department of treasury.....	6,700,000
4	STF grant to department of attorney general.....	2,566,200
5	STF grant to department of civil service.....	2,000,000
6	STF grant to department of management and budget....	1,434,000
7	STF grant to department of state police.....	6,853,300
8	STF grant to department of history, arts, and	
9	libraries.....	128,100
10	STF grant to department of treasury.....	29,100
11	STF grant to legislative auditor general.....	371,100
12	SAF grant to department of attorney general.....	125,400
13	SAF grant to department of civil service.....	50,000
14	SAF grant to department of management and budget....	39,400
15	SAF grant to department of history, arts, and	
16	libraries.....	3,500
17	SAF grant to department of treasury.....	62,600
18	SAF grant to legislative auditor general.....	16,600
19	CTF grant to department of attorney general.....	131,500
20	CTF grant to department of civil service.....	90,000
21	CTF grant to department of management and budget....	65,800
22	CTF grant to department of history, arts, and	
23	libraries.....	5,900
24	CTF grant to department of treasury.....	5,300
25	CTF grant to legislative auditor general.....	<u>47,400</u>
26	GROSS APPROPRIATION..... \$	41,791,100
27	Appropriated from:	

1	Special revenue funds:	
2	Comprehensive transportation fund.....	345,900
3	Michigan transportation fund.....	27,765,900
4	State aeronautics fund.....	297,500
5	State trunkline fund.....	13,381,800
6	State general fund/general purpose..... \$	0
7	Sec. 104. EXECUTIVE DIRECTION	
8	Full-time equated unclassified positions.....6.0	
9	Full-time equated classified positions.....33.3	
10	Unclassified salaries..... \$	532,200
11	Asset management council.....	1,626,400
12	Commission audit--33.3 FTE positions.....	<u>2,948,400</u>
13	GROSS APPROPRIATION..... \$	5,107,000
14	Appropriated from:	
15	Special revenue funds:	
16	Michigan transportation fund.....	1,626,400
17	State trunkline fund.....	3,480,600
18	State general fund/general purpose..... \$	0
19	Sec. 105. ADMINISTRATIVE SERVICES	
20	Full-time equated classified positions.....70.5	
21	Administration--30.5 FTE positions..... \$	3,089,300
22	Property management.....	6,921,500
23	Human resources--31.0 FTE positions.....	2,478,300
24	Economic development administration--9.0 FTE	
25	positions.....	759,500
26	Worker's compensation.....	<u>3,136,000</u>
27	GROSS APPROPRIATION..... \$	16,384,600

1	Appropriated from:	
2	Special revenue funds:	
3	Economic development fund.....	500,700
4	State aeronautics fund.....	630,400
5	Comprehensive transportation fund.....	1,382,900
6	Michigan transportation fund.....	81,500
7	State trunkline fund.....	13,789,100
8	State general fund/general purpose..... \$	0
9	Sec. 106. INFORMATION TECHNOLOGY	
10	Information technology services and projects.....	<u>26,135,800</u>
11	GROSS APPROPRIATION..... \$	26,135,800
12	Appropriated from:	
13	Federal revenues:	
14	DOT-FHWA highway research, planning, and	
15	construction.....	555,100
16	Special revenue funds:	
17	Blue Water Bridge fund.....	43,900
18	Comprehensive transportation fund.....	240,900
19	Economic development fund.....	37,100
20	Michigan transportation fund.....	35,200
21	State aeronautics fund.....	134,500
22	State trunkline fund.....	25,089,100
23	State general fund/general purpose..... \$	0
24	Sec. 107. BUREAU OF FINANCE AND ADMINISTRATION	
25	Full-time equated classified positions.....271.5	
26	Administration--271.5 FTE positions..... \$	<u>21,839,900</u>
27	GROSS APPROPRIATION..... \$	21,839,900

1	Appropriated from:	
2	Special revenue funds:	
3	Michigan transportation fund.....	1,127,500
4	State trunkline fund.....	20,712,400
5	State general fund/general purpose..... \$	0
6	Sec. 108. BUREAU OF TRANSPORTATION PLANNING	
7	Full-time equated classified positions.....	173.0
8	Administration--173.0 FTE positions..... \$	23,501,700
9	Grants to regional planning councils.....	<u>488,800</u>
10	GROSS APPROPRIATION..... \$	23,990,500
11	Appropriated from:	
12	Federal revenues:	
13	DOT-FHWA highway research, planning, and	
14	construction.....	16,000,000
15	Special revenue funds:	
16	State aeronautics fund.....	195,700
17	Comprehensive transportation fund.....	1,033,300
18	Michigan transportation fund.....	5,233,800
19	State trunkline fund.....	1,527,700
20	State general fund/general purpose..... \$	0
21	Sec. 109. BUREAU OF HIGHWAYS	
22	Full-time equated classified positions.....	1,635.4
23	Engineering operations--924.4 FTE positions..... \$	39,757,100
24	Maintenance operations--77.0 FTE positions.....	6,928,300
25	Program services--634.0 FTE positions.....	<u>29,998,000</u>
26	GROSS APPROPRIATION..... \$	76,683,400
27	Appropriated from:	

1	Federal revenues:		
2	DOT-FHWA highway research, planning, and		
3	construction.....	5,000,000	
4	Special revenue funds:		
5	Michigan transportation fund.....	3,901,700	
6	State trunkline fund.....	67,781,700	
7	State general fund/general purpose.....	\$	0
8	Sec. 110. HIGHWAY MAINTENANCE		
9	Full-time equated classified positions.....	692.6	
10	State trunkline operations--692.6 FTE positions.....	\$	98,681,500
11	Contract operations.....		<u>135,347,100</u>
12	GROSS APPROPRIATION.....	\$	234,028,600
13	Appropriated from:		
14	Special revenue funds:		
15	State trunkline fund.....	\$	234,028,600
16	State general fund/general purpose.....	\$	0
17	Sec. 111. ROAD AND BRIDGE PROGRAMS		
18	State trunkline federal aid and road and bridge		
19	construction.....	\$	961,340,100
20	Local federal aid and road and bridge construction..		226,500,000
21	Grants to local programs.....		33,000,000
22	Rail grade crossing.....		3,000,000
23	Critical bridge fund.....		5,750,000
24	County road commissions.....		637,523,400
25	Cities and villages.....		<u>355,447,800</u>
26	GROSS APPROPRIATION.....	\$	2,222,561,300
27	Appropriated from:		

1	Federal revenues:		
2	DOT-FHWA highway research, planning, and		
3	construction.....	864,000,000	
4	Special revenue funds:		
5	Local funds.....	5,000,000	
6	Blue Water Bridge fund.....	3,000,000	
7	Michigan transportation fund.....	1,033,971,200	
8	State trunkline fund.....	316,590,100	
9	State general fund/general purpose.....	\$	0
10	Sec. 112. BLUE WATER BRIDGE		
11	Full-time equated classified positions.....	33.0	
12	Blue Water Bridge operations--33.0 FTE positions....	\$	<u>10,265,500</u>
13	GROSS APPROPRIATION.....	\$	10,265,500
14	Appropriated from:		
15	Special revenue funds:		
16	Blue Water Bridge fund.....	10,265,500	
17	State general fund/general purpose.....	\$	0
18	Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT		
19	FUND		
20	Forest roads.....	\$	5,040,000
21	Rural county urban system.....	2,500,000	
22	Target industries/economic redevelopment.....	17,966,200	
23	Urban county congestion.....	7,233,100	
24	Rural county primary.....	<u>7,233,100</u>	
25	GROSS APPROPRIATION.....	\$	39,972,400
26	Appropriated from:		
27	Special revenue funds:		

1	Economic development fund.....	39,972,400
2	State general fund/general purpose..... \$	0
3	Sec. 114. BUREAU OF AERONAUTICS	
4	Full-time equated classified positions.....56.0	
5	Administration--56.0 FTE positions..... \$	5,918,900
6	Air service program.....	<u>600,000</u>
7	GROSS APPROPRIATION..... \$	6,518,900
8	Appropriated from:	
9	Special revenue funds:	
10	State aeronautics fund.....	6,518,900
11	State general fund/general purpose..... \$	0
12	Sec. 115. BUREAU OF URBAN AND PUBLIC	
13	TRANSPORTATION	
14	Full-time equated classified positions.....85.0	
15	Administration--85.0 FTE positions..... \$	<u>6,650,000</u>
16	GROSS APPROPRIATION..... \$	6,650,000
17	Appropriated from:	
18	Special revenue funds:	
19	Comprehensive transportation fund.....	4,952,600
20	Michigan transportation fund.....	1,697,400
21	State general fund/general purpose..... \$	0
22	Sec. 116. BUS TRANSIT DIVISION: STATUTORY	
23	OPERATING	
24	Local bus operating..... \$	161,700,000
25	Nonurban operating/capital.....	<u>10,900,000</u>
26	GROSS APPROPRIATION..... \$	172,600,000
27	Appropriated from:	

1	Federal revenues:	
2	DOT-federal transit act.....	10,700,000
3	Special revenue funds:	
4	Comprehensive transportation fund.....	161,700,000
5	Local funds.....	200,000
6	State general fund/general purpose..... \$	0
7	Sec. 117. INTERCITY PASSENGER AND FREIGHT	
8	Freight property management..... \$	1,500,000
9	Detroit/Wayne County port authority.....	500,000
10	Intercity bus equipment.....	3,000,000
11	Rail passenger service.....	11,300,000
12	Freight preservation and development.....	5,692,900
13	Rail infrastructure loan program.....	100,000
14	Intercity bus service development.....	2,950,000
15	Marine passenger service.....	800,000
16	Terminal development.....	<u>2,884,800</u>
17	GROSS APPROPRIATION..... \$	28,727,700
18	Appropriated from:	
19	Federal revenues:	
20	DOT-federal transit act.....	1,600,000
21	DOT-FRA, local rail service assistance.....	100,000
22	DOT-FRA, rail passenger/HSGT.....	3,000,000
23	Special revenue funds:	
24	Rail preservation fund.....	2,000,000
25	Intercity bus equipment fund.....	1,000,000
26	Comprehensive transportation fund.....	20,977,700
27	Local funds.....	50,000

1	State general fund/general purpose.....	\$	0
2	Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT		
3	Specialized services.....	\$	3,939,500
4	Municipal credit program.....		2,000,000
5	Bus capital.....		53,049,500
6	Ride sharing.....		330,700
7	Van pooling.....		195,000
8	Bus property management.....		50,000
9	Service development and new technology.....		1,550,000
10	Planning grants.....		80,000
11	Audit settlements.....		150,000
12	Regional service coordination.....		500,000
13	Work first initiative.....		<u>6,000,000</u>
14	GROSS APPROPRIATION.....	\$	67,844,700
15	Appropriated from:		
16	Federal revenues:		
17	DOT-federal transit act.....		40,300,000
18	Special revenue funds:		
19	Comprehensive transportation fund.....		26,994,700
20	Local funds.....		550,000
21	State general fund/general purpose.....	\$	0

22 PART 2

23 PROVISIONS CONCERNING APPROPRIATIONS

24 GENERAL SECTIONS

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

1 constitution of 1963, total state spending from state resources under
 2 part 1 for fiscal year 2003-2004 is \$2,165,322,000.00 and state
 3 spending from state resources to be paid to local units of government
 4 for fiscal year 2003-2004 is \$1,237,265,900.00. The itemized
 5 statement below identifies appropriations from which spending to units
 6 of local government will occur:

7 DEPARTMENT OF TRANSPORTATION

8	Local grant program.....	\$	33,000,000
9	Economic development fund.....		22,006,200
10	Grants to cities and villages.....		355,447,800
11	Grants to county road commissions.....		637,523,400
12	Critical bridge fund.....		5,750,000
13	Grants to regional planning councils.....		488,800
14	Local bus operating.....		161,700,000
15	Bus capital.....		13,699,500
16	Marine passenger service.....		800,000
17	Detroit/Wayne County port authority.....		500,000
18	Local ride sharing operating grants.....		330,700
19	Planning grants.....		80,000
20	Municipal credit program.....		2,000,000
21	Specialized services.....		<u>3,939,500</u>
22	Total payments to local units of government.....	\$	1,237,265,900

23 Sec. 202. The appropriations authorized under this act are
 24 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
 25 18.1594.

26 Sec. 203. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

13 Sec. 204. The department of civil service shall bill departments
14 and agencies at the end of the first fiscal quarter for the 1% charge
15 authorized by section 5 of article XI of the state constitution of
16 1963. Payments shall be made for the total amount of the billing by
17 the end of the second fiscal quarter.

18 Sec. 205. (1) A hiring freeze is imposed on the state classified
19 civil service. State departments and agencies are prohibited from
20 hiring any new state classified civil service employees and prohibited
21 from filling any vacant state classified civil service positions.
22 This hiring freeze does not apply to internal transfers of classified
23 employees from 1 position to another within a department.

24 (2) The state budget director shall grant exceptions to this
25 hiring freeze when the state budget director believes that the hiring
26 freeze will result in rendering a state department or agency unable to
27 deliver basic services, causes loss of revenue to the state, would

1 result in the inability of the state to receive federal funds, or
2 would necessitate additional expenditures that exceed any savings from
3 maintaining a vacancy. The state budget director shall report by the
4 thirtieth of each month to the chairpersons of the senate and house of
5 representatives standing committees on appropriations the number of
6 exceptions to the hiring freeze approved during the previous month and
7 the reasons to justify the exception.

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

22 Sec. 208. Unless otherwise specified, the department shall use
23 the Internet to fulfill the reporting requirements of this act. This
24 may include transmission of reports via electronic mail to the
25 recipients identified for each reporting requirement or it may include
26 placement of reports on an Internet or Intranet site. Quarterly, the
27 department shall provide to the senate and house appropriations

1 subcommittees, the state budget office, and the senate and house
2 fiscal agencies an electronic and paper copy listing of the reports
3 submitted during the most recent 3-month period along with the
4 Internet or Intranet site of each report, if any.

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

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

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

22 Sec. 259. From the funds appropriated in part 1 for information
23 technology, the department shall pay user fees to the department of
24 information technology for technology-related services and projects.
25 The user fees shall be subject to provisions of an interagency
26 agreement between the department and the department of information
27 technology.

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

8 **DEPARTMENTAL SECTIONS**

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

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

25 Sec. 303. On request, the department shall provide to a
26 legislator, in writing, a report on the amount of money to be received

1 by each city and village and the county road commission of each
2 county, that is included in whole or in part within the legislator's
3 legislative district.

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

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

16 Sec. 306. From the funds appropriated in part 1, the auditor
17 general shall conduct an audit of charges to transportation funds by
18 state departments. The auditor general shall prepare a detailed
19 report, with recommendations and conclusions, including a list of
20 services charged to transportation funds, the appropriateness of those
21 charges, and the cost allocation methodologies used in determining the
22 level of funding, and provide the report, upon request, to any member
23 of the senate and house of representatives and to the senate and house
24 fiscal agencies by March 1, 2004.

25 Sec. 307. Before February 1 of each year, the department will
26 provide to the legislature, the state budget office, and the house and
27 senate fiscal agencies its rolling 5-year plan listing by county or by

1 county road commission all highway construction projects for the
2 fiscal year and all expected projects for the ensuing fiscal years.

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

14 Sec. 309. The department shall continue its efforts to reduce
15 administrative costs and provide the maximum funding possible for
16 construction projects.

17 Sec. 310. The department shall provide in a timely manner copies
18 of the agenda and approved minutes of monthly transportation
19 commission meetings to the members of the house and senate
20 appropriations subcommittees on transportation, the house and senate
21 fiscal agencies, and the state budget director.

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

26 Sec. 312. At the close of the fiscal year ending September 30,
27 2004, any unencumbered and unexpended balance in the state trunkline

1 fund shall remain in the state trunkline fund and shall carry forward
2 and is appropriated for federal aid road and bridge programs for
3 projects contained in the annual state transportation program.

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

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

21 Sec. 314. The department shall provide a report prepared by the
22 department's internal auditor on the activities of the internal
23 auditor for the previous fiscal year. The report shall be due on May
24 1, 2004 and shall be submitted to the senate and house of
25 representatives appropriations committees, the senate and house fiscal
26 agencies, the director of the state budget office, and the auditor
27 general. This report shall include a list of all of the following:

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

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

5 (c) A listing of which audits, reviews, and investigations have
6 been completed and which audits, reviews, and investigations have had
7 reports of the results issued.

8 Sec. 319. The department shall post signs at each rest area to
9 identify the agency or contractor responsible for maintenance of the
10 rest area. The signs shall include a department telephone number and
11 shall indicate that unsafe or unclean conditions at the rest area may
12 be reported to that telephone number.

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

20 Sec. 352. (1) Each county road commission, or in the case of a
21 charter county with a population of 2,000,000 or more with an elected
22 county executive that does not have a board of county road
23 commissioners, the county executive, shall prepare, and present to the
24 department, a map illustrating the all-season county road network
25 under its jurisdiction. The county road commissions shall record this
26 information on an official county highway map provided to them by the
27 department. The department shall provide each county road commission

1 with 3 official copies of their county road highway map on or before
2 October 1, 2004.

3 (2) After compiling this information for all Michigan counties,
4 the department shall prepare a report on the current all-season road
5 network within the state. This report shall illustrate the current
6 all-season road network under state and county control, identify
7 contiguity gaps in this network, and suggest ways to improve
8 connectivity on the current all-season network. This report shall be
9 presented to the house and senate appropriations subcommittees on
10 transportation, the house and senate transportation policy committees,
11 and the house and senate fiscal agencies on or before October 1,
12 2005.

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

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

23 Sec. 361. (1) The bureau of multi-modal transportation services
24 shall prepare an annual management plan that defines and justifies its
25 program functions, its role in comprehensive transportation programs,
26 and the administrative costs of all full-time equated classified
27 positions in the bureau. On or before January 1, 2004, this plan

1 shall be submitted to the state transportation commission, the senate
2 and house appropriations subcommittees on transportation, and the
3 senate and house standing committees on transportation.

4 (2) Beginning October 1, 2003, the bureau of multi-modal
5 transportation services shall conduct its functions only under formal
6 program policies adopted by the state transportation commission and as
7 required by state and federal law.

8 Sec. 362. The department shall work with law enforcement
9 agencies to inform the motoring public of the duty imposed by section
10 653a of the Michigan vehicle code, 1949 PA 300, MCL 257.653a, to
11 exhibit due care and caution upon approaching and passing a stationary
12 authorized emergency vehicle. The information campaign shall include
13 signage, including signage erected at freeway rest areas.

14 Sec. 363. From the funds appropriated in part 1, sufficient
15 funds shall be granted to Michigan Technological University to
16 complete a study of the distribution and nature of log truck accidents
17 and the characteristics of log trucks and log loads. The study shall
18 consider alternative designs for log trucks and trailers, including
19 crib vehicles on which logs are loaded lengthwise. The findings of
20 this study shall be forwarded to the house and senate appropriations
21 committees, the house and senate fiscal agencies, and the state budget
22 director.

23 Sec. 364. From the funds appropriated in part 1, \$25,000.00
24 shall be appropriated to assist disabled and veterans groups in
25 identifying "full-service" service stations in Michigan that assist
26 persons with disabilities. Data developed from this effort shall be
27 made available to the public through the Michigan.gov website or

1 through links from the Michigan.gov website to other relevant
2 websites.

3 **FEDERAL**

4 Sec. 401. When the department receives authorization from the
5 federal government to commit transportation funds pursuant to federal
6 appropriations, it shall present to the senate and house of
7 representatives appropriations transportation subcommittees and the
8 senate and house fiscal agencies, the federal amounts and categories
9 authorized and the department's recommendation for distribution of
10 these funds. If a recommendation or recommendations are not
11 disapproved within 30 business days by either the senate or house of
12 representatives appropriations transportation subcommittee, then the
13 recommendation or recommendations shall be considered as approved. If
14 either the senate or house of representatives appropriations
15 transportation subcommittee disapproves the proposed distribution,
16 then the senate and house of representatives appropriations
17 transportation subcommittees and the department shall hold a joint
18 meeting on the issue to arrive at a final distribution. If no
19 agreement is reached between the parties, the department's
20 distribution shall stand.

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

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

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

3 (2) Federal aid excluded from the calculation of funding
4 allocated to programs administered by local jurisdictions in
5 subsection (1) includes, but is not limited to, congestion mitigation
6 and air quality funds, federal bridge funds, transportation
7 enhancement funds, funds distributed at the discretion of the United
8 States secretary of transportation, and congressionally designated
9 funds.

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

13 (4) Federal aid to highways allocated to local jurisdictions in
14 subsection (1) shall be distributed in a manner that produces a 25%
15 average allocation of applicable funds to programs for local
16 jurisdictions in each fiscal year through the fiscal year ending
17 September 30, 2005. The average allocation of applicable federal aid
18 to highway funds to programs for local jurisdictions shall be the
19 average of the amount distributed to local jurisdictions under
20 subsection (1) and similarly calculated distributions in each
21 succeeding fiscal year.

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

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

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

5 Sec. 404. It is the intent of the legislature that \$3,750,000.00
6 in federal high priority project funds designated in the
7 transportation equity act for the 21st century, Public Law 105-178,
8 112 Stat. 107, to improve I-94 in Kalamazoo County be expended by the
9 department for preliminary engineering and design work related to
10 rehabilitation and capacity improvements to I-94 between US-131 and
11 Sprinkle Road in Kalamazoo County.

12 Sec. 405. Twenty percent of all federal highway bridge
13 replacement and rehabilitation program funds are allocated to the
14 critical bridge fund for the purpose of repairing or replacing bridges
15 in the local off-system categories and local on-system categories.
16 These funds shall be excluded from calculation of funding allocated to
17 programs administered by local jurisdictions required in section 10o
18 of 1951 PA 51, MCL 247.660o.

19 **MICHIGAN TRANSPORTATION FUND**

20 Sec. 501. The money received under the motor carrier act, 1933
21 PA 254, MCL 475.1 to 479.43, and not appropriated to the department of
22 consumer and industry services or the department of state police is
23 deposited in the Michigan transportation fund.

24 Sec. 502. The department of treasury shall perform audits and
25 make investigations of the disposition of all state funds received by
26 county road commissions or county boards of commissioners, as

1 applicable, and cities and villages for transportation purposes to
2 determine compliance with the terms and conditions of 1951 PA 51,
3 MCL 247.651 to 247.675. County road commissions or county boards of
4 commissioners, as applicable, and cities and villages shall make
5 available to the department of treasury the pertinent records for the
6 audit.

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

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

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

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

24 Sec. 504. (1) Funds from the Michigan transportation fund (MTF)
25 shall be distributed to the comprehensive transportation fund (CTF),
26 the economic development fund (EDF), the recreational improvement fund
27 (RIF), and the state trunkline fund (STF), in accordance with this act

1 and part 711 of the natural resources and environmental protection
2 act, 1994 PA 451, MCL 324.71101 to 324.71108, and may only be used as
3 specified in this act, 1951 PA 51, MCL 247.651 to 247.675, and part
4 711 of the natural resources and environmental protection act, 1994
5 PA 451, MCL 324.71101 to 324.71108.

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

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

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

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

18 (3) Two months after publication of the state of Michigan
19 comprehensive annual financial report, each state agency receiving an
20 interdepartment and statutory contract from the department shall
21 submit a written report to the department, the state budget director,
22 and the house and senate fiscal agencies stating by spending
23 authorization account the amount of estimated funds contracted with
24 the department, the amount of funds expended, and the amount of funds
25 returned to the transportation funds. A copy of the report shall be
26 submitted to the auditor general and the report shall be subject to
27 audit by the auditor general.

1 Sec. 506. From the funds appropriated in part 1 for county road
2 commissions, no county road commission shall pay any fee to the state
3 department of natural resources to cut down and/or remove any tree or
4 vegetation on any county right-of-way property.

5 STATE TRUNKLINE FUND

6 Sec. 601. The department shall work with the road construction
7 industry and engineering consulting community to develop performance
8 and road construction warranties for construction contracts. The
9 development of warranties shall include warranties on materials,
10 workmanship, performance criteria, and design/build projects. The
11 department will report by September 30, 2004 to the house of
12 representatives and senate appropriations subcommittees on
13 transportation, the state budget office, and the house and senate
14 fiscal agencies on the status of efforts to develop performance and
15 road construction warranties.

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

26 Sec. 603. It is the intent of the legislature that the

1 department shall use traffic congestion as 1 of the criteria in
2 determining the priorities for designating which roads shall be
3 remediated in its 5-year road plan, which must be submitted on or
4 before February 1, 2004. Criteria for evaluating traffic congestion
5 shall include, but not be limited to, coordination with local, county,
6 and regional planning, improvement in traffic operations, improvement
7 in physical roadway conditions, accident reduction, and coordination
8 with area public transportation planning.

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

19 Sec. 608. From the amounts appropriated in part 1 for forest
20 roads from the transportation economic development fund in the fiscal
21 year ending September 30, 2004, \$40,000.00 shall be used for the
22 purpose of establishing 2 additional truck inspection stations. The
23 department shall work directly with representatives of the timber
24 industry to educate truck drivers on the use of the stations. The
25 department shall report on the status of this program.

26 Sec. 610. It is the intent of the legislature that the
27 department have as a priority the removal of dead deer and other large

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

6 Sec. 611. From the appropriations in part 1, the department
7 shall use high-quality pavement marking materials for all state
8 trunkline projects with a design life of 10 years or greater. The
9 department shall coordinate with material suppliers, equipment
10 manufacturers, and application contractors to ensure cost-effective
11 improvements in durability and retro-reflectivity. The department
12 shall identify pilot projects for demonstration of wet reflective
13 characteristics. The department shall submit a report to both the
14 house and senate appropriations committees and the house and senate
15 fiscal agencies by January 31, 2005, that provides a report on the wet
16 reflective pilot projects and the use of high-quality pavement marking
17 materials in coordination with material suppliers, equipment
18 manufacturers, and application contractors.

19 Sec. 612. The department shall establish guidelines governing
20 incentives and disincentives provided under contracts for state
21 trunkline projects. The guidelines shall include specific financial
22 information concerning incentives and disincentives. On or before
23 January 1, 2004, the department shall prepare a report for the
24 immediately preceding fiscal year regarding contract incentives and
25 disincentives. This report shall include a list, by project, of the
26 contractors that received contract incentives and/or disincentives,
27 the amount of the incentives and/or disincentives, and the number of

1 days that each project was completed either ahead or past the
2 contracted completion date. This report shall be provided to the
3 senate and house appropriations subcommittees on transportation, the
4 senate and house standing committees on transportation, and the senate
5 and house fiscal agencies.

6 Sec. 613. From the funds appropriated in part 1, the department
7 shall address the structural problems with the M-25 bridge in Hume
8 Township resulting from the Schram drain.

9 Sec. 614. From the funds appropriated in part 1, the department
10 shall conduct a feasibility study regarding the construction of a full
11 interchange between exits 212 and 215 on I-75 in Ogemaw County at
12 M-30. The study shall be completed and the findings communicated to
13 the senate and house of representatives appropriations subcommittees
14 on transportation and the senate and house fiscal agencies by February
15 1, 2004.

16 Sec. 615. From the funds appropriated in part 1, the department
17 shall proceed with the construction of a full interchange at the
18 intersection of Chandler road and I-69 in Clinton County. The
19 department shall develop design plans and award the construction
20 contract for this project during the fiscal year ending September 30,
21 2004.

22 Sec. 616. From the funds appropriated in part 1, the department
23 shall provide funding to the city of Cheboygan for the construction of
24 a bridge to replace the current bridge over the Cheboygan River at
25 Lincoln avenue in the city of Cheboygan.

26 Sec. 617. From the funds appropriated in part 1, the department
27 shall proceed with the construction of a full interchange at the

1 intersection of M-48 and I-75 in Chippewa County. The department
2 shall develop design plans and award the construction contract for
3 this project during the fiscal year ending September 30, 2004.

4 Sec. 618. From the funds appropriated in part 1, the department
5 shall install a traffic light at Vance road and M-37 in Grand Traverse
6 County.

7 Sec. 619. From the funds appropriated in part 1, the department
8 shall proceed with the construction of a full interchange on I-275 at
9 Warren road in Canton Township.

10 Sec. 620. From the funds appropriated in part 1, the department
11 shall install a traffic light at the intersection of M-37 and
12 Quarterline street in the city of Newaygo.

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

16 **COMPREHENSIVE TRANSPORTATION FUND**

17 Sec. 701. Money that is received by the state as a lease payment
18 for state-owned intercity bus equipment is not money to be deposited
19 in the comprehensive transportation fund under section 10b of 1951
20 PA 51, MCL 247.660b, but is money that is deposited in an intercity
21 bus equipment fund for appropriation for the purchase and repair of
22 intercity bus equipment. Proceeds received by the state from the sale
23 of intercity bus equipment are deposited in an intercity bus equipment
24 fund for appropriation for the purchase and repair of intercity bus
25 equipment. Security deposits from the lease of state-owned intercity
26 bus equipment not returned to the lessee of the equipment under terms

1 of the lease agreement are deposited in an intercity bus equipment
2 fund for appropriation for the repair of intercity bus equipment.

3 Sec. 702. Money that is received by the state as repayment for
4 loans made for rail or water freight capital projects, and as a result
5 of the sale of property or equipment used or projected to be used for
6 rail or water freight projects shall be deposited in the fund created
7 by section 17 of the state transportation preservation act of 1976,
8 1976 PA 295, MCL 474.67.

9 Sec. 703. After receiving notification from a railroad company
10 pursuant to section 8 of the state transportation preservation act of
11 1976, 1976 PA 295, MCL 474.58, the department shall immediately notify
12 the house of representatives and senate appropriations subcommittees
13 on transportation and the state budget office that the railroad
14 company has filed with the appropriate governmental agencies for
15 abandonment of a line.

16 Sec. 704. The department shall submit a report to both the house
17 and senate appropriations subcommittees on transportation and the
18 house and senate fiscal agencies by March 1 of each year outlining its
19 efforts to develop a high-speed rail program as well as efforts to
20 obtain funding for this purpose. The report shall include
21 recommendations on self-sustaining revenue sources to increase
22 awareness and include efforts to increase ridership.

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

27 Sec. 706. The Detroit/Wayne County port authority shall issue a

1 complete operations assessment and a financial disclosure statement.
2 The operations assessment shall include operational goals for the next
3 5 years and recommendations to improve land acquisition and
4 development efficiency. The report shall be completed and submitted
5 to the house of representatives and senate appropriations
6 subcommittees on transportation, the state budget office, and the
7 house and senate fiscal agencies by February 15, 2004.

8 Sec. 707. For the fiscal year ending September 30, 2004, each
9 eligible authority and each eligible governmental agency which
10 provides public transportation services in urbanized areas with a
11 Michigan population of less than or equal to 100,000 and nonurbanized
12 areas under section 5311 of title 49 of the United States Code,
13 49 U.S.C. 5311, shall receive a grant of up to 60% of its eligible
14 operating expenses. Each eligible authority and each eligible
15 government agency which provides public transportation services in
16 urbanized areas with a Michigan population of greater than 100,000
17 under section 5307 of title 49 of the United States Code,
18 49 U.S.C. 5307, shall receive a grant of up to 50% of its eligible
19 operating expenses.

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

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

26 Between St. Ignace and

27 Escanaba US-2

1	Between Escanaba and	
2	Duluth	US-2 through Ironwood to the
3		state line
4	Between Calumet and	
5	Escanaba	US-41
6	Between Escanaba and	
7	Milwaukee	US-41 through Menominee to the
8		state line
9	Between St. Ignace and	
10	Sault Ste. Marie	I-75
11	Between Detroit and	
12	Chicago	I-94 from Detroit to the state
13		line
14	Between Detroit and	
15	Muskegon	I-96
16	Between Grand Rapids,	
17	Holland, and Benton	
18	Harbor	I-196 to I-94
19	Between Muskegon and	
20	Grand Rapids	US-31, I-96
21	Between Detroit and Bay	
22	City	I-75
23	Between Bay City and	
24	Mount Pleasant	US-10, M-20
25	Between Jackson and	
26	Traverse City	US-127, US-27, I-75, Grayling,
27		Gaylord, M-72 to Traverse City

1	Between Jackson and	
2	Indianapolis	I-69, I-94 to the state line
3		through Albion, Marshall, and
4		Coldwater
5	Between Houghton Lake	
6	and Cadillac	M-55 and M-66
7	Between Detroit and	
8	Toledo	I-75 to the state line
9	Between the Indiana	
10	state line and	
11	Traverse City	US-31 and I-196
12	Between Detroit and Port	
13	Huron	I-375 and I-94
14	Between Toledo and Bay	
15	City	US-23, I-75, and I-675, I-75
16	Between Bay City and	
17	Chicago	I-75, Flint, I-69, I-94, Battle
18		Creek, I-94 to the state line
19	Between Flint and	
20	Lansing	I-69, M-21, Owosso, M-52, I-69
21	Between Bay City and	
22	St. Ignace	I-75, US-23
23	Between Grand Rapids and	
24	St. Ignace	US-131, Cadillac, M-115, Mesick,
25		M-37 to Traverse City, US-31,
26		Acme, M-72, Kalkaska, US-131,
27		Boyne Falls, M-75, Walloon

1 Lake, US-131, Petoskey, US-31,
2 I-75, St. Ignace

3 Between Kalamazoo and

4 Grand Rapids US-131

5 (2) Any changes to the essential corridor list in subsection (1)
6 shall be approved by the house and senate appropriations subcommittees
7 on transportation.

8 (3) No entity shall receive operating assistance for a scheduled
9 regular route service which is competing with another private or
10 public carrier over the same route.

11 Sec. 710. Whenever possible, the department shall work with the
12 local transit agencies to avoid establishing new routes that duplicate
13 existing routes served by intercity carriers when providing services
14 under regional transportation service programs. It is preferable that
15 private intercity carriers be provided an opportunity to bid by local
16 public transit agencies on services funded through the regional
17 transportation service program.

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

23 (2) Any state subsidy for rail passenger service between Grand
24 Rapids and Chicago and between Port Huron and Chicago shall be limited
25 to the direct operating costs of rail passenger service between Grand
26 Rapids and Chicago and between Port Huron and Chicago. Direct
27 operating costs shall include the costs that are needed to provide

1 staffing for passenger service kiosks at Port Huron, Flint, and East
2 Lansing stations. Direct operating costs shall also include
3 \$100,000.00 for marketing efforts, as further described in subsection
4 (4), related to the Port Huron to Chicago service route. Any state
5 funding provided under this section shall not exceed \$7,100,000.00.

6 (3) The rail carrier shall, as a condition to receiving a state
7 operating subsidy, establish a system to monitor, collect, and resolve
8 customer complaints and shall make the information available to the
9 department, the house and senate appropriations subcommittees on
10 transportation, and the house and senate fiscal agencies.

11 (4) The department shall work with the rail carrier, Travel
12 Michigan, local communities, including local chambers of commerce, and
13 the federal government to increase marketing efforts to promote
14 awareness of rail passenger service, to increase ridership, to reduce
15 operating subsidies in conjunction with the federal phaseout of
16 operating subsidies, to maximize the revenue of the rail passenger
17 lines in Michigan, and to improve on-time performance.

18 (5) The department shall submit a report to both the house and
19 senate appropriations committees and the house and senate fiscal
20 agencies by January 1, 2004 that provides a 5-year history on
21 services, ridership, and subsidies.

22 (6) Future state support for the service between Grand Rapids and
23 Chicago and Port Huron and Chicago is dependent on the department's
24 ability to provide a plan and a contract for services that increase
25 ridership and revenue, reduce operating costs, and improve on-time
26 performance. The department shall include a section in the report
27 required in subsection (5) detailing efforts to reduce the dependence

1 on state operating subsidies and projected operating expenses for the
2 next 2 years, and recommending service alternatives, for the Grand
3 Rapids to Chicago service and the Port Huron to Chicago service.

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

10 Sec. 714. The department, in cooperation with local transit
11 agencies, shall work to ensure that demand-response services are
12 provided throughout Michigan. The department shall continue to work
13 with local units of government to address the unmet transit needs in
14 Michigan.

15 Sec. 715. (1) On or before January 27, 2004, the department,
16 together with the house and senate fiscal agencies and the department
17 of management and budget, shall estimate the unreserved and
18 unencumbered closing balance of the comprehensive transportation fund
19 (CTF) for the fiscal year ending September 30, 2003. The estimate
20 shall consider lapsed appropriations from the CTF and revised
21 estimates of state restricted transportation revenue.

22 (2) On or before February 3, 2004, the department shall request a
23 legislative transfer in accordance with section 393 of the management
24 and budget act, 1984 PA 431, MCL 18.1393, to appropriate any estimated
25 unreserved and unencumbered CTF fund balance in excess of
26 \$1,000,000.00. The appropriations included in the transfer request
27 shall be in accordance with the statutory requirements of 1951 PA 51,

1 MCL 247.651 to 247.675, with priority given to local bus operating
2 grants. At the same time the department makes its transfer request,
3 the department shall submit copies of the transfer request to the
4 house of representatives and senate appropriations subcommittees on
5 transportation and the house and senate fiscal agencies.

6 Sec. 719. The department may provide advances to local road
7 authorities from the rail grade crossing account pursuant to section
8 11(1)(g) of 1951 PA 51, MCL 247.661, for the construction of grade
9 separations. Money that is received by the state as a repayment of
10 the advance, including interest on the advance, shall be returned to
11 the rail grade crossing account and be available for the local grade
12 crossing program for advances for the construction of grade
13 separations pursuant to section 11(1)(g) of 1951 PA 51, MCL 247.661.

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

Senate Bill No. 265 (H-2) as amended July 17, 2003

1 grants. Lapsed funds under this section shall remain in the CTF.

2 Sec. 722. From the funds appropriated in part 1 for the work
3 first initiative from the CTF, sufficient funds shall be used as a
4 match for job access reverse commute grants for local transit
5 agencies.

6 Sec. 727. From the appropriation in part 1 for local bus
7 operating grants, the regional transit coordinating council created
8 under section 4a of the metropolitan transportation authorities act of
9 1967, 1967 PA 204, MCL 124.404a, or its successor agency, shall
10 receive no more than the amount received in the fiscal year ending
11 September 30, 2003, pursuant to 2002 PA 561.

12 Sec. 728. (1) The department shall work with public agencies and
13 private companies to facilitate the development of multi-modal
14 transportation systems involving the use of magnetic levitation rail
15 systems and solar-powered hydrogen production and hydrogen fuel cell
16 technology. From the funds appropriated in part 1 from the
17 comprehensive transportation fund, notwithstanding section 359, the
18 department may provide funding for research and development,
19 including, but not limited to, preliminary engineering, of alternative
20 rail passenger services along alternative active or inactive
21 rights-of-way for purposes described in this section.

22 (2) For the purposes of this section, the department may enter
23 into an agreement with a public entity or private company. The public
24 entity or private company may provide information to the department.

25 [Sec. 729. (1) From the comprehensive transportation funds
26 appropriated in part 1, no more than \$200,000.00 shall be expended by the
27 department to match federal funds made available to the Detroit area

Senate Bill No. 265 (H-2) as amended July 17, 2003

1 regional transportation authority. The state funds authorized under this
2 subsection are only available for expenditure to the extent that they are
3 matched equally by local sources of revenue within the Detroit regional
4 transportation authority.

5 (2) From the comprehensive transportation funds appropriated in part
6 1, no funds shall be expended toward implementation of an initial
7 comprehensive regional public transportation plan for the Detroit area
8 regional transportation authority until 45 days after the plan has been
9 presented to the senate, the house of representatives, the state budget
department, and the department.]

10 Sec. 730. The state funds appropriated in part 1 for intercity
11 bus service development may be used to address increased security of
12 intercity bus carriers.

13 Sec. 731. Funds appropriated in part 1 shall not be used for any
14 expansion of an intermodal rail freight facility in southwest Detroit,
15 outside of existing railroad property, prior to the completion of an
16 environmental impact statement.

17 Sec. 732. (1) Eligible governmental agencies as defined in
18 section 10c of 1951 PA 51, MCL 247.660c, that receive operating or
19 capital grants from part 1 of this act, for public transportation
20 services provided by water vehicle, shall not charge fares to school
21 buses. School buses means school buses as defined in section 7 of the
22 pupil transportation act, 1990 PA 187, MCL 257.1807.

23 (2) The department shall reimburse eligible governmental agencies
24 from the comprehensive transportation fund sufficient revenue to
25 offset farebox revenue not collected from school buses as a result of
26 this section, as documented in agency records. In addition to
27 comprehensive transportation funds appropriated in part 1, there is

1 appropriated from the comprehensive transportation fund sufficient
2 revenue to make the reimbursement required by this subsection.

3 Sec. 733. From the funds appropriated in part 1 from the
4 comprehensive transportation fund, the department shall conduct a
5 study of statewide maritime development and investments, including
6 port development and promotion and marketing of passenger and freight
7 service on the Great Lakes. The study shall include an analysis of
8 the activities of port authorities in this state, including an
9 analysis of the costs and benefits associated with the creation of a
10 state port authority. The study shall be completed by April 1, 2004,
11 and study findings shall be forwarded to the house and senate
12 appropriations committees, the house and senate fiscal agencies, and
13 the state budget director.

14 **AERONAUTICS FUND**

15 Sec. 801. At the close of the fiscal year ending September 30,
16 2004, any unobligated and unexpended balance in the state aeronautics
17 fund created in the aeronautics code of the state of Michigan, 1945
18 PA 327, MCL 259.1 to 259.208, shall lapse to the state aeronautics
19 fund and be appropriated by the legislature in the immediately
20 succeeding fiscal year.

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