

**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.....	2,998.0	
7	GROSS APPROPRIATION.....	\$	3,155,996,400
8	Interdepartmental grant revenues:		
9	Total interdepartmental grants and intradepartmental		
10	transfers.....		0
11	ADJUSTED GROSS APPROPRIATION.....	\$	3,155,996,400
12	Federal revenues:		
13	DOT, federal transit act.....		52,600,000
14	DOT-FHWA, highway research, planning, and		
15	construction.....		909,555,100
16	DOT-FRA, local rail service assistance.....		100,000
17	DOT-FRA, rail passenger/HSGT.....		3,000,000
18	Total federal revenues.....		965,255,100
19	Special revenue funds:		
20	Local funds.....		5,800,000
21	Total local revenues.....		5,800,000
22	Total private revenues.....		0
23	Blue Water Bridge fund.....		15,813,000
24	Comprehensive transportation fund.....		226,709,300
25	Economic development fund.....		57,275,000
26	Intercity bus equipment fund.....		1,000,000
27	Michigan transportation fund.....		1,123,458,200

1	Rail preservation fund.....	2,000,000
2	State aeronautics fund.....	12,777,000
3	State trunkline fund.....	745,908,800
4	Total other state restricted revenues.....	2,184,941,300
5	State general fund/general purpose..... \$	0
6	Sec. 102. DEBT SERVICE	
7	State trunkline..... \$	79,246,800
8	Economic development.....	16,804,800
9	Critical bridge.....	3,000,000
10	Blue Water Bridge.....	2,503,600
11	Airport safety and protection plan.....	5,000,000
12	Comprehensive transportation.....	<u>28,720,500</u>
13	GROSS APPROPRIATION..... \$	135,275,700
14	Appropriated from:	
15	Federal revenues:	
16	DOT-FHWA, highway research, planning, and	
17	construction.....	24,000,000
18	Special revenue funds:	
19	Blue Water Bridge fund.....	2,503,600
20	Comprehensive transportation fund.....	28,720,500
21	Economic development fund.....	16,804,800
22	Michigan transportation fund.....	3,000,000
23	State aeronautics fund.....	5,000,000
24	State trunkline fund.....	55,246,800
25	State general fund/general purpose..... \$	0
26	Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS	
27	MTF grant to department of environmental quality.... \$	884,800

Senate Bill No. 265 as amended May 8, 2003

1	MTF grant to department of state for collection of	
2	revenue and fees.....	69,856,000
3	MTF grant to department of state for commemorative	
4	and speciality plates.....	4,069,300
5	MTF grant to department of treasury.....	6,700,000
6	MTF grant to legislative auditor general.....	181,100
7	STF grant to department of attorney general.....	2,566,200
8	STF grant to department of civil service.....	2,000,000
9	STF grant to department of history, arts, and	
10	libraries.....	128,100
11	<<	>>
12	STF grant to department of state police.....	6,853,300
13	<<	>>
14	STF grant to legislative auditor general.....	371,100
15	SAF grant to department of attorney general.....	125,400
16	SAF grant to department of civil service.....	50,000
17	SAF grant to department of history, arts, and	
18	libraries.....	3,500
19	SAF grant to department of management and budget....	39,400
20	SAF grant to department of treasury.....	62,600
21	SAF grant to legislative auditor general.....	16,600
22	CTF grant to attorney general.....	131,500
23	CTF grant to department of civil service.....	90,000
24	CTF grant to department of history, arts, and	
25	libraries.....	5,900
26	CTF grant to department of management and budget....	65,800
27	CTF grant to department of treasury.....	5,300

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1	CTF grant to legislative auditor general.....		<u>47,400</u>
2	GROSS APPROPRIATION.....	\$	<<94,253,300>>
3	Appropriated from:		
4	Special revenue funds:		
5	Comprehensive transportation fund.....		345,900
6	Michigan transportation fund.....		81,691,200
7	State aeronautics fund.....		297,500
8	State trunkline fund.....		<<11,918,700>>
9	State general fund/general purpose.....	\$	0
10	Sec. 104. EXECUTIVE DIRECTION		
11	Full-time equated unclassified positions.....	6.0	
12	Full-time equated classified positions.....	31.0	
13	Unclassified salaries.....	\$	371,000
14	Director.....		124,000
15	Asset management council.....		1,626,400
16	Commission audit--31.0 FTE positions.....		<u>2,800,000</u>
17	GROSS APPROPRIATION.....	\$	4,921,400
18	Appropriated from:		
19	Special revenue funds:		
20	State trunkline fund.....		3,295,000
21	Michigan transportation fund.....		1,626,400
22	State general fund/general purpose.....	\$	0
23	Sec. 105. ADMINISTRATIVE SERVICES		
24	Full-time equated classified positions.....	67.0	
25	Administration--28.0 FTE positions.....	\$	2,950,000
26	Property management.....		6,921,500
27	Human resources--30.0 FTE positions.....		2,425,000

1	Economic development administration--9.0 FTE	
2	positions.....	759,500
3	Worker's compensation.....	<u>3,136,000</u>
4	GROSS APPROPRIATION..... \$	16,192,000
5	Appropriated from:	
6	Special revenue funds:	
7	Comprehensive transportation fund.....	1,382,900
8	Economic development fund.....	500,700
9	Michigan transportation fund.....	81,500
10	State aeronautics fund.....	630,400
11	State trunkline fund.....	13,596,500
12	State general fund/general purpose..... \$	0
13	Sec. 106. INFORMATION TECHNOLOGY	
14	Information technology services and projects..... \$	<u>26,135,800</u>
15	GROSS APPROPRIATION..... \$	26,135,800
16	Appropriated from:	
17	Federal revenues:	
18	DOT-FHWA, highway research, planning, and	
19	construction.....	555,100
20	Special revenue funds:	
21	Blue Water Bridge fund.....	43,900
22	Comprehensive transportation fund.....	240,900
23	Economic development fund.....	37,100
24	Michigan transportation fund.....	35,200
25	State aeronautics fund.....	134,500
26	State trunkline fund.....	25,089,100
27	State general fund/general purpose..... \$	0

1	Sec. 107. BUREAU OF FINANCE AND ADMINISTRATION		
2	Full-time equated classified positions.....	238.0	
3	Administration--238.0 FTE positions.....	\$	<u>19,900,000</u>
4	GROSS APPROPRIATION.....	\$	19,900,000
5	Appropriated from:		
6	Special revenue funds:		
7	Michigan transportation fund.....		1,127,500
8	State trunkline fund.....		18,772,500
9	State general fund/general purpose.....	\$	0
10	Sec. 108. BUREAU OF TRANSPORTATION PLANNING		
11	Full-time equated classified positions.....	166.0	
12	Administration--166.0 FTE positions.....	\$	23,000,000
13	Grants to regional planning councils.....		<u>488,800</u>
14	GROSS APPROPRIATION.....	\$	23,488,800
15	Appropriated from:		
16	Federal revenues:		
17	DOT-FHWA, highway research, planning, and		
18	construction.....		16,000,000
19	Special revenue funds:		
20	State aeronautics fund.....		195,700
21	Comprehensive transportation fund.....		1,033,300
22	Michigan transportation fund.....		5,233,800
23	State trunkline fund.....		1,026,000
24	State general fund/general purpose.....	\$	0
25	Sec. 109. BUREAU OF HIGHWAYS		
26	Full-time equated classified positions.....	1,635.4	
27	Engineering operations--924.4 FTE positions.....	\$	39,757,100

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1	Maintenance operations--77.0 FTE positions.....	6,928,300
2	Program services--634.0 FTE positions.....	<u>29,998,000</u>
3	GROSS APPROPRIATION..... \$	76,683,400
4	Appropriated from:	
5	Federal revenues:	
6	DOT-FHWA, highway research, planning, and	
7	construction.....	5,000,000
8	Special revenue funds:	
9	Michigan transportation fund.....	3,901,700
10	State trunkline fund.....	67,781,700
11	State general fund/general purpose..... \$	0
12	Sec. 110. HIGHWAY MAINTENANCE	
13	Full-time equated classified positions.....692.6	
14	State trunkline operations--692.6 FTE positions..... \$	98,681,500
15	Contract operations.....	<u>135,347,100</u>
16	GROSS APPROPRIATION..... \$	234,028,600
17	Appropriated from:	
18	Special revenue funds:	
19	State trunkline fund.....	234,028,600
20	State general fund/general purpose..... \$	0
21	Sec. 111. ROAD AND BRIDGE PROGRAMS	
22	State trunkline federal aid and road and bridge	
23	construction..... \$	<<959,903,900>>
24	Local federal aid and road and bridge construction..	226,500,000
25	Grants to local programs.....	33,000,000
26	Rail grade crossing.....	3,000,000
27	Critical bridge fund.....	5,750,000

Senate Bill No. 265 as amended May 8, 2003

1	County road commissions.....	631,804,300
2	Cities and villages.....	<u>352,259,200</u>
3	GROSS APPROPRIATION.....	\$<<2,212,217,400>>
4	Appropriated from:	
5	Federal revenues:	
6	DOT-FHWA, highway research, planning, and	
7	construction.....	864,000,000
8	Special revenue funds:	
9	Local funds.....	5,000,000
10	Blue Water Bridge fund.....	3,000,000
11	Michigan transportation fund.....	1,025,063,500
12	State trunkline fund.....	<<315,153,900>>
13	State general fund/general purpose.....	\$ 0
14	Sec. 112. BLUE WATER BRIDGE	
15	Full-time equated classified positions.....	33.0
16	Blue Water Bridge operations--33.0 FTE positions....	\$ <u>10,265,500</u>
17	GROSS APPROPRIATION.....	\$ 10,265,500
18	Appropriated from:	
19	Special revenue funds:	
20	Blue Water Bridge fund.....	10,265,500
21	State general fund/general purpose.....	\$ 0
22	Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT	
23	FUND	
24	Forest roads.....	\$ 5,000,000
25	Rural county urban system.....	2,500,000
26	Target industries/economic redevelopment.....	17,966,200
27	Urban county congestion.....	7,233,100

1	Rural county primary.....		<u>7,233,100</u>
2	GROSS APPROPRIATION.....	\$	39,932,400
3	Appropriated from:		
4	Special revenue funds:		
5	Economic development fund.....		39,932,400
6	State general fund/general purpose.....	\$	0
7	Sec. 114. BUREAU OF AERONAUTICS		
8	Full-time equated classified positions.....	53.0	
9	Administration--53.0 FTE positions.....	\$	5,918,900
10	Air service program.....		<u>600,000</u>
11	GROSS APPROPRIATION.....	\$	6,518,900
12	Appropriated from:		
13	Special revenue funds:		
14	State aeronautics fund.....		6,518,900
15	State general fund/general purpose.....	\$	0
16	Sec. 115. BUREAU OF URBAN AND PUBLIC		
17	TRANSPORTATION		
18	Full-time equated classified positions.....	82.0	
19	Administration--82.0 FTE positions.....	\$	<u>6,650,000</u>
20	GROSS APPROPRIATION.....	\$	6,650,000
21	Appropriated from:		
22	Special revenue funds:		
23	Comprehensive transportation fund.....		4,952,600
24	Michigan transportation fund.....		1,697,400
25	State general fund/general purpose.....	\$	0
26	Sec. 116. BUS TRANSIT DIVISION: STATUTORY		
27	OPERATING		

1	Local bus operating.....	\$	150,000,000
2	Nonurban operating/capital.....		<u>10,900,000</u>
3	GROSS APPROPRIATION.....	\$	160,900,000
4	Appropriated from:		
5	Federal revenues:		
6	DOT, federal transit act.....		10,700,000
7	Special revenue funds:		
8	Local funds.....		200,000
9	Comprehensive transportation fund.....		150,000,000
10	State general fund/general purpose.....	\$	0
11	Sec. 117. INTERCITY PASSENGER AND FREIGHT		
12	Freight property management.....	\$	1,500,000
13	Detroit/Wayne County port authority.....		500,000
14	Intercity bus equipment.....		3,000,000
15	Rail passenger service.....		11,300,000
16	Freight preservation and development.....		5,303,500
17	Rail infrastructure loan program.....		100,000
18	Intercity bus service development.....		2,950,000
19	Marine passenger services.....		400,000
20	Terminal development.....		<u>2,884,800</u>
21	GROSS APPROPRIATION.....	\$	27,938,300
22	Appropriated from:		
23	Federal revenues:		
24	DOT, federal transit act.....		1,600,000
25	DOT-FRA, local rail service assistance.....		100,000
26	DOT-FRA, rail passenger/HSGT.....		3,000,000
27	Special revenue funds:		

1	Local funds.....	50,000
2	Rail preservation fund.....	2,000,000
3	Intercity bus equipment fund.....	1,000,000
4	Comprehensive transportation fund.....	20,188,300
5	State general fund/general purpose..... \$	0
6	Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT	
7	Specialized services..... \$	3,600,000
8	Municipal credit program.....	2,000,000
9	Bus capital.....	49,544,900
10	Bus property management.....	50,000
11	Service development and new technology.....	1,350,000
12	Audit settlements.....	150,000
13	Work first initiative.....	<u>4,000,000</u>
14	GROSS APPROPRIATION..... \$	60,694,900
15	Appropriated from:	
16	Federal revenues:	
17	DOT, federal transit act.....	40,300,000
18	Special revenue funds:	
19	Local funds.....	550,000
20	Comprehensive transportation fund.....	19,844,900
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 \$2,184,941,300.00 and state
 3 spending from state resources to be paid to local units of government
 4 for fiscal year 2003-2004 is \$1,224,196,500.00. 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	Grants to cities and villages.....		352,259,200
10	Grants to county road commissions.....		631,804,300
11	Critical bridge fund.....		5,750,000
12	Grants to regional planning councils.....		488,800
13	Local bus operating.....		150,000,000
14	Bus capital.....		10,194,900
15	Marine passenger service.....		400,000
16	Rural county urban system.....		2,500,000
17	Target industries/economic redevelopment.....		12,233,100
18	Urban county congestion.....		7,233,100
19	Rural county primary.....		7,233,100
20	Detroit/Wayne County port authority.....		500,000
21	Municipal credit program.....		2,000,000
22	Specialized services.....		<u>3,600,000</u>
23	Total payments to local units of government.....	\$	1,224,196,500

24 Sec. 202. The appropriations authorized under this act are
 25 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to
 26 18.1594.

27 Sec. 203. As used in this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (2) The state budget director shall grant exceptions to this
26 hiring freeze when the state budget director believes that the hiring
27 freeze will result in rendering a state department or agency unable to

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

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

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

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

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

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

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

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

1 technology.

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

9 **DEPARTMENTAL SECTIONS**

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

17 (2) A bridge authority shall hold 3 public hearings on a change in
18 any toll charged by the authority at least 30 days before the toll
19 change will become effective. Two of the hearings shall be held
20 within 5 miles of the bridge over which the bridge authority has
21 jurisdiction. One hearing shall be held in Lansing.

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

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

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

13 Sec. 306. The auditor general shall conduct an audit of charges
14 to the Michigan transportation fund by state departments for the 2
15 preceding fiscal years, with the first audit covering the fiscal years
16 ending September 30, 2003 and September 30, 2004. The auditor general
17 shall prepare a detailed report, with recommendations and conclusions,
18 including a list of services charged to the Michigan transportation
19 fund, the appropriateness of those charges, and the cost allocation
20 methodologies used in determining the level of funding, and any
21 unreimbursed costs, and provide the report, upon request, to any
22 member of the senate and house of representatives, the senate and
23 house fiscal agencies, and the state budget director 6 months after
24 publication of the state of Michigan comprehensive annual financial
25 report.

26 Sec. 307. Before February 1 of each year, the department will
27 provide to the legislature, the state budget office, and the house and

1 senate fiscal agencies its rolling 5-year plan listing by county or by
2 county road commission all highway construction projects for the
3 fiscal year and all expected projects for the ensuing fiscal years.

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

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

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

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

27 Sec. 312. At the close of the fiscal year ending September 30,

1 2004, any unencumbered and unexpended balance in the state trunkline
2 fund shall remain in the state trunkline fund and shall carry forward
3 and is appropriated for federal aid road and bridge programs for
4 projects contained in the annual state transportation program.

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

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

22 Sec. 314. The department shall provide a report prepared by the
23 department's internal auditor on the activities of the internal
24 auditor for the prior fiscal year. This report shall include a
25 listing of each audit or investigation performed by the internal
26 auditor pursuant to sections 486(4) and 487 of the management and
27 budget act, 1984 PA 431, MCL 18.1486 and 18.1487. The report shall

1 identify the proportion of time spent on each of the statutory
2 responsibilities listed in sections 485(4), 486(4), and 487 of the
3 management and budget act, 1984 PA 431, MCL 18.1485, 18.1486, and
4 18.1487, and the time spent on all other activities performed in the
5 internal audit function. The report shall be due biennially beginning
6 on May 1, 2001 and shall be submitted to the governor, auditor
7 general, the senate and house of representatives appropriations
8 committees, the senate and house fiscal agencies, and the director.

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

16 Sec. 352. (1) Each county road commission, or in the case of a
17 charter county with a population of 2,000,000 or more with an elected
18 county executive that does not have a board of county road
19 commissioners, the county executive, shall prepare, and present to the
20 department, a map illustrating the all-season county road network
21 under its jurisdiction. The county road commissions shall record this
22 information on an official county highway map provided to them by the
23 department. The department shall provide each county road commission
24 with 3 official copies of their county road highway map on or before
25 October 1, 2004.

26 (2) After compiling this information for all Michigan counties,
27 the department shall prepare a report on the current all-season road

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1 network within the state. This report shall illustrate the current
2 all-season road network under state and county control, identify
3 contiguity gaps in this network, and suggest ways to improve
4 connectivity on the current all-season network. This report shall be
5 presented to the house and senate appropriations subcommittees on
6 transportation, the house and senate transportation policy committees,
7 and the house and senate fiscal agencies on or before October 1,
8 2005.

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

14 Sec. 358. It is the intent of the legislature that the
15 department director's salary shall be reduced when a report deadline
16 established under this act is not met. The appropriation in part 1
17 for the director's salary shall be reduced in direct proportion to the
18 number of days that a report required under this act is late.

19 Sec. 359. No funds appropriated in part 1 to the bureau of
20 multi-modal transportation services or the bureau of planning shall be
21 used for personal services contracts.

22 Sec. 360. No state funds appropriated in part 1 shall be
23 expended by the bureau of planning for any positions that engage in
24 planning activities associated with local public transit agencies.

<<This does not prohibit the bureau of multi-modal transportation
services from engaging in planning activities.>>

25 Sec. 361. (1) The bureau of multi-modal transportation services
26 shall prepare an annual management plan that defines and justifies its
27 program functions, its role in comprehensive transportation programs,

1 and the administrative costs of all full-time equated classified
2 positions in the bureau. On or before January 1, 2004, this plan
3 shall be submitted to the state transportation commission, the senate
4 and house appropriations subcommittees on transportation, and the
5 senate and house standing committees on transportation.

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

10 (3) Beginning October 1, 2003, the bureau of multi-modal
11 transportation services shall not use any funds appropriated in part 1
12 to fund any full-time equated classified positions not authorized
13 under this act.

14 **FEDERAL**

15 Sec. 401. When the department receives authorization from the
16 federal government to commit transportation funds pursuant to federal
17 appropriations, it shall present to the senate and house of
18 representatives appropriations transportation subcommittees and the
19 senate and house fiscal agencies, the federal amounts and categories
20 authorized and the department's recommendation for distribution of
21 these funds. If a recommendation or recommendations are not
22 disapproved within 30 business days by either the senate or house of
23 representatives appropriations transportation subcommittee, then the
24 recommendation or recommendations shall be considered as approved. If
25 either the senate or house of representatives appropriations
26 transportation subcommittee disapproves the proposed distribution,

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

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

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

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

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

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

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

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

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

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

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

16 Sec. 404. It is the intent of the legislature that \$3,750,000.00
17 in federal high priority project funds designated in the
18 transportation equity act for the 21st century, Public Law 105-178,
19 112 Stat. 107, to improve I-94 in Kalamazoo County be expended by the
20 department for preliminary engineering and design work related to
21 rehabilitation and capacity improvements to I-94 between US-131 and
22 Sprinkle Road in Kalamazoo County.

23 MICHIGAN TRANSPORTATION FUND

24 Sec. 501. The money received under the motor carrier act, 1933
25 PA 254, MCL 475.1 to 479.43, and not appropriated to the department of
26 consumer and industry services or the department of state police is

1 deposited in the Michigan transportation fund.

2 Sec. 502. The department of treasury shall perform audits and
3 make investigations of the disposition of all state funds received by
4 county road commissions or county boards of commissioners, as
5 applicable, and cities and villages for transportation purposes to
6 determine compliance with the terms and conditions of 1951 PA 51,
7 MCL 247.651 to 247.675. County road commissions or county boards of
8 commissioners, as applicable, and cities and villages shall make
9 available to the department of treasury the pertinent records for the
10 audit.

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

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

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

25 (4) None of the funds statutorily dedicated to the transportation
26 economic development fund and critical bridge fund shall be diverted
27 to other projects.

1 Sec. 504. (1) Funds from the Michigan transportation fund (MTF)
2 shall be distributed to the comprehensive transportation fund (CTF),
3 the economic development fund (EDF), the recreational improvement fund
4 (RIF), and the state trunkline fund (STF), in accordance with this act
5 and part 711 of the natural resources and environmental protection
6 act, 1994 PA 451, MCL 324.71101 to 324.71108, and may only be used as
7 specified in this act, 1951 PA 51, MCL 247.651 to 247.675, and part
8 711 of the natural resources and environmental protection act, 1994
9 PA 451, MCL 324.71101 to 324.71108.

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

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

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

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

22 (3) Two months after publication of the state of Michigan
23 comprehensive annual financial report, each state agency receiving an
24 interdepartment and statutory contract from the department shall
25 submit a written report to the department, the state budget director,
26 and the house and senate fiscal agencies stating by spending
27 authorization account the amount of estimated funds contracted with

1 the department, the amount of funds expended, and the amount of funds
2 returned to the transportation funds. A copy of the report shall be
3 submitted to the auditor general and the report shall be subject to
4 audit by the auditor general.

5 Sec. 505. (1) Of the amount appropriated in part 1 from the
6 Michigan transportation fund to the department of state, \$186,600.00
7 represents the additional cost of issuing specialized license plates
8 for veterans and national guard members, as included in sections 803i,
9 803j, 803k, and 803l of the Michigan vehicle code, 1949 PA 300,
10 MCL 257.803i, 257.803j, 257.803k, and 257.803l, and \$187,600.00
11 represents the additional cost of issuing generic license plates for
12 nonprofit fraternal or public service organizations, as included in
13 section 803m of the Michigan vehicle code, 1949 PA 300, MCL 257.803m.

14 (2) In addition, commemorative and specialty license plate fee
15 revenue collected by the department of state and deposited into the
16 Michigan transportation fund is authorized for expenditure by the
17 department of state up to the amount of revenue collected, but not to
18 exceed \$2,147,300.00 for commemorative plates and \$1,922,000.00 for
19 specialty plates. These amounts are appropriated to the department of
20 state in part 1 to administer the commemorative and specialty license
21 plate programs pursuant to section 225 of the Michigan vehicle code,
22 1949 PA 300, MCL 257.225.

23 (3) The department of state shall prepare an annual report on the
24 number of, and the additional costs associated with, these license
25 plate programs to the department, the state budget director, the house
26 and senate fiscal agencies, and the chairpersons of the house of
27 representatives and senate appropriations subcommittees on

1 transportation.

2 (4) Any unspent funds based on these annual reports shall lapse to
3 the Michigan transportation fund and be distributed in accordance with
4 1951 PA 51, MCL 247.651 to 247.675.

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

9 Sec. 507. It is the intent of the legislature to reduce the
10 level of funding for grants from state-restricted transportation funds
11 to other state departments. The department, with input from other
12 state departments that receive grants from state-restricted
13 transportation funds, shall recommend alternative funding methods for
14 services provided by other state departments, other than
15 interdepartmental grants from state-restricted transportation funds.
16 The department shall report its recommendations to the house and
17 senate appropriations subcommittees on transportation and to the house
18 and senate fiscal agencies by February 1, 2004.

19 **STATE TRUNKLINE FUND**

20 Sec. 601. The department shall work with the road construction
21 industry and engineering consulting community to develop performance
22 and road construction warranties for construction contracts. The
23 development of warranties shall include warranties on materials,
24 workmanship, performance criteria, and design/build projects. The
25 department will report by September 30, 2004 to the house of
26 representatives and senate appropriations subcommittees on
27 transportation, the state budget office, and the house and senate

1 fiscal agencies on the status of efforts to develop performance and
2 road construction warranties.

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

13 Sec. 603. It is the intent of the legislature that the
14 department shall use traffic congestion as 1 of the criteria in
15 determining the priorities for designating which roads shall be
16 remediated in its 5-year road plan, which must be submitted on or
17 before February 1, 2004. Criteria for evaluating traffic congestion
18 shall include, but not be limited to, coordination with local, county,
19 and regional planning, improvement in traffic operations, improvement
20 in physical roadway conditions, accident reduction, and coordination
21 with area public transportation planning.

22 Sec. 610. It is the intent of the legislature that the
23 department have as a priority the removal of dead deer and other large
24 animal remains from the traveled portion and shoulder of state
25 highways. The department, and counties that perform state highway
26 maintenance under contract, shall remove animal remains, wherever
27 practicable, away from the traveled portion and shoulder of state

1 highways.

2 Sec. 611. From the appropriations in part 1, the department
3 shall use the highest quality pavement marking materials for all state
4 trunkline projects. The department shall coordinate with material
5 suppliers, equipment manufacturers, and application contractors to
6 ensure improved durability, retro-reflectivity, and wet reflective
7 capability.

8 Sec. 612. The department shall establish guidelines governing
9 incentives and disincentives provided under contracts for state
10 trunkline projects. The guidelines shall include specific financial
11 information concerning incentives and disincentives. On or before
12 January 1, 2004, the department shall prepare a report for the
13 immediately preceding fiscal year regarding contract incentives and
14 disincentives. This report shall include a list, by project, of the
15 contractors that received contract incentives and/or disincentives,
16 the amount of the incentives and/or disincentives, and the number of
17 days that each project was completed either ahead or past the
18 contracted completion date. This report shall be provided to the
19 senate and house appropriations subcommittees on transportation, the
20 senate and house standing committees on transportation, and the senate
21 and house fiscal agencies.

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

25 Sec. 614. From the funds appropriated in part 1, the department
26 shall conduct a feasibility study regarding the construction of a full
27 interchange between exits 212 and 215 on I-75 in Ogemaw County at

1 M-30. The study shall be completed and the findings communicated to
2 the senate and house of representatives appropriations subcommittees
3 on transportation and the senate and house fiscal agencies by February
4 1, 2004.

5 **COMPREHENSIVE TRANSPORTATION FUND**

6 Sec. 701. Money that is received by the state as a lease payment
7 for state-owned intercity bus equipment is not money to be deposited
8 in the comprehensive transportation fund under section 10b of 1951
9 PA 51, MCL 247.660b, but is money that is deposited in an intercity
10 bus equipment fund for appropriation for the purchase and repair of
11 intercity bus equipment. Proceeds received by the state from the sale
12 of intercity bus equipment are deposited in an intercity bus equipment
13 fund for appropriation for the purchase and repair of intercity bus
14 equipment. Security deposits from the lease of state-owned intercity
15 bus equipment not returned to the lessee of the equipment under terms
16 of the lease agreement are deposited in an intercity bus equipment
17 fund for appropriation for the repair of intercity bus equipment.

18 Sec. 702. Money that is received by the state as repayment for
19 loans made for rail or water freight capital projects, and as a result
20 of the sale of property or equipment used or projected to be used for
21 rail or water freight projects shall be deposited in the fund created
22 by section 17 of the state transportation preservation act of 1976,
23 1976 PA 295, MCL 474.67.

24 Sec. 703. After receiving notification from a railroad company
25 pursuant to section 8 of the state transportation preservation act of
26 1976, 1976 PA 295, MCL 474.58, the department shall immediately notify

1 the house of representatives and senate appropriations subcommittees
2 on transportation and the state budget office that the railroad
3 company has filed with the appropriate governmental agencies for
4 abandonment of a line.

5 Sec. 705. From the funds appropriated in part 1, \$100,000.00 is
6 allocated for a rail infrastructure loan program. The program shall
7 provide noninterest-bearing loans for rail infrastructure
8 improvements. The department shall evaluate loan applications
9 according to the relative merit of the project in conjunction with
10 program goals. The transportation commission shall approve the
11 loans. The loans shall fund not more than 90% of the rail portion of
12 project costs, and the loan repayment period shall not exceed 10
13 years. Local governments, railroads, and current or potential users
14 of freight railroad services are eligible applicants. At the end of
15 the fiscal year, unexpended funds shall remain in the rail
16 infrastructure loan program and shall be available to be allocated for
17 the purposes of the program in the succeeding fiscal year. Money that
18 is received by this state as repayment for rail infrastructure loans
19 made pursuant to this program shall remain within the rail
20 infrastructure loan program and shall be allocated for the purposes of
21 the program. The state's total contribution to the rail
22 infrastructure loan program shall not exceed \$15,000,000.00.

23 Sec. 706. The Detroit/Wayne County port authority shall issue a
24 complete operations assessment and a financial disclosure statement.
25 The operations assessment shall include operational goals for the next
26 5 years and recommendations to improve land acquisition and
27 development efficiency. The report shall be completed and submitted

1 to the house of representatives and senate appropriations
 2 subcommittees on transportation, the state budget office, and the
 3 house and senate fiscal agencies by February 15, 2004.

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

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

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

22	Between St. Ignace and	
23	Escanaba	US-2
24	Between Escanaba and	
25	Duluth	US-2 through Ironwood to the
26		state line
27	Between Calumet and	

1	Escanaba	US-41
2	Between Escanaba and	
3	Milwaukee	US-41 through Menominee to the
4		state line
5	Between St. Ignace and	
6	Sault Ste. Marie	I-75
7	Between Detroit and	
8	Chicago	I-94 from Detroit to the state
9		line
10	Between Detroit and	
11	Muskegon	I-96
12	Between Grand Rapids,	
13	Holland, and Benton	
14	Harbor	I-196 to I-94
15	Between Muskegon and	
16	Grand Rapids	US-31, I-96
17	Between Detroit and Bay	
18	City	I-75
19	Between Bay City and	
20	Mount Pleasant	US-10, M-20
21	Between Jackson and	
22	Traverse City	US-127, US-27, I-75, Grayling,
23		Gaylord, M-72 to Traverse City
24	Between Jackson and	
25	Indianapolis	I-69, I-94 to the state line
26		through Albion, Marshall, and
27		Coldwater

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

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

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

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

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

19 (2) The department shall work with the rail carrier, local
20 communities, and the federal government to increase marketing efforts
21 to promote awareness of rail passenger service, to increase ridership,
22 to reduce operating subsidies in conjunction with the federal phaseout
23 of operating subsidies, to maximize the revenue of the rail passenger
24 lines in Michigan, and to improve on-time performance. The department
25 shall submit a report to both the house and senate appropriations
26 committees and the house and senate fiscal agencies by January 1,
27 2004, that provides a 5-year history on services, ridership, and

1 subsidies.

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

11 (4) Any state subsidy shall only provide for the direct operating
12 costs in Michigan and shall not exceed \$7,100,000.00 for the service
13 between Port Huron and Chicago and Grand Rapids and Chicago.

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

19 (6) If the chosen rail carrier is Amtrak, the department shall
20 require Amtrak to provide information to the department to identify
21 direct and indirect operating costs prior to receiving any state
22 funding. Any state subsidy shall only provide for the direct
23 operating costs in Michigan.

24 (7) No state subsidy shall be provided from the funds appropriated
25 in part 1 if the chosen rail carrier is Amtrak and Amtrak discontinued
26 service on any portion of the service between Port Huron and Chicago
27 or Grand Rapids and Chicago during the preceding fiscal year.

1 Sec. 714. The department, in cooperation with local transit
2 agencies, shall work to ensure that demand-response services are
3 provided throughout Michigan. The department shall continue to work
4 with local units of government to address the unmet transit needs in
5 Michigan.

6 Sec. 715. (1) On or before January 27, 2004, the department,
7 together with the house and senate fiscal agencies and the department
8 of management and budget, shall estimate the unreserved and
9 unencumbered closing balance of the comprehensive transportation fund
10 (CTF) for the fiscal year ending September 30, 2003. The estimate
11 shall consider lapsed appropriations from the CTF and revised
12 estimates of state restricted transportation revenue.

13 (2) On or before February 3, 2004, the department shall request a
14 legislative transfer in accordance with section 393 of the management
15 and budget act, 1984 PA 431, MCL 18.1393, to appropriate any estimated
16 unreserved and unencumbered CTF fund balance in excess of
17 \$1,000,000.00. The appropriations included in the transfer request
18 shall be in accordance with the statutory requirements of 1951 PA 51,
19 MCL 247.651 to 247.675, with priority given to local bus operating
20 grants. At the same time the department makes its transfer request,
21 the department shall submit copies of the transfer request to the
22 house of representatives and senate appropriations subcommittees on
23 transportation and the house and senate fiscal agencies.

24 Sec. 719. The department may provide advances to local road
25 authorities from the rail grade crossing account pursuant to section
26 11(1)(g) of 1951 PA 51, MCL 247.661, for the construction of grade
27 separations. Money that is received by the state as a repayment of

1 the advance, including interest on the advance, shall be returned to
2 the rail grade crossing account and be available for the local grade
3 crossing program for advances for the construction of grade
4 separations pursuant to section 11(1)(g) of 1951 PA 51, MCL 247.661.

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

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

24 Sec. 726. At the close of the fiscal year ending September 30,
25 2004, \$16,000,000.00 from the unreserved and unencumbered closing
26 balance of the comprehensive transportation fund shall be transferred
27 to the general fund. The money transferred to the general fund under

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this section shall represent a portion of the sales tax revenue that is deposited in the comprehensive transportation fund pursuant to section 25 of the general sales tax act, 1933 PA 167, MCL 205.75. It is the intent of the legislature that this funding will be used to partially offset reductions to the Michigan transportation fund grant provided to the department of state under this act.

Sec. 727. From the appropriation in part 1 for local bus operating grants, the regional transit coordinating council created under section 4a of the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.404a, shall receive no more than the minimum grant allowed under section 10e of 1951 PA 51, MCL 247.660e.

<<Sec. 728. (1) From the funds appropriated in part 1 from the comprehensive transportation fund, notwithstanding section 359, the department may provide funding for research and development, including, but not limited to, preliminary engineering, of alternative rail passenger services along alternative active or inactive rights of way. (2) For the purposes of this section, the department may enter into an agreement with a public entity or private company. The public entity or private company may provide information to the department.>>

Sec. 729. From the appropriations in part 1, no funds shall be expended for the start-up costs associated with the Detroit area regional transportation authority established under House Bill No. 4072 and Senate Bill No. 100 of the 92nd Legislature.

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

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

AERONAUTICS FUND

Sec. 801. At the close of the fiscal year ending September 30,

1 2004, any unobligated and unexpended balance in the state aeronautics
2 fund created in the aeronautics code of the state of Michigan, 1945
3 PA 327, MCL 259.1 to 259.208, shall lapse to the state aeronautics
4 fund and be appropriated by the legislature in the immediately
5 succeeding fiscal year.

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