

Act No. 361
Public Acts of 2004
Approved by the Governor*
September 30, 2004
Filed with the Secretary of State
September 30, 2004
EFFECTIVE DATE: September 30, 2004

*Item Vetoes

Sec. 617.
Entire Section. (Page 15)

Sec. 621.
Entire Section. (Page 15)

Sec. 622.
The words: "The improvements shall include traffic signalization at the intersections of M-37 and Glengarry Drive, and M-37 and 100th Street, and the construction of a turning lane along the length of the corridor." (Page 15)

Sec. 623.
Entire Section. (Page 15)

Sec. 624.
Entire Section. (Page 16)

Sec. 625.
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Sec. 626.
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Sec. 633.
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Sec. 728.
Entire Section. (Page 18)

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2004**

Introduced by Rep. Shulman

ENROLLED HOUSE BILL No. 5528

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

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the state transportation department and certain state purposes designated in this act for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

STATE TRANSPORTATION DEPARTMENT

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	3,031.3	
GROSS APPROPRIATION		\$ 3,284,643,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 3,284,643,600
Federal revenues:		
DOT, federal transit act		59,200,000
DOT-FHWA, highway research, planning, and construction		1,072,401,200
DOT-FRA, local rail service assistance		100,000
DOT-FRA, rail passenger/HSGT		1,000,000
Total federal revenues		1,132,701,200

Special revenue funds:	
Local funds.....	\$ 5,800,000
Total local revenues	5,800,000
Total private revenues.....	0
Blue Water Bridge fund.....	16,208,000
Comprehensive transportation fund	232,526,600
Economic development fund.....	57,315,000
Intercity bus equipment fund.....	1,000,000
Local bridge fund.....	18,539,500
Michigan transportation fund.....	1,071,934,700
Rail preservation fund.....	2,000,000
State aeronautics fund.....	12,126,600
State trunkline fund.....	734,492,000
Total other state restricted revenues	2,146,142,400
State general fund/general purpose	\$ 0

Sec. 102. DEBT SERVICE

State trunkline	\$ 114,271,800
Economic development	16,804,800
Critical bridge	3,000,000
Blue Water Bridge	2,506,900
Airport safety and protection plan.....	1,786,600
Comprehensive transportation.....	29,380,000
GROSS APPROPRIATION.....	\$ 167,750,100

Appropriated from:

Federal revenues:

DOT-FHWA, highway research, planning, and construction.....	44,000,000
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Special revenue funds:

Blue Water Bridge fund.....	2,506,900
Comprehensive transportation fund	28,494,000
Economic development fund.....	16,804,800
Michigan transportation fund.....	3,000,000
State aeronautics fund.....	2,672,600
State trunkline fund.....	70,271,800
State general fund/general purpose	\$ 0

Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS

MTF grant to department of environmental quality.....	\$ 958,200
MTF grant to department of state for collection of revenue and fees	20,000,000
MTF grant to department of treasury	7,838,800
MTF grant to legislative auditor general	204,300
STF grant to department of attorney general.....	2,672,300
STF grant to department of civil service	2,000,000
STF grant to department of history, arts, and libraries.....	129,600
STF grant to department of management and budget	1,240,800
STF grant to department of state police	7,226,700
STF grant to department of treasury	29,100
STF grant to legislative auditor general	474,600
SAF grant to department of attorney general	127,100
SAF grant to department of civil service.....	50,000
SAF grant to department of history, arts, and libraries	3,500
SAF grant to department of management and budget	34,400
SAF grant to department of treasury	62,500
SAF grant to legislative auditor general	19,600
CTF grant to attorney general.....	137,000
CTF grant to department of civil service.....	90,000
CTF grant to department of history, arts, and libraries	5,900
CTF grant to department of management and budget.....	60,500
CTF grant to department of treasury.....	5,300
CTF grant to legislative auditor general	25,200
GROSS APPROPRIATION.....	\$ 43,395,400

Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund	\$ 323,900
Michigan transportation fund	29,001,300
State aeronautics fund	297,100
State trunkline fund	13,773,100
State general fund/general purpose	\$ 0

Sec. 104. EXECUTIVE DIRECTION

Full-time equated unclassified positions	6.0
Full-time equated classified positions	31.3
Director	\$ 135,000
Chief deputy	110,000
Communications director	71,400
Governmental affairs director	90,000
UPTRAN director	60,800
Commission advisor	65,000
Asset management council	1,626,400
Commission audit	
Salaries and fringe benefits—31.3 FTE positions	3,122,400
Travel	60,000
Other operational expenses	68,300
Subtotal - commission audit	3,250,700
GROSS APPROPRIATION	\$ 5,409,300

Appropriated from:	
Special revenue funds:	
Michigan transportation fund	1,626,400
State trunkline fund	3,782,900
State general fund/general purpose	\$ 0

Sec. 105. BUSINESS SUPPORT

Full-time equated classified positions	58.5
Executive office	
Salaries and fringe benefits—9.5 FTE positions	\$ 932,400
Travel	69,300
Other operational expenses	116,400
Subtotal - executive office	1,118,100
Communications	
Salaries and fringe benefits—12.0 FTE positions	1,006,200
Travel	40,100
Other operational expenses	191,200
Subtotal - communications	1,237,500
Governmental affairs	
Salaries and fringe benefits—3.0 FTE positions	330,700
Travel	3,000
Other operational expenses	17,500
Subtotal - governmental affairs	351,200
Human resources	
Salaries and fringe benefits—25.0 FTE positions	2,206,300
Travel	25,400
Other operational expenses	216,000
Subtotal - human resources	2,447,700
Economic development and enhancement programs	
Salaries and fringe benefits—9.0 FTE positions	771,100
Travel	24,600
Other operational expenses	71,800
Subtotal - economic development and enhancement programs	867,500
Property management	6,370,200
Human resources optimization user charges	177,200
Worker's compensation	3,001,000
GROSS APPROPRIATION	\$ 15,570,400

Appropriated from:
Special revenue funds:

Comprehensive transportation fund	\$	1,336,200
Economic development fund.....		500,700
State aeronautics fund		556,100
State trunkline fund.....		13,177,400
State general fund/general purpose	\$	0

Sec. 106. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$	26,804,800
GROSS APPROPRIATION.....	\$	26,804,800

Appropriated from:
Federal revenues:

DOT-FHWA, highway research, planning, and construction.....		555,100
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Special revenue funds:

Blue Water Bridge fund		45,100
Comprehensive transportation fund		224,900
Economic development fund.....		37,100
Michigan transportation fund.....		236,200
State aeronautics fund		138,100
State trunkline fund.....		25,568,300
State general fund/general purpose	\$	0

Sec. 107. FINANCE, CONTRACTS AND SUPPORT SERVICES

Full-time equated classified positions.....		255.5
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Financial operations

Salaries and fringe benefits—82.0 FTE positions	\$	6,091,400
Travel.....		32,700
Other operational expenses		943,600
Subtotal - financial operations.....		7,067,700

Contract services

Salaries and fringe benefits—34.1 FTE positions		2,553,800
Travel.....		17,000
Other operational expenses		211,200
Subtotal - contract services		2,782,000

Technical and support services

Salaries and fringe benefits—72.4 FTE positions		5,732,100
Travel.....		293,600
Other operational expenses		2,101,100
Subtotal - technical and support services		8,126,800

Performance excellence

Salaries and fringe benefits—12.0 FTE positions		998,900
Travel.....		12,500
Other operational expenses		205,400
Subtotal - performance excellence.....		1,216,800

Welcome center operations

Salaries and fringe benefits—55.0 FTE positions		3,441,000
Travel.....		50,500
Other operational expenses		842,500
Subtotal - welcome center operations.....		4,334,000
GROSS APPROPRIATION.....	\$	23,527,300

Appropriated from:
Special revenue funds:

Michigan transportation fund		1,363,300
State trunkline fund.....		22,164,000
State general fund/general purpose	\$	0

Sec. 108. TRANSPORTATION PLANNING

Full-time equated classified positions	172.0	
Statewide planning services		
Salaries and fringe benefits—119.0 FTE positions		\$ 10,779,900
Travel.....		175,000
Other operational expenses		860,000
Subtotal - statewide planning services		11,814,900
Data collection services		
Salaries and fringe benefits—53.0 FTE positions		4,741,100
Travel.....		420,000
Other operational expenses		746,000
Subtotal - data collection services		5,907,100
Specialized planning services and local studies.....		9,023,900
Grants to regional planning councils		488,800
GROSS APPROPRIATION.....		\$ 27,234,700
Appropriated from:		
Federal revenues:		
DOT-FHWA, highway research, planning, and construction.....		17,000,000
Special revenue funds:		
Comprehensive transportation fund		1,260,300
Michigan transportation fund.....		6,838,800
State aeronautics fund		261,900
State trunkline fund.....		1,873,700
State general fund/general purpose		\$ 0

Sec. 109. DESIGN AND ENGINEERING SERVICES

Full-time equated classified positions	1,531.4	
Engineering services		
Salaries and fringe benefits—803.7 FTE positions		\$ 38,238,800
Travel.....		2,689,100
Other operational expenses		6,768,300
Subtotal - engineering services.....		47,136,200
Program services		
Salaries and fringe benefits—727.7 FTE positions		32,403,700
Travel.....		900,000
Other operational expenses		2,800,000
Subtotal - program services.....		35,623,700
GROSS APPROPRIATION.....		\$ 83,799,900
Appropriated from:		
Federal revenues:		
DOT-FHWA, highway research, planning, and construction.....		7,000,000
Special revenue funds:		
Michigan transportation fund.....		4,711,400
State trunkline fund.....		72,088,500
State general fund/general purpose		\$ 0

Sec. 110. HIGHWAY MAINTENANCE

Full-time equated classified positions	817.6	
State trunkline operations		
Salaries and fringe benefits—817.6 FTE positions		\$ 53,310,500
Travel.....		9,500,000
Other operational expenses		55,568,500
Subtotal - state trunkline operations		118,379,000
Contract operations.....		135,347,100
GROSS APPROPRIATION.....		\$ 253,726,100
Appropriated from:		
Special revenue funds:		
State trunkline fund.....		253,726,100
State general fund/general purpose		\$ 0

Sec. 111. ROAD AND BRIDGE PROGRAMS

State trunkline federal aid and road and bridge construction	\$ 1,012,259,300
Local federal aid and road and bridge construction.....	256,903,000
Grants to local programs.....	33,000,000
Rail grade crossing.....	3,000,000
Local bridge fund.....	18,539,500
County road commissions.....	634,447,600
Cities and villages.....	353,733,000
GROSS APPROPRIATION.....	\$ 2,311,882,400
Appropriated from:	
Federal revenues:	
DOT-FHWA, highway research, planning, and construction.....	1,003,846,100
Special revenue funds:	
Local funds.....	5,000,000
Blue Water Bridge fund.....	3,000,000
Local bridge fund.....	18,539,500
Michigan transportation fund.....	1,023,430,600
State trunkline fund.....	258,066,200
State general fund/general purpose	\$ 0

Sec. 112. BLUE WATER BRIDGE

Full-time equated classified positions.....	35.0
Salaries and fringe benefits—35.0 FTE positions	\$ 2,356,000
Travel.....	200,000
Other operational expenses	8,100,000
GROSS APPROPRIATION.....	\$ 10,656,000
Appropriated from:	
Special revenue funds:	
Blue Water Bridge fund.....	10,656,000
State general fund/general purpose	\$ 0

Sec. 113. TRANSPORTATION ECONOMIC DEVELOPMENT FUND

Forest roads	\$ 5,040,000
Rural county urban system	2,500,000
Target industries/economic redevelopment.....	17,966,200
Urban county congestion.....	7,233,100
Rural county primary	7,233,100
GROSS APPROPRIATION.....	\$ 39,972,400
Appropriated from:	
Special revenue funds:	
Economic development fund.....	39,972,400
State general fund/general purpose	\$ 0

Sec. 114. AERONAUTICS SERVICES

Full-time equated classified positions.....	56.0
Airport improvement services	
Salaries and fringe benefits—30.0 FTE positions	\$ 2,482,600
Travel.....	100,100
Other operational expenses	226,500
Subtotal - airport improvement benefits.....	2,809,200
Aviation services	
Salaries and fringe benefits—26.0 FTE positions	2,417,700
Travel.....	63,200
Other operational expenses	1,910,700
Subtotal - aviation services.....	4,391,600
Air service program.....	1,000,000
GROSS APPROPRIATION.....	\$ 8,200,800

Appropriated from:		
Special revenue funds:		
State aeronautics fund	\$	8,200,800
State general fund/general purpose	\$	0

Sec. 115. PUBLIC TRANSPORTATION AND FREIGHT SERVICES

Full-time equated classified positions		74.0
Freight and safety services		
Salaries and fringe benefits—35.5 FTE positions	\$	2,967,000
Travel.....		171,100
Other operational expenses		400,800
Subtotal - freight and safety services.....		3,538,900
Passenger transportation services		
Salaries and fringe benefits—38.5 FTE positions		3,366,400
Travel.....		195,700
Other operational expenses		113,700
Subtotal - passenger transportation services.....		3,675,800
GROSS APPROPRIATION.....	\$	<u>7,214,700</u>

Appropriated from:		
Special revenue funds:		
Comprehensive transportation fund		5,488,000
Michigan transportation fund.....		1,726,700
State general fund/general purpose	\$	0

Sec. 116. BUS TRANSIT DIVISION: STATUTORY OPERATING

Local bus operating.....	\$	161,680,000
Nonurban operating/capital.....		<u>14,600,000</u>
GROSS APPROPRIATION.....	\$	176,280,000

Appropriated from:		
Federal revenues:		
DOT, federal transit act		14,400,000
Special revenue funds:		
Local funds.....		200,000
Comprehensive transportation fund		161,680,000
State general fund/general purpose	\$	0

Sec. 117. INTERCITY PASSENGER AND FREIGHT

Freight property management.....	\$	1,000,000
Detroit/Wayne County port authority.....		500,000
Intercity bus equipment.....		2,500,000
Rail passenger service		8,200,000
Freight preservation and development.....		4,692,900
Rail infrastructure loan program.....		100,000
Intercity bus service development.....		4,850,000
Marine passenger services.....		800,000
Terminal development		1,551,300
GROSS APPROPRIATION.....	\$	<u>24,194,200</u>

Appropriated from:		
Federal revenues:		
DOT, federal transit act		3,500,000
DOT-FRA, local rail service assistance.....		100,000
DOT-FRA, rail passenger/HSGT		1,000,000
Special revenue funds:		
Local funds.....		50,000
Rail preservation fund.....		2,000,000
Intercity bus equipment fund.....		1,000,000
Comprehensive transportation fund		16,544,200
State general fund/general purpose	\$	0

For Fiscal Year
Ending Sept. 30,
2005

Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT

Specialized services	\$ 8,200,100
Municipal credit program	2,000,000
Bus capital.....	38,500,000
Van pooling	195,000
Service development and new technology	1,450,000
Planning grants	80,000
Transportation to work	8,600,000
GROSS APPROPRIATION.....	\$ 59,025,100
Appropriated from:	
Federal revenues:	
DOT, federal transit act	41,300,000
Special revenue funds:	
Local funds.....	550,000
Comprehensive transportation fund	17,175,100
State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$2,146,142,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$1,238,835,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF TRANSPORTATION

Local grant program	\$ 33,000,000
Economic development fund.....	21,966,200
Grants to cities and villages	353,733,000
Grants to county road commissions.....	634,447,600
Critical bridge fund	18,539,500
Grants to regional planning councils.....	488,800
Local bus operating.....	161,680,000
Bus capital.....	8,000,000
Marine passenger service.....	800,000
Detroit/Wayne County port authority.....	500,000
Planning grants	80,000
Municipal credit program.....	2,000,000
Specialized services	3,600,100
Total payments to local units of government.....	\$ 1,238,835,200

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

Sec. 203. As used in this article:

- (a) "CTF" means comprehensive transportation fund.
- (b) "Department" means the department of transportation.
- (c) "DOT" means the United States department of transportation.
- (d) "DOT-FHWA" means DOT, federal highway administration.
- (e) "DOT-FRA" means DOT, federal railroad administration.
- (f) "DOT-FRA, rail passenger/HSGT" means DOT, federal railroad administration, high-speed ground transportation.

- (g) "EDF" means economic development fund.
- (h) "FTE" means full-time equated.
- (i) "MTF" means Michigan transportation fund.
- (j) "RIF" means recreation improvement fund.
- (k) "SAF" means state aeronautics fund.
- (l) "STF" means state trunkline fund.

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

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

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

Sec. 207. At least 90 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 6 months. As used in this section, "privatize" or "privatization" means the transfer of state highway maintenance functions or activities currently performed by department forces, or by boards of county road commissioners, county boards of commissioners, or local units of government under contract with the department, to private contractors.

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

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

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

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

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

Sec. 260. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

DEPARTMENTAL SECTIONS

Sec. 301. (1) The department may establish a fee schedule and collect fees sufficient to cover the costs to issue the permits that the department is authorized by law to issue upon request, and for fees associated with freedom of information requests. Unless otherwise authorized by statute, all fee revenue shall be credited to the state trunkline fund to recover the direct and indirect costs of receiving, reviewing, and processing the requests.

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

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

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

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

Sec. 306. Biennially, the auditor general shall conduct an audit of charges to transportation funds by state departments for the 2 preceding fiscal years, with the first such audit including the fiscal years ending September 30, 2004 and September 30, 2005. The auditor general shall prepare a detailed report, with recommendations and conclusions, including a list of services charged to transportation funds, the appropriateness of those charges, the cost allocation methodologies used in determining the level of funding, and any unreimbursed costs. The report shall be provided, upon request, to any member of the senate and house of representatives, senate and house fiscal agencies, and the state budget director 6 months after publication of the state of Michigan comprehensive annual financial report.

Sec. 307. Before February 1 of each year, the department will provide to the legislature, the state budget office, and the house and senate fiscal agencies its rolling 5-year plan listing by county or by county road commission all highway construction projects for the fiscal year and all expected projects for the ensuing fiscal years. The legislature shall approve the 5-year plan before it is implemented.

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

Sec. 309. The department shall reduce administrative costs and provide the maximum funding possible for construction projects.

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

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

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

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

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

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

- (a) All work activities conducted by the internal auditor, including a listing of all audits, reviews, and investigations.
- (b) The time charged to each work activity, including time charged to each audit, review, or investigation.
- (c) A listing of which audits, reviews, and investigations have been completed and which audits, reviews, and investigations have had reports of the results issued.

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

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

Sec. 334. The department shall continue its program to increase the use of women- and minority-owned businesses in state and local road construction projects. This program shall comprise, at a minimum, outreach and education efforts to inform women- and minority-owned firms of department competitive bidding processes and requirements, and an assessment of the availability of surety for women- and minority-owned businesses. The department shall report by

March 31, 2005, to the house and senate appropriations subcommittees on transportation and the house and senate fiscal agencies of its progress in complying with this section.

Sec. 353. The department shall review its contractor payment process and ensure that all prime contractors are paid promptly. The department shall ensure that prime contractors are in compliance with special provision 109.10 regarding the prompt payment of subcontractors.

Sec. 357. When presented with complete local federal aid project submittals, the department shall complete all necessary reviews and inspections required to let local federal aid projects within 120 days of receipt. The department shall implement a system for monitoring the local federal aid project review process.

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

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

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

Sec. 370. The department shall develop a complaint process pertaining to charter service prohibitions that allows written or electronic complaints from private operators of potential violations of 49 CFR, part 604. The department shall maintain records of these complaints and shall forward them in an expeditious manner to the Federal Transit Administration. At the time complaints are forwarded to the Federal Transit Administration, the department shall also notify the relevant eligible authority or eligible governmental agency that a complaint has been received and potential violations have been reported to the Federal Transit Administration. The department shall request an eligible authority or eligible governmental agency respond in writing within 30 days upon notification from the department a complaint has been received. The department shall forward this response to the Federal Transit Administration. The department shall notify the relevant eligible authority or eligible governmental agency and complainant of pertinent information regarding disposal of the complaint by the Federal Transit Administration in an expeditious manner.

Sec. 374. The department shall not spend any of the funds appropriated in part 1 for printing employee newsletters, except to meet the needs of employees with disabilities. The department is encouraged to produce and distribute all employee newsletters electronically.

Sec. 375. The department is prohibited from reimbursing contractors or consultants for costs associated with groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded, in whole or in part, by revenue appropriated in part 1.

Sec. 376. No later than October 15, 2004, the department shall report to the senate and house of representatives appropriations subcommittees on transportation on the status of the 17 projects that were initially deferred in the department's 5-year plan in 2003 and subsequently restored.

Sec. 378. No funds appropriated in part 1 shall be used to pay for food or beverages provided at in-house training conducted by departmental staff.

Sec. 379. The department shall not spend any comprehensive transportation fund revenue appropriated in part 1 on operational planning for an eligible authority or eligible governmental agency in accordance with section 10b(3) of 1951 PA 51, MCL 247.660b.

Sec. 380. The department only shall use those appropriations contained in sections 114 and 115 to support the operations of the multi-modal transportation services bureau. The department is prohibited from charging any costs associated with the multi-modal transportation services bureau to any appropriation in part 1, other than the

appropriations contained in sections 114 and 115, regardless of their funding source without an approved legislative transfer or an enacted supplemental appropriations bill.

Sec. 381. No funds appropriated in part 1 shall be used to pay for the costs associated with the production or airing of a television program by the department, unless the program addresses traffic or safety advisories.

Sec. 383. The department, with assistance from the departments of state police, natural resources, and military affairs, shall prepare a quarterly report on all travel by executive branch employees on state-owned, noncombat aircraft. The report shall include, by department, the name of the traveler, the travel origination location, the travel destination location, type of aircraft, and the total estimated costs associated with the air travel. This section does not apply to travel by the governor, attorney general, or the secretary of state.

FEDERAL

Sec. 401. When the department receives authorization from the federal government to commit transportation funds pursuant to federal appropriations, it shall present to the senate and house of representatives appropriations transportation subcommittees and the senate and house fiscal agencies, the federal amounts and categories authorized and the department's recommendation for distribution of these funds. If a recommendation or recommendations are not disapproved within 60 business days by either the senate or house of representatives appropriations transportation subcommittees, then the recommendation or recommendations shall be considered as approved. If either the senate or house of representatives appropriations transportation subcommittees disapproves the proposed distribution, then the senate and house of representatives appropriations transportation subcommittees and the department shall hold a joint meeting to develop a final distribution. If no agreement is reached between the parties, the department's distribution shall stand.

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

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

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

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

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

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

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

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

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

MICHIGAN TRANSPORTATION FUND

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

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

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

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

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

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

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

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

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

(b) Description of services financed with transportation funds.

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

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

STATE TRUNKLINE FUND

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

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

Sec. 603. The department shall use traffic congestion as 1 of the criteria in determining the priorities for designating which roads shall be remediated in its 5-year road plan, which must be submitted on or before February 1, 2005. Criteria for evaluating traffic congestion shall include, but not be limited to, coordination with local, county, and regional planning, improvement in traffic operations, improvement in physical roadway conditions, accident reduction, and coordination with area public transportation planning.

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

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

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

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

Sec. 612. The department shall establish guidelines governing incentives and disincentives provided under contracts for state trunkline projects. The guidelines shall include specific financial information concerning incentives and disincentives. On or before January 1, 2005, the department shall prepare a report for the immediately preceding fiscal year regarding contract incentives and disincentives. This report shall include a list, by project, of the contractors that received contract incentives and/or disincentives, the amount of the incentives and/or disincentives, and the number of days that each project was completed either ahead or past the contracted completion date. This report shall be provided to the senate and house appropriations subcommittees on transportation, the senate and house standing committees on transportation, and the senate and house fiscal agencies.

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

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

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

Sec. 623. Upon passage of Senate Bill No. 145 of the 92nd Legislature, there is appropriated from the funds in section 111 for state trunkline federal aid and road and bridge construction \$137,500.00 for the costs associated with the removal of a barricade on Tienken Road in Oakland County. The department shall make these funds available for this project only if each city, Rochester Hills and Auburn Hills, provides a 50% match to the amount of state funding for this project.

Sec. 624. From the funds appropriated in part 1, the department shall address the structural problems with the M-25 bridge in Hume Township resulting from the Schram drain.

Sec. 625. From the funds appropriated in part 1, the department shall conduct a feasibility study regarding the construction of a full interchange between exits 212 and 215 on I-75 in Ogemaw County at M-30. The study shall be completed and the findings communicated to the senate and house of representatives appropriations subcommittees on transportation by February 1, 2005.

Sec. 626. From the funds appropriated in part 1, the department shall provide funding to the city of Cheboygan for the construction of a bridge to replace the current bridge over the Cheboygan River at Lincoln Avenue in the city of Cheboygan.

Sec. 628. Funds appropriated in part 1 shall not be used to transfer investment management functions from the Mackinac Bridge Authority to the state treasurer. All bridge operating functions currently performed by the Mackinac Bridge Authority remain within the Mackinac Bridge Authority established under section 2 of 1950 (Ex Sess) PA 21, MCL 254.302. The legislature concurs with the finding of the Governor's Mackinac Bridge Task Force established under Executive Order No. 1986-14 that the Mackinac Bridge Authority remain in existence and continue to operate and maintain the bridge in the future.

Sec. 629. The department shall allow the city of Port Huron to close business route M-25 on October 9, 2004 for happy apple days festival. The department shall not impose restrictions on the city for the street closing permit beyond those required in prior years.

Sec. 633. From the funds appropriated in part 1, the department shall install a traffic signal on M-99 at the intersection with Spicerville highway in Eaton County.

Sec. 634. From the funds appropriated in part 1, the department shall install traffic signals at the intersection of Ann Arbor Road and McClumpha Road in Plymouth Township, Wayne County, and at the intersection of King Road and Telegraph Road in Brownstown Township, Wayne County.

COMPREHENSIVE TRANSPORTATION FUND

Sec. 701. Except as otherwise provided for in this section, money that is received by the state as a lease payment for state-owned intercity bus equipment is not money to be deposited in the comprehensive transportation fund under section 10b of 1951 PA 51, MCL 247.660b, but is money that is deposited in an intercity bus equipment fund for appropriation for the purchase and repair of intercity bus equipment. Proceeds received by the state from the sale of intercity bus equipment are deposited in an intercity bus equipment fund for appropriation for the purchase and repair of intercity bus equipment. For the fiscal year ending September 30, 2005, \$200,000.00 from the unreserved fund balance shall be transferred from the intercity bus equipment fund and deposited in the comprehensive transportation fund. Security deposits from the lease of state-owned intercity bus equipment not returned to the lessee of the equipment under terms of the lease agreement are deposited in an intercity bus equipment fund for appropriation for the repair of intercity bus equipment. At the close of the fiscal year, any funds remaining in the intercity bus equipment fund shall remain in the fund and be carried forward into the succeeding fiscal year.

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

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

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

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

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

Sec. 707. For the fiscal year ending September 30, 2005, each eligible authority and each eligible governmental agency which provides public transportation services in urbanized areas with a Michigan population of less than or equal to 100,000 and nonurbanized areas under section 5311 of title 49 of the United States Code, 49 USC 5311, shall receive a grant of up to 60% of its eligible operating expenses. Each eligible authority and each eligible government agency which provides public transportation services in urbanized areas with a Michigan population of greater than 100,000 under section 5307 of title 49 of the United States Code, 49 USC 5307, shall receive a grant of up to 50% of its eligible operating expenses. The Detroit Transportation Corporation is not an eligible authority or eligible governmental agency under this act and is not eligible for grants funded from appropriations made in this act.

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

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

Between St. Ignace and Escanaba	US-2
Between Escanaba and Duluth	US-2 through Ironwood to the state line
Between Calumet and Escanaba	US-41
Between Escanaba and Milwaukee	US-41 through Menominee to the state line
Between St. Ignace and Sault Ste. Marie	I-75
Between Detroit and Chicago	I-94 from Detroit to the state line
Between Detroit and Muskegon	I-96
Between Grand Rapids, Holland, and Benton Harbor	I-196 to I-94
Between Muskegon and Grand Rapids	US-31, I-96
Between Detroit and Bay City	I-75
Between Bay City and Mount Pleasant	US-10, M-20
Between Jackson and Traverse City	US-127, US-27, I-75, Grayling, Gaylord, M-72 to Traverse City
Between Jackson and Indianapolis	I-69, I-94 to the state line through Albion, Marshall, and Coldwater
Between Houghton Lake and Cadillac	M-55 and M-66
Between Detroit and Toledo	I-75 to the state line
Between the Indiana state line and Traverse City	US-31 and I-196
Between Detroit and Port Huron	I-375 and I-94
Between Toledo and Bay City	US-23, I-75, and I-675, I-75
Between Bay City and Chicago	I-75, Flint, I-69, I-94, Battle Creek, I-94 to the state line
Between Flint and Lansing	I-69, M-21, Owosso, M-52, I-69
Between Bay City and St. Ignace	I-75, US-23
Between Grand Rapids and St. Ignace	US-131, Cadillac, M-115, Mesick, M-37 to Traverse City, US-31, Acme, M-72, Kalkaska, US-131, Boyne Falls, M-75, Walloon Lake, US-131, Petoskey, US-31, I-75, St. Ignace
Between Kalamazoo and Grand Rapids	US-131

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

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

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

(2) Any state subsidy for rail passenger service between Grand Rapids and Chicago and between Port Huron and Chicago shall be limited to the direct operating costs of rail passenger service between Grand Rapids and Chicago and between Port Huron and Chicago. Direct operating costs shall include the costs that are needed to provide staffing for passenger service kiosks at Port Huron, Flint, and East Lansing stations. Any state funding provided under this section shall not exceed \$7,100,000.00.

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

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

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

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

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

(2) The department shall report by March 1, 2005 on its efforts to implement this section over the past 2 years.

Sec. 715. (1) On or before January 27, 2005, the department, together with the house and senate fiscal agencies and the department of management and budget, shall estimate the unreserved and unencumbered closing balance of the comprehensive transportation fund (CTF) for the fiscal year ending September 30, 2004. The estimate shall consider lapsed appropriations from the CTF and revised estimates of state restricted transportation revenue.

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

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

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

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

Sec. 728. From the funds appropriated in section 117 for freight preservation and development, \$250,000.00 shall be used for crossing upgrades and bridge deck replacement on the Huron subdivision of the Lake State Rail Company.

Sec. 729. From the funds appropriated in section 117 for intercity bus service development, \$100,000.00 shall be used for lost ridership support and/or marketing efforts to increase awareness of intercity bus service, increase ridership on intercity bus carriers, and improve coordination of intercity bus service in Michigan.

Sec. 730. The department shall sell all state-owned intercity bus equipment within 6 months of termination of lease agreements with intercity bus carriers. The proceeds from the sale of state-owned intercity bus equipment under this section shall be deposited in the intercity bus equipment fund, consistent with section 701.

Sec. 731. The department shall charge public transit agencies and intercity bus carriers equal rates for leasing similar space in state-owned intermodal facilities.

Sec. 732. (1) From the funds appropriated in part 1 for local bus operating, eligible authorities and eligible governmental agencies receiving grants under section 10e of 1951 PA 51, MCL 247.660e, shall equip vehicles with necessary operational lifts and certify to the department, in a format specified by the department, that those lifts are maintained and cycled on a regularly scheduled basis to ensure operability consistent with authority granted to the department under 1951 PA 51, MCL 247.651 to 247.675.

(2) By October 29, 2004, eligible authorities and eligible governmental agencies shall forward to the department, the senate and house appropriations subcommittees on transportation, the senate and house fiscal agencies, and the state budget director a report on the status of their fleet with respect to operational lifts pursuant to subsection (1). Eligible authorities and eligible governmental agencies shall specifically include information in the report on the number and percentage of the fleet with operational lifts, and the number and percentage of the fleet with operational lifts that are not in working order.

(3) An eligible authority or eligible governmental agency that reports, pursuant to subsection (2) that vehicles currently eligible for or in active service have lifts that are not operational, shall certify to the department by December 31, 2004 that the nonoperational lifts have been repaired or replaced and are operational.

(4) By April 1, 2005, the department director shall certify, in writing, to the senate and house appropriations subcommittees on transportation, senate and house fiscal agencies, and the state budget director that the information provided by each eligible authority or eligible governmental agency under subsections (2) and (3) is accurate to the best of the director's knowledge. In the event that the department director finds that the information provided by each eligible authority or eligible governmental agency under subsections (2) and (3) is inaccurate, the director shall notify the eligible authority or eligible governmental agency of the inaccuracies and require submission of a corrected report.

(5) Eligible authorities and eligible governmental agencies who report, pursuant to subsection (2), nonoperational lifts on vehicles currently eligible for or in active service, and who are unable to certify, pursuant to subsection (3), that lifts have been repaired or replaced by December 31, 2004, shall not receive 25% of their monthly local bus operating grant, beginning January 1, 2005. Persons 65 years of age or older and persons with disabilities shall be exempt from fare box charges for the period an eligible authority or eligible governmental agency has funds withheld pursuant to this subsection.

(6) If the eligible authority or eligible governmental agency certifies on or before June 30, 2005 that lifts reported as nonoperational pursuant to subsections (3) and (4) are now operational, funds withheld during the period subsequent to December 31, 2004 shall be forwarded to the applicable eligible authority or eligible governmental agency. If the applicable lifts are not operational by June 30, 2005, funds withheld pursuant to subsection (4) shall be forfeited and deposited to the comprehensive transportation fund.

(7) The department shall report to the senate and house appropriations subcommittees on transportation, senate and house fiscal agencies, and the state budget director on September 30, 2005, regarding actions taken with respect to implementation of this section.

(8) The department shall ensure that transit agencies have adequate wheelchair lifts available on demand response vehicles to meet the needs of persons with disabilities.

Sec. 734. (1) The department will work to ensure that public transit agencies that receive funds under this act meet the following service performance measures:

(a) Transportation services are efficient, cost-effective, safe, well-maintained, reliable, customer-drive.

(b) Agency provides a quality work environment that fulfills employee performance, productivity, and development standards.

(c) Agency identifies and captures all available funding, creates cost-effective programs to eliminate debt, and maintains a balanced budget.

(d) Agency maintains sufficient local and community funding.

(e) Agency supports business development by providing transportation to areas of employment and commerce, emerging or established businesses, and health care facilities.

(2) The department shall inform agencies of deficiencies meeting these performance measures and shall inform agencies that failure to address deficiencies jeopardizes future state funding.

(3) The department shall report deficiencies noted in meeting performance measures to the house and senate appropriations subcommittees on transportation and the house and senate fiscal agencies by April 1, 2005.

AERONAUTICS FUND

Sec. 801. At the close of the fiscal year, any unobligated and unexpended balance in the state aeronautics fund created in the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, shall lapse to the state aeronautics fund and be appropriated by the legislature in the immediately succeeding fiscal year.

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

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor