



**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**



# BILL ANALYSIS

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Senate Bill 777 (as introduced)

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

Committee: Appropriations

<b>FY 2013-14 Year-to-Date Gross Appropriation .....</b>	<b>\$3,826,145,600</b>
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**Changes from FY 2013-14 Year-to-Date:**

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| 1. <b>Accounting Service Center Adjustment.</b> An adjustment regarding MDOT's accounting service center's allocation plan with MDARD, DNR, and DEQ.   | 84,500        |
| 2. <b>Intercity Passenger and Freight.</b> Net of adjustments due to 1) a lower number of vehicles eligible for replacement; 2) increased estimates in federal rail and rail freight fund revenues; and 3) a decrease in terminal development.   | 10,439,000    |
| 3. <b>Transportation Economic Development Fund.</b> The Governor redirects the entirety of the TEDF (less debt service and operational support) through the TEDF statutory distribution formula. This adjustment aligns appropriations to the required amounts.  | 9,457,600     |
| 4. <b>Oversight of Local Agency Federal Aid Program.</b> Increase in appropriations to design and engineering services. MDOT has reallocated staff or used consultant services to conform to federal and state requirements regarding local agency federal aid.  | 3,469,000     |
| 5. <b>Bus Transit Division.</b> Adjustments to CTF funding to align appropriations with projected expenses of transit agencies, and eliminate discretionary state operating assistance.  | (4,624,000)   |
| 6. <b>Public Transportation Development.</b> Adjustments to reflect current service baseline costs. This is the net result of a decrease of \$89,900 in specialized services, a decrease of \$612,000 in van pooling, and an increase of \$417,100 for service initiatives.  | (284,800)     |
| 7. <b>One-time Appropriation for State Trunkline and Bridge Construction.</b> \$127.0 million in GF/GP was appropriated to match federal highway aid, and an additional \$115.0 million GF/GP was appropriated for road and bridge projects.   | 242,000,000   |
| 8. <b>One-time Appropriations for Rail Infrastructure and Airport Safety.</b> \$10.0 million in GF/GP was appropriated to transit capital and rail infrastructure to match federal transit and rail aid, and \$2,047,900 in GF/GP was appropriated to match federal aeronautics aid.   | 12,047,900    |
| 9. <b>Elimination of FY 2013-14 One-time Appropriations.</b> In FY 2013-14, \$115.0 million was appropriated for the priority roads investment program and \$121.3 million in GF/GP was appropriated for additional state trunkline and bridge construction.   | (236,300,000) |
| 10. <b>Interdepartmental Grants.</b> Increase in IDG under collection, enforcement, and other agency support services, based on other agency program decisions.  | 227,700       |
| 11. <b>Supplemental PA 34 (SB 608).</b> \$300,000 in GF/GP was appropriated for the Beaver Island transportation authority, \$100 million in GF/GP was appropriated for special winter road maintenance, \$115 million in GF/GP was appropriated for the priority roads investment program, and \$11,728,900 was appropriated for rail operations. The supplemental was effective on March 18, 2014. | (227,028,900) |
| 12. <b>Economic Adjustments.</b> Includes a negative \$1,688,300 Gross and \$0 GF/GP for OPEB and \$7,630,300 Gross and \$0 GF/GP for other economic adjustments.  | 5,942,000     |
| 13. <b>Other Changes.</b> A new IT system, changes in debt service, technical adjustments to agency services, adjustments to balance revenue estimates for road and bridge programs, intercity passenger and rail, and public transportation development, shifting federal funds from debt service to road and bridge programs, and adjustments that resulted from position transfers.               | 27,423,000    |

Total Changes .....	(157,147,000)
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<b>FY 2014-15 Governor's Recommendation .....</b>	<b>\$3,668,998,600</b>
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The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

**Changes from FY 2013-14 Year-to-Date:**

1. **Disciplinary Action.** The Governor deleted a prohibition against MDOT from taking disciplinary action against an employee for communicating with the Legislature. (Sec. 215)
2. **Remanufactured Parts and Alternative Road Materials.** The Governor deleted a requirement for MDOT to prioritize the use of remanufactured parts as the primary means of vehicle maintenance (Sec. 270), and a requirement that MDOT evaluate the use of materials which incorporate crumb rubber from scrap tires (Sec 660).
3. **Effects of Policy Changes; Small Businesses.** The Governor deleted a requirement for MDOT to report on policy changes made to implement public acts, and a prohibition against funds being used in a way that would have a disproportionate economic impact on small businesses. (Sec. 263)
4. **Public Property Lease Restrictions.** The Governor included a requirement that MDOT consider a party's permitted use of public transportation property to be consistent with the public transportation, and deleted a requirement that MDOT must charge equal leasing rates to public transit agencies and intercity bus carriers. (Sec. 305)
5. **Father Marquette National Memorial/Mackinac Straits Area Museum.** The Governor deleted a requirement for MDOT to work with the MEDC to update a study of these proposed projects. (Sec 311)
6. **Contractor-Related Requirements.** The Governor deleted the following requirements and prohibitions: 1) MDOT must post signs regarding the contractor responsible for rest area maintenance (Sec. 319); 2) MDOT must review its contractor payment process and ensure prompt payment and prime contractor compliance (Sec. 353); 3) MDOT must complete any required inspections for local federal aid projects within 120 days of submission (Sec. 357); 4) MDOT may not reimburse contractors for certain costs (e.g., groundbreaking ceremonies) from appropriated funds (Sec. 375); 5) as a condition of each contract for construction, maintenance, or engineering services, MDOT must require the contractor to use the E-Verify system (Sec. 381); 6) in administering a local government contract, within 2 years of final payment to a contractor, MDOT must submit the final cost-sharing bill to the local government (Sec. 382).
7. **Department-owned Aircraft Restrictions.** The Governor deleted a requirement that MDOT may transport legislators or legislative staff only when the aircraft is scheduled for use on related official state business. (Sec. 383)
8. **Detroit River International Crossing.** The Governor deleted a prohibition against MDOT spending state revenue or entering into any new contract relating to the DRIC until the Legislature enacts enabling legislation (Sec. 384), and a requirement that MDOT must report on planning activities related to the DRIC (Sec. 385).
9. **Dead Animal Removal.** The Governor deleted a provision that MDOT must consider the removal of large animal remains from highway shoulders a priority. (Sec. 610)
10. **High-speed Rail Pilot Project.** The Governor deleted a requirement for \$1.5 million to be allocated for a pilot project to test devices at crossings that are designated as a high-speed rail corridor, and that any bidding must be done under a competitive bidding process. (This appropriation was vetoed in FY 2013-14.) (Sec. 736)
11. **Deleted Report Requirements.** The Governor deleted a requirement that MDOT must retain all reports in compliance with federal and state guidelines. (Sec. 212). The Governor also deleted requirements that MDOT must provide a report or information regarding the following: expenditures for administration and planning associated with local governments (Sec. 233); money to be received by each local government within a legislator's district (Sec. 303); a rolling five-year plan of all construction projects (Sec. 307), and associated criteria for the plan (Sec. 603); MDOT's activities related to the prequalification of construction contractors (Sec. 308); the status of the state infrastructure bank (Sec. 313(3)); the amount of federal aid for allocations to certain State and local programs (Sec. 401); contract incentives for state trunkline projects (Sec. 612); a railroad company's abandonment of a railroad line (Sec. 703); the encumbered and unencumbered balances of the CTF (Sec. 740); the status of airport improvement projects (Sec. 902); and timely production of copies of agendas and approved minutes for monthly commission meetings (Sec. 310). The Governor deleted requirements to provide the State Budget Office with: GF/GP appropriation lapses by program area (Sec. 228); and estimates regarding state fund balances, revenues, and expenditures (Sec. 229).
12. **Warranty Development.** The Governor deleted a requirement for MDOT to work with the road construction industry and engineering consulting community to develop performance and road construction warranties. (Sec. 601)
13. **Elimination of One-time Appropriations.** The Governor deleted provisions regarding the one-time FY 2013-14 appropriation of \$121,300,000 in GF/GP to match federal highway funds. (Sec. 1001)
14. **Legacy Costs.** Total legacy costs are \$75,324,500; pension-related costs are estimated at \$42,130,400; and retiree health care legacy costs are estimated at \$33,194,100. (Sec. 19-271).

Date Completed: 3-17-14

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

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