

# TRANSPORTATION

## Summary: House Subcommittee Budget Recommendation

### SB 240 (H-1)

### FY 2007-08

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	FY 2006-07 YTD	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	Difference: House Bill From FY 2006-07 YTD	
		Executive	Senate	House	Enacted	Amount	%
<b>IDG/IDT</b>	0	0	0	0		0	0
<b>Federal</b>	1,168,679,700	1,200,740,600	1,200,740,600	1,200,740,700		32,061,000	2.74
<b>Local</b>	47,500,000	42,850,000	42,850,000	42,850,000		(4,650,000)	(9.79)
<b>Private</b>	0	0	0	0		0	0
<b>Restricted</b>	2,192,012,700	2,121,665,000	2,134,665,100	2,134,664,600		(57,348,100)	(2.62)
<b>GF/GP</b>	0	0	0	0		0	0
<b>Gross</b>	<b>\$3,408,192,400</b>	<b>\$3,365,255,600</b>	<b>\$3,378,255,700</b>	<b>\$3,378,255,300</b>		<b>(\$29,937,100)</b>	<b>(0.88)</b>
<b>FTEs</b>	3,036.3	3,035.3	3,035.3	3,035.3		(1.0)	(.03)

FY 2006-07 YTD figures include the results of supplementals and Executive Order (EO) actions through August 15, 2007.

Senate represents the SB 240 as passed the Senate, August 22, 2007.

House represents the House Subcommittee H-1.

#### Overview

The \$3.4 billion state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Approximately 2/3 of the budget (\$2.1 billion) comes from constitutionally-restricted state revenue sources, primarily from motor fuel taxes and vehicle registration taxes, credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with Public Act 51 of 1951. Approximately 1/3 of budget (\$1.2 billion) comes from federal revenue. There is no state GF/GP revenue in this budget.

The proposed House FY 2007-08 budget of \$3.378 billion is \$29.9 million less than the current year. The decrease reflects a net decrease in estimated revenues; anticipated increases in federal revenue are offset by reductions in estimated state restricted and local revenue as compared with the estimates used to develop the current year budget.

House and Senate appropriation bills generally reflect the Governor's budget; the primary difference between the Governor's proposal and the House and Senate bills is in the treatment of the Governor's proposed shift of \$13.0 million from the TEDF to the state General Fund, described below. Aside from the TEDF, the Governor's proposed Transportation budget was primarily a continuation budget; it proposed no new programs or revenue sources.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>House Change From YTD</u>
<b>1. Debt Service</b>	<b>Gross</b>	<b>\$207,620,000</b>	<b>\$15,992,200</b>
Reflects anticipated debt service schedules including \$25.1 million for Jobs Today bonds which may be issued in 2007.	Federal	55,000,000	80,000
	Restricted	152,620,000	15,912,200
<b>2. Grants (IDGs) to Other State Departments</b>	<b>Gross</b>	<b>\$47,339,800</b>	<b>(\$70,900)</b>
Includes \$20.0 million MTF to Department of State and \$8.0 million MTF to Department of Treasury (\$696,800 less than current year) for cost of collecting MTF revenue. Current-year State Trunkline Fund (STF) grant to the Michigan State Police was increased by \$1.3 million by HB 4493; House increases by an additional \$299,300, \$100 less than Executive.	Restricted	47,339,800	(70,900)
<b>3. Information Technology</b>	<b>Gross</b>	<b>\$27,826,500</b>	<b>\$656,800</b>
Increase reflects net after economics, administrative savings, and pilot program to convert unsupported client/sever software.	Federal	1,446,900	0
	Restricted	26,379,600	656,800

**Major Budget Changes From FY 2006-07 YTD Appropriations**

		<b><u>FY 2006-07 YTD</u></b>	<b><u>House Change From YTD</u></b>
<b>4. Engineering Services</b>	FTEs	802.2	(17.1)
Line item supports department's engineering functions; includes \$3.0 million in additional federal funds for Safe Routes to Schools, a federally-mandated program new in 2006. Other changes reflect economics, administrative savings, and internal position transfers.	<b>Gross</b>	<b>\$55,537,900</b>	<b>\$2,741,900</b>
	Federal	11,151,300	3,668,000
	Restricted	44,386,600	(926,100)
<b>5. State Trunkline Maintenance</b>	FTEs	825.6	3.1
Reflects state trunkline lane miles added by new construction and jurisdictional transfers, and economic increases. House does not concur with Executive recommendation to roll-up of State trunkline operations and Contract operations lines.	<b>Gross</b>	<b>\$275,164,900</b>	<b>\$3,442,800</b>
	Restricted	275,164,900	3,442,800
<b>6. State Trunkline Road and Bridge Construction</b>	<b>Gross</b>	<b>\$987,862,200</b>	<b>(\$36,346,600)</b>
Appropriates \$951.5 million (\$36.3 million decrease from current-year), reflecting anticipated federal and STF revenue. Decrease in available STF revenue (\$61,735,500) partially offset by \$5.6 million in Blue Water Bridge Fund revenue appropriated for capital projects at the Blue Water Bridge.	Federal	754,536,100	19,835,700
	Local	30,000,000	0
	Restricted	203,326,100	(56,182,300)
<b>7. Local Bridge Fund</b>	<b>Gross</b>	<b>\$30,455,300</b>	<b>(\$836,900)</b>
Appropriation reflects the statutory distribution of revenue from one-half cent of the gasoline tax (equal to approximately \$25.0 million), plus an additional \$5.0 million from the MTF, to local bridge programs. The total appropriation for this program would be \$29.6 million, \$836,900 less than the current year, reflecting reductions in estimated gas tax revenue. The program also receives 15% of federal bridge program funds apportioned to the state.	Restricted	30,455,300	(836,900)
<b>8. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$970,967,800</b>	<b>(\$40,575,700)</b>
Appropriates \$971.0 million MTF (\$623.4 million to county road commissions, \$347.6 million to cities/villages) based on MTF revenue estimates and Act 51 formula; final distribution will be based on <i>actual</i> MTF revenue which may be more or less than appropriations.	Restricted	970,967,800	(40,575,700)
<b>9. Transportation Economic Development Program</b>	<b>Gross</b>	<b>\$35,766,800</b>	<b>\$6,367,200</b>
House appropriates \$42.1 million for statutory distribution per 1987 PA 231; does not reflect Executive recommendation to redirect \$13.0 million drivers' license fee revenue from TEDF to state General Fund.	Restricted	35,766,800	6,367,200
<i>FY 2006-07 YTD reflects Executive Order 2007-3 which reduced TEDF Target Industries by \$6.0 million from original enacted budget.</i>			
<b>10. Aeronautics Programs</b>	FTEs	56.0	0.0
House concurs with Executive in total but does not concur in roll-up of Airport improvement services and Aviation services. Retains funding for Air service program at \$700,000, based on State Aeronautics Fund revenue.	<b>Gross</b>	<b>\$7,693,500</b>	<b>\$117,000</b>
	Restricted	7,693,500	117,000
<b>11. Freight Services</b>	FTEs	36.0	(8.8)
<i>Freight and safety services</i> , formerly part of <i>Public transportation services</i> , would be transferred to new <i>Aeronautics and Freight Services</i> appropriations unit to reflect department reorganization. Reduction reflects position transfers net of economic adjustments.	<b>Gross</b>	<b>\$4,121,100</b>	<b>(\$816,000)</b>
	Restricted	4,121,100	(816,000)
<b>12. Public Transportation Services</b>	FTEs	38.0	8.0
Reflects economics and position transfers.	<b>Gross</b>	<b>\$4,111,100</b>	<b>\$1,205,400</b>
	Federal	738,100	24,000
	Restricted	3,373,000	1,181,400

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>House Change From YTD</u>
<b>13. Bus Transit – Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$166,624,000</b>	<b>\$0</b>
Includes \$166.6 million from the Comprehensive Transportation Fund (CTF) for state operating assistance to local public transit agencies, unchanged from the current year.	Restricted	166,624,000	0
<b>14. Rail Passenger Service</b>	<b>Gross</b>	<b>\$7,386,500</b>	<b>\$813,500</b>
Supports Port Huron/Chicago and Grand Rapids/Chicago rail service.	Federal	1,000,000	0
	Restricted	6,386,500	813,500
<i>FY 2006-07 YTD reflects Executive Order 2007-3 which reduced current year CTF support by \$813,500.</i>			
<b>15. Bus Capital</b>	<b>Gross</b>	<b>\$48,409,300</b>	<b>\$204,300</b>
Provides match funds for Federal Transit Administration grants to local transit agencies; line reflects reduction in CTF revenue estimates, and reduction in local matching funds.	Federal	30,000,000	0
	Local	7,500,000	(2,500,000)
	Restricted	10,909,300	2,704,300
<i>FY 2006-07 YTD reflects Executive Order 2007-3 which reduced current year CTF support for Bus Capital by \$16.3 million to reflect reductions in estimated CTF revenue.</i>			
<b>16. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$10,354,500</b>
Includes: salaries/wages (\$6.6 million increase); retirement and insurance contributions (\$2.0 million net increase); building occupancy charges (\$1.7 million). Projected workers compensation would increase \$10,000.	Federal	N/A	707,600
	Restricted		9,646,900

**House Subcommittee Recommendation – Boilerplate Compared to FY 2006-07**

**Sec. 201. State Spending – MODIFIED**

Standard section – updated to reflect Part 1.

**Sec. 202. Management & Budget Act – RETAINED**

Standard section – reference to PA 431 of 1984.

**Sec. 203. Definitions – RETAINED**

**Sec. 204. Civil Service Billing – RETAINED**

Standard section – reference to Article XI of the Constitution.

**Sec. 205. Hiring Freeze – RETAINED**

Standard section establishing restrictions on hiring classified civil service employees.

**Sec. 206. Contingency Funds – NEW**

Provides for contingency appropriations in accordance with the Management and Budget Act.

**Sec. 207. Privatization – RETAINED**

Provides for report on privatization activities.

**Sec. 208. Internet Reports – RETAINED**

Provides for Internet to fulfill reporting requirements.

**Sec. 209. Foreign Goods & Services – RETAINED**

Directs the department to give priority to purchase of Michigan goods and services.

**Sec. 210. Deprived & Depressed Communities – RETAINED**

Requires department director to take reasonable steps to ensure that businesses in deprived/depressed communities compete for contracts.

**Sec. 211. Receive and Retain Reports – RETAINED**

Standard section regarding report record retention.

**Sec. 258. Information Technology as Work Projects – RETAINED**

Provides for treatment of information technology projects as work projects.

**Sec. 259. Information Technology User Fees – RETAINED**

Provides for user fees for information technology projects.

**Sec. 260. Out-of-State Travel – MODIFIED**

Standard section – limitation on out-of-state travel, travel report. House modifies date reference.

**Sec. 261. Employee Discipline – RETAINED**

Prohibits state departments or agencies from disciplining employees for communicating with the legislature.

**Sec. 301. Permit Fees/ Bridge Tolls – RETAINED**

Provides for permit fee schedule; hearings on toll increases.

**Sec. 303. Legislative Report – RETAINED**

Provides for report on spending by district.

**Sec. 304. Confidentiality of Bid Documents – RETAINED**

Provides for confidentiality of bid documents.

**Sec. 305. Lease of Space in Public Passenger Properties – RETAINED**

Indicates that space on public transportation facilities properties be leased at market rates; requires use of rental income to maintain property.

**Sec. 306. Audit of Transportation Funds – MODIFIED**

Consolidates with Section 504 audit requirements. Includes language vetoed from current year budget requiring a new cost allocation plan for the Department of Treasury.

**Sec. 307. Rolling 5-Year Plan – MODIFIED**

House modifies report due date to March 1<sup>st</sup>.

**Sec. 308. Contract Compliance Required – RETAINED**

Requires the department and local road agencies to pursue compliance with contract specifications.

**Sec. 309. Reduce Administrative Costs – RETAINED**

Directs department to reduce administrative costs.

**Sec. 310. State Transportation Commission Agenda – RETAINED**

Requires the department to provide copies of agenda/minutes.

**Sec. 312. State Trunkline Fund Carry-forward – RETAINED**

Provides for carry-forward of STF fund balance for use in state trunkline federal-aid road and bridge projects.

**Sec. 313. State Infrastructure Bank – RETAINED**

Provides guidance for SIB program.

**Sec. 314. Internal Audit Report – MODIFIED**

Changes report date to February 1<sup>st</sup> of each year.

**Sec. 319. Signs at Rest Areas – RETAINED**

Requires signs identifying agency or contractor responsible for cleaning.

**Sec. 324. Construction Traffic Zone Enforcement – RETAINED**

Earmarks \$500,000 for “Give ‘em a break campaign.”

**Sec. 334. MBE/WBE Program – MODIFIED**

Requires department to continue MBE/WBE program; House modifies report date to September 30 of each year.

**Sec. 353. Prompt Payment – RETAINED**

Directs the department to review contractor payment process and ensure that contractors are paid promptly.

**Sec. 357. 120 Day Target for Local Project Review – RETAINED**

Directs the department to review local agency projects within 120 days when presented with complete local federal aid project submittal.

**Sec. 361. Bureau of Multi-modal Transportation Services – NOT INCLUDED**

House does not include current language requiring the department to report on any change in bureau services or functions as approved by the state transportation commission.

**Sec. 370. Transit Agency Charter Service – RETAINED**

Directs the department to develop a compliant process to violations of 49 CFR Part 604 regarding use of public transit vehicles for charter service.

**Sec. 374. MDOT Employee Newsletters – RETAINED**

Requires the department to distribute employee newsletters electronically.

**Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED**

Prohibits the department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from the budget.

**Sec. 376. Deferred Project Report – MODIFIED**

Requires report on status of 17 projects deferred in 2003 and subsequently restored to 5-year plan. House updates report due date to March 1 of each year (corresponds to 5-year plan date).

**Sec. 379. Prohibition on Planning for Transit Agencies – RETAINED**

Prohibits department from using CTF funds for operational planning for transit agencies.

**Sec. 380. Prohibition on Cross-funding for Bureau of Multi-modal Transportation Services – NOT INCLUDED**

House does not include current year language restricting funding for Multi-modal employees to appropriations in Sections 114 and 115 (Aeronautics and Public Transportation and Freight Services).

**Sec. 381. Prohibition on TV Program – RETAINED**

Prohibits department from using funds to produce TV program (e.g. MDOT Today) other than for safety or construction advisories.

**Sec. 383. Report on Use of State Airfleet – MODIFIED**

Requires report on use of state airplanes; House limits reported by MDOT to MDOT airfleet, does not include current restrictive language.

**Sec. 384 Detroit River International Crossing – NOT INCLUDED**

House does not include current year language which prohibited the department from spending any appropriated funds for design or right of way acquisition associated with a new Detroit River crossing.

**Sec. 384. Utility Relocation– NEW**

Describes purpose of new line item which used a \$100 federal placeholder for utility relocation for qualified utilities (telecommunication companies with not less than 1 million poles.

**Sec. 391. Public Transportation Deputy Directors – NOT INCLUDED**

House does not include intent language that there be separate directors for public transportation and aeronautics.

**Sec. 401. Federal Aid – Distribution Report – MODIFIED**

Requires department to report on proposed distribution of federal funds between department and local road agencies. House does not include legislative approval/disapproval language.

**Sec. 402. State/Local Federal Aid Buyout – RETAINED**

Authorizes the voluntary "buyout" of federal aid by local road agencies and the department or other local road agencies. Requires that state-restricted funds be used for the same purpose as exchanged federal funds.

**Sec. 501. Motor Carrier Act – RETAINED**

Reference to Motor Carrier Act, PA 254 of 1933.

**Sec. 502. Treasury Audits of Local Road Agencies – RETAINED**

Provides for Treasury audits of local road agencies.

**Sec. 503. TEDF/Local Bridge Fund Carry-Forward – RETAINED**

Provides for carry forward authority.

**Sec. 504. Source and Distribution of MTF Revenue – MODIFIED**

House retains subsection (1); remaining subsections on use of transportation funds combined with Section 306, above.

**Sec. 601. Construction Warranties – RETAINED**

Requires department to work with road construction and engineering consultant industry on development of warranties. Requires report by September 30<sup>th</sup>.

**Sec. 602. Manufactured Pipe Standards – RETAINED**

Provides standards for manufactured pipe.

**Sec. 603. Congestion as Criteria for 5-Year Plan – MODIFIED**

Changes date reference to March 1 of each year (to conform to 5-Year Plan).

**Sec. 607. Unsafe Pedestrian Crossings – NOT INCLUDED**

Directs that funds be used to remediate unsafe pedestrian crossings.

**Sec. 608. Truck Inspection Stations – RETAINED**

Retains current year language and \$40,000 earmark.

**Sec. 610. Dead Deer Removal – RETAINED**

Notes legislative intent with regard to clean up of dead deer and large animal remains.

**Sec. 611. Pavement Marking – MODIFIED**

Directs department to use high quality pavement marking; House strikes pilot project language.

**Sec. 612. Incentive/Disincentive Contracts – MODIFIED**

Requires guidelines for incentive/disincentive contracts. House changes date reference to January 1 of each year.

**Sec. 639. Compliance with Michigan Vehicle Code – NOT INCLUDED**

Requires signage and report on compliance with "drive on right side" requirement.

**Sec. 640. Traffic Signage – NOT INCLUDED**

Requires signage and report on compliance with "yield to emergency vehicle" requirement.

**Sec. 654. Long-term Viability of Mackinac Bridge – RETAINED**

Indicates legislative intent that the Mackinac Bridge Authority protect long-term viability of bridge.

**Sec. 655. Eaton Rapids Sidewalk Program – NOT INCLUDED**

Indicates legislative intent that department spend not less than \$32,000 for sidewalk improvement project.

**Sec. 656. M-49 Upgrade "Green Highway" – NOT INCLUDED**

Indicates legislative intent that the department upgrade M-49 in Hillsdale County to a "designated" route.

**Sec. 657. US-23 Corridor Study – RETAINED**

Indicates legislative intent that the department proceed with a US 23 congestion mitigation corridor study in Washtenaw and Livingston counties.

**Sec. 659. Pavement Life-Cycle Cost Standards – NEW**

Indicates that department may use historical data from other states with comparable climate, soils, and traffic.

**Sec. 701. Intercity Bus Equipment Fund – RETAINED**

Provides for separate accounting and carry-forward authority.

**Sec. 702. Rail Preservation Fund – MODIFIED**

Provides for separate accounting and carry-forward authority. Modifies to Rail *Freight* Fund.

**Sec. 703. Rail Abandonment Notice – RETAINED**

Requires the department to notify the legislature of abandonments.

**Sec. 705. Rail Infrastructure Loan Program – RETAINED**

References PA 295 of 1976.

**Sec. 706. Detroit/Wayne County Port Authority – RETAINED**

Provides for report on DWCPA.

**Sec. 707. Local Bus Operating – MODIFIED**

Provides guidelines for local bus operating appropriation. House strikes date reference; does not include subsection (2) language from the current year budget regarding grants to the Detroit Transportation Corporation (People Mover).

**Sec. 708. Intercity Bus Equipment Program – RETAINED**

Requires annual lease of not less than \$1,000.

**Sec. 709. Intercity Bus Essential Corridor – MODIFIED**

Identifies essential bus corridors. House deletes subsection (3) which prohibited subsidy of "competing" routes.

**Sec. 711. Rail Passenger (AMTRAK) – MODIFIED**

Provides for state subsidy for rail passenger service. House deletes restrictions and reporting requirements.

**Sec. 714. State-wide Demand/Response Service – MODIFIED**

Requires department, in cooperation with local transit agencies, work to ensure that demand-response services are provided throughout Michigan. House deletes reporting requirement.

**Sec. 721. Guidelines for CTF Matching Federal Transit Funds – RETAINED**

Reduces CTF funds for projects not put under contract within specified time period.

**Sec. 722. Work First Initiative (Transportation to Work) – RETAINED**

Requires that CTF funds be used to match federal Job Access/Reverse Commute program grants.

**Sec. 729. Intercity Bus Marketing – NOT INCLUDED**

Earmarks \$100,000 from the Intercity bus service development line for marketing.

**Sec. 730. Intercity Bus Equipment Sales – RETAINED**

Directs the department to sell state-owned intercity bus equipment within 6 months of lease termination and to credit proceeds to intercity bus equipment loan fund.

**Sec. 731. Intercity Bus Space Rental – RETAINED**

Directs the department to charge transit agencies and intercity bus carriers the same rent when leasing similar space in state-owned intermodal facilities.

**Sec. 732. Handicap Bus Lifts Maintenance Reporting Requirement – MODIFIED**

Directs the department to work with transit providers to ensure that transit vehicles have adequate wheelchair lifts. House does not include current year reporting requirements.

**Sec. 734. Transit Agency Service Performance Measures – NOT INCLUDED**

Directs the department to work to ensure that transit agencies meet certain service performance measures.

**Sec. 736. Intercity Rail/Bus Coordination – NOT INCLUDED**

Directs the department to work with intercity bus and rail carriers to coordinate transportation services.

**Sec. 737. Birmingham/Troy Intermodal – NOT INCLUDED**

Indicates legislative intent that the department construct new intermodal passenger facility.

**Sec. 738. Rail Track Project – NOT INCLUDED**

Legislative intent that department complete track rehab project on state-owned track between Hillsdale and Quincy.

**Sec. 739. Transit Agency Bus Sized – NOT INCLUDED**

Directs transit agencies not to assign buses longer than 40 feet to fixed route service if not warranted by ridership.

**Sec. 740. CTF Fund Balance Report– NEW**

Provides for a report on CTF fund balance by March 1 of each year.

**Sec. 801. State Aeronautics Fund Lapse – RETAINED**

Provides for separate accounting and carry-forward authority.

**Sec. 805. Aeronautics Debt Service – RETAINED**

Designates SAF funds for debt service on CTF bonds issued for ASAP program.