

Act No. 129
Public Acts of 2007
Approved by the Governor*
October 31, 2007
Filed with the Secretary of State
October 31, 2007
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*Item Vetoes

Sec. 306. (3)
Entire Subsection. (Page 10)

**STATE OF MICHIGAN
94TH LEGISLATURE
REGULAR SESSION OF 2007**

Introduced by Senator Hardiman

ENROLLED SENATE BILL No. 240

AN ACT to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2008; 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, 2008, 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	3,029.3	
GROSS APPROPRIATION		\$ 3,360,295,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 3,360,295,600
Federal revenues:		
DOT, federal transit act		59,262,100
DOT-FHWA, highway research, planning, and construction		1,140,378,500
DOT-FRA, local rail service assistance		100,000
DOT-FRA, rail passenger/HSGT		1,000,000
Total federal revenues		1,200,740,600
Special revenue funds:		
Local funds		42,850,000
Total local revenues		42,850,000
Total private revenues		0
Blue Water Bridge fund		15,672,000
Comprehensive transportation fund		242,729,500

	For Fiscal Year Ending Sept. 30, 2008
Economic development fund.....	\$ 44,315,000
Intercity bus equipment fund.....	1,000,000
Local bridge fund.....	32,618,400
Michigan transportation fund.....	1,054,150,500
Rail freight fund.....	2,000,000
State aeronautics fund.....	12,705,000
State trunkline fund.....	711,514,600
Total other state restricted revenues.....	2,116,705,000
State general fund/general purpose.....	\$ 0
TOTAL STATE SPENDING.....	2,116,705,000

Sec. 102. DEBT SERVICE

State trunkline.....	\$ 170,934,500
Economic development.....	14,609,400
Local bridge fund.....	3,000,000
Blue Water Bridge.....	1,751,800
Airport safety and protection plan.....	3,474,600
Comprehensive transportation.....	29,841,900
GROSS APPROPRIATION.....	\$ 223,612,200

Appropriated from:

Federal revenues:

DOT-FHWA, highway research, planning, and construction.....	55,080,000
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Special revenue funds:

Blue Water Bridge fund.....	1,751,800
Comprehensive transportation fund.....	29,841,900
Economic development fund.....	14,609,400
Local bridge fund.....	3,000,000
State aeronautics fund.....	3,474,600
State trunkline fund.....	115,854,500
State general fund/general purpose.....	\$ 0

Sec. 103. INTERDEPARTMENT AND STATUTORY CONTRACTS

Michigan transportation fund (MTF)

MTF grant to department of environmental quality.....	\$ 1,057,000
MTF grant to department of state for collection of revenue and fees.....	20,000,000
MTF grant to department of treasury.....	8,004,600
MTF grant to legislative auditor general.....	204,300

State trunkline fund (STF)

STF grant to department of attorney general.....	2,807,200
STF grant to department of civil service.....	2,700,000
STF grant to department of history, arts, and libraries.....	133,100
STF grant to department of management and budget.....	1,502,200
STF grant to department of state police.....	9,564,800
STF grant to department of treasury.....	199,500
STF grant to legislative auditor general.....	474,600

State aeronautics fund (SAF)

SAF grant to department of attorney general.....	156,900
SAF grant to department of civil service.....	55,000
SAF grant to department of history, arts, and libraries.....	2,300
SAF grant to department of management and budget.....	38,700
SAF grant to department of treasury.....	73,600
SAF grant to legislative auditor general.....	19,600

Comprehensive transportation fund (CTF)

CTF grant to attorney general.....	159,000
CTF grant to department of civil service.....	95,000
CTF grant to department of history, arts, and libraries.....	3,800
CTF grant to department of management and budget.....	62,100

	For Fiscal Year Ending Sept. 30, 2008
CTF grant to department of treasury	\$ 1,300
CTF grant to legislative auditor general	25,200
GROSS APPROPRIATION	\$ 47,339,800
Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund	346,400
Michigan transportation fund	29,265,900
State aeronautics fund	346,100
State trunkline fund	17,381,400
State general fund/general purpose	\$ 0
 Sec. 104. EXECUTIVE DIRECTION	
Full-time equated unclassified positions	6.0
Full-time equated classified positions	31.3
Unclassified salaries	\$ 532,200
Asset management council	1,626,400
Commission audit—31.3 FTE positions	3,498,100
GROSS APPROPRIATION	\$ 5,656,700
Appropriated from:	
Special revenue funds:	
Michigan transportation fund	1,626,400
State trunkline fund	4,030,300
State general fund/general purpose	\$ 0
 Sec. 105. BUSINESS SUPPORT	
Full-time equated classified positions	78.0
Business support services—48.0 FTE positions	\$ 5,817,300
Human resources—21.0 FTE positions	2,441,800
Economic development and enhancement programs—9.0 FTE positions	1,151,700
Property management	9,266,800
Human resources optimization user charges	205,000
Worker's compensation	2,146,000
GROSS APPROPRIATION	\$ 21,028,600
Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund	1,324,000
Economic development fund	494,200
Michigan transportation fund	179,000
State aeronautics fund	668,700
State trunkline fund	18,362,700
State general fund/general purpose	\$ 0
 Sec. 106. INFORMATION TECHNOLOGY	
Information technology services and projects	\$ 28,483,300
GROSS APPROPRIATION	\$ 28,483,300
Appropriated from:	
Federal revenues:	
DOT-FHWA, highway research, planning, and construction	1,446,900
Special revenue funds:	
Blue Water Bridge fund	46,800
Comprehensive transportation fund	183,500
Economic development fund	37,100
Michigan transportation fund	242,600
State aeronautics fund	143,200
State trunkline fund	26,383,200
State general fund/general purpose	\$ 0

Sec. 107. FINANCE, CONTRACTS AND SUPPORT SERVICES

Full-time equated classified positions	243.5	
Financial and contractual services		
Financial operations—80.0 FTE positions		\$ 7,904,800
Contract services—53.6 FTE positions		5,127,100
Technical and support services—42.9 FTE positions		5,346,000
Performance excellence—12.0 FTE positions		1,435,500
Welcome center operations—55.0 FTE positions		4,860,700
GROSS APPROPRIATION		\$ 24,674,100
Appropriated from:		
Special revenue funds:		
Michigan transportation fund		1,894,700
State trunkline fund		22,779,400
State general fund/general purpose		\$ 0

Sec. 108. TRANSPORTATION PLANNING

Full-time equated classified positions	176.0	
Statewide planning services—124.0 FTE positions		\$ 13,013,500
Data collection services—52.0 FTE positions		5,637,200
Specialized planning services and local studies		16,698,200
Grants to regional planning councils		488,800
GROSS APPROPRIATION		\$ 35,837,700
Appropriated from:		
Federal revenues:		
DOT-FHWA, highway research, planning, and construction		22,000,000
Special revenue funds:		
Comprehensive transportation fund		960,300
Michigan transportation fund		6,304,500
State aeronautics fund		261,900
State trunkline fund		6,311,000
State general fund/general purpose		\$ 0

Sec. 109. DESIGN AND ENGINEERING SERVICES

Full-time equated classified positions	1,500.8	
Engineering services—785.1 FTE positions		\$ 58,279,800
Program services—704.7 FTE positions		39,350,100
Intelligent transportation systems operations—11.0 FTE positions		10,091,100
GROSS APPROPRIATION		\$ 107,721,000
Appropriated from:		
Federal revenues:		
DOT-FHWA, highway research, planning, and construction		18,909,800
Special revenue funds:		
Michigan transportation fund		5,597,400
State trunkline fund		83,213,800
State general fund/general purpose		\$ 0

Sec. 110. HIGHWAY MAINTENANCE

Full-time equated classified positions	828.7	
State trunkline operations—828.7 FTE positions		\$ 131,976,500
Contract operations		146,631,200
GROSS APPROPRIATION		\$ 278,607,700
Appropriated from:		
Special revenue funds:		
State trunkline fund		278,607,700
State general fund/general purpose		\$ 0

Sec. 111. ROAD AND BRIDGE PROGRAMS

State trunkline federal aid and road and bridge construction		\$ 951,515,600
Local federal aid and road and bridge construction		268,570,000

	For Fiscal Year Ending Sept. 30, 2008
Grants to local programs.....	\$ 33,000,000
Rail grade crossing.....	3,000,000
Local bridge fund.....	29,618,400
County road commissions.....	623,396,400
Cities and villages.....	347,571,400
GROSS APPROPRIATION	\$ 2,256,671,800
Appropriated from:	
Federal revenues:	
DOT-FHWA, highway research, planning, and construction.....	1,042,941,800
Special revenue funds:	
Local funds.....	30,000,000
Blue Water Bridge fund.....	8,553,200
Local bridge fund.....	29,618,400
Michigan transportation fund.....	1,006,967,800
State trunkline fund.....	138,590,600
State general fund/general purpose.....	\$ 0
 Sec. 112. BLUE WATER BRIDGE	
Full-time equated classified positions.....	41.0
Blue Water Bridge operations—41.0 FTE positions.....	\$ 5,320,200
GROSS APPROPRIATION	\$ 5,320,200
Appropriated from:	
Special revenue funds:	
Blue Water Bridge fund.....	5,320,200
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.....	12,567,100
Urban county congestion.....	4,533,600
Rural county primary.....	4,533,600
GROSS APPROPRIATION	\$ 29,174,300
Appropriated from:	
Special revenue funds:	
Economic development fund.....	29,174,300
State general fund/general purpose.....	\$ 0
 Sec. 114. AERONAUTICS SERVICES	
Full-time equated classified positions.....	84.0
Airport improvement services—30.0 FTE positions.....	\$ 2,850,700
Aviation services—26.0 FTE positions.....	4,259,800
Freight and safety services—28.0 FTE positions.....	3,305,100
Air service program.....	700,000
GROSS APPROPRIATION	\$ 11,115,600
Appropriated from:	
Special revenue funds:	
Comprehensive transportation fund.....	1,429,900
Michigan transportation fund.....	1,875,200
State aeronautics fund.....	7,810,500
State general fund/general purpose.....	\$ 0
 Sec. 115. PUBLIC TRANSPORTATION SERVICES	
Full-time equated classified positions.....	46.0
Passenger transportation services—46.0 FTE positions.....	\$ 5,316,500
GROSS APPROPRIATION	\$ 5,316,500

Appropriated from:	
Federal revenues:	
DOT, federal transit act	\$ 762,100
Special revenue funds:	
Comprehensive transportation fund	4,357,400
Michigan transportation fund	197,000
State general fund/general purpose	\$ 0

Sec. 116. BUS TRANSIT DIVISION: STATUTORY OPERATING

Local bus operating	\$ 166,624,000
Nonurban operating/capital	18,200,000
GROSS APPROPRIATION	\$ 184,824,000

Appropriated from:	
Federal revenues:	
DOT, federal transit act	17,000,000
Special revenue funds:	
Local funds	1,200,000
Comprehensive transportation fund	166,624,000
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 services	7,850,000
Rail passenger service	7,900,000
Freight preservation and development	5,092,900
Rail infrastructure loan program	600,000
Marine passenger services	400,000
Terminal development	550,000
GROSS APPROPRIATION	\$ 23,892,900

Appropriated from:	
Federal revenues:	
DOT, federal transit act	4,500,000
DOT-FRA, local rail service assistance	100,000
DOT-FRA, rail passenger/HSMT	1,000,000
Special revenue funds:	
Local funds	50,000
Comprehensive transportation fund	15,242,900
Intercity bus equipment fund	1,000,000
Rail freight fund	2,000,000
State general fund/general purpose	\$ 0

Sec. 118. PUBLIC TRANSPORTATION DEVELOPMENT

Specialized services	\$ 9,500,100
Municipal credit program	2,000,000
Bus capital	46,163,600
Van pooling	195,000
Service initiatives	916,500
Transportation to work	12,244,000
GROSS APPROPRIATION	\$ 71,019,200

Appropriated from:	
Federal revenues:	
DOT, federal transit act	37,000,000
Special revenue funds:	
Local funds	11,600,000
Comprehensive transportation fund	22,419,200
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 2007-2008 is \$2,116,705,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$1,240,293,900.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF TRANSPORTATION

Grants to local programs.....	\$ 33,000,000
Economic development fund.....	16,587,200
Grants to cities and villages	347,571,400
Grants to county road commissions.....	623,396,400
Local bridge fund.....	29,618,400
Grants to regional planning councils	488,800
Local bus operating.....	166,624,000
Bus capital.....	11,163,600
Marine passenger service.....	400,000
Detroit/Wayne County port authority.....	500,000
Municipal credit program.....	2,000,000
Specialized services	4,100,100
Transportation to work	4,844,000
Total payments to local units of government	\$ 1,240,293,900

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 act:

- (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 departments and agencies 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 full-time 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 may 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 quarterly 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 quarter and the reasons to justify the exception.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$200,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$40,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

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 requirement 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. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable quality. In addition, preference should be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and operated by veterans, if they are competitively priced and of comparable quality.

Sec. 210. The director of each department receiving appropriations in part 1 may take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall 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. 258. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

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 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.

Sec. 261. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or their staff.

Sec. 262. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

Sec. 263. (1) The department shall report no later than April 1, 2008 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the house and senate appropriations subcommittees on the budget for the department, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used by the department to adopt a rule that will apply to a small business and that will have a disproportionate economic impact on small businesses because of the size of those businesses if the department fails to reduce the disproportionate economic impact of the rule on small businesses as provided under section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(3) As used in this section:

- (a) "Rule" means that term as defined under section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207.
- (b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

Sec. 264. From the funds appropriated in part 1, the director shall implement continuous improvement efficiency mechanisms in the programs administered by the department. The continuous improvement efficiency mechanisms shall identify changes made in programs to increase efficiency and reduce expenditures in the programs. On March 31, 2008 and September 30, 2008, the director shall submit a report to the state budget director, the senate and house appropriation subcommittees and the senate and house fiscal agencies on the progress made toward increased efficiencies in department programs. At a minimum, each report shall include information on the program review process, the type of improvement mechanisms implemented and actual and projected expenditure savings as a result of the increased program efficiencies.

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. (1) The amounts appropriated in section 103 to support tax and fee collection, law enforcement, and other program services provided to the department and to transportation funds by other state departments shall be expended from transportation funds pursuant to annual contracts between the department and those other state departments. The contracts shall be executed prior to the expenditure or obligation of those funds. The contracts shall provide, but are not limited to, the following data applicable to each state department.

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

(b) Description of services provided to the department and/or transportation funds and financed with transportation funds.

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

(2) Not later than 2 months after publication of the state of Michigan comprehensive annual financial report, each state department receiving funding pursuant to an interdepartment contract with 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 as provided in subsection (4).

(3) In addition to the requirements of subsection (2), the state treasurer shall develop a cost allocation plan to identify the actual costs of work based on time and effort performed by the Michigan department of treasury for state-restricted transportation funds. The cost allocation plan shall specifically identify the costs of collecting constitutionally restricted motor fuel taxes. The cost allocation plan shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, the auditor general, and the state budget director by November 1. The cost allocation plan shall be subject to audit by the auditor general.

(4) Biennially, in each even-numbered fiscal year, the auditor general shall conduct an audit of charges to transportation funds by state departments for the 2 preceding fiscal years. The audit shall include both charges governed by interdepartmental contracts as well as miscellaneous charges from other state departments not governed by contracts. The auditor general shall prepare a detailed report, with recommendations and conclusions, including a summary of charges and related services to transportation funds by department, the appropriateness of those charges, the cost allocation methodologies used in determining the level of funding, and any unreimbursed transportation-related costs, if any. The report shall be provided to the senate and house of representatives committees on appropriations, the senate and house fiscal agencies, and the state budget director 9 months after publication of the state of Michigan comprehensive annual financial report.

Sec. 307. Before March 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.

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, the senate and house fiscal agencies, and the state budget director 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. 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 unencumbered 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 of each year 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 September 30 of each year 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. 370. From the funds appropriated in part 1, the department shall maintain a complaint process to enforce the charter service prohibition contained in section 10e of 1951 PA 51, MCL 247.660e. The complaint process shall be independent from the charter service complaint process administered by the federal department of transportation, federal transit administration under 49 CFR part 604. The process shall allow complainants to file written complaints with the director, either through the United States mail or through the department's Internet site. The process shall allow complainants and respondents to provide evidence to the director regarding the alleged complaint. The director shall dispose of all complaints within 120 days after receipt.

Sec. 374. The department shall 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 March 1 of each year, the department shall report to the senate and house 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. 383. (1) The department shall prepare a quarterly report on all travel by executive branch employees on department-owned 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.

(2) From funds appropriated in part 1, the department is prohibited from transporting local public officials, university employees, other public employees, or members of the public on state-owned aircraft unless accompanied by state employees on related official state business.

(3) From the funds appropriated in part 1, the department is prohibited from transporting legislators or legislative staff on state-owned aircraft without prior approval from the senate majority leader and/or the speaker of the house of representatives and only when the aircraft is already scheduled by state employees on related official state business.

(4) This section does not apply to transportation that is related to law enforcement or homeland security activities.

(5) The department shall maintain a system for recovering the cost of operating department-owned aircraft through charges to aircraft users.

Sec. 384. (1) The state transportation department is allowed to finish the Detroit River international crossing (DRIC) study provided that activity associated with finishing the DRIC study shall not bind the state in any way to construction or future action of any DRIC project recommendation. From the funds appropriated in part 1, the department is prohibited from pursuing actions beyond the normal completion of the study phase. Such prohibited actions include, but are not limited to, applications for federal permits, design engineering work, right-of-way acquisition, construction, routine property acquisition, or condemnation activity. Advanced property acquisitions, both hardship and opportunity purchases, during the study are allowed as long as they do not bind the state. The department will notify, in writing, both the house and senate appropriations committees within 30 days of any advanced property acquisition purchases. Any additional spending to implement any recommendation of the DRIC study will require prior approval of the full legislature.

(2) The senate and house shall hold committee hearings on the involvement of the department on the DRIC study at which time the department shall present an accounting of any DRIC project costs.

(3) Within 30 days of the effective date of this act, the department shall submit a report to the senate and house appropriations subcommittees on transportation and the state transportation commission that identifies the source and use of all funds attributable to or expended in furtherance of the DRIC study or the border transportation partnership. The report shall include copies of all contracts, agreements, and expenses associated with the project from October 1, 2003 to June 30, 2007.

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 approved within 30 business days by both the senate and house of representatives appropriations transportation subcommittees, then the recommendation or recommendations shall be considered as disapproved. 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.

Sec. 402. A portion of the federal DOT-FHWA highway research, planning, and construction funds made available to the state shall be allocated to transportation programs administered by local jurisdictions in accordance with section 10o of 1951 PA 51, MCL 247.660o. A local road agency, with respect to a project approved for federal aid funding in a state transportation improvement program, may enter into a voluntary buyout agreement with the department or with another local road agency to exchange the federal aid with state restricted transportation funds as agreed to by the respective parties. The state-restricted transportation funds received in exchange for federal aid funds shall be used for the same purpose as the federal aid funds were originally intended.

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 10(5) of 1951 PA 51, MCL 247.660.

(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. 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.

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 March 1 of each year. 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. 608. From the amounts appropriated in part 1 for forest roads from the transportation economic development fund, \$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.

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 of each year, 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. 615. It is the intent of the legislature that the department shall proceed with the construction of a full interchange at the intersection of M-48 and I-75 in Chippewa County. It is the intent of the legislature that the department develop design plans and award the construction contract for this project during the fiscal year ending September 30, 2008.

Sec. 616. It is the intent of the legislature that the department shall reimburse the city of Petoskey for installation of a traffic light on US-31 at the intersection with Bay Harbor in Emmet County.

Sec. 639. The department shall develop a plan and schedule to place signs on state highways that direct motorists to drive on the right half of the roadway in accordance with section 634 of the Michigan vehicle code, 1949 PA 300, MCL 257.634. The plan and schedule shall be submitted to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director by November 1, 2007.

Sec. 640. The department shall develop a plan and schedule to place signs on state highways that direct motorists to yield the right-of-way to approaching emergency vehicles in accordance with section 653 of the Michigan vehicle code, 1949 PA 300, MCL 257.653. The plan and schedule shall be submitted to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director by November 1, 2007.

Sec. 654. It is the intent of the legislature that the Mackinac Bridge Authority work to protect the long-term viability of the Mackinac Bridge.

Sec. 655. It is the intent of the legislature that the department expend not less than \$32,000.00 for a safe routes to schools project in Eaton Rapids, Michigan, involving extension of and improvements to sidewalks along North State Street from Gould to beyond Greyhound Drive, as well as connecting streets in neighborhoods near Eaton Rapids High School, Eaton Rapids Middle School, Greyhound Intermediate School, and Lockwood Elementary School.

Sec. 656. It is the intent of the legislature that the department upgrade that section of M-49 from M-99 to US-12 to standards necessary for designation as a designated highway as provided under sections 717 and 718 of the Michigan vehicle code, 1949 PA 300, MCL 257.717 and 257.718, and for inclusion as a “green” special designated highway on the department’s truck operator’s map.

Sec. 657. It is the intent of the legislature that the department proceed with a congestion mitigation corridor study of US-23 from M-14 to I-96 in Washtenaw and Livingston counties, including environmental assessment of transportation improvements to US-23.

Sec. 658. It is the intent of the legislature that the department proceed with the reconstruction of the interchange at I-196 and Phoenix Road in South Haven.

Sec. 659. For pavement projects for which there are no Michigan actual historic project maintenance, repair, and resurfacing schedules and costs as recorded by the pavement management system, the department may use actual historical and comparable data for equivalent designs from states with similar climates, soil structures, and vehicle traffic.

COMPREHENSIVE TRANSPORTATION FUND

Sec. 701. 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. 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 freight 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. 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. 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 not exceed \$7,100,000.00.

(3) The rail carrier shall, as a condition to receiving a state operating subsidy, maintain 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) 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.

(5) 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 of each year on its efforts to implement this section over the past 2 years.

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. 729. From the funds appropriated in part 1 for intercity services, \$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 per square foot for leasing 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, 2007, eligible authorities and eligible governmental agencies shall forward to the department and the senate and house fiscal agencies 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, 2007 that the nonoperational lifts have been repaired or replaced and are operational.

(4) By April 1, 2008, 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 that 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, 2007, shall not receive 25% of their monthly local bus operating grant, beginning January 1, 2007. 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 April 30, 2008 that lifts reported as nonoperational pursuant to subsections (3) and (4) are now operational, funds withheld during the period subsequent to December 31, 2007 shall be forwarded to the applicable eligible authority or eligible governmental agency. If the applicable lifts are not operational by April 30, 2008, 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, 2008, 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.

(9) Eligible authorities and eligible governmental agencies which have been certified by the department director for 3 consecutive years are exempt from the reporting requirements in subsections (2) and (3) unless a complaint has been filed.

Sec. 734. (1) The department shall ensure that all public transit agencies provide the highest quality public transit service by moving people in a cost-effective, safe, and user-friendly manner that maintains and attracts residents and businesses.

(2) Public transit agencies receiving funds under part 1 shall do all of the following:

(a) Provide efficient, cost-effective, safe, well-maintained, reliable, customer-driven transportation services.

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

(c) Identify and capture all available funding or create cost-effective programs to eliminate debt and have a balanced budget.

(d) Maintain sufficient local and community funding.

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

Sec. 736. From the funds appropriated in part 1, the department shall work with intercity rail and bus passenger carriers to coordinate intercity passenger transportation in Michigan. The department shall assist in the coordination of intercity routes, schedules, and facilities.

Sec. 737. It is the intent of the legislature that the department proceed with the construction of a Birmingham/Troy intermodal passenger facility.

Sec. 740. The department shall report by March 1 of each year to the house of representatives and senate appropriations subcommittees on transportation, the house and senate fiscal agencies, and the state budget director the encumbered and unencumbered balances of the comprehensive transportation fund.

Sec. 741. The department shall report by March 1, 2008 to the house of representatives and senate appropriations subcommittees on transportation, the house and senate fiscal agencies, and the state budget director on progress made to improve the Ann Arbor & NW Michigan railroad's track infrastructure for the purpose of supporting passenger train speed of 59 miles per hour.

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.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Richard J. Bowen

Clerk of the House of Representatives

Approved

.....
Governor