

**TRANSPORTATION**  
**Summary: FY 2008-09 Appropriations**  
**Conference Report**  
**HB 5808 (S-1) CR-1 \*\*\*\***

**Analyst: William E. Hamilton**

IDG/IDT	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Conference	Difference: Conference From FY 2007-08 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Federal</b>	1,200,740,600	1,316,771,200	1,316,771,200	1,449,795,800	1,460,995,800	260,255,200	21.7%
<b>Local</b>	42,850,000	40,950,000	40,950,000	71,624,200	71,624,200	28,774,200	67.2
<b>Private</b>	0	0	0	0	0	0	
<b>Restricted</b>	2,116,605,000	2,066,744,300	2,066,784,300	2,072,577,200	2,079,709,200	(36,895,800)	(1.7)
<b>GF/GP</b>	0	0	0	0	0		
<b>Gross</b>	<b>3,360,195,600</b>	<b>3,424,465,500</b>	<b>3,424,505,500</b>	<b>3,593,997,200</b>	<b>3,612,329,200</b>	252,133,600	7.5%
<b>FTEs</b>	3,035.3	3,014.3	3,014.3	3,014.3	3,014.3		

**Overview**

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the budget is from constitutionally-restricted state revenue sources—primarily motor fuel taxes and vehicle registrations—which is credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51. Approximately one-third of the budget is federal revenue. There is no state GF/GP revenue in this budget.

The **Executive** proposed a continuation budget with no new programs or revenue. Line item changes primarily reflected economic adjustments and/or adjustment of estimated restricted or federal revenue.

The **House** concurred with the Executive with regard to line item appropriations with the exception of the TEDF *Forest roads* line; the House included \$40,000 for trunk turnoffs (see boilerplate Section 608). The House also made two offsetting \$100 changes to STF IDG line items and differed from the Executive with regard to a number of boilerplate sections.

The **Senate** agreed with the House-passed bill with regard to appropriation line items with the exception of the inclusion of \$2.0 million for a new *Transit innovation grants* line item, and the inclusion of the \$167.5 million Aeronautics Capital Outlay program. The Senate bill also differs from the House bill with regard to the two offsetting \$100 changes to STF IDG line items, and with regard to a number of boilerplate sections.

**Conference Report –CR-1 \*\*\*\*** The Report included both the \$167.5 million Aeronautics Capital Outlay program, as well as \$9.2 million in Capital Building and Facilities projects which had originally been included in the Executive's Capital Outlay request. This treatment of Capital Outlay items is consistent with the revised Executive Recommendation and the Target agreement. The inclusion of Capital Outlay is the principal reason for the increase in gross appropriations over the current year. [Without the Capital Outlay items, the increase in gross appropriations would have been only \$64.3 million – a \$116 million increase in federal revenue partially offset by a \$49.8 million reduction in state restricted revenue.]

The Conference Report does not include the \$2.0 million *Transit innovation grants* line item which had been in the Senate bill. The Report concurs with the Senate with regard to the two \$100 changes STF IDG line items. The Conference Report also includes increased federal spending authority in two appropriation line items: \$6.4 million in the Bus Capital, and \$4.8 million in Rail Passenger. These increases recognize federal grants which the department identified subsequent to the development of the original Executive budget request.

The Conference Report's treatment of boilerplate differences is shown in detail on page 4 of this document.

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 YTD</b>	<b>Conference Change From YTD</b>
<b>1. Debt Service</b>	<b>Gross</b>	<b>\$223,612,200</b>	<b>(\$31,608,600)</b>
Reflects anticipated debt service schedules. The reduction in the federal fund source reflects the fact that the final payment of \$32.1 million on short-term federal grant anticipation (GARVEE) notes was made in 2008.	Federal	55,080,000	(32,296,700)
<b>House/Senate agree with Executive Recommendation.</b>	Restricted	168,532,200	688,100
<b>2. Grants to Other State Departments</b>	<b>Gross</b>	<b>\$47,239,800</b>	<b>\$1,810,000</b>
Includes MTF IDGs to Departments of State (\$20.0 million) and Treasury (\$7.2 million – \$653,800 less than FY 2007-08) for cost of collecting MTF revenue. STF grant to Civil Service Commission would increase by \$2.3 million, to reflect transfer of all human service functions out of the department. There is a related reduction in STF funding for human service line items in the Business Support appropriations unit.	Restricted	47,239,800	1,810,000
<b>House/Senate agree with Executive Recommendation in total; House makes offsetting \$100 changes in two STF lines.</b>			
<b>The Conference Report concurs with the Senate (Executive).</b>			
<b>3. Executive Direction – Unclassified Salaries</b>	FTEs	6.0	0.0
Executive proposed \$70,600 (STF) increase to baseline for unclassified FTE position which is currently authorized but unfunded and unfilled.	<b>Gross</b>	<b>\$532,200</b>	<b>\$70,600</b>
<b>House/Senate agree with Executive Recommendation.</b>	Restricted	532,200	70,600
<b>4. Business Support</b>	FTEs	78.0	(21.0)
Reflects the transfer of human service functions from the department to the Civil Service Commission. As noted above, funding needed to reimburse Civil Service would be reflected in an IDG. This appropriation unit also reflects a \$1.3 million reduction in property management costs as a result of completion of work on the Van Wagoner Transportation building.	<b>Gross</b>	<b>\$21,028,600</b>	<b>(\$3,863,200)</b>
<b>House/Senate agree with Executive Recommendation.</b>	Restricted	21,028,600	(3,863,200)
<b>5. State Trunkline Maintenance</b>	FTEs	828.7	4.0
Reflects state trunkline lane miles added by new construction and jurisdictional transfers, and increased costs of equipment, material, and fuel. Also reflects increase in programmed roadside cleanup cycles.	<b>Gross</b>	<b>\$278,607,700</b>	<b>\$6,120,500</b>
<b>House/Senate agree with Executive Recommendation.</b>	Restricted	278,607,700	6,120,500
<b>6. State Trunkline Road and Bridge Construction</b>	<b>Gross</b>	<b>\$951,515,600</b>	<b>\$91,542,500</b>
Appropriates \$1.043 billion for state trunkline capital construction and reconstruction program. Decrease in available state restricted revenue offset increase in estimated federal aid revenue.	Federal	774,371,800	118,049,100
<b>House/Senate agree with Executive Recommendation.</b>	Local	30,000,000	0
	Restricted	147,143,800	(26,506,600)
<b>7. Local Federal Aid Road and Bridge Construction</b>	<b>Gross</b>	<b>\$268,570,000</b>	<b>\$41,022,000</b>
Appropriates \$309.6 million in federal funds based on estimated federal revenue and Act 51 directive that 25% of most federal aid program funds be made available to local road agencies.	Federal	268,570,000	41,022,000
<b>House/Senate agree with Executive Recommendation.</b>			
<b>8. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$970,967,800</b>	<b>(\$39,397,000)</b>
Appropriates \$931.6 million MTF (\$598.1 million to county road commissions, \$333.5 million to cities/villages) based on MTF revenue estimates and Act 51 formula; final distribution will be based on actual MTF revenue, which may be more or less than appropriations.	Restricted	970,967,800	(39,397,000)
<b>House/Senate agree with Executive Recommendation.</b>			

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 YTD</b>	<b>Conference Change From YTD</b>
<b>9. Transportation Economic Development (TEDF) Fund</b>	<b>Gross</b>	<b>\$29,174,300</b>	<b>\$13,157,900</b>
Provides \$42.3 million for statutory distribution per 1987 PA 231. Current year appropriations anticipated the redirection of \$13.0 million in drivers' license fees from the TEDF to the state General Fund. The FY 2008-09 increase reflects the end of that one-time fund shift. [The Michigan Vehicle Code has not yet been amended to effect this shift in the current year.]	Restricted	29,174,300	13,157,900
<b>House/Senate agree with Executive Recommendation.</b>			
<b>10. Bus Transit – Local Bus Operating Assistance</b>	<b>Gross</b>	<b>\$166,624,000</b>	<b>\$0</b>
Includes \$166.6 million from Comprehensive Transportation Fund (CTF) for state operating assistance to local public transit agencies, unchanged from prior FY 2007-08 and FY 2006-07.	Restricted	166,624,000	0
<b>House/Senate agree with Executive Recommendation.</b>			
<b>11. Rail Passenger Service</b>	<b>Gross</b>	<b>\$7,900,000</b>	<b>\$0</b>
Provides operating assistance for Port Huron/Chicago and Grand Rapids/Chicago rail service with restricted funds; federal revenue provides capital assistance.	Federal	1,000,000	4,800,000
	Restricted	\$6,900,000	0
<b>House/Senate agree with Executive Recommendation.</b>			
<b>The Conference Report appropriates \$12.7 million, adding \$4.8 million in federal spending authority to recognize potential Federal Railroad Administration grant.</b>			
<b>12. Bus Capital</b>	<b>Gross</b>	<b>\$46,163,600</b>	<b>(\$5,360,600)</b>
Provides matching funds for Federal Transit Administration (FTA) grants to local transit agencies; line reflects reduction in anticipated Federal Transit Administration grants distributed through this budget and related CTF matching revenue. [More FTA grants are now distributed directly to transit agencies which reduces the amount appropriated in the state budget.]	Federal	30,000,000	(3,600,000)
	Local	5,000,000	0
	Restricted	11,163,600	(1,760,600)
<b>House/Senate agree with Executive Recommendation.</b>			
<b>The Conference Report appropriates \$40.8 million, adding \$6.4 million in federal spending authority to recognize potential FTA grants.</b>			
<b>13. Transit Innovation Grants – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Senate adds new line item for Transit Innovation Grant Program established in boilerplate section 742.	Restricted	0	0
<b>New in Senate bill; not included in House bill.</b>			
<b>Not included in the Conference Report.</b>			
<b>14. AERO Capital Projects– NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$167,491,700</b>
Senate includes funding for FY 2008-09 Aeronautics Capital program.	Federal	0	133,024,600
	Local	0	30,674,200
	Restricted	0	3,792,900
<b>New in Senate bill; not included in House bill.</b>			
<b>Included in the Conference Report per Target Agreement.</b>			
<b>15. State/Local Capital Facilities Projects– NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$9,132,000</b>
The Revised Executive Recommendation proposed moving capital projects (salt storage facilities, Transportation Service Center, Institutional and Agency road program, other facility projects) from Capital Outlay to the Transportation budget.	Federal	0	0
	Local	0	0
	Restricted	0	9,132,000
<b>Included in the Conference Report per Target Agreement.</b>			
<b>16. Employee Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,461,100</b>
Net \$1.5 million increase reflects \$1.8 million increase for salaries/wages, \$2.0 million reduction related to health insurance, \$1.7 million increase for retirement contributions, and \$1.3 million decrease for building occupancy charges. Projected workers compensation would decrease \$82,000.	Federal	N/A	2,800
	Restricted		1,458,300
<b>House/Senate agree with Executive Recommendation.</b>			

## **Major Boilerplate Changes From FY 2007-08**

### **Sec. 207. Privatization – Modified**

Provides for reports on privatization activities and defines privatize and privatization.

**Not included in Executive budget; retained in Senate sub; House sub includes additional language requiring 10% savings.**

**Conference Report: Adopts new language substantially similar to current year language.**

### **Sec. 263. Impact of New Legislation and Administrative Rules – Modified**

Requires a report, by April 1, 2008, on specific policy changes adopted to implement new public acts. Prohibits the Department from adopting administrative rules that have a disproportionate impact on small business.

**House does not include; Senate retains and updates report due date.**

**Conference Report: Adopts Target language substantially similar to current year language.**

### **Sec. 265. Additional Travel Restriction – NEW**

Senate limits out-of-state travel for conferences/professional development.

**Senate adds new requirement.**

**Conference Report: Adopts Target language substantially similar to Senate language.**

### **Sec. 266. Public Website for Expenditures – Not Included**

Senate requires department to post expenditures/purpose on public website.

**Senate adds new requirement.**

**Not included in Conference Report.**

### **Sec. 370. Transit Agency Charter Service – Not Included**

Directs Department to maintain a compliant process for violations of 49 CFR, Part 604 regarding use of public transit vehicles for charter service.

**Retained in House bill; not included in Senate bill.**

**Not included in Conference Report.**

### **Sec. 383. Report on Use of State Airfleet – Modified**

Requires quarterly report on use of department-owned aircraft; restricts transport of local government employees, employees of institutions of higher education, and legislative employees; waives restrictions for law enforcement and homeland security.

**Retained in Senate bill; not included in House bill.**

**Conference Report: Adopts new language substantially similar to current language, but does not include Subsection (2) from current law.**

### **Sec. 384. Detroit River International Crossing (DRIC) – Modified**

Section in current law restricts department activities with regard to study of a new crossing of the Detroit River between Detroit, Michigan, and Windsor, Ontario.

**Modified in Senate bill; not included in House bill.**

#### **Conference Report CR-1 \*\*\*\* includes modified language:**

*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. Certain preliminary activities which are necessary to prepare a proposal for a decision by the legislature are allowed as long as they do not bind the state. Those activities include the following:*

- (a) applications for permits and approvals.*
- (b) preliminary design engineering work.*
- (c) preliminary utility planning and relocation*
- (d) preliminary financial and funding arrangements.*

*(2) The department will report on a quarterly basis to both the house and senate appropriations committees on any expenditures relative to the process identified in subsection (1).*

*(3) In addition, advanced property acquisitions that are hardship or opportunity purchases 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. The department can not enter into any binding commitment to construct the crossing until authorizing legislation is enacted into law.*

## **Major Boilerplate Changes From FY 2007-08**

### **Sec. 391. Deputy Director for Public Transportation – Not included**

Indicates legislative intent that department establish position for public transportation.

**Modified in House bill; not included in Senate bill.**

**Not included in Conference Report.**

### **Sec. 393. Best Practices for Public Transportation – NEW**

Directs department to support best practices.

**New in House bill; not included in Senate bill.**

**Conference Report concurs with House.**

### **Sec. 394. Revisit Act 51 Distribution Formula – NEW/Modified**

Indicates legislative intent that department study distribution formula.

**New in Senate bill; not included in House bill.**

**Conference Report adopts new/modified language.**

### **Sec. 395. County Road C-56 Jurisdiction – NEW**

Indicates legislative intent that department assume jurisdiction of County Road C-56 between US-31 and I-75 in Charlevoix County.

**New in Senate bill; not included in House bill.**

**Conference Report concurs with Senate.**

### **Sec. 396. State Match for New Starts – Not Included**

Indicates legislative intent that department fully match federal funds for approved new starts projects.

**New in Senate bill; not included in House bill.**

**Conference Report concurs with the House.**

### **Sec. 397. Ann Arbor/Detroit Commuter Rail Stations – NEW**

Indicates legislative intent that department work with SEMCOG in locating future train stations along corridor.

**New in Senate bill; not included in House bill.**

**Conference Report concurs with Senate.**

### **Sec. 401. Federal Aid Distribution Report – Modified**

Requires Department to report to the Legislature on proposed distribution of federal funds; provides a 30-day window for legislative approval/disapproval. Governor indicates provision requiring legislative approval (in current law) violates separation of powers doctrine of the Michigan Constitution and is thus unenforceable.

**House sub adopts Executive proposed language; Senate retains current year language.**

**Conference Report concurs with House.**

### **Sec. 607. I-75 Interchange Flint Township – NEW**

Indicates legislative intent that Department construct new interchange.

**New in House bill; not included in Senate bill.**

**Conference Report concurs with House.**

### **Sec. 616. Traffic Light US-31 Bay Harbor (Emmet County) – Not Included**

Indicates legislative intent that Department reimburse the city of Petoskey for traffic signal.

**Retained in Senate bill; not included in House bill.**

**Conference Report concurs with House.**

### **Sec. 617. I-75 Service Drive in Hazel Park – NEW**

Indicates legislative intent that Department reconstruct service drive.

**New in House bill; not included in Senate bill.**

**Conference Report concurs with House.**

### **Sec. 655. Eaton Rapids Sidewalk Program – Retains**

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

**Retained in Senate bill; not included in House bill.**

**Conference Report concurs with Senate.**

### **Sec. 656. M-49 Upgrade “Green Highway” – Retains**

Indicates legislative intent that the Department upgrade M-49 in Hillsdale County to a “designated” truck route.

**Retained in Senate bill; not included in House bill.**

**Conference Report concurs with Senate.**

## **Major Boilerplate Changes From FY 2007-08**

### **Sec. 658. Interchange at I-196 and Phoenix Road in South Haven – Retains**

Indicates legislative intent that Department reconstruct interchange.

**Retained in Senate bill; not included in House bill.**

**Conference Report concurs with Senate.**

### **Sec. 707. Local Bus Operating Assistance – Not Included**

Provides for distribution of grants (language already in Public Act 51 of 1951).

**New in Senate bill; not included in House bill.**

**Conference Report concurs with House.**

### **Sec. 714. Local Transit Demand-Response Services – Modified**

Requires that Department, in cooperation with local transit agencies, work to ensure that demand-response services are provided throughout Michigan; requires report due March 1 of each year.

**Senate does not include subsection (2) reporting requirement.**

**Conference Report concurs with Senate.**

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

Reduces CTF matching funds for projects not put under contract within specified term.

**Retained in House bill; modified in Senate bill to provide exemption for lack of matching funds.**

**Conference Report concurs with Senate.**

### **Sec. 737. Birmingham/Troy Passenger Facility – Retains**

Legislative intent that Department proceed with construction of a Birmingham/Troy intermodal passenger facility.

**Retained in Senate bill; not included in House bill.**

**Conference Report concurs with Senate.**

### **Sec. 741. Ann Arbor and Northwest Michigan Railroad – Retains**

Requires report on progress made to improve rail track to support passenger trains at 59 MPH.

**Senate bill retains and updates report due date; not included in House bill.**

**Conference Report concurs with Senate.**

### **Sec. 742. Transit Innovation Grant Program – Not Included**

Requires transfer of unencumbered CTF balance to new fund/program for transit innovation grants.

**New in Senate bill; not included in House bill.**

**Conference Report concurs with House.**

### **Sec. 805. Aeronautics Debt Service – Not Included**

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

**New in Senate bill; not included in House bill.**

**Conference Report concurs with House. (Language not needed.)**

### **Sec. 901. Aeronautics Capital Program – NEW**

Permits department to contract for airport improvement projects on behalf of local airport owners; local match requirements. (Same as Section 901 in Capital Outlay bill).

**New in Senate bill (as Section 806); not included in House bill.**

**Conference Report includes per Target agreement.**

### **Sec. 902. Aeronautics Capital Program – Status Report – NEW**

Provides reporting requirement.

**New in Senate bill (as Section 807); not included in House bill.**

**Conference Report includes per Target agreement.**

### **Sec. 903. Capital Outlay Carry Forward – NEW**

Provides of carry forward authority in accordance with the Management and Budget Act.

**Conference Report includes per Target agreement.**