

FY 2013-14: DEPARTMENT OF TRANSPORTATION
Summary: House Subcommittee Chair's Recommendation
House Bill 4226 (H-1) Draft 1



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	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	<i>Difference: House From FY 2012-13 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$3,531,900	\$3,625,100	\$3,625,100			\$93,200	2.6
Federal	1,221,830,100	1,198,885,500	1,198,885,500			(22,944,600)	(1.9)
Local	52,080,200	50,177,100	50,177,100			(1,903,100)	(3.6)
Private	100,000	100,000	100,000			0.0	0.0
Restricted	2,165,895,300	3,321,999,900	2,088,181,000			(77,714,300)	(3.6)
GF/GP	23,000,000	0	100,000,000			77,000,000	334.8
Gross	\$3,466,437,500	\$4,574,787,600	\$3,440,968,700			(\$25,468,800)	(0.1)
FTEs	2,918.30	2,918.3	2,918.3				

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

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 revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Almost all the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes. Most of this revenue is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 House Change
1. State Trunkline Maintenance	FTEs	808.7	0.0
Recognizes economic adjustments of \$2.3 million. <u>House</u> does not include <u>Executive</u> -proposed \$10.0 million increase in baseline revenue from proposed funding package.	Gross	\$273,395,700	\$2,293,800
	Restricted	273,395,700	2,293,800
2. State Trunkline Road and Bridge Construction	Gross	\$941,053,200	\$27,140,300
Current year budget includes as STF revenue \$100.0 million from a one-time shift of GF/GP revenue effected through 2012 PA 225, an amendment to the General Sales Tax Act.	Federal	742,092,000	0
	Local	30,000,000	0
	Restricted	168,961,200	(72,859,700)
	GF/GP	\$0	\$100,000,000

House makes a direct appropriation \$100.0 million GF/GP to ensure the state matches all available federal-aid highway funds; assumes continuing shift of \$12.0 million in driver's license fee revenue to STF, and recognizes \$25.8 million in Blue Water Bridge (BWB) Fund revenue for BWB Plaza project. STF revenue of \$63.2 million used in this line reflects Michigan Department of Treasury Office of Revenue and Tax Analysis (ORTA) revenue estimates of baseline transportation revenue for FY 2013-14, net of other STF appropriations.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 House Change
3. Local Federal Aid Road and Bridge Construction		Gross	\$240,443,000
Line currently used as placeholder for estimated federal aid revenue earmarked for local federal aid programs.		Federal	240,443,000
		Restricted	0
<u>Executive</u> proposed rolling current county road commission and city/village MTF funding into this line through new Act 51 funding formula.			
<u>House</u> line item is the same as current year.			
4. Local Bridge Program		Gross	\$26,763,700
<u>Executive</u> proposed elimination of this Act 51 earmark, effectively rolling into <i>Local federal aid and road and bridge construction</i> line item.		Restricted	26,763,700
<u>House</u> recognizes current Act 51 program, adjusted for anticipated decrease in baseline gasoline tax revenue.			
5. MTF to Local Road Agencies		Gross	\$898,485,400
<u>Executive</u> had proposed rolling up Act 51 MTF distribution to county road commissions, (\$576.9 million in current year), and cities/villages, (\$321.6 million in current year), into <i>Local federal aid and road and bridge construction</i> line item.		Restricted	898,485,400
<u>House</u> recognizes current Act 51 program, adjusted for anticipated increase in net baseline MTF revenue as compared to estimates on which current year budget was based. Total appropriation would be \$908, 1 million ; county road commissions, \$583.0 million; and cities/villages, \$325.1 million.			
6. Local Program Fund		Gross	\$33,000,000
<u>Executive</u> proposes elimination of this Act 51 earmark, effectively rolling into <i>Local federal aid and road and bridge construction</i> line item.		Restricted	33,000,000
<u>House</u> recognizes current Act 51 program.			
7. NEW – Commercial Corridor Fund		Gross	\$0
<u>Executive</u> had proposed increases to motor fuel taxes and vehicle registration taxes to generate an estimated \$1.236 billion in additional dedicated revenue for transportation programs. <u>Executive</u> also proposed a new fund/program, the Commercial Corridor Fund, as the recipient of most of this new revenue (\$1.132 billion), under a new distribution formula.		Restricted	0
<u>House</u> does not include increase in baseline revenue from proposed funding package; includes a \$100 placeholder.			
8. NEW – Basic Industry Logistics Transportation (BILT)		Gross	\$0
<u>Executive</u> had proposed new fund/program reflecting proposed revenue package and distribution formula. The fund would be competitive grant program to replace the current Transportation Economic Development Fund (TEDF) and Rail Grade Crossing program.		Restricted	0
<u>House</u> does not include increase in baseline revenue from proposed funding package; includes a \$100 placeholder.			
9. Rail Grade Crossing		Gross	\$3,000,000
<u>Executive</u> proposes elimination of this Act 51 earmark, effectively rolling into new BILT program.		Restricted	3,000,000
<u>House</u> recognizes current Act 51 program.			

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 House Change
10. Transportation Economic Development Fund (TEDF)	Gross	\$32,058,200	\$0
<u>Executive</u> proposes elimination of program; effectively replaced by new BITL program.	Restricted	32,058,200	0
<u>House</u> recognizes current program and funding levels.			
11. Aeronautics Services	FTEs	54.0	0.0
<u>Executive</u> budget was \$612,600 (SAF) less than the current, reflecting economic increases of \$166,600, and offsetting adjustments to estimated SAF revenue, (\$779,200). Due to the reduction in estimated SAF revenue, the <u>Executive</u> reduced the <i>Air service</i> grant program from \$700,000 to \$301,200.	Gross	\$8,268,500	(\$913,700)
	Restricted	8,268,500	(913,700)
<u>Executive</u> budget request had included \$508,300 in additional SAF revenue from a proposed increase in aircraft registration taxes. <u>House</u> does not recognize the proposed SAF revenue increase. As a result, House reduces the <i>Air service</i> grant program to \$100 placeholder; a reduction of \$301,100 SAF as compared to the <u>Executive</u> . The balance of the House adjustment of SAF revenue is made in <i>Airport Improvement Program</i> discussed below.			
12. Bus Transit - Local Bus Operating Assistance	Gross	\$166,624,000	\$0
Provides state operating assistance to local public transit agencies; current year CTF funding unchanged since FY 2006-07.	Restricted	166,624,000	0
<u>Executive</u> proposed \$14.5 million increase in baseline funding reflecting additional revenue from proposed funding package.			
<u>House</u> recognizes current funding levels.			
13. Bus Transit - Non-Urban Operating/Capital	Gross	\$22,787,900	\$2,400,000
<u>House</u> concurs with the <u>Executive</u> ; recognizes federal non-urban transit grants; reflects MAP-21 funding levels.	Federal	21,987,900	1,200,000
	Local	800,000	1,200,000
14. NEW - Discretionary State Operating	Gross	\$0 *	\$5,400,000
Because of the way the state operating assistance is calculated, anticipated reductions in Detroit general fund support for the Detroit Department of Transportation (DDOT) will also reduce the amount of state assistance provided to other urban transit agencies. <u>Executive</u> proposes additional CTF funding, both in the current year and in FY 2013-14 to urban transit agencies, other than DDOT, affected by the reduction in Detroit general fund support for DDOT.	Restricted	0 *	5,400,000
			* The Governor has proposed \$5,396,600 in current year supplemental
<u>House</u> concurs with the <u>Executive</u> and includes \$5.4 million CTF for the new line – an increase of \$3,400 assuming passage of the supplemental request.			
15. Freight Property Management	Gross	\$1,000,000	\$0
Program to maintain state-owned rail facilities. <u>Executive</u> proposed \$1.0 million increase in baseline funding reflecting additional revenue from proposed funding package.	Restricted	1,000,000	0
<u>House</u> recognizes current funding levels.			
16. Intercity Services	Gross	\$7,690,000	(\$1,750,000)
Supports intercity bus service through operating and capital assistance. <u>House</u> concurs with the <u>Executive</u> and reduces CTF revenue support.	Federal	4,500,000	0
	Local	50,000	0
	Restricted	3,140,000	(1,750,000)

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 House Change
17. Rail Operations and Infrastructure		Gross	\$24,592,000
Supports rail passenger and rail freight programs. <u>Executive</u> had proposed \$27,042,900 increase in CTF funding; \$16.3 million to provide state operating support for AMTRAK Wolverine (Pontiac-Detroit-Chicago) service – service previously provided without cost to the state as part of AMTRAK national system, \$3.0 million for related track maintenance, and \$7.7 million undesignated increase in baseline program. Increased funding would be provided by proposed revenue package.		Federal	3,100,000
		Local	100,000
		Private	100,000
		Restricted	21,292,000
<u>House</u> recognizes current funding levels; established new line item for <i>Wolverine</i> service.			
17a. NEW – Rail Passenger Service/Wolverine		Gross	\$0
<u>House</u> establishes new line item to recognize <i>Wolverine</i> service with \$100 CTF placeholder. Related boilerplate in Section 712.		Restricted	0
			\$100
			100
18. Marine Passenger Service		Gross	\$400,000
<u>House</u> concurs with the <u>Executive</u> and retains current year funding levels.		Restricted	400,000
			\$0
			0
19. Terminal Development		Gross	\$461,000
<u>Executive</u> proposed \$689,000 CTF increase in baseline funding reflecting additional revenue from proposed funding package.		Restricted	461,000
			\$0
			0
<u>House</u> recognizes current funding levels.			
20. NEW – Rural/Urban Intercity Connector		Gross	\$0
<u>Executive</u> had proposed new program funded at \$1.2 million CTF, reflecting proposed revenue package.		Restricted	0
			\$100
			100
<u>House</u> does not recognize increase in baseline revenue from proposed funding package; includes a \$100 placeholder.			
21. NEW – Rail Infrastructure Assistance		Gross	\$0
<u>Executive</u> had proposed new program funded at \$10.0 million CTF, reflecting proposed revenue package.		Restricted	0
			\$100
			100
<u>House</u> does not recognize increase in baseline revenue from proposed funding package; includes a \$100 placeholder.			
22. Specialized Services		Gross	\$8,913,800
Supports transit programs for elderly and disabled citizens. <u>Executive</u> adjusts federal and local revenue to reflect MAP-21 funding, and includes \$5.5 million increase in CTF revenue from proposed revenue package.		Federal	2,485,000
		Local	2,485,000
		Restricted	3,943,800
			\$9,115,000
			7,415,000
			1,700,000
			0
<u>House</u> appropriates \$18.0 million; recognizes federal and local revenue adjustments; does not recognize increase in baseline CTF revenue from proposed funding package.			
23. Municipal Credit Program		Gross	\$2,000,000
<u>Executive</u> had eliminated this Act 51 earmark for transit services in Southeast Michigan reflecting proposed new distribution formula.		Restricted	2,000,000
			(\$1,999,900)
			(1,999,900)
<u>House</u> includes a \$100 placeholder; it is not clear how the program will work under Regional Transit Authority Act (2012 PA 387).			
24. Bus Capital/Transit Capital		Gross	\$66,942,900
Provides matching funds for federal transit grants to local transit agencies. <u>Executive</u> budget request of \$31.1 million adjusts federal revenue, and related state and local matching funds, to reflect MAP-21 funding.		Federal	28,300,000
		Local	5,000,000
		Restricted	33,642,900
			(\$34,797,600)
			(23,300,000)
			(3,750,000)
			(7,747,600)
<u>House</u> concurs with <u>Executive</u> .			

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 House Change
25. Van Pooling	Gross	\$807,000	\$0
Provides state CTF funds for matching federal transit grants. <u>Executive</u> budget request of \$1.8 million reflected \$989,800 million CTF increase from proposed funding package.	Restricted	807,000	0
<u>House</u> recognizes current funding levels.			
26. Service Initiatives	Gross	\$1,865,000	(\$182,100)
CTF revenue used for matching federal grants. <u>Executive</u> budget reduced CTF support from current year baseline.	Federal	1,150,000	0
	Local	200,000	0
	Restricted	515,000	(182,100)
<u>House</u> concurs with <u>Executive</u> .			
<i>In addition to the figures shown for FY 2012-13 YTD, an additional \$250,000 CTF was appropriated in 2012 PA 387 to support the establishment of a Regional Transit Authority in Southeast Michigan.</i>			
27. Transportation to Work	Gross	\$9,700,000	(\$5,000,000)
<u>Executive</u> budget request of \$7.1 million reflected elimination of federal and local revenue to reflect MAP-21 program, and \$2.4 million increase in CTF revenue to reflect proposed funding package.	Federal	2,700,000	(2,700,000)
	Local	2,300,000	(2,300,000)
	Restricted	4,700,000	0
<u>House</u> appropriates \$4.7 million CTF, same as current year CTF baseline; recognizes federal and local revenue adjustments; does not recognize increase in baseline CTF revenue from proposed funding package.			
28. NEW - Regionalization Incentives	Gross	\$0	\$100
<u>Executive</u> had proposed new program funded at \$5.3 million CTF, reflecting proposed revenue package.	Restricted	0	100
<u>House</u> does not recognize increase in baseline revenue from proposed funding package; includes a \$100 placeholder.			
29. NEW – Urban Modernization	Gross	\$0	\$100
<u>Executive</u> had proposed new program funded at \$50.5 million CTF, reflecting proposed revenue package.	Restricted	0	100
<u>House</u> does not recognize increase in baseline revenue from proposed funding package; includes a \$100 placeholder.			
30. Airport Improvement Program	Gross	\$107,733,200	(\$14,628,900)
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program. Reduction in FY 2013-14 SAF revenue due to the end of one-time redirection of General Fund revenue from sales tax made in 2012 PA 226.	Federal	82,183,100	(3,605,100)
	Local	11,145,200	1,246,900
	Restricted	14,404,900	(12,270,700)
<u>Executive</u> budget request had included \$508,300 in additional SAF revenue from a proposed increase in aircraft registration taxes.			
<u>House</u> does not recognize proposed increase in aircraft registration taxes. As a result, House reduces this line item by \$207,100 SAF as compared to the Executive; the balance of the House adjustment of SAF revenue is made in Air service grant program discussed above.			
31. State Employee Lump-Sum Payment	Gross	\$3,260,800	(\$3,260,800)
<u>House</u> concurs with <u>Executive</u> and eliminates one-time appropriation for negotiated one-time lump sum payments to state employees.	IDG	14,800	(14,800)
	Restricted	3,246,000	(3,246,000)
32. Federal Match – Transit Capital	Gross	\$12,000,000	(\$12,000,000)
<u>House</u> concurs with <u>Executive</u> and eliminates one-time General Fund item.	GF/GP	\$12,000,000	(12,000,000)
33. Federal Match – Rail Operations/Infrastructure	Gross	\$11,000,000	(\$11,000,000)
<u>House</u> concurs with <u>Executive</u> and eliminates one-time General Fund item.	GF/GP	\$11,000,000	(11,000,000)

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 Year-to-Date (as of 2/7/13)</u>	<u>FY 2013-14 House Change</u>
34. Economics	Gross	\$11,230,400
<u>House</u> adopts <u>Executive</u> budget recommendation and reflects increased costs of \$11.2 million for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. These adjustments are reflected in departmental/administrative line items.	IDG	108,000
	Restricted	11,122,400

35. Other House Differences from Executive

House does not included certain requested increases in baseline funding for Information Technology and is thus \$217,700 (Restricted) less than Executive.

Major Boilerplate Changes From FY 2012-13

House includes almost all current year boilerplate. Major changes noted below.

Sec. 308. Contract Compliance – REVISED

Current year language requires department and local road agencies pursue compliance with contract specifications for construction and maintenance; provides for sanctions for unsatisfactory contractors; prohibits department from reducing or restricting a contractor's prequalification until all administrative appeals had been exhausted.

Executive had deleted; House revises to provide for reporting requirement on the department's prequalification process and unsatisfactory contractor performance rating.

Sec. 313. State Infrastructure Bank – REVISED

House adds new subsection reporting requirement.

Sec. 353. Prompt Payment – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive had deleted; House retains current year language.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – RETAINED

Current year language requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires; provides reporting requirement. Executive had deleted; House retains current year language.

Sec. 384. New International Trade Crossing (NITC) – REVISED

House provides for reporting requirement.

Sec. 504. MTF Distribution – RETAINED

Requires use of MTF in accordance with Act 51 requirements. Executive had modified to reflect Commercial Corridor Fund and BILT fund; House retains current year language with minor style changes.

Sec. 601. Road Construction Warranties – RETAINED

Encourages use of road construction warranties; reporting requirement. Executive had deleted; House retains current year language.

Sec. 603. Traffic Congestion – RETAINED

Directs department to consider traffic congestion be used as criteria in project selection. Executive had deleted; House retains current year language.

Sec. 660. Use of Alternative Materials – RETAINED

Encourages department to examine the use of alternative road surface materials including crumb rubber from tires. Executive had deleted; House retains current year language.

Sec. 661. Matching Federal-Aid Highway Funds – REVISED

House indicates that \$100.0 million in GF/GP revenue is intended to ensure that the state is able to match all available federal-aid highway funds.

Sec. 711. Seven-Day Rail Passenger Service (AMTRAK) – RETAINED

Directs department to negotiate with a rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service; provides certain directives; report on capital projects.

Major Boilerplate Changes From FY 2012-13

Sec. 712. Use of Rail Operations and Infrastructure Funds (AMTRAK/Wolverine) – NEW

Restricts use of appropriated CTF funds to Port Huron/Chicago and Grand Rapids/Chicago service and rail capital programs; limits use of funds related to AMTRAK Wolverine service.

Sec. 741. Report on Bus Transit Roll-Over Safety Standards - DELETED

House does not include one-time report on bus roll-over standards.

Sec. 901. Aeronautics Capital Program – REVISED

Permits department to contract for airport improvement projects on behalf of local airport owners. House concurs with Executive and modifies local match requirements from 2.5% to 5% of project cost; requires local agencies to obtain authorization before submitting projects to federal agencies.

Sec. 905. Airport Improvement Program Matching Funds – DELETED

Indicated that \$10.0 million in SAF revenue represented estimated revenue from passage of House Bill 4025 (2012 PA 226) and was intended to ensure that the state is able to match all available federal airport improvement funds.

Sec. 1201. Anticipated FY 2014-15 Appropriations

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors.