

FY 2019-20: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Subcommittee
House Bill 4246 (H-1)



Analyst: William E. Hamilton

IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
	\$4,092,500	\$3,974,300	\$3,974,300			(\$118,200)	(2.9)
Federal	1,318,271,700	1,341,650,100	1,341,650,100			23,378,400	1.8
Local	50,532,000	51,032,000	50,532,000			0	0.0
Private	900,000	900,000	900,000			0	0.0
Restricted	3,283,293,700	4,380,735,600	4,005,681,900			722,388,200	22.0
GF/GP	356,790,900	0	0			(356,790,900)	(100.0)
Gross	\$5,013,880,800	\$5,778,292,000	\$5,402,738,300			\$388,857,500	7.8
FTEs	2,824.3	2,824.3	2,824.3			0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and 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), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes From FY 2018-19 YTD Appropriations

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Gross	NA	[See Item #s 2, and 3, below]
GF/GP	NA	

1. Transportation Revenue Increases

House assumes an additional \$542.5 million in restricted funds from a House fuel tax proposal (a new dedicated transportation fuel tax would offset 4% of sales tax). This increase would be reflected in road agency program line items described below. Implementation of the House budget would require changes to statute law.

House assumes the ongoing earmark of \$325.0 million from Income Tax revenue – part of the phase-in of earmarks made in the November 2015 Road Funding Package. This \$325.0 million is included the MTF distribution to the STF and to local road agencies described below.

House does not recognize additional revenue from the governor's proposed transportation revenue package, or the proposed Fixing Michigan Roads Fund programs.

2. State Trunkline Road and Bridge Construction

House includes over \$1.5 billion for the capital State trunkline construction/preservation program, an increase of \$264.6 million. Of this increase, \$212.1 million is the State share of \$542.5 million in new revenue from the House fuel tax proposal, and \$45.6 million reflects the redirection of reductions made in other department line items, described below. These increases are offset, in part, by \$21.9 million decrease in available federal funds. STF revenue also includes the State share of the \$325.0 million Income Tax revenue earmark.

	Gross	\$1,266,763,500	\$264,616,000
Federal	808,607,700		(21,913,200)
Local	30,003,500		0
Restricted	428,152,300		286,529,200
GF/GP	\$0		\$0

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
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Major Budget Changes From FY 2018-19 YTD Appropriations

3. MTF to Local Road Agencies

House includes \$2.0 billion MTF for distribution to local road agencies (county road commissions and cities/villages), an increase of \$438.2 million. Of this increase, \$330.4 million reflects the local share of \$542.5 million in new revenue from the House fuel tax proposal, and \$22.5 million reflects the redirection of reductions made in other department line items, described below. The MTF revenue distribution also includes the local road agency share of the \$325.0 million Income Tax revenue earmark.

	Gross	\$1,562,857,800	\$438,215,900
	Restricted	1,562,857,800	438,215,900
	GF/GP	\$0	\$0

4. Debt Service

House concurs with Executive and includes \$213.9 million for debt service, a reduction of \$5.5 million from current year, reflecting debt service schedules. [Total outstanding transportation-related debt at September 30, 2018 was \$1.3 billion.]

	Gross	\$219,437,100	(\$5,539,600)
	Federal	35,863,400	45,291,600
	Restricted	183,573,700	(50,831,200)
	GF/GP	\$0	\$0

5. Support Services by Other State Departments

House concurs with Executive and includes \$48.1 million for Interdepartmental grants (IDGs) that authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Specific IDGs include \$20.0 million MTF for Department of State vehicle registration tax collection program, \$2.8 million MTF for Department of Treasury motor fuel tax collection program, and \$11.9 million STF for Michigan State Police Commercial Vehicle Enforcement program and Criminal Justice Information Center. The budget reduces total transportation IDG funding to the Attorney General by \$495,200. The net change across all IDG line items reflects economic increases and cost allocation adjustments.

	Gross	\$48,394,600	(\$317,600)
	Restricted	48,394,600	(317,600)
	GF/GP	\$0	\$0

6. Reductions to MDOT Operating Line Items

House reduces STF support for various department operating lines. Reductions, as compared to the Executive recommendation, are:

	Gross	NA	(\$21,346,100)
	Restricted	NA	(21,346,100)
	GF/GP	NA	\$0

- Unclassified salaries: \$53,600 STF
- Business support: \$438,700 STF
- Commission audit: \$226,600 STF
- Economic Development/Enhancements: \$110,600 STF
- Finance, contracts, support services: \$1.4 million STF
- Transportation planning: \$2.0 million STF
- Design & engineering services: \$17.1 million STF

These STF reductions, totaling \$21.3 million, are part of the \$45.6 million redirected to the State trunkline road and bridge construction program, described above in Item #2.

7. Information Technology

House reduces Gross appropriation by 25% as compared to the Executive; this reduction is \$6.5 million less than current year and \$9.8 million less than the Executive. The Executive budget request had included a \$3.0 million STF increase for application modernization.

	Gross	\$35,739,400	(\$6,463,200)
	Federal	520,500	0
	Restricted	35,218,900	(6,463,200)
	GF/GP	\$0	\$0

This STF reduction is part of the \$45.6 million redirected to the State trunkline road and bridge construction program, described above in Item #2.

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 House Change</u>
8. State Trunkline Maintenance	FTE	793.7	(33.0)
<u>House</u> concurs with <u>Executive</u> and includes a net increase of \$65.5 million STF for the following: \$51.2 million for deferred maintenance items; \$10.0 million for inspection and capital maintenance of MDOT structures other than bridges; \$7.4 million to offset increased maintenance material costs. The budget also shifts Welcome Center operations (33.0 FTE positions, \$3.1 million STF) to Design and Engineering Services.	Gross	\$339,127,800	\$65,460,000
	Restricted	339,127,800	65,460,000
	GF/GP	\$0	\$0
9. Transportation Economic Development Fund (TEDF)	Gross	\$43,349,000	\$900,800
<u>House</u> concurs with <u>Executive</u> and increases TEDF grant program by \$900,800 reflecting an anticipated increase in available TEDF revenue. The TEDF budget would include \$17.1 million for the Target Industries program (Category A), an increase of \$454,800 as compared to the current year. The budget retains \$3.0 million for the TEDF categorical program, Community service infrastructure fund, established under 2018 PA 473, which amended the TEDF governing statute, 1987 PA 231.	Restricted	43,349,000	900,800
	GF/GP	\$0	\$0
10. Aeronautics Services	FTE	46.0	0.0
<u>House</u> retains the roll-out of two current appropriation line items, Aviation services and Airfleet operations and maintenance, and reduces SAF support by \$901,700 as compared to the current year; \$1.0 million less than the <u>Executive</u> . The House redistributes this SAF reduction to road programs. Redirection of SAF revenue to road programs would require changes to statute law.	Gross	\$7,641,100	(\$901,700)
	Restricted	7,641,100	(901,700)
	GF/GP	\$0	\$0
<u>House</u> concurs with <u>Executive</u> and retains funding for the Air Service grant program at \$250,000.			
11. Public Transportation Services	FTE	36.0	0.0
<u>House</u> reduces CTF support by \$208,500 as compared to the current year; \$298,200 less than the <u>Executive</u> . The House redistributes this CTF reduction to road programs. Redirection of CTF revenue to road programs would require changes to statute law.	Gross	\$5,874,700	(\$208,500)
	Federal	972,100	0
	Restricted	4,902,600	(208,500)
	GF/GP	\$0	\$0
12. Local Bus Transit	Gross	\$220,777,900	\$0
<u>House</u> includes \$220.8 million Gross, (\$190.8 million CTF) for operating assistance to 81 local public transit agencies. House is identical to current year, but \$6.0 million CTF less than the <u>Executive</u> . The House redistributes the \$6.0 million CTF to road programs. Redirection of CTF revenue to road programs would require changes to statute law.	Federal	28,027,900	0
	Local	2,000,000	0
	Restricted	190,750,000	0
	GF/GP	\$0	\$0
<u>House</u> also unrolls \$28.6 million CTF from statutory local bus operating and redirects funds to a new incentive-based formula grant program for transit systems that recover at least 17% from farebox revenue.			
13. Transit Capital	Gross	\$66,612,600	(\$9,991,900)
<u>House</u> reduces CTF support by \$10.0 million as compared to current year, \$11.3 million CTF less than <u>Executive</u> , for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants. <u>House</u> shifts part of the CTF reduction to a new Incentive Challenge Fund, described below in Item #17, and part for distribution to road programs. Redirection of CTF revenue to road programs would require changes to statute law.	Federal	15,300,000	0
	Local	1,250,000	0
	Restricted	50,062,600	(9,991,900)
	GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
14. Service Initiatives			
Gross		\$4,589,200	(\$688,400)
House reduces CTF support by \$688,400 as compared to current year, \$6.7 million less than Executive, for program that funds transit-related research, training and development, and demonstration projects. House shifts part of the CTF reduction to a new Incentive Challenge Fund, described below in Item #17, and part for distribution to road programs. Redirection of CTF revenue to road programs would require changes to statute law.	Federal	1,650,000	0
	Local	325,000	0
	Restricted	2,614,200	(688,400)
	GF/GP	\$0	\$0
15. Specialized Services			
Gross		\$17,938,900	(\$2,690,800)
House reduces CTF support by \$2.7 million as compared to current year, \$4.2 million less than Executive, for program that supports transit programs targeted at disabled and elderly populations. House does not concur with Executive rollup of \$3.9 million Transportation to work line item into this line. House shifts part of the CTF reduction to a new Incentive Challenge Fund, described below in Item #18, and part for distribution to road programs. Redirection of CTF revenue to road programs would require changes to statute law.	Federal	9,900,000	0
	Local	4,185,000	0
	Restricted	3,853,900	(2,690,800)
	GF/GP	\$0	\$0
16. Transportation to Work			
Gross		\$3,875,000	(\$581,300)
House reduces CTF support by \$581,300 as compared to current year. House does not concur with Executive rollup of this line into Specialized Services	Restricted	3,875,000	(581,300)
	GF/GP	\$0	\$0
17. Incentive Challenge Fund			
Gross		NA	\$13,952,400
House establishes a new grant program, \$14.0 million CTF for transit service providers that provide 5-year plans meeting specific criteria.	Restricted	NA	13,952,400
	GF/GP	NA	\$0
18. Van Pooling			
Gross		\$195,000	(\$195,000)
House eliminates funding for van pool program.	Restricted	195,000	(195,000)
	GF/GP	\$0	\$0
19 Office of Rail			
	FTE	396.0	0.0
Gross		\$6,563,500	(\$572,700)
House reduces CTF support by \$572,700 as compared to the current year; \$665,700 less than the Executive. The House redistributes this CTF reduction to road programs. Implementation of House redirection of CTF revenue would require changes to statute law.	Restricted	6,563,500	(572,700)
	GF/GP	\$0	\$0
20. Detroit/Wayne County Port Authority (DWCPA)			
Gross		\$468,200	(\$50,000)
House includes \$418,200 CTF for line that supports DWCPA's annual operating budget. Executive had recommended maintaining the current year funding level using all CTF funding.	Restricted	418,200	0
	GF/GP	\$50,000	(\$50,000)
21. Rail Operations and Infrastructure			
Gross		\$80,758,000	\$0
House includes \$80.8 million Gross, (\$70.6 million CTF) for rail programs; House total for rail programs is identical to current year, but \$14.8 million CTF less than the Executive. House redistributes the \$14.8 million CTF to road programs. Redirection of CTF revenue to road programs would require changes to statute law.	Federal	10,000,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	70,558,000	0
	GF/GP	\$0	\$0
House also unrolls the current Rail Operations and Infrastructure line item into two separate line items: \$18.0 million CTF for Rail Passenger, and the balance for Rail Freight/Rail Economic Development Programs.			
22. Intercity Services			
Gross		\$7,360,000	\$2,500,000
House concurs with Executive and provides \$2.5 million CTF increase for program that supports intercity bus service in Michigan.	Federal	4,500,000	0
	Local	160,000	0
	Private	800,000	0
	Restricted	1,900,000	2,500,000
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 House Change</u>	
23. Marine Passenger		Gross	\$400,000	(\$200,000)
<u>House</u> reduces CTF support by \$200,000 for program that supports capital grants for marine passenger (ferry) service in Michigan; the House is \$5.2 million CTF less than <u>Executive</u> . <u>House</u> redistributes the \$5.2 million CTF to road programs. Redirection of CTF revenue to road programs would require changes to statute law.		Local	0	0
		Restricted	400,000	(200,000)
		GF/GP	\$0	\$0
24. Airport Improvement Program		Gross	\$94,813,200	\$664,100
<u>House</u> concurs with <u>Executive</u> and increases State Aeronautics Fund support by \$664,100 for the Airport Safety, Protection, and Improvement Program line item. This line item recognizes federal, state, and local funding for the federal Airport Improvement Program, a program of capital grants to local airports.		Federal	79,000,000	0
		Local	12,508,500	0
		Restricted	3,304,700	664,100
		GF/GP	\$0	\$0
25. Detroit Metropolitan Wayne County Airport		Gross	\$5,525,000	\$325,000
<u>House</u> concurs with <u>Executive</u> and increases Qualified Airport Fund support for Detroit Metro Airport by \$325,000 to reflect revenue estimates. The Qualified Airport Fund was established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015).		Restricted	5,525,000	325,000
		GF/GP	\$0	\$0
26. Elimination of One-Time Items		Gross	\$356,740,900	(\$356,740,900)
Eliminates \$356.7 million GF/GP in one-time appropriations. Current year one-time items include: \$300.0 million GF/GP distributed for road programs (\$65.4 million to cities and villages; \$117.3 million to county road commissions; and \$117.3 million for state trunkline preservation); \$52.0 million for the construction of a new lock at the Soo Locks; and \$4.5 million related to the construction of a utility tunnel at the Straights of Mackinac. [The \$50,000 GF/GP one-time appropriation for the Detroit Wayne Count Port Authority is recognized in Item #20, above.]		GF/GP	\$356,740,900	(\$356,740,900)
27. Economic Adjustments		Gross	NA	\$6,057,600
Reflects increased costs of \$6.1 million Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		IDG	NA	50,500
		Federal	NA	837,500
		Restricted	NA	5,169,600
		GF/GP	NA	\$0

Major Boilerplate Changes From FY 2018-19

Sec. 215. Communication With the Legislature – REVISED

Executive deletes section that prohibits a department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. House retains with new subsection to also prohibit a department from requiring state employees to report communications with a legislator or legislative staff.

Sec. 217. Report on Proposed Federal Rule Changes – REVISED

Executive deletes section that requires the department to notify the legislature within 30 days of proposed federal rule changes that would impact state law. House retains; reduces notification period to 15 days.

Sec. 270. Remanufactured Parts – RETAINED

Executive deletes section that requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. House retains.

Sec. 301. Permit Fees/Bridge Tolls – REVISED

Executive retains current section that provides for permit and FOIA processing fees; and which also provides a process for raising bridge tolls. House modifies to provide for additional public participation in bridge toll hearing process through electronic means.

Major Boilerplate Changes From FY 2018-19

Sec. 305. Lease of Space in Public Transportation Property – REVISED

Executive deletes section that authorizes rental of department-owned public transportation properties at competitive market rates, and which requires that revenue from tenants be placed in an account for to maintain/improve property. House modifies to require the department to research options for moving three highest rent operations to an area within an enterprise zone. Provides for report.

Sec. 308. Real Estate Property Report – NEW

House includes new reporting requirement on all real estate owned or held by the department.

Sec. 309. Employee Accountability Systems Report – NEW

House includes new reporting requirement for employee accountability systems.

Sec. 319. Rest Area Maintenance – RETAINED

Executive deletes section that requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas. House retains.

Sec. 320. Payment Detail Reporting – NEW

House includes new section that requires all payments to local road agencies and transit agencies be accompanied by statements including specific payable and receivable information.

Sec. 321. Blue Water Bridge Sale RFP – NEW

House includes new section that requires the department to develop, by March 1, 2020, a solicitation for proposals for the sale of the state's interest in the Blue Water Bridge.

Sec. 322. Welcome Center Sale RFP – NEW

House includes new section that requires the department to develop a solicitation for proposals for the sale of eight Welcome Centers.

Sec. 323. Department-Owned Rail Property Sale RFP – NEW

House includes new section that requires the department to develop a solicitation for proposals for the sale of a state-owned rail line between Grayling and Gaylord.

Sec. 324. State-Owned Airport Sale RFP – NEW

House includes new section that requires the department to develop a solicitation for proposals for the sale of state owned airports. [The department owns four airports.]

Sec. 325. Withholding MTF Funds for Non-Compliance – NEW

House includes new section that requires the department to withhold MTF payments to county road commissions and to cities/villages not in compliance with asset management provisions of Section 9a of Act 51.

Sec. 326. Restricted Fund Escrow for Debt Service – NEW

House includes new section that requires the department to escrow restricted fund lapses for debt service.

Sec. 327. Procurement Requirements – NEW

House includes new section that establishes new procurement requirements.

Sec. 328. FOIA Reporting – NEW

House includes new section that establishes new reporting requirement with respect to Freedom of Information Act requests.

Sec. 353. Prompt Payment – RETAINED

Executive deletes section that directs department to review contractor payment process; references Special Provision 109.10. House retains.

Sec. 357. Local Federal Aid Project Review –RETAINED

Executive deletes section that directs MDOT to complete project reviews within 120 days; requires system for monitoring review process. House retains.

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

Executive deletes section that prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. House retains.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – RETAINED

Executive deletes section that prohibits the department from studying the association between highway signs and motorist behavior. House retains.

Major Boilerplate Changes From FY 2018-19

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

Executive deletes section that requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement. House retains.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Executive deletes section that requires the department to submit final bill to the local agency within two years of final payment to construction contractor. House retains.

Secs. 384. Detroit River Crossing (Gordie Howe Bridge) – REVISED

Executive retains current language that restricts the department's ability to obligate the state to expend state transportation revenue on the project, but includes the qualification: "An expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources." House would retain current year language but would strike the qualifying sentence: "An expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources."

Sec. 386. Toll Credits – REVISED

Executive deletes section that provides for a report on the department's use of toll credits as a method in financing federal-aid highway projects. House includes new subsection to established priority order in use of toll credits.

Sec. 387. Traffic Studies – RETAINED

Executive deletes section that requires the department to post traffic study on the department website. House retains.

Sec. 389. Long-Term Obligations – RETAINED

Executive deletes section that requires the department to notify legislature within 30 days of entering into long-term agreements that obligate future payments. House retains.

Sec. 390. Report on Restricted Funds and Accounts – RETAINED

Executive deletes section that requires the department to report on statutory authority for, revenue source and distribution, and ending balances of restricted funds and accounts. House retains.

Sec. 391. Prohibition on Motor Fuel Quality Testing – RETAINED

Executive deletes section that prohibits the department from performing or assisting any other state agency in performing, motor fuel quality testing. House retains.

Sec. 393. Best Practices for Public Transportation – RETAINED

Executive deletes section that directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. House retains.

Sec. 394. Priority of Preservation – RETAINED

Executive deletes section that directs the department and local road agencies to make preservation of the existing infrastructure a funding priority. House retains.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – RETAINED

Executive deletes section that directs requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. House retains.

Sec. 403. Priority of Federal Transit Grants – RETAINED

Executive deletes section that establishes priority for federal Section 5310 transit grants. House retains.

Sec. 19-550. Fixing Michigan Roads Fund – NOT INCLUDED

Executive recommends language to provide for the use of funds from the proposed Fixing Michigan Roads Fund. House does not include.

Sec. 605. Flood Mitigation – RETAINED

Executive deletes section that establishes performance measures and reporting requirement related to additional maintenance funding provided for flood mitigation. House retains.

Sec. 606. Project on I-94/Between M60 and Sargent Road in Jackson County – DELETED

House concurs with Executive and deletes legislative intent language with respect to project.

Sec. 610. Dead Deer – RETAINED

Executive deletes section that indicates legislative intent regarding priority of cleanup of dead deer and other large animal remains. House retains.

Major Boilerplate Changes From FY 2018-19

Sec. 612. Incentive/Disincentive – RETAINED

Executive deletes section that requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year. House retains.

Sec. 613. Report on Engineering Costs – REVISED

Executive deletes section that directs requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. House retains with additional reporting requirements.

Sec. 660. Use of Alternative Materials – RETAINED

Executive deletes section that encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires. House retains.

Sec. 670. Rehabilitation of Winter Maintenance Trucks – DELETED

House concurs with Executive and deletes section that directs the department to investigate costs of refurbishing winter maintenance trucks.

Sec. 703. Rail Abandonment Notice – RETAINED

Executive deletes section that requires notification when railroad companies file for abandonment of lines. House retains.

Sec. 704. Rail Operations and Infrastructure Report – RETAINED

Executive deletes section that requires report on anticipated expenditures from the rail operations and infrastructure line item. House retains.

Sec. 705. Limitation on Michigan Line Track Improvements – NEW

House includes new section that limits state improvements to state-owned rail line between Dearborn and Kalamazoo.

Sec. 711. Rail Passenger Service Report – RETAINED

Executive deletes section that requires report on rail passenger service provided by Amtrak under contract with the department. House retains.

Sec. 712. Rail Passenger Service RFP – NEW

House includes new section that requires the department to develop a solicitation for proposals for operation of daily round-trip rail passenger service between Grand Rapids and Chicago. This service, the *Pere Marquette*, is currently operated by Amtrak under contract with the department.

Sec. 713. Incentive Based Transit Formula – NEW

House includes new section that provides for a new incentive-based transit grant program.

Sec. 714. Incentive Challenge Fund – NEW

House includes new section that provides for a reporting requirement tied to a new Incentive Challenge Fund grant program.

Sec. 717. Transit Reporting Requirement – NEW

House includes new section that establishes a reporting requirement related to public transportation usage.

Sec. 719. Transit Elderly and Medical Transport Cost per Rider – NEW

House includes new intent section for transit provider reporting requirement.

Sec. 750. Rail Economic Development – DELETED

House concurs with Executive and deletes section that directs department to spend not less than \$2.5 million CTF from Rail Freight Economic Development line for rail freight economic development.

Sec. 751. State Rail Segment Earmark – DELETED

House concurs with Executive and deletes \$2.0 million current year earmark from Rail operations and infrastructure line item for upgrades to a segment of state-owned rail line between Walton Junction and Traverse City.

Sec. 752. Notice of Rail Grant and Loan Programs – DELETED

House concurs with Executive and deletes requirement that the department to notify representatives of rail industry of rail grant and loan programs.

Sec. 802. MDOT-Owned Airports – RETAINED

Executive deletes section that encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports. House retains.

Major Boilerplate Changes From FY 2018-19

Sec. 804. MDOT-Owned Airplanes – REVISED

Executive deletes section that prohibits the department from spending funds appropriated for airfleet operations and maintenance if the department owns 5 or more aircraft; requires the department to notify when it owns four aircraft or fewer. House modifies to effectively limit the department to 2 planes.

Sec. 806. State Aeronautics Code – NEW

House includes new section that requires the department to review website for consistency with state Aeronautics Code.

Sec. 1001. Earmarking One-Time \$175.0 Million GF/GP – DELETED

House concurs with Executive and eliminates language that prescribes the distribution of \$175.0 million GF/GP one-time appropriation to local road agencies.