

FY 2012-13: DEPARTMENT OF TRANSPORTATION
Summary: Conference Report
Article XVII, House Bill 5365 (CR-1)



Analyst: William E. Hamilton

IDG/IDT	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Revised Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
	\$19,917,800	\$3,531,900	\$3,531,900	\$3,531,900	\$3,531,900	(\$16,385,900)	(83.3)
Federal	1,241,195,200	1,221,830,100	1,221,830,100	1,221,830,100	1,221,830,100	(19,365,100)	(1.6)
Local	53,968,500	52,080,200	52,080,200	52,080,200	52,080,200	(1,888,300)	(3.5)
Private	0	100,000	100,000	100,000	100,000	100,000	--
Restricted	2,029,355,700	2,055,548,100	2,165,548,100	2,161,548,100	2,165,645,300	136,289,600	6.7
GF/GP	500,000	119,000,000	23,000,000	23,000,000	23,000,000	22,500,000	4,500
Gross	\$3,344,937,200	\$3,452,090,300	\$3,466,090,300	\$3,462,090,300	\$3,466,187,500	\$121,250,300	3.6
FTEs	3,049.6	2,918.3	2,918.3	2,918.3	2,918.3	(131.3)	(4.3)

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683.
(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations 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. 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. State aviation fuel taxes, and a portion of the Airport Parking Tax is dedicated to the State Aeronautics Fund (SAF).

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	Conference Change from Year-to-Date
1. Debt Service	Gross	\$287,473,400	(\$47,198,900)
<u>Conference</u> concurs with House/Senate and appropriates \$240.3 million for debt service. The appropriation follows the Executive recommendation and reflects anticipated debt service schedules.	Federal	53,434,300	(7,567,600)
	Restricted	234,039,100	(39,631,300)
2. Support Services by Other State Departments	Gross	\$51,748,900	(\$5,431,000)
<u>Conference</u> concurs with House/Senate which followed the Executive recommendation.	Restricted	51,748,900	(5,431,000)
Appropriation of \$46.3 million for Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds; includes \$20.0 million MTF to the Department of State for costs of registration tax collection program, and \$2.5 million MTF to the Department of Treasury for costs related to the collection of motor fuel taxes.			
Represents a decrease in baseline appropriation of \$6.7 million, including \$6.2 million decrease in MTF IDG to Department of Treasury (from \$8.4 million to \$2.5 million) to reflect cost allocation study, and \$575,000 decrease in STF IDG to the Attorney General (from \$2.8 million to \$2.4 million). Baseline decreases were partially offset by economic adjustments.			
3. Unclassified Salaries	FTEs	6.0	0.0
<u>Conference</u> includes an additional \$97,000 (STF) as compared to current year and House/Senate/Executive.	Gross	\$602,800	\$97,200
Appropriation per Target agreement.	Restricted	602,800	97,200

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	Conference Change from Year-to-Date
4. State Trunkline Road and Bridge Construction	Gross	\$842,310,000	\$98,743,200
<u>House</u> had included \$100.0 million additional STF revenue in anticipation of passage Senate Bill 351 to match federal aid highway funds. Senate Bill 351 would redirect part of the sales tax on gasoline from the state General Fund to the STF. The House also reflected \$1.3 million reduction in baseline restricted revenue;	Federal	742,092,000	0
	Local	30,000,000	0
	Restricted	70,218,000	98,743,200
	GF/GP	\$0	\$0

Senate had included \$96.0 million additional STF revenue in anticipation of passage Senate Bill 351 to match federal aid highway funds. Senate was is \$4.0 million less than House.

Conference concurs with House. Target agreement directs that the proposed redirection of sales tax in Senate Bill 351 would be for one year only.

5. Aeronautics Capital Projects	Gross	\$109,750,600	(\$2,017,400)
Appropriation for <i>Airport safety, protection, and improvement</i> reflects anticipated federal funding, and SAF/local matching funds, for the federal Airport Improvement Program.	Federal	94,090,600	(11,907,500)
	Local	13,133,500	(1,988,300)
	Restricted	2,526,500	11,878,400

House and Senate had included an additional \$10.0 million SAF beyond the Executive recommendation in anticipation of passage of House Bill 4025; House Bill 4025 would redirect part of the sales tax on aviation fuel from the state General Fund to the SAF.

Conference concurs with House/Senate; Target agreement directs that the proposed redirection of sales tax in House Bill 4025 would be for one year only.

6. State Employee Lump-Sum Payment (One-Time)	Gross	\$0	\$3,260,800
Represents appropriation for negotiated one-time lump sum payments to state employees.	IDG	0	14,800
	Restricted	0	3,246,800

Conference concurs with House/Senate and includes this item as a Part 1 line item.

7. Federal Match – Transit Capital (One-Time)	Gross	\$0	\$12,000,000
<u>Conference</u> concurs with House/Senate and includes this item as a Part 1 line item. Includes related Boilerplate Sections 1001 and 1002.	GF/GP	\$0	\$12,000,000

6. Federal Match – Rail Operations/Infrastructure (One-Time)	Gross	\$0	\$11,000,000
<u>Conference</u> concurs with House/Senate and includes this item as a Part 1 line item. Includes related Boilerplate Section 1002.	GF/GP	\$0	\$11,000,000

Major Boilerplate Changes From FY 2011-12

Sec. 202. Authority of Management and Budget Act – RETAINED

House retains reference to DMB Act; Senate does not include.

Conference concurs with House and includes.

Sec. 207. Searchable Website for Expenditures and Employees – RETAINED

Senate retains current year language; House does not include Subsection (2) which allows department option of using state central transparency website.

Conference concurs with Senate.

Sec. 214. Information Technology User Fees – RETAINED

House retains current year language; Senate does not include.

Conference concurs with House.

Sec. 216. Privatization Notification Plan – NOT INCLUDED

House retains current year language; Senate does not include.

Conference concurs with Senate and does not include.

Major Boilerplate Changes From FY 2011-12

Sec. 218. *Out of State Travel Report* – MOVED TO SEC. 260

House includes reporting requirements;

Senate includes current year restrictions and reporting requirements in **Sec. 260**.

Conference concurs with Senate numbering.

Sec. 219. *DTMB Office Space Plan* – NEW

Directs state executive branch agencies to cooperate with DTMB office space consolidation plan.

House includes new standard language; Senate does not include.

Conference concurs with House and includes.

Sec. 230. *Measurable Outcomes Report* – NEW

House includes new reporting requirement; Senate does not include.

Conference concurs with House and includes.

Sec. 260. *Out of State Travel Report* – RETAINED

Senate retains current year restrictions and reporting requirements

House includes reporting requirements only in **Sec. 218**.

Conference concurs with Senate.

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

Requires report on specific policy changes adopted to implement new public acts, prohibits department from adopting administrative rules that have a disproportionate impact on small business.

Senate retains current year language; House does not include.

Conference concurs with Senate.

Sec. 306. *Use of Transportation Funds by Other State Agencies/Biennial Audit* – MODIFIED

Sets guidelines for use of transportation funds (Interdepartmental grants) by other state agencies; provides reporting requirements and biennial audit. Senate includes subsection (3) regarding Department of Treasury; House does not include Subsection (3).

Conference concurs with House and does not include Subsection (3).

Sec. 312. *State Trunkline Fund Carryforward* – MOVED TO SEC. 604

Allows carryforward authority for STF; appropriates for state trunkline federal aid and road and bridge program.

House retains; Senate moves this section to **Sec. 604**.

Conference concurs with Senate numbering.

Sec. 354. *Solicit Proposals for Improper Payment Audit* – NOT INCLUDED

Deletes requirement that department to solicit proposals for an audit of improper payments.

Senate retains; House does not include.

Conference concurs with House and does not include.

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

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement.

House adds new section; Senate does not include.

Conference adopts modified language.

Sec. 382. *State Airfleet Study* – MODIFIED

House modifies to indicate legislative intent that department and State Budget Office to provide independent study of needs of state airfleet every five years; Senate does not include.

Conference concurs with House.

Sec. 384. *New International Trade Crossing (NITC)* – MODIFIED

House modifies to include reference to completion of Gateway project; Senate retains current year language.

Conference concurs with House.

Sec. 393. *Best Practices for Public Transportation* – NOT INCLUDED

House modifies to include increasing farebox recovery as a best practice; Senate does not include.

Conference concurs with Senate and does not include section.

Sec. 395. *Gateway Project Completion* – NEW

House includes new language: "*The department shall not expend any funds appropriated in part 1 for unclassified salaries until the Gateway project is completed in accordance with the 2004 Gateway project implementation agreement as amended.*" Senate does not include.

Conference includes modified intend language which states legislative intent that the Gateway project be finished; does not tie completion to an appropriation.

Major Boilerplate Changes From FY 2011-12

Sec. 398. Street Railway Appropriation – MOVED TO SEC. 735

Provides for \$0 appropriation to a street railway pursuant to section 10e(22) of 1951 PA 51.

House retains; Senate moves this section to **Sec. 735**.

Conference concurs with Senate numbering.

Sec. 399. Rest Areas and Welcome Centers for Farm Markets – NOT INCLUDED

Requires department to work with MDOT to facilitate use of rest areas and welcome centers for farm markets.

House includes; Senate does not.

Conference concurs with Senate and does not include.

Sec. 602. Manufactured Pipe – NOT INCLUDED

Provided standards for use and testing of manufactured pipe.

Senate retains current year language; House does not include.

Conference concurs with House and does not include.

Sec. 603. Traffic Congestion – RETAINED

Directed department to consider traffic congestion be used as criteria in project selection.

Senate retains current year language; House does not include.

Conference concurs with Senate and retains.

Sec. 604. State Trunkline Fund Carryforward – RETAINED

Allows carryforward authority for STF; appropriates for state trunkline federal aid and road and bridge program.

Senate moves this section from **Sec. 312**.

Conference concurs with Senate.

Sec. 610. Dead Deer – MODIFIED

Legislative intent language regarding clean-up of dead deer and other large animal remains.

Senate modifies to delete "intent" and adds "shall" language; House does not include.

Conference concurs with Senate.

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

House "Of the appropriation from the state trunkline fund in part 1 for state trunkline federal aid and road and bridge construction, \$100,000,000.00 represents estimated revenue from passage of Senate Bill 351 of the 2011-2012 legislative session and is intended to ensure that the state is able to match all available federal-aid highway funds."

Senate is identical except in using the figure \$96,000,000.00, instead of \$100,000,000.00.

Conference concurs with House.

Sec. 701. Intercity Bus Equipment Fund – MODIFIED

Provides for separate accounting and carryforward authority for this fund.

House and Senate retain current year language; Department has asked for modified language.

Conference adopts modified language to recognize intercity *facility* fund.

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.

House retains current year language; Senate modifies the reporting requirement

Conference concurs with House.

Sec. 714. Local Transit Demand-Response Services – NOT INCLUDED

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

Senate retains current year language; House does not include.

Conference concurs with House and does not include.

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

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

Senate retains current year language; House does not include.

Conference concurs with House and does not include.

Sec. 735. Street Railway Appropriation – RETAINED

Provides for \$0 appropriation to a street railway pursuant to section 10e(22) of 1951 PA 51.

Senate moves this section from **Sec. 398**.

Conference concurs with Senate renumbering.

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

Senate adds new report on bus roll-over standards; House does not include.

Conference concurs with Senate.

Major Boilerplate Changes From FY 2011-12

Sec. 802. State Airplane Sale – NOT INCLUDED

House adds new language: "Within the fiscal year ending September 30, 2013, the department shall sell one of two Beechcraft King Air Twin Engine Turbo Prop airplanes. Proceeds from the sale shall be credited to the State aeronautics fund." Senate does not include.

Conference concurs with Senate.

Sec. 902. Aeronautics Capital Program Status Report – MODIFIED

Senate retains current year language; House adds HFA and SFA added as report recipients.

Conference concurs with House.

Sec. 905. Airport Improvement Program Matching Funds – NEW

"Of the appropriation from the state aeronautics fund in part 1 for airport safety, protection, and improvement \$10,000,000.00 represents estimated revenue from passage of House Bill 4025 of the 2011-2012 legislative session and is intended to ensure that the state is able to match all available federal airport improvement program grant funds." House and Senate both include this language.

Sec. 1001. One-Time Transit Capital – NEW

House adds new language: "In awarding grants to local public transit agencies with service populations greater than 50,000, from the one-time general fund/general purpose appropriation in part 1, federal aid match for transit capital, the department shall give priority to the following: (1) projects for bus rehabilitation (2) project applications from agencies which recover not less than 20% of fixed route operating costs from farebox revenue.

Senate does not include.

Conference concurs with House and includes.

Sec. 1002. One-Time Transit/Rail General Fund Lapse – NEW

House directs that unexpended GF/GP funds lapse to the General Fund; establishes reporting requirement.

Senate does not include. Department requested a modification to include "or encumbered".

Conference adopts department recommendation and adds the words "or encumbered."

Sec. 1201. Intent to provide FY 2012-13 Appropriations – MODIFIED

Current year included language regarding FY 2012-13 planning budget; modified to reflect FY 2013-14.

Conference concurs with Senate.