

FY 2019-20: DEPARTMENT OF TRANSPORTATION
Summary: Enacted with Vetoes and Ad Board Transfers
Public Act 66 of 2019, Senate Bill 149



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: Enacted From FY 2018-19 YTD	
						Amount	%
	\$4,092,500	\$3,974,300	\$3,974,300	\$3,974,300	\$3,974,300	(\$118,200)	(2.9)
Federal	1,318,271,700	1,341,650,100	1,341,650,100	1,341,650,100	1,352,350,100	34,078,400	2.6
Local	50,532,000	51,032,000	50,532,000	51,032,000	51,032,000	500,000	1.0
Private	900,000	900,000	900,000	900,000	900,000	0	0.0
Restricted	3,283,293,700	4,380,735,600	4,011,681,900	3,601,210,800	3,578,151,600	294,857,900	9.0
GF/GP	356,790,900	0	0	132,000,000	25,000,000	(331,790,900)	(93.0)
Gross	\$5,013,880,800	\$5,778,292,000	\$5,408,738,300	\$5,130,767,200	\$5,011,408,000	(\$2,472,800)	0.0
FTEs	2,824.3	2,824.3	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." (3) House figures represent House Bill 4246 as passed by the House June 13, 2019. (4) Senate figures represent Senate Bill 149 as passed by the Senate May 15, 2019.

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 (county road commissions and cities/villages). Revenue from aviation fuel and registration taxes, as well as a portion of Airport Parking Tax revenue, 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 Enacted Change
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1. Transportation Revenue Assumptions – PARTIAL VETO/AD BOARD TRANSFER

Gross GF/GP	NA NA	<i>[See Item #s 2, 3 and 4, below]</i>
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Executive budget reflects additional revenue from a proposed transportation revenue package, as well as changes to Act 51 to provide for the distribution of the additional revenue. Specifically, the governor’s proposal would increase gross tax revenue by an estimated \$1.3 billion in FY 2019-20. Of this increase, \$325.0 million would be distributed to the STF and to local road agencies according to the current Act 51 distribution formula; \$917.5 million would be credited to a new Fixing Michigan Roads Fund for specific defined transportation programs. The governor’s proposed transportation budget does not include any earmarking of state Income Tax revenue.

House does not recognize additional revenue from the governor’s proposed transportation revenue package or proposed Fixing Michigan Roads Fund programs. House assumes the ongoing earmark of \$325.0 million from Income Tax revenue as provided in the November 2015 Road Funding Package – but not the additional \$143.0 million in Income Tax revenue earmarked in 2018 PA 588. This \$325.0 million is included in the MTF distribution to the STF and to local road agencies as described below. House budget also assumes an additional \$542.5 million in restricted funds from a House fuel tax proposal (a new dedicated transportation fuel tax that would offset 4% of sales tax). This new revenue is also reflected in road agency program line items described below.

Senate does not recognize additional revenue from the governor’s proposed transportation revenue package or proposed Fixing Michigan Roads Fund programs. Senate budget assumes that \$468.0 million in Income Tax revenue, earmarked in 2018 PA 588, would be distributed to the STF and to local road agencies as described below.

Conference does not recognize additional revenue from the governor’s proposed transportation revenue package or proposed Fixing Michigan Roads Fund programs. Conference assumes that \$468.0 million in Income Tax revenue, earmarked in 2018 PA 588, would be distributed to the STF and to local road agencies as described below. Conference also includes \$400.0 million of GF/GP revenue for road and bridge programs and projects, subject to distribution per new boilerplate Section 280.

Veto removes \$375.0 million of the \$400.0 million GF/GP included in the Conference report. Ad Board transfers remaining \$25.0 million to other appropriation line items.

Major Budget Changes From FY 2018-19 YTD Appropriations

2. State Trunkline Road and Bridge Construction

Executive budget for the state trunkline capital construction program would total almost \$1.3 billion, a net increase of \$5.9 million (exclusive of economic increases). Increases in state restricted revenue would be offset, in part, by an anticipated reduction in available federal revenue. Note that this funding item is separate from the additional spending under the governor’s proposed Fixing Michigan Roads Plan.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
Gross	\$1,266,763,500	\$62,841,100
Federal	808,607,700	(21,913,200)
Local	30,003,500	0
Restricted	428,152,300	84,754,300
GF/GP	\$0	\$0

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. These increases are offset, in part, by a \$21.9 million decrease in available federal funds. STF revenue also includes the State share of \$325.0 million in Income Tax revenue.

Senate includes over \$1.3 billion for the capital State trunkline construction/preservation program, an increase of \$62.8 million. Increases in state restricted STF revenue would be offset, in part, by \$21.9 million decrease in available federal funds. STF revenue includes the State share of \$468.0 million in Income Tax revenue.

Conference concurs with Senate and assumes STF revenue includes the State share of \$468.0 million in Income Tax revenue.

3. MTF to Local Road Agencies

Executive reflects an \$85.3 million increase in the estimated MTF distribution to local road agencies (county road commissions, and cities and villages). This increase reflects increases in estimated baseline revenue from motor fuel and vehicle registration taxes, as well as the local road agency share of \$325.0 million in new revenue from the proposed increases in motor fuel taxes; these increases would be offset in part by the elimination of the Income Tax earmark for road programs. Note that this MTF distribution is separate from the additional spending under the governor’s proposed Fixing Michigan Roads Plan.

Gross	\$1,562,857,800	\$172,389,900
Restricted	1,562,857,800	172,389,900
GF/GP	\$0	\$0

House includes \$2.0 billion MTF for distribution to local road agencies, 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 funding redirected from other department line items. The MTF revenue distribution also includes the local road agency share of \$325.0 million in Income Tax revenue.

Senate includes over \$1.7 billion MTF for distribution to local road agencies, an increase of \$172.4 million. The MTF revenue distribution includes the local road agency share of \$468.0 million in Income Tax revenue.

Conference concurs with Senate and assumes MTF revenue includes the local road agency share of \$468.0 million in Income Tax revenue.

<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 Enacted Change</u>
4. General Fund for Road and Bridge Projects and Programs – PARTIAL VETO /AD BOARD TRANSFER	Gross	\$300,000,000	(\$299,999,900)
	GF/GP	\$300,000,000	(\$299,999,900)
<p>The current-year budget includes \$300.0 million GF/GP for distribution to the STF and local road agencies in accordance with Act 51 formula. <u>Executive</u> and <u>House</u> proposed FY 2019-20 budgets do not include the direct appropriation of GF/GP for road programs. <u>Senate</u> includes \$132.0 million for distribution to local road agencies only. <u>Conference</u> includes \$400.0 million GF/GP for road projects and programs, to be distributed in accordance with boilerplate Section 280. <u>Conference</u> includes this funding in a new appropriation unit, Fixing Michigan Roads. <u>Veto</u> strikes boilerplate sections 280(a) and 280(c) which reduces spending authority of \$400.0 million by \$375.0 million, leaving a balance in the line item of \$25.0 million. <u>Ad Board</u> transfers of \$11,999,900 to 1-time Rail Grade Separation Project (Item #25) and \$13.0 million to Transit Capital (Item #13) leaving a balance of \$100 GF/GP in the Fixing Michigan Roads line item.</p>			
5. Debt Service	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
<p><u>Executive</u> 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.] <u>House</u>, <u>Senate</u>, and <u>Conference</u> concur with <u>Executive</u>.</p>			
6. Support Services by Other State Departments	Gross	\$48,394,600	(\$317,600)
	Restricted	48,394,600	(317,600)
	GF/GP	\$0	\$0
<p><u>Executive</u> 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 IDG funding to the Department of Attorney General by \$495,200. The net change across all IDG line items reflects economic increases and cost allocation adjustments. <u>House</u>, <u>Senate</u>, and <u>Conference</u> concur with <u>Executive</u>.</p>			
7. Information Technology	Gross	\$35,739,400	\$3,000,000
	Federal	520,500	0
	Restricted	35,218,900	3,000,000
	GF/GP	\$0	\$0
<p><u>Executive</u> increases baseline support by \$3.0 million STF to reflect increased information technology costs, application modernization, and increased use of e-construction technology. <u>House</u> reduces gross appropriation by 25% as compared to the <u>Executive</u>; this reduction is \$6.5 million less than current year and \$9.8 million less than the <u>Executive</u>. <u>Senate</u> and <u>Conference</u> concur with the <u>Executive</u>.</p>			
8. Road Construction Unionized Labor Study – VETOED	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0
<p><u>Conference</u> includes \$50,000 STF for a road construction unionized labor study, defined in boilerplate Section 327. <u>Veto</u> removes funding for this line.</p>			
9. State Trunkline Maintenance	FTE	793.7	0.0
	Gross	\$339,127,800	\$65,460,000
	Restricted	339,127,800	65,460,000
	GF/GP	\$0	\$0
<p><u>Executive</u> includes a net increase (exclusive of economics and interdepartmental shifts) 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. <u>House</u>, <u>Senate</u>, and <u>Conference</u> concur with <u>Executive</u>.</p>			

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
10. Transportation Economic Development Fund (TEDF)	Gross	\$43,349,000	\$909,800
<u>Executive</u> increases TEDF grant program funding by \$909,800 reflecting an anticipated increase in available TEDF revenue. TEDF programs include \$17.1 million for Target Industries (Category A), an increase of \$454,800 as compared to the current year. The budget retains the \$3.0 million Community Service Infrastructure Fund, a new TEDF categorical program established under 2018 PA 473. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	43,349,000	909,800
	GF/GP	\$0	\$0
11. Aeronautics Services – AD BOARD TRANSFER	FTE	46.0	0.0
<u>Executive</u> made no changes other than recognition of economic increases but recommended the roll-up of two operating lines into a single line item. <u>House</u> retains the roll-out of two current appropriation line items, Aviation services, and Airfleet operations and maintenance. <u>House</u> reduces State Aeronautics Fund support by \$901,700 as compared to the current year; \$1.0 million less than the <u>Executive</u> . <u>House</u> retains funding for the Air Service grant program at \$250,000. <u>Senate</u> concurs with <u>Executive</u> in total but retains unrolled lines. <u>Conference</u> retains current year baseline funding but does not include \$117,600 economic increase (see Item #26, below). <u>Ad Board</u> transfers \$1,774,500 State Aeronautics Fund from Airfleet operations and Maintenance to Aviation services. This action effectively rolls up the two lines into a single operating line item.	Gross	\$7,641,100	\$0
	Restricted	7,641,100	0
	GF/GP	\$0	\$0
12. Local Bus Transit – AD BOARD TRANSFER	Gross	\$220,777,900	\$6,000,000
<u>Executive</u> includes \$226.8 million Gross (\$196.8 million CTF) for operating assistance to 81 local public transit agencies, an increase of \$6.0 million CTF. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> retains current-year funding and provides \$6.0 million CTF increase to Transit Capital (below), rather than to operating. <u>Conference</u> concurs with <u>Senate</u> . <u>Ad Board</u> transfers \$6.0 million CTF from 1-time rail grade separation project (see Item #25).	Federal	28,027,900	0
	Local	2,000,000	0
	Restricted	190,750,000	6,000,000
	GF/GP	\$0	\$0
13. Transit Capital – AD BOARD TRANSFER	Gross	\$66,612,600	\$3,008,100
<u>Executive</u> increases support by \$1.3 million CTF for program that provides matching funds for federal capital grants on behalf of local transit agencies. <u>House</u> reduces CTF support by \$10.0 million as compared to current year, \$11.3 million CTF less than <u>Executive</u> . <u>House</u> also unrolls the current statutory line into two separate lines for urban and nonurban transit systems. <u>Senate</u> provides \$7.7 million CTF increase, \$6.0 million more than <u>Executive</u> . <u>Conference</u> concurs with <u>House</u> unrolling of this line; the combined two lines are \$10.0 million CTF less than current year. <u>Ad Board</u> transfers \$13.0 million GF/GP from Fixing Michigan Road appropriation unit (Item #4) to Transit capital – urban.	Federal	15,300,000	0
	Local	1,250,000	0
	Restricted	50,062,600	(\$9,991,900)
	GF/GP	\$0	\$13,000,000
14. Service Initiatives – AD BOARD TRANSFER	Gross	\$4,589,200	\$5,999,900
<u>Executive</u> increases support by \$6.0 million CTF for program that funds transit-related research, training and development, and demonstration projects. <u>House</u> reduces CTF support by \$688,400 as compared to current year, \$6.7 million less than <u>Executive</u> , and shifts part of the CTF reduction to a new Incentive Challenge Fund. <u>Senate</u> retains current-year funding, \$6.0 million less than <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> and maintains current-year funding. <u>Ad Board</u> transfers \$5,999,900 CTF from 1-time rail grade separation project (see Item #25).	Federal	1,650,000	0
	Local	325,000	0
	Restricted	2,614,200	5,999,900
	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 Enacted Change	
15. Specialized Services		Gross	\$17,938,900	\$500,000
<u>Executive</u> increases support by \$1.5 million CTF for program that supports transit programs targeted at disabled and elderly populations. <u>Executive</u> also rolls up the \$3.9 million Transportation to Work line item into this line. <u>House</u> reduces CTF support by \$2.7 million as compared to current year, \$4.2 million less than <u>Executive</u> , and keeps the two line items unrolled. <u>House</u> also shifts part of the CTF reduction to a new Incentive Challenge Fund. <u>Senate</u> retains the roll-out of two current appropriation line items, Specialized Services and Transportation to Work, and provides a \$1.0 million CTF increase to Specialized Services. <u>Conference</u> keeps this line unrolled; provides \$500,000 CTF increase.		Federal	9,900,000	0
		Local	4,185,000	0
		Restricted	3,853,900	500,000
		GF/GP	\$0	\$0
16. Transportation to Work		Gross	\$3,875,000	\$0
<u>Executive</u> rolls up the \$3.9 million Transportation to Work line item into Specialized Services, above. <u>House</u> does not recognize the roll-up and reduces CTF support by \$581,300 as compared to current year. <u>Senate</u> retains the roll-out of two current appropriation line items and provides a \$500,000 CTF increase to Transportation to Work. <u>Conference</u> keeps this line unrolled; maintains current-year funding.		Restricted	3,875,000	0
		GF/GP	\$0	\$0
17. Van Pooling		Gross	\$195,000	\$0
<u>Executive</u> retains current-year funding for van pool program. <u>House</u> eliminates funding. <u>Senate</u> concurs with <u>Executive</u> and retains current-year funding level. <u>Conference</u> concurs with <u>Senate</u> .		Restricted	195,000	0
		GF/GP	\$0	\$0
18. Incentive Challenge Fund – VETOED		Gross	\$0	\$0
<u>House</u> establishes a new grant program, \$14.0 million CTF for transit service providers that provide 5-year plans meeting specific criteria. <u>Conference</u> includes as a \$100 CTF placeholder. <u>Veto</u> removes funding for this line.		Restricted	0	0
		GF/GP	\$0	\$0
19. Rail Operations and Infrastructure – AD BOARD TRANSFER		Gross	\$80,758,000	\$4,808,700
<u>Executive</u> provides \$14.8 million CTF increase for program that provides capital and operating support for rail passenger service in Michigan as well as rail freight and rail economic development programs. <u>House</u> unrolls the current Rail Operations and Infrastructure line item into two separate line items: \$18.0 million (all CTF) for Rail Passenger, and \$62.8 million for Rail Freight/Rail Economic Development. <u>House</u> total for rail programs is identical to current year, but \$14.8 million CTF less than the <u>Executive</u> . <u>Senate</u> retains the current single line item and provides a \$4.8 million CTF baseline increase. <u>Senate</u> also includes \$16.0 million CTF for a separate one-time Rail Freight economic development line item. <u>Conference</u> : Unrolls into two lines: \$18.0 million CTF for Rail Passenger Service and \$67.6 million Gross for Rail Freight, Rail Economic Development. <u>Ad board</u> shifts \$39.8 million (\$36.8 million CTF, and \$3.0 million Rail Freight Fund) from Rail Freight, Rail Economic Development line item to Rail Passenger Service.		Federal	10,000,000	0
		Local	100,000	0
		Private	100,000	0
		Restricted	70,558,000	4,808,700
		GF/GP	\$0	\$0
20. Detroit/Wayne County Port Authority (DWCPA)		Gross	\$468,200	(\$50,000)
Current-year funding includes \$50,000 GF/GP added as a one-time funding item in supplemental appropriation act, 2018 PA 618. <u>Executive</u> maintains current-year funding level using ongoing restricted CTF funding. <u>House</u> includes \$418,200 CTF, \$50,000 less than current-year gross and <u>Executive</u> . <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with <u>House</u> .		Restricted	418,200	0
		GF/GP	\$50,000	(\$50,000)

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Enacted Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
21. Intercity Services – AD BOARD TRANSFER	Gross	\$7,360,000	\$2,099,800
<u>Executive</u> includes \$2.5 million CTF increase for program that supports intercity bus service in Michigan. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> provides a \$500,000 CTF increase, \$2.0 million less than <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> . <u>Ad Board</u> transfers \$1.6 million CTF into this line; \$599,900 from Marine Passenger Services (Item #22); \$999,900 from 1-time Carbine Dock Project (Item #25).	Federal	4,500,000	0
	Local	160,000	0
	Private	800,000	0
	Restricted	1,900,000	2,099,800
	GF/GP	\$0	\$0
22. Marine Passenger Services – AD BOARD TRANSFER	Gross	\$400,000	\$500,100
<u>Executive</u> increases baseline support by \$5.0 million CTF, and recognizes \$500,000 in local matching funds, for program that supports capital grants for marine passenger (ferry) service in Michigan. <u>House</u> budget includes \$200,000 CTF, \$200,000 less than current year and \$5.2 million CTF less than <u>Executive</u> . <u>Senate</u> provides a \$600,000 CTF increase and recognizes \$500,000 in local matching funds. <u>Conference</u> concurs with <u>Senate</u> . <u>Ad Board</u> transfers \$599,900 CTF from this line to Intercity Services (see Item #21).	Local	0	500,000
	Restricted	400,000	100
	GF/GP	\$0	\$0
23. Airport Safety, Protection, and Improvement Program	Gross	\$94,813,200	\$664,100
<u>Executive</u> increases State Aeronautics Fund support by \$664,100 for line item that recognizes Michigan's share of the federal Airport Improvement Program, a program of capital grants to local airports. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	3,304,700	664,100
	GF/GP	\$0	\$0
24. Detroit Metropolitan Wayne County Airport	Gross	\$5,525,000	\$325,000
<u>Executive</u> 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, part of a 2015 aviation funding package (2015 PAs 258 through 262). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	5,525,000	325,000
	GF/GP	\$0	\$0
25. Other One-Time Items – Special Projects – VETOES/AD BOARD TRANSFER	Gross	\$56,740,900	(\$34,090,800)
FY 2018-19 budget includes \$56.7 million GF/GP for one-time special projects: \$52.0 million to help advance a federal Army Corps of Engineers project for the construction of a new lock at the Soo Locks; \$4.5 million related to the construction of a utility tunnel at the Straights of Mackinac; and \$250,000 for a rail passenger study. [A \$50,000 GF/GP one-time appropriation for the Detroit/Wayne County Port Authority is recognized in Item #18, above.] <u>Executive</u> and <u>House</u> budgets do not include one-time appropriations. <u>Senate</u> includes \$16.0 million CTF for a one-time Rail Freight economic development line item as well as \$1.0 million CTF for the demolition of the Carbide dock – part of the Soo Locks project. <u>Conference</u> includes \$23.7 million for the following one-time projects: \$100 placeholder for a time Rail Freight economic development line item; \$1.0 million CTF for the demolition of the Carbide dock – part of the Soo Locks project; and \$22.7 million (\$12.0 million CTF, \$10.0 million federal) for a rail grade separation project. <u>Veto</u> removed the \$100 CTF placeholder for a time Rail Freight economic development line item. <u>Ad Board</u> transfers \$12.0 million CTF from the 1-time rail grade separation project (transferred to the Local Bus Transit (Item #12), and Service Initiatives (Item #14) line items), and transfers in \$12.0 million GF/GP from the Fixing Michigan Roads appropriation unit (Item #4). <u>Ad Board</u> also transfers \$999,900 CTF from the 1-time Carbine Dock Project (leaving \$100 in the line) to the Intercity Services line (Item #21).	Federal	0	10,700,000
	Restricted	0	200
	GF/GP	\$56,740,900	(\$44,791,000)

<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 Enacted Change</u>
26. Vetoed Reporting Requirements	Gross	NA	(\$122,000)
<u>Veto</u> removed several boilerplate reporting requirements; the estimated cost of those reporting requirements was \$122,000 STF. The specific vetoed sections are described below.	Restricted	NA	(122,000)
	GF/GP	NA	\$0
27. Economic Adjustments	Gross	NA	\$6,057,600
The column to the right represents Executive budget calculation of increased costs 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, totaling of \$6.1 million Gross (\$0 GF/GP). <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> does not fund economic increases for Aeronautics Services (\$117,600 State Aeronautics Fund); or Passenger Transportation Services (\$89,700 CTF).	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. 209. Report on GF/GP Lapses – RETAINED (UNENFORCEABLE)

Current law requires the state budget office to prepare and transmit a report that provides for estimates of the total general fund/general purpose appropriation lapses at the close of the prior fiscal year. (*Signing letter states section is unenforceable.*)

Sec. 210. Contingency Fund Transfers – REVISED

Executive retains section that provides for contingency fund transfers in accordance with the Management and Budget Act. House concurs with Executive. Senate deletes. Conference revises to include \$40.0 million federal; \$5.0 million state restricted; and \$1.0 million each, local and private.

Sec. 215. Communication With the Legislature – REVISED (UNENFORCEABLE)

Executive deletes section that prohibits a department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. House includes new subsection to also prohibit a department from requiring state employees to report communications with a legislator or legislative staff. Senate retains current-year language. Conference concurs with House. (*Signing letter states section is unenforceable.*)

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

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 and reduces notification period to 15 days. Senate retains current-year language. Conference concurs with Senate.

Sec. 270. Remanufactured Parts – RETAINED

Executive deletes section that requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. House, Senate, and Conference retain.

Sec. 280. Distribution of \$400.0 Million GF/GP – NEW (PARTIAL VETO)

Conference includes a new section that provides for the distribution of \$400.0 million in General Fund revenue appropriated in the Part 1 appropriation unit, Fixing Michigan Roads. Veto removes boilerplate sections 280(a) and 280(c) to reduce spending authority by \$375.0 million, leaving a balance in the line item of \$25.0 million.

Sec. 301. Permit Fees/Bridge Tolls – RETAINED (UNENFORCEABLE)

Executive retains current section that provides for permit and FOIA processing fees and also provides a public hearing process for raising bridge tolls. House modifies to provide for additional public participation in bridge toll hearing process through electronic means. Senate retains current-year language. Conference concurs with Senate. (*Signing letter states that subsection 2, regarding bridge tolls, is unenforceable.*)

Major Boilerplate Changes From FY 2018-19

Sec. 305. Lease of Space in Public Transportation Property – RETAINED (UNENFORCEABLE)

Executive deletes section that authorizes rental of department-owned public transportation properties at competitive market rates and requires that revenue from tenants be placed in an account to maintain/improve property. Subsection 2 currently requires the department to charge public transit agencies and intercity bus carriers equal rates per square foot for leasing space in state-owned intermodal facilities. House modifies to require the department to research options for moving three highest rent operations to an area within an enterprise zone. Senate retains current-year language. Conference concurs with Senate, moves language dealing with department-rented space to new Section 311. (*Signing letter states subsection (2) is unenforceable.*)

Sec. 306. Use of Transportation Funds by Other Departments – RETAINED (UNENFORCEABLE)

Current law provides for reports by other state departments on the use of transportation funds by those departments to support tax and fee collection, law enforcement, and other program services. The section provides for an audit requirement. (*Signing letter states section is unenforceable.*)

Sec. 308. Real Estate Property Report – NEW (VETOED)

House includes new reporting requirement on all real estate owned or held by the department. Senate does not include. Conference concurs with House. Veto of this reporting requirement reduces spending authority in Design and Engineering Services/Business Service by \$50,000, the estimated cost of producing the report.

Sec. 309. Employee Accountability Systems Report – NEW (VETOED)

House includes new reporting requirement for employee accountability systems. Senate does not include. Conference concurs with House. Veto of this reporting requirement reduces spending authority in Finance, Contracts, and Support Services by \$10,000 STF, the estimated cost of producing the report.

Sec. 311. Highest Rent Operations Report– NEW (VETOED)

Conference includes a new section that requires the department to research options for moving three highest rent operations to an area within an enterprise zone. Provides for report. Veto of this reporting requirement reduces spending authority in Finance, Contracts, and Support Services by \$2,000 STF, the estimated cost of the research activity and related report.

Sec. 319. Rest Area Maintenance – RETAINED

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

Sec. 320. Payment Detail Reporting – NEW (VETOED)

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. Senate does not include. Conference concurs with House. Veto of this reporting requirement reduces spending authority in Finance, Contracts, and Support Services by \$50,000 STF, the estimated cost of the research activity and related report.

Sec. 321. Blue Water Bridge Sale RFP – NOT INCLUDED

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. Senate does not include. Conference concurs with Senate.

Sec. 322. Welcome Center Sale RFP – NOT INCLUDED

House includes new section that requires the department to develop a solicitation for proposals for the sale of eight Welcome Centers. Senate does not include. Conference concurs with Senate.

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. Senate does not include. Conference concurs with House; includes stipulation that line be maintained as operational rail line.

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 two state-owned airports. [The department owns four airports.] Senate does not include. Conference concurs with House.

Sec. 325. Withholding MTF Funds for Non-Compliance – NOT INCLUDED

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. Senate does not include. Conference concurs with Senate and does not include.

Major Boilerplate Changes From FY 2018-19

Sec. 326. Restricted Fund Escrow for Debt Service – NOT INCLUDED

House includes new section that requires the department to escrow restricted fund lapses for debt service. Senate does not include. Conference concurs with Senate and does not include.

Sec. 327. Procurement Requirements – NEW (VETOED)

House includes new section that establishes new procurement requirements. Senate does not include. Conference modifies House language to define a new road construction unionized labor study line item. Veto removed this boilerplate section and the related \$50,000 STF part 1 appropriation line item.

Sec. 328. FOIA Reporting – NEW (VETOED)

House includes new section that establishes new reporting requirement with respect to Freedom of Information Act requests. Senate does not include. Conference concurs with House. Veto of this reporting requirement reduces spending authority in Design and Engineering Services/Business Service by \$10,000 STF, the estimated cost of producing the report.

Sec. 353. Prompt Payment – RETAINED (UNENFORCEABLE)

Executive deletes section that directs department to review contractor payment process; references Special Provision 109.10. House, Senate, and Conference retain. (*Signing letter states section is unenforceable.*)

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, Senate, and Conference retain.

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, Senate, and Conference retain.

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, Senate, and Conference retain.

Sec. 379. Tolling Study – NOT INCLUDED

House includes new section that requires the department to perform a study on the feasibility of tolling in Michigan. Senate does not include. Conference concurs with Senate and does not include.

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

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, Senate, and Conference retain. (*Signing letter states section is unenforceable.*)

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED (UNENFORCEABLE)

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, Senate, and Conference retain. (*Signing letter states section is unenforceable.*)

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

Executive retains current language. House, Senate, and Conference concur.

Sec. 385. Gordie Howe Bridge Report – REVISED

Executive updates fiscal year and reporting dates references. House modifies current reporting requirement to provide for monthly reports. Senate concurs with Executive. Conference concurs with House.

Sec. 386. Toll Credits – REVISED (UNENFORCEABLE)

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 2 which establishes priority order in use of toll credits. Senate retains current-year language. Conference concurs with House. (*Signing letter states subsection 2 is unenforceable.*)

Sec. 387. Traffic Studies – RETAINED

Executive deletes section that requires the department to post traffic study on the department website. House, Senate, and Conference retain.

Major Boilerplate Changes From FY 2018-19

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, Senate, and Conference retain.

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, Senate, and Conference retain.

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, Senate, and Conference retain.

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, Senate, and Conference retain.

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, Senate, and Conference retain.

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, Senate, and Conference retain.

Sec. 403. Priority of Federal Transit Grants – RETAINED (UNENFORCEABLE)

Executive deletes section that establishes priority for federal Section 5310 transit grants. House, Senate, and Conference retain. (*Signing letter states section is unenforceable.*)

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 and Senate do not include. Conference 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, Senate, and Conference retain.

Sec. 606. Project on I-94/Between M-60 and Sargent Road in Jackson County – DELETED

Executive deletes legislative intent language with respect to project. House concurs with Executive. Senate retains. Conference concurs with House and does not include.

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, Senate, and Conference retain.

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, Senate, and Conference retain.

Sec. 613. Report on Engineering Costs – REVISED

Executive deletes section that requires report on engineering costs, including breakout of department and consultant costs, and engineering costs as a percentage of construction costs. House retains with additional reporting requirements. Senate retains current-year language. Conference concurs with House.

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, Senate, and Conference retain.

Sec. 661. Alternative Design and Material Study Group – NEW

Conference includes new section directing the department to establish a new stakeholder group to review submission of innovative construction material and design specifications.

Sec. 670. Rehabilitation of Winter Maintenance Trucks – DELETED

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

Major Boilerplate Changes From FY 2018-19

Sec. 703. Rail Abandonment Notice – RETAINED

Executive deletes section that requires notification when railroad companies file for abandonment of lines. House, Senate, and Conference retain.

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, Senate, and Conference retain.

Sec. 705. Limitation on Michigan Line Track Improvements – NOT INCLUDED

House includes new section that limits state improvements to state-owned rail line between Dearborn and Kalamazoo. Senate does not include. Conference concurs with Senate.

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, Senate, and Conference retain.

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. Senate does not include. Conference concurs with House.

Sec. 714. Incentive Challenge Fund – NOT INCLUDED

House includes new section that provides for a reporting requirement tied to a new Incentive Challenge Fund grant program. Senate does not include. Conference concurs with Senate and does not include.

Sec. 717. Transit Reporting Requirement – NOT INCLUDED

House includes new section that establishes a reporting requirement related to public transportation usage. Senate does not include. Conference concurs with Senate and does not include.

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

House includes new intent section for transit provider reporting requirement. Senate does not include. Conference includes modified new House section.

Sec. 750. Rail Economic Development – DELETED

Executive 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. House concurs with Executive. Senate retains. Conference concurs with House and does not include.

Sec. 751. State Rail Segment Earmark – DELETED

Executive 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. House concurs with Executive. Senate retains. Conference concurs with House and does not include.

Sec. 752. Notice of Rail Grant and Loan Programs – REVISED (UNENFORCEABLE)

Executive deletes requirement that the department notify representatives of rail industry of rail grant and loan programs. House concurs with Executive. Senate retains as an annual meeting requirement. Conference concurs with Senate. (*Signing letter states section is unenforceable.*)

Sec. 753. Marine Passenger Service – NEW

Senate includes new section that prescribes use of the Marine Passenger Services appropriation, to direct that 60% must be spent on eligible entities servicing multiple destinations, with remaining funds to be spent on eligible entities servicing a single destination. Conference concurs with Senate.

Sec. 754. Transit Capital – NOT INCLUDED

Senate includes new section that prescribes use of the Transit Capital appropriation, to direct that \$6.0 million of the total appropriation may only be spent by the department in increments of \$600,000 or less on any 1 individual transit agency project. Conference does not include.

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, Senate, and Conference retain.

Major Boilerplate Changes From FY 2018-19

Sec. 804. MDOT-Owned Airplanes – REVISED (UNENFORCEABLE)

Executive deletes section that prohibits the department from spending airfleet operations and maintenance appropriations if the department owns 5 or more aircraft; requires the department to notify when it owns 4 aircraft or fewer. House modifies to effectively limit the department to 2 planes. Senate concurs with the Executive and does not include. Conference modifies to specify the sale of a specific plane and establishes new reporting requirement on staffing requirements associated with airplanes. (*Signing letter states subsection (1), which requires the sale of a specific aircraft, is unenforceable.*)

Sec. 805. State Airplanes – NEW (UNENFORCEABLE)

Conference includes new section that directs the department to take all steps necessary to sell any aircraft with fewer than 50 flight hours logged. (*Signing letter states section is unenforceable.*)

Sec. 806. State Aeronautics Code – NEW

House includes new section that requires the department to review website for consistency with state Aeronautics Code. Senate does not include. Conference concurs with House.

Sec. 1001. One-Time \$182.7 Million GF/GP for Local – RETAINED

Executive eliminates language that prescribes the distribution of one-time appropriation to local road agencies. House, which does not include direct GF/GP appropriations for local road agencies, concurs with Executive and deletes. Senate, which does include GF/GP funding for local road agencies, retains language governing the distribution of GF/GP funding to local road agencies. Conference retains this language in error; there is a separate section, Section 280 that governs the distribution of GP/GP appropriations in this budget.

Sec. 1002. Soo Locks/Carbide Dock Project Earmark – NEW

Senate includes language that indicates that the one-time CTF appropriation Carbide Dock/Soo Locks be used for the demolition of the Carbide Dock – part of the Soo Locks project. Conference concurs with Senate.

Sec. 1003. Rail Grade Crossing Project Earmark – NEW (AD BOARD TRANSFER)

Conference includes new section that defines a \$22.7 million earmark for a specific rail grade crossing project in Woodhaven, Michigan. The appropriation for this project, which is included in the 1-time section of Part-1 appropriations, is the subject of Ad Board transfer action.