DEPARTMENT OF TRANSPORTATION
Summary of FY 2025-26 Enacted
Public Act 22 of 2025 (House Bill 4706, Article 15)

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	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Enacted	*Difference: Enacted From FY 2024-25 YTD* *Amount*	*%*
IDG/IDT	$4,316,700	$4,366,200	*$49,500*	*1.1*
Federal	2,273,675,100	2,329,605,500	*55,930,400*	*2.5*
Local	87,448,500	87,448,500	*0*	*0.0*
Private	18,800,000	20,500,000	*1,700,000*	*9.0*
Restricted	4,230,660,000	5,447,575,600	*1,216,915,600*	*28.8*
GF/GP	193,000,000	0	*(193,000,000)*	*(100.0)*
Gross	**$6,807,900,300**	**$7,889,495,800**	***$1,081,595,500***	***15.9***
FTEs	3,228.3	3,208.3	*(20.0)*	*(0.6)*

Note: Appropriation figures for FY 2025-26 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, approximately two-thirds of the revenue in this budget has come from state restricted revenue, with approximately one-third from federal sources. State-restricted revenue in this budget includes revenue from motor fuel taxes, vehicle registration taxes, as well as from a $600.0 million earmark of Income Tax Act revenue, and an earmark of revenue from the state excise tax on recreational marijuana. For FY 2025-26, approximately $4.0 billion in state restricted revenue will be 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. Federal funds for transportation programs are authorized under the federal Infrastructure Investment and Jobs Act (IIJA).

The Enacted budget agreement also reflects, in part, revenue and distributions made in a **Transportation Funding Package**. Bills in that package include those listed below:

House Bill 4183 would amend the Motor Fuel Tax Act to increase the motor fuel tax rate from 31 cents per gallon to at least 51 cents per gallon beginning January 1, 2026.

House Bill 4180 and **House Bill 4182** would amend the General Sales Tax Act and the Use Tax Act, respectively, to exempt motor fuel from the sales and use taxes beginning January 1, 2026, and hold the School Aid Fund harmless for revenue lost due to the exemptions.

House Bill 4181 would amend the Streamlined Sales and Use Tax Revenue Equalization Act.

House Bill 4951 would create a new act to impose excise taxes on certain sales or transfers of marijuana and deposit the revenue in the Neighborhood Roads Fund proposed in Senate Bill 578.

House Bill 4961 would amend the Income Tax Act to, among other things, redirect $600.0 million in income tax revenue currently earmarked to the MTF, as well as additional revenue from the corporate income tax, to the Neighborhood Roads Fund proposed in Senate Bill 578.

Senate Bill 578 would amend Act 51 to create the Neighborhood Roads Fund (NRF) and the Infrastructure Projects Authority Fund and prescribe the distribution of money from each fund.

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Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 Enacted Change
1. Debt Service	**Gross**	**$340,703,700**	**$100,500**
Debt service totals $340.8 million, $100,500 more than FY 2024-25. Of total debt service, $333.6 million is for debt service on STF bonds.	Restricted	340,703,700	100,500
	GF/GP	$0	$0
The debt service appropriation is primarily based on debt service schedules for previously issued and outstanding bonds, including STF Rebuilding Michigan bonds issued in 2020, 2021, and 2023. Debt service also includes estimated debt service on the final Rebuilding Michigan bond issue, which may be issued later in 2025. Total outstanding bonded debt at September 30, 2025 was $3.0 billion, of which, $2.8 billion represented STF bonds.			
2. Services Provided by Other State Departments (IDGs)	**Gross**	**$50,705,700**	**$2,266,500**
Recognizes economic and cost allocation adjustments for line items that authorize the reimbursement of other state departments from restricted transportation funds for services provided.	Restricted	50,705,700	2,266,500
	GF/GP	$0	$0
3. Departmental Administration and Support	FTE	315.3	1.0
Includes $171,900 in ongoing MTF funding, and authorization for 1.0 FTE position in Finance, Contracts, and Support Services, for a road usage charge study and pilot project (the balance of funding for this project is shown in the one-time section, below).	**Gross**	**$60,653,700**	**$171,900**
	IDG	4,316,700	0
	Restricted	56,337,000	171,900
	GF/GP	$0	$0
4. Design and Engineering Services	FTE	1,682.3	(27.0)
Increases baseline support by $1.0 million MTF for "Signal Maintenance and Energy Programs." Reduces staffing authorization by 27.0 FTE positions, exclusive of position transfers (no associated funding reductions).	**Gross**	**$259,917,700**	**$1,000,000**
	Federal	23,529,800	0
	Restricted	236,387,900	1,000,000
	GF/GP	$0	$0
5. State Trunkline Maintenance	FTE	909.7	0.0
Increases baseline funding by $15.4 million STF to reflect increased costs of service contracts, concrete, aggregate, and other maintenance materials.	**Gross**	**$486,654,800**	**$15,446,900**
	Restricted	486,654,800	15,446,900
	GF/GP	$0	$0
6. State Trunkline Road and Bridge Capital Program	**Gross**	**$1,617,892,700**	**$233,320,000**
Appropriation for the capital State Trunkline Road and Bridge Construction line item totals $1.85 billion, an increase of $233.3 million. This reflects a $53.5 million increase in estimated federal funds available under IIJA; a $13.7 million increase in state restricted Blue Water Bridge Fund support for Blue Water Bridge capital projects; and $166.1 million increase in STF support, in part from estimated revenue increases in the new Transportation Funding Package.	Federal	1,261,773,700	53,492,700
	Local	30,003,500	0
	Private	10,000,000	0
	Restricted	316,115,500	179,827,300
	GF/GP	$0	$0
7. MTF/NRF Distribution to Cities/Villages	**Gross**	**$734,069,200**	**$255,824,400**
Includes $989.9 million for distribution to cities and villages per Act 51 formula, a $255.8 million increase. This reflects an estimated $13.4 million increase in MTF revenue for distribution to cities and villages, and $242.4 million from the new NRF established under Senate Bill 578. Both changes reflect estimated additional revenue from the new Transportation Funding Package.	Restricted	734,069,200	255,824,400
	GF/GP	$0	$0
8. MTF/NRF Distribution to County Road Commissions	**Gross**	**$1,316,610,100**	**$474,249,000**
Includes $1.8 billion for distribution to county road commissions per Act 51 formula, a $474.2 million increase. This reflects an estimated $24.1 million increase in MTF revenue for distribution to county road commission, and $450.2 million from the new NRF established under Senate Bill 578. Both changes reflect additional revenue from the new Transportation Funding Package.	Restricted	1,316,610,100	474,249,000
	GF/GP	$0	$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 Enacted Change
9. Local Federal Aid and Road and Bridge	**Gross**	**$411,168,800**	**$17,831,000**
Includes $429.0 million for the line item representing federal-aid highway funds available for local road agency federal-aid projects – an increase of $17.8 million. The increase reflects estimated federal funds made available to Michigan under IIJA as allocated for eligible local road agency programs in accordance with Act 51.	Federal	411,168,800	17,831,000
	GF/GP	$0	$0
10. Movable Bridge Fund/Program	**Gross**	**$6,167,100**	**$141,900**
Includes $141,900 MTF inflationary adjustment, as required by Act 51, for program that provides funding to the department and certain local road agencies for operating costs of movable bridges under state and local jurisdiction. Senate Bill 578 includes new provisions governing the use of Movable Bridge Fund revenue.	Restricted	6,167,100	141,900
	GF/GP	$0	$0
11. Local Rail Grade Separation Fund	**Gross**	**$0**	**$40,000,000**
Includes $40.0 million from an earmark of NRF in Senate Bill 578, part of the Transportation Funding Package.	Restricted	0	40,000,000
	GF/GP	$0	$0
12. Transportation Economic Development Fund (TEDF)	**Gross**	**$52,726,300**	**$462,200**
Includes $53.2 million in restricted TEDF support, an increase of $464,200 from current year, reflecting estimated available TEDF revenue. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231.	Restricted	52,726,300	462,200
	GF/GP	$0	$0
13. Passenger Transportation Services	FTE	40.0	6.0
Recognizes $800,000 increase in estimated federal support; increases staffing authorization by 6.0 FTEs (no associated funding increase).	**Gross**	**$6,476,900**	**$800,000**
	Federal	1,200,000	800,000
	Restricted	5,276,900	0
	GF/GP	$0	$0
14a. Local Bus Operating – Baseline CTF Funding	**Gross**	**$226,750,000**	**$44,857,300**
Increases CTF support for local bus operating assistance to $271.6 million, an increase of $44.9 million. Of the increase, $2.5 million represents a shift of CTF from Transit capital, (Item #16, below), and $42.4 million from the estimated CTF share of increased MTF revenue in the Transportation Funding Package.	Restricted	226,750,000	44,857,300
	GF/GP	$0	$0
The enacted budget does not retain $20.0 million one-time federal ARP funding for bus operating assistance, shown below.			
14b. Local Bus Operating – Federal ARP Funds (One-Time)	**Gross**	**$20,000,000**	**($20,000,000)**
Removes $20.0 million in one-time federal ARP funding appropriated in FY 2024-25 for local bus operating assistance.	Federal	20,000,000	(20,000,000)
	GF/GP	$0	$0
15. Transit Programs – Non-Urban Operating/Capital	**Gross**	**$40,626,500**	**$496,500**
Includes $41.1 million for non-urbanized area formula grant program established under 49 USC 5311 ($39.1 million federal funds and $2.0 million local funds). The $496,500 increase in federal funds reflects estimated federal grants available to Michigan under IIJA.	Federal	38,626,500	496,500
	Local	2,000,000	0
	GF/GP	$0	$0
16. Transit Capital	**Gross**	**$254,601,300**	**($6,807,800)**
Net decrease of $6.8 million reflects a $2.9 million increase in estimated federal aid under IIJA; and a $9.7 million decrease in CTF support. The CTF decrease reflects a $6.8 million decline in estimated available CTF revenue as well as a $2.9 million shift to other public transportation programs – $2.5 million to Local bus operating (Item #14a, above) and $430,700 to Intercity Services.	Federal	144,067,200	2,874,400
	Local	31,000,000	0
	Private	2,000,000	0
	Restricted	77,534,100	(9,682,200)
	GF/GP	$0	$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 Enacted Change
17. Infrastructure Projects Authority Fund	**Gross**	**$0**	**$65,000,000**
Includes new $65.0 million line item to recognize program established from a NRF earmark in Senate Bill 578, part of the Transportation Funding Package.	Restricted	0	65,000,000
	GF/GP	$0	$0
18. Rail Operations and Infrastructure	**Gross**	**$152,189,200**	**($2,800,700)**
Net decrease of $2.8 million reflects a $4.5 million decrease in CTF support as a result of a decline in estimated available CTF revenue; includes an increase of $1.7 million in private funds in anticipation of private funding for a specific project.	Federal	30,000,000	0
	Local	100,000	0
	Private	2,000,000	1,700,000
	Restricted	120,089,200	(4,500,700)
	GF/GP	$0	$0
19. Capital Outlay - Airport Improvement Program (AIP)	**Gross**	**$182,242,300**	**$6,802,700**
Increase of $6.8 million in state restricted State Aeronautics Fund support was based on estimated available restricted revenue at the time the Conference Report for House Bill 4706 was adopted. However, the appropriation of State Aeronautics Fund revenue in this budget may exceed current revenue estimates. [This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement.]	Federal	155,000,000	0
	Local	17,500,000	0
	Private	2,000,000	0
	Restricted	7,742,300	6,802,700
	GF/GP	$0	$0
20. IIJA Airport Infrastructure Grants	**Gross**	**$115,000,000**	**$0**
Retains $115.0 million federal spending authority for a program of federal aid to public airports established under Division J of IIJA.	Federal	115,000,000	0
	GF/GP	$0	$0
21. Detroit Metropolitan Wayne County Airport	**Gross**	**$6,760,000**	**$6,260,000**
Increase of $6.3 million represents a $260,000 increase in estimated baseline Qualified Airport Fund revenue, as well an additional $6.0 million in Qualified Airport Fund revenue from potential amendments to the State Aeronautics Code. However, the appropriation of Qualified Airport Fund revenue in this budget may exceed current revenue estimates. The Qualified Airport Fund was established through 2015 amendments to the State Aeronautics Code.	Restricted	6,760,000	6,260,000
	GF/GP	$0	$0
22. Removal of FY 2024-25 One-Time Appropriations	**Gross**	**$193,990,000**	**($193,990,000)**
Removes $194.0 million ($193.0 million GF/GP) in one-time items. Specific items are shown below:	Restricted	990,000	(990,000)
	GF/GP	$193,000,000	($193,000,000)
• Critical infrastructure projects, ($74.5 million GF/GP) • New technology and mobility, ($24.0 million GF/GP) • Air service/airport revitalization, ($6.0 million GF/GP) • MI Contracting Opportunity, ($5.0 million GF/GP) • School zone automated speed enforcement, ($2.5 million GF/GP) • Local rail grade crossing improvements, ($2.0 million GF/GP) • Lake Michigan car ferry, ($2.0 million GF/GP) • Local road and material research program, ($1.0 million GF/GP) • Supplier risk and information subscription, ($50,000 GF/GP) • Blue Water Bridge equipment and facilities ($990,000 BWBF) • Federal Aid Match ($76.0 million GF/GP) An additional one-time item, $20.0 million from federal ARP funds for local bus operating assistance, is described in Item #14b above.			
23. Maritime and Port Fund (One-Time)	**Gross**	**$0**	**$5,294,700**
Includes $5.3 million CTF for credit to the Maritime and Port Fund, defined in boilerplate section 721.	Restricted	0	5,294,700
	GF/GP	$0	$0
24. Railroad Heritage Preservation (One-Time)	**Gross**	**$0**	**$5,294,700**
Includes $5.3 million CTF for new program defined in boilerplate section 753.	Restricted	0	5,294,700
	GF/GP	$0	$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 Year-to-Date (as of 2/5/25)	FY 2025-26 Enacted Change
25. Non-Motorized Trails (One-Time)	**Gross**	**$0**	**$5,294,700**
Includes $5.3 million CTF for non-motorized trails, defined in boilerplate section 723.	Restricted	0	5,294,700
	GF/GP	$0	$0
26. State Aeronautics Fund (One-Time)	**Gross**	**$0**	**$5,294,700**
Includes $5.3 million CTF for credit to the State Aeronautics Fund for improvements to General Aviation airports; defined in boilerplate section 724.	Restricted	0	5,294,700
	GF/GP	$0	$0
27. Road Usage Charge Study and Pilot (One-Time)	FTE	0.0	0.0
Includes $7.8 million MTF ($7.7 million one-time and $171,900 ongoing) and 1.0 FTE position to support a study and pilot of road usage charge revenue options, an anticipated 3-year project. The ongoing funding and FTE are included in Finance, Contracts, and Support Services (See Item #3, above). Related boilerplate in Section 1005.	**Gross**	**$0**	**$7,650,000**
	Restricted	0	7,650,000
	GF/GP	$0	$0
28. Economic Adjustments	**Gross**	**NA**	**$10,907,200**
Reflects increased costs of $10.9 million Gross ($0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	49,500
	Federal	NA	1,100
	Restricted	NA	10,856,600
	GF/GP	NA	$0

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communications with the Legislature **– RETAINED (UNENFORCEABLE)**
With certain specific exceptions, this section prohibits the department from taking disciplinary action against an employee for communicating with a member of the legislature or legislative staff. Enacted budget retains standard language. (*The Governor has deemed this section as unenforceable in that it impinged on executive branch authority in violation of Article 3, Section 2 of the Michigan Constitution which deals with the separation of powers*.)

Sec. 208. Hire of Outside Legal Counsel **– DELETED**
Deletes section that prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General; exempts legal services for bonding activities and outside legal services authorized by the Attorney General.

Sec. 226. State Workforce **– NEW**
Requires the department to maximize utilization of in-person state workforce.

Sec. 227. Accessibility of Required Reports **– NEW**
Requires the department to make each required report readily accessible to the public and conspicuously post each required report in a single archivable location on the department's or agency's Michigan.gov website.

Sec. 228. E-Verify Requirement **– NEW**
Requires the department to require all contractors and subcontractors to agree to use the E-Verify system to verify that all people hired during the contract term are legally present and authorized to work in the United States; allows the department to verify the information directly or receive certification from the contractor; requires the department to submit a report describing the processes it has developed and implemented.

Sec. 232. Federal Policy Changes **– NEW**
New section requires the department to report on federal policy changes that affect department operations, affect industry or other groups, affect current regulations, or create a regulatory gap.

Sec. 234. Annual Legacy Costs **– NEW**
Identifies estimated department "legacy costs" for the fiscal year ending September 30, 2026 of $41.8 million, of which pension related costs were $37.7 million and retiree health care costs $4.1 million.

Sec. 235. Annual Strategic Plan Report **– NEW**
New section requires the department, not later than April 1, to provide standard report recipients a copy of its annual strategic plan.

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Major Boilerplate Changes from FY 2024-25

Sec. 236. Report on Court Settlements **– NEW**
New section requires the department to report on any court settlement that may require further legislative review of statutory programs or regulations.

Sec. 237. Report on Private and Other 3rd Party Funds **– NEW**
New section requires the department, by November 15, to disclose on a publicly accessible website, private and other third-party funds received by the department in the previous fiscal year.

Sec. 239. Requirements for Legislatively Directed Spending Items **– NEW**
Includes new language governing legislatively directed spending items.

Sec. 309. Pavement Marking Material **– NEW**
Includes new section to establish specific criteria for procurement of pavement marking materials.

Sec. 312. Property Management **– NEW**
Includes new reporting requirement on the utilization of department properties, including, but not limited to, salt storage facilities, garages, and regional offices.

Sec. 314. MI Contracting Opportunity Loan **Fund – NEW**
Includes new section that establishes an MI Contracting Opportunity Loan Fund as a revolving loan fund; initially funded from appropriations made in FY 2024-25 transportation budget.

Sec. 315. Movable Bridge Fund **– NEW**
Includes new section that requires the department to use "any additional funds" in the Moveable Bridge Fund to cover other costs for any required local federal bridge load analysis, inspection, or other local federal mandate. [Senate Bill 578 includes new provisions governing the use of Movable Bridge Fund revenue.]

Sec. 388. I-375 Project Prohibition **– NEW**
Includes new section prohibiting the department from spending funds appropriated in part 1 in support of a federal aid grant for an I-375 project in Detroit.

Sec. 705. Rail Abandonment Notice **– NEW**
Includes new section that requires MDOT to notify legislature when railroad companies file for abandonment of lines.

Sec. 720. Farebox Recovery Intent Language **– NEW**
Includes new section that indicates legislative intent that transit agencies strive to achieve at least 6% farebox recovery.

Sec. 721. Maritime and Port Facility Fund **– NEW**
Directs that the $5.3 million part 1 appropriation be credited to the Maritime and Port Facility fund created in 2022 PA 159.

Sec. 723. Non-Motorized Trails **– NEW**
Directs that the $5.3 million part 1 appropriation be used to establish and maintain a system of nonmotorized trails.

Sec. 724. State Aeronautics Fund Deposit **– NEW**
Directs that the $5.3 million part 1 appropriation be credited to the State Aeronautics Fund and used for capital improvements at general aviation airports in this state.

Sec. 753. Railroad Heritage Preservation **– NEW**
Directs use of the $5.3 million part 1 appropriation; directs the department to establish a railroad heritage preservation program to provide funding to organizations for the promotion of railroading in Michigan with a focus on Michigan railroad history. Directs the department to administer the program as a competitive grant program.

Sec. 802. Air Service Prioritization **– NEW**
Includes new section that establishes priority use of the air service appropriation, including for the department to re-establish and maintain air service between Marquette and Lansing with priority service for emergencies, routine travel for elected state officials, and other uses.

Sec. 1005. Road Usage Charge Pilot Project **– NEW**
Includes new language defining road usage charge study, funded at $7.7 million MTF in part 1.

FY 2024-25 Supplemental Appropriation Items **Public Act 22 of 2025 (House Bill 4706, Article 16)**		**Appropriation Change**
1. Critical Infrastructure Projects Includes $750,000 for Van Buren Charter Township for intersection safety improvements and $5.0 million for Wayne County for a rail grade separation project.	**Gross** GF/GP	**$5,750,000** $5,750,000

FY 2024-25 Supplemental Boilerplate Items
Public Act 22 of 2025 (House Bill 4706, Article 16)

Sec. 751. Employees for Aeronautics
Authorizes the department to hire up to 2.0 full-time employees for aeronautics programs.

Sec. 752. Critical Infrasturcture Project for Van Buren Charter Township
Allocates funding to Van Buren Charter Township for intersection safety improvements; designates unexpended funds as a work project appropriation.

Sec. 753. Critical Infrasturcture Project for Wayne County
Allocates funding to Wayne County for a rail grade separation project; designates unexpended funds as a work project appropriation.