FY 2025-26: TRANSPORTATION
Summary: As Passed by the House
Article 15, House Bill 4706 (H-1) as Amended

Analyst: William E. Hamilton

	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	*Difference: House From FY 2024-25 YTD*	
					Amount	*%*
IDG/IDT	$4,316,700	$4,366,200	$4,366,200	$4,366,200	*$49,500*	*1.1*
Federal	2,273,675,100	2,329,605,500	2,329,605,500	2,308,754,300	*35,079,200*	*1.5*
Local	87,448,500	87,448,500	87,448,500	85,448,500	*(2,000,000)*	*(2.3)*
Private	18,800,000	18,800,000	18,800,000	16,800,000	*(2,000,000)*	*(10.6)*
Restricted	4,230,660,000	4,288,705,600	4,467,316,700	7,151,382,700	*2,920,722,700*	*69.0*
GF/GP	193,000,000	112,183,900	2,000,000	677,000,000	*484,000,000*	*250.8*
Gross	**$6,807,900,300**	**$6,841,109,700**	**$6,909,536,900**	**$10,243,751,700**	***$3,435,851,400***	***50.5***
FTEs	3,228.3	3,229.3	3,235.3	2,811.1	*(417.2)*	*(12.9)*

Note: 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, 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).

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 House Change**
1. Debt Service	**Gross**	**$340,703,700**	**$100,500**
Executive debt service totals $340.8 million, $100,500 more than current year. Senate concurs with Executive. House concurs with Executive in total but uses a new fund source, the Bond Proceeds Fund, established in boilerplate section 381, to provide $333.6 million for STF debt service. House shifts $333.6 million STF to the State Trunkline Road and Bridge Construction line, Item #8, below.	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, anticipated later in 2025.			
2. Services Provided by Other State Departments (IDGs)	**Gross**	**$50,705,700**	**($4,505,300)**
Executive recognizes economic and cost allocation adjustments. Senate concurs with Executive. House reductions from the current year total $4.5 million Gross ($2.9 million STF). $2.5 million of the $4.5 million reduction relates to elimination of reimbursement for services provided by the Attorney General. House does not recognize economic or cost allocation adjustments.	Restricted	50,705,700	(4,505,300)
	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 House Change
3. Departmental Administration and Support	FTE	315.3	(60.3)
Executive recognizes $2.1 million restricted in economic increases as well as $171,900 MTF for proposed road funding study. Senate concurs with Executive. House reduces baseline restricted fund support by net $8.9 million Gross ($9.2 million STF) and reduces FTE authorization to reflect actual filled positions.	**Gross**	**$60,653,700**	**($8,900,500)**
	IDG	4,316,700	49,500
	Restricted	56,337,000	(8,950,000)
	GF/GP	$0	$0
4. Information Technology	**Gross**	**$42,055,700**	**($5,424,300)**
Executive increases baseline funding by $244,100 to reflect economic increases. Senate concurs with Executive. House reduces baseline restricted funding by $5.4 million STF from current year.	Federal	520,500	0
	Restricted	41,534,900	(5,424,300)
	GF/GP	$0	$0
5. Transportation Planning	FTE	144.03	(9.6)
Executive recognizes economic increases of $296,800. Senate concurs with Executive. House reduces baseline restricted funding by net $1.2 million Gross ($1.4 million STF) and reduces FTE authorization to reflect actual filled positions.	**Gross**	**$45,563,600**	**($1,200,000)**
	Federal	26,000,000	0
	Restricted	19,563,600	(1,200,000)
	GF/GP	$0	$0
6. Design and Engineering Services	FTE	1,682.3	(141.8)
Executive in addition to economic increases and internal fund shifts, increases baseline support by $1.0 million MTF for "Signal Maintenance and Energy Programs." Senate concurs with Executive. House reduces baseline restricted funding by net $17.7 million Gross ($19.0 million STF) and reduces FTE authorization to reflect actual filled positions.	**Gross**	**$259,917,700**	**($17,725,000)**
	Federal	23,529,800	0
	Restricted	236,387,900	(17,725,000)
	GF/GP	$0	$0
7. State Trunkline Maintenance	FTE	909.7	(189.5)
Executive in addition to economic increases, increases baseline funding by $15.4 million STF to reflect increased costs of service contracts, concrete, aggregate, and other maintenance materials. Senate concurs with Executive. House reduces baseline restricted funding by net $23.7 million STF and reduces FTE authorization to reflect actual filled positions.	**Gross**	**$486,654,800**	**($23,687,500)**
	Restricted	486,654,800	(23,687,500)
	GF/GP	$0	$0
8. State Trunkline Road and Bridge Capital Program	**Gross**	**$1,617,892,700**	**$948,132,700**
Executive budget is a $53.6 million net increase for the capital State Trunkline Road and Bridge Construction line item. The increase is almost entirely due to a $53.5 million increase in estimated federal funds available under IIJA. State restricted STF revenue for the capital program would decrease by $13.6 million while support from the restricted Blue Water Bridge Fund (BWBF) would increase by $13.7 million. Senate concurs with Executive. House concurs with the Executive with respect to the $53.6 million net increase in baseline funding but includes the following additional increases, in restricted revenue: $67.9 million STF from reductions in MDOT administrative, engineering, and maintenance line items noted above; $366.8 million from the increase in motor fuel tax revenue under House Bill 4183; $126.3 million from the redirection of income tax revenue under House Bill 4187; and $333.6 million from the redirection of STF debt service noted in Item #1, above.	Federal	1,261,773,700	53,492,700
	Local	30,003,500	0
	Private	10,000,000	0
	Restricted	316,115,500	894,640,000
	GF/GP	$0	$0
9. MTF Distribution to Cities/Villages	**Gross**	**$734,069,200**	**$933,461,000**
Executive includes $743.8 million MTF for distribution to cities and villages per Act 51 formula, a $9.8 million increase from current year reflecting a marginal increase in estimated MTF revenue. Senate concurs with Executive. House recognizes increase in estimated MTF revenue of $9.8 million as well as $204.5 million from the increase in motor fuel tax revenue under House Bill 4183; and $459.2 million from the redirection of income tax revenue under House Bill 4187; and $260.0 million GF/GP.	Restricted	734,069,200	673,461,000
	GF/GP	$0	$260,000,000

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 House Change
10. MTF Distribution to County Road Commissions	**Gross**	**$1,316,610,100**	**$1,265,307,300**
Executive includes $1.3 billion MTF for distribution to county road commissions per Act 51 formula, a $17.5 million increase from current year reflecting a marginal increase in estimated MTF revenue. Senate concurs with Executive. House recognizes increase in estimated MTF revenue of $17.5 million as well as $366.8 million from the increase in motor fuel tax revenue under House Bill 4183; and $562.5 million from the redirection of income tax revenue under House Bill 4187; and $318.5 million GF/GP.	Restricted	1,316,610,100	946,807,300
	GF/GP	$0	$318,500,000
11. Neighborhood Road Fund/Program	**Gross**	**$0**	**$275,000,000**
House includes $275.0 million for distribution to local road agencies based on a proportional mileage formula established in House Bill 4230. The $275.0 million would come from the redirection of corporate income tax under House Bill 4187.	Restricted	0	275,000,000
	GF/GP	$0	$0
12. Local Federal Aid and Road and Bridge	**Gross**	**$411,168,800**	**$17,831,000**
Executive 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 to local road agencies in accordance with Act 51. Senate concurs with Executive. House concurs with Executive.	Federal	411,168,800	17,831,000
	GF/GP	$0	$0
13a. Local Bridge Fund/Program	**Gross**	**$26,914,700**	**($497,600)**
Executive funding for the Local Bridge Fund/Program reflects two Act 51 earmarks of MTF revenue: a fixed amount of $5.0 million, and revenue equal to one-half cent of motor fuel tax revenue. Decrease of $497,600 MTF reflects lower per-penny yield of the motor fuel tax on gasoline. Senate concurs with Executive. House concurs with Executive.	Restricted	26,914,700	(497,600)
	GF/GP	$0	$0
13b. Local Bridge Program – Neighborhood Road Fund	**Gross**	**$0**	**$100,000,000**
House includes new targeted local bridge program funded at $100.0 million from the redirection of corporate income tax under House Bill 4187 and defined in House Bill 4230.	Restricted	0	100,000,000
	GF/GP	$0	$0
13c. Local Bridge Inspection Program	**Gross**	**$0**	**$20,000,000**
House includes $20.0 million MTF to offset increased local road agency costs related to new federal bridge inspection requirements.	Restricted	0	20,000,000
	GF/GP	$0	$0
14. Movable Bridge Fund/Program	**Gross**	**$6,167,100**	**$10,141,900**
Executive 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 concurs with Executive. House concurs with Executive inflationary adjustment; also includes $10.0 million GF/GP baseline increase.	Restricted	6,167,100	141,900
	GF/GP	$0	$10,000,000
15. Rail Grade Crossing Surface Account	**Gross**	**$3,000,000**	**$2,000,000**
Executive retains $3.0 million MTF funding per Act 51 MTF earmark. Senate concurs with Executive. House includes $5.0 million MTF, $2.0 million more than current year.	Restricted	3,000,000	2,000,000
	GF/GP	$0	$0
16. Rail Grade Separation Fund	**Gross**	**$0**	**$88,500,000**
House includes $88.5 million GF/GP for deposit to the Local Rail Grade Separation established under 2023 PA 66.	Restricted	0	0
	GF/GP	$0	$88,500,000
17. Blue Water Bridge Operations and Maintenance	FTE	47.0	(8.5)
Executive reflects economic increases. Senate concurs with Executive. House reduces baseline restricted Blue Water Bridge Fund support by $1.1 million and reduces staffing authorization by 8.5 FTEs.	**Gross**	**$7,804,500**	**($1,089,800)**
	Restricted	7,804,500	(1,089,800)
	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 House Change
18. Transportation Economic Development Fund (TEDF)	**Gross**	**$52,726,300**	**$2,000,000**
Executive includes $53.2 million in restricted TEDF support, an increase of $464,200, reflecting estimated available TEDF revenue. The TEDF program is a targeted transportation program established and governed by statute, 1987 PA 231. Senate concurs with Executive. In addition to the statutory funding reflected in the Executive recommendation, House incudes $7.0 million for the TEDF categorical Forest Roads Program, an increase of $2.0 million.	Restricted	52,726,300	2,000,000
	GF/GP	$0	$0
19. Aeronautics Services	FTE	48.0	0.0
Executive includes $7.8 million in restricted State Aeronautics Fund revenue, an increase of $121,700 to reflect economic increases. Senate concurs with Executive. House includes a $3.2 million increase in state restricted revenue, reflecting a net increase in State Aeronautics Fund revenue from increased aviation fuel taxes under House Bill 4183, less the reduction in restricted revenue from the exemption of fuel sales from sales and use tax under House Bills 4180 and 4182.	**Gross**	**$7,776,600**	**$3,200,000**
	Restricted	7,776,600	3,200,000
	GF/GP	$0	$0
20. Passenger Transportation Services	FTE	40.0	(0.7)
Executive recognizes economic increases, increases in estimated federal support; increases staffing authorization by 6.0 FTEs. Senate concurs with Executive. House reduces baseline CTF funding by $887,500 and reduces FTE authorization to reflect actual filled positions.	**Gross**	**$6,476,900**	**($87,500)**
	Federal	1,200,000	800,000
	Restricted	5,276,900	(887,500)
	GF/GP	$0	$0
21a. Local Bus Operating – Baseline CTF Funding	**Gross**	**$226,750,000**	**$0**
Executive budget support for local bus operating assistance would remain unchanged at $226.7 million CTF. Senate includes a $15.0 million increase from a new restricted fund, the Community Infrastructure Fund (CIF). House concurs with Executive. [As described in Item #21b below, neither the Executive, Senate, nor House retains $20.0 million one-time federal ARP funding for bus operating assistance.]	Restricted	226,750,000	0
	GF/GP	$0	$0
21b. Local Bus Operating – Federal ARP Funds (One-Time)	**Gross**	**$20,000,000**	**($20,000,000)**
Executive does not include $20.0 million in one-time federal ARP funding appropriated in FY 2024-25 for local bus operating assistance. Senate and House concur with Executive.	Federal	20,000,000	(20,000,000)
	GF/GP	$0	$0
21c. Local Bus Operating – Efficiency Incentive	**Gross**	**$0**	**$59,800,000**
House incudes a new local bus operating line item, funded at $59.8 million reflecting the net additional CTF revenue available from increased fuel taxes under House Bill 4183, less the reduction in restricted revenue from the exemption of fuel sales from sales and use tax under House Bills 4180 and 4182. The line would be distributed to transit agencies that achieved benchmark farebox recovery ratios.	Restricted	0	59,800,000
	GF/GP	$0	$0
22. Transit Programs – Non-Urban Operating/Capital	**Gross**	**$40,626,500**	**$0**
Executive 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. Senate concurs with Executive. House does not recognize increase in federal funds.	Federal	38,626,500	0
	Local	2,000,000	0
	GF/GP	$0	$0
23. Transit Capital	**Gross**	**$254,601,300**	**($3,877,100)**
Executive reflects a $3.9 million net decrease from FY 2024-25: a $2.9 million increase in estimated federal aid under IIJA would be more than offset by a $6.8 million decrease in CTF support. The CTF decrease reflects a decline in estimated available CTF revenue. Senate concurs with Executive. House concurs with Executive.	Federal	144,067,200	2,874,400
	Local	31,000,000	0
	Private	2,000,000	0
	Restricted	77,534,100	(6,751,500)
	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 House Change
24. Office of Rail	FTE	41.0	(5.8)
Executive recognizes economic increases. Senate concurs with Executive. House reduces baseline CTF funding by $725,000 and reduces FTE authorization.	**Gross**	**$7,776,600**	**($725,000)**
	Restricted	7,776,600	(725,000)
	GF/GP	$0	$0
25. Rail Operations and Infrastructure	**Gross**	**$152,189,200**	**($4,500,700)**
Executive recommends a $4.5 million reduction in CTF support reflecting a decline in estimated available CTF revenue. Senate and House concur with Executive.	Federal	30,000,000	0
	Local	100,000	0
	Private	2,000,000	0
	Restricted	120,089,200	(4,500,700)
	GF/GP	$0	$0
26. Capital Outlay – Salt Sheds/Special Maintenance	**Gross**	**$8,000,500**	**($8,000,500)**
Executive retains current year funding of $8.0 million STF. Senate concurs with Executive. House does not include.	Restricted	8,000,500	(8,000,500)
	GF/GP	$0	$0
27. Capital Outlay - Airport Improvement Program (AIP)	**Gross**	**$182,242,300**	**$0**
Executive includes a $5.0 million increase in state restricted State Aeronautics Fund revenue for a program of capital assistance to eligible local public airports in the state. [This program is shown in the budget under the line item, Airport Safety, Protection, and Improvement (ASAP).] The increase represents an increase in estimated available restricted revenue, as well as a $2.5 million from a proposed increase in the state aircraft registration fee. Senate recognizes an increase in State Aeronautics Fund support of $3.6 million, $1.4 million less than Executive. In effect the Senate only recognizes $1.1 million of the proposed aircraft registration fee increase as proposed by the Executive. House retains at current-year funding levels.	Federal	155,000,000	0
	Local	17,500,000	0
	Private	2,000,000	0
	Restricted	7,742,300	0
	GF/GP	$0	$0
28. IIJA Airport Infrastructure Grants	**Gross**	**$115,000,000**	**($10,173,000)**
Executive retains $115.0 million federal spending authority for a program of federal aid to public airports established under Division J of IIJA. Senate concurs with Executive. House does not recognize additional federal revenue.	Federal	115,000,000	(10,173,000)
	GF/GP	$0	$0
29. Detroit Metropolitan Wayne County Airport	**Gross**	**$6,760,000**	**$6,000,000**
Executive recognizes a $260,000 increase in estimated Qualified Airport Fund revenue. As provided through 2015 amendments to the State Aeronautics Code, Qualified Airport Fund revenue is appropriated to the Detroit Metropolitan Wayne County Airport. Senate concurs with Executive. House incudes $12.8 million, an increase of $6.0 million, reflecting the estimated net revenue increase from increased fuel taxes under House Bill 4183, less the reduction in restricted revenue from the exemption of aviation fuel sales from sales and use tax under House Bills 4180 and 4182.	Restricted	6,760,000	6,000,000
	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 House Change
30. Removal of FY 2024-25 One-Time Appropriations	**Gross**	**$117,990,000**	**($117,990,000)**
Executive removes $118.0 million ($117.0 million GF/GP) in one-time items. Senate and House concur with Executive. Specific items are shown below:	Restricted	990,000	(990,000)
	GF/GP	$117,000,000	($117,000,000)
• 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)			
An additional one-time item, $20.0 million from federal ARP funds for local bus operating assistance, is described in Item #21b above.			
An additional one-time GF/GP item, $76.0 million for Federal aid match, is described in Item #28 below.			
31. Maritime and Port Fund (One-Time)	**Gross**	**$0**	**$7,500,000**
House includes $7.5 million CTF for credit to the Maritime and Port Fund, defined in boilerplate section 721.	Restricted	0	7,500,000
	GF/GP	$0	$0
32. Railroad Heritage Preservation (One-Time)	**Gross**	**$0**	**$7,500,000**
House includes $7.5 million CTF for new program defined in boilerplate section 753.	Restricted	0	7,500,000
	GF/GP	$0	$0
33. Non-Motorized Trails (One-Time)	**Gross**	**$0**	**$7,500,000**
House includes $7.5 million CTF for non-motorized trails, defined in boilerplate section 723.	Restricted	0	7,500,000
	GF/GP	$0	$0
34. State Aeronautics Fund (One-Time)	**Gross**	**$0**	**$7,500,000**
House includes $7.5 million CTF for credit to the Sate Aeronautics Fund for improvements to General Aviation airports; defined in boilerplate section 724.	Restricted	0	7,500,000
	GF/GP	$0	$0
35. Federal Aid Match (One-Time)	**Gross**	**$76,000,000**	**$0**
Executive includes $112.2 million GF/GP (one-time appropriation) to ensure that MDOT has sufficient state funds to match all federal-aid highway funds available to Michigan through IIJA. This is $36.2 million more than the current year $76.0 million GF/GP appropriated for this purpose. Senate includes $90.0 million for a new "Match Every Federal Dollar" line item, using a new restricted fund, the Community Infrastructure Fund (CIF). House does not include.	Restricted	0	0
	GF/GP	$76,000,000	$0
36. Road Usage Charge Study and Pilot (One-Time and Ongoing)	FTE	0.0	0.0
Executive includes $7.8 million MTF ($7.7 million one-time and $171,900 ongoing) and 1.0 FTE authorization to support a study and pilot of potential road usage charge revenue options, an anticipated 3-year project. The ongoing funding and FTE are included in Finance, contracts, and support services. Senate concurs with Executive. House does not include.	**Gross**	**$0**	**$0**
	Restricted	0	0
	GF/GP	$0	$0
37. Local Infrastructure Projects (One-Time)	**Gross**	**$0**	**$0**
Senate includes $50.0 million from a new restricted fund, the Community Infrastructure Fund (CIF). Specific projects are designated in boilerplate section 1001. House does not include.	Restricted	0	0
	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 House Change
38. Grants to Local Business and Municipalities (One-Time)	**Gross**	**$0**	**$0**
Senate includes $25.0 million from a new restricted fund, the Community Infrastructure Fund (CIF). Specific projects are designated in boilerplate section 1003. House does not include.	Restricted	0	0
	GF/GP	$0	$0
39. Wrong Way Driver Deterrence (One-Time)	**Gross**	**$0**	**$0**
Senate includes $2.0 million GF/GP for new program defined in boilerplate section 1004. House does not include.	GF/GP	$0	$0
40. Economic Adjustments	**Gross**	**NA**	**$0**
Executive budget 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. Senate concurs with Executive. House does not include.	IDG/IDT	NA	0
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	$0

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communications with the Legislature **– RETAINED**
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. Executive deletes. Senate retains. House retains with minor wording changes. (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**
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. Executive and Senate retain current year language. House deletes.

Sec. 210. Contingency Authorization **– RETAINED**
Executive retains, with minor language changes, the current section that provides for contingency federal, state restricted, local, and private contingency authorization. Senate retains current section but adds new subsection 5 to authorize and define a $3.0 million "restricted contingency authorization." House retains.

Sec. 214. Access to Government Services **– DELETED**
Prohibits funding from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report any action or policy that attempts to restrict or interfere with a local health officer's duties. Executive and Senate retain. House deletes.

Sec. 215. Geographically Disadvantaged Business Enterprises **– DELETED**
Directs department director to take reasonable steps to ensure that geographically disadvantaged business enterprises compete for and perform contracts to provide services or supplies, or both. Executive and Senate retain. House deletes.

Sec. 219. Retention of Reports **– RETAINED**
Requires the department to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention. Executive deletes. Senate and House retain.

Sec. 220. Report on Policy Changes for Public Act Implementation **– RETAINED**
Requires the department to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive does not include. Senate and House retain.

Sec. 222a. Work Project Expenditures **– RETAINED**
Requires that work project balances be exhausted before expenditure from part 1 appropriations. Executive deletes. Senate and House retain. (The Governor's 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. 222b. Work Projects Report **– NEW**
Requires the department to report information on all work project accounts, including a list and status of each account and the amount of funds that have lapsed from any previous accounts. House includes new language.

Major Boilerplate Changes from FY 2024-25

Sec. 223. State Administrative Board Transfers **– NEW**
Provides for the legislature to intertransfer funds within this departmental budget if the State Administrative Board transfers funds from an appropriation within this departmental budget. House includes new language.

Sec. 225. Severance Pay Reporting **– NEW**
Requires the department to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of department employees receiving severance pay in FY 2024-25. House includes new language.

Sec. 226. State Workforce **– NEW**
Requires the department to maximize efficiency of the state workforce and prioritize in-person work; requires the department to establish a policy and process for verifying that all employees are working at their jobs; requires information on employee badge scanning. House includes new language.

Sec. 227. Grant Requirements **– NEW**
Requires that all grants be provided only to entities that have been established for at least three years and have had an office in the state or service area for at least 12 months; requires all grant recipients to provide a spending plan; sets limits on funds used for administrative costs and contingencies; requires the department to annually audit recipients' use of funds; prohibits grant recipients and immediate family members from being employed in the executive or legislative branches; requires audits to be posted on the department website; requires the department to submit a quarterly report containing information on grant recipients. House includes new language.

Sec. 228. E-Verify Requirement **– NEW**
Stipulates that the department must 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; prohibits contracting with certain foreign enemies of the United States. House includes new language.

Sec. 229. Fund Use Restrictions for Non-Citizens **– NEW**
Prohibits appropriated funds from being used to provide services, grants, or programming to non-citizens, unless the individual is a qualified alien as that term is defined under 8 USC section 1641. House includes new language.

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. House includes new language.

Sec. 235. Key Metrics/Scorecard Website **– NEW**
Requires the department to maintain, on a publicly accessible website, a "scorecard" that identifies, tracks, and regularly updates key metrics used to monitor and improve the department's performance. House includes new language.

Sec. 236. State Obligations **– NEW**
Prohibits appropriated funds from being used to pay for a state obligation that exceeds $200,000 for a court-approved judgment, settlement, award, or claim. House includes new language.

Sec. 237. Private and Third-Party Funds **– NEW**
Requires the department to report on a publicly accessible website private and other third-party funds received in FY 2024-25, including the amount and source of funding, the purpose, and the amount of any remaining funds. House includes new language.

Sec. 238. Diversity, Equity, and Inclusion Initiatives **– NEW**
Prohibits state funds from being used for diversity, equity, and inclusion (DEI) initiatives or programs. House includes new language.

Sec. 230. Priority use of Federal/Private Funds **– NOT INCLUDED**
Senate a new section that directs that General Fund appropriations in part 1 not be expended if federal funding or private grant funding is available for the same expenditures. House does not include.

Sec. 231. Unenforceable Boilerplate **– NOT INCLUDED**
Senate a new section that requires the department to report on standard boilerplate sections deemed unenforceable. House does not include.

Sec. 232. Federal Policy Changes **– NOT INCLUDED**
Senate a new section that 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. House does not include.

Major Boilerplate Changes from FY 2024-25

Sec. 302. Report on Debt Service Coverage **– NEW**
House includes new a reporting requirement regarding debt service.

Sec. 303. Signage Related to Bond-Financed Projects **– NEW**
House includes language related to signage identifying trunkline construction projects as bond-financed.

Sec. 305. Practice and Polices Regarding Homelessness **– DELETED**
Executive and Senate retain section on practices and policies regarding homelessness. House deletes.

Sec. 308. Apprenticeship **– NOT INCLUDED**
Senate includes new section to require that contractors performing construction, repair, or remodeling of a building or structure owned or leased by this state, funded from appropriations in part 1, participate in a registered apprenticeship program for the training of their apprentices, as that term is defined in 29 USC 50c. House does not include.

Sec. 309. Pavement Marking Material **– NEW**
Senate includes new section to require that a state contract for a pavement marking project or for the purchase of pavement marking materials for must include a contract requirement that any yellow paint product procured must have certain specific organic yellow pigments permanently incorporated in the material, and that the pigment must be manufactured in this state as provided under referenced rules of origin requirements. House includes similar language as Section 356.

Sec. 311. Local Bridge Bundling Report **– RETAINED**
Executive deletes reporting requirement related to bridge bundling initiative. Senate and House retain.

Sec. 314. MI Contracting Opportunity Loan **Fund – NOT INCLUDED**
Executive includes 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. Senate concurs with Executive. House does not include.

Sec. 315. Movable Bridge Fund **– NOT INCLUDED**
Senate includes a new section that requires the department to "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. House does not include.

Sec. 319. Rest Area Maintenance – **NEW**
House includes section requiring signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 353. Prompt Payment **– NEW**
House includes new section that directs the department to review contractor payment process; references Special Provision 109.10.

Sec. 358. Bridge Bundling Criteria **– NEW**
House includes new section that restricts the use of bridge bundling contracting methods.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies **– NEW**

House includes 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.

Sec. 381. Bond Repayment Fund **– NEW**
House creates a new restricted fund, the bond repayment fund, from unexpended and unencumbered work project funds. The section directs the department to work with the state budget director to lapse a total of $2.4 billion and make funds available for expenditure for debt service payments on STF refunding and rebuilding Michigan bonds issued after January 2020. As noted in Major Budget Changes, Item #1, above, the budget uses $333.6 million as a fund source for STF debt service.

Sec. 382. Finalize Local Agency Cost Sharing Agreements **– NEW**
House includes section that requires the department to submit final bill to the local agency within two years of final payment to construction contractor. The Governor's signing letter for the FY 2022-23 budget act indicated that this language was unenforceable in that it impinged on executive branch authority in violation of Article 4, Section 25 of the Michigan Constitution.

Sec. 383. Report on State Airfleet **– RETAINED**
Executive deletes reporting requirement regarding use of state airfleet. Senate concurs with Executive and deletes. House retains.

Major Boilerplate Changes from FY 2024-25

***Sec. 386. Toll Credit Report* – NEW**
House requires a report on toll credits, including toll credits earned and year-end balance.

***Sec. 402. Local Federal-Aid Swap* – NEW**
House includes section that authorizes the department and local road agencies to enter into voluntary federal aid buyout agreements.

***Sec. 505. Local Bridge Inspection Program* – NEW**
House includes section that directs the use of the part 1, $20.0 million MTF appropriation for local road agency bridge inspections.

***Sec. 601. Warranty Program* – NEW**
House includes directives regarding warranty program with additional reporting requirements.

***Sec. 603. Mackinac Bridge Report* – NEW**
House includes section requiring report on the Mackinac Bridge, including operational condition, long-term viability, costs of preventive maintenance, and potential upgrades.

***Sec. 612. Incentive/Disincentive Contracts* – RETAINED**
Executive deletes section that provides a reporting requirement related to incentive/disincentive contracts and payments. Senate concurs with Executive and deletes. House retains.

***Sec. 614. M-53 Macomb County* – NEW**
House directs that $60,000 be used for safety enhancements on M-53, Washington Township, Macomb County.

***Sec. 660. Alternative Materials* – RETAINED**
Executive deletes section that encouraged the department to examine the use of alternative road surface materials. Subsection 2, which directed the department to establish a transportation innovation council, was deemed unenforceable in the governor's signing statement. Senate concurs with Executive and deletes. House retains.

***Sec. 703. Local Bus Operating – Efficiency Incentive* – NEW**
House includes section directing the use of the $59.8 million part 1 line item.

***Sec. 704. Rail Operations and Infrastructure Report* – RETAINED**
Executive revises current-year language. Senate concurs with Executive. House retains current-year language.

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

***Sec. 706. Detroit/Wayne County Port Authority* – NEW**
House includes section that requires the port authority to issue a complete operational assessment.

***Sec. 707. Rail Strategic Plan* – REVISED**
Executive deletes section that required the department to report on a five-year rail strategic plan and that also earmarked $20.0 million for rail-related economic and rail freight system preservation projects. Senate retains current section, with updated report due date, and including $20.0 million rail economic and rail freight system earmark. House retains the section's current-year language but deletes the $20.0 million earmark.

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

***Sec. 721. Marine and Port Facility Fund* – NEW**
House directs that the $7.5 million part 1 appropriation be credited to the Maritime and Port Facility fund created in 2022 PA 159.

***Sec. 722. Rail Grade Separation Fund* – NEW**
House directs that the $88.5 million GF/GP part 1 appropriation be credited to the Local Grade Separation Fund created in 2023 PA 66.

***Sec. 723. Non-Motorized Trails* – NEW**
House directs that the $7.5 million part 1 appropriation be used to establish and maintain a system of nonmotorized trails .

***Sec. 724. State Aeronautics Fund Deposit* – NEW**
House directs that the $7.5 million part 1 appropriation be credited to the State Aeronautics Fund to be used for capital improvements at general aviation airports in this state.

Major Boilerplate Changes from FY 2024-25

***Sec. 736. Rail Freight [Propane] Project* – NEW**
House includes new language that would prohibit the use of appropriated funds for a rail freight development project in support of delivery, storage, and distribution of propane in the Upper Peninsula.

***Sec. 752. Notice of Rail Grant and Loan Programs* – NEW**
House includes section that encourages the department meet with rail industry representatives and notify them of rail grant and loan programs.

***Sec. 753. Railroad Heritage Preservation* – NEW**
House directs use of the $7.5 million part 1 appropriation.

***Sec. 802. Air Service Prioritization* – NEW**
House includes section establishes priority use of the air service appropriation.

***Various Sections, FY 2024-25 One-Time Appropriations* – DELETED**
Executive deletes 12 sections that directed use of, and established reporting requirement for, one-time appropriations made in the FY 2024-25 enacted budget. Senate and House concur with Executive and deletes.

Senate FY 2025-26 One-Time Appropriations

As shown below, the Senate included five new sections governing new one-time appropriations:

***Sec. 1001. Local Infrastructure Projects* – NOT INCLUDED IN HOUSE BILL**
Senate designates $50.0 million (CIF) for 21 specific projects. Not enough information has been provided to identify the projects in detail. The general descriptions from Sec. 1001, are shown below:

	Senate Bill 174, Section 1001 Local Infrastructure Projects - As Designated in Boilerplate	
a	Sidewalk installation, Township	$1,500,000
b	Bridge replacement, Cass Lake[side] Community Association, Township	1,900,000
c	Alleyway improvements, City	2,000,000
d	Bus lanes, Washtenaw Ave/US 23, Washtenaw County	3,000,000
e	Road reconstruction, County	5,000,000
f	Road repair and replacement, City	3,000,000
g	Tunnel turning lane, Township, County	300,000
h	Park bridge replacement, Township	1,500,000
i	Bikeway project, City	1,500,000
j	Pedestrian bridge, City	2,000,000
k	Road reconstruction, City	800,000
l	Pedestrian crossing, Township	1,200,000
m	Road project, County	800,000
n	Bridge replacement, County	500,000
o	Local disaster relief	13,349,800
p	MDOT - road project in Wayne county	5,000,000
q	MDOT - reestablish Neebish Island evening ferry service	100
r	Rail grade crossing surface improvement line item	2,000,000
s	Local [rail] grade separation fund	4,000,000
t	MDOT to create a lane mile data base	100
u	Sidewalk repair, Township	650,000
	Total	**$50,000,000**

***Sec. 1002. Match Every Federal Dollar* – NOT INCLUDED IN HOUSE BILL**
Senate directs that the $90.0 million CIF appropriation in part 1 be used to match all federal funding made available to Michigan under IIJA.

***Sec. 1003. Grants to Local Business and Municipalities* – NOT INCLUDED IN HOUSE BILL**
Senate establishes grant program, funded in part 1 at $25.0 million CIT, to aid businesses and municipalities impacted by state trunkline transportation projects.

***Sec. 1004. Wrong Way Driving Deterrence* – NOT INCLUDED IN HOUSE BILL**
Senate directs use of the $2.0 million GF/GP part 1 appropriation.

***Sec. 1005. Road Usage Charge Pilot Project* – NOT INCLUDED IN HOUSE BILL**
Senate language establishes and defines road usage charge study, funded at $7.8 million MTF in part 1.