FY 2025-26: DEPARTMENT OF TRANSPORTATION
Summary: Conference
Article 15, House Bill 4706 (H-1) CR-1

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	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	FY 2025-26 Senate	FY 2025-26 House	FY 2025-26 Conference	*Difference: Conference From FY 2024-25 YTD* *Amount*	*%*
IDG/IDT	$4,316,700	$4,366,200	$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	2,329,605,500	*55,930,400*	*2.5*
Local	87,448,500	87,448,500	87,448,500	85,448,500	87,448,500	*0*	*0.0*
Private	18,800,000	18,800,000	18,800,000	16,800,000	20,500,000	*1,700,000*	*9.0*
Restricted	4,230,660,000	4,288,705,600	4,467,316,700	7,151,382,700	5,447,575,600	*1,216,915,600*	*28.8*
GF/GP	193,000,000	112,183,900	2,000,000	677,000,000	0	*(193,000,000)*	*(100.0)*
Gross	**$6,807,900,300**	**$6,841,109,700**	**$6,909,536,900**	**$10,243,751,700**	**$7,889,495,800**	***$1,081,595,500***	***15.8***
FTEs	3,228.3	3,235.3	3,235.3	2,811.1	3,208.3	*(20.0)*	*(0.6)*

Notes: (1) Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time." (2) FY 2024-25 year-to-date (YTD) figures are as of release of the Executive budget, February 5, 2025. (3) "Senate" means Senate Bill 174 (S-1). (4) "House" means Article 15, House Bill 4706 (H-1) as Amended. (5) "Conference" means the budget agreement reflected in HB 4706 (H-1) CR-1.

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 Conference 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 and the Infrastructure Projects Authority Fund and prescribe the distribution of money from each fund.

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 Conference 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, to provide $333.6 million for STF debt service and shifts $333.6 million STF to the State Trunkline Road and Bridge Construction line, Item #8, below. Conference concurs with Executive.	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**	**$2,266,500**
Executive recognizes economic and cost allocation adjustments. Senate concurs with Executive. House reduces $4.5 million Gross ($2.9 million STF) from the current year – $2.5 million of the $4.5 million reduction relates to elimination of IDGs for services provided by the Attorney General. House does not recognize economic or cost allocation adjustments. Conference concurs with Executive.	Restricted	50,705,700	2,266,500
	GF/GP	$0	$0
3. Departmental Administration and Support	FTE	315.3	1.0
Executive includes $171,900 in ongoing MTF funding, and 1.0 FTE position in Finance, Contracts, and Support Services, for a road usage charge pilot project (the balance of funding for this project is shown in the One-time section, below). Senate concurs with Executive. House reduces staffing authorization by 39.9 FTEs, and reduces baseline restricted fund support by net $8.9 million across several line items. Conference concurs with Executive.	**Gross**	**$60,653,700**	**$171,900**
	IDG	4,316,700	0
	Restricted	56,337,000	171,900
	GF/GP	$0	$0
4. Information Technology	**Gross**	**$42,055,700**	**$0**
Executive includes no baseline changes exclusive of economic increases. Senate concurs with Executive. House reduces baseline restricted funding by $3.6 million STF from current year. Conference concurs with Executive.	Federal	520,500	0
	Restricted	41,534,900	0
	GF/GP	$0	$0
5. Transportation Planning	FTE	144.03	0.0
Executive includes no baseline changes exclusive of economic increases. Senate concurs with Executive. House reduces baseline restricted funding by net $1.3 million STF and reduces staffing authorization by 9.6 FTEs. Conference concurs with Executive.	**Gross**	**$45,563,600**	**$0**
	Federal	26,000,000	0
	Restricted	19,563,600	0
	GF/GP	$0	$0
6. Design and Engineering Services	FTE	1,682.3	(27.0)
Executive increases baseline support by $1.0 million MTF for "Signal Maintenance and Energy Programs." Senate concurs with Executive. House reduces baseline funding by $15.1 million STF and staffing authorization by 111.8 FTEs. Conference concurs with Executive with respect to funding; reduces staffing authorization by 27.0 FTEs as compared to the Executive.	**Gross**	**$259,917,700**	**$1,000,000**
	Federal	23,529,800	0
	Restricted	236,387,900	1,000,000
	GF/GP	$0	$0
7. State Trunkline Maintenance	FTE	909.7	0.0
Executive 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 funding by $23.7 million STF and staffing authorization by 189.5 FTEs. Conference concurs with Executive.	**Gross**	**$486,654,800**	**$15,446,900**
	Restricted	486,654,800	15,446,900
	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 Conference Change
8. State Trunkline Road and Bridge Capital Program	**Gross**	**$1,617,892,700**	**$233,320,000**
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 includes a number of increases related to the April 2025 House road funding plan. Conference concurs with Executive baseline figures but includes an additional $179.7 million STF from estimated revenue increases in the 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
9. MTF Distribution to Cities/Villages	**Gross**	**$734,069,200**	**$255,824,400**
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 includes a number of increases related to the April 2025 House road funding plan, as well as $260.0 million GF/GP. Conference concurs with Executive baseline figures but includes an additional $246.1 million from estimated revenue increases in the Transportation Funding Package.	Restricted	734,069,200	255,824,400
	GF/GP	$0	$0
10. MTF Distribution to County Road Commissions	**Gross**	**$1,316,610,100**	**$474,249,000**
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 includes a number of increases related to the April 2025 House road funding plan, as well $318.5 million GF/GP. Conference concurs with Executive baseline figures but includes an additional $456.7 million from estimated revenue increases in the Transportation Funding Package.	Restricted	1,316,610,100	474,249,000
	GF/GP	$0	$0
11. 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. Conference concurs with Executive.	Federal	411,168,800	17,831,000
	GF/GP	$0	$0
12. Movable Bridge Fund/Program	**Gross**	**$6,167,100**	**$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. Conference concurs with Executive.	Restricted	6,167,100	141,900
	GF/GP	$0	$0
13. Local Bridge Inspection Program	**Gross**	**$0**	**$0**
House includes $20.0 million MTF to offset increased local road agency costs related to new federal bridge inspection requirements. Conference does not include, [Senate Bill 578 would allow use of money from the Movable Bridge Fund for this purpose.]	Restricted	0	0
	GF/GP	$0	$0
14. Rail Grade Crossing Surface Account	**Gross**	**$3,000,000**	**$0**
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. Conference concurs with Executive.	Restricted	3,000,000	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 Conference Change
15. Rail Grade Separation Fund	**Gross**	**$0**	**$40,000,000**
House includes $88.5 million GF/GP for deposit to the Local Rail Grade Separation established under 2023 PA 66. Conference includes $40.0 million from an earmark of Neighborhood Road Fund revenue in Senate Bill 578, part of the Transportation Funding Package.	Restricted	0	40,000,000
	GF/GP	$0	$0
16. Blue Water Bridge Operations and Maintenance	FTE	47.0	0.0
Executive includes no baseline changes exclusive of 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. Conference concurs with Executive.	**Gross**	**$7,804,500**	**$0**
	Restricted	7,804,500	0
	GF/GP	$0	$0
17. Transportation Economic Development Fund (TEDF)	**Gross**	**$52,726,300**	**$462,200**
Executive 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. Senate concurs with Executive. House incudes $2.0 million in additional funding for the TEDF categorical Forest Roads program. Conference concurs with Executive.	Restricted	52,726,300	462,200
	GF/GP	$0	$0
18. Aeronautics Services	FTE	48.0	0.0
Executive includes no changes other than 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 the April House Road Funding plan. Conference concurs with Executive.	**Gross**	**$7,776,600**	**$0**
	Restricted	7,776,600	0
	GF/GP	$0	$0
19. Passenger Transportation Services	FTE	40.0	6.0
Executive recognizes increases in estimated federal support; increases staffing authorization by 6.0 FTEs (no associated funding increase). Senate concurs with Executive. House reduces baseline CTF funding by $887,500 and reduces staffing authorization by 3.0 FTEs. Conference concurs with Executive. Conference concurs with Executive.	**Gross**	**$6,476,900**	**$800,000**
	Federal	1,200,000	800,000
	Restricted	5,276,900	0
	GF/GP	$0	$0
20a. Local Bus Operating – Baseline CTF Funding	**Gross**	**$226,750,000**	**$44,857,300**
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. House concurs with Executive. Conference increases by $44.8 million CTF: $2.5 million by shifting funds from Transit capital, (Item # 22, below), and $42.4 million from recognition of the estimated CTF share of MTF revenue in the Transportation Funding Package.	Restricted	226,750,000	44,857,300
	GF/GP	$0	$0
[As described in Item #20b below, neither the Executive, Senate, House, nor Conference retains $20.0 million one-time federal ARP funding for bus operating assistance.]			
20b. 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. Conference concurs with Executive.	Federal	20,000,000	(20,000,000)
	GF/GP	$0	$0
20c. Local Bus Operating – Efficiency Incentive	**Gross**	**$0**	**$0**
House incudes a new local bus operating line item. Conference 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 Conference Change
21. Transit Programs – Non-Urban Operating/Capital	**Gross**	**$40,626,500**	**$496,500**
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. Conference concurs with Executive.	Federal	38,626,500	496,500
	Local	2,000,000	0
	GF/GP	$0	$0
22. Transit Capital	**Gross**	**$254,601,300**	**($6,807,800)**
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. Conference concurs with Executive baseline; reduces CTF support by an additional $2.9 million ($2.5 million is shifted to Local bus operating (Item #20a, above); $430,700 is shifted 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
23. Infrastructure Projects Authority Fund	**Gross**	**$0**	**$65,000,000**
Conference includes new $65.0 million line item to recognize program established from a Neighborhood Road Program earmark in Senate Bill 578, part of the Transportation Funding Package.	Restricted	0	65,000,000
	GF/GP	$0	$0
24. Office of Rail	FTE	41.0	0.0
Executive includes no baseline changes exclusive of economic increases. Senate concurs with Executive. House reduces baseline CTF funding by $725,000 and reduces staffing authorization by 5.8 FTEs. Conference concurs with Executive.	**Gross**	**$7,776,600**	**$0**
	Restricted	7,776,600	0
	GF/GP	$0	$0
25. Rail Operations and Infrastructure	**Gross**	**$152,189,200**	**($2,800,700)**
Executive recommends a $4.5 million reduction in CTF support reflecting a decline in estimated available CTF revenue. Senate and House concur with Executive. Conference concurs with Executive with respect to CTF funding; includes additional $1.7 million private support 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
26. Capital Outlay – Salt Sheds/Special Maintenance	**Gross**	**$8,000,500**	**$0**
Executive retains current year funding of $8.0 million STF. Senate concurs with Executive. House does not include. Conference concurs with Executive.	Restricted	8,000,500	0
	GF/GP	$0	$0
27. Capital Outlay - Airport Improvement Program (AIP)	**Gross**	**$182,242,300**	**$6,802,700**
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, including appropriation of fund balance. Senate recognizes an increase in State Aeronautics Fund support of $3.6 million, $1.4 million less than Executive. House retains at current-year funding levels. Conference recognizes an additional $6.8 million in State Aeronautics Fund revenue, in part from increased baseline revenue and in part from Transportation Funding Package increases.	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
28. IIJA Airport Infrastructure Grants	**Gross**	**$115,000,000**	**$0**
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 reduces by $10.2 million in federal spending authority (FY 2021-22 funding level). Conference concurs with Executive.	Federal	115,000,000	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 Conference Change
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 the April House Road Funding Package. Conference recognizes an additional $6.0 million in Qualified Airport Fund revenue, in part from estimated increase revenue from the Transportation Funding Package.	Restricted	6,760,000	6,000,000
	GF/GP	$0	$0
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 #35 below.			
31. Maritime and Port Fund (One-Time)	**Gross**	**$0**	**$5,294,700**
House includes $7.5 million CTF for credit to the Maritime and Port Fund, defined in boilerplate section 721. Conference includes at $5.3 million.	Restricted	0	5,294,700
	GF/GP	$0	$0
32. Railroad Heritage Preservation (One-Time)	**Gross**	**$0**	**$5,294,700**
House includes $7.5 million CTF for new program defined in boilerplate section 753. Conference includes at $5.3 million.	Restricted	0	5,294,700
	GF/GP	$0	$0
33. Non-Motorized Trails (One-Time)	**Gross**	**$0**	**$5,294,700**
House includes $7.5 million CTF for non-motorized trails, defined in boilerplate section 723. Conference includes at $5.3 million.	Restricted	0	5,294,700
	GF/GP	$0	$0
34. State Aeronautics Fund (One-Time)	**Gross**	**$0**	**$5,294,700**
House includes $7.5 million CTF for credit to the Sate Aeronautics Fund for improvements to General Aviation airports; defined in boilerplate section 724. Conference includes at $5.3 million.	Restricted	0	5,294,700
	GF/GP	$0	$0
35. Federal Aid Match (One-Time)	**Gross**	**$76,000,000**	**($76,000,000)**
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. Conference does not include.	Restricted	0	0
	GF/GP	$76,000,000	($76,000,000)

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 Conference Change
36. Road Usage Charge Study and Pilot (One-Time)	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 (See Item #3, above). Senate concurs with Executive. House does not include. Conference concurs with Executive.	**Gross**	**$0**	**$7,650,000**
	Restricted	0	7,650,000
	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. Conference does not include.	Restricted	0	0
	GF/GP	$0	$0
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. Conference 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. Conference does not include.	GF/GP	$0	$0
40. Economic Adjustments	**Gross**	**NA**	**$10,907,200**
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. Conference concurs with Executive.	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**
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. Conference includes 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**
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. Conference deletes.

Sec. 214. Access to Government Services **– RETAINED**
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. Conference includes standard language.

Sec. 215. Geographically Disadvantaged Business Enterprises **– RETAINED**
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. Conference includes standard language.

Sec. 216. FTE Report **– RETAINED**
Requires quarterly report on FTE positions. Conference includes standard language.

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. Conference includes standard language.

Major Boilerplate Changes from FY 2024-25

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. Conference includes new standard language***.***

Sec. 222. Work Project 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. Conference includes new standard language***.***

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

Sec. 227. Accessibility of Required Reports **– NEW**
Conference includes standard 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. Conference includes new standard language.

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. Conference includes new standard 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. Conference includes new standard language.

Sec. 235. Annual Strategic Plan Report **– NEW**
Conference includes new standard language.

Sec. 236. Report on Court Settlements **– NEW**
Conference includes new standard language.

Sec. 237. Report on Private and Other 3rd Party Funds **– NEW**
Conference includes new standard language.

Sec. 239. Requirements for Legislatively Directed Spending Items **– NEW**
Conference includes new standard language.

Sec. 309. Pavement Marking Material **– NEW**
Senate includes new section to establish specific criteria for procurement of pavement marking materials. House includes similar language as Section 356. Conference includes modified Senate language.

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

Sec. 314. MI Contracting Opportunity Loan **Fund – NEW**
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. Conference concurs with Executive/Senate and includes.

Sec. 315. Movable Bridge Fund **– NEW**
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. Conference concurs with Senate and includes.

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

Major Boilerplate Changes from FY 2024-25

***Sec. 388. Prohibition I-375 Project* – NEW**
Conference includes 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. 614. M-53 Macomb County* – NOT INCLUDED**
House directs that $60,000 be used for safety enhancements on M-53, Washington Township, Macomb County. Conference does not include

***Sec. 703. Local Bus Operating – Efficiency Incentive* – NOT INCLUDED**
House includes section directing the use of new part 1 line item. Conference does not include.

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

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

***Sec. 706. Detroit/Wayne County Port Authority* – NOT INCLUDED**
House includes section that requires the port authority to issue a complete operational assessment. Conference does not include.

***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. Conference concurs with Senate.

***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. Conference concurs with House and includes.

***Sec. 721. Marine and Port Facility Fund* – NEW**
Conference 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**
Conference 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**
Conference 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**
Conference directs use of the $5.3 million part 1 appropriation.

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

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

FY 2024-25 Supplemental Appropriation Items **Article 16, House Bill 4706 (H-1) CR-1**		**Appropriation Change**
1. Critical Infrastructure Projects	**Gross**	**$5,750,000**
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.	GF/GP	$5,750,000

FY 2024-25 Supplemental Boilerplate Items
Article 16, House Bill 4706 (H-1) CR-1

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.