

FY 2018-19: DEPARTMENT OF TRANSPORTATION
Summary: Conference Report
House Bill 5572 (H-2) CR-1



Analyst: William E. Hamilton

| IDG/IDT | FY 2017-18 YTD as of 2/7/18 | FY 2018-19 Revised Executive | FY 2018-19 House | FY 2018-19 Senate | FY 2018-19 Conference | Difference: Conference | |
|-------------------|--------------------------------|------------------------------------|------------------------|------------------------|--------------------------|------------------------|-------------|
| | | | | | | From FY 2017-18 YTD | Amount % |
| | \$4,039,300 | \$4,092,500 | \$4,092,500 | \$4,092,500 | \$4,092,500 | \$53,200 | 1.3 |
| Federal | 1,340,301,200 | 1,318,271,700 | 1,318,271,700 | 1,318,271,700 | 1,318,271,700 | (22,029,500) | (1.6) |
| Local | 50,532,000 | 50,532,000 | 50,532,000 | 50,532,000 | 50,532,000 | 0 | 0.0 |
| Private | 100,000 | 900,000 | 900,000 | 900,000 | 900,000 | 800,000 | 800.0 |
| Restricted | 2,954,470,500 | 3,156,293,700 | 3,169,293,700 | 3,166,293,700 | 3,169,293,700 | 214,823,200 | 7.3 |
| GF/GP | 0 | 0 | 0 | 0 | 300,000,000 | 300,000,000 | -- |
| Gross | \$4,349,443,000 | \$4,530,089,900 | \$4,543,089,900 | \$4,540,089,900 | \$4,843,089,900 | \$493,646,900 | 11.3 |
| FTEs | 2,826.3 | 2,826.3 | 2,727.3 | 2,826.3 | 2,824.3 | (2.0) | (0.1) |

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. The Legislature subsequently passed PA 82 of 2018 (House Bill 4321) which appropriated \$175.0 million GF/GP. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Information on House budget action in this document is based on House Bill 5578 as passed by the House. (4) Information on Senate budget action in this document is based on Senate Bill 865 as passed by the Senate.

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. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Reductions in STF-Funded FTE Positions

House eliminated 97.0 STF-funded FTE positions and reduced STF support by \$10.2 million in various department operating lines, as follows:

- Unclassified salaries: (2.0 FTEs, \$210,000 STF)
- Finance, contracts, support services: (5.0 FTEs, \$525,000 STF)
- Transportation planning: (7.0 FTEs, \$735,000 STF)
- Design & engineering: (83.0 FTE positions, \$8.7 million STF)

| | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Conference Change |
|--------------|--|------------------------------------|
| FTE | 1,787.3 | 0.0 |
| Gross | NA | \$0 |
| Restricted | NA | 0 |
| GF/GP | NA | \$0 |

House redirects \$10.2 million STF to the State trunkline road and bridge construction program. (Item #2, below). [In addition to the reduction in STF-funded positions, the House bill also reduces FTEs in the Aeronautics services appropriation unit.] Senate does not reduce authorized FTE positions or related funding. Conference concurs with the Senate and does not reduce STF-funded FTE positions.

| Major Budget Changes From FY 2017-18 YTD Appropriations | | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Conference Change |
|--|------------------|---|---|
| 2. State Trunkline Road and Bridge Construction | | | |
| <u>Executive</u> reflects increases in anticipated federal and state restricted revenue sources, including: \$55.1 million increase in available STF revenue, and \$1.1 million increase in Blue Water Bridge Fund revenue for Blue Water Bridge capital projects. The STF increase reflects the anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package. | Gross | \$1,140,756,800 | \$81,432,700 |
| | Federal | 783,367,300 | 25,240,400 |
| | Local | 30,003,500 | 0 |
| | Restricted GF/GP | 327,386,000 \$0 | 56,192,300 \$0 |
| <u>House</u> increases funding by \$10.2 million as compared to the Executive by redirecting STF revenue related to a reduction in 97.0 FTE positions in various MDOT operating line items. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Senate. | | | |
| 3. MTF to Local Road Agencies | | | |
| <u>Executive</u> reflects an estimated \$121.3 million increase in the MTF distribution to county road commissions, and cities/villages. This increase reflects both an anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the local road agency share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | Gross | \$1,372,100,700 | \$121,331,100 |
| | Restricted GF/GP | 1,372,100,700 \$0 | 121,331,100 \$0 |
| 4. Debt Service | | | |
| <u>Executive</u> included \$219.9 million for debt service, a reduction of \$9.5 million from current year, reflecting anticipated debt service schedules. [State transportation debt balance at September 30, 2017 was \$1.4 billion.] | Gross | \$228,939,400 | (\$9,502,300) |
| | Federal | 37,783,300 | (1,919,900) |
| | Restricted GF/GP | 191,156,100 \$0 | (7,582,400) \$0 |
| <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | | | |
| 5. Services Provided by Other State Departments | | | |
| <u>Executive</u> would provide \$48.4 million for Interdepartmental grants (IDGs) that authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Specific IDGs include \$20.0 million MTF for Department of State vehicle registration tax collection program, \$2.7 million MTF for Department of Treasury motor fuel tax collection program, and \$11.8 million STF for Michigan State Police Commercial Vehicle Enforcement program and Criminal Justice Information Center. The net increase across all IDG line items reflects economic increases and cost allocation adjustments. | Gross | \$47,428,400 | \$966,200 |
| | Restricted GF/GP | 47,428,400 \$0 | 966,200 \$0 |
| <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | | | |
| 6. Asset Management Council | | | |
| <u>Executive</u> includes \$1.9 million MTF for ongoing costs of Asset Management Council – primarily pavement condition data collection and analysis, as well as training and education. Budget eliminates one-time \$2.0 million for inspection and inventory of culverts on the local road system (added to current year through supplemental appropriation, Public Act 201 of 2017.) | Gross | \$3,876,400 | (\$2,000,000) |
| | Restricted GF/GP | 3,876,400 \$0 | (2,000,000) \$0 |
| <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | | | |
| 7. Information Technology | | | |
| <u>Executive</u> increases STF support by \$2.0 million to provide for workstation replacement and application modernization. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | Gross | \$33,465,900 | \$2,000,000 |
| | Federal | 520,500 | 0 |
| | Restricted GF/GP | 32,945,400 \$0 | 2,000,000 \$0 |

| Major Budget Changes From FY 2017-18 YTD Appropriations | | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Conference Change |
|---|--------------|---|---|
| 8. Transportation Planning | Gross | \$36,245,200 | \$2,750,000 |
| <u>Executive</u> provides \$2.7 million increase in federal authorization to reflect anticipated increase in Statewide Planning and Research (SPR) funds. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with House and Senate. | Federal | 19,250,000 | 2,750,000 |
| | Restricted | 16,995,200 | 0 |
| | GF/GP | \$0 | \$0 |
| [In the House bill this change is exclusive of a reduction in FTE positions and related STF funding.] | | | |
| 9. Design and Engineering Services | Gross | \$161,253,100 | \$2,000,000 |
| <u>Executive</u> includes \$2.0 million STF increase as part of \$10.0 million program of priority maintenance of critical state trunkline bridges. An additional \$8.0 million is included State trunkline maintenance. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with House and Senate. | Federal | 23,529,800 | 0 |
| | Restricted | 137,723,300 | 2,000,000 |
| | GF/GP | \$0 | \$0 |
| [In the House bill this change is exclusive of a reduction in FTE positions and related STF funding.] | | | |
| 10. State Trunkline Maintenance | FTE | 793.7 | 0.0 |
| <u>Executive</u> would provide \$20.3 million increase in STF support for: priority maintenance of critical state trunkline bridges program, \$8.0 million; priority maintenance of culverts, including rehabilitation or replacement, \$8.0 million; offset increased maintenance material costs and added state trunkline mileage, \$4.3 million. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with House and Senate. | Gross | \$317,593,400 | \$20,337,600 |
| | Restricted | 317,593,400 | 20,337,600 |
| | GF/GP | \$0 | \$0 |
| 11. Local Agency Wetland Mitigation Fund Program | Gross | \$2,000,000 | \$0 |
| <u>Executive</u> includes \$2.0 million MTF for this Act 51 earmark. <u>House</u> reduces funding to \$500,000 MTF and shifts \$1.5 million to new <i>Local grant program</i> line item in TEDF. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with Senate. | Restricted | 2,000,000 | 0 |
| | GF/GP | \$0 | \$0 |
| 12. Transportation Economic Development Fund (TEDF) | Gross | \$42,119,100 | \$1,229,900 |
| <u>Executive</u> recommends permanent redirection of \$13.0 million in certain drivers' license fee revenue from TEDF, Target Industries, to the state General Fund. (Requires statutory change.) Also reflects increase in anticipated interest on fund balance. | Restricted | 42,119,100 | 1,229,900 |
| | GF/GP | \$0 | \$0 |
| <u>House</u> retains \$13.0 million in TEDF, Category A; includes an additional \$1.5 million MTF in a new Local grant program line. <u>Senate</u> retains \$10.0 million in driver's license fee revenue in this budget but shifts \$7.0 million to a new Community service infrastructure fund, \$7.0 million; and \$3.0 million for Salt storage shed (one-time). <u>Conference</u> retains all \$13.0 million in driver's license fee revenue in this budget; shifts \$3.0 million to new Community service infrastructure fund program within TEDF. The increase from current year reflects estimated increase in interest on fund balance. | | | |
| 13. Local Bus Transit | Gross | \$216,277,900 | \$4,500,000 |
| <u>Executive</u> provides \$189.2 million CTF, an increase of \$1.0 million from current year, for local bus operating formula distribution to 81 local public transit agencies. Also recognizes \$2.0 million anticipated increase in federal transit grants to non-urban transit agencies. <u>House</u> includes an increase of \$4.0 million CTF, \$3.0 million more than the <u>Executive</u> ; also recognizes increased federal spending authority. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> includes increase of \$2.5 million CTF, \$1.5 million more than <u>Executive</u> , shifted from Rail operations and infrastructure. | Federal | 26,027,900 | 2,000,000 |
| | Local | 2,000,000 | 0 |
| | Restricted | 188,250,000 | 2,500,000 |
| | GF/GP | \$0 | \$0 |
| 14. Transit Capital | Gross | \$59,403,500 | \$7,209,100 |
| <u>Executive</u> increases CTF support by \$7.2 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with House and Senate. | Federal | 15,300,000 | 0 |
| | Local | 1,250,000 | 0 |
| | Restricted | 42,853,500 | 7,209,100 |
| | GF/GP | \$0 | \$0 |

| Major Budget Changes From FY 2017-18 YTD Appropriations | | FY 2017-18 Year-to-Date (as of 2/7/18) | FY 2018-19 Conference Change | |
|--|--------------|---|---|-----------------------|
| 15. Service Initiatives | | Gross | \$3,389,200 | \$1,200,000 |
| <u>Executive</u> increases CTF support by \$1.2 million for program that funds transit-related research, training and development, and demonstration projects. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | Federal | 1,650,000 | 0 | 0 |
| | Local | 325,000 | 0 | 0 |
| | Restricted | 1,414,200 | 1,200,000 | 1,200,000 |
| | GF/GP | \$0 | \$0 | \$0 |
| 16. Transportation to Work | | Gross | \$3,700,000 | \$175,000 |
| <u>Executive</u> increases CTF support, identified as for Blue Water Transportation Commission's Job Access/Reverse Commute project. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | Restricted | 3,700,000 | 175,000 | 175,000 |
| | GF/GP | \$0 | \$0 | \$0 |
| 17. Detroit Wayne County Port Authority | | Gross | \$200,000 | \$218,200 |
| <u>Executive</u> included \$468,200 CTF, a \$268,200 increase as compared to current year. <u>House</u> provides same funding as current year, \$200,000 CTF; shifts \$168,200 to Rail operations and infrastructure, and \$100,000 to Marine passenger. <u>Senate</u> concurs with Executive. <u>Conference</u> provides \$418,200, \$50,000 less than the Executive which is shifted to Rail operations and infrastructure. | Restricted | 200,000 | 218,200 | 218,200 |
| | GF/GP | \$0 | \$0 | \$0 |
| 18. Rail Operations and Infrastructure/Rail Freight Economic Dev. | | Gross | \$124,759,700 | (\$44,001,700) |
| <u>Executive</u> includes \$7.5 million CTF increase for program that includes capital and operating support for rail passenger service in Michigan. Reduces federal funds by \$50.1 million to better align with anticipated federal grants. Executive budget also rolls two current lines, Rail operations and infrastructure, and Rail freight economic development, into a single line. | Federal | 60,100,000 | (50,100,000) | (50,100,000) |
| | Local | 100,000 | 0 | 0 |
| | Private | 100,000 | 0 | 0 |
| | Restricted | 64,459,700 | 6,098,300 | 6,098,300 |
| | GF/GP | \$0 | \$0 | \$0 |
| <u>House</u> keeps two lines unrolled; includes \$4.5 million CTF baseline increase –\$3.0 million less than the Executive; also includes \$168,200 redirected from the Detroit Wayne County Port Authority line. <u>Senate</u> concurs with Executive in total funding for rail programs but shifts \$3.0 million from the Rail freight fund to create a new one-time line item "Ann Arbor/Traverse City rail project." <u>Conference</u> rolls up two current lines; shifts \$1.5 million CTF to Local bus operating, as compared to the Executive; also includes \$50,000 CTF shifted from the Detroit Wayne County Port Authority line item. (See Section 751) | | | | |
| 19. Intercity Services | | Gross | \$8,060,000 | (\$700,000) |
| <u>Executive</u> recognizes anticipated private funds made available for program that supports intercity bus service in Michigan. Reduces CTF support by \$1.5 million. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with House and Senate. | Federal | 4,500,000 | 0 | 0 |
| | Local | 160,000 | 0 | 0 |
| | Private | 0 | 800,000 | 800,000 |
| | Restricted | 3,400,000 | (1,500,000) | (1,500,000) |
| | GF/GP | \$0 | \$0 | \$0 |
| 20. Marine Passenger | | Gross | \$400,000 | \$0 |
| <u>Executive</u> recommends same funding as current year, \$400,000 CTF. <u>House</u> recommends \$500,000 CTF, \$100,000 more than the Executive using funds shifted from Detroit Wayne County Port Authority line. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Senate. | Restricted | 400,000 | 0 | 0 |
| | GF/GP | \$0 | \$0 | \$0 |
| 21. Aviation Services | | FTE | 48.0 | (2.0) |
| <u>Executive</u> budget included no substantive change. <u>House</u> unrolls into two lines: Aviation services, \$5.6 million with 36.0 FTE positions; and Airfleet operations and maintenance, \$1.8 million and 10.0 FTEs – a net decrease of \$300,000 in State Aeronautics Fund support and 2.0 FTE positions. House shifts the \$300,000 to the Airport Improvement Program line item, below. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House in total, adjusts FTEs between the two lines. | Gross | \$7,596,100 | (\$300,000) | (\$300,000) |
| | Restricted | 7,596,100 | (300,000) | (300,000) |
| | GF/GP | \$0 | \$0 | \$0 |
| 22. Airport Improvement Program | | Gross | \$93,943,000 | \$870,200 |
| <u>Executive</u> increases State Aeronautics Fund support by \$570,200. <u>House</u> increases by \$870,000, using \$300,000 shifted from Aeronautics services appropriation unit. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House. | Federal | 79,000,000 | 0 | 0 |
| | Local | 12,508,500 | 0 | 0 |
| | Restricted | 2,434,500 | 870,200 | 870,200 |
| | GF/GP | \$0 | \$0 | \$0 |

| <u>Major Budget Changes From FY 2017-18 YTD Appropriations</u> | | <u>FY 2017-18 Year-to-Date (as of 2/7/18)</u> | <u>FY 2018-19 Conference Change</u> |
|---|--------------|--|--|
| 23. Detroit Metropolitan Wayne County Airport | Gross | \$6,500,000 | (\$975,000) |
| <u>Executive</u> reduces Qualified Airport Fund support for Detroit Metro Airport by almost \$1.0 million to reflect revenue estimates. The Qualified Airport Fund was established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with House and Senate. | Restricted | 6,500,000 | (975,000) |
| | GF/GP | \$0 | \$0 |
| 24. GF/GP for Road Programs – One-Time | Gross | \$0 | \$300,000,000 |
| Conference includes \$300.0 million GF/GP allocated as follows | GF/GP | \$0 | \$300,000,000 |
| State trunkline road and bridge construction \$117.3 million | | | |
| County road commissions \$117.3 million | | | |
| Cities and villages \$65.4 million | | | |
| 25. Economic Adjustments | Gross | NA | \$5,926,400 |
| <u>Executive</u> recognizes increased costs of \$5.9 million Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with House and Senate. | IDG | NA | 53,200 |
| | Federal | NA | 936,000 |
| | Restricted | NA | 4,937,200 |
| | GF/GP | NA | \$0 |

Major Boilerplate Changes From FY 2017-18

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

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

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 270. Remanufactured Parts – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

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

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account to maintain/improve property. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 319. Rest Area Maintenance – RETAINED

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 353. Prompt Payment – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 357. Local Federal Aid Project Review – RETAINED

Directs MDOT to complete project reviews within 120 days; requires system for monitoring review process. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – RETAINED

Prohibits the department from studying the association between highway signs and motorist behavior. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

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

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Major Boilerplate Changes From FY 2017-18

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 386. Toll Credits – NEW

House includes new section which directs department to use toll credits as a method in financing federal-aid highway projects; established priority in using toll credits; requires report on toll credits earned and year-end balance. Senate does not include. Conference includes modified reporting language.

Sec. 387. Traffic Studies – NEW

House includes new section requiring the department to post traffic study on the department website. Senate does not include. Conference includes modified language.

Sec. 388. Review and Report on Performance Audit Standards – NOT INCLUDED

House includes new section which directs department to review and report on costs and benefits of performance audits of local road agencies required under Public Act 298 of 2012. Senate does not include. Conference does not include.

Sec. 389. Long-Term Obligations – NEW

House includes new section which requires the department to notify Legislature within 30 days of entering into long-term agreements that obligate future payments. Senate does not include. Conference includes modified language.

Sec. 390. Report on Restricted Funds and Accounts – NEW

House includes new section which requires the department to report on statutory authority for, revenue source and distribution, and ending balances of restricted funds and accounts. Senate does not include. Conference includes modified language.

Sec. 391. Prohibition on Motor Fuel Quality Testing – NEW

House includes new section which prohibits the department from performing or assisting any other state agency in performing, motor fuel quality testing. Senate does not include. Conference concurs with House and includes.

Sec. 393. Best Practices for Public Transportation – RETAINED

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 394. Priority of Preservation – RETAINED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – RETAINED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 397. Report on Work Project Balances and Federal Earmarks – DELETED

Requires the department to report on work project balances and unexpended federal earmarks. Executive deletes; House and Senate retain. Conference does not include; includes as part of Sec. 390 report.

Sec. 399. Community Service Infrastructure Fund – NEW (Senate)

Senate includes new section establishing and defining new TEDF program. House does not include. Conference includes modified language.

Sec. 403. Priority of Federal Transit Grants – RETAINED

Establishes priority for federal Section 5310 transit grants. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 606. Project on I-94/between M60 and Sargent Road in Jackson County – RETAINED

Expresses Legislative intent with respect to project. Executive deletes. House concurs with Executive. Senate retains. Conference concurs with Senate and retains.

Sec. 610. Dead Deer – RETAINED

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 613. Report on Engineering Costs – MODIFIED

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. Executive deletes; House retains and adds "design life" as report element. Senate retains current year language. Conference concurs with House.

Major Boilerplate Changes From FY 2017-18

Sec. 660. Use of Alternative Materials – RETAINED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires notification of Legislature when railroad companies file for abandonment of lines. Executive deletes; House and Senate retain. Conference concurs with House and Senate.

Sec. 704. Rail Operations and Infrastructure Report – MODIFIED

Requires report on anticipated expenditures from the rail operations and infrastructure line item.

Executive deletes; House retains. Senate modifies to eliminate the requirement for a second, final report. Conference concurs with Senate.

Sec. 750. Rail Economic Development – RETAINED

Directs department to spend not less than \$2.5 million CTF from Rail freight economic development line for rail freight economic development. Executive deleted; House retains. Senate deletes. Conference concurs with House and retains.

Sec. 751. State Rail Segment Earmark – NEW

Conference includes \$2.0 million earmark from Rail operations and infrastructure line item for upgrades to a segment of state-owned rail line between Walton Junction and Traverse City.

Sec. 752. Notice of Rail Grant and Loan Programs – NEW

Conference requires the department to notify representatives of rail industry of rail grant and loan programs.

Sec. 802. MDOT-Owned Airports – RETAINED

Legislature encourages the department to find private entities or local public agencies to assume ownership and operating responsibility for department-owned airports. Executive deleted; House retains. Senate concurs with Executive and deletes. Conference concurs with House and retains.

Sec. 803. MDOT-Owned Airplanes – DELETED

Requires the department to request proposals for management of the state airfleet; also requires the department to sell one of two state-owned planes. Executive deletes; House retains subsections requiring the department to seek RFP for 3rd party management of the state airfleet. Senate deletes. Conference concurs with Senate and deletes.

Sec. 804. Airfleet Operations and Maintenance – Contingent Appropriation – NEW

House prohibits the department from spending funds appropriated for airfleet operations and maintenance if the department owns 5 or more aircraft; requires the department to notify when it owns four aircraft or fewer. Senate does not include. Conference concurs with House and retains.

Sec. 1002. Rural Salt Storage Shed Projects – NOT INCLUDED

Senate includes section establishing and defining new one-time \$3.0 million TEDF program. House does not include. Conference concurs with House and does not include.

Sec. 1003. Ann Arbor/Traverse City Rail Passenger Project – NOT INCLUDED

Senate includes section establishing and defining new one-time \$3.0 million rail passenger program. House does not include. Conference include modified language in Section 751, above.