

**SUBSTITUTE FOR
SENATE BILL NO. 174**

A bill to make appropriations for the state transportation department for the fiscal year ending September 30, 2026; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the state transportation department for the fiscal year ending September 30, 2026, from the following funds:

DEPARTMENT OF TRANSPORTATION

APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
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Full-time equated classified positions	3,229.3
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1	GROSS APPROPRIATION	\$ 6,909,536,900
2	Total interdepartmental grants and	
3	intradepartmental transfers	4,366,200
4	ADJUSTED GROSS APPROPRIATION	\$ 6,905,170,700
5	Federal revenues:	
6	Total federal revenues	2,329,605,500
7	Special revenue funds:	
8	Total local revenues	87,448,500
9	Total private revenues	18,800,000
10	Total other state restricted revenues	4,467,316,700
11	State general fund/general purpose	\$ 2,000,000
12	Sec. 102. DEBT SERVICE	
13	Airport safety and protection plan	\$ 3,618,200
14	Blue Water Bridge fund	3,320,300
15	Economic development	234,300
16	Local bridge fund	77,300
17	State trunkline	333,554,100
18	GROSS APPROPRIATION	\$ 340,804,200
19	Appropriated from:	
20	Blue Water Bridge fund	3,320,300
21	Economic development fund	234,300
22	Local bridge fund	77,300
23	State aeronautics fund	3,618,200
24	State trunkline fund	333,554,100
25	State general fund/general purpose	\$ 0
26	Sec. 103. INTERDEPARTMENTAL GRANTS	
27	CTF grant to civil service commission	\$ 225,300
28	CTF grant to department of attorney general	111,500



1	CTF grant to department of technology,	
2	management, and budget	40,300
3	CTF grant to department of treasury	54,900
4	CTF grant to legislative auditor general	48,500
5	MTF grant to department of environment, Great	
6	Lakes, and energy	2,202,200
7	MTF grant to department of state for collection	
8	of revenue and fees	20,000,000
9	MTF grant to department of treasury	3,761,300
10	MTF grant to legislative auditor general	393,900
11	SAF grant to civil service commission	140,000
12	SAF grant to department of attorney general	196,400
13	SAF grant to department of technology,	
14	management, and budget	28,600
15	SAF grant to department of treasury	72,200
16	SAF grant to legislative auditor general	38,100
17	STF grant to civil service commission	7,160,100
18	STF grant to department of attorney general	2,236,500
19	STF grant to department of state police	13,945,400
20	STF grant to department of technology,	
21	management, and budget	1,235,100
22	STF grant to department of treasury	167,000
23	STF grant to legislative auditor general	914,900
24	GROSS APPROPRIATION	\$ 52,972,200
25	Appropriated from:	
26	Comprehensive transportation fund	480,500
27	Michigan transportation fund	26,357,400
28	State aeronautics fund	475,300



1	State trunkline fund		25,659,000
2	State general fund/general purpose	\$	0
3	Sec. 104. DEPARTMENTAL ADMINISTRATION AND		
4	SUPPORT		
5	Full-time equated unclassified positions	6.0	
6	Full-time equated classified positions	310.3	
7	Unclassified salaries--FTE positions	6.0	\$ 993,200
8	Asset management council		2,299,900
9	Business support services--FTEs	75.0	13,174,900
10	Commission audit--FTEs	29.3	4,929,800
11	Economic development and enhancement programs--		
12	FTEs	11.0	1,897,500
13	Finance, contracts, and support services--FTEs	195.0	28,214,200
14	Property management		9,682,100
15	Worker's compensation		1,720,000
16	GROSS APPROPRIATION	\$	62,911,600
17	Appropriated from:		
18	IDG for accounting service center user charges		4,366,200
19	Comprehensive transportation fund		1,884,400
20	Economic development fund		413,800
21	Michigan transportation fund		5,080,600
22	State aeronautics fund		746,500
23	State trunkline fund		50,420,100
24	State general fund/general purpose	\$	0
25	Sec. 105. INFORMATION TECHNOLOGY		
26	Information technology services and projects	\$	42,299,500
27	GROSS APPROPRIATION	\$	42,299,500
28	Appropriated from:		



1	Federal aid - transportation programs		520,500
2	Blue Water Bridge fund		58,500
3	Comprehensive transportation fund		238,200
4	Economic development fund		39,400
5	Michigan transportation fund		311,200
6	State aeronautics fund		185,700
7	State trunkline fund		40,946,000
8	State general fund/general purpose	\$	0
9	Sec. 106. TRANSPORTATION PLANNING		
10	Full-time equated classified positions	144.0	
11	Planning services--FTEs	144.0	\$ 45,371,600
12	Grants to regional planning councils		488,800
13	GROSS APPROPRIATION	\$	45,860,400
14	Appropriated from:		
15	Federal aid - transportation programs		26,000,000
16	Comprehensive transportation fund		359,900
17	Michigan transportation fund		11,338,200
18	State aeronautics fund		30,800
19	State trunkline fund		8,131,500
20	State general fund/general purpose	\$	0
21	Sec. 107. DESIGN AND ENGINEERING SERVICES		
22	Full-time equated classified positions	1,684.3	
23	Business services--FTEs	51.8	\$ 11,846,500
24	Program development and delivery--FTEs	1,061.5	135,554,900
25	System operations management--FTEs	571.0	119,754,200
26	GROSS APPROPRIATION	\$	267,155,600
27	Appropriated from:		
28	Federal aid - transportation programs		23,529,800



1	Comprehensive transportation fund		187,100
2	Michigan transportation fund		19,624,800
3	State trunkline fund		223,813,900
4	State general fund/general purpose	\$	0
5	Sec. 108. HIGHWAY MAINTENANCE		
6	Full-time equated classified positions	908.7	
7	State trunkline operations--FTEs	908.7	\$ 503,716,400
8	GROSS APPROPRIATION	\$	503,716,400
9	Appropriated from:		
10	State trunkline fund		503,716,400
11	State general fund/general purpose	\$	0
12	Sec. 109. ROAD AND BRIDGE PROGRAMS		
13	Cities and villages	\$	743,830,200
14	County road commissions		1,334,117,400
15	Grants to local programs		33,000,000
16	Local agency wetland mitigation bank fund		2,000,000
17	Local bridge program		26,417,100
18	Local federal aid and road and bridge		
19	construction		428,999,800
20	Movable bridge fund		6,309,000
21	Rail grade crossing		3,000,000
22	Rail grade crossing - surface improvements		3,000,000
23	State trunkline federal aid and road and bridge		
24	construction		1,671,495,000
25	GROSS APPROPRIATION	\$	4,252,168,500
26	Appropriated from:		
27	Federal aid - transportation programs		1,744,266,200
28	Local funds		30,003,500



1	Private funds		10,000,000
2	Blue Water Bridge fund		32,757,700
3	Local bridge fund		26,417,100
4	Michigan transportation fund		2,125,256,600
5	State trunkline fund		283,467,400
6	State general fund/general purpose	\$	0
7	Sec. 110. BLUE WATER BRIDGE		
8	Full-time equated classified positions	47.0	
9	Blue Water Bridge operations--FTEs	47.0	\$ 7,908,600
10	GROSS APPROPRIATION		\$ 7,908,600
11	Appropriated from:		
12	Blue Water Bridge fund		7,908,600
13	State general fund/general purpose	\$	0
14	Sec. 111. TRANSPORTATION ECONOMIC DEVELOPMENT		
15	Forest roads		\$ 5,000,000
16	Rural county primary		10,547,600
17	Rural county urban system		2,500,000
18	Targeted industries/economic development		24,595,300
19	Urban county congestion		10,547,600
20	GROSS APPROPRIATION	\$	53,190,500
21	Appropriated from:		
22	Economic development fund		53,190,500
23	State general fund/general purpose	\$	0
24	Sec. 112. AERONAUTICS SERVICES		
25	Full-time equated classified positions	48.0	
26	Air service program		\$ 50,000
27	Aviation services--FTEs	48.0	7,848,300
28	GROSS APPROPRIATION	\$	7,898,300



1	Appropriated from:		
2	State aeronautics fund		7,898,300
3	State general fund/general purpose	\$	0
4	Sec. 113. PUBLIC TRANSPORTATION SERVICES		
5	Full-time equated classified positions	46.0	
6	Passenger transportation services--FTEs	46.0	\$ 7,410,900
7	GROSS APPROPRIATION	\$	7,410,900
8	Appropriated from:		
9	Federal aid - transportation programs		2,000,000
10	Comprehensive transportation fund		5,410,900
11	State general fund/general purpose	\$	0
12	Sec. 114. LOCAL BUS TRANSIT		
13	Local bus operating	\$	241,750,000
14	Nonurban operation/capital		41,123,000
15	GROSS APPROPRIATION	\$	282,873,000
16	Appropriated from:		
17	Federal aid - transportation programs		39,123,000
18	Local funds		2,000,000
19	Comprehensive transportation fund		226,750,000
20	Community infrastructure fund		15,000,000
21	State general fund/general purpose	\$	0
22	Sec. 115. INTERCITY PASSENGER		
23	Full-time equated classified positions	41.0	
24	Detroit/Wayne County Port Authority	\$	600,000
25	Freight property management		1,300,000
26	Intercity services		9,759,000
27	Marine passenger service		20,559,100
28	Office of rail--FTEs	41.0	7,485,900



1	Rail operations and infrastructure	147,688,500
2	GROSS APPROPRIATION	\$ 187,392,500
3	Appropriated from:	
4	Federal aid - transportation programs	54,362,700
5	Local funds	760,000
6	Private funds	2,800,000
7	Comprehensive transportation fund	120,376,700
8	Intercity bus equipment fund	45,400
9	Michigan transportation fund	2,211,800
10	Rail freight fund	6,000,000
11	State trunkline fund	835,900
12	State general fund/general purpose	\$ 0
13	Sec. 116. PUBLIC TRANSPORTATION DEVELOPMENT	
14	Municipal credit program	\$ 2,000,000
15	Service initiatives	20,992,300
16	Specialized services	30,342,700
17	Transit capital	250,724,200
18	Van pooling	400,000
19	GROSS APPROPRIATION	\$ 304,459,200
20	Appropriated from:	
21	Federal aid - transportation programs	169,803,300
22	Local funds	37,185,000
23	Private funds	4,000,000
24	Comprehensive transportation fund	93,470,900
25	State general fund/general purpose	\$ 0
26	Sec. 117. CAPITAL OUTLAY	
27	(1) BUILDINGS AND FACILITIES	
28	Salt storage buildings and containment control	\$ 3,000,000



1	Special maintenance, remodeling, and additions		5,000,500
2	GROSS APPROPRIATION	\$	8,000,500
3	Appropriated from:		
4	State trunkline fund		8,000,500
5	State general fund/general purpose	\$	0
6	(2) AIRPORT IMPROVEMENT PROGRAMS		
7	Airport safety, protection, and improvement		
8	program	\$	185,845,000
9	Detroit Metropolitan Wayne County Airport		7,020,000
10	IIJA airport infrastructure grants		115,000,000
11	GROSS APPROPRIATION	\$	307,865,000
12	Appropriated from:		
13	Federal aid - transportation programs		270,000,000
14	Local funds		17,500,000
15	Private funds		2,000,000
16	Qualified airport fund		7,020,000
17	State aeronautics fund		11,345,000
18	State general fund/general purpose	\$	0
19	Sec. 118. ONE-TIME APPROPRIATIONS		
20	Road usage charge study	\$	7,650,000
21	Match every federal dollar		90,000,000
22	Local infrastructure projects		50,000,000
23	Grants to local businesses and municipalities		25,000,000
24	Wrong way driver deterrence		2,000,000
25	GROSS APPROPRIATION	\$	174,650,000
26	Appropriated from:		
27	Community infrastructure fund		165,000,000
28	Michigan transportation fund		7,650,000



1 State general fund/general purpose \$ 2,000,000

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PART 2

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PROVISIONS CONCERNING APPROPRIATIONS

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FOR FISCAL YEAR 2025-2026

6

GENERAL SECTIONS

7

Sec. 201. In accordance with section 30 of article IX of the state constitution of 1963, for the fiscal year ending September 30, 2026, total state spending under part 1 from state sources is \$4,467,316,700.00 and state spending under part 1 from state sources to be paid to local units of government is \$2,547,188,300.00. The following itemized statement identifies appropriations from which spending to local units of government will occur:

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STATE TRANSPORTATION DEPARTMENT

13

Grants to regional planning councils \$ 488,800

14

Cities and villages 743,830,200

15

County road commissions 1,334,117,400

16

Grants to local programs 33,000,000

17

Local bridge program 26,417,100

18

Local agency wetland mitigation 2,000,000

19

Movable bridge 3,154,500

20

Rail grade crossing 1,500,000

21

Rail grade surface crossing improvements 3,000,000

22

Forest roads 5,000,000

23

Rural county primary 10,547,600

24

Rural county urban system 2,500,000

25

Target industries/economic redevelopment 15,249,100



1	Urban county congestion	10,547,600
2	Air service program	50,000
3	Local bus operating	241,750,000
4	Detroit/Wayne County Port Authority	600,000
5	Marine passenger service	2,000,000
6	Municipal credit program	2,000,000
7	Service initiatives	7,288,300
8	Specialized services	13,000,000
9	Transit capital	70,782,700
10	Airport safety, protection, and improvement	
11	program	11,345,000
12	Detroit Metropolitan Wayne County Airport	7,020,000
13	Total payments to local units of government	\$ 2,547,188,300

14 Sec. 202. The appropriations under this part and part 1 are
15 subject to the management and budget act, 1984 PA 431, MCL 18.1101
16 to 18.1594.

17 Sec. 203. As used in this part and part 1:

- 18 (a) "CTF" means comprehensive transportation fund.
19 (b) "Department" means the state transportation department.
20 (c) "DOT-FHWA" means DOT, Federal Highway Administration.
21 (d) "FTE" means full-time equated.
22 (e) "IDG" means interdepartmental grant.
23 (f) "IIJA" means the infrastructure investment and jobs act,
24 2021, Public Law 117-58.
25 (g) "MTF" means Michigan transportation fund.
26 (h) "SAF" means state aeronautics fund.
27 (i) "Standard report recipients" means the senate and house
28 appropriations subcommittees on transportation, the senate and
29 house fiscal agencies, the senate and house policy offices, and the



1 state budget office.

2 (j) "STF" means state trunkline fund.

3 Sec. 204. The department or agency shall use the internet to
4 fulfill the reporting requirements of this part. This requirement
5 includes transmitting reports to the standard report recipients and
6 any other required recipients by email and posting the reports on
7 an internet site.

8 Sec. 205. To the extent permissible under section 261 of the
9 management and budget act, 1984 PA 431, MCL 18.1261, all of the
10 following apply to the expenditure of funds appropriated in part 1:

11 (a) The funds must not be used for the purchase of foreign
12 goods or services, or both, if competitively priced and of
13 comparable quality American goods or services, or both, are
14 available.

15 (b) Preference must be given to goods or services, or both,
16 manufactured or provided by Michigan businesses, if they are
17 competitively priced and of comparable quality.

18 (c) Preference must be given to goods or services, or both,
19 that are manufactured or provided by Michigan businesses owned and
20 operated by veterans, if they are competitively priced and of
21 comparable quality.

22 (d) Preference must be given to goods or services, or both,
23 that are manufactured in facilities that employ union members.

24 Sec. 206. The department shall not take disciplinary action
25 against an employee of the department for communicating with a
26 member of the legislature or legislative staff, unless the
27 communication is prohibited by law and the department is exercising
28 its authority as provided by law.

29 Sec. 207. Consistent with section 217 of the management and



1 budget act, 1984 PA 431, MCL 18.1217, the departments shall prepare
2 a report on out-of-state travel expenses not later than January 1.
3 The report must list all travel by classified and unclassified
4 employees outside this state in the previous fiscal year that was
5 funded in whole or in part with funds appropriated in the
6 department's budget. The department shall submit the report to the
7 standard report recipients and to the senate and house
8 appropriations committees. The report must include all of the
9 following information:

10 (a) The dates of each travel occurrence.

11 (b) The total transportation and related expenses of each
12 travel occurrence and the proportions funded with state general
13 fund/general purpose revenues, state restricted revenues, federal
14 revenues, and other revenues.

15 Sec. 208. The department shall not use funds appropriated in
16 part 1 to hire a person to provide legal services that are the
17 responsibility of the attorney general. This section does not apply
18 to legal services for bonding activities or to outside legal
19 services that the attorney general authorizes.

20 Sec. 209. Not later than December 15, the state budget office
21 shall prepare and submit a report that provides for estimates of
22 the total general fund/general purpose appropriation lapses at the
23 close of the previous fiscal year. The report must summarize the
24 projected year-end general fund/general purpose appropriation
25 lapses by major departmental program or program areas. The state
26 budget office shall submit the report to the standard report
27 recipients and to the chairpersons of the senate and house of
28 representatives appropriations committees.

29 Sec. 210. (1) In addition to the funds appropriated in part 1,



1 there is appropriated an amount not to exceed \$500,000,000.00 for
2 federal contingency authorization. Amounts appropriated under this
3 subsection are not available for expenditure until they have been
4 transferred to another line item in part 1 under section 393(2) of
5 the management and budget act, 1984 PA 431, MCL 18.1393.

6 (2) In addition to the funds appropriated in part 1, there is
7 appropriated an amount not to exceed \$40,000,000.00 for state
8 restricted contingency authorization. Amounts appropriated under
9 this subsection are not available for expenditure until they have
10 been transferred to another line item in part 1 under section
11 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

12 (3) In addition to the funds appropriated in part 1, there is
13 appropriated an amount not to exceed \$1,000,000.00 for local
14 contingency authorization. Amounts appropriated under this
15 subsection are not available for expenditure until they have been
16 transferred to another line item in part 1 under section 393(2) of
17 the management and budget act, 1984 PA 431, MCL 18.1393.

18 (4) In addition to the funds appropriated in part 1, there is
19 appropriated an amount not to exceed \$11,000,000.00 for private
20 contingency authorization. Amounts appropriated under this
21 subsection are not available for expenditure until they have been
22 transferred to another line item in part 1 under section 393(2) of
23 the management and budget act, 1984 PA 431, MCL 18.1393.

24 (5) In addition to the funds appropriated in part 1, there is
25 appropriated an amount of \$3,000,000,000.00 for restricted
26 contingency authorization. Amounts appropriated under this
27 subsection are not available for expenditure until they have been
28 transferred to another line item in part 1 under section 393(2) of
29 the management and budget act, 1984 PA 431, MCL 18.1393. Funds



1 appropriated or transferred under this subsection are available to
2 implement a comprehensive infrastructure plan consistent with all
3 of the following:

4 (a) Includes sustainable, long-term funding for local roads
5 and addresses state trunkline needs.

6 (b) Includes a revised road funding distribution formula that
7 prioritizes and accounts for at least the lane miles of local
8 roads, prioritizes local roads that are in poor condition and have
9 significant traffic volume, and recognizes the unique conditions of
10 different regions of this state, including, but not limited to, the
11 differences in construction costs by region and the impacts of the
12 freeze-thaw cycle.

13 (c) Provides sufficient funding to reverse the decline in
14 state support for local bus and transit providers.

15 (d) Provides funding to enhance both passenger and freight
16 rail services across the state.

17 (e) Addresses funding for other critical infrastructure,
18 including local drinking and wastewater infrastructure needs, local
19 bridge repairs, non-motorized infrastructure, and emergency and
20 disaster response needs.

21 Sec. 211. A department or agency shall cooperate with the
22 department of technology, management, and budget to maintain a
23 searchable website accessible by the public at no cost that
24 includes, but is not limited to, all of the following for each
25 department or agency:

26 (a) Fiscal year-to-date expenditures by category.

27 (b) Fiscal year-to-date expenditures by appropriation unit.

28 (c) Fiscal year-to-date payments to a selected vendor,
29 including the vendor name, payment date, payment amount, and



1 payment description.

2 (d) The number of active department employees by job
3 classification.

4 (e) Job specifications and wage rates.

5 Sec. 212. Not later than 14 days after the release of the
6 executive budget recommendation, the department shall cooperate
7 with the state budget office to provide an annual report on
8 estimated state restricted fund balances, state restricted fund
9 projected revenues, and state restricted fund expenditures for the
10 previous 2 fiscal years. The report must be submitted to the
11 standard report recipients and to the chairpersons of the senate
12 and house appropriations committees.

13 Sec. 214. (1) Funds appropriated in part 1 must not be used to
14 restrict or impede a marginalized community's access to government
15 resources, programs, or facilities.

16 (2) From the funds appropriated in part 1, local governments
17 shall report any action or policy that attempts to restrict or
18 interfere with the duties of a local health officer.

19 Sec. 215. To the extent permissible under the management and
20 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director of
21 each department or agency receiving appropriations in part 1 shall
22 take all reasonable steps to ensure geographically disadvantaged
23 business enterprises compete for and perform contracts to provide
24 services or supplies, or both. Each director shall strongly
25 encourage firms with which the department or agency contracts to
26 subcontract with certified geographically disadvantaged business
27 enterprises for services, supplies, or both. As used in this
28 section, "geographically disadvantaged business enterprises" means
29 that term as defined in Executive Directive No. 2023-1.



1 Sec. 216. On a quarterly basis, the department shall report on
2 the number of FTE positions in pay status by civil service
3 classification, including a comparison by line item of the number
4 of FTE positions authorized from funds appropriated in part 1 to
5 the actual number of FTE positions employed by the department at
6 the end of the reporting period. The report must be submitted to
7 the senate and house appropriations committees and to the standard
8 report recipients.

9 Sec. 219. The department shall receive and retain copies of
10 all reports funded from appropriations in part 1. The department
11 shall follow federal and state guidelines for short-term and long-
12 term retention of records. The department may electronically retain
13 copies of reports unless otherwise required by federal and state
14 guidelines.

15 Sec. 220. Not later than April 1, the department shall report
16 on each specific policy change made to implement a public act
17 affecting the department that took effect during the previous
18 calendar year. The department shall submit the report to the
19 standard report recipients, to the senate and house appropriations
20 committees, and to the joint committee on administrative rules.

21 Sec. 222. To the extent possible, the department shall not
22 expend appropriations under part 1 until all existing authorized
23 work project funds available for the same purposes are exhausted.

24 Sec. 223. The state budget director shall take steps to ensure
25 that all state fiscal recovery funds allocated to this state under
26 the American rescue plan act of 2021, Public Law 117-2, are
27 expended by December 31, 2026, as required by law. A department or
28 agency receiving an appropriation under this part or part 1 must
29 notify the standard report recipients if an appropriation of funds



1 described under this section is projected to lapse.

2 Sec. 230. (1) General fund appropriations in part 1 shall not
3 be expended for items if federal funding or private grant funding
4 is available for the same expenditures.

5 (2) If the department is required to make a reduction in
6 expenditures under section 395(1) or (2) of the management and
7 budget act, 1984 PA 431, MCL 18.1395, for any appropriation under
8 this part or part 1, the department must notify the standard report
9 recipients not later than 10 days after the reduction. The
10 notification must include, but not be limited to, the following:

11 (a) A description of the fund source that is insufficient to
12 support the expenditures being reduced and the amount of the
13 reduction.

14 (b) A description of the cause for the reduction, if any such
15 cause is known.

16 (c) A description of the functions of state government or
17 services to residents that will be affected by the reduction.

18 Sec. 231. (1) Within 10 days after the effective date of this
19 act, the department must provide a report to the standard report
20 recipients containing the following information:

21 (a) A list of any sections in this act that the department
22 determines to be unenforceable, with a detailed legal rationale for
23 those determinations, as applicable.

24 (b) If a determination under subdivision (a) would affect the
25 operations of a program or programs within the department, the
26 department must report the estimated difference in cost between the
27 policy outlined in the section determined to be unenforceable and
28 the policy the department intends to pursue.

29 (2) The department may coordinate with the executive office of



1 the governor or other state departments or agencies to compile a
 2 statewide report for any departments or agencies required to submit
 3 a report substantially similar to the report described under
 4 subsection (1).

5 Sec. 232. The department must provide a quarterly report to
 6 the standard report recipients detailing federal policy changes
 7 that do, or are expected to do, any of the following:

8 (a) Affect the operations of the department.

9 (b) Affect an industry, community, population, or other group
 10 regulated or served by, or that otherwise engages with, the
 11 department.

12 (c) Affect regulations that currently protect the public to
 13 the extent that the regulations affect an industry, community,
 14 population, or other group regulated or served by, or that
 15 otherwise engages with, the department.

16 (d) Create a regulatory gap that could negatively impact the
 17 public.

18 Sec. 250. (1) For any grant program or project funded in part
 19 intended for a single recipient organization or unit of local
 20 government, the grant program or project is for a public purpose
 21 and the department shall follow procurement statutes of this state,
 22 including any bidding requirements, unless the department can fully
 23 validate, through information detailed in this part or public
 24 supporting documents, both of the following:

25 (a) The specific organization or unit of local government that
 26 will receive or administer the funds.

27 (b) How the funds will be administered and expended.

28 (2) To be eligible to receive a grant described in subsection
 29 (1), both of the following must occur:



1 (a) A recipient must submit the application under subsection
2 (3) not later than 60 days after the effective date of this act.

3 (b) A recipient must be 1 of the following:

4 (i) A unit of local government, as that term is defined in
5 section 115 of the management and budget act, 1984 PA 431, MCL
6 18.1115.

7 (ii) An institution of higher education.

8 (iii) A state agency, as that term is defined in section 115 of
9 the management and budget act, 1984 PA 431, MCL 18.1115.

10 (iv) An entity registered with the department of licensing and
11 regulatory affairs or the department of attorney general that has
12 been in existence for at least the 12 months preceding the
13 effective date of this act.

14 (v) Another entity that can demonstrate, through state or
15 federal tax filings or other state or federal government records,
16 that it has been in existence for at least the 12 months preceding
17 the effective date of this act.

18 (3) Notwithstanding any other conditions or requirements for
19 direct appropriation grants, the department shall work with the
20 state budget office to perform at least all of the following
21 activities to administer the grants described in subsection (1):

22 (a) Develop a standard application process using the
23 electronic submission portal developed by the state budget office,
24 grantee reporting requirements, and any other necessary
25 documentation, including sponsorship information as specified under
26 subsection (4). If the electronic submission portal identified in
27 this subdivision is not fully functional by 60 days after the
28 effective date of this act, the state budget office shall ensure
29 that the standard application process and form are available



1 promptly and paper submission is acceptable. The state budget
2 office shall promptly submit application material received to the
3 department for departmental review.

4 (b) Establish a process to review, complete, and execute a
5 grant agreement with a grant recipient. The department shall not
6 execute a grant agreement unless all necessary documentation has
7 been submitted and reviewed.

8 (c) Verify to the extent possible that a grant recipient will
9 use funds for a public purpose that serves the economic prosperity,
10 health, safety, or general welfare of the residents of this state.

11 (d) Review and verify all necessary information to ensure the
12 grant recipient is reasonably able to execute the grant agreement,
13 perform its fiduciary duty, and comply with all applicable state
14 and federal statutes. The department may deduct the cost of
15 background checks and any other efforts performed as part of this
16 verification from the amount of the designated grant award.

17 (e) Establish a standard timeline to review all documents
18 submitted by grant recipients and provide a response within 45
19 business days stating whether submitted documents by a grant
20 recipient are sufficient or in need of additional information. If
21 additional information is needed, the 60-day deadline in subsection
22 (2) is considered to have been met if a sponsor has been identified
23 for that grant. If a grant recipient does not provide information
24 sufficient to execute a grant agreement not later than 60 days
25 after being notified by the department of grant approval, the
26 department shall return funds associated with the grant to the
27 state treasury.

28 (f) Make an initial disbursement of up to 50% of the grant to
29 the grant recipient not later than 60 days after a grant agreement



1 has been executed. Disbursements must be consistent with part II,
2 chapter 10, section 200 of the Financial Management Guide.

3 (g) Disburse the funds remaining after the initial
4 disbursement under subdivision (f) per the grant disbursement
5 schedule in the executed grant agreement on a reimbursement basis
6 after the grantee has provided sufficient documentation, as
7 determined by the department, to verify that expenditures were made
8 in accordance with the project purpose.

9 (4) The process for the identification and sponsorship of a
10 grant described in subsection (1) is as follows:

11 (a) Not later than the effective date of this act, the state
12 budget office shall provide an initial list of grants that require
13 legislative sponsorship to the legislature and shall make public an
14 initial list of grants that likely will be sponsored by the
15 department or by the state budget office.

16 (b) A sponsor of a grant described in subsection (1) must be a
17 legislator, the department, or the state budget office.

18 (c) A legislative sponsor must be identified through a letter
19 submitted by that legislator's office to the department and state
20 budget director containing the name of the grant recipient, the
21 intended amount of the grant, a certification from that legislator
22 that the grant is for a public purpose, and specific citation of
23 the section and subsection of the public act that authorizes the
24 grant, as applicable.

25 (d) Within 10 business days after the effective date of this
26 act, the senate and house of representatives shall compile an
27 initial list of legislative grant sponsors for their respective
28 chambers and submit those compiled lists to the state budget office
29 and the department, and the state budget office shall identify



1 department- or state budget office-sponsored grants. The state
 2 budget director may grant an extension of this deadline of not more
 3 than 30 days on a case-by-case basis. The state budget office shall
 4 make the compiled lists public within 14 business days after the
 5 effective date of this act.

6 (e) Not later than 60 days after the effective date of this
 7 act, the state budget office shall publish a final list of grants
 8 requiring sponsorship. If a legislative sponsor is not identified
 9 within 60 days after the effective date of this act, the department
 10 shall do 1 of the following:

11 (i) Identify the department or the state budget office as the
 12 sponsor.

13 (ii) Decline to execute the grant agreement and lapse the
 14 associated funds at the end of the fiscal year.

15 (f) At any point during the fiscal year, legislative grant
 16 sponsors may be added to a grant request.

17 (5) An executed grant agreement under this section between the
 18 department and a grant recipient must include at least all of the
 19 following:

20 (a) All necessary identifying information for the grant
 21 recipient, including any tax and financial information for the
 22 department to administer funds under this section.

23 (b) A description of the project for which the grant funds
 24 will be expended, including tentative timelines and the estimated
 25 budget. The department shall not reimburse expenditures that are
 26 outside of the project purpose, as stated in the executed grant
 27 agreement, from appropriations in part 1. The grantee shall return
 28 to the treasury any interest in excess of \$1,000.00 earned on the
 29 grant funds while unexpended and in possession of the grantee.



1 (c) Unless otherwise specified in department policy, a
2 requirement that funds appropriated for the grants described in
3 subsection (1) may be used only for expenditures that occur on or
4 after the effective date of this act.

5 (d) A requirement for reporting by the grant recipient to the
6 department and the legislative sponsor that provides the status of
7 the project and an accounting of all funds expended by the grant
8 recipient, as determined by the department.

9 (e) A claw-back provision that allows the department of
10 treasury to recoup or otherwise collect any funds that are
11 declined, unspent, or otherwise misused.

12 (f) The signed legislative sponsorship letter required under
13 subsection (4), incorporated into the grant agreement and included
14 as an appendix or attachment.

15 (g) If a grant recipient has provided information sufficient
16 to execute a grant agreement, the state budget office shall
17 promptly transmit that information to the department for the
18 department's review of the grant application. If a grant recipient
19 has provided information sufficient to execute a grant agreement
20 within 60 days after the effective date of this act, but the grant
21 application needs technical fixes or additional legislative action,
22 as identified by the state budget office, the 60-day deadline in
23 this subdivision is considered to have been met, if a sponsor has
24 been identified for that grant. If a grant recipient does not
25 provide information sufficient to execute a grant agreement not
26 later than 60 days after being notified by the department of grant
27 approval, the department shall return funds associated with the
28 grant to the state treasury.

29 (6) If appropriate to improve the administration or oversight



1 of a grant described in subsection (1), the department may adopt a
2 memorandum of understanding with another state department to
3 perform the required duties under this section.

4 (7) A grant recipient shall respond to all reasonable
5 information requests from the department related to grant
6 expenditures and retain grant records for not less than 7 years,
7 and the grant may be subject to monitoring, site visits, and audits
8 as determined by the department. The grant agreement required under
9 this section must include signed assurance by the chief executive
10 officer or other executive officer of the grant recipient that the
11 requirements of this subsection will be met.

12 (8) The grant recipient shall expend all funds awarded and
13 complete all projects not later than September 30, 2030. If at that
14 time any unexpended funds remain, the grant recipient shall return
15 those funds to the state treasury.

16 (9) Any funds that are granted to a state department are
17 appropriated in that department for the purpose of the intended
18 grant.

19 (10) The state budget director may, on a case-by-case basis,
20 extend the deadline in subsection (8) on request by a grant
21 recipient if a sponsor has been identified for the grant. The state
22 budget director shall notify the chairs of the senate and house of
23 representatives appropriations committees not later than 5 days
24 after an extension is granted.

25 (11) By March 1 of the current fiscal year, the state budget
26 office shall post a report in a publicly accessible location on its
27 website. The report must list the grant recipient, project purpose,
28 and location of the project for each grant described in subsection
29 (1), the status of funds allocated and disbursed under the grant



1 agreement, and the legislative sponsor, if applicable. After March
 2 1, the state budget office shall update the report monthly and
 3 shall post the updated report each month. The state budget office
 4 shall include in the report the most comprehensive information the
 5 office has available at the time of posting for grants awarded. The
 6 state budget office may compile the information required in this
 7 report across all departments. The department shall assist the
 8 state budget office with the compilation of the report required
 9 under this subsection.

10 (12) On request, beginning 75 days after the effective date of
 11 this act, the state budget office shall release information
 12 received for grant applications.

13 (13) As applicable, the legislative sponsor of a grant
 14 described in subsection (1) shall not sponsor a grant, or ask
 15 another legislator to sponsor a grant, if there is a conflict of
 16 interest related to the grant recipient.

17 (14) If the department reasonably determines that the funds
 18 allocated for an executed grant agreement under this section were
 19 misused or that use of the funds was misrepresented by the grant
 20 recipient, the department shall not award any additional funds
 21 under the executed grant agreement and shall refer the grant for
 22 review following internal audit protocols.

23

24 **DEPARTMENTAL ADMINISTRATION AND SUPPORT**

25 Sec. 301. The department may establish a fee schedule and
 26 collect fees sufficient to cover the costs to issue the permits
 27 that the department is authorized by law to issue on request,
 28 unless otherwise stipulated by law. All permit fees are
 29 nonrefundable application fees and must be credited to the



1 appropriate fund to recover the direct and indirect costs of
2 receiving, reviewing, and processing the requests.

3 Sec. 304. If, as a requirement of bidding on a highway
4 project, the department requires a contractor to submit financial
5 or proprietary documentation as to how the bid was calculated, the
6 department shall keep that bid documentation confidential and shall
7 not disclose that bid documentation other than to a department
8 representative without the contractor's written consent. The
9 department may disclose the bid documentation if necessary to
10 address or defend a claim by a contractor.

11 Sec. 305. (1) The department shall consult with the Michigan
12 state housing development authority interagency council on
13 homelessness or the Michigan homeless policy council to assess
14 current practices and policies regarding interactions with homeless
15 populations generally and for situations of clearing homeless
16 encampments from public rights-of-way. The assessment must include
17 all of the following at a minimum:

- 18 (a) Additional costs to the department.
- 19 (b) The impact on operations.
- 20 (c) The safety of department staff.
- 21 (d) The impact on homeless individuals.
- 22 (e) The impact on addressing the overall rate of homelessness.
- 23 (f) The effectiveness of strategy in reducing the negative
24 impacts of homeless encampments on rights-of-way.

25 (2) The department shall undertake a hazardous materials
26 cleanup of homeless sites on the department's property.

27 (3) The department shall coordinate with local law
28 enforcement, social assistance organizations, homeless assistance
29 agencies, and continuum of care agencies.



1 (4) Before clearing a homeless encampment site, the department
2 shall do both of the following:

3 (a) Communicate and post information of the date that the site
4 will be cleared, including posting that information at the site.

5 (b) Create a plan for clearing the site of possessions and
6 reunifying the possessions with their owners.

7 Sec. 306. (1) The amounts appropriated in part 1 to support
8 tax and fee collection, law enforcement, and other program services
9 provided to the department and to transportation funds by other
10 state departments must be expended from transportation funds
11 pursuant to annual contracts between the department and those other
12 state departments. The contracts must be executed before the
13 expenditure or obligation of those funds. The contracts must
14 provide, but are not limited to, the following data applicable to
15 each state department:

16 (a) Estimated costs to be recovered from transportation funds.

17 (b) Description of services provided to the department and/or
18 transportation funds and financed with transportation funds.

19 (c) Detailed cost allocation methods appropriate to the type
20 of services being provided and the activities financed with
21 transportation funds.

22 (2) Not later than 2 months after publication of the state of
23 Michigan annual comprehensive financial report, each state
24 department receiving funding pursuant to an interdepartment
25 contract with the department shall submit a written report to the
26 department, the state budget director, the house and senate fiscal
27 agencies, and the auditor general stating by spending authorization
28 account the amount of estimated funds contracted with the
29 department, the amount of funds expended, the amount of funds



1 returned to the transportation funds, and any unreimbursed
2 transportation-related costs incurred but not billed to
3 transportation funds.

4 Sec. 307. Before March 1, the department shall provide to the
5 legislature, the state budget director, and the house and senate
6 fiscal agencies its rolling 5-year plan listing by county or by
7 county road commission all highway construction projects for the
8 fiscal year and all expected projects for the ensuing fiscal years.

9 Sec. 308. Funds appropriated under part 1 or this part must
10 not be used for construction, repair, or remodeling of a building
11 or structure owned or leased by this state unless the construction,
12 repair, or remodeling is performed by contractors that participate
13 in a registered apprenticeship program for the training of their
14 apprentices, as that term is defined in 29 USC 50c, that is
15 certified as approved by the United States Secretary of Labor as
16 described in 29 USC 50c.

17 Sec. 309. Notwithstanding any other law, a state contract for
18 a pavement marking project or for the purchase of materials for a
19 pavement marking project must include in the contract a requirement
20 that any yellow paint product procured must have organic yellow
21 pigments 65 (HTS 3204.17.9086), 74 (HTS 3204.17.9055), or both
22 permanently incorporated in the material, and that the pigment must
23 be manufactured in this state according to the rules of origin
24 under the United States-Mexico-Canada agreement, Public Law 116-
25 113.

26 Sec. 310. The department shall post in a timely manner copies
27 of the agenda, approved minutes, and audio recording of state
28 transportation commission meetings.

29 Sec. 311. (1) The department shall prepare a report on all of



1 the following:

2 (a) CRRSAA - highway infrastructure - local bridge bundling
3 initiative established in section 113(2) of article 14 of 2021 PA
4 87.

5 (b) Local bridge bundling initiative established in section
6 118 of article 15 of 2023 PA 119.

7 (2) The report must identify the status of bridge projects
8 selected, funds expended under the program, and funds remaining.

9 (3) The report shall be submitted to the standard report
10 recipients on or before March 30, 2026.

11 Sec. 313. (1) From funds appropriated in part 1, the
12 department may increase a state infrastructure bank program and
13 grant or loan funds in accordance with regulations of the state
14 infrastructure bank program of the United States Department of
15 Transportation. The department shall administer the state
16 infrastructure bank for the purpose of providing a revolving, self-
17 sustaining resource for financing transportation infrastructure
18 projects.

19 (2) In addition to funds provided in subsection (1), money
20 received by this state as federal grants, repayment of state
21 infrastructure bank loans, or other reimbursement or revenue
22 received by this state as a result of projects funded by the
23 program and interest earned on that money must be deposited in the
24 revolving state infrastructure bank fund and must be available for
25 transportation infrastructure projects. At the close of the fiscal
26 year, any unencumbered funds remaining in the state infrastructure
27 bank fund remain in the fund and carry forward into the succeeding
28 fiscal year.

29 (3) The department shall prepare a report on the status of the



1 state infrastructure bank and submit the report to the standard
 2 report recipients on or before December 31, 2025. The report must
 3 include all of the following:

4 (a) The balance in the state infrastructure bank on September
 5 30, 2025, including a breakdown of the balance by cash and cash
 6 equivalents, outstanding loans, and balance available for loan to
 7 local agencies.

8 (b) A breakdown of the state infrastructure loan balance by
 9 amounts originating from federal sources and the amounts
 10 originating from nonfederal sources.

11 (c) A list of outstanding loans by agency, original loan
 12 amount, project description, loan term, and amount outstanding.

13 Sec. 314. (1) The MI contracting opportunity loan fund is
 14 created within the state treasury.

15 (2) Funds deposited into the MI contracting opportunity loan
 16 fund originally created in section 1003 of article 15 of 2024 PA
 17 121 or money received by this state as repayment of loans or
 18 interest earned on loan funds is appropriated and shall be
 19 available for future loans.

20 (3) At the close of the fiscal year, any unencumbered funds
 21 remaining in the fund shall be carried forward into the succeeding
 22 fiscal year.

23 Sec. 315. The department shall use any additional funds in the
 24 moveable bridge fund to cover other costs for any required local
 25 federal bridge load analysis, inspection, or other local federal
 26 mandate.

27 Sec. 384. (1) Except as otherwise provided in subsection (2),
 28 the department shall not obligate this state to expend any state
 29 transportation revenue for construction planning or construction of



1 the Gordie Howe International Crossing or a renamed successor. In
 2 addition, except as provided in subsection (2), the department
 3 shall not commit this state to any new contract related to the
 4 construction planning or construction of the Gordie Howe
 5 International Crossing or a renamed successor that would obligate
 6 this state to expend any state transportation revenue. An
 7 expenditure for staff resources used in connection with project
 8 activities that is subject to full and prompt reimbursement from
 9 Canada is not considered an expenditure of state transportation
 10 revenue.

11 (2) If the legislature enacts specific enabling legislation
 12 for the construction of the Gordie Howe International Crossing or a
 13 renamed successor, subsection (1) does not apply once the enabling
 14 legislation goes into effect.

15 Sec. 385. (1) The department shall submit monthly reports to
 16 the standard report recipients, the speaker of the house of
 17 representatives, the house of representatives minority leader, the
 18 senate majority leader, and the senate minority leader on all of
 19 the following:

20 (a) All expenditures made by this state related to the Gordie
 21 Howe Bridge.

22 (b) All reimbursements made by Canada under section 384(1) of
 23 this part to this state for expenditures for staff resources used
 24 in connection with project activities.

25 (c) All eminent domain and condemnation powers used, the
 26 related real estate involved in any governmental taking, the price
 27 paid for those properties, and the beneficiary's name or associated
 28 corporation.

29 (2) The department shall submit the initial report required



1 under subsection (1) on or before December 1. The initial report
2 must cover the prior fiscal year.

3 Sec. 389. (1) Within 30 days after entering into a long-term
4 agreement with a private contractor, a public agency, or a
5 partnership between 1 or more private contractors or public
6 agencies, the department shall notify the state budget director,
7 the house and senate appropriations subcommittees on
8 transportation, and the house and senate fiscal agencies of the
9 agreement, including the subject of the agreement, the term of the
10 agreement, and financial obligations under the agreement.

11 (2) As used in this section, "long-term agreement" means an
12 agreement that obligates the department for a period of 5 years or
13 more and that actually or contingently obligates the department to
14 make payments over the contract period of \$10,000,000.00 or more.

15 Sec. 398. The department shall continue to work to eliminate
16 fatalities and serious injuries on the state trunkline network and
17 shall maintain the Toward Zero Deaths statewide safety campaign.

18 Sec. 399. In developing its state trunkline road and bridge
19 construction program, the department shall prioritize spending on
20 capital preventative maintenance.

21

22 **MICHIGAN TRANSPORTATION FUND**

23 Sec. 501. The money received under the motor carrier act, 1933
24 PA 254, MCL 475.1 to 479.42, and not appropriated to the department
25 of licensing and regulatory affairs or the department of state
26 police is deposited in the Michigan transportation fund.

27 Sec. 503. (1) At the close of the fiscal year, funds
28 appropriated in part 1 for the transportation economic development
29 program shall lapse to the transportation economic development



1 fund.

2 (2) At the close of the fiscal year, funds appropriated in
3 part 1 for the local bridge program shall carry forward and are
4 appropriated for the purposes defined in section 10(5) of 1951 PA
5 51, MCL 247.660.

6 (3) Interest earned in the transportation economic development
7 fund and local bridge fund shall remain in the respective funds and
8 shall be allocated to the respective programs based on actual
9 interest earned at the end of each fiscal year.

10 (4) In addition to the funds appropriated in part 1, the
11 transportation economic development fund and local bridge fund may
12 receive federal, local, or private funds or restricted source funds
13 such as interest earnings. These funds are appropriated for
14 projects that are consistent with the purposes of the respective
15 funds.

16 (5) None of the funds statutorily dedicated to the
17 transportation economic development fund and local bridge fund
18 shall be diverted to other projects.

19 Sec. 504. Funds from the Michigan transportation fund must be
20 distributed to the comprehensive transportation fund, the economic
21 development fund, the recreation improvement fund, and the state
22 trunkline fund, in accordance with this part and part 1 and part
23 711 of the natural resources and environmental protection act, 1994
24 PA 451, MCL 324.71101 to 324.71108, and may only be used as
25 specified in this part and part 1, 1951 PA 51, MCL 247.651 to
26 247.675, and part 711 of the natural resources and environmental
27 protection act, 1994 PA 451, MCL 324.71101 to 324.71108.

28

29 **STATE TRUNKLINE FUND**



1 Sec. 604. At the close of the fiscal year, any unencumbered
2 and unexpended balance in the state trunkline fund remains in the
3 state trunkline fund and carries forward and is appropriated for
4 federal aid road and bridge programs for projects contained in the
5 annual state transportation program.

6
7 **TRANSIT AND RAIL RELATED FUNDS**

8 Sec. 701. The department shall establish an intercity bus
9 equipment and facility fund as a subsidiary fund within the
10 comprehensive transportation fund created under section 10b of 1951
11 PA 51, MCL 247.660b. Proceeds received by this state from the sale
12 of state-owned intercity bus equipment must be credited to the
13 intercity bus equipment and facility fund for the purchase and
14 repair of intercity bus equipment, as appropriated. Security
15 deposits not returned to a lessee of state-owned intercity bus
16 equipment under terms of the lease agreement must be credited to
17 the intercity bus equipment and facility fund for the repair of
18 intercity bus equipment, as appropriated. Money received by the
19 department from lease payments for state-owned intercity bus
20 equipment, and facility maintenance charges under terms of leases
21 of state-owned intercity facilities, must be credited to the
22 intercity bus equipment and facility fund for the purchase and
23 repair of intercity bus equipment or for the maintenance and
24 rehabilitation of state-owned intercity facilities, as
25 appropriated. At the close of the fiscal year, any funds remaining
26 in the intercity bus equipment and facility fund remain in the fund
27 and are carried forward into the succeeding fiscal year.

28 Sec. 702. Money that is received by this state as repayment
29 for loans made for rail or water freight capital projects, and as a



1 result of the sale of property or equipment used or projected to be
2 used for rail or water freight projects must be deposited in the
3 rail freight fund created by section 17 of the state transportation
4 preservation act of 1976, 1976 PA 295, MCL 474.67. At the close of
5 the fiscal year, any funds remaining in the rail freight fund
6 remain in the fund and are carried forward into the succeeding
7 fiscal year.

8 Sec. 704. From the funds appropriated in part 1, the
9 department shall prepare and transmit a report that provides detail
10 regarding the department's obligations for programs funded under
11 the appropriation in part 1 for rail operations and infrastructure.
12 The report shall include a breakdown of the appropriation by
13 program, year-to-date obligations under each program itemized by
14 project, and an estimate of future obligations under each program
15 itemized by project for the remainder of the fiscal year. The
16 report shall also include a listing of all active rail related
17 federal grants. The initial report shall be submitted to the
18 standard report recipients on or before March 1. The department
19 also shall update and resubmit a final report on or before
20 September 30.

21 Sec. 707. (1) Before March 1, 2026, the department shall
22 provide to the legislature, the state budget office, and the house
23 and senate fiscal agencies its rail strategic plan. The strategic
24 plan must include, but is not limited to, a rolling 5-year rail
25 plan and a summary of the department's obligations for programs
26 funded under the appropriation in part 1 for rail operations and
27 infrastructure.

28 (2) The rolling 5-year rail plan must include, but is not
29 limited to, all of the following:



1 (a) A listing by county of all rail infrastructure projects on
 2 rail lines within this state utilizing state funds, and the
 3 estimated cost of each project.

4 (b) The actual or projected state expenditures for operation
 5 of passenger rail service.

6 (c) The actual or projected state expenditures for maintenance
 7 of passenger service rail lines.

8 (3) The period of the rolling 5-year rail plan must include
 9 the fiscal year ending September 30, 2026 and the immediately
 10 following 4 fiscal years.

11 (4) The summary of the department's obligations for programs
 12 funded under the appropriation in part 1 for rail operations and
 13 infrastructure must include a breakdown of the appropriation by
 14 program, year-to-year obligations under each program itemized by
 15 project, and an estimate of future obligations under each program
 16 itemized by project for the remainder of the fiscal year.

17 (5) From the funds appropriated in part 1 for rail operation
 18 and infrastructure, not less than \$20,000,000.00 must be allocated
 19 for the support of rail-related economic development projects and
 20 rail freight system preservation projects.

21 Sec. 735. For the fiscal year ending September 30, 2026, the
 22 appropriation to a street railway pursuant to section 10e(22) of
 23 1951 PA 51, MCL 247.660e, is \$0.

24

25 **AERONAUTICS FUND**

26 Sec. 801. Except as otherwise provided in section 903 of this
 27 part for capital outlay, at the close of the fiscal year, any
 28 unobligated and unexpended balance in the state aeronautics fund
 29 created in the aeronautics code of the state of Michigan, 1945 PA



1 327, MCL 259.1 to 259.208, lapses to the state aeronautics fund and
 2 may be appropriated by the legislature in the immediately
 3 succeeding fiscal year.

4

5 **CAPITAL OUTLAY**

6 Sec. 901. (1) From federal-state-local project appropriations
 7 contained in part 1 for the purpose of assisting political entities
 8 and subdivisions of this state in the construction and improvement
 9 of publicly used airports and landing fields within this state, the
 10 state transportation department may permit the award of contracts
 11 on behalf of units of local government for the authorized locations
 12 not to exceed the indicated amounts, of which the state allocated
 13 portion must not exceed the amount appropriated in part 1.

14 (2) Political entities and subdivisions shall provide not less
 15 than 5% of the cost of any project under this section, unless a
 16 total nonfederal share less than 10% is otherwise specified in
 17 federal law. State money must not be allocated until local money is
 18 allocated. State money for any 1 project must not exceed 1/3 of the
 19 total appropriation in part 1 from state funds for airport
 20 improvement programs.

21 (3) The Michigan aeronautics commission may take those steps
 22 necessary to match federal money available for airport construction
 23 and improvement within this state and to meet the matching
 24 requirements of the federal government. Whether acting alone or
 25 jointly with another political subdivision or public agency or with
 26 this state, a political subdivision or public agency of this state
 27 shall not submit to any agency of the federal government a project
 28 application for airport planning or development unless it is
 29 authorized in this part and part 1 and the project application is



1 approved by the governing body of each political subdivision or
 2 public agency making the application and by the Michigan
 3 aeronautics commission.

4 Sec. 903. The appropriations in part 1 for capital outlay are
 5 carried forward at the end of the fiscal year consistent with the
 6 provisions of section 248 of the management and budget act, 1984 PA
 7 431, MCL 18.1248.

8

9 **ONE-TIME ONLY APPROPRIATIONS**

10 Sec. 1001. (1) Funds appropriated in part 1 for local
 11 infrastructure projects shall be expended for infrastructure
 12 projects and are designated as a work project appropriation. Any
 13 unencumbered or unallotted funds shall not lapse at the end of the
 14 fiscal year and shall be available for expenditures for projects
 15 under this section until the projects have been completed. The
 16 following is in compliance with section 451a of the management and
 17 budget act, 1984 PA 431, MCL 18.1451a:

18 (a) The purpose of the project is to fund local infrastructure
 19 projects.

20 (b) The project will be accomplished by utilizing state
 21 employees or contracts with service providers, or both.

22 (c) The total estimated cost of the project is \$50,000,000.00.

23 (d) The tentative completion date is September 30, 2030.

24 (2) The part 1 appropriation for critical infrastructure
 25 projects must be expended for the following:

26 (a) \$1,500,000.00 for sidewalk installation and repair, to a
 27 township with a population between 49,000 and 50,000 according to
 28 the latest federal decennial census.

29 (b) \$1,900,000.00 for bridge replacement, to Cass Lake



1 Community Association in a township with a population between
2 65,000 and 66,000 according to the latest federal decennial census.

3 (c) \$2,000,000.00 for alleyway improvements, to a city with a
4 population between 28,400 and 28,450 according to the latest
5 federal decennial census.

6 (d) \$3,000,000.00 to the department for bus lanes along
7 Washtenaw Avenue, near US-23 in Washtenaw County.

8 (e) \$5,000,000.00 for reconstruction of a road, to a county
9 with a population between 800,000 and 900,000 according to the
10 latest federal decennial census.

11 (f) \$3,000,000.00 for road repair and replacement, to a city
12 with a population between 40,000 and 41,000 according to the latest
13 federal decennial census.

14 (g) \$300,000.00 for a tunnel turning lane, to a township with
15 a population between 4,100 and 4,110 according to the latest
16 federal decennial census located in a county with a population
17 between 26,000 and 27,000 according to the latest federal decennial
18 census.

19 (h) \$1,500,000.00 for a park bridge replacement, to a township
20 with a population between 3,763 and 3,767 according to the latest
21 federal decennial census.

22 (i) \$1,500,000.00 for a bikeway project, to a city with a
23 population between 190,000 and 200,000 according to the latest
24 federal decennial census.

25 (j) \$2,000,000.00 for a pedestrian bridge, to a city with a
26 population between 54,000 and 55,000 according to the latest
27 federal decennial census.

28 (k) \$800,000.00 for road reconstruction, to a city with a
29 population between 10,140 and 10,150 according to the latest



1 federal decennial census.

2 (l) \$1,200,000.00 for a pedestrian crossing, to a township with
3 a population between 45,000 and 46,000 according to the latest
4 federal decennial census.

5 (m) \$800,000.00 for a road project, to a county with a
6 population between 66,600 and 66,700 according to the latest
7 federal decennial census.

8 (n) \$500,000.00 for a bridge replacement, to a county with a
9 population between 12,000 and 12,100 according to the latest
10 federal decennial census.

11 (o) \$13,349,800.00 is appropriated for a local disaster relief
12 fund. The local disaster relief fund shall provide funding for a
13 local disaster relief program. The local disaster relief program
14 shall provide grants to local road agencies in response to natural
15 disasters and other emergency events that affect transportation
16 infrastructure or operations.

17 (p) \$5,000,000.00 to the department, for a road project in
18 Wayne County.

19 (q) \$100.00 to the department, to restore EUPTA evening ferry
20 service to Neebish Island.

21 (r) \$2,000,000.00 to the rail grade crossing - surface
22 improvements line item.

23 (s) \$4,000,000.00 to the local grade separation fund created
24 in section 11i of 1951 PA 51, MCL 247.661i.

25 (t) \$100.00 to the department to create a database of this
26 state's road system based on lane miles, including city, village,
27 county, and state roads.

28 (u) \$650,000.00 for sidewalk repair, to a township with a
29 population between 3,763 and 3,767 according to the latest federal



1 decennial census.

2 Sec. 1002. Funds appropriated in part 1 for match every
3 federal dollar shall be used to provide the funding necessary to
4 ensure the department secures all federal funding made available to
5 the department from the Federal Highway Administration under the
6 infrastructure investment and jobs act, Public Law 117-58.

7 Sec. 1003. (1) From the funds appropriated in part 1 for
8 grants to local business and municipalities, the department shall
9 coordinate with the department of treasury to implement a grant
10 program for businesses and municipalities directly impacted by a
11 state transportation project. Consistent with the requirements in
12 this section, the department shall develop separate applications
13 and grant criteria for both eligible businesses and municipalities
14 and publish online.

15 (2) Not less than \$12,000,000.00 from part 1 for grants to
16 local business and municipalities shall be utilized to award grants
17 to eligible businesses. The department may retain up to 3% of total
18 funds in part 1 for administration costs.

19 (3) Grants for eligible businesses are subject to all of the
20 following conditions:

21 (a) Businesses must be impacted by a state transportation
22 project that has exceeded its scheduled completion date.

23 (b) A business must have no more than 50 employees.

24 (c) A business must be located within proximity of a state
25 transportation project of not more than 2 miles.

26 (d) Eligible businesses must demonstrate a monthly loss in
27 revenue due to a state transportation project. Individual grant
28 awards must be equal to the revenue lost or \$15,000.00, whichever
29 is less.



1 (e) Any other condition considered appropriate by the
2 department.

3 (4) Grants for eligible municipalities are subject to all of
4 the following conditions:

5 (a) A state transportation project must be located within or
6 adjacent to an eligible municipality.

7 (b) Traffic has been detoured to local roads within an
8 eligible municipality or the applicant can demonstrate that traffic
9 has substantially increased on local roads due to a state
10 transportation project.

11 (c) Grants must be awarded based on additional grant criteria
12 developed by the department to prioritize grants to communities
13 with the most significant increase in traffic and damage to local
14 roads.

15 (d) Individual grant awards to municipalities must not exceed
16 \$1,000,000.00 and must be utilized by the municipality for local
17 road repairs.

18 (e) Any other condition considered appropriate by the
19 department.

20 (5) Not later than March 1, the department shall provide a
21 report to the standard recipients on the implementation of these
22 grant programs, including at least the following:

23 (a) Grants awarded in the most recent fiscal year, including
24 the number of grants awarded, the amount of each grant, and the
25 recipients.

26 (b) Identification of the state transportation projects
27 associated with each grant award.

28 (c) Details on the number of applications received that do not
29 receive grant awards under this section.



1 (6) The unexpended funds appropriated in part 1 for grants to
 2 local business and municipalities are designated as a work project
 3 appropriation, and any unencumbered or unallotted funds shall not
 4 lapse at the end of the fiscal year and shall be available for
 5 expenditures for projects under this section until the projects
 6 have been completed. The following is in compliance with section
 7 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

8 (a) The purpose of the project is to award grants to
 9 businesses and municipalities impacted by state transportation
 10 projects.

11 (b) The project will be accomplished by utilizing state
 12 employees, the Michigan economic development corporation, or
 13 contracts.

14 (c) The total estimated cost of the project is \$25,000,000.00.

15 (d) The tentative completion date is September 30, 2030.

16 Sec. 1004. Funds appropriated in part 1 for wrong way driver
 17 deterrence shall be used to provide funding for the deployment of
 18 additional wrong way driver detection and driver alertness
 19 technology.

20 Sec. 1005. (1) No later than December 31, 2025, the department
 21 shall begin a road usage charge study as described in this section.
 22 The total cost of the road usage charge study must not exceed
 23 \$7,650,000.00.

24 (2) No later than 90 days after the effective date of this
 25 act, the department must create a road usage charge technical
 26 advisory committee. All of the following apply to the technical
 27 advisory committee:

28 (a) Meetings of the technical advisory committee must be held
 29 in compliance with the open meetings act, 1976 PA 267, MCL 15.261



1 to 15.275.

2 (b) The purpose of the technical advisory committee is to
3 guide the development and evaluation of a road usage charge study
4 to assess the potential and positive and negative findings for
5 mileage-based revenue collection for this state's roads and
6 highways as an alternative to the fuel tax system.

7 (c) The technical advisory committee must include all of the
8 following members:

9 (i) Eleven members appointed by the director of the department.
10 At least 1 member of the technical advisory committee appointed by
11 the director must be a local road agency representative. In
12 selecting the members of the technical advisory committee, the
13 director shall consider individuals who are representatives of the
14 telecommunications industry, highway user groups, the data security
15 and privacy industry, privacy rights advocacy organizations,
16 regional transportation agencies, national research and
17 policymaking bodies, including, but not limited to, the
18 Transportation Research Board and the American Association of State
19 Highway and Transportation Officials, and other relevant
20 stakeholders as determined by the director.

21 (ii) Two members appointed by the speaker of the house of
22 representatives.

23 (iii) Two members appointed by the senate majority leader.

24 (iv) Two members appointed by the house minority leader.

25 (v) Two members appointed by the senate minority leader.

26 (d) The technical advisory committee must study road usage
27 charge alternatives to the fuel tax. The technical advisory
28 committee must gather public comment on issues and concerns related
29 to the road usage charge study and must make recommendations to the



1 director on the design of a road usage charge study to test
2 alternative road usage charge approaches. The technical advisory
3 committee may also make recommendations on the criteria to be used
4 to evaluate the road usage charge study.

5 (e) In studying alternatives to the current fuel tax system
6 and developing recommendations on the design of a road usage charge
7 study to test alternative road usage charge approaches pursuant to
8 subdivision (d), the technical advisory committee must take all of
9 the following into consideration:

10 (i) The availability, adaptability, reliability, and security
11 of methods that might be used in recording and reporting highway
12 use.

13 (ii) The necessity of protecting all personally identifiable
14 information used in reporting highway use.

15 (iii) The ease and cost of recording and reporting highway use.

16 (iv) The ease and cost of administering the collection of taxes
17 and fees as an alternative to the current system of taxing highway
18 use through motor vehicle fuel taxes.

19 (v) Effective methods of maintaining compliance.

20 (vi) The ease of reidentifying location data, even when
21 personally identifiable information has been removed from the data.

22 (vii) Increased privacy concerns when location data is used in
23 conjunction with other technologies.

24 (viii) Public and private agency access, including law
25 enforcement, to data collected and stored for purposes of the road
26 usage charge to ensure individual privacy rights are protected
27 pursuant to state law.

28 (f) The technical advisory committee shall consult with
29 highway users and transportation stakeholders, including



1 representatives of vehicle users, vehicle manufacturers, and fuel
2 distributors, as part of its duties under subdivision (e).

3 (3) Based on the recommendations of the technical advisory
4 committee, the department shall implement a road usage charge study
5 to identify and evaluate issues related to the potential
6 implementation of a road usage charge in this state to begin no
7 later than June 1, 2026, subject to all of the following:

8 (a) The department must consult with the secretary of state to
9 design a process for collecting a mileage-based user fee. The state
10 must contract with at least 1 vendor for at least 1 of the
11 collection options.

12 (b) Participation in the road usage charge study must be
13 voluntary.

14 (c) A participant in the road usage charge study must be
15 charged a mileage-based user fee and receive a refund for any motor
16 fuel taxes or vehicle registration fees the participant paid to
17 operate the participating vehicle during the road usage charge
18 study.

19 (d) At a minimum, the road usage charge study must accomplish
20 all of the following:

21 (i) Analyze alternative means of collecting road usage data,
22 including at least 1 alternative that does not rely on electronic
23 vehicle location data.

24 (ii) Collect a minimum amount of personal information,
25 including location information, necessary to implement the road
26 usage charge study.

27 (iii) Ensure that processes for collecting, managing, storing,
28 transmitting, and destroying data are in place to protect the
29 integrity of the data and safeguard the privacy of drivers.



1 (e) The department shall not disclose, distribute, make
2 available, sell, access, or otherwise provide for another purpose
3 personal information or data collected through the road usage
4 charge study to any private entity or individual unless authorized
5 by a court order, as part of a civil case, by a subpoena issued on
6 behalf of a defendant in a criminal case, by a search warrant, or
7 in aggregate form with all personal information removed for the
8 purposes of academic research.

9 (4) It is the intent of the legislature that the road usage
10 charge study be completed by December 31, 2027 and the department
11 must prepare and submit a report of its findings based on the
12 results of the road usage charge study to the governor, the senate
13 and house appropriations committees, the senate and house
14 subcommittees on transportation, the senate and house fiscal
15 agencies, the technical advisory committee, and the public. The
16 report must also be available on the department's website. The
17 report must include, but not be limited to, a discussion of all of
18 the following issues:

19 (a) Cost.

20 (b) Privacy, including recommendations regarding public and
21 private access, including law enforcement, to data collected and
22 stored for purposes of the road usage charge to ensure individual
23 privacy rights are protected.

24 (c) Jurisdictional issues.

25 (d) Feasibility.

26 (e) Complexity.

27 (f) Acceptance.

28 (g) Use of revenues.

29 (h) Security and compliance, including a discussion of



1 processes and security measures necessary to minimize fraud and tax
2 evasion rates.

3 (i) Data collection technology, including a discussion of the
4 advantages and disadvantages of various types of data collection
5 equipment and the privacy implications and considerations of the
6 equipment.

7 (j) Potential for additional driver services.

8 (k) Implementation issues.

9 (l) Equity.

10 (m) Differences between urban and rural areas, if any.

11 (5) Funds appropriated in part 1 for road usage charge study
12 shall be expended for a road usage charge study and are designated
13 as a work project appropriation. Any unencumbered or unallotted
14 funds shall not lapse at the end of the fiscal year and shall be
15 available for expenditures for projects under this section until
16 the projects have been completed. The following is in compliance
17 with section 451a of the management and budget act, 1984 PA 431,
18 MCL 18.1451a:

19 (a) The purpose of the project is to fund a road usage charge
20 study.

21 (b) The project will be accomplished by utilizing state
22 employees or contracts with service providers, or both.

23 (c) The total estimated cost of the project is \$7,650,000.00.

24 (d) The tentative completion date is December 31, 2027.

25 (6) As used in this section, "technical advisory committee"
26 means the road usage charge technical advisory committee.

