

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA**



**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5467 (Substitute S-3 as reported by the Committee of the Whole)  
House Bill 5468 (Substitute H-1 as reported without amendment)  
Sponsor: Representative Kwame Kilpatrick  
House Committee: Commerce  
Senate Committee: Transportation and Tourism

## **CONTENT**

House Bill 5467 (S-3) would create the "Detroit Area Regional Transportation Authority Act" to establish the Detroit Area Regional Transportation Authority (DARTA), whose initial members would be Macomb, Monroe, Oakland, Washtenaw, and Wayne Counties and the political subdivisions within those counties. The bill also would continue the Suburban Mobility Authority for Regional Transportation (SMART), whose members are (and would continue to be) Macomb, Monroe, Oakland, and Wayne Counties.

A county with a population of 750,000 or less (Monroe or Washtenaw) could withdraw from DARTA or SMART by a resolution approved by a majority vote of the county board of commissioners.

On January 1, 2005, and on January 1 every four years after 2005, a county other than Wayne County could withdraw from DARTA if the county board of commissioners by a majority vote adopted a resolution placing the question of withdrawal on the ballot of the next general election, and a majority of the electors approved the question. In each county other than Wayne, the question of withdrawing would have to be placed on the ballot at the next general election after the bill's effective date. SMART would have to continue to provide public transit services to any county that withdrew from DARTA.

Also, on the bill's effective date, on January 1, 2005, and on January 1 every three years after 2005, a local governmental consortium could withdraw from DARTA if the consortium's governing board by a majority vote adopted a resolution placing the question of withdrawing on the ballot of the next regularly scheduled primary or general election in each of the local units in the consortium, and a majority of the electors approved the question. ("Local governmental consortium" would mean a legal or administrative entity described in the Urban Cooperation Act, and provided for in an interlocal agreement entered into under the bill between cities, villages, or townships within a county in the region containing a city with a population of 500,000 or more.)

A county could become a member of DARTA if any part of the county were within 90 miles of Detroit, the county were contiguous to a member county, the county board of commissioners by a two-thirds vote adopted a resolution placing the question of joining DARTA on the ballot, and a majority of the electors approved the question.

The bill expresses legislative intent that the DARTA board become the designated recipient of Federal transportation funds. The board would have to apply for Federal and State grants, and distribute funding to Detroit, SMART, and other transit systems not included in Detroit. Neither DARTA nor SMART would have taxing authority. Both could borrow money, and SMART could issue bonds. Neither authority could spend public funds on political activities.

DARTA and SMART would have to provide regional transportation for senior citizens, citizens

with disabilities, and citizens without the economic means to provide their own transportation. DARTA and SMART would have to ensure that these regional transportation services were the first services provided by the authorities and the last reduced if they reduced services. DARTA and SMART could provide adequate transportation services to other citizens only to the extent that doing so did not impair or preclude their obligations to senior citizens, citizens with disabilities, and citizens without economic means to provide their own transportation.

The bill would require DARTA to develop and implement a comprehensive regional public transportation service plan, and recommend legislation to fund the plan and establish a dedicated funding stream for the Authority. Both DARTA and SMART would be authorized to acquire and operate public transportation facilities; would have to obtain competitive bids before making purchases and awarding contracts (and renewing contracts, in the case of DARTA); would be bound by collective bargaining agreements with public or private entities acquired, purchased, or condemned by the Authority; and, for Federally funded activities, would have to enter into and comply with employee protective arrangements required by Federal law.

The DARTA board would consist of two members from Detroit, two members each from Macomb and Oakland Counties, one member each from Monroe and Washtenaw Counties, and two members from Wayne County who were not Detroit residents, as well as one member and one alternate from each governmental consortium. The SMART board would consist of the CEO of each member county; also, every county with a population under 750,000 that was served by SMART would have one seat on the board.

The bill would take effect on October 1, 2002, and the Metropolitan Transportation Authorities Act (which presently governs SMART) would be repealed on that date.

House Bill 5468 (H-1) would amend the Motor Bus Transportation Act to add DARTA to the authorities that are exempt from the Act. The bill is tie-barred to House Bill 5467.

MCL 474.104 (H.B. 5468)

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

House Bill 5467 (S-3) would result in increased local costs associated with the creation and operation of the new Detroit Area Regional Transportation Authority. The bill would require the Authority to hire an executive director, complete certain audits, and conduct other activities that would entail costs. The bill would not require any specific local unit of government or the State to cover these costs.

The bill would not affect the current formulas that govern the distribution of Federal or State operating assistance to transit agencies in Michigan. Public Act 51 of 1951 includes specific provisions to distribute State operating grants to transit agencies based on a percentage of eligible operating costs incurred by the agencies. These State funds are appropriated annually in the Michigan Department of Transportation budget. Federal formula-based grants are provided through Title 49 of United States Code and would not be affected by this bill. The manner in which the grants are distributed could be changed by the Authority; however, this is true under current statutory provisions.

The Regional Transportation Coordinating Council (RTCC) was created "for the purpose of establishing and directing public transportation policy" in the Detroit area. The RTCC is the current recipient of State operating assistance for the transit systems operating in the Detroit area. It is estimated that the RTCC will receive \$84 million in State assistance for the current year. This funding is shared between the Detroit Department of Transportation (65%) and the

Suburban Mobility Authority for Regional Transit (35%). The Detroit Department of Transportation, in addition to receiving State assistance and farebox revenue, is supported by annual appropriations from the city's general fund. The Suburban Mobility Authority for Regional Transit is supported by farebox revenue, State operating assistance, and a 1/3 mill tax levied in most of Oakland County, most of Wayne County (excluding Detroit), and all of Macomb County.

Enacting Section 2, which would repeal Public Act (PA) 204 of 1967 (the SMART Act) effective October 1, 2002, would reduce State revenue provided to "eligible authorities". Public Act 51 of 1951 provides for State operating assistance grants from the Comprehensive Transportation Fund (CTF) to "eligible authorities" for public transportation services. "Eligible authority" is defined under PA 51 as an authority organized pursuant to PA 204 of 1967. SMART is the only public transit authority organized under PA 204. In general, Public Act 51 provides for a grant from the CTF of up to 50% of SMART's eligible operating expenses. It would appear that the bill's provision repealing PA 204 of 1967 would result in SMART being ineligible for State operating assistance grants from the CTF under PA 51.

Similarly, the repeal of PA 204 would eliminate funding received by those local units of government within SMART that participate in the Municipal Credit Program. This program provides a total of \$4,000,000 annually from the CTF to local units of government in SMART.

House Bill 5468 (H-1) would have no fiscal impact on State or local government.

Date Completed: 6-5-02

Fiscal Analyst: Craig Thiel

Floor\hb5467

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.