

Legislative Analysis



PUBLIC TRANSPORTATION AUTHORITY: ALLOW TAXES TO BE LEVIED UP TO 25 YEARS

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House Bill 4993 (Substitute H-1)
Sponsor: Rep. Jerry O. Kooiman
Committee: Transportation

Complete to 10-24-05

A SUMMARY OF HOUSE BILL 4993 AS REPORTED FROM COMMITTEE

House Bill 4993 (H-1) would amend Section 18 of the Public Transportation Authority Act (Public Act 196 of 1986) to allow authorities organized under the act to levy property taxes for a period of up to 25 years if the authority was seeking the levy "*for public transit services that include a fixed guideway project authorized under 49 USC 5309.*" Under current law, authorities organized under the act may only levy taxes for a period up to five years. The H-1 substitute differs from the bill as introduced in that it limits the provisions of the amendment to public authorities [organized under provisions of the act] located in a county that has a population greater than 500,000 and less than 750,000. Currently only Kent County meets this population criteria.

FISCAL IMPACT:

The bill would have no direct impact on state or local costs or revenues.

BACKGROUND INFORMATION:

It is our understanding that the bill would allow the Interurban Transit Partnership, a Grand Rapids area transportation authority organized under Public Act 196, to access a \$14.4 million federal grant for preliminary engineering related to a "New Starts" fixed guideway corridor project. This federal grant is made under Section 5309 of 49 USC, as amended by the recently reauthorized federal-aid transportation program (SAFETEA-LU). The Interurban Transit Partnership is the only Michigan authority organized under Public Act 196 to have secured a New Starts project earmark in SAFETEA-LU.

Section 5309 of 49 USC is a federal transit capital grant program administered by the Federal Transit Administration. Examples of fixed guideway projects include commuter light rail, monorail systems, and bus rapid transit. Section 5309 of the Federal Transit Act (49 USC), as amended by SAFETEA-LU, requires that grant applicants have "the legal, financial, and technical capacity to carry out the proposed project," and that applicants demonstrate a local financial commitment to provide necessary matching funds and to operate the facility. Under Section 5309 grants, federal funds generally provide 80% of project cost with the 20% balance coming from non-federal (typically state and local) sources. The ability to levy a property tax for a 25 year period to support

the public transportation facility would help demonstrate local financial commitment for the project.

The text of the SAFTEA-LU amendments to 49 USC, including the Congressional earmark for the Grand Rapids project, can be found on the Federal Transit Administration website at:

<http://www.fta.dot.gov/documents/SAFETEA-LU Title III - Final Bill.pdf>

A description of Section 5309 "New Starts" program is found at

http://www.fta.dot.gov/16228_ENG_HTML.htm#D

Public Act 196 allows two or more political subdivisions (counties, cities, villages, townships) to form a public authority under the act to provide public transportation services. There are 78 public transit agencies in the state of Michigan. Of these 78 agencies, 22 are organized under provisions of Public Act 196 of 1986. (The other transit agencies in the state are organized under authority of other statutes; many are organized as a department of a city or county government. A list of public transit agencies and the legal basis for organization is provided below.). In addition, both Wayne County and Oakland County have Public Act 196 transportation authorities that levy taxes in participating political subdivisions on behalf of the Suburban Mobility Authority for Regional Transportation (SMART).

Section 18 of Public Act 196 of 1986 currently allows a public authority to levy a tax of up to 5 mills on the state equalized valuation of taxable property within the limits of the authority. The act currently limits the period of the tax to not more than 5 years. As noted above, House Bill 4993 (H-1) would allow an authority meeting the population criteria to levy a tax on property for up to 25 years.

Before an authority could levy any tax on property, the tax would have to be approved by the voters within the limits of the public authority. House Bill 4993 (H-1) would not change the provisions of current law which require the approval of a majority of the electors residing in the public authority before the authority can levy a property tax.

Fiscal Analyst: William Hamilton

LIST OF PUBLIC TRANSIT AGENCIES IN MICHIGAN AND LEGAL BASIS OF ORGANIZATION

| <u>Agency</u> | <u>Public Act (see description below)</u> |
|--|---|
| Adrian | 279 |
| Allegan County | 94 |
| Alma | 279 |
| Altran Transit Authority | 196 |
| Alpena | 279 |
| Ann Arbor Transportation Authority | 55 |
| Antrim County | 94 |
| Barry County | 94 |
| Battle Creek | 279 |
| Bay Area Transportation Authority (Grand Traverse & Leelanau counties) | 196 |
| Bay Metropolitan Transportation Authority (Bay County) | 196 |
| Beaver Island Transportation Authority | 196 |
| Belding | 279 |
| Berrien County | 94 |
| Blue Water Area Transportation Commission (Port Huron) | 7 |
| Branch Area Transit Authority | 196 |
| Buchanan | 279 |
| Cadillac/Wexford Transit Authority | 7 |
| Capital Area Transportation Authority (Lansing) | 55 |
| Caro Transit Authority | 196 |
| Cass County Transportation Authority | 196 |
| Charlevoix County | 94 |
| Cheboygan County | 94 |
| Clare County | 94 |
| Clinton Area Transit System | 196 |
| Crawford County Transportation Authority | 196 |
| Delta Area Transit Authority | 196 |
| Detroit | 279 |
| Detroit Transportation Corporation (People Mover) | 7 |
| Dowagiac | 279 |
| Eaton County Transportation Authority | 7 |
| Eastern Upper Peninsula Transportation Authority (Chippewa County) | 7 |
| Gladwin County | 94 |
| Gogebic County Transit | 196 |
| Grand Haven | 279 |
| Greater Lapeer Transportation Authority | 196 |
| Greenville | 279 |
| Hancock | 279 |
| Hillsdale | 279 |
| Holland | 279 |
| Houghton | 279 |
| Huron County | 94 |
| Ionia | 279 |
| Iosco County | 94 |
| Interurban Transit Authority (Saugatuck) | 196 |

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| Interurban Transit Partnership (Grand Rapids) | 196 |
| Isabella County Transportation Commission | 7 |
| Jackson Transportation Authority, City of | 196 |
| Kalamazoo | 279 |
| Kalkaska Public Transit Authority | 196 |
| Lenawee County | 94 |
| Livingston County | 94 |
| Ludington Mass Transportation Authority | 196 |
| Manistee County | 94 |
| Marquette County Transit Authority | 7 |
| Marshall | 279 |
| Mass Transportation Authority (Flint) | 55 |
| Mecosta Osceola Transit Authority | 196 |
| Midland County | 94 |
| Midland | 279 |
| Milan | 279 |
| Muskegon County | 94 |
| Niles | 279 |
| Ogemaw County | 94 |
| Ontonagon County | 94 |
| Otsego County | 94 |
| Roscommon County Transportation Authority | 196 |
| St. Joseph County Transit Authority | 196 |
| Saginaw Transit Authority Regional Services | 196 |
| Sanilac County | 94 |
| Sault Ste. Marie | 279 |
| Schoolcraft County | 94 |
| Shiawassee Area Transportation Agency | 7 |
| Suburban Mobility Authority for Regional Transportation (SMART) (Wayne, Oakland, Macomb, Monroe counties) | 204 |
| Thunder Bay Transportation Authority (Alcona, Alpena, Montmorency counties) | 196 |
| Twin Cities Area Transportation Authority (Benton Harbor) | 55 |
| Van Buren County | 94 |
| Yates Township | 359 |

[List provided by the Michigan Department of Transportation, Bureau of Multi-modal Transportation Services, Passenger Transportation Services Division]

PUBLIC ACTS GOVERNING MICHIGAN PUBLIC TRANSIT AGENCIES

Public Act 7 of 1967, Urban Cooperation Act

Authorizes authorities organized under interlocal agreements

Public Act 55 of 1963, Mass Transportation Authorities Act

Authorizes authorities in cities of less than 300,000

Public Act 94 of 1933, Revenue Bond Act

Authorizes public corporations to make public improvements, including transportation systems. Many county transportation systems are organized under this act.

Public Act 196 of 1986, Public Transportation Authority Act

Authorizes two or more political subdivisions (counties, cities, villages, townships) to form a public authority

Public Act 204 of 1967, Metropolitan Transportation Authorities Act

Authorizes regional transportation authorities formed by two or more counties in metropolitan. Governing statute for SMART and the Regional Transit Coordinating Council (RTCC) southeast Michigan.

Public Act 279 of 1909, Home Rule City Act

Authorizes city transit systems

Public Act 359 of 1947, Charter Township Act

Provides authority for charter townships

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.