

Legislative Analysis



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

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House Bill 6021

Sponsor: Rep. Jerry O. Kooiman

Committee: Transportation

Complete to 5-08-06

A SUMMARY OF HOUSE BILL 6021 AS INTRODUCED 4-27-06

House Bill 6021 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 were 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 bill would also amend Section 8 to provide a new notification requirement. The bill would require an authority formed under the act on or after May 1, 2006 to notify all political subdivisions or portions of any city, village, or township included within the authority [boundaries]. The notice would have to include notice of the right to withdraw from the authority. The political subdivision, or portion of the political subdivision so notified would have 30 days after receiving the notice to withdraw from the authority pursuant to subsection (5).

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 (ITP), 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 percent of project cost with the 20 percent 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 one 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 five 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 five years.

House Bill 6021 would allow a PA 196 authority to levy a tax on property for up to 25 years, if the authority were seeking the levy for a fixed guideway project authorized under 49 USC 5309.

Before a PA 196 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 6021 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.

Although the ITP is currently the only PA 196 agency to have a fixed guideway project authorized under 49 USC 5309, House Bill 6021 differs from similar bills introduced in the current session of the legislature (House Bill 4993 and House Bill 5560) in that it does not limit the bill's application to authorities in areas meeting certain population criteria.

Enrolled House Bill 4993 was vetoed by the Governor on December 27, 2005, primarily because of the population criteria. A copy of the Governor's veto message is found in House Journal No. 110, page 2600

[http://www.legislature.mi.gov/\(3uftu355ndrmln55hk4e2455\)/documents/2005-2006/journal/house/pdf/2005-HJ-12-29-110.pdf](http://www.legislature.mi.gov/(3uftu355ndrmln55hk4e2455)/documents/2005-2006/journal/house/pdf/2005-HJ-12-29-110.pdf)

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■ 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.

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

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 area. 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.