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BILL ANALYSIS

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House Bill 4993 (Substitute H-1 as reported without amendment)

Sponsor: Representative Jerry O. Kooiman

House Committee: Transportation

Senate Committee: Transportation

CONTENT

The bill would amend the Public Transportation Authority Act to allow taxes to be levied under the Act for a maximum period of 25 years for a public authority located in a county with a population of more than 500,000 and less than 750,000 (i.e., Kent County), if the public authority were seeking the levy for public transit services that included a fixed guideway project authorized under 49 USC 5309 (which authorizes the U.S. Transportation Secretary to make grants to assist state and local governments in financing such projects).

The Act allows a public transportation authority, with voter approval, to levy a tax of up to five mills on all of the taxable property within the limits of the authority for authorized public transportation purposes. The tax may be levied for a period of up to five years as determined by the authority in the resolution calling the election and as set forth in the proposition submitted to the electors. The bill would create an exception to the five-year limit, as described above.

MCL 124.468

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

The recently enacted Federal surface transportation legislation, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), contains a \$14.4 million Federal "fixed guideway" grant to the Interurban Transit Partnership, a local public transit agency serving the greater Grand Rapids area. The Interurban Transit Partnership is the only public transit agency organized under the Public Transportation Authority Act that received a fixed guideway earmark under SAFETEA-LU.

The grant is designated for preliminary engineering activities associated with the development of a fixed guideway project, e.g., light rail or bus system. The Federal legislation requires the grant recipient to demonstrate "the legal, financial, and technical capacity to carry out the proposed project" and to provide requisite matching funds. Generally, Federal funds will support up to 80% of the total project costs with the remainder coming from non-Federal sources, usually State and local sources. Furthermore, the Federal legislation requires the grant recipient to show the ability to support the operating costs associated with a fixed guideway project. House Bill 4993 (H-1) would provide the Interurban Transit Partnership with the ability to demonstrate the requisite financial commitment to meet the necessary match and future operating costs associated with the proposed Grand Rapids project.

Date Completed: 12-7-05

Fiscal Analyst: Craig Thiel