

## REGIONAL TRANSIT AUTHORITY AMENDMENTS

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### House Bill 5168

Sponsor: Rep. John Walsh

### House Bill 5169

Sponsor: Rep. Wayne Schmidt

Committee: Transportation and Infrastructure

Complete to 3-13-14

## A REVISED SUMMARY OF HOUSE BILLS 5168 AND 5169 AS INTRODUCED 12-4-13

Public Act 387 of 2012 created a new act, the Regional Transit Authority Act. Section 1a of the act states: "The intent of this legislation is to create a regional transit system by establishing a regional transit authority." The regional transit authority (RTA) established under the act is composed of the counties of Wayne, Oakland, Macomb, and Washtenaw. Other adjacent counties may join the authority under a process provided in the act.

**House Bills 5168 and 5169 would amend the Regional Transit Authority Act to change provisions regarding the board's authority to acquire and operate a non-profit street railway system.**

Following is a more detailed description.

### House Bill 5168

#### ● Amendments to Section 6 – Voting Provisions

Section 5 of the Regional Transit Authority Act indicates that the RTA shall be directed and governed by a board of directors. Section 5 also provides for the appointment of nine voting board members – two from each of the constituent counties, and one specifically from the city within the "qualified county" with the largest population, i.e. the city of Detroit. Section 6 of the Regional Transit Authority Act provides for the powers and duties of the authority's board of directors. The specific provisions are laid out in 21 subsections. House Bill 5168 would amend Section 6 provisions regarding voting requirements:

Section 6(3) currently provides that actions of the board be by majority of the voting members, with certain exceptions. Specifically, Subsection 3 requires the board to provide in its bylaws that certain actions of the authority board require a supermajority of seven-ninths of voting members, and at least one affirmative vote from each participating county and from the representative of the largest city in the qualified county (Detroit). The specific actions are as follows:

- Placing of a question of the levy of an assessment on the ballot by the authority.
- Determination of the rate of, or amount of, any assessment to be requested by the authority at an election.
- Placing of a question of approving a motor vehicle registration tax on the ballot by the authority.
- Determination of the rate of, or amount of, any motor vehicle registration tax to be requested by the authority at an election.

In addition to the voting provisions described above, Subsection 3 also currently requires that the RTA bylaws require a unanimous vote of all nine voting members for certain board actions including "a determination to acquire, operate, or maintain any form of rail passenger service within a public transit region."

House Bill 5168 would amend Subsection 3 to include in the actions requiring a seven-ninths supermajority "*the approval of an agreement for the transfer to the authority of assets of a nonprofit street railway corporation organized under the Nonprofit Street Railway Act, 1867 PA 35.*"

House Bill 5168 would specifically exclude a street railway system organized under the Nonprofit Street Railway Act from the unanimous vote requirements applicable to rail passenger service.

In effect, the RTA board could not provide in its bylaws for the *unanimous* approval to acquire, construct, operate, or maintain a non-profit street railway system; board actions pertaining to a non-profit street railway system would instead be subject to the seven-ninths supermajority provisions.

- House Bill 5168 would add a new Subsection 22 to specifically authorize the authority board to enter into an agreement with a street railway company organized under Nonprofit Street Railway Act in order to secure federal money for an authority or activities of an authority. In addition, the bill would authorize the board to take other action necessary for the recognition of the United States Department of Transportation "of activities or functions of the authority or the street railway as a connected project."
- House Bill 5168 would add a new Subsection 23 to require that the authority board "*ensure that 100% of the federal matching money or aid received by the authority for the construction or operation of a street railway system organized under the Nonprofit Street Railway Act within the public transit region be expended on public transportation service routes located in the county or counties in which the street railway systems was constructed.*"

The bill goes on to direct that "*If the authority accepts the transfer of assets of a street railway as provided in Subsection 3, and the street railway operates on routes located within a qualified county, the authority shall ensure that any*

*operational deficit related to the operation of that street railway is paid with money raised in the qualified county or a member jurisdiction with the qualified county."*

Under the definitions in Section 2 of the act, "qualified county" means a county in this state with the largest population according to the most recent decennial census. [i.e., Wayne County].

### **House Bill 5169**

House Bill 5169 would amend the definitions section of the act to include in the definition of "public transportation" the movement of people or goods by "street railway vehicle." The bill would also amend the definition of "public transportation provider" to specifically exclude a street railway organized under Nonprofit Street Railway Act.

### **FISCAL IMPACT:**

In December 2008, the Michigan Legislature passed a series of bills intended to authorize and support a street railway system along Woodward Avenue in the city of Detroit. Two of the bills in the package, enacted as Public Act 481 of 2008, and Public Act 485 of 2008, amended the Nonprofit Street Railway Act, 1867 PA 35.

M-1 Rail, a private non-profit corporation organized under the Nonprofit Street Railway Act, has developed a plan for and is in the process of constructing a 3.3 mile modern streetcar system along Woodward Avenue in the city of Detroit. It is our understanding that the M-1 Rail project may, at some point, be transferred to a public authority. It has been suggested the Regional Transit Authority could become to be the public authority owner/operator of the M-1 streetcar system.

While the RTA had authority under the original provisions of the Regional Authority Act to acquire a non-profit street railway system, such as the M-1 streetcar system, the act's provisions would have required a unanimous vote of all nine voting members. House Bill 5168 would change the act's voting provisions so as to authorize the RTA to acquire a non-profit street railway system under the seven-ninths supermajority voting requirements.

House Bill 5168 would authorize the RTA board, under conditions established in the bill, to approve an agreement for the transfer to the RTA of assets of a nonprofit street railway corporation organized under the Nonprofit Street Railway Act, 1867 PA 35. Similarly House Bill 5168 would authorize the RTA board to acquire, construct, and operate a street railway system organized under the Nonprofit Street Railway Act, and would authorize the RTA board to enter into an agreement with a street railway company organized under Nonprofit Street Railway Act in order to secure federal money for an authority or activities of an authority. In addition, the bill would authorize the board to take other action necessary for the recognition of the United States Department of Transportation "of activities or functions of the authority or the street railway as a connected project." It is our understanding that "connected project" refers to provisions

of federal law that would allow private funds expended on the M-1 project to be credited as non-federal matching funds required for Federal Transit Administration grants on other projects within the city of Detroit – specifically bus rapid transit projects.

House Bill 5168 also directs how money to pay for operating deficits associated with a nonprofit street railway would be raised.

The bills do not appear to have a direct impact on state or local costs or revenues.

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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.