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BILL ANALYSIS

Senate Fiscal Agency

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Senate Bill 331 (as reported with amendment)

Sponsor: Senator Dick Posthumus

Committee: State Affairs, Tourism, and Transportation

Date Completed: 3-1-88

RATIONALE

The Public Transportation Authority Act allows a political subdivision (i.e., a county, city, town, or village) that is a member of a public transportation authority to withdraw from membership only if it meets the withdrawal conditions specified in the Act. Only in two instances may the political subdivision withdraw its membership without meeting the withdrawal conditions: it may withdraw within 30 days after the public authority is incorporated or in any year in which a public transportation tax levied under the Act expires, provided the decision to withdraw membership was made in January of that year. Even if the political subdivision withdraws from the public authority, however, a public transportation tax levied on the political subdivision remains in effect for the period of time for which it was originally authorized. Some have complained that the transportation tax provision and the limited circumstances under which a political subdivision may withdraw membership without meeting the withdrawal conditions essentially force political subdivisions that are or wish to become members of a public transportation authority to accept the terms of any transit millage vote before any millage tax rate has been requested or discussed. They feel it would only be fair if political subdivisions were granted a grace period after a public authority decided to call for an election to levy a tax during which the political subdivisions could ponder their continued membership with the authority.

CONTENT

The bill would amend the Public Transportation Authority Act to allow political subdivisions to withdraw from membership in a public authority within 30 days after the board of the public authority adopts a resolution calling for an election for the purpose of levying a public transportation tax, without having to comply with withdrawal conditions.

FISCAL IMPACT

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

ARGUMENTS**Supporting Argument**

Political subdivisions that are members of public transportation authorities should have the right to withdraw their membership without complying with the Act's withdrawal provisions if the authority decides to impose a tax.

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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.

S.B. 331 (3-1-88)