

Legislative Analysis



AMEND METROPOLITAN TRANSPORTATION AUTHORITIES ACT

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House Bill 6258

Sponsor: Rep. Richard LeBlanc

House Committee: Transportation

Complete to 9-30-08

A SUMMARY OF HOUSE BILL 6258 AS INTRODUCED 6-19-08

House Bill 6258 would amend Sections 4a and 4b of the Metropolitan Transportation Authorities Act (1967 PA 204). The Metropolitan Transportation Authorities Act is one of several statutes under which public transit agencies can organize. SMART, an acronym for Suburban Mobility Authority for Regional Transportation, a regional transit authority in southeast Michigan, is the only transit agency organized under the authority of Public Act 204. The Detroit Department of Transportation (DDOT), the other major transit provider in southeast Michigan, is a city department and operates under the authority of the Home Rule City Act (1909 PA 279).

Under current law neither SMART nor DDOT receive state operating assistance or federal formula assistance directly; they receive these funds through the Regional Transit Coordinating Council (RTCC), an umbrella organization established in Section 4a of Public Act 204. Section 4a identifies the RTCC as the designated recipient for state and federal transit administration grants. DDOT and SMART are designated subrecipients.

As the designated recipient, the RTCC receives state operating assistance and federal formula assistance based on the combined operations of SMART and DDOT. The RTCC then apportions the state and federal grant funding 65% to DDOT and 35% to SMART. This percentage allocation is part of the RTCC's original 1989 Articles of Incorporation and under current law can only be amended by unanimous vote of the four RTCC members, the city of Detroit and Wayne, Oakland, and Macomb Counties.

House Bill 6258 would amend Section 4a of Public Act 204 to indicate that notwithstanding the RTCC bylaws, the distribution of state and federal formula funds would be made based on applicable state and federal statutory formulas as if the subrecipients had applied independently of the RTCC and each other. In effect, the by-law distribution of the gross formula assistance, 65% to DDOT and 35% to SMART, would not apply. The bill would amend Section 4b of Public Act 204 to indicate that the RTCC articles of incorporation are subject to the provisions of the act.

FISCAL IMPACT:

There would be no fiscal impact with regard to state costs or revenue. There would be no change in the gross or total distribution of state or federal formula operating assistance to

the two agencies. However, the division of the gross amount between SMART and DDOT would change. One of the two agencies would receive less than under the current 65/35 bylaw distribution and one of the two agencies would receive more.

We have not computed the impact on each agency with regard to either state or federal formula assistance.

For a more detailed analysis of the RTCC, SMART, and DDOT, see the HFA paper: *Public Transit Systems in Southeast Michigan: DDOT, SMART, the RTCC, and DARTA*, at:

<http://www.house.mi.gov/hfa/PDFs/transportation%20DARTA%20update.pdf>

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