

REGIONAL TRANSIT AUTHORITY TAX LEVY

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Senate Bill 739 (as passed by the Senate)

Sponsor: Sen. Wayne Schmidt

House Committee: Transportation and Infrastructure

Senate Committee: Transportation

Complete to 5-16-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bill would amend the Regional Transit Authority Act to limit the amount of property taxes that could be levied by the authority to two mills on each dollar of taxable value of property within the public transit region, and would also provide that the taxes collected "could not be attributed to, transmitted to, retained by, or captured by any other governmental entity for any other purpose." (This is understood to prevent capture of revenue by a tax increment financing authority, or TIFA).

The Regional Transit Authority (RTA) was established in 2012 to provide for a regional public transit system in the counties of Macomb, Oakland, Washtenaw, and Wayne. The authority is authorized to levy an assessment with voter approval (to be collected and enforced in the same manner as taxes are collected and enforced under the General Property Tax Act), although it has not yet done so. (See *Background Information*.)

The bill would take effect 90 days after being enacted in to law.

BACKGROUND INFORMATION:

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 comprises the counties of Wayne, Oakland, Macomb, and Washtenaw. Other adjacent counties may join the authority under a process provided in the act.

The effective date of the act was December 19, 2012. RTA board members were appointed in early 2013. The RTA had its first organizational workshop in March 2013, and its first formal meeting in April 2013.

The RTA serves as a planning and coordinating agency with respect to the providers of public transportation services within the region, specifically: the Detroit Department of Transportation (DDOT), the Suburban Mobility Authority for Regional Transportation (SMART), the Detroit Transportation Corporation (operator of the Detroit People Mover), and The Ann Arbor Area Transportation Authority (TheRide). The RTA has the authority to coordinate operating and capital transit plans of public transportation providers within the region. The RTA has the sole authority to apply for state operating assistance on behalf of the region's public transportation providers, and is also the region's "designated recipient" for purposes of applying for federal operating and capital assistance grants.

Section 10 of the act authorizes the RTA to raise revenues to fund all of its activities, operations, and investments. The act specifies in detail the sources of revenue available to the authority, including among other things:

- Fees, fares, rents, or other charges for use of a public transportation system.
- Federal, state, or local government grants, loans, appropriations, payments, or contributions.
- Proceeds from the sale, exchange, mortgage, lease, or other disposition of property.
- Grants, loans, appropriations, payments, proceeds from repayments of loans made by the authority, or contributions from public or private sources.
- The proceeds of a motor vehicle registration tax authorized under the act.

The act also authorizes the RTA to levy an assessment within the public transit region only as approved by the board and the electors of the public transit region. The act indicates that the assessment would be collected and enforced in the same manner as under the General Property Tax Act (1893 PA 206). The bill indicates that when submitting the question of authorizing an assessment to be levied, the ballot must state the following:

- The assessment rate to be authorized.
- The duration of the assessment.
- A clear statement of purpose of the assessment.
- A clear statement including whether the proposed assessment is a renewal of a previously authorized assessment or a new assessment.

The act requires the authority to ensure that not less than 85 percent of the money raised in each member jurisdiction by either an assessment or a motor vehicle registration tax, or both, be expended on public transportation service provided in that member jurisdiction.

A detailed description of the provisions of Public Act 327 of 2012 is found in the House Fiscal Agency analysis of Senate Bill 909 of the 2011-2012 Legislative Session.
<http://legislature.mi.gov/doc.aspx?2012-SB-0909>

FISCAL IMPACT:

Section 10 of the act currently authorizes the RTA to levy an *assessment* under specific conditions outlined in the act. The assessment would be effectively a millage on real property, collected and enforced in the same manner as under the General Property Tax Act. The act does not currently establish a limit on the amount of the millage. Senate Bill 739 would limit the amount of a millage authorized under Section 10 to 2.0 mills.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.