

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 1240 (Substitute S-2 as reported)  
Sponsor: Senator Thaddeus G. McCotter  
Committee: Government Operations

### **CONTENT**

The bill would amend the Metropolitan Transportation Authorities Act to provide that a city, township, or village could withdraw from an authority created under the Act, at any time by a majority vote of its governing body. The city, township, or village then would have no further direct or indirect tax liability to the authority.

(The Act allows the creation of regional transportation authorities; however, provisions in the Act limit participation in an authority to the City of Detroit, Wayne County, and surrounding counties. The Suburban Mobility Authority for Regional Transportation (SMART) operates under the Act.)

MCL 124.404

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The bill would result in a decrease in local tax revenue dedicated for public transit services if a city, township, or village withdrew from the Suburban Mobility Authority for Regional Transportation (SMART). Under current law, SMART is prohibited from levying taxes. However, SMART receives local tax revenues from a one-third mill property tax levy in portions of Wayne and Oakland Counties and from a one-third mill property tax levy in all of Macomb County. These taxes are levied by the Wayne County Transit Authority, the Oakland County Public Transportation Authority, and Macomb County, respectively, under the authority provided to these bodies by Public Act 196 of 1986 (the Public Transportation Authority Act). Under the agreement between these entities and SMART, the revenue from the one-third property tax levy is provided to SMART for public transit services provided in the counties.

The bill's provision allowing a city, township, or village to withdraw from SMART and thereby exempting the local unit of government from further tax liability, directly or indirectly, would decrease local tax revenues dedicated for public transit. By withdrawing from SMART, the local unit of government would no longer be responsible for the tax liability under Public Act 196 of 1986, assuming the unit of government is part of either the Wayne County Transit Authority or the Oakland County Public Transportation Authority, or is in Macomb County.

According to SMART, the local one-third property tax levy in parts of Wayne and Oakland Counties, and in Macomb County raised \$21,435,160 in the fiscal year ending June 30, 2000, and \$22,375,938 in the fiscal year ending June 30, 2001. The amount of lost property tax revenue would be contingent on the revenue raised from the one-third mill levy in each individual local unit of government that withdrew from SMART.

Date Completed: 5-28-02

Fiscal Analyst: Craig Thiel