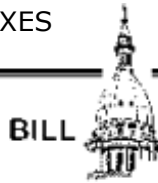




Senate Fiscal Agency  
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## BILL ANALYSIS

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House Bill 4993 (Substitute H-1 as passed by the House)  
Sponsor: Representative Jerry O. Kooiman  
House Committee: Transportation  
Senate Committee: Transportation

Date Completed: 12-5-05

**CONTENT**

**The bill would amend the Public Transportation Authority Act to allow taxes to be levied under the Act for a maximum period of 25 years for a public authority located in a county with a population of more than 500,000 and less than 750,000 (i.e., Kent County), if the public authority were seeking the levy for public transit services that included a fixed guideway project authorized under 49 USC 5309.**

Under the Act, a public transportation authority may levy a tax on all of the taxable property within the limits of the authority for authorized public transportation purposes. The tax may not exceed five mills of the State equalized valuation on each dollar of assessed valuation of taxable property within the authority's limits.

The tax may not be levied except upon the approval of a majority of the registered voters residing in the authority affected and qualified to vote and voting on the tax at a general or special election. The election may be called by resolution of the board of the authority. The taxes may be levied for a period of up to five years as determined by the authority in the resolution calling the election and as set forth in the proposition submitted to the electors.

The bill would create an exception to the five-year limit for a public authority located in Kent County, if the authority were seeking the levy for public transit services that included a fixed guideway project authorized under 49 USC 5309 (described below). In that case, the taxes could be levied at a rate and for a period of not more than 25 years as determined by the authority in the resolution and as set forth in the proposition submitted to the electors.

(Under 49 USC 5302, "fixed guideway" means a mass transportation facility either using and occupying a separate right-of-way or rail for the exclusive use of mass transportation and other high-occupancy vehicles; or using a fixed catenary system and a right-of-way usable by other forms of transportation.)

MCL 124.468

**BACKGROUND**

Under 49 USC 5309, the U.S. Transportation Secretary may make grants to assist state and local governments in financing the following:

-- New fixed guideway capital projects, including the acquisition of real property, the initial acquisition of rolling stock for the systems, the acquisition of rights-of-way, and

- relocation, for fixed guideway corridor development for projects in the advanced stages of alternatives analysis or preliminary engineering.
- Capital projects to modernize existing fixed guideway systems.
- Capital projects to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities.
- The development of corridors to support new fixed guideway capital projects.

(Section 5309 defines "new fixed guideway capital project" as a minimum operable segment of a capital project for a new fixed guideway system or extension to an existing system.)

The Secretary may not approve a grant unless he or she determines that the project is part of an approved transportation plan and program of projects required under the U.S. Code. The applicant must have the legal, financial, and technical capacity to carry out the project; satisfactory continuing control over the use of the equipment or facilities; and the capability and willingness to maintain the equipment or facilities. Additionally, the applicant must submit specified certifications and be deemed to have provided sufficient information upon which the Secretary may make the required determinations.

Legislative Analyst: Julie Koval

### **FISCAL IMPACT**

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

The recently enacted Federal surface transportation legislation, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), contains a \$14.4 million Federal "fixed guideway" grant to the Interurban Transit Partnership, a local public transit agency serving the greater Grand Rapids area. The Interurban Transit Partnership is the only public transit agency organized under the Public Transportation Authority Act that received a fixed guideway earmark under SAFETEA-LU.

The grant is designated for preliminary engineering activities associated with the development of a fixed guideway project, e.g., light rail or bus system. The Federal legislation requires the grant recipient to demonstrate "the legal, financial, and technical capacity to carry out the proposed project" and to provide requisite matching funds. Generally, Federal funds will support up to 80% of the total project costs with the remainder coming from non-Federal sources, usually State and local sources. Furthermore, the Federal legislation requires the grant recipient to show the ability to support the operating costs associated with a fixed guideway project. House Bill 4993 (H-1) would provide the Interurban Transit Partnership with the ability to demonstrate the requisite financial commitment to meet the necessary match and future operating costs associated with the proposed Grand Rapids project.

Fiscal Analyst: Craig Thiel

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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.