

Legislative Analysis



SOUTHEAST MICHIGAN REGIONAL TRANSIT AUTHORITY ACT

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House Bill 5309

Sponsor: Rep. Jim Townsend

Committee: Transportation

Complete to 11-16-12

A SUMMARY OF HOUSE BILL 5309 AS INTRODUCED 1-26-12

The bill would create a new act, the Southeast Michigan Regional Transit Authority Act. Initially the public transit region to be served by the authority would be made up of the counties of Wayne, Oakland, Macomb, and Washtenaw; however, other adjacent counties could join the authority under a process provided in the legislation. The new act would establish a new transit authority within "a public transit region," for the purpose of "planning, acquiring, owning, operating, or causing to be operated a public transit system and carrying out the rights, duties, and obligations provided for in this act."

DETAILED SUMMARY:

The following is a section-by-section description of House Bill 5309. **Section 1** provides the name of the new act—the Southeast Michigan Regional Transit Authority Act. **Section 2** contains definitions of terms. [Our analysis will describe the defined terms as those terms first occur in the other sections of the bill.]

Creation of Southeast Michigan Regional Transit Authority

Section 3 of the bill would create the new *Southeast Michigan regional transit authority* ("authority") within a *public transit region* as defined in the act "for the purpose of planning, acquiring, owning, operating, or causing to be operated a *public transit system* and carrying out the rights, duties, and obligations provided for in this act." The authority would become effective upon the appointment of a majority of all members of the board – appointments that would be made within 90 days of the effective date of the enacted bill.

As defined in the act, the term "public transit region" would mean an area consisting of the county in the state with the largest population (Wayne County) and the three most populous counties contiguous to that county (Oakland, Macomb, and Washtenaw). "Public transit region" could include a county added to an authority under the process provided for in Section 4 of the bill.

The bill defines *public transit* as the movement of individuals and goods by publicly owned bus, *rapid transit vehicle*, or other conveyance that provides general or special

service to the public. The bill excludes from the definition school buses, charter or sightseeing services, or dedicated school transportation.

The bill states that the definition of *public transit* includes the movement of individuals and goods by *privately owned* bus, *railroad car*, rapid transit vehicle, or other conveyance that *under contract with the authority*, provides general or special service to the public, excluding school buses, charter or sightseeing services, or dedicated school transportation. The bill indicates that public transit is a transportation purpose within the meaning of Article IX, Section 9 of the 1963 Michigan Constitution.

The bill defines *public transit system* as "a system for providing public transit in the form of light rail, *rolling rapid transit*, or other modes of public transit and *public transit facilities* to individuals."

The bill defines the term *rolling rapid transit system* to mean bus services that could combine the technology of intelligent transportation system, traffic signal priority, cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policy. Rolling rapid transit could also include exclusive rights-of-way, rapid boarding and alighting, and integration with other modes of transportation.

The bill defines *public transit facility* as meaning all plants, equipment, work instrumentalities, and real and personal property and rights, used or useful for public transit.

Admission of Additional Counties to the Authority

Section 4 of the act provides for the participation of other counties adjacent to a county that is already included in the defined public transit region. An adjacent county not included in a public transit region and not a participant in the authority could petition to be included, and would be included if the authority board approved its inclusion. However, if the authority was levying a special assessment or a motor vehicle registration fee, or both, a petitioning county that otherwise satisfied the conditions for participation in the authority, would be a provisional member without voting power and without public transit service until a majority of the electors of the petitioning county approved the special assessment or vehicle registration fee, or both. The bill would require the vote by the petitioning county at the first primary or general election to be held at least 71 days after the appointment of the county's representative to the authority board.

To state this provision another way: if the authority was levying a special assessment or motor vehicle registration fee, or both, a petitioning county could attain full membership in the authority only if it also approved the special assessment, vehicle registration fee, or both, within the designated period.

Board of Directors

Section 5 of the bill indicates that the authority is to be directed and governed by a board of directors. The bill provides for the appointment of the board of directors and

establishes the powers and duties of the board. The initial board would consist of 10 members:

- One member to be appointed by the governor ("governor's representative").
- Two individuals appointed by the county executive of a county with the public transit region with a population of not less than 1,200,000 or more than 1,500,000. (This refers to Oakland County.)
- Two individuals appointed by the county executive of a county within the public transit region with a population of not less than 800,000 or more than 850,000. (This refers to Macomb County.)
- Two individuals appointed by the chair of the board of county commissioners of a county within the public transit region with a population of not less than 330,000 or more than 380,000. (This refers to Washtenaw County)
- Two individuals appointed by the county executive of a county within the public transit region with a population of not less than 1,800,000 or more than 2,000,000. (This refers to Wayne County.) One of the two individuals appointed under this subdivision would need to be a resident of a city within the region with a population of at least 600,000. (This refers to the City of Detroit.)
- One individual appointed by the mayor of a city within the region with a population of at least 600,000.

Members of the board would serve for fixed three-year terms; however, in order to stagger the terms, the bill would make some of the initial appointments for less than three years. Of the members first appointed to represent the four counties, one member from each county would serve an initial term of just one-year; the member representing a city of at least 600,000 would serve an initial term of just two years.

The section refers to the term of the member appointed jointly under subsection (1)(g); this appears to be a drafting error in that there is no subsection (1)(g) within this section.

The bill prohibits a board member from being an employee of the appointing county or city, or an employee of a public transit provider operating in the public transit region. The bill also prohibits a board member from being a currently-serving elected public official of the state or political subdivision of the state.

Each board member would have to be a resident and registered elector in the city or county from which he or she was appointed. The bill directs that each board member have "substantial business, financial, or professional experience relevant to the operation of a corporation or public transit system."

Upon appointment to the board, the bill directs a board member to take the oath of office consistent with the constitutional oath of office required under Section 1 of Article XI of the State Constitution of 1963.

Board members would serve without compensation, but the bill does provide for the reimbursement of actual necessary expenses.

The bill would prohibit the appointment of an individual "not of good moral character" or persons who had been convicted of a felony. The bill would require board members "to exercise due care and conduct him or herself in a manner consistent with full accountability, transparency, and responsibility for his or her actions as a board member." The bill also directs that a board member not fraudulently influence, coerce, manipulate, or mislead his or her fellow board members, the authority, or any other person in the performance of his or her duties.

Section 5, subsection 11 effectively restates the requirement of Section 4 subsection 3 with respect to appointees from new counties seeking participation in the authority.

Powers and Duties of the Authority Board of Directors

Section 6 of the bill provides for the powers and duties of the authority's board of directors. The specific provisions are laid out in 18 subsections:

Board Meetings

Section 6(1) of the bill would require an initial board meeting within 30 days of the boards' appointment, at a date and time determined by the governor's representative. The governor's representative would serve ex officio, without vote, and would serve as chairperson of the board. The board members would elect officers as the board considers necessary. The bill requires annual election of all officers.

Section 6(2) of the bill directs that meetings would be subject to the Open Meetings Act and the bill requires that the board adopt bylaws consistent with the Open Meetings Act. After the initial organizational meeting, the board would be required to establish a schedule of regular meetings, not less than once each quarter. A special meeting could be called by the chairperson, or as provided in adopted bylaws.

Section 6(3) of the bill requires that all actions be made by simple majority vote, but directs that the authority's bylaws require a supermajority for certain actions. Specifically, the bill would require the board to provide in its bylaws a supermajority, not to exceed four-fifths of the serving members, for the following actions:

- Placing of a question of the levy of a special assessment on the ballot by the authority.
- Determination of the rate of, or amount of, any special assessment to be requested by the authority at an election.
- Placing of a question of approving a motor vehicle registration fee on the ballot by the authority.
- Determination of the rate of, or amount of, any motor vehicle registration fee to be requested by the authority at an election.

The bill would also require the board to provide in its bylaws for unanimous approval of serving members for the following actions:

- A determination to acquire, construct, operate, or maintain any form of rail passenger service within the public transit region.
- A determination to acquire "an existing public transit authority or agency."
- A determination to place on a ballot the question of acquiring, accepting responsibility for, or obligating the authority to assume liability for or to pay any legacy costs, including any costs associated with litigation, claims, assessments, worker's compensation awards, or charges, swap losses, pensions, health care, or other postemployment benefits, of an "existing public transit authority or agency that may be purchased, merged with, assumed, or otherwise acquired by the authority."

Section 6(4) of the bill requires that the board keep a written or printed record of each meeting. All written or printed records and other documents would be made available to the public in compliance with the Freedom of Information Act.

Accounting, Auditing, Budgeting

Section 6(5) of the bill requires that the board provide for a uniform system of accounts for the authority. The bill would also require the board to obtain an annual audit by an independent certified public accountant in accordance with Generally Accepted Government Auditing Standards and to satisfy federal grant compliance requirements.

Section 6(6) of the bill requires that within 90 days of the first meeting of the board, the board develop and maintain a budget for the fiscal year in accordance with the Uniform Budgeting and Accounting Act.

Procurement

Section 6(7) of the bill requires the board, within 90 days of the first meeting of the board, to adopt procurement policies and procedures "using competitive procurement methods to secure the best value for the authority." The bill directs that in establishing policies and procedures, the board provide for the acquisition of professional services, including architectural, consulting, engineering, surveying, accounting, bond counsel, and legal services "in accordance with a competitive, qualifications-based selection process and procedure for the type of professional service required by the authority."

Section 6(8) of the bill would prohibit the board from entering into a cost-plus construction contract unless all of the following applied: the contract was for less than \$50,000, was for emergency repair or due to unforeseen circumstances, was necessary to protect life or property, and complied with federal and state law.

Section 6(9) of the bill would require that the board adopt a procurement policy within 90 days of the first meeting of the board, "consistent with the requirements of this act and federal and state laws relating to procurement." The procurement policy would have to require that the authority use its best efforts within the competitive solicitation requirements of the section to achieve fairness in the number and value of contracts for goods and services within the region. However, Section 6(10) of the bill would prohibit

the procurement policy from creating a quota or set-aside for any city or county in the public transit region.

Section 6(11) of the bill would require the board, within 90 days of the first meeting of the board, to adopt policies to govern the control, supervision, management, and oversight of each contract to which the authority is a party. Within 90 days of the first meeting of the board, the board would also be required to adopt procedures to monitor the performance of each contract to assure execution of the contract within the budget and specified time period. The bill would prohibit the chief executive officer or designated employee from executing any contract prior to board approval.

Sections 6(11), 6(12), and 6(13) of the bill provide other detailed requirements for procurement policies and procurement reporting.

Personnel

Section 6(14) of the bill permits the board to employ personnel as it considered necessary, including but not limited to a chief executive officer (CEO) and other senior executive and administrative staff. The bill specifically requires that the board hire a CEO and any necessary support staff within 60 days after the first board meeting. Individual board members would be prohibited from hiring or having assigned personal staff.

Section 6(15) of the bill would require the board to establish policies to ensure that the board and the authority did not fail to comply with federal and state law governing employment and hiring of contractors.

Citizens' Advisory Committee

Section 6(16) of the bill would require the board to create a citizens' advisory committee that consisted of public transit region residents. The bill directs that 40 percent of the committee would be made up of users of public transportation; 20 percent of the committee would be made up of individuals from organizations representing senior citizens and persons with disabilities; and 40 percent of the committee would be made up of individuals representing business, labor, community, and faith-based organizations.

Of the committee members representing users of public transportation, the bill requires that 25 percent be senior citizens or persons with disabilities. It also requires that two be from each of the following within the public transit region: a county with a population of less than 1.8 million and not more than 2 million; a county with a population of not less than 1.2 million and not more than 1.8 million; a county with a population of not less than 800,000 and not more than 850,000; and a county with a population of not less than 330,000 or more than 380,000. Further, two of the members representing users of public transportation would have to be from a city in the public transit region with a population of 600,000 or more; and two would have to be from each additional member county not previously cited.

Section 6 (17) is permissive in that it identifies a number of activities the citizens' advisory committee may engage in, but does not establish any "shall" mandates for the committee. Specifically, a citizens' advisory committee created under the act could meet at least once quarterly. The committee could make reports to the board, including recommendations at each board meeting. The committee could also do all of the following:

- Review and comment on comprehensive regional public service plan and annual updates.
- Advise the board regarding the coordination of functions between different owners and operators of public transit facilities within the region.
- Review and comment on the specialized services coordination plan as prescribed in Section 10e of 1951 PA 51, the law governing transportation funding.
- Upon request of the board, provide recommendations on other matters of public concern within the region.

Public Transit Provider Advisory Council

Section 6(18) of the bill would require that the board create a public transit provider advisory council consisting of two members appointed by each public transit provider within the public transit region. Section 6 (18) is permissive in that identifies a number of activities the council may engage in but does not establish any "shall" mandates for the council. The subsection does limit the council's authority.

The council would be authorized to make reports to the board, including recommendation, at each board meeting. However, the council would only be authorized to make recommendations concerning coordination of service, funding, plans, specialized services, and other matters as requested by the board.

Other Board Powers

Section 7 Subsection (1) of the bill specifies in detail the kinds of things an authority can do to implement the purposes, objectives, and provisions of the bill, including among other things: adopt a corporate seal; adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business; sue and be sued; borrow money and issue bonds and notes; make and enter into contracts; engage in collective bargaining; solicit and receive gifts, grants, labor, loans, contributions of money, property, and other things of value, and other aid or payment from any federal, state, local, or inter-governmental agency; participate in any other way in any other way in a federal, state, local, or intergovernmental program; apply and receive loans, grants, guarantees, or other financial assistance in aid of a public transit systems, procure insurance or become a self-funded insurer; invest money of the authority; contract for goods and services; employ legal and technical experts, consultants, or other officers, agents, employees, or personnel; contract for services; establish and maintain an office; acquire property or rights in property; promulgate rules and adopt regulations for the orderly, safe, efficient,

and sanitary operation and use of a public transit system owned by the authority; use the state's rights-of-way throughout the public transit region for public transit; and create separate operating entities.

Section 7 Subsection (2) of the bill indicates that notwithstanding any provisions within the act, the authority could not acquire, accept responsibility for, or obligate itself to assume liability for, or pay any legacy costs of an "existing public transit authority or agency" that the authority might purchase, merge with, assume, or otherwise acquire in any manner, including costs associated with any "authority or agency's" litigation, claims, assessments, worker's compensation awards or changes, swap losses, pensions, health care, or other post-employment benefits or an existing transit "agency or authority" without first securing an affirmative vote of a majority of the electors of each member county in the public transit region.

Public Transit Plans

Section 7 Subsection (3) of the bill requires the authority to adopt a public transit plan for its region, and specifically directs the authority to adopt as its initial plan the regional transit plan approved on December 8, 2008, by the Regional Transit Coordinating Council. The authority would be required to update the plan annually.

The authority could establish and operate new or additional routes and public transit facilities using various forms of transit modalities. The authority would be permitted to employ operating personnel, negotiate collective bargaining agreements with operating personnel, and own operating assets of a public transit service within the public transit region.

The authority would be required to coordinate the operating and capital transit plans of transit agencies and authorities within the public transit region.

Authority to Operate a Rolling Rapid Transit System

Section 7 Subsection (4) of the bill, authorizes the authority to "plan, design, develop, construct, and operate a *rolling rapid transit system* on at least four corridors within the public transit region. The authority, with the approval of the federal transit administration and in compliance with applicable federal and state regulations, would need to determine exact routes and station locations. The authority could also design routes to augment, complement, enhance, replace, or improve other forms of public transit operating within or on the corridors. The bill identifies the following corridors which could be included in the initial plans for a rolling rapid transit system:

*A Woodward corridor line to operate on or near Woodward Avenue between a location near the downtown Detroit station and a location in downtown Birmingham in Oakland County. The term "downtown Detroit station" would be defined to mean a location in or near the Campus Martius area of downtown Detroit.

*A Gratiot corridor line to operate on or near Gratiot Avenue between the downtown Detroit station and a location in downtown Mt. Clemens in Macomb County.

*A northern cross-county line to operate between the city of Troy and the city of Mt. Clemens, using a route to be determined by the authority. The determined route would need to have stations along Big Beaver road in the city of Troy and highway M-59 in portions of Oakland and Macomb counties.

*A western cross-county line to operate between the downtown Detroit station and the Ann Arbor Blake Transit Center for a distance of approximately 47 miles. This corridor would need to include, at a minimum, stations in the city of Ypsilanti, Detroit Wayne county metropolitan airport, and the city of Dearborn. The authority would need to determine the exact route.

The bill indicates that authority expenses incurred in the planning and operation of a rolling rapid transit system would not be eligible for operating assistance under Section 10e of 1951 PA 51, (MCL 247.660e).

Ability to Charge Fares

Under Section 7, Subsection (6) the authority would be authorized to charge fares and enter into contracts for the services provided by the public transit system as necessary to provide funds to meet the obligations of the authority.

Authority as Designated Recipient

Section 8 of the bill specifies that 90 days after the effective date of the bill's enactment, the authority would become the "designated recipient" for its public transit region for the purpose of applying for federal and state operating and capital assistance grants.

The bill indicates that the authority may designate "a city operating as transit authority or agency", or "an authority representing a county or counties", each as a sub-recipient of federal and state transportation funds. And, to the extent permitted by federal law, the authority could execute a supplemental agreement conferring on "a city operating a transit authority or agency" or "an authority representing a county or counties" the right to receive and dispense grant funds, the supplemental agreement containing such provisions as required by federal law and regulations.

The authority would be required to submit its application for "such funds" [i.e. federal and state operating and capital assistance grants] to the responsible federal and state agencies "in a timely manner." The application would designate the distribution of all capital and operating funds that are to be paid directly to "a city operating as transit authority or agency", or to "an authority representing a county or counties"

If the authority itself was a recipient [of federal and state operating and capital assistance grants] the authority would be required "as soon as possible, but not more than ten business days after receipt of funds by the authority," to remit to "a city operating a transit authority or agency" or an authority representing a county or counties" its designated distribution of funds.

The bill directs that "notwithstanding anything in the [authority's] articles of incorporation" the "designated distribution of federal and state formula funds," be determined by the federal and state statutes and regulations applicable at the time of the distribution, as if each recipient or subrecipient had applied for the federal and state funds independently or each other and the authority.

The bill would require each public transit provider in the public transit region to submit an annual report to the authority that describes and evaluates the efforts of the public transit provider to coordinate service with other public transit providers in the public transit region. The report would need to include a description of the successful and unsuccessful efforts of the public transit provider to: coordinate routes, schedules, fares, and points of transfer; provide information or services to riders that help facility transfers; eliminate or reduce service overlap and duplication.

The bill would require the authority to coordinate service overlap, rates, routing, scheduling, and any other function the authority considers necessary to implement or execute the comprehensive regional transit service plan between the authorities, agencies, and owners or operators of public transportation facilities within the public transit region.

The authority could issue coordination directives regarding public transit services to include routes, schedules, and fares. The bill directs the authority to provide notice of coordination directives issued to owners and operations of public transit facilities in the public transit region. The authority could withhold up to five percent of state capital and operating assistance from an owner or operator of a public transit facility that failed to comply with a coordination directive. The bill indicates that "a coordination directive preempts a city, village, or township provision or procedure to the extent that it is in conflict with the coordination directive."

Property Acquisition, Tax Exemption

Under **Section 9** of the bill, an authority could acquire property for a public transit system in many ways, including by using "any appropriate statute for the purpose of condemnation." The authority could only use condemnation to acquire of property located within the public transit region.

The bill indicates that property of an authority created under the new act would be public property devoted to an essential public and governmental purpose, and that income of the authority is for a public and governmental purpose. The bill also indicates that property of the authority and its income, activities, and operations are exempt from all taxes and special assessments of the state or a political subdivision of the state, including ad valorem property taxes. However, authority property and related income leased to private persons would not be exempt from taxation.

Source of Revenues

Section 10 of the bill would authorize an authority to raise revenues to fund all of its activities, operations, and investments. The bill specifies in detail the sources of revenue available to the authority, including among other things: fees, fares, rents, or other

charges for use of the public transit system; federal, state, or local grants, loans, appropriations, payments or contributions; proceeds from disposition of property acquired by the authority; repayments of loans made by the authority; contributions from public or private sources; the proceeds of special assessments levied by the authority; proceeds of a motor vehicle registration fee collected on behalf of the authority; and investment earnings.

The bill would authorize the authority to levy a special assessment within the public transit region only as approved by the board and the electors of the public transit region. The bill would also authorize the authority to collect a "motor vehicle registration fee" dedicated to the purpose of public transit if authorized under the Michigan Vehicle Code.

The bill would require the authority to ensure that not less than 85 percent of the money raised in each member jurisdiction by either a special assessment or a motor vehicle registration fee, or both, be expended on public transit service provided in that member jurisdiction.

The bill directs that after the first 12 months of operation of a rolling rapid transit system, and annually thereafter, the authority would need to provide a report to the legislative body of each member jurisdiction showing the cost of service and revenue generated in each member jurisdiction.

Bonding

Under **Section 11** of the bill, an authority could issue self-liquidating revenue bonds for the purpose of acquiring, improving, enlarging, or extending a public transit system. The bill indicates that the bonds could be issued under the Revenue Bond Act of 1933, or "any other act providing for the issuance of self-liquidating revenue bonds." The bill indicates that the bonds would not be a general obligation of the authority, but would be payable solely from the revenue of the public transit system. However, if the authority issued self-liquidating revenue bonds with a pledge of the full faith and credit of the authority, those revenue bonds would be subject to the Revised Municipal Finance Act.

The bill describes in detail other kinds of bonds and notes or indebtedness an authority could issue, and the conditions for doing so.

Financial Obligation of an Authority

Section 12 of the bill specifies that the revenues raised by an authority could be pledged, in whole or in part, for the repayment of bonded indebtedness. It also specifies that a financial obligation of an authority would not be a financial obligation of, and could not be transferred to, the State of Michigan, or any city or county within a public transit region.

Operating License with Local Road Agency

Section 13 of the bill specifies that an authority could acquire, own, construct, furnish, equip, complete, operate, improve, and maintain a public transit system on the streets and highways with the approval of a local road agency, on terms and conditions mutually

agreed to. Approval would be embodied in an operating license agreement with the authority and each local road agency with operational jurisdiction over the streets and highways on which the authority operates. A local road agency could not unreasonably withhold its consent to an agreement and must determine whether to consent to an operating license agreement in an expeditious manner. The operating license could include provisions concerning dedicated lanes and a system to change traffic signals to expedite public transit services. Any provision for use of dedicated lanes would provide that usage would be made available to emergency service vehicles.

When operating on the streets and highways of a road agency, the authority would be subject to rules, regulations, or ordinances required to preserve operations of the streets and highways and to ensure compliance with rules and regulations of the funding source used to construct and maintain the streets and highways. The authority could not construct a public transit system on streets and highways of a local road agency until there is an operating license agreement executed by the authority and the road agency.

The bill would authorize the authority to acquire, own, construct, furnish, equip, complete, operate, improve and maintain a public transit system on public or private rights-of-way and obtain necessary easements.

The bill indicates that if a local road agency enters into an operating license agreement, it could not revoke the consent or deprive the authority of the rights and privileges conferred without affording the authority procedural due process.

Authority of Local Zoning

Under **Section 14** of the bill, local zoning or land use ordinances would not apply to a public transit system or rolling rapid transit system that is planned, acquired, owned, or operated by an authority under the act.

Financial Obligation of an Authority

Section 15 of the bill simply states that the costs of planning, administering, constructing, reconstructing, financing and maintaining state, county, city and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, including the costs of reasonable appurtenances to those roads, streets and bridges, are transportation purposes within the meaning of Section 9 of Article IX of the State Constitution of 1963 when costs are used to facilitate a public transit system using tires.

Appropriation

Section 16 of the bill would appropriate to each authority created under the act \$250,000 from the state-restricted Comprehensive Transportation Fund "to begin implementing the requirements of this act." The bill indicates that any portion of the appropriation not expended in the 2012-2013 state fiscal year would not lapse to the state General Fund but would carry forward as a work project in accordance with Section 451a of the Management and Budget Act (MCL 18.1451a).

Enacting Section 1: Repealer

The bill would repeal Sections 4a and 4b of the Metropolitan Transportation Authority Act of 1967, 1967 PA 204, MCL 124.404a and 124.202b. These sections created and govern the operation of the Regional Transit Coordinating Council (RTCC).

FISCAL IMPACT:

Impact on State Government

Section 16 of the bill would appropriate to each authority created under the act \$250,000 from the state-restricted Comprehensive Transportation Fund "to begin implementing the requirements of this act." Effectively, there is only a single authority created under the proposed act and thus only a single \$250,000 appropriation.

The bill indicates that any portion of the appropriation not expended in the 2012-2013 state fiscal year would not lapse to the state General Fund but would carry forward as a work project in accordance with Section 451a of the Management and Budget Act (MCL 18.1451a). As a practical matter, activities related to the initial organization of the authority might be carried out over more than one state fiscal year, particularly if the bill creating the new authority was not enacted until sometime in the middle of the state fiscal year. This provision would allow spending authority to carry forward without re-appropriation. This is a common appropriation provision with regard to multi-year projects.

Aside from this single \$250,000 appropriation, the bill would have no direct fiscal impact on state government. If the Southeast Michigan Regional Transit Authority created under the bill obtained federal transit grants for projects within the public transit region, state appropriations could provide some or all of the required non-federal matching funds. However, this would be no different than under current law. Section 10b of 1951 PA 51 currently requires the state to provide not less than 66-2/3% of the required local match for transit capital projects. Section 10e of 1951 PA 51 requires an annual appropriation of not less than \$8.0 million per year to match federal aid grants for local bus capital projects. There is currently an appropriation line item in the state transportation budget for transit capital matching funds.

The authority created under the proposed act could also be a recipient of state operating assistance authorized under Section 10e of 1951 PA 51. There is currently an appropriation line item in the state transportation budget for local bus operating assistance. If the new authority qualified for local bus operating assistance, there would be no mandate to appropriate additional funds; the authority could simply become one of a number of transit agencies eligible to receive grants under the program.

It should be noted that for the authority to become eligible for grants under the bus capital and bus operating assistance programs, Section 10c of 1951 would have to be amended to include the authority within the definition of "eligible authority."

Impact on Local Agencies

The fiscal implications of the bill with regard to local agencies would depend on how the proposed new Southeast Michigan Regional Transit Authority would impact and interact with existing transit authorities and providers, such as the Regional Transit Coordinating Council (RTCC), the Suburban Mobility Authority for Regional Transportation (SMART), the Detroit Transportation Corporation (DTC), and the Detroit Department of Transportation (DDOT). For additional background information on public transit in Southeast Michigan, see this House Fiscal Agency publication:

<http://www.house.mi.gov/hfa/transportation.asp>

Section 10 of the bill would authorize the authority to levy a special assessment within the public transit region only as approved by the board and the electors of the public transit region. The bill would also authorize the authority to collect a "motor vehicle registration fee" dedicated to the purpose of public transit if authorized under the Michigan Vehicle Code. The Michigan Vehicle Code would have to be amended to provide for "motor vehicle registration fee" dedicated to local public transit programs.

We note that in Sections 801 through 810 of the Michigan Vehicle Code, the sections which provide for vehicle registration fees and taxes, the term "fee" is only used to refer Secretary of State service and look-up fees charged to offset the cost of collecting registration revenue and maintaining driver and motor vehicle records. The term "tax" is used for the vehicle registration taxes which are dedicated to transportation purposes.

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