PUBLIC TRANSPORTATION AUTHORITY ACT

Act 196 of 1986

AN ACT to authorize the formation of public transportation authorities with certain general powers and duties; to provide for the withdrawal of certain local entities from public transportation authorities; to authorize certain local entities to levy property taxes for public transportation service and public transportation purposes; to protect the rights of employees of existing public transportation systems; to provide for the issuance of bonds and notes; to provide for the pledge of taxes, revenues, assessments, tax levies, and other funds for bond or note payment; to provide for the powers and duties of certain state agencies; to validate taxes authorized before July 10, 1986, elections held before July 10, 1986, and bonds and notes issued before July 10, 1986; to provide for transfer of certain tax revenue and certain powers, rights, duties, and obligations; to authorize condemnation proceedings; to grant certain powers to certain local entities; to validate and ratify the organization, existence, and membership of public transportation authorities created before July 10, 1986 and the actions taken by those public transportation authorities and by the members of those public transportation authorities; and to prescribe penalties and provide remedies.

History: 1986, Act 196, Imd. Eff. July 10, 1986 ;-- Am. 1998, Act 168, Eff. Mar. 23, 1999

The People of the State of Michigan enact:

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124.451 Short title.

Sec. 1.

This act shall be known and may be cited as the "public transportation authority act".

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.452 Definitions.

Sec. 2.

As used in this act:

(a) "Board" means the governing body of a public authority.

(b) "Goods" means baggage, accessories, or other personal property carried by or accompanying persons using public transportation service.

(c) "Political subdivision" means a county, city, village, or township. Political subdivision, in relation to those provisions involving an authority created under an interlocal agreement pursuant to the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, forming a public authority, includes any other entities which entered into the interlocal agreement.

(d) "Public authority" means an authority created under this act.

(e) "Public transportation", "public transportation service", "public transportation purpose" means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, rapid transit vehicle, taxicab, or other conveyance which provides general or special service to the public, but not including charter or sightseeing service or transportation which is exclusively used for school purposes. Public transportation, public transportation

services, or public transportation purposes as defined by this section are declared by law to be transportation purposes within the meaning of section 9 of article IX of the state constitution of 1963 .

(f) "Public transportation facility" means all property, real and personal, which enhances the effectiveness of a public transportation system and is functionally related to a public transportation system or which creates new or enhanced coordination between public transportation and other forms of transportation, including street railways, motor buses, tramlines, subways, monorails, rail rapid transit facilities, tunnels, bridges, and parking facilities and other property owned or leased by a public authority for which the public authority is eligible for federal assistance as administered by the United States department of transportation.

(g) "Public transportation system" means a system for providing public transportation service, including public transportation facilities.

(h) "Revenue" means money received by the public authority as provided in section 17.

(i) "Taxable property" means the property taxable under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws, except for property expressly exempted under that act.

History: 1986, Act 196, Imd. Eff. July 10, 1986

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124.453 Public authority; formation generally; membership; articles of incorporation; approval.

Sec. 3.

(1) An authority incorporated under Act No. 55 of the Public Acts of 1963, being sections 124.351 to 124.359 of the Michigan Compiled Laws, or an authority having a population of less than 1,000,000 incorporated under the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.425 of the Michigan Compiled Laws, may form a public authority under this act. Political subdivisions which are members of an authority described in this subsection which form a public authority shall be members of the public authority.

(2) Formation of a public authority pursuant to subsection (1) may be accomplished by adoption of articles of incorporation by resolution adopted by a majority of the members serving on the governing body of the authority incorporated under Act No. 55 of the Public Acts of 1963 or Act No. 204 of the Public Acts of 1967.

(3) An authority created under an interlocal agreement pursuant to the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, for the purpose of providing public transportation service may form a public authority under this act. Political subdivisions which have created an entity described in this subsection which form a public authority shall be members of the public authority.

(4) Formation of a public authority pursuant to subsection (3) may be accomplished by adoption of articles of incorporation and by amendment of the interlocal agreement by resolution adopted by a majority of the governing body of each public entity which were parties to the interlocal agreement. In addition, if a separate legal or administrative entity was created under the interlocal agreement, a public authority may be formed pursuant to subsection (3) only with the approval of the entity empowered by the interlocal agreement to bring action in court against other entities, on behalf of the authority created under the interlocal agreement.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.454 Public authority; formation by political subdivision; articles of incorporation.

Sec. 4.

(1) A political subdivision or a combination of 2 or more political subdivisions may form a public authority under this act. A county with a population between 240,000 and 255,000 may form more than 1 public authority under this act. A city, village, township, or county forming a public authority by itself or in combination with 1 or more other political subdivisions may provide that only a portion of the city, village, township, or county shall become part of the public authority. The portion of the city, village, township, or county to become part of the public authority shall be bounded by precinct lines drawn for election purposes.

(2) Formation of a public authority pursuant to subsection (1) shall be accomplished by adoption of articles of incorporation by an affirmative vote of a majority of the members elected to and serving on the legislative body of each political subdivision.

History: 1986, Act 196, Imd. Eff. July 10, 1986 ;-- Am. 2011, Act 123, Imd. Eff. July 20, 2011

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124.455 Articles of incorporation; endorsement as evidence of adoption; publication; filing; operative public authority; effective date of articles; validity of incorporation conclusively presumed; exception.

Sec. 5.

(1) The adoption of articles of incorporation under this act shall be evidenced by an endorsement on the articles of incorporation by the clerk of each respective political subdivision or by the recording officer of the incorporating authority under section 3 in a form substantially as follows:

The foregoing articles of incorporation were adopted by an affirmative vote of a majority of the members serving on the governing or legislative body of _____, _____ at a meeting duly held on the _____ day of _____, A.D., 19__.

_____

_____

_____

_____

(2) The articles of incorporation shall be published by the person or persons designated in the articles at least once in a newspaper designated in the articles and circulated within the area proposed to be served by the public authority. One printed copy of the articles of incorporation shall be filed with the secretary of state, the clerk of each county to be served by the public authority, and the director of the state transportation department by the person designated to do so by the articles. The public authority shall become operative and the articles of incorporation effective at the time provided in the articles of incorporation. The validity of the incorporation shall be conclusively presumed unless questioned in a court of competent jurisdiction within 60 days after the publication of the articles of incorporation.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.456 Articles of incorporation; contents.

Sec. 6.

The articles of incorporation shall state the name of the public authority; the name or names of the incorporating authority or the incorporating political subdivisions; the portion of an incorporating city, village, or township to become part of the public authority, if less than the entire city, village, or township is to become part of the public authority; the purposes for which it is formed; the power, duties, and limitations of the public authority and its officers; the composition and method of selecting its governing body and officers; the person or persons charged with the responsibility of causing the articles of incorporation to be published and the printed copies of the articles of incorporation to be filed as provided in this act; the method of amending the articles of incorporation; and any other matters which the incorporators consider advisable.

History: 1986, Act 196, Imd. Eff. July 10, 1986

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124.457 Membership after formation of public authority; resolution; approval, execution, filing, and publication of amendment to articles.

Sec. 7.

A political subdivision or a portion of a city, village, or township bounded by lines described in section 4 may become a member of a public authority after the public authority's formation under this act upon resolution adopted by a majority vote of the members elected to and serving on the legislative body of the political subdivision requesting membership for all or a portion of the political subdivision and upon resolution adopted by a 2/3 vote of the members serving on the board of the public authority approving an amendment to the articles of incorporation of the public authority adding all or a portion of the political subdivision. The amendment to the articles of incorporation shall be executed by the clerk of the political subdivision, all or a part of which is being added and shall be filed and published in the same manner as the original articles of incorporation.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.458 Conditions to release from membership in public authority; taxes; transportation services; evidence of release; withdrawal from public authority; violation of MCL 168.1 to 168.992 applicable to petitions; penalties; notice; applicability to certain political subdivisions.

Sec. 8.

(1) Subject to subsection (8), and except as otherwise provided in this section, a political subdivision that is a member of a public authority or a portion of a city, village, or township, if that portion is a member of a public authority, may be released from membership in the public authority if all of the following conditions are met:

(a) Adoption of a resolution by a majority of the members elected to and serving on the legislative body of the political subdivision requesting release from membership.

(b) Acceptance of the request by a 2/3 vote of the members serving on the board of the public authority, excluding the members representing the political subdivision requesting release.

(c) Payment or the provision for payment is made regarding all obligations of the political subdivision to the public authority or its creditors.

(2) Subject to subsection (8), notwithstanding subsection (1), a political subdivision that is a member of a public authority or a portion of a city, village, or township, if that portion is a member of a public authority, may be released from membership in the public authority if all of the following conditions are met:

(a) The entity desiring to withdraw from the authority has approved the question by a majority of the qualified and registered electors voting at a general or special election held in November before the expiration of a tax authorized to be levied under this act.

(b) Subject to subsection (6), a petition that bears the signatures of registered electors of the entity equal to at least 20% of the number of votes cast in the political subdivision or portion of a city, village, or township for all candidates for governor in the last general election in which a governor was elected and that requires the governing body of the entity by resolution to submit the question to its electors at the next general or special election is filed not less than 60 days before the election with the clerk of the entity presenting the question.

(c) The vote upon the question approving the resolution is by ballot and is in substantially the following form:

"Shall _____ (township, village, city, or other) as provided by 1986 PA 196 withdraw from the authority as a member?

Yes ____

No ____".

(d) All ballots are cast, canvassed, and the results of the election certified in the same manner as ballots on any other question submitted to the electors of the entity seeking withdrawal pursuant to the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

(e) Payment or the provision for payment is made regarding all obligations of the political subdivision to the public authority or its creditors. If withdrawal is approved by a majority of the electors voting on the question, the decision will take effect at the expiration date of the tax and neither the authority nor officials of the political subdivision may appeal or amend this decision.

(3) Subject to subsection (8), tax authorized to be levied by a public authority within the boundaries of the political subdivision or the portion of a political subdivision to be released shall continue to be levied for the period of time originally authorized and shall be paid over to the public authority originally authorized to be the recipient of the tax revenue. A political subdivision or portion of a political subdivision that has been released from an authority shall continue to receive transportation services from the authority until the political subdivision or portion of the political subdivision is no longer required to pay a tax levied by the authority.

(4) Subject to subsection (8), the release of a political subdivision or portion of a political subdivision from a public authority shall be evidenced by an amendment to the articles of incorporation executed by the recording officer of a public authority and filed and published in the same manner as the original articles of incorporation.

(5) Subject to subsection (8), a political subdivision or other entity that is part of a public authority under this act may withdraw from the public authority until the expiration of the thirtieth day following the date the public authority is incorporated or until the expiration of the thirtieth day after receiving notification under subsection (7), whichever is later, without meeting the conditions listed in subsection (1) or (2). If a public authority under this act has as a member a political subdivision that is part of a metropolitan statistical area, as defined by the United States department of commerce or a successor agency, and the metropolitan statistical area has a population of not less than 600,000 and not more than 1,500,000, a political subdivision or other entity that is part of the public authority may also withdraw from the public authority until the expiration of 30 days after the date on which the board of the public

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authority adopts a resolution calling for an election for the purpose of levying a tax pursuant to section 18, without meeting the conditions listed in subsection (1) or (2). If all or a portion of a city, village, or township is part of an authority incorporating as a public authority under this act, the city, village, or township may also decide to only withdraw a portion of the entity bounded by the lines described in section 4 from the public authority under the deadline established in this subsection. In addition, a political subdivision or other entity that is part of a public authority under this act may withdraw from the public authority in any year in which a tax authorized to be levied under this act expires, without meeting the conditions listed in subsection (1) or (2), if the political subdivision or entity makes the determination to withdraw by a vote of its legislative body held in January of that year. Further, if all or a portion of a city, village, or township is part of an authority incorporating as a public authority under this act, the city, village, or township may also decide to only withdraw a portion of the entity bounded by the lines described in section 4 from the public authority in that same January. However, if a tax is authorized to be levied in a political subdivision or portion of a political subdivision by a public authority under this act and the political subdivision or portion of a political subdivision withdraws pursuant to this subsection, the tax shall continue to be levied in the political subdivision or portion of a political subdivision for the period of time originally authorized. A political subdivision or portion of a political subdivision that withdraws from the authority shall continue to receive public transportation services from the authority until the political subdivision or portion of the political subdivision is no longer required to pay a tax levied by the authority.

(6) Subject to subsection (8), a petition under subsection (2), including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in subsection (2) is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

(7) Subject to subsection (8), an authority that forms under this act on or after May 1, 2006 shall notify all political subdivisions or portions of any city, village, or township that are included in the authority that the political subdivision or portion of the political subdivision is included in the authority. The authority shall include in this notification notice of the right to withdraw from the authority under this section. The political subdivision or portion of the political subdivision that is notified has 30 days after receiving the notification to withdraw from the authority pursuant to subsection (5).

(8) Subsections (1) to (7) do not apply to a political subdivision within a county with a population of 1,100,000 or more that has a public transit authority under this act after that county's public transportation millage in effect on the effective date of the amendatory act that added this subsection expires.

(9) For a county that has a population of 1,100,000 or more and a public transit authority under this act, regardless of whether each political subdivision in the county is a member of the county's public transit authority before the effective date of the amendatory act that added this subsection, all political subdivisions within that county shall become a member of that county's public transit authority after that county's public transportation millage in effect on the effective date of the amendatory act that added this subsection expires.

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History: 1986, Act 196, Imd. Eff. July 10, 1986 ;-- Am. 1990, Act 10, Eff. Mar. 1, 1990 ;-- Am. 1998, Act 168, Eff. Mar. 23, 1999 ;-- Am. 2006, Act 175, Imd. Eff. June 6, 2006 ;-- Am. 2024, Act 236, Eff. Apr. 2, 2025

124.459 Tax limitations.

Sec. 9.

A public authority is intended to and shall be considered to be an authority the tax limitations of which are provided by charter or general law within the meaning of section 6 of article IX of the state constitution of 1963.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.460 Validation and ratification of acts taken before effective date of act.

Sec. 10.

The organization, existence, membership, and all acts taken before the effective date of this act by an authority incorporated or purporting to be incorporated under Act No. 55 of the Public Acts of 1963, being sections 124.351 to 124.359 of the Michigan Compiled Laws; an authority having a population of less than 1,000,000 incorporated or purporting to be incorporated under the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.425 of the Michigan Compiled Laws; or an authority created or purported to be created under an interlocal agreement pursuant to Act No. 7 of the Public Acts of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, are hereby validated and ratified.

History: 1986, Act 196, Imd. Eff. July 10, 1986

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124.461 Assumption, transfer, assignment, or conveyance of tax revenues, property, rights, duties, and obligations.

Sec. 11.

(1) All tax revenue, or real or personal property or property rights, money, authorizations to levy a tax, and all other rights, duties, and obligations of an existing authority that forms a public authority in accordance with section 3 shall be assumed by and transferred to the public authority created under this act without execution or delivery of any document or instrument transferring or assigning them.

(2) A political subdivision forming a public authority under this act, including a political subdivision only a portion of which is part of the public authority pursuant to a decision by the legislative body of the political subdivision, may assign or convey any of its tax revenue, real or personal property or property rights, and all other rights, duties, and obligations involving public transportation service to the public authority formed by the political subdivision. However, a transfer or assignment shall not be made which materially adversely affects the contractual rights of a person having a contract with that political subdivision.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.462 Powers of public authority generally; public authority as public benefit agency and instrumentality of state.

Sec. 12.

A public authority created under this act may plan, promote, finance, acquire, improve, enlarge, extend, own, construct, operate, maintain, replace, and contract for public transportation service by means of 1 or more public transportation systems and public transportation facilities. A public authority is a public benefit agency and instrumentality of the state with all the powers of a public corporation, to accomplish its purposes and to control, operate, administer, and exercise the franchise of the public transportation system and public transportation facilities, if any.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.463 Additional powers of public authority.

Sec. 13.

A public authority formed under this act shall be a corporate body with power to sue and be sued in any court of the state and shall be considered to be an agency and instrumentality of the state. The public authority shall possess all the powers necessary to carry out the purposes of its formation and all things incident to carrying out the purposes of its formation. The public authority shall be administered in the manner determined by the board and as provided in its articles of incorporation. The public authority by contract may employ a management firm, either corporate or otherwise, to operate the public transportation system, under the supervision of the public authority. The enumeration of powers of this act shall not be construed as a limitation on the general powers of the public authority.

History: 1986, Act 196, Imd. Eff. July 10, 1986

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124.464 Additional powers of public authority.

Sec. 14.

A public authority formed under this act, in addition to its other powers and duties, may:

(a) Adopt bylaws and rules of administration to accomplish the purposes of this act.

(b) Provide public transportation service and public transportation facilities within or without the boundaries of the public authority as provided in Act No. 51 of the Public Acts of 1951, being sections 247.651 to 247.674 of the Michigan Compiled Laws, except that a public authority may not provide public transportation service in an area within the boundaries of a member or a released or withdrawn member, other than an entity withdrawing under section 8(5), of another authority formed under this or any other act without the agreement and consent of the other authority.

(c) Acquire and hold, by purchase, lease, grant, gift, devise, land contract, installment purchase contract, bequest, condemnation, or other legal means, real and personal property, including franchises, easements, or rights of way on, under, or above any property within or without the boundaries of the public authority as provided in Act No. 51 of the Public Acts of 1951, and pay for the same from or pledge for the payment thereof, revenue of the public authority. Subject to reasonable use, the public authority may use space and areas over, under, and upon the public streets and highways to carry out its duties.

(d) Ask appropriate local political subdivisions to begin condemnation proceedings.

(e) Apply for and accept grants, loans, or contributions from the federal government or any of its agencies, the state or other public or private agencies to be used for any of the purposes

of this act and to do any and all things within its express or implied powers necessary or desirable to secure that financial or other aid or cooperation in the carrying out of any of the purposes of this act.

(f) Sell, lease, or use any property acquired for the purposes of this act but not needed for those purposes, and lease advertising space and grant concessions for the sale of newspapers and other articles and for services on or in any portion of the property under the jurisdiction of the public authority.

(g) Grant to utilities, public or privately owned, the right to use the property or any part of the property of the public transportation facilities. A public authority formed under this act also may grant to any other public authority formed under this act the right to use any part of the public transportation facilities.

(h) Contract with any other transportation authority or political subdivision of the state or another state or any agency or instrumentality of the state or another state or another nation or private corporation or person for service contracts, joint use contracts, or contracts for the construction or operation of any part of the public transportation facilities.

(i) Investigate transportation requirements, needs, and programs and engage by contract consultants as may be necessary and cooperate with the federal government, state, political subdivisions, and other authorities or transportation agencies in those investigations.

(j) Hire employees, attorneys, accountants, and consultants as the board considers necessary to carry out the purposes of the authority.

(k) Lend money derived from the revenues of the public authority to any persons, corporations, or associations, public or private, for the purpose of financing qualified mass commuting vehicles, as defined in the internal revenue code that will be leased or sold to the public authority and to sell and lease or purchase back mass commuting vehicles, as defined in the internal revenue code.

(l) Impose and collect rents, charges, fees, or fares from users of public transportation services or public transportation facilities.

(m) Exercise all other powers incidental, necessary, or convenient for the exercise of the powers granted in this act.

History: 1986, Act 196, Imd. Eff. July 10, 1986

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124.465 Collective bargaining agreements; employees entering military service.

Sec. 15.

(1) A public authority formed under this act shall have the right to bargain collectively and enter into agreements with labor organizations pursuant to Act No. 336 of the Public Acts of 1947, being sections 423.201 to 423.216 of the Michigan Compiled Laws. Upon acquisition or reincorporation of a public transportation system, the public authority shall assume and be bound by any existing collective bargaining agreements applicable to that system for the remainder of the term of the agreement, and, except where the existing collective bargaining agreement may otherwise permit, shall retain the employees covered by that collective bargaining agreement. The acquisition or reincorporation of a public transportation system by the public authority shall not adversely affect any existing rights and obligations contained in the existing collective bargaining agreement. Members and beneficiaries of any pension or retirement system established by the existing public transportation system shall continue to have the same rights, privileges, benefits, obligations, and status under the new public authority.

(2) If an existing collective bargaining agreement is expiring at the time of acquisition or reincorporation of a public transportation system to a public authority under this act, the acquisition or reincorporation does not affect the obligation of each of the parties to bargain collectively pursuant to the requirements of Act No. 336 of the Public Acts of 1947.

(3) Employees who left the employ of the acquired public transportation system to enter the military services of the United States shall have the same rights as to the public transportation system established by the public authority pursuant to Act No. 263 of the Public Acts of 1951, being sections 35.351 to 35.356 of the Michigan Compiled Laws, as they would have had under the acquired public transportation system.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.466 Exemption of public authority from certain acts in exercise of powers.

Sec. 16.

In the exercise of its powers within the boundaries of the public authority, a public authority is exempt from the motor carrier act, Act No. 254 of the Public Acts of 1933, being sections 475.1 to 479.20 of the Michigan Compiled Laws; Act No. 3 of the Public Acts of 1939, being sections 460.1 to 460.8 of the Michigan Compiled Laws; and Act No. 432 of the Public Acts of 1982, being sections 474.101 to 474.141 of the Michigan Compiled Laws.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.467 Public transportation service; financing.

Sec. 17.

Public transportation service, including any public transportation system and public transportation facilities, may be financed by the public authority by any 1 or more of the following means:

(a) By service charges, fees, or fares to users of the public transportation services.

(b) By funds disbursed by the state to the public authority and usable by the public authority.

(c) By any other income or revenue, including appropriations or contributions, or other revenue of the members of the public authority and any political subdivisions.

(d) By grants, loans, appropriations, payments, or contributions from the federal government, this state, another state or other governmental units and grants, contributions, gifts, devises, or bequests from public or private sources.

(e) By proceeds of ad valorem taxes, special assessments, or charges imposed pursuant to law and collected by the state or a political subdivision or the public authority and returned or paid to the public authority pursuant to law or contract.

(f) By proceeds of an income tax as may be provided by law.

(g) By issuance of bonds or notes as provided by this act.

(h) By means of land contracts, installment purchase contracts, or leases authorized by this act.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.468 Tax levy; collection.

Sec. 18.

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(1) A public authority formed under this act may levy a tax on all of the taxable property within the limits of the public authority for public transportation purposes as authorized by this act.

(2) The tax authorized in subsection (1) shall not exceed 5 mills of the state equalized valuation on each dollar of assessed valuation of taxable property within the limits of the applicable public authority.

(3) The tax authorized under subsection (1) shall not be levied except upon the approval of a majority of the registered electors residing in the public 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 public authority. The recording officer of the public authority shall file a copy of the resolution of the board calling the election with the clerk of each affected county, city, or township not less than 60 days before the date of the election. The resolution calling the election shall contain a statement of the proposition to be submitted to the electors. Each county, city, and township clerk and all other county, city, and township officials shall undertake those steps to properly submit the proposition to the electors of the county, city, and township at the election specified in the resolutions of the public authority. The election shall be conducted and canvassed in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, except that if the public authority is located in more than 1 county, the election shall be canvassed by the state board of canvassers. The results of the election shall be certified to the board of the public authority promptly after the date of the election. Not more than 1 election may be held in a public authority in a calendar year for approval of the tax authorized under subsection (1). If the election is a special election, the public authority in which the election is held shall pay its share of the costs of the election.

(4) The taxes authorized by this section may be levied at a rate and for a number of years as determined by the public authority in the resolution calling the election and as set forth in the proposition submitted to the electors.

(5) The tax rate authorized by this section shall be levied and collected as are all ad valorem property taxes in this state and the recording officer of the public authority shall at the appropriate times certify to the proper tax assessing or collecting officers of each tax collecting county, city, and township the amount of taxes to be levied and collected each year by each county, city, and township. Consistent with subsection (6), the board of the public authority shall determine on which tax roll, if there is more than 1, of each county, city, or township that the taxes authorized by this section shall be collected. Each tax assessing and collecting officer and each county treasurer shall levy and collect the taxes certified by the public authority and pay those taxes to the public authority by the time provided in section 43 of the general property tax act, 1893 PA 206, MCL 211.43. The tax rate authorized by this section may be first levied by the public authority as a part of the first tax roll of the appropriate counties, cities, and townships occurring after the election described in subsection (3). The tax may be levied and collected on the July or December tax roll next following the date of election, if the tax is certified to the proper tax assessing officials not later than May 15 or September 15, respectively, of the year in which the election is held.

(6) A public authority that is authorized to impose a July property tax levy and that determines to do so shall negotiate agreements with the appropriate cities and townships for the collection of that levy. If a city or township and the public authority fail to reach an agreement for the collection by the city or township of the July property tax levy of the public authority, the public authority then may negotiate, until April 1, a proposed agreement with the county treasurer to collect its July property tax levy against property located in that city or township. If the county treasurer and the public authority fail to reach an agreement for the

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collection by the county of the July property tax levy of the public authority, the July property tax levy shall be collected with the December property tax levy. Any agreement negotiated under this subsection shall guarantee the collecting unit its reasonable expenses. This subsection does not apply to a city or township that is levying a July property tax.

(7) If, pursuant to subsection (6), the public authority has reached a proposed agreement with a county treasurer on the collection of its July property tax levy against property located in a city or township with which an agreement to collect this levy could not be made pursuant to subsection (6), the public authority shall notify by April 15 that city or township of the terms of that agreement and the city or township shall have 15 days in which to exercise an option to collect the public authority's July property tax levy.

(8) Collection of all or part of a public authority's property tax levy by a treasurer pursuant to subsection (6) or (7) shall comply with all of the following:

(a) Collection shall be either 1/2 or the total of the property tax levy against the properties, as specified for that year in the resolution of the public authority.

(b) The amount the public authority has agreed to pay as reasonable collection expenses shall be stated in writing and reported to the state treasurer.

(c) Taxes authorized to be collected shall become a lien against the property on which the taxes are assessed, and due from the owner of that property, on July 1.

(d) Taxes shall be collected on or before September 14 and all taxes and interest imposed pursuant to subdivision (f) unpaid before March 1 shall be returned as delinquent on March 1. Taxes delinquent under this subdivision shall be collected pursuant to the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(e) Interest shall be added to taxes collected after September 14 at that rate imposed by section 59 of the general property tax act, 1893 PA 206, MCL 211.59, on delinquent property tax levies that became a lien in the same year.

(f) All or a portion of fees or charges, or both, authorized under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, may be imposed on taxes paid before March 1 and shall be retained by the treasurer actually performing the collection of the July property tax levy of the public authority, regardless of whether all or part of these fees or charges, or both, have been waived by the township or city.

(9) An agreement for the collection of a July property tax levy of a public authority with a county treasurer shall include a schedule for delivering collections to the public authority.

(10) To the extent applicable and consistent with the requirements of this section, the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, shall apply to proceedings in relation to the assessment, spreading, and collection of taxes pursuant to this section. Additionally, in relation to the assessment, spreading, and collection of taxes pursuant to this section, the county treasurer shall have powers and duties similar to those prescribed by the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, for township supervisors, township clerks, and township treasurers. However, this section does not transfer any authority over the assessment of property.

(11) If a county treasurer collects the July property tax levy of the public authority, the township or city shall deliver by June 1 a certified copy of the assessment roll containing state equalized valuations for each parcel of taxable property in the township or city to the treasurer collecting the July property tax levy of the public authority. The county treasurer receiving this certified copy of the assessment roll shall remit the necessary cost incident to the reproduction of the assessment roll to the township or city.

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(12) A county treasurer collecting taxes pursuant to this section shall be bonded for tax collection in the same amount and in the same manner as a township treasurer would be for undertaking the duties prescribed by this section.

(13) An agreement for the collection of a July property tax levy between a public authority and a county may cover July collections for 2 years. If an agreement covers July collections for 2 years, the notice required by subsection (7) and the option to reconsider provided by subsection (7) shall not apply for July collections in the second year.

(14) If collections are made pursuant to this section by a county treasurer, all payments from a public authority for collecting its July property tax levy and all revenues generated from collection fees shall be deposited, when received or collected, in a fund that shall be used by the county treasurer to pay for the cost of collecting the public authority's July property tax levy.

History: 1986, Act 196, Imd. Eff. July 10, 1986 ;-- Am. 2006, Act 175, Imd. Eff. June 6, 2006 ;-- Am. 2024, Act 236, Eff. Apr. 2, 2025

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124.469 Additional tax levy.

Sec. 19.

Any member of the public authority or a political subdivision otherwise granted taxing authority under state law may levy a tax on all of the taxable property within the limits of the political subdivision, and appropriate, grant, or contribute the proceeds of the tax to the public authority for public transportation purposes as authorized by this act or to provide sufficient money to fulfill its contractual obligation to the public authority under section 20, which tax shall be within charter, statutory, and constitutional limitations.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.470 Contract with public authority to make payments, appropriations, or contributions; pledge of full faith and credit; tax levy; execution of contract.

Sec. 20.

(1) Any member of the public authority or a political subdivision may contract with the public authority to make payments, appropriations, or contributions to the public authority of the proceeds of taxes, special assessments, or charges imposed and collected by the political subdivision or out of any other funds legally available.

(2) Any member of the public authority or a political subdivision may pledge its full faith and credit for payment of its contractual obligation to the public authority.

(3) If the public authority has issued notes or bonds in anticipation of payments, appropriations, or contributions to be made to the public authority pursuant to contract by a member of the public authority or a political subdivision, the political subdivision may levy a tax, subject to all appropriate statutory and constitutional requirements, on all taxable property in the political subdivision to provide sufficient money to fulfill its contractual obligation to the public authority, which tax as to rate or amount will be as provided in section 6 of article IX of the state constitution of 1963.

(4) Any member or political subdivision desiring to enter into a contract under subsection (1) shall authorize by resolution of its governing body the execution of the contract.

(5) Any political subdivision that forms or becomes a member of the public authority under this act and, before the effective date of the formation or membership, has authorized the levy of a tax to provide money for public transportation purposes or has imposed or collected special assessments or charges for public transportation purposes may levy or impose and collect the tax or special assessment or charge and contract with the public authority to make payments, appropriations, or contributions to the public authority of the proceeds of the taxes, special assessments, or charges, subject to conditions of the original authorization.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.471 Duties of public authority.

Sec. 21.

Each public authority created under this act shall do the following:

(a) Obtain an annual audit in accordance with sections 6 to 13 of Act No. 2 of the Public Acts of 1968, being sections 141.426 to 141.433 of the Michigan Compiled Laws. The audit shall also be in accordance with generally accepted government auditing standards as promulgated by the United States general accounting office and shall satisfy federal regulations relating to federal grant compliance audit requirements. A copy of the annual audit shall be filed with the state treasurer in accordance with section 4(2) of Act No. 2 of the Public Acts of 1968, being section 141.424 of the Michigan Compiled Laws and a copy shall be filed with the state transportation department in accordance with section 10h(2) of Act No. 51 of the Public Acts of 1951, being section 247.660h of the Michigan Compiled Laws.

(b) Prepare budgets and appropriations acts in accordance with sections 14, 15(1)(a) to 15(1)(g), 15(1)(i), 15(2), 16, 17, 18, and 19 of the Uniform Budget Act, Act No. 2 of the Public Acts of 1968, being sections 141.434 to 141.439 of the Michigan Compiled Laws.

(c) If ending a fiscal year in a deficit condition, file a financial plan to correct the deficit condition in the same manner as provided in section 21(2) of Act No. 140 of the Public Acts of 1971, being section 141.921 of the Michigan Compiled Laws. A copy of the financial plan shall also be filed with the state transportation department.

History: 1986, Act 196, Imd. Eff. July 10, 1986

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124.472 Notes and bonds generally.

Sec. 22.

A public authority may, by resolution of its board, borrow money and issue its notes and bonds in anticipation of the collection of taxes and other revenues for its then next succeeding fiscal year, or the taxes or other revenue for its current fiscal year to provide funds for operating purposes or for capital purposes related to public transportation facilities.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.473 Notes and bonds; additional provisions; tax exemption; advancing money or delivering property to carry out powers and duties; repayment or payment.

Sec. 23.

(1) A public authority may borrow money and issue notes and bonds to acquire, construct, or purchase public transportation facilities and to otherwise finance and carry out its powers

and duties. The notes and bonds may pledge, be payable from, and may be issued in anticipation of payment of the proceeds of any of the methods of financing described in section 17 or elsewhere in this act or as may be provided by law.

(2) The public authority may issue bonds or notes at any time to retire, fund, or refund, in whole or in part, outstanding bonds or notes issued pursuant to this act, or for transportation purposes under any other act including the payment of interest accrued, or to accrue, to the earliest or any subsequent date of redemption, purchase, or maturity of the bonds or notes, redemption premium, if any, and any commission, service fees, and other expenses necessary to be paid in connection with the bonds or notes, whether the bonds or notes to be refunded have matured or are redeemable or shall at a later date mature or become redeemable. If considered advisable by the public authority, the public authority may issue bonds or notes partly to refund outstanding bonds or notes and partly for any other purpose contemplated by this act.

(3) The bonds and notes issued pursuant to section 22 or this section may be issued pursuant to, and shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(4) The public authority, by resolution of its board, shall provide for the issuance of the notes or bonds for the purpose of paying part or all of the cost of the public transportation facilities or authorized programs, which cost may include an allowance for legal, engineering, architectural, and consulting services; interest on the bonds or notes becoming due before the collection of the first revenue available for the payment of the interest as determined by the authority; a debt service reserve; and other necessary incidental expenses. Principal of, and interest and redemption premiums on, the bonds or notes issued under this section shall be payable solely from revenue, the other sources described in this section, or otherwise described in this act. Any interest shall be payable on the dates as determined in the resolution authorizing the issuance of the bonds or notes. The board of the public authority, in the resolution authorizing the issuance of the bonds or notes shall determine the principal amount of the bonds or notes to be issued, the registration provisions, the bond or note denominations, the bond or note designations, the rights of prior redemption of the bonds or notes at the option of the public authority or the holders of the bonds or notes, the maximum rate of interest, the method of execution of the bonds or notes, and any other provisions respecting the bonds or notes, the rights of the holders of the bonds or notes, the security for the bonds or notes, and the procedures for disbursement of the bond or note proceeds and for the investment of the proceeds of bonds or notes and money for the payment of bonds or notes. The board of the public authority in the resolution authorizing the issuance of bonds or notes may provide for the assignment of the revenues pledged to 1 of the paying agents for the bonds or notes or to a trustee, as provided in this act. The board of the public authority, in the resolution or resolutions authorizing the bonds or notes, may provide for the terms and conditions upon which the holders of the bonds or notes, or any portion of the bond or noteholders or any trustee for the bond or noteholders, shall be entitled to the appointment of a receiver. The resolution authorizing the bonds or notes may provide for the appointment of a trustee for the bond or noteholders, may give to the trustee the appropriate rights, duties, remedies, and powers, with or without the execution of a deed of trust or mortgage, necessary and appropriate to secure the bonds or notes.

(5) All bonds and notes and the interest coupons attached to the bonds or notes are declared to be fully negotiable and to have all of the qualities incident to negotiable instruments under the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102, subject only to the provisions for registration of the bonds or notes which may appear on the bonds or notes.

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(6) The property of the authority, its income and operation, and any vendor, vendee, lessor, and lessee interest in any property sold or leased pursuant to section 24 shall be exempt from all taxation by this state or any of its political subdivisions and all bonds and notes of the authority, the interest on the bonds and notes, and their transfer shall be exempt from all taxation by this state or any of its political subdivisions. This state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the authority under this act, in consideration of the acceptance of and payment for the notes and bonds, that the notes and bonds of the fund, issued pursuant to this act, the interest on the notes and bonds, the transfer of the bonds or notes, and all its fees, charges, gifts, grants, revenues, receipts, and other money received or to be received and pledged to pay or secure the payment of the notes or bonds shall at all times be free and exempt from all state or local taxation as provided by the laws of this state.

(7) The public authority may issue additional bonds or notes with respect to the pledge of the revenues with previously issued bonds or notes of the public authority for the purpose and under the terms and conditions provided in the resolution authorizing the previous issue of bonds. The public authority may enter into agreements with the holders of the bonds or notes or with others for the bonds or notes to be delivered to the public authority or others before the stated maturities of the bonds or notes.

(8) This state, a political subdivision, or a private corporation, partnership, or individual may advance money or deliver property to the public authority to finance or to carry out its powers and duties. The public authority may agree to repay the advances or pay for the property within a period not exceeding 40 years, from the proceeds of its bonds or notes or from other funds legally available for use, with or without interest as may be agreed at the time of advance or of repayment. The obligation of the public authority to make the repayment or payment may be evidenced by a contract or note or notes, which contract or note may pledge the full faith and credit of the public authority, but the contract or note shall not be an obligation within the meaning of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. A political subdivision, subject to applicable constitutional limitations and procedures, may pledge its full faith and credit for the payment of bonds or notes of the public authority upon adoption of a resolution or a majority vote of the members elected to and serving on its governing body so providing.

History: 1986, Act 196, Imd. Eff. July 10, 1986 ;-- Am. 2002, Act 335, Imd. Eff. May 23, 2002

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124.474 Loans.

Sec. 24.

The public authority may lend money including money derived from the proceeds of sale of its bonds or notes to another public authority, a political subdivision, any other public entity, or a private corporation, partnership, or individual for the purpose of financing qualified mass commuting vehicles, as defined in the internal revenue code, that will be leased or sold to the public authority and to sell and lease or purchase back mass commuting vehicles, as defined in the internal revenue code. For that purpose, the public authority may borrow money and issue bonds or notes, enter into loan agreements, leases, or purchase agreements and any other agreements including indemnification agreements as are necessary or appropriate in the judgment of the board to accomplish purposes of this section.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.475 Revenues pledged for payment of debt service on bonds or notes subject to statutory lien; substitution of other security.

Sec. 25.

The revenues pledged for payment of debt service on bonds or notes shall be and remain subject to a statutory lien until the payment in full of the principal of and interest on the bonds or notes unless the resolution authorizing the bonds or notes provides for earlier discharge of the lien by substitution of other security. The pledge of revenues and any statutory lien that exists for the payment of debt service on bonds or notes shall be effective for all purposes without the delivery of any evidence in this regard or any recording.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.476 Investments; use of investment income.

Sec. 26.

(1) The public authority may invest any of its money in 1 or more of the following:

(a) Direct obligations of the United States and obligations the principal and interest of which are unconditionally guaranteed by the United States.

(b) Certificates of deposit issued or bank accounts in any bank, trust company, or savings institution whose deposits are insured by the federal deposit insurance corporation or federal savings and loan insurance company.

(c) Prime commercial paper having the highest rating given by a rating service which the department of treasury determines rates the majority of the bond and note issues of the state.

(d) Repurchase agreements with any bank or trust company which is a member of the federal deposit insurance corporation and which are secured by any of the types of securities which are obligations described in subdivisions (a), (b), or (c).

(2) Investment income may be used by the public authority for any purpose for which any other money of the public authority may be used and may be pledged or dedicated in whole or in part to a special purpose including payment of debt service on bonds or notes, as the board determines.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.477 Notes and bonds as securities.

Sec. 27.

The notes and bonds of the authority are securities in which the public officers and bodies of this state, municipalities, and municipal subdivisions, insurance companies, associations, and other persons carrying on an insurance business, banks, trust companies, savings banks and savings associations, savings and loan associations, investment companies, and administrators, guardians, executors, trustees, and other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the state may properly and legally invest funds.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.478 Validation and ratification of prior acts.

Sec. 28.

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The authorization, issuance, sale, execution, and delivery of all issues of bonds and notes authorized, issued, sold, executed, or delivered by an authority before the effective date of this section, and all acts taken by an authority in connection with those bonds and notes are hereby validated and ratified.

History: 1986, Act 196, Imd. Eff. July 10, 1986

124.479 Duration of financial obligation; applicability.

Sec. 29.

(1) Before the effective date of the amendatory act that added subsection (2), and notwithstanding any other provision of this act, a political subdivision may obligate itself financially for a period over 5 years from the date the obligation is undertaken only if approved by majority vote of the electorate of the political subdivision.

(2) Beginning on the effective date of the amendatory act that added this subsection, subsection (1) does not apply.

History: 1986, Act 196, Imd. Eff. July 10, 1986 ;-- Am. 2024, Act 236, Eff. Apr. 2, 2025

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