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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 148 (as enrolled)

Sponsor: Senator Vern Ehlers

Senate Committee: State Affairs, Tourism, and Transportation

House Committee: Transportation

Date Completed: 8-9-90

PUBLIC ACT 10 of 1990**RECEIVED****OCT 08 1990****RATIONALE**

The Public Transportation Authority Act allows a political subdivision (i.e., a county, city, town, or village) that is a member of a public transportation authority to withdraw from membership only if it meets the withdrawal conditions specified in the Act. Only in two instances may the political subdivision withdraw its membership without meeting the withdrawal conditions: it may withdraw within 30 days after the public authority is incorporated or in any year in which a public transportation tax levied under the Act expires, provided the decision to withdraw membership was made in January of that year. Even if the political subdivision withdraws from the public authority, however, a public transportation tax levied on the political subdivision remains in effect for the period of time for which it was originally authorized. Some have complained that the transportation tax provision and the limited circumstances under which a political subdivision may withdraw membership without meeting the withdrawal conditions essentially force political subdivisions that are or wish to become members of a public transportation authority to accept the terms of any transit millage vote before any millage tax rate has been requested or discussed. They feel it would only be fair if political subdivisions were granted a grace period after a public authority decided to call for an election to levy a tax during which the political subdivisions could ponder their continued membership with the authority.

CONTENT

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The bill would amend the Public Transportation Authority Act to specify that if a political subdivision were a member of a public transportation authority and part of a metropolitan statistical area with a population of not less than 600,000 nor more than 1.5 million, the subdivision or other entity that was part of the authority could withdraw from membership in the public authority within 30 days after the date on which the board of the authority adopted a resolution calling for an election for the purpose of levying a public transportation tax, without having to comply with withdrawal conditions. The bill also specifies that release of a portion of a subdivision from an authority would have to be documented by an amendment to the authority's articles of incorporation. (The Act currently requires an amendment only for the release of a political subdivision.) The bill would take effect on March 1, 1990.

(Currently there are two sets of withdrawal conditions depending on whether the move to withdraw was initiated by the governing body of the political subdivision or the electors in a subdivision. Specifically, the Act provides that a political subdivision or portion of a political subdivision may withdraw from membership in a public authority if all of the following conditions are met:

- A majority of the members elected and serving on the legislative body of the political subdivision adopts a resolution requesting release from membership.

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- Two-thirds of the members serving on the board of the public authority (excluding the members of the political subdivision) accept the request.
- The political subdivision pays or provides for payment of all of its obligations to the public authority or its creditors.

An entity that is a political subdivision or portion of a political subdivision may withdraw if all of the following conditions are met:

- Within 60 days of a general or special election, a petition is filed requiring the governing body of the entity to submit the question to its electors at the election and the petition was signed by at least 20% of the votes cast in the political subdivision or portion of the subdivision for all candidates for governor in the last general election in which a governor was elected.
- The entity approves the question by a majority of the electors voting at a general or special election held in November before the expiration of a tax levied under the Act.
- The entity pays or provides for payment of all of its obligations to the public authority or its creditors.)

MCL 124.458

FISCAL IMPACT

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

ARGUMENTS

Supporting Argument

Political subdivisions that are members of public transportation authorities should have the right to withdraw their membership without complying with the Act's withdrawal provisions if the authority decides to impose a tax.

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