



TESTIMONY ON SB739 REQUESTING AN INCREASE IN THE PROPOSED CAP ON THE REGIONAL TRANSIT AUTHORITY MILLAGE FROM TWO TO FOUR MILLS

February 11, 2016

Dear Chairman Casperson and Members of the Committee:

In 2011 and 2012 I served as chair of the Washtenaw County Board of Commissioners and worked with Governor Snyder, you and the executive officials in the City of Detroit, Macomb, Oakland and Wayne Counties to craft the legislation creating the Regional Transit Authority. I was honored to appoint the first two board members to that body and have stayed closely engaged with the RTA as it has moved from idea to implementation.

The RTA represents a particularly unique promise to the metro Detroit region, which is simultaneously one of the most disconnected and transit dependent in the nation. It is off to a great start, being governed by one of the most professional boards I've observed, staffed by visionary professionals and supported by nationally-recognized consultants. Over the past two years, this team has embarked on a challenging process to develop transit strategies for three major corridors in the region (Gratiot, Woodward and Michigan Avenue) and a comprehensive master plan knitting together the region's numerous transit providers.

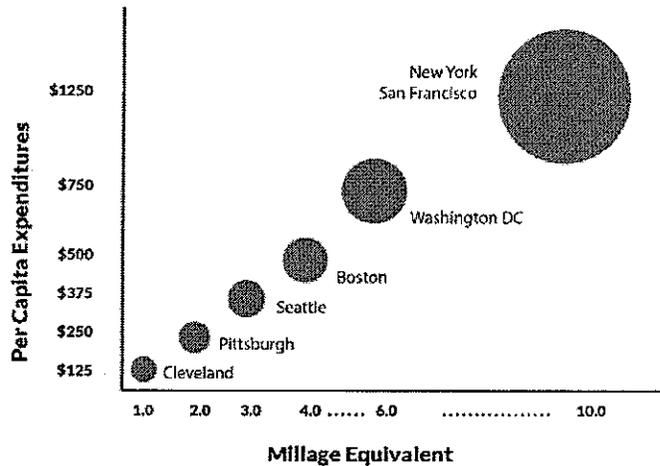
That process has revealed citizens' keen interest in the economic development opportunity represented by enhanced regional services like bus rapid transit and commuter rail. It has also exposed some serious weaknesses in our existing services, such as a lack of connectivity between job centers and our areas of lowest employment. Certainly, in the first few years, the RTA is not likely to resolve all of these complex issues, but it is reasonable to expect that after initial success on more limited and focused services that the region may be ready for the kind of investment that would place the region's mobility services on a world stage.

I appreciate the technical fixes proposed in Senate Bill 739 that would clarify the nature of the Regional Transit Authority's property tax and exempt the RTA's assessment from capture by tax increment finance authorities. However, **I write to request that you consider amending Senate Bill 739 to increase the proposed millage cap to four mills**, a limit more reflective of the funding that would be necessary to implement the powerful vision the citizenry has articulated through public meetings and the formal planning process.

A four-mill cap would provide the flexibility necessary to allow any or all of the projects envisioned in the master planning process over the next decade. These include signature economic development initiatives such as regular commuter rail service between Ann Arbor, Detroit Metro Airport and Detroit, and the expansion of the M-1 streetcar project north of Midtown. They also include significant increases in local bus service in our most disconnected neighborhoods, ensuring

that the region's poorest residents have access to the jobs and community services that are the foundation of a high quality of life.

A four-mill cap would also afford the region the opportunity to invest at a level similar to our national peers, should our leadership and citizens choose to. Currently, metro Detroit ranks in the bottom five major regions for per-capita transit investment. A two-mill cap will certainly allow a significant increase in investment, but it will not give the region the flexibility to plan systems equivalent to those in other world-class markets like Seattle and Boston.



I believe the Legislature can rest assured that a higher cap will not be an invitation to rash taxation requests because of the culture being established at the RTA and the legislative policy that governs the board.

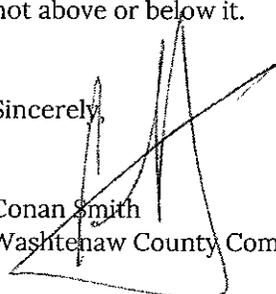
- This past year, I served on a finance advisory committee to the RTA. I was deeply impressed by the professionalism the staff brought to that analytical effort, carefully assessing the fiscal variables that might affect the RTA's funding so that we don't ask for either too much or not enough.
- As an elected official, I also have been comforted by the RTA board's insistence on being data-driven in their decision-making. Governor Snyder envisioned a board that could set politics aside and make decisions based in evidence and good planning. This has consistently been the case.
- The Legislature has already established a high bar for the RTA to finance its projects. Millage requests must be approved by a supermajority of seven of nine RTA board members. The millage proposal itself must pass across the full four-county region.

With these cultural and structural restraints in place, I hope that the Legislature would afford this unique institution the flexibility to consider big ideas without the arbitrary fiscal limit that the two-mill cap represents. **That limit should be based instead on the findings of the professional planning process, which has already identified potential projects which could (should they get the support of both the board and the citizenry) require more than two mills.**

As a final note, I would point to the bus system we are developing in Washtenaw County as an example of the scale of investment that is sometimes necessary to provide solid service in an urban context. In Ann Arbor, we increased our transit tax to 2.7 mills in 2014 (an assessment approved by 71 percent of the voters). We did so based on a clear, achievable plan presented by the Ann Arbor Transit Authority which was then under the leadership of Michael Ford, now the RTA's CEO. Our system is highly successful both as an economic development tool and a means for connecting our most needy residents to service and jobs. Even a reasonably modest agency like ours can require an investment above the cap proposed in SB739.

Again, I urge you to amend SB739 to lift the millage cap to four mills. A high legislative cap, a diligent board of governors and a temperate populous will ensure that we invest at the appropriate level and not above or below it.

Sincerely,



Conan Smith
Washtenaw County Commissioner

cc Senator Wayne Schmidt
Senator Rebekah Warren