REGIONAL
TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN

RTA Legislative Clarification

Background

The RTA was created by the Michigan Legislature through Public Act No. 387 of 2012. A 10-member board that is appointed for three-year terms by the county executives of Wayne, Oakland and Macomb counties, the chair of the Washtenaw County Board of Commissioners, the Mayor of Detroit, and the Governor of Michigan governs it. The Governor's appointee serves as chair, without a vote.

The purpose of the RTA is to plan for and coordinate public transportation in the four-county region, including the City of Detroit, and to deliver rapid transit in a region where none exists. It is the entity through which transit providers must apply for state and federal funds, and through which those funds are allocated to providers. The RTA is also responsible for developing a Regional Master Transit Plan to guide present and future service and is empowered to put funding questions on the ballot for public vote.

The RTA statute allows the agency to levy a millage across the four-county region upon approval of the voters. A super-majority (7 of 9) of members of the Board of Directors must approve the proposal before it can be placed before the voters.

Clean-up Legislation Needed

As with many new statutes, the RTA Act is in need of some clean-up in order to continue to move forward smoothly and efficiently.

<u>Items included in draft legislation are:</u>

1. Clarify ambiguity of assessment/tax.
   - Language defining the property-based assessment allowed under the RTA Act has some elements of a tax and some elements of a special assessment. Article 4, Section 32 of the Michigan Constitution of 1963, says "every law which imposes, continues, or revives a tax shall distinctly state the tax." The proposed legislation would eliminate ambiguity and clearly classify the property assessment as an ad valorem property tax.

2. Release local units of government from being forced to include this millage levy in their cap.
   - Article 9, Section 6 of the Michigan Constitution of 1963 imposes a limit on the total number of mills that may be levied in a county unless levied by an authority with tax limitations provided by general law. In some portions of the RTA region, the mills currently levied are at or near that constitutional cap. That means the RTA might limit the local unit of government's ability to levy mills for local purposes in communities near their cap. The proposed legislation would provide a 2-mill tax limitation for the RTA therefore satisfying the exemption provided by the Constitution.

3. Exempt the RTA assessment by capture from DDAs and TIFs.
   - Without a change in state law, the RTA assessment would be captured and used for other purposes in tax capture districts/areas. This became a problem for the DIA and Detroit Zoo millages and was recently corrected by legislation.