State of Wisconsin
2013 – ~~2014~~ LEGISLATURE

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LRB–4003/P1
ARG:eev:rs

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

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regen

AN ACT *to amend* 32.02 (11), 32.05 (1) (a), 32.07 (2), 40.02 (28), 66.0301 (1) (a), 66.0903 (1) (d), 70.11 (2), 71.26 (1) (b), chapter 77 (title), subchapter V (title) of chapter 77 [precedes 77.70], 85.064 (1) (b), 85.20 (4m) (a) (intro.), 85.20 (4m) (a) 6. e., 85.20 (4s), 345.05 (2) and 611.11 (4) (a); ***to repeal and recreate*** 111.70 (1) (j); and ***to create*** 20.395 (1) (hy), 20.566 (1) (gh), 20.835 (4) (gh), 59.58 (7), 66.1038, 71.05 (1) (c) 9., 71.26 (1m) (j), 71.45 (1t) (j), 74.09 (3) (gd), 77.54 (9a) (er), 77.70 (2), subchapter XIII (title) of chapter 77 [precedes 77.9971], 77.9971, 77.9972, 77.9973, 85.062 (3) (c), 85.20 (4m) (a) 6. f. and 345.05 (1) (ag) of the statutes; **relating to:** the creation of a Southeastern Regional Transit Authority and a Milwaukee Transit Authority and making an appropriation.

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Analysis by the Legislative Reference Bureau

The 2009 Biennial Budget Act (2009 Act 28) authorized the creation of several regional transit authorities (RTAs): the Dane County RTA, the Chippewa Valley RTA, and the Chequamegon Bay RTA. Under 2009 Act 28, each RTA, once created, was a public body corporate and politic and a separate governmental entity. Among its powers, an RTA could operate a transportation system or provide for its operation by contracting with a public or private organization; impose, by its board of directors

adopting a resolution, a sales and use tax in the RTA's jurisdictional area at a rate not exceeding 0.5 percent of the sales price if certain conditions were satisfied; acquire property by condemnation; and issue tax–exempt revenue bonds. An RTA had a duty to provide, or contract for the provision of, transit service within the RTA's jurisdictional area.

Prior to 2009 Act 28, the counties of Kenosha, Racine, and Milwaukee were required to create a Regional Transit Authority (the KRM authority). The KRM authority was responsible for the coordination of transit and commuter rail programs within these three counties but had no authority to manage or operate any transit system. The KRM authority was authorized to impose a rental car transaction fee within these three counties, which fee was to be used to hire staff, conduct studies, and prepare a report to the legislature and the governor, due by November 15, 2008.

Act 28 terminated the KRM authority as of October 1, 2009, and created a successor entity, the Southeastern Regional Transit Authority (SERTA). The SERTA was a public body corporate and politic and a separate governmental entity; it consisted of the counties of Kenosha, Racine, and Milwaukee. The jurisdictional area of the SERTA was the geographic area formed by the combined territorial boundaries of the counties of Kenosha, Racine, and Milwaukee. The powers of the SERTA were vested in its board of directors. The SERTA's powers were limited but included all powers necessary and convenient to create, construct, and manage a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee (KRM commuter rail line). Upon approval by its board of directors, the SERTA could impose a rental car transaction fee, in the counties of Kenosha, Racine, and Milwaukee, of not more than $18 per transaction, except that the SERTA's board of directors could have this fee annually adjusted for inflation. From each rental car transaction fee, the SERTA could retain not more than $2 per transaction for administration of the SERTA and could retain the remainder for expenditures related to the KRM commuter rail line, including planning, construction, maintenance, operations, and engineering expenditures. The SERTA was the only entity in the counties of Milwaukee, Racine, and Kenosha that could submit an application to the Federal Transit Administration under the federal New Starts Grant Program for funding for the KRM commuter rail line (New Starts application).

The 2011 Biennial Budget Act (2011 Act 32) eliminated authorization to create an RTA, eliminated the SERTA, and dissolved the Dane County RTA, the Chippewa Valley RTA, and the Chequamegon Bay RTA to the extent previously created.

This bill recreates the SERTA, with modifications, and allows the Milwaukee County board to create a Milwaukee Transit Authority (MTA), a public body corporate and politic and a separate governmental entity. Once created, the MTA's jurisdictional area is Milwaukee County. The MTA's authority is vested in its board of directors and its bylaws govern its management, operations, and administration. The MTA's board of directors must annually prepare a budget and have its financial statements audited. The MTA's revenues can be used only for the expenses and specific purposes of the MTA.

Upon creation, the MTA and the Milwaukee County board must contract for the MTA to provide, beginning on January 1, 2015, or as soon after creation of the MTA as is reasonably feasible, whichever is later, transit service and transit planning in Milwaukee County. The MTA must be provided sales and use tax revenues from Milwaukee County (discussed below). The MTA has all powers necessary and convenient to carry out its purpose, but the MTA's powers are limited to those provided by statute.

If the MTA is created, then upon approval of a New Starts application, the MTA must begin the process of winding down and dissolving and must complete this process within 120 days. The SERTA then becomes the successor to the MTA. As part of the winding down of the MTA, the MTA's assets and liabilities become the assets and liabilities of the SERTA and the MTA's tangible personal property is transferred to the SERTA. In addition, the MTA's contracts are transferred to the SERTA, except that the MTA's contract with Milwaukee County to provide transit service in Milwaukee County terminates. Responsibility for providing transit service and transit planning in Milwaukee County is then assumed by the SERTA, which must provide transit service in Milwaukee County in the same manner applicable ~~for~~ to Kenosha County and Racine County (discussed below).

If Milwaukee County creates an MTA, the bill requires Milwaukee County to also adopt an ordinance to impose a sales and use tax at the rate of 0.5 percent of the sales price or purchase price. These tax revenues must be distributed to the MTA and Milwaukee County cannot levy property taxes for transit purposes. In addition, Milwaukee County must indicate on property tax bills the amount of the reduction in property taxes associated with this requirement to remove transit expenditures from the property tax levy. However, when the MTA is wound down and dissolved and responsibility for transit is assumed by SERTA, the tax revenues must be distributed to the SERTA.

This bill, in recreating the SERTA, also makes modifications to the SERTA as it existed before 2011 Act 32, including the following:

1. The SERTA consists of both the counties and cities of Kenosha, Racine, and Milwaukee, not just the counties. The SERTA also includes any municipality within these counties that operates a transit system receiving state transit aids.

2. Beginning on January 1, 2015, the SERTA must assume responsibility for providing transit service and transit planning in Kenosha County and Racine County. If an MTA is created and then wound down and dissolved (upon approval of a New Starts application), the SERTA also assumes responsibility for providing transit service and transit planning in Milwaukee County. The SERTA may also provide transit service outside its jurisdictional area if such transit service would benefit residents within the SERTA's jurisdictional area. In lieu of directly providing transit service, the SERTA may contract with existing transit providers for the provision of transit service. The SERTA can also acquire a transit system by entering into a transfer agreement with the owner of the system. The SERTA has all powers necessary and convenient to carry out these responsibilities, including the power to apply for and utilize state and federal funds.

3. If any county transfers sales tax revenues to the SERTA, the SERTA can expend these funds only in the county in which the revenues were generated and only for purposes of providing transit service or transit planning in that county. These funds cannot be expended for purposes related to the KRM commuter rail line.

4. The SERTA may use a portion of its rental car transaction fee, as well as state transit aids, to provide incentive funds to the cities of Kenosha and Racine. The SERTA must provide $2,500,000 in incentive funds to each of the cities of Kenosha and Racine if the city commits to support the SERTA's provision of transit service, from city property tax revenues, at then–current operating levels and at inflation–adjusted future operating levels.

5. The SERTA must develop goals and criteria for increasing transit service, increasing connectivity among transit systems, and reducing passenger fare support for transit. The SERTA must evaluate success in achieving these goals and meeting these criteria.

6. The bonding limit for revenue bonds issued by SERTA is increased from $50,000,000 to $250,000,000. After January 1, 2015, the SERTA also has additional authority to use revenue bond proceeds for transit systems where the SERTA provides transit service.

7. A KRM commuter rail line cannot include a stop in any municipality in the SERTA's jurisdictional area unless the municipality has a sustainable mechanism to help fund local transit and the municipality is a member of the SERTA.

8. The SERTA is the only entity in southeast Wisconsin that may submit a New Starts application for funding for any purpose.

9. The bill clarifies that SERTA may operate the KRM commuter rail line itself or may contract for a rail service to operate the KRM commuter rail line.

The bill also includes the following relating to SERTA and the MTA, if created:

1. The SERTA has authority to acquire property by condemnation.

2. Employees of the SERTA and of the MTA are participatory employees under the Wisconsin Retirement System (WRS) if the SERTA and the MTA, respectively, elect to join the WRS.

3. Employees of the MTA and SERTA are covered by the Municipal Employment Relations Act (MERA). MERA provides that all matters relating to wages, hours, and conditions of employment are subject to collective bargaining and all municipal employees are expressly granted the right to self–organize and to bargain collectively through a representative of their choice.

4. The MTA and SERTA are "local governmental units" for purposes of the prevailing wage and hour law. Under current law, certain workers employed on a public works project contracted by a local governmental unit must be paid at the rate paid for a majority of the hours worked in the person's trade or occupation in the county in which the project is located, as determined by the Department of Workforce Development, and may not be required or permitted to work more than ten hours per day and 40 hours per week, unless they are paid 1.5 times their basic rate of pay for all hours worked in excess of those hours.

5. MTA and SERTA property is not subject to state and local property taxes.

6. The SERTA and the MTA are treated like municipalities, counties, and other political subdivisions for purposes of claims and liability resulting from the negligent operation of a motor vehicle and may participate in organizing municipal insurance mutuals to provide insurance and risk management services.

7. The SERTA can enter into intergovernmental cooperation contracts with other governmental units.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

			2013–14	2014–15
20.395 Transportation, department of				
(1) AIDS				
(hy) Tier A–4 transit operating aids, state funds	SEG	A	–0–	–0–
20.566 Revenue, department of				
(1) COLLECTION OF TAXES				
(gh) Administration of southeastern regional transit authority fees	PR	A	–0–	–0–
20.835 Shared revenue and tax relief				
(4) COUNTY AND LOCAL TAXES				
(gh) Southeastern regional transit authority fees	PR	C	–0–	–0–

SECTION 2. 20.395 (1) (hy) of the statutes is created to read:

20.395 **(1)** (hy) *Tier A–4 transit operating aids, state funds.* The amounts in the schedule for mass transit aids under s. 85.20 (4m) (a) 6. f.

SECTION 3. 20.566 (1) (gh) of the statutes is created to read:

20.566 **(1)** (gh) *Administration of southeastern regional transit authority fees.* The amounts in the schedule for administering the fees imposed under subch. XIII of ch. 77. An amount equal to 2.55 percent of all moneys received from the fees imposed under subch. XIII of ch. 77 shall be credited to this appropriation. Notwithstanding s. 20.001 (3) (a), at the end of each fiscal year the unencumbered balance in this appropriation account that exceeds 10 percent of the expenditures from this appropriation during the fiscal year shall be transferred to the appropriation account under s. 20.835 (4) (gh).

SECTION 4. 20.835 (4) (gh) of the statutes is created to read:

20.835 **(4)** (gh) *Southeastern regional transit authority fees.* All moneys received from the fees imposed under subch. XIII of ch. 77, and from the appropriation account under s. 20.566 (1) (gh), for distribution to the southeastern regional transit authority under s. 59.58 (7), except that 2.55 percent of the moneys received from the fees imposed under subch. XIII of ch. 77 shall be credited to the appropriation account under s. 20.566 (1) (gh).

SECTION 5. 32.02 (11) of the statutes is amended to read:

32.02 **(11)** Any housing authority created under ss. 66.1201 to 66.1211; redevelopment authority created under s. 66.1333; community development authority created under s. 66.1335; local cultural arts district created under subch. V of ch. 229, subject to s. 229.844 (4) (c); ~~or~~ local exposition district created under subch. II of ch. 229; or the transit authority under s. 59.58 (7).

SECTION 6. 32.05 (1) (a) of the statutes is amended to read:

32.05 **(1)** (a) Except as provided under par. (b), a county board of supervisors or a county highway committee when so authorized by the county board of supervisors, a city council, a village board, a town board, a sewerage commission governing a metropolitan sewerage district created by ss. 200.05 or 200.21 to 200.65, the secretary of transportation, a commission created by contract under s. 66.0301, a joint local water authority created by contract under s. 66.0823, the transit authority under s. 59.58 (7), a housing authority under ss. 66.1201 to 66.1211, a local exposition district created under subch. II of ch. 229, a local cultural arts district created under subch. V of ch. 229, a redevelopment authority under s. 66.1333 or a community development authority under s. 66.1335 shall make an order providing for the laying out, relocation and improvement of the public highway, street, alley, storm and sanitary sewers, watercourses, water transmission and distribution facilities, mass transit facilities, airport, or other transportation facilities, gas or leachate extraction systems to remedy environmental pollution from a solid waste disposal facility, housing project, redevelopment project, cultural arts facilities, exposition center or exposition center facilities which shall be known as the relocation order. This order shall include a map or plat showing the old and new locations and the lands and interests required. A copy of the order shall, within 20 days after its issue, be filed with the county clerk of the county wherein the lands are located or, in lieu of filing a copy of the order, a plat may be filed or recorded in accordance with s. 84.095.

SECTION 7. 32.07 (2) of the statutes is amended to read:

32.07 **(2)** The petitioner shall determine necessity if application is by the state or any commission, department, board or other branch of state government or by a city, village, town, county, school district, board, commission, public officer,

commission created by contract under s. 66.0301, joint local water authority under s. 66.0823, transit authority under s. 59.58 (7), redevelopment authority created under s. 66.1333, local exposition district created under subch. II of ch. 229, local cultural arts district created under subch. V of ch. 229, housing authority created under ss. 66.1201 to 66.1211 or for the right–of–way of a railroad up to 100 feet in width, for a telegraph, telephone or other electric line, for the right–of–way for a gas pipeline, main or service or for easements for the construction of any elevated structure or subway for railroad purposes.

SECTION 8. 40.02 (28) of the statutes is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more, a local exposition district created under subch. II of ch. 229, a transit authority under s. 59.58 (7) or 66.1038, and a long–term care district created under s. 46.2895, except as provided under ss. 40.51 (7) and 40.61 (3). "Employer" does not include a local cultural arts district created under subch. V of ch. 229. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 9. 59.58 (7) of the statutes is created to read:

59.58 **(7)** SOUTHEASTERN REGIONAL TRANSIT AUTHORITY. (a) In this subsection:

1. Except as used in subd. 4., "authority" means the southeastern regional transit authority created under this subsection.

2. "Bonds" means any bonds, interim certificates, notes, debentures, or other obligations of the authority issued under this subsection.

3. "KRM commuter rail line" means a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee.

4. "Milwaukee Transit Authority" means an authority created under s. 66.1038.

(b) There is created the southeastern regional transit authority, a public body corporate and politic and a separate governmental entity, consisting of the counties and cities of Kenosha, Racine, and Milwaukee, as well as any other municipality located within the counties of Kenosha, Racine, and Milwaukee that operates a transit system receiving funding under s. 85.20. This authority may transact business and exercise any powers granted to it under this subsection. The jurisdictional area of this authority is the geographic area formed by the combined territorial boundaries of the counties of Kenosha, Racine, and Milwaukee.

(c) 1. The powers of the authority shall be vested in its board of directors, consisting of the following members:

a. Two members from Milwaukee County, appointed by the Milwaukee County board chairperson.

b. Two members from the city of Milwaukee, appointed by the mayor of the city of Milwaukee.

c. One member from Racine County, appointed by the Racine County board chairperson.

d. One member from the city of Racine, appointed by the mayor of the city of Racine.

e. One member from Kenosha County, appointed by the Kenosha County board chairperson.

1 f. One member from the city of Kenosha, appointed by the mayor of the city of
2 Kenosha.
3 g. One member from the authority's jurisdictional area, appointed by the
4 governor.
5 2. A majority of the board of directors' full authorized membership constitutes
6 a quorum for the purpose of conducting the authority's business and exercising its
7 powers. Action may be taken by the board of directors upon a vote of a majority of
8 the directors present and voting, unless the bylaws of the authority require a larger
9 number.
10 (d) Subject to par. (o), the authority shall have all powers necessary and
11 convenient to plan, create, construct, operate, and manage a KRM commuter rail
12 line. The authority may operate the KRM commuter rail line itself or may contract
13 for a rail service to operate the KRM commuter rail line.
14 (dm) A KRM commuter rail line may not include a stop in any municipality in
15 the authority's jurisdictional area unless the municipality in which the stop is to be
16 located has a sustainable mechanism to help fund local transit and the municipality
17 is a member of the authority.
18 (e) The authority may impose the fees under subch. XIII of ch. 77. From the
19 fees, the authority may do all of the following:
20 1. Retain not more than $2 for each transaction for administration of the
21 authority.
22 2. Except as provided in subd. 3., retain the difference between the amount of
23 the fees imposed under subch. XIII of ch. 77 and the amount of those fees retained
24 under subd. 1. for expenditures related to the KRM commuter rail line, including
25 planning, construction, maintenance, operations, and engineering expenditures.

3. Provide incentive funds to the cities of Kenosha and Racine in compliance with the requirements specified in par. (L).

(f) 1. The authority may issue bonds, the principal and interest on which are payable exclusively from all or a portion of any revenues received by the authority. The authority may secure its bonds by a pledge of any income or revenues from any operations, rent, aids, grants, subsidies, contributions, or other source of moneys whatsoever.

2. Except as provided in par. (p), the authority may issue bonds in an aggregate principal amount not to exceed $250,000,000, excluding bonds issued to refund outstanding bonds issued under this subdivision, for the purpose of providing funds for the anticipated local funding share required for initiating KRM commuter rail line service.

3. Neither the authority's board of directors nor any person executing the bonds is personally liable on the bonds by reason of the issuance of the bonds.

4. The bonds of the authority are not a debt of the counties or cities that comprise the authority. Neither these counties, nor cities, nor the state are liable for the payment of the bonds. The bonds of the authority shall be payable only out of funds or properties of the authority. The bonds of the authority shall state the restrictions contained in this subdivision on the face of the bonds.

5. Bonds of the authority shall be authorized by resolution of the authority's board of directors. The bonds may be issued under such a resolution or under a trust indenture or other security instrument. The bonds may be issued in one or more series and may be in the form of coupon bonds or registered bonds under s. 67.09. The bonds shall bear the dates, mature at the times, bear interest at the rates, be in the denominations, have the rank or priority, be executed in the manner, be payable

in the medium of payment and at the places, and be subject to the terms of redemption, with or without premium, as the resolution, trust indenture, or other security instrument provides. Bonds of the authority are issued for an essential public and governmental purpose and are public instrumentalities and, together with interest and income, are exempt from taxes. The authority may sell the bonds at public or private sales at the price or prices determined by the authority. If a member of the authority's board of directors whose signature appears on any bonds or coupons ceases to be a member of the authority's board of directors before the delivery of such obligations, the member's signature shall, nevertheless, be valid for all purposes as if the member had remained a member until delivery of the bonds.

6. The authority may issue refunding bonds for the purpose of paying any of its bonds at or prior to maturity or upon acceleration or redemption. The authority may issue refunding bonds at such time prior to the maturity or redemption of the refunded bonds as the authority deems to be in the public interest. The refunding bonds may be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium on the bonds, any interest accrued or to accrue to the date of payment of the bonds, the expenses of issue of the refunding bonds, the expenses of redeeming the bonds being refunded, and such reserves for debt service or other capital or current expenses from the proceeds of such refunding bonds as may be required by the resolution, trust indenture, or other security instruments. To the extent applicable, refunding bonds are subject to subd. 5.

(h) The authority's powers shall be limited to those specified in this subsection.

(i) The authority is the only entity in the counties of Milwaukee, Racine, and Kenosha that may submit an application for funding to the federal transit

1 administration in the U.S. department of transportation under the federal new
2 starts grant program.

3 (j) The operator of any transit system in Kenosha County or Racine County
4 receiving funding under s. 85.20, and the Milwaukee Transit Authority if created
5 under s. 66.1038, shall provide copies of all of ~~their~~ annual and long–term transit
6 plans to the southeastern regional transit authority as these plans become available.

7 (k) The authority shall develop goals and criteria for increasing transit service,
8 increasing connectivity among transit systems, and reducing passenger fare support
9 for transit. The authority shall evaluate success in achieving these goals and
10 meeting these criteria.

11 (L) From the fees identified in par. (e) and the aids received by the authority
12 under s. 85.20 (4m) (a) 6. f., the authority shall provide incentive funds to the city of
13 Kenosha and to the city of Racine, in the amount of $2,500,000 for each city, if the
14 city commits to support the authority's provision of transit service, from city property
15 tax revenues, at then–current operating levels and at inflation–adjusted future
16 operating levels.

17 (m) Except as provided in par. (n), and notwithstanding s. 59.84 (2) and any
18 other provision of this chapter or ch. 66 or 85, beginning on January 1, 2015, the
19 authority shall assume responsibility for providing transit service and transit
20 planning within the jurisdictional area of the authority. The authority may also
21 provide transit service outside the authority's jurisdictional area if such transit
22 service would benefit residents within the authority's jurisdictional area. In lieu of
23 directly providing transit service, the authority may contract with existing transit
24 providers for the provision of transit service. An authority may also acquire a
25 comprehensive unified local transit system, as defined in s. 66.1039 (1) (d), by

entering into a transfer agreement with the owner of the system. The authority shall have all powers necessary and convenient to carry out its responsibilities under this paragraph, including the power to apply for and utilize state and federal funds.

(n) 1. The authority may not assume responsibility for providing transit service and transit planning in Milwaukee County until all of the following occur:

a. A Milwaukee Transit Authority is created as provided in s. 66.1038 (2).

b. Approval of an application as described in s. 66.1038 (7) (a).

2. When the last of the conditions specified in subd. 1. occurs, the authority shall do all of the following:

a. Assist the Milwaukee Transit Authority in the winding down process described in s. 66.1038 (7) (a) and (b), including assisting in the orderly transfer of assets and property to the southeastern regional transit authority.

b. Within 120 days thereafter, assume responsibility for providing transit service and transit planning in Milwaukee County under par. (m).

(o) If any county transfers sales tax revenues to the authority, the authority may expend these funds only in the county in which the revenues were generated and only for purposes of providing transit service or transit planning within this county. These funds may not be expended for purposes related to the KRM commuter rail line. This paragraph does not prohibit the authority from using any available revenues for payment of debt service on bonds issued under par. (f) that were issued for purposes consistent with this paragraph.

(p) After the authority assumes responsibility for providing transit service under par. (m), in addition to the authorization under par. (f) 2., the authority may use bond proceeds from the bonds issued under par. (f) for the construction of new capital improvements to the authority's transit system or for the acquisition of

existing transit systems in any portion of the authority's jurisdictional area where the authority provides transit service.

SECTION 10. 66.0301 (1) (a) of the statutes is amended to read:

66.0301 **(1)** (a) Except as provided in pars. (b) and (c), in this section "municipality" means the state or any department or agency thereof, or any city, village, town, county, school district, public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system created under s. 59.70 (2), local exposition district created under subch. II of ch. 229, local professional baseball park district created under subch. III of ch. 229, local professional football stadium district created under subch. IV of ch. 229, local cultural arts district created under subch. V of ch. 229, <u>the transit authority under s. 59.58 (7),</u> long–term care district under s. 46.2895, water utility district, mosquito control district, municipal electric company, county or city transit commission, commission created by contract under this section, taxation district, regional planning commission, housing authority created under s. 66.1201, redevelopment authority created under s. 66.1333, community development authority created under s. 66.1335, or city–county health department.

SECTION 11. 66.0903 (1) (d) of the statutes is amended to read:

66.0903 **(1)** (d) "Local governmental unit" means a political subdivision of this state, a special purpose district in this state, an instrumentality or corporation of such a political subdivision or special purpose district, a combination or subunit of any of the foregoing or an instrumentality of the state and any of the foregoing. <u>"Local governmental unit" includes a transit authority under s. 59.58 (7) or 66.1038.</u>

SECTION 12. 66.1038 of the statutes is created to read:

66.1038 Milwaukee Transit Authority. **(1)** DEFINITIONS. In this section:

(a) Except as used in par. (c), "authority" means a Milwaukee Transit Authority created under this section.

(b) "KRM commuter rail line" has the meaning given in s. 59.58 (7) (a) 3.

(c) "Southeastern regional transit authority" means the southeastern regional transit authority created under s. 59.58 (7).

(2) CREATION. Subject to the tax imposition requirement of s. 77.70 (2), the Milwaukee County board may create a Milwaukee Transit Authority, a public body corporate and politic and a separate governmental entity. Once created, the authority may transact business and exercise any powers granted to it under this section. The jurisdictional area of this authority is the geographic area formed by the territorial boundaries of Milwaukee County.

(3) GOVERNANCE. (a) Upon creation, the powers of the authority shall be vested in its board of directors. Directors shall be appointed for 2–year terms. A majority of the board of directors' full authorized membership constitutes a quorum for the purpose of conducting the authority's business and exercising its powers. Action may be taken by the board of directors upon a vote of a majority of the directors present and voting, unless the bylaws of the authority require a larger number.

(b) The board of directors of the authority consists of the following members:

1. Two members from the authority's jurisdictional area, appointed by the Milwaukee County board chairperson.

2. One member from that portion of the authority's jurisdictional area that is outside the city of Milwaukee, appointed by the Milwaukee County board chairperson.

3. One member, appointed by the mayor of the city of Milwaukee.

4. One member from the authority's jurisdictional area, appointed by the governor.

(c) The bylaws of the authority shall govern its management, operations, and administration, consistent with the provisions of this section.

(4) POWERS. (a) Notwithstanding s. 59.84 (2) and any other provision of this chapter or ch. 59 or 85, but subject to sub. (7), upon creation, the authority and the Milwaukee County board shall contract for the authority to provide, beginning on January 1, 2015, or as soon after creation of the authority as is reasonably feasible, whichever is later, transit service and transit planning in Milwaukee County. The authority shall have all powers necessary and convenient to carry out this purpose. The authority's powers shall be limited to those specified in this section.

(b) The authority shall be provided the tax revenues imposed under s. 77.70 (2).

(5) BUDGETS; REVENUES; AUDIT. The board of directors of the authority shall annually prepare a budget for the authority. Revenues of the authority shall be used only for the expenses and specific purposes of the authority. The authority shall maintain an accounting system in accordance with generally accepted accounting principles and shall have its financial statements audited annually by an independent certified public accountant.

(6) OTHER STATUTES. This section does not limit the powers of political subdivisions to enter into intergovernmental cooperation or contracts or to establish separate legal entities under s. 66.0301 or 66.1021 or any other applicable law, or otherwise to carry out their powers under applicable statutory provisions. Section 66.0803 (2) does not apply to the authority.

(7) SUNSET AND TRANSITION. (a) Upon approval by the federal transit administration in the U.S. department of transportation of an application under the

federal new starts grant program for funding for the KRM commuter rail line, the authority shall begin the process of winding down and dissolving, including taking those actions specified in par. (b), and shall complete this process no later than 120 days after the date of the approval. The authority terminates on the 120th day after the date of the approval.

(b) Upon approval of an application as described in par. (a) and the winding down and dissolution of the authority under this subsection, the southeastern regional transit authority shall become the successor to the authority. The board of directors of the authority shall assist in good faith in the transition from the authority to the southeastern regional transit authority. As part of the authority's winding down process, all of the following shall occur:

1. The assets and liabilities of the authority shall become the assets and liabilities of the southeastern regional transit authority.

2. All tangible personal property, including records, of the authority shall be transferred to the southeastern regional transit authority.

3. All contracts entered into by the authority, in effect at the time of winding down the authority, remain in effect and are transferred to the southeastern regional transit authority. The southeastern regional transit authority shall carry out any obligations under such a contract until the contract is modified or rescinded by the southeastern regional transit authority to the extent allowed under the contract. This subdivision does not apply to the contract specified in par. (c).

(c) The contract between the authority and the Milwaukee County board under sub. (4) shall require that, as part of the winding down and dissolution of the authority under this subsection, the contract will terminate and responsibility for providing transit service and transit planning in Milwaukee County will thereafter

be assumed by the southeastern regional transit authority under s. 59.58 (7) (m) and (n).

SECTION 13. 70.11 (2) of the statutes is amended to read:

70.11 **(2)** MUNICIPAL PROPERTY AND PROPERTY OF CERTAIN DISTRICTS, EXCEPTION. Property owned by any county, city, village, town, school district, technical college district, public inland lake protection and rehabilitation district, metropolitan sewerage district, municipal water district created under s. 198.22, joint local water authority created under s. 66.0823, transit authority under s. 59.58 (7) or 66.1038, long–term care district under s. 46.2895 or town sanitary district; lands belonging to cities of any other state used for public parks; land tax–deeded to any county or city before January 2; but any residence located upon property owned by the county for park purposes that is rented out by the county for a nonpark purpose shall not be exempt from taxation. Except as to land acquired under s. 59.84 (2) (d), this exemption shall not apply to land conveyed after August 17, 1961, to any such governmental unit or for its benefit while the grantor or others for his or her benefit are permitted to occupy the land or part thereof in consideration for the conveyance. Leasing the property exempt under this subsection, regardless of the lessee and the use of the leasehold income, does not render that property taxable.

SECTION 14. 71.05 (1) (c) 9. of the statutes is created to read:

71.05 **(1)** (c) 9. The southeastern regional transit authority under s. 59.58 (7) (f).

SECTION 15. 71.26 (1) (b) of the statutes is amended to read:

71.26 **(1)** (b) *Political units.* Income received by the United States, the state and all counties, cities, villages, towns, school districts, technical college districts, joint local water authorities created under s. 66.0823, transit authorities under s.

1 59.58 (7) or 66.1038, long–term care districts under s. 46.2895 or other political units
2 of this state.

3 **SECTION 16.** 71.26 (1m) (j) of the statutes is created to read:

4 71.26 **(1m)** (j) Those issued under s. 59.58 (7) (f).

5 **SECTION 17.** 71.45 (1t) (j) of the statutes is created to read:

6 71.45 **(1t)** (j) Those issued under s. 59.58 (7) (f).

7 **SECTION 18.** 74.09 (3) (gd) of the statutes is created to read:

8 74.09 **(3)** (gd) For Milwaukee County, if it imposes a sales and use tax under
9 s. 77.70 (2), indicate the amount of the reduction in property taxes associated with
10 the requirement under s. 77.70 (2) to remove transit expenditures from the property
11 tax levy.

12 **SECTION 19.** Chapter 77 (title) of the statutes is amended to read:

13 **CHAPTER 77**

14 **TAXATION OF FOREST CROPLANDS;**

15 **REAL ESTATE TRANSFER FEES;**

16 **SALES AND USE TAXES; COUNTY,**

17 **TRANSIT AUTHORITY, AND SPECIAL**

18 **DISTRICT SALES AND USE TAXES;**

19 **MANAGED FOREST LAND; ECONOMIC**

20 **DEVELOPMENT SURCHARGE; LOCAL FOOD**

21 **AND BEVERAGE TAX; LOCAL RENTAL**

22 **CAR TAX; PREMIER RESORT AREA**

23 **TAXES; STATE RENTAL VEHICLE FEE;**

24 **DRY CLEANING FEES**

25 **SECTION 20.** 77.54 (9a) (er) of the statutes is created to read:

77.54 **(9a)** (er) Any transit authority under s. 59.58 (7) or 66.1038.

SECTION 21. Subchapter V (title) of chapter 77 [precedes 77.70] of the statutes is amended to read:

CHAPTER 77

SUBCHAPTER V

COUNTY, TRANSIT AUTHORITY, AND

SPECIAL DISTRICT SALES AND USE

TAXES

SECTION 22. 77.70 (2) of the statutes is created to read:

77.70 **(2)** In addition to the taxes imposed under sub. (1), if the Milwaukee County board creates a Milwaukee Transit Authority as provided in s. 66.1038 (2), the Milwaukee County board shall adopt an ordinance to impose a sales and use tax under this subchapter at the rate of 0.5 percent of the sales price or purchase price. The taxes may be imposed only in their entirety. If Milwaukee County imposes the taxes under this subsection, it shall not levy property taxes for transit purposes. If Milwaukee County imposes the taxes under this subsection, it shall distribute the tax revenue to the Milwaukee Transit Authority created under s. 66.1038, except that, upon approval of an application as described in s. 66.1038 (7) (a), it shall distribute the tax revenue to the southeastern regional transit authority created under s. 59.58 (7). An ordinance adopted under this subsection shall be effective on the first day of January, the first day of April, the first day of July, or the first day of October. A certified copy of that ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date. The repeal of any such ordinance shall be effective on December 31. A certified copy of a repeal ordinance shall be

delivered to the secretary of revenue at least 120 days before the effective date of the repeal.

SECTION 23. Subchapter XIII (title) of chapter 77 [precedes 77.9971] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY FEE

SECTION 24. 77.9971 of the statutes is created to read:

77.9971 Imposition. (1) The southeastern regional transit authority under s. 59.58 (7) may impose a fee at a rate not to exceed $18, as adjusted under sub. (2), for each transaction in the authority's jurisdictional area, as described in s. 59.58 (7) (b), on the rental, but not for rerental and not for rental as a service or repair replacement vehicle, of Type 1 automobiles, as defined in s. 340.01 (4) (a), by establishments primarily engaged in short–term rental of passenger cars without drivers, for a period of 30 days or less, unless the sale is exempt from the sales tax under s. 77.54 (1), (4), (7) (a), (7m), (9), or (9a). The fee imposed under this subchapter shall be effective on the first day of the first month that begins at least 90 days after the board of directors of the southeastern regional transit authority approves the imposition of the fee and notifies the department of revenue. The board of directors shall notify the department of a repeal of the fee imposed under this subchapter at least 60 days before the effective date of the repeal.

(2) (a) The southeastern regional transit authority's board of directors may provide for the annual adjustment of the fee specified in sub. (1) to reflect the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor, for the 12 months

ending on September 30 of the year before the adjustment. If the fee is adjusted under this subsection and the adjusted fee is not evenly divisible by $0.25, the adjusted fee shall be rounded to the next highest quarter–dollar amount.

(b) If the fee is adjusted under this subsection, the southeastern regional transit authority shall provide notice to the department of revenue of the fee adjustment at least 90 days before the adjustment becomes effective.

SECTION 25. 77.9972 of the statutes is created to read:

77.9972 Administration. (1) The department of revenue shall administer the fee under this subchapter and may take any action, conduct any proceeding, and impose interest and penalties.

(2) Sections 77.51 (12m), (14), (14g), (15a), and (15b), 77.52 (1b), (3), (4), (5), (13), (14), (18), and (19), 77.58 (1) to (5), (6m), and (7), 77.522, 77.585, 77.59, 77.60, 77.61 (2), (3m), (5), (8), (9), and (12) to (15), and 77.62, as they apply to the taxes under subch. III, apply to the fee under this subchapter. Section 77.73, as it applies to the taxes under subch. V, applies to the fee under this subchapter. The renter shall collect the fee under this subchapter from the person to whom the passenger car is rented.

(3) From the appropriation under s. 20.835 (4) (gh), the department of revenue shall distribute 97.45 percent of the fees collected under this subchapter to the southeastern regional transit authority and shall indicate to the authority the fees reported by each fee payer in the authority's jurisdiction, no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The fees distributed shall be increased or decreased to reflect subsequent refunds, audit adjustments, and all other adjustments. Interest paid on refunds of the fee under this subchapter shall be paid from the appropriation under s. 20.835 (4) (gh)

at the rate under s. 77.60 (1) (a). If the southeastern regional transit authority receives a report along with a payment under this subsection, the southeastern regional transit authority is subject to the duties of confidentiality to which the department of revenue is subject under s. 77.61 (5).

(4) Persons who are subject to the fee under this subchapter shall register with the department of revenue. Any person who is required to register, including any person authorized to act on behalf of a corporation, partnership, or other person who is required to register, who fails to do so is guilty of a misdemeanor.

(5) A retailer who collects a fee under this subchapter shall identify the fee as a separate item on a receipt the retailer provides to a rental customer.

(6) If the department of revenue receives notice of a fee adjustment under s. 77.9971 (2) (b), the department shall publish the new adjusted fee at least 30 days before the adjustment becomes effective.

SECTION 26. 77.9973 of the statutes is created to read:

77.9973 Discontinuation. Retailers and the department of revenue may not collect fees under this subchapter for the southeastern regional transit authority after the calendar quarter during which the southeastern regional transit authority ceases to exist, except that the department may collect from retailers fees that accrued before that calendar quarter and interest and penalties that relate to those fees. If fees are collected, the authority may use the revenue for any lawful purpose.

SECTION 27. 85.062 (3) (c) of the statutes is created to read:

85.062 **(3)** (c) The KRM commuter rail line, as defined in s. 59.58 (7) (a) 3.

SECTION 28. 85.064 (1) (b) of the statutes is amended to read:

85.064 **(1)** (b) "Political subdivision" means any city, village, town, county, ~~or~~ transit commission organized under s. 59.58 (2) or 66.1021 or recognized under s. 66.0301 within this state, or transit authority under s. 59.58 (7).

SECTION 29. 85.20 (4m) (a) (intro.) of the statutes is amended to read:

85.20 **(4m)** (a) (intro.) The department shall pay annually to the eligible applicant described in subd. 6. cm. the amount of aid specified in subd. 6. cm. The department shall pay annually to the eligible applicant described in subd. 6. d. the amount of aid specified in subd. 6. d. The department shall allocate an amount to each eligible applicant described in subd. 6. e., 6. f., 7., or 8. to ensure that the sum of state and federal aids for the projected operating expenses of each eligible applicant's urban mass transit system is equal to a uniform percentage, established by the department, of the projected operating expenses of the mass transit system for the calendar year. The department shall make allocations as follows:

SECTION 30. 85.20 (4m) (a) 6. e. of the statutes is amended to read:

85.20 **(4m)** (a) 6. e. From the appropriation under s. 20.395 (1) (hw), the department may pay the uniform percentage for each eligible applicant for a planned commuter or light rail system that has been enumerated under s. 85.062 (3). An eligible applicant may not receive aid under subd. 6. cm. or d., 7., or 8. for a commuter rail or light rail transit system.

SECTION 31. 85.20 (4m) (a) 6. f. of the statutes is created to read:

85.20 **(4m)** (a) 6. f. From the appropriation under s. 20.395 (1) (hy), the department may pay the uniform percentage for each eligible applicant for making payments under s. 59.58 (7) (L).

SECTION 32. 85.20 (4s) of the statutes is amended to read:

85.20 **(4s)** PAYMENT OF AIDS UNDER THE CONTRACT. The contracts executed between the department and eligible applicants under this section shall provide that the payment of the state aid allocation under sub. (4m) (a) for the last quarter of the state's fiscal year shall be provided from the following fiscal year's appropriation under s. 20.395 (1) (hr), (hs), (ht), (hu), ~~or~~ (hw), or (hy).

SECTION 33. 111.70 (1) (j) of the statutes is repealed and recreated to read:

111.70 **(1)** (j) "Municipal employer" means any city, county, village, town, metropolitan sewerage district, school district, long–term care district, transit authority under s. 59.58 (7) or 66.1038, local cultural arts district created under subch. V of ch. 229, or any other political subdivision of the state, or instrumentality of one or more political subdivisions of the state, that engages the services of an employee and includes any person acting on behalf of a municipal employer within the scope of the person's authority, express or implied.

SECTION 34. 345.05 (1) (ag) of the statutes is created to read:

345.05 **(1)** (ag) "Authority" means a transit authority under s. 59.58 (7) or 66.1038.

SECTION 35. 345.05 (2) of the statutes is amended to read:

345.05 **(2)** A person suffering any damage proximately resulting from the negligent operation of a motor vehicle owned and operated by a municipality or authority, which damage was occasioned by the operation of the motor vehicle in the course of its business, may file a claim for damages against the municipality or authority concerned and the governing body of the municipality, or the board of directors of the authority, may allow, compromise, settle and pay the claim. In this subsection, a motor vehicle is deemed owned and operated by a municipality or

1 authority if the vehicle is either being rented or leased, or is being purchased under
2 a contract whereby the municipality or authority will acquire title.

3 **SECTION 36.** 611.11 (4) (a) of the statutes is amended to read:

4 611.11 **(4)** (a) In this subsection, "municipality" has the meaning given in s.
5 345.05 (1) (c), but also includes any transit authority under s. 59.58 (7) or 66.1038.

6 **(END)**

Gary, Aaron

From: Selkowe, Vicky
Sent: Thursday, February 20, 2014 11:01 AM
To: Gary, Aaron
Subject: FW: Draft review: LRB -4003/P1 Topic: Kenosha Racine Milwaukee transit system/ authority (KRM)
Attachments: 13-4003/P1.pdf

Hi Aaron,
Please prepare this for introduction. If we can get it today, that'd be great.
Thanks!
Vicky

Vicky Selkowe
Office of State Representative Cory Mason
66th Assembly District
State Capitol, Room 6 North
PO Box 8953, Madison, WI 53708
Phone: (608) 266-0634
Toll-free: (888) 534-0066

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From: LRB.Legal
Sent: Friday, February 14, 2014 9:34 AM
To: Rep.Mason
Subject: Draft review: LRB -4003/P1 Topic: Kenosha Racine Milwaukee transit system/ authority (KRM)

Following is the PDF version of draft LRB -4003/P1.

State of Wisconsin
2013 – 2014 LEGISLATURE

in 2/20

TODAY

LRB–4003/1
ARG:eev:rs

RMR

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

No changes

regen

AN ACT *to amend* 32.02 (11), 32.05 (1) (a), 32.07 (2), 40.02 (28), 66.0301 (1) (a), 66.0903 (1) (d), 70.11 (2), 71.26 (1) (b), chapter 77 (title), subchapter V (title) of chapter 77 [precedes 77.70], 85.064 (1) (b), 85.20 (4m) (a) (intro.), 85.20 (4m) (a) 6. e., 85.20 (4s), 345.05 (2) and 611.11 (4) (a); ***to repeal and recreate*** 111.70 (1) (j); and ***to create*** 20.395 (1) (hy), 20.566 (1) (gh), 20.835 (4) (gh), 59.58 (7), 66.1038, 71.05 (1) (c) 9., 71.26 (1m) (j), 71.45 (1t) (j), 74.09 (3) (gd), 77.54 (9a) (er), 77.70 (2), subchapter XIII (title) of chapter 77 [precedes 77.9971], 77.9971, 77.9972, 77.9973, 85.062 (3) (c), 85.20 (4m) (a) 6. f. and 345.05 (1) (ag) of the statutes; **relating to:** the creation of a Southeastern Regional Transit Authority and a Milwaukee Transit Authority and making appropriations.

Analysis by the Legislative Reference Bureau

The 2009 Biennial Budget Act (2009 Act 28) authorized the creation of several regional transit authorities (RTAs): the Dane County RTA, the Chippewa Valley RTA, and the Chequamegon Bay RTA. Under 2009 Act 28, each RTA, once created, was a public body corporate and politic and a separate governmental entity. Among its powers, an RTA could operate a transportation system or provide for its operation by contracting with a public or private organization; impose, by its board of directors

adopting a resolution, a sales and use tax in the RTA's jurisdictional area at a rate not exceeding 0.5 percent of the sales price if certain conditions were satisfied; acquire property by condemnation; and issue tax–exempt revenue bonds. An RTA had a duty to provide, or contract for the provision of, transit service within the RTA's jurisdictional area.

Prior to 2009 Act 28, the counties of Kenosha, Racine, and Milwaukee were required to create a Regional Transit Authority (the KRM authority). The KRM authority was responsible for the coordination of transit and commuter rail programs within these three counties but had no authority to manage or operate any transit system. The KRM authority was authorized to impose a rental car transaction fee within these three counties, which fee was to be used to hire staff, conduct studies, and prepare a report to the legislature and the governor, due by November 15, 2008.

Act 28 terminated the KRM authority as of October 1, 2009, and created a successor entity, the Southeastern Regional Transit Authority (SERTA). The SERTA was a public body corporate and politic and a separate governmental entity; it consisted of the counties of Kenosha, Racine, and Milwaukee. The jurisdictional area of the SERTA was the geographic area formed by the combined territorial boundaries of the counties of Kenosha, Racine, and Milwaukee. The powers of the SERTA were vested in its board of directors. The SERTA's powers were limited but included all powers necessary and convenient to create, construct, and manage a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee (KRM commuter rail line). Upon approval by its board of directors, the SERTA could impose a rental car transaction fee, in the counties of Kenosha, Racine, and Milwaukee, of not more than $18 per transaction, except that the SERTA's board of directors could have this fee annually adjusted for inflation. From each rental car transaction fee, the SERTA could retain not more than $2 per transaction for administration of the SERTA and could retain the remainder for expenditures related to the KRM commuter rail line, including planning, construction, maintenance, operations, and engineering expenditures. The SERTA was the only entity in the counties of Milwaukee, Racine, and Kenosha that could submit an application to the Federal Transit Administration under the federal New Starts Grant Program for funding for the KRM commuter rail line (New Starts application).

The 2011 Biennial Budget Act (2011 Act 32) eliminated authorization to create an RTA, eliminated the SERTA, and dissolved the Dane County RTA, the Chippewa Valley RTA, and the Chequamegon Bay RTA to the extent previously created.

This bill recreates the SERTA, with modifications, and allows the Milwaukee County board to create a Milwaukee Transit Authority (MTA), a public body corporate and politic and a separate governmental entity. Once created, the MTA's jurisdictional area is Milwaukee County. The MTA's authority is vested in its board of directors and its bylaws govern its management, operations, and administration. The MTA's board of directors must annually prepare a budget and have its financial statements audited. The MTA's revenues can be used only for the expenses and specific purposes of the MTA.

Upon creation, the MTA and the Milwaukee County board must contract for the MTA to provide, beginning on January 1, 2015, or as soon after creation of the MTA as is reasonably feasible, whichever is later, transit service and transit planning in Milwaukee County. The MTA must be provided sales and use tax revenues from Milwaukee County (discussed below). The MTA has all powers necessary and convenient to carry out its purpose, but the MTA's powers are limited to those provided by statute.

If the MTA is created, then upon approval of a New Starts application, the MTA must begin the process of winding down and dissolving and must complete this process within 120 days. The SERTA then becomes the successor to the MTA. As part of the winding down of the MTA, the MTA's assets and liabilities become the assets and liabilities of the SERTA and the MTA's tangible personal property is transferred to the SERTA. In addition, the MTA's contracts are transferred to the SERTA, except that the MTA's contract with Milwaukee County to provide transit service in Milwaukee County terminates. Responsibility for providing transit service and transit planning in Milwaukee County is then assumed by the SERTA, which must provide transit service in Milwaukee County in the same manner applicable to Kenosha County and Racine County (discussed below).

If Milwaukee County creates an MTA, the bill requires Milwaukee County to also adopt an ordinance to impose a sales and use tax at the rate of 0.5 percent of the sales price or purchase price. These tax revenues must be distributed to the MTA and Milwaukee County cannot levy property taxes for transit purposes. In addition, Milwaukee County must indicate on property tax bills the amount of the reduction in property taxes associated with this requirement to remove transit expenditures from the property tax levy. However, when the MTA is wound down and dissolved and responsibility for transit is assumed by SERTA, the tax revenues must be distributed to the SERTA.

This bill, in recreating the SERTA, also makes modifications to the SERTA as it existed before 2011 Act 32, including the following:

1. The SERTA consists of both the counties and cities of Kenosha, Racine, and Milwaukee, not just the counties. The SERTA also includes any municipality within these counties that operates a transit system receiving state transit aids.

2. Beginning on January 1, 2015, the SERTA must assume responsibility for providing transit service and transit planning in Kenosha County and Racine County. If an MTA is created and then wound down and dissolved (upon approval of a New Starts application), the SERTA also assumes responsibility for providing transit service and transit planning in Milwaukee County. The SERTA may also provide transit service outside its jurisdictional area if such transit service would benefit residents within the SERTA's jurisdictional area. In lieu of directly providing transit service, the SERTA may contract with existing transit providers for the provision of transit service. The SERTA can also acquire a transit system by entering into a transfer agreement with the owner of the system. The SERTA has all powers necessary and convenient to carry out these responsibilities, including the power to apply for and utilize state and federal funds.

3. If any county transfers sales tax revenues to the SERTA, the SERTA can expend these funds only in the county in which the revenues were generated and only for purposes of providing transit service or transit planning in that county. These funds cannot be expended for purposes related to the KRM commuter rail line.

4. The SERTA may use a portion of its rental car transaction fee, as well as state transit aids, to provide incentive funds to the cities of Kenosha and Racine. The SERTA must provide $2,500,000 in incentive funds to each of the cities of Kenosha and Racine if the city commits to support the SERTA's provision of transit service, from city property tax revenues, at then–current operating levels and at inflation–adjusted future operating levels.

5. The SERTA must develop goals and criteria for increasing transit service, increasing connectivity among transit systems, and reducing passenger fare support for transit. The SERTA must evaluate success in achieving these goals and meeting these criteria.

6. The bonding limit for revenue bonds issued by SERTA is increased from $50,000,000 to $250,000,000. After January 1, 2015, the SERTA also has additional authority to use revenue bond proceeds for transit systems where the SERTA provides transit service.

7. A KRM commuter rail line cannot include a stop in any municipality in the SERTA's jurisdictional area unless the municipality has a sustainable mechanism to help fund local transit and the municipality is a member of the SERTA.

8. The SERTA is the only entity in southeast Wisconsin that may submit a New Starts application for funding for any purpose.

9. The bill clarifies that SERTA may operate the KRM commuter rail line itself or may contract for a rail service to operate the KRM commuter rail line.

The bill also includes the following relating to SERTA and the MTA, if created:

1. The SERTA has authority to acquire property by condemnation.

2. Employees of the SERTA and of the MTA are participatory employees under the Wisconsin Retirement System (WRS) if the SERTA and the MTA, respectively, elect to join the WRS.

3. Employees of the MTA and SERTA are covered by the Municipal Employment Relations Act (MERA). MERA provides that all matters relating to wages, hours, and conditions of employment are subject to collective bargaining and all municipal employees are expressly granted the right to self–organize and to bargain collectively through a representative of their choice.

4. The MTA and SERTA are "local governmental units" for purposes of the prevailing wage and hour law. Under current law, certain workers employed on a public works project contracted by a local governmental unit must be paid at the rate paid for a majority of the hours worked in the person's trade or occupation in the county in which the project is located, as determined by the Department of Workforce Development, and may not be required or permitted to work more than ten hours per day and 40 hours per week, unless they are paid 1.5 times their basic rate of pay for all hours worked in excess of those hours.

5. MTA and SERTA property is not subject to state and local property taxes.

6. The SERTA and the MTA are treated like municipalities, counties, and other political subdivisions for purposes of claims and liability resulting from the negligent operation of a motor vehicle and may participate in organizing municipal insurance mutuals to provide insurance and risk management services.

7. The SERTA can enter into intergovernmental cooperation contracts with other governmental units.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

			2013–14	2014–15
20.395 Transportation, department of				
(1) AIDS				
(hy) Tier A–4 transit operating aids, state funds	SEG	A	–0–	–0–
20.566 Revenue, department of				
(1) COLLECTION OF TAXES				
(gh) Administration of southeastern regional transit authority fees	PR	A	–0–	–0–
20.835 Shared revenue and tax relief				
(4) COUNTY AND LOCAL TAXES				
(gh) Southeastern regional transit authority fees	PR	C	–0–	–0–

SECTION 2. 20.395 (1) (hy) of the statutes is created to read:

1 20.395 **(1)** (hy) *Tier A–4 transit operating aids, state funds.* The amounts in the
2 schedule for mass transit aids under s. 85.20 (4m) (a) 6. f.

3 **SECTION 3.** 20.566 (1) (gh) of the statutes is created to read:

4 20.566 **(1)** (gh) *Administration of southeastern regional transit authority fees.*
5 The amounts in the schedule for administering the fees imposed under subch. XIII
6 of ch. 77. An amount equal to 2.55 percent of all moneys received from the fees
7 imposed under subch. XIII of ch. 77 shall be credited to this appropriation.
8 Notwithstanding s. 20.001 (3) (a), at the end of each fiscal year the unencumbered
9 balance in this appropriation account that exceeds 10 percent of the expenditures
10 from this appropriation during the fiscal year shall be transferred to the
11 appropriation account under s. 20.835 (4) (gh).

12 **SECTION 4.** 20.835 (4) (gh) of the statutes is created to read:

13 20.835 **(4)** (gh) *Southeastern regional transit authority fees.* All moneys
14 received from the fees imposed under subch. XIII of ch. 77, and from the
15 appropriation account under s. 20.566 (1) (gh), for distribution to the southeastern
16 regional transit authority under s. 59.58 (7), except that 2.55 percent of the moneys
17 received from the fees imposed under subch. XIII of ch. 77 shall be credited to the
18 appropriation account under s. 20.566 (1) (gh).

19 **SECTION 5.** 32.02 (11) of the statutes is amended to read:

20 32.02 **(11)** Any housing authority created under ss. 66.1201 to 66.1211;
21 redevelopment authority created under s. 66.1333; community development
22 authority created under s. 66.1335; local cultural arts district created under subch.
23 V of ch. 229, subject to s. 229.844 (4) (c); ~~or~~ local exposition district created under
24 subch. II of ch. 229; or the transit authority under s. 59.58 (7).

25 **SECTION 6.** 32.05 (1) (a) of the statutes is amended to read:

32.05 **(1)** (a) Except as provided under par. (b), a county board of supervisors or a county highway committee when so authorized by the county board of supervisors, a city council, a village board, a town board, a sewerage commission governing a metropolitan sewerage district created by ss. 200.05 or 200.21 to 200.65, the secretary of transportation, a commission created by contract under s. 66.0301, a joint local water authority created by contract under s. 66.0823, <u>the transit authority under s. 59.58 (7),</u> a housing authority under ss. 66.1201 to 66.1211, a local exposition district created under subch. II of ch. 229, a local cultural arts district created under subch. V of ch. 229, a redevelopment authority under s. 66.1333 or a community development authority under s. 66.1335 shall make an order providing for the laying out, relocation and improvement of the public highway, street, alley, storm and sanitary sewers, watercourses, water transmission and distribution facilities, mass transit facilities, airport, or other transportation facilities, gas or leachate extraction systems to remedy environmental pollution from a solid waste disposal facility, housing project, redevelopment project, cultural arts facilities, exposition center or exposition center facilities which shall be known as the relocation order. This order shall include a map or plat showing the old and new locations and the lands and interests required. A copy of the order shall, within 20 days after its issue, be filed with the county clerk of the county wherein the lands are located or, in lieu of filing a copy of the order, a plat may be filed or recorded in accordance with s. 84.095.

SECTION 7. 32.07 (2) of the statutes is amended to read:

32.07 **(2)** The petitioner shall determine necessity if application is by the state or any commission, department, board or other branch of state government or by a city, village, town, county, school district, board, commission, public officer,

commission created by contract under s. 66.0301, joint local water authority under s. 66.0823, transit authority under s. 59.58 (7), redevelopment authority created under s. 66.1333, local exposition district created under subch. II of ch. 229, local cultural arts district created under subch. V of ch. 229, housing authority created under ss. 66.1201 to 66.1211 or for the right–of–way of a railroad up to 100 feet in width, for a telegraph, telephone or other electric line, for the right–of–way for a gas pipeline, main or service or for easements for the construction of any elevated structure or subway for railroad purposes.

SECTION 8. 40.02 (28) of the statutes is amended to read:

40.02 **(28)** "Employer" means the state, including each state agency, any county, city, village, town, school district, other governmental unit or instrumentality of 2 or more units of government now existing or hereafter created within the state, any federated public library system established under s. 43.19 whose territory lies within a single county with a population of 500,000 or more, a local exposition district created under subch. II of ch. 229, a transit authority under s. 59.58 (7) or 66.1038, and a long–term care district created under s. 46.2895, except as provided under ss. 40.51 (7) and 40.61 (3). "Employer" does not include a local cultural arts district created under subch. V of ch. 229. Each employer shall be a separate legal jurisdiction for OASDHI purposes.

SECTION 9. 59.58 (7) of the statutes is created to read:

59.58 **(7)** SOUTHEASTERN REGIONAL TRANSIT AUTHORITY. (a) In this subsection:

1. Except as used in subd. 4., "authority" means the southeastern regional transit authority created under this subsection.

2. "Bonds" means any bonds, interim certificates, notes, debentures, or other obligations of the authority issued under this subsection.

1 3. "KRM commuter rail line" means a commuter rail transit system connecting
2 the cities of Kenosha, Racine, and Milwaukee.
3 4. "Milwaukee transit authority" means an authority created under s. 66.1038.
4 (b) There is created the southeastern regional transit authority, a public body
5 corporate and politic and a separate governmental entity, consisting of the counties
6 and cities of Kenosha, Racine, and Milwaukee, as well as any other municipality
7 located within the counties of Kenosha, Racine, and Milwaukee that operates a
8 transit system receiving funding under s. 85.20. This authority may transact
9 business and exercise any powers granted to it under this subsection. The
10 jurisdictional area of this authority is the geographic area formed by the combined
11 territorial boundaries of the counties of Kenosha, Racine, and Milwaukee.
12 (c) 1. The powers of the authority shall be vested in its board of directors,
13 consisting of the following members:
14 a. Two members from Milwaukee County, appointed by the Milwaukee County
15 board chairperson.
16 b. Two members from the city of Milwaukee, appointed by the mayor of the city
17 of Milwaukee.
18 c. One member from Racine County, appointed by the Racine County board
19 chairperson.
20 d. One member from the city of Racine, appointed by the mayor of the city of
21 Racine.
22 e. One member from Kenosha County, appointed by the Kenosha County board
23 chairperson.
24 f. One member from the city of Kenosha, appointed by the mayor of the city of
25 Kenosha.

1 g. One member from the authority's jurisdictional area, appointed by the
2 governor.
3 2. A majority of the board of directors' full authorized membership constitutes
4 a quorum for the purpose of conducting the authority's business and exercising its
5 powers. Action may be taken by the board of directors upon a vote of a majority of
6 the directors present and voting, unless the bylaws of the authority require a larger
7 number.
8 (d) Subject to par. (o), the authority shall have all powers necessary and
9 convenient to plan, create, construct, operate, and manage a KRM commuter rail
10 line. The authority may operate the KRM commuter rail line itself or may contract
11 for a rail service to operate the KRM commuter rail line.
12 (dm) A KRM commuter rail line may not include a stop in any municipality in
13 the authority's jurisdictional area unless the municipality in which the stop is to be
14 located has a sustainable mechanism to help fund local transit and the municipality
15 is a member of the authority.
16 (e) The authority may impose the fees under subch. XIII of ch. 77. From the
17 fees, the authority may do all of the following:
18 1. Retain not more than $2 for each transaction for administration of the
19 authority.
20 2. Except as provided in subd. 3., retain the difference between the amount of
21 the fees imposed under subch. XIII of ch. 77 and the amount of those fees retained
22 under subd. 1. for expenditures related to the KRM commuter rail line, including
23 planning, construction, maintenance, operations, and engineering expenditures.
24 3. Provide incentive funds to the cities of Kenosha and Racine in compliance
25 with the requirements specified in par. (L).

(f) 1. The authority may issue bonds, the principal and interest on which are payable exclusively from all or a portion of any revenues received by the authority. The authority may secure its bonds by a pledge of any income or revenues from any operations, rent, aids, grants, subsidies, contributions, or other source of moneys whatsoever.

2. Except as provided in par. (p), the authority may issue bonds in an aggregate principal amount not to exceed $250,000,000, excluding bonds issued to refund outstanding bonds issued under this subdivision, for the purpose of providing funds for the anticipated local funding share required for initiating KRM commuter rail line service.

3. Neither the authority's board of directors nor any person executing the bonds is personally liable on the bonds by reason of the issuance of the bonds.

4. The bonds of the authority are not a debt of the counties or cities that comprise the authority. Neither these counties, nor cities, nor the state are liable for the payment of the bonds. The bonds of the authority shall be payable only out of funds or properties of the authority. The bonds of the authority shall state the restrictions contained in this subdivision on the face of the bonds.

5. Bonds of the authority shall be authorized by resolution of the authority's board of directors. The bonds may be issued under such a resolution or under a trust indenture or other security instrument. The bonds may be issued in one or more series and may be in the form of coupon bonds or registered bonds under s. 67.09. The bonds shall bear the dates, mature at the times, bear interest at the rates, be in the denominations, have the rank or priority, be executed in the manner, be payable in the medium of payment and at the places, and be subject to the terms of redemption, with or without premium, as the resolution, trust indenture, or other

1 security instrument provides. Bonds of the authority are issued for an essential
2 public and governmental purpose and are public instrumentalities and, together
3 with interest and income, are exempt from taxes. The authority may sell the bonds
4 at public or private sales at the price or prices determined by the authority. If a
5 member of the authority's board of directors whose signature appears on any bonds
6 or coupons ceases to be a member of the authority's board of directors before the
7 delivery of such obligations, the member's signature shall, nevertheless, be valid for
8 all purposes as if the member had remained a member until delivery of the bonds.

9 6. The authority may issue refunding bonds for the purpose of paying any of
10 its bonds at or prior to maturity or upon acceleration or redemption. The authority
11 may issue refunding bonds at such time prior to the maturity or redemption of the
12 refunded bonds as the authority deems to be in the public interest. The refunding
13 bonds may be issued in sufficient amounts to pay or provide the principal of the bonds
14 being refunded, together with any redemption premium on the bonds, any interest
15 accrued or to accrue to the date of payment of the bonds, the expenses of issue of the
16 refunding bonds, the expenses of redeeming the bonds being refunded, and such
17 reserves for debt service or other capital or current expenses from the proceeds of
18 such refunding bonds as may be required by the resolution, trust indenture, or other
19 security instruments. To the extent applicable, refunding bonds are subject to subd.
20 5.

21 (h) The authority's powers shall be limited to those specified in this subsection.

22 (i) The authority is the only entity in the counties of Milwaukee, Racine, and
23 Kenosha that may submit an application for funding to the federal transit
24 administration in the U.S. department of transportation under the federal new
25 starts grant program.

1 (j) The operator of any transit system in Kenosha County or Racine County
2 receiving funding under s. 85.20, and the Milwaukee transit authority if created
3 under s. 66.1038, shall provide copies of all of their annual and long–term transit
4 plans to the southeastern regional transit authority as these plans become available.
5 (k) The authority shall develop goals and criteria for increasing transit service,
6 increasing connectivity among transit systems, and reducing passenger fare support
7 for transit. The authority shall evaluate success in achieving these goals and
8 meeting these criteria.
9 (L) From the fees identified in par. (e) and the aids received by the authority
10 under s. 85.20 (4m) (a) 6. f., the authority shall provide incentive funds to the city of
11 Kenosha and to the city of Racine, in the amount of $2,500,000 for each city, if the
12 city commits to support the authority's provision of transit service, from city property
13 tax revenues, at then–current operating levels and at inflation–adjusted future
14 operating levels.
15 (m) Except as provided in par. (n), and notwithstanding s. 59.84 (2) and any
16 other provision of this chapter or ch. 66 or 85, beginning on January 1, 2015, the
17 authority shall assume responsibility for providing transit service and transit
18 planning within the jurisdictional area of the authority. The authority may also
19 provide transit service outside the authority's jurisdictional area if such transit
20 service would benefit residents within the authority's jurisdictional area. In lieu of
21 directly providing transit service, the authority may contract with existing transit
22 providers for the provision of transit service. An authority may also acquire a transit
23 system by entering into a transfer agreement with the owner of the system. The
24 authority shall have all powers necessary and convenient to carry out its

1 responsibilities under this paragraph, including the power to apply for and utilize
2 state and federal funds.

3 (n) 1. The authority may not assume responsibility for providing transit service
4 and transit planning in Milwaukee County until all of the following occur:

5 a. A Milwaukee transit authority is created as provided in s. 66.1038 (2).

6 b. Approval of an application as described in s. 66.1038 (7) (a).

7 2. When the last of the conditions specified in subd. 1. occurs, the authority
8 shall do all of the following:

9 a. Assist the Milwaukee transit authority in the winding–down process
10 described in s. 66.1038 (7) (a) and (b), including assisting in the orderly transfer of
11 assets and property to the southeastern regional transit authority.

12 b. Within 120 days thereafter, assume responsibility for providing transit
13 service and transit planning in Milwaukee County under par. (m).

14 (o) If any county transfers sales tax revenues to the authority, the authority
15 may expend these funds only in the county in which the revenues were generated and
16 only for purposes of providing transit service or transit planning within this county.
17 These funds may not be expended for purposes related to the KRM commuter rail
18 line. This paragraph does not prohibit the authority from using any available
19 revenues for payment of debt service on bonds issued under par. (f) that were issued
20 for purposes consistent with this paragraph.

21 (p) After the authority assumes responsibility for providing transit service
22 under par. (m), in addition to the authorization under par. (f) 2., the authority may
23 use bond proceeds from the bonds issued under par. (f) for the construction of new
24 capital improvements to the authority's transit system or for the acquisition of

existing transit systems in any portion of the authority's jurisdictional area where the authority provides transit service.

SECTION 10. 66.0301 (1) (a) of the statutes is amended to read:

66.0301 **(1)** (a) Except as provided in pars. (b) and (c), in this section "municipality" means the state or any department or agency thereof, or any city, village, town, county, school district, public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system created under s. 59.70 (2), local exposition district created under subch. II of ch. 229, local professional baseball park district created under subch. III of ch. 229, local professional football stadium district created under subch. IV of ch. 229, local cultural arts district created under subch. V of ch. 229, <u>the transit authority under s. 59.58 (7),</u> long–term care district under s. 46.2895, water utility district, mosquito control district, municipal electric company, county or city transit commission, commission created by contract under this section, taxation district, regional planning commission, housing authority created under s. 66.1201, redevelopment authority created under s. 66.1333, community development authority created under s. 66.1335, or city–county health department.

SECTION 11. 66.0903 (1) (d) of the statutes is amended to read:

66.0903 **(1)** (d) "Local governmental unit" means a political subdivision of this state, a special purpose district in this state, an instrumentality or corporation of such a political subdivision or special purpose district, a combination or subunit of any of the foregoing or an instrumentality of the state and any of the foregoing. <u>"Local governmental unit" includes a transit authority under s. 59.58 (7) or 66.1038.</u>

SECTION 12. 66.1038 of the statutes is created to read:

1 **66.1038 Milwaukee transit authority. (1)** DEFINITIONS. In this section:
2 (a) Except as used in par. (c), "authority" means a Milwaukee transit authority
3 created under this section.
4 (b) "KRM commuter rail line" has the meaning given in s. 59.58 (7) (a) 3.
5 (c) "Southeastern regional transit authority" means the southeastern regional
6 transit authority created under s. 59.58 (7).
7 **(2)** CREATION. Subject to the tax imposition requirement of s. 77.70 (2), the
8 Milwaukee County board may create a Milwaukee transit authority, a public body
9 corporate and politic and a separate governmental entity. Once created, the
10 authority may transact business and exercise any powers granted to it under this
11 section. The jurisdictional area of this authority is the geographic area formed by
12 the territorial boundaries of Milwaukee County.
13 **(3)** GOVERNANCE. (a) Upon creation, the powers of the authority shall be vested
14 in its board of directors. Directors shall be appointed for 2–year terms. A majority
15 of the board of directors' full authorized membership constitutes a quorum for the
16 purpose of conducting the authority's business and exercising its powers. Action may
17 be taken by the board of directors upon a vote of a majority of the directors present
18 and voting, unless the bylaws of the authority require a larger number.
19 (b) The board of directors of the authority consists of the following members:
20 1. Two members from the authority's jurisdictional area, appointed by the
21 Milwaukee County board chairperson.
22 2. One member from that portion of the authority's jurisdictional area that is
23 outside the city of Milwaukee, appointed by the Milwaukee County board
24 chairperson.
25 3. One member, appointed by the mayor of the city of Milwaukee.

1 4. One member from the authority's jurisdictional area, appointed by the
2 governor.
3 (c) The bylaws of the authority shall govern its management, operations, and
4 administration, consistent with the provisions of this section.
5 **(4)** POWERS. (a) Notwithstanding s. 59.84 (2) and any other provision of this
6 chapter or ch. 59 or 85, but subject to sub. (7), upon creation, the authority and the
7 Milwaukee County board shall contract for the authority to provide, beginning on
8 January 1, 2015, or as soon after creation of the authority as is reasonably feasible,
9 whichever is later, transit service and transit planning in Milwaukee County. The
10 authority shall have all powers necessary and convenient to carry out this purpose.
11 The authority's powers shall be limited to those specified in this section.
12 (b) The authority shall be provided the tax revenues imposed under s. 77.70 (2).
13 **(5)** BUDGETS; REVENUES; AUDIT. The board of directors of the authority shall
14 annually prepare a budget for the authority. Revenues of the authority shall be used
15 only for the expenses and specific purposes of the authority. The authority shall
16 maintain an accounting system in accordance with generally accepted accounting
17 principles and shall have its financial statements audited annually by an
18 independent certified public accountant.
19 **(6)** OTHER STATUTES. This section does not limit the powers of political
20 subdivisions to enter into intergovernmental cooperation or contracts or to establish
21 separate legal entities under s. 66.0301 or 66.1021 or any other applicable law, or
22 otherwise to carry out their powers under applicable statutory provisions. Section
23 66.0803 (2) does not apply to the authority.
24 **(7)** SUNSET AND TRANSITION. (a) Upon approval by the federal transit
25 administration in the U.S. department of transportation of an application under the

1 federal new starts grant program for funding for the KRM commuter rail line, the
2 authority shall begin the process of winding down and dissolving, including taking
3 those actions specified in par. (b), and shall complete this process no later than 120
4 days after the date of the approval. The authority terminates on the 120th day after
5 the date of the approval.

6 (b) Upon approval of an application as described in par. (a) and the winding
7 down and dissolution of the authority under this subsection, the southeastern
8 regional transit authority shall become the successor to the authority. The board of
9 directors of the authority shall assist in good faith in the transition from the
10 authority to the southeastern regional transit authority. As part of the authority's
11 winding–down process, all of the following shall occur:

12 1. The assets and liabilities of the authority shall become the assets and
13 liabilities of the southeastern regional transit authority.

14 2. All tangible personal property, including records, of the authority shall be
15 transferred to the southeastern regional transit authority.

16 3. All contracts entered into by the authority, in effect at the time of winding
17 down the authority, remain in effect and are transferred to the southeastern regional
18 transit authority. The southeastern regional transit authority shall carry out any
19 obligations under such a contract until the contract is modified or rescinded by the
20 southeastern regional transit authority to the extent allowed under the contract.
21 This subdivision does not apply to the contract specified in par. (c).

22 (c) The contract between the authority and the Milwaukee County board under
23 sub. (4) shall require that, as part of the winding down and dissolution of the
24 authority under this subsection, the contract will terminate and responsibility for
25 providing transit service and transit planning in Milwaukee County will thereafter

be assumed by the southeastern regional transit authority under s. 59.58 (7) (m) and (n).

SECTION 13. 70.11 (2) of the statutes is amended to read:

70.11 **(2)** MUNICIPAL PROPERTY AND PROPERTY OF CERTAIN DISTRICTS, EXCEPTION. Property owned by any county, city, village, town, school district, technical college district, public inland lake protection and rehabilitation district, metropolitan sewerage district, municipal water district created under s. 198.22, joint local water authority created under s. 66.0823, transit authority under s. 59.58 (7) or 66.1038, long–term care district under s. 46.2895 or town sanitary district; lands belonging to cities of any other state used for public parks; land tax–deeded to any county or city before January 2; but any residence located upon property owned by the county for park purposes that is rented out by the county for a nonpark purpose shall not be exempt from taxation. Except as to land acquired under s. 59.84 (2) (d), this exemption shall not apply to land conveyed after August 17, 1961, to any such governmental unit or for its benefit while the grantor or others for his or her benefit are permitted to occupy the land or part thereof in consideration for the conveyance. Leasing the property exempt under this subsection, regardless of the lessee and the use of the leasehold income, does not render that property taxable.

SECTION 14. 71.05 (1) (c) 9. of the statutes is created to read:

71.05 **(1)** (c) 9. The southeastern regional transit authority under s. 59.58 (7) (f).

SECTION 15. 71.26 (1) (b) of the statutes is amended to read:

71.26 **(1)** (b) *Political units.* Income received by the United States, the state and all counties, cities, villages, towns, school districts, technical college districts, joint local water authorities created under s. 66.0823, transit authorities under s.

1 59.58 (7) or 66.1038, long–term care districts under s. 46.2895 or other political units
2 of this state.

3 **SECTION 16.** 71.26 (1m) (j) of the statutes is created to read:

4 71.26 **(1m)** (j) Those issued under s. 59.58 (7) (f).

5 **SECTION 17.** 71.45 (1t) (j) of the statutes is created to read:

6 71.45 **(1t)** (j) Those issued under s. 59.58 (7) (f).

7 **SECTION 18.** 74.09 (3) (gd) of the statutes is created to read:

8 74.09 **(3)** (gd) For Milwaukee County, if it imposes a sales and use tax under
9 s. 77.70 (2), indicate the amount of the reduction in property taxes associated with
10 the requirement under s. 77.70 (2) to remove transit expenditures from the property
11 tax levy.

12 **SECTION 19.** Chapter 77 (title) of the statutes is amended to read:

13 **CHAPTER 77**
14 **TAXATION OF FOREST CROPLANDS;**
15 **REAL ESTATE TRANSFER FEES;**
16 **SALES AND USE TAXES; COUNTY,**
17 **TRANSIT AUTHORITY, AND SPECIAL**
18 **DISTRICT SALES AND USE TAXES;**
19 **MANAGED FOREST LAND; ECONOMIC**
20 **DEVELOPMENT SURCHARGE; LOCAL FOOD**
21 **AND BEVERAGE TAX; LOCAL RENTAL**
22 **CAR TAX; PREMIER RESORT AREA**
23 **TAXES; STATE RENTAL VEHICLE FEE;**
24 **DRY CLEANING FEES**

25 **SECTION 20.** 77.54 (9a) (er) of the statutes is created to read:

1 77.54 **(9a)** (er) Any transit authority under s. 59.58 (7) or 66.1038.

2 **SECTION 21.** Subchapter V (title) of chapter 77 [precedes 77.70] of the statutes
3 is amended to read:

4 **CHAPTER 77**

5 SUBCHAPTER V

6 COUNTY, TRANSIT AUTHORITY, AND

7 SPECIAL DISTRICT SALES AND USE

8 TAXES

9 **SECTION 22.** 77.70 (2) of the statutes is created to read:

10 77.70 **(2)** In addition to the taxes imposed under sub. (1), if the Milwaukee
11 County board creates a Milwaukee transit authority as provided in s. 66.1038 (2), the
12 Milwaukee County board shall adopt an ordinance to impose a sales and use tax
13 under this subchapter at the rate of 0.5 percent of the sales price or purchase price.
14 The taxes may be imposed only in their entirety. If Milwaukee County imposes the
15 taxes under this subsection, it shall not levy property taxes for transit purposes. If
16 Milwaukee County imposes the taxes under this subsection, it shall distribute the
17 tax revenue to the Milwaukee transit authority created under s. 66.1038, except
18 that, upon approval of an application as described in s. 66.1038 (7) (a), it shall
19 distribute the tax revenue to the southeastern regional transit authority created
20 under s. 59.58 (7). An ordinance adopted under this subsection shall be effective on
21 the first day of January, the first day of April, the first day of July, or the first day
22 of October. A certified copy of that ordinance shall be delivered to the secretary of
23 revenue at least 120 days prior to its effective date. The repeal of any such ordinance
24 shall be effective on December 31. A certified copy of a repeal ordinance shall be

delivered to the secretary of revenue at least 120 days before the effective date of the repeal.

SECTION 23. Subchapter XIII (title) of chapter 77 [precedes 77.9971] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

SOUTHEASTERN REGIONAL TRANSIT AUTHORITY FEE

SECTION 24. 77.9971 of the statutes is created to read:

77.9971 Imposition. (1) The southeastern regional transit authority under s. 59.58 (7) may impose a fee at a rate not to exceed $18, as adjusted under sub. (2), for each transaction in the authority's jurisdictional area, as described in s. 59.58 (7) (b), on the rental, but not for rerental and not for rental as a service or repair replacement vehicle, of Type 1 automobiles, as defined in s. 340.01 (4) (a), by establishments primarily engaged in short–term rental of passenger cars without drivers, for a period of 30 days or less, unless the sale is exempt from the sales tax under s. 77.54 (1), (4), (7) (a), (7m), (9), or (9a). The fee imposed under this subchapter shall be effective on the first day of the first month that begins at least 90 days after the board of directors of the southeastern regional transit authority approves the imposition of the fee and notifies the department of revenue. The board of directors shall notify the department of a repeal of the fee imposed under this subchapter at least 60 days before the effective date of the repeal.

(2) (a) The southeastern regional transit authority's board of directors may provide for the annual adjustment of the fee specified in sub. (1) to reflect the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor, for the 12 months

ending on September 30 of the year before the adjustment. If the fee is adjusted under this subsection and the adjusted fee is not evenly divisible by $0.25, the adjusted fee shall be rounded to the next highest quarter–dollar amount.

(b) If the fee is adjusted under this subsection, the southeastern regional transit authority shall provide notice to the department of revenue of the fee adjustment at least 90 days before the adjustment becomes effective.

SECTION 25. 77.9972 of the statutes is created to read:

77.9972 Administration. (1) The department of revenue shall administer the fee under this subchapter and may take any action, conduct any proceeding, and impose interest and penalties.

(2) Sections 77.51 (12m), (14), (14g), (15a), and (15b), 77.52 (1b), (3), (5), (13), (14), (18), and (19), 77.522, 77.58 (1) to (5), (6m), and (7), 77.585, 77.59, 77.60, 77.61 (2), (3m), (5), (8), (9), and (12) to (15), and 77.62, as they apply to the taxes under subch. III, apply to the fee under this subchapter. Section 77.73, as it applies to the taxes under subch. V, applies to the fee under this subchapter. The renter shall collect the fee under this subchapter from the person to whom the passenger car is rented.

(3) From the appropriation under s. 20.835 (4) (gh), the department of revenue shall distribute 97.45 percent of the fees collected under this subchapter to the southeastern regional transit authority and shall indicate to the authority the fees reported by each fee payer in the authority's jurisdiction, no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The fees distributed shall be increased or decreased to reflect subsequent refunds, audit adjustments, and all other adjustments. Interest paid on refunds of the fee under this subchapter shall be paid from the appropriation under s. 20.835 (4) (gh)

1 at the rate under s. 77.60 (1) (a). If the southeastern regional transit authority
2 receives a report along with a payment under this subsection, the southeastern
3 regional transit authority is subject to the duties of confidentiality to which the
4 department of revenue is subject under s. 77.61 (5).

5 **(4)** Persons who are subject to the fee under this subchapter shall register with
6 the department of revenue. Any person who is required to register, including any
7 person authorized to act on behalf of a corporation, partnership, or other person who
8 is required to register, who fails to do so is guilty of a misdemeanor.

9 **(5)** A retailer who collects a fee under this subchapter shall identify the fee as
10 a separate item on a receipt the retailer provides to a rental customer.

11 **(6)** If the department of revenue receives notice of a fee adjustment under s.
12 77.9971 (2) (b), the department shall publish the new adjusted fee at least 30 days
13 before the adjustment becomes effective.

14 **SECTION 26.** 77.9973 of the statutes is created to read:

15 **77.9973 Discontinuation.** Retailers and the department of revenue may not
16 collect fees under this subchapter for the southeastern regional transit authority
17 after the calendar quarter during which the southeastern regional transit authority
18 ceases to exist, except that the department may collect from retailers fees that
19 accrued before that calendar quarter and interest and penalties that relate to those
20 fees. If fees are collected, the authority may use the revenue for any lawful purpose.

21 **SECTION 27.** 85.062 (3) (c) of the statutes is created to read:

22 85.062 **(3)** (c) The KRM commuter rail line, as defined in s. 59.58 (7) (a) 3.

23 **SECTION 28.** 85.064 (1) (b) of the statutes is amended to read:

1 85.064 **(1)** (b) "Political subdivision" means any city, village, town, county, ~~or~~
2 transit commission organized under s. 59.58 (2) or 66.1021 or recognized under s.
3 66.0301 within this state, or transit authority under s. 59.58 (7).

4 **SECTION 29.** 85.20 (4m) (a) (intro.) of the statutes is amended to read:

5 85.20 **(4m)** (a) (intro.) The department shall pay annually to the eligible
6 applicant described in subd. 6. cm. the amount of aid specified in subd. 6. cm. The
7 department shall pay annually to the eligible applicant described in subd. 6. d. the
8 amount of aid specified in subd. 6. d. The department shall allocate an amount to
9 each eligible applicant described in subd. 6. e., 6. f., 7., or 8. to ensure that the sum
10 of state and federal aids for the projected operating expenses of each eligible
11 applicant's urban mass transit system is equal to a uniform percentage, established
12 by the department, of the projected operating expenses of the mass transit system
13 for the calendar year. The department shall make allocations as follows:

14 **SECTION 30.** 85.20 (4m) (a) 6. e. of the statutes is amended to read:

15 85.20 **(4m)** (a) 6. e. From the appropriation under s. 20.395 (1) (hw), the
16 department may pay the uniform percentage for each eligible applicant for a planned
17 commuter or light rail system that has been enumerated under s. 85.062 (3). An
18 eligible applicant may not receive aid under subd. 6. cm. or d., 7., or 8. for a commuter
19 rail or light rail transit system.

20 **SECTION 31.** 85.20 (4m) (a) 6. f. of the statutes is created to read:

21 85.20 **(4m)** (a) 6. f. From the appropriation under s. 20.395 (1) (hy), the
22 department may pay the uniform percentage for each eligible applicant for making
23 payments under s. 59.58 (7) (L).

24 **SECTION 32.** 85.20 (4s) of the statutes is amended to read:

1 85.20 **(4s)** PAYMENT OF AIDS UNDER THE CONTRACT. The contracts executed
2 between the department and eligible applicants under this section shall provide that
3 the payment of the state aid allocation under sub. (4m) (a) for the last quarter of the
4 state's fiscal year shall be provided from the following fiscal year's appropriation
5 under s. 20.395 (1) (hr), (hs), (ht), (hu), ~~or~~ (hw), or (hy).

6 **SECTION 33.** 111.70 (1) (j) of the statutes is repealed and recreated to read:

7 111.70 **(1)** (j) "Municipal employer" means any city, county, village, town,
8 metropolitan sewerage district, school district, long–term care district, transit
9 authority under s. 59.58 (7) or 66.1038, local cultural arts district created under
10 subch. V of ch. 229, or any other political subdivision of the state, or instrumentality
11 of one or more political subdivisions of the state, that engages the services of an
12 employee and includes any person acting on behalf of a municipal employer within
13 the scope of the person's authority, express or implied.

14 **SECTION 34.** 345.05 (1) (ag) of the statutes is created to read:

15 345.05 **(1)** (ag) "Authority" means a transit authority under s. 59.58 (7) or
16 66.1038.

17 **SECTION 35.** 345.05 (2) of the statutes is amended to read:

18 345.05 **(2)** A person suffering any damage proximately resulting from the
19 negligent operation of a motor vehicle owned and operated by a municipality or
20 authority, which damage was occasioned by the operation of the motor vehicle in the
21 course of its business, may file a claim for damages against the municipality or
22 authority concerned and the governing body of the municipality, or the board of
23 directors of the authority, may allow, compromise, settle and pay the claim. In this
24 subsection, a motor vehicle is deemed owned and operated by a municipality or

1 authority if the vehicle is either being rented or leased, or is being purchased under
2 a contract whereby the municipality or authority will acquire title.

3 **SECTION 36.** 611.11 (4) (a) of the statutes is amended to read:

4 611.11 **(4)** (a) In this subsection, "municipality" has the meaning given in s.
5 345.05 (1) (c), but also includes any transit authority under s. 59.58 (7) or 66.1038.

6 **(END)**

Barman, Mike

From: Selkowe, Vicky
Sent: Thursday, February 20, 2014 11:45 AM
To: LRB.Legal
Subject: Draft Review: LRB -4003/1 Topic: Kenosha Racine Milwaukee transit system/ authority (KRM)

Please Jacket LRB -4003/1 for the ASSEMBLY.