



## Legislative Fiscal Bureau

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April 30, 2009

Joint Committee on Finance

Paper #769

### **Regional Transit Authorities -- Other Areas (Transportation -- Local Transportation Assistance)**

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#### **CURRENT LAW**

No provision.

#### **GOVERNOR**

Under the Governor's recommendation, three regional transit authorities in the state could have sales tax authority and spending authority relative to transit service. A regional transit authority (RTA) would be created in the Fox Cities that would consist of the municipalities located in whole or in part in the urbanized Fox Cities metropolitan planning area. In addition, by a vote of the Dane County board, a Dane County RTA could be created that would consist of the municipalities located in whole or in part in the Madison metropolitan planning area. A Southeast RTA could be created if the governing board of Kenosha or Milwaukee county, or any municipality in Racine County located east of Interstate 94, votes to create the RTA. The Southeast RTA would consist of the combined territory of the counties or municipalities that authorize a resolution to create the RTA. For all three RTAs, the boundaries could be expanded if specified other counties or municipalities vote to join the RTA.

#### **DISCUSSION POINTS**

##### **Background**

1. Throughout the United States, regional transit authorities have become a common model used to deliver public transportation services. The policy reasoning for this model is that it recognizes the need to plan, construct, and deliver transportation services across political boundaries in order to provide citizens the most efficient mobility linkages as well as transportation options. Several states, including California, Illinois, Ohio, Texas, Washington, and several northeastern states with large population centers and extensive public transportation systems, have had regional

transit authorities in place for decades. However, in recent years, other states have adopted legislation enabling the creation of regional transit authorities and the local adoption of dedicated funding sources for public transportation. For example, New Mexico recently enacted legislation allowing the creation of regional transit districts. Other states, like Wisconsin, are currently debating legislation to create regional authorities with public transportation responsibilities and taxing authority.

2. The policy reason for a regional approach to public transportation is similar to the reasoning behind a regional approach to highway infrastructure. A regional approach recognizes the need to coordinate planning and resources and merge public transportation services among urban areas and the adjacent communities. This has been especially true in metropolitan areas of the country that have experienced significant population growth and the expansion of the population center from the urban core to adjacent municipalities and counties. The development of regional transit authorities nationwide also indicates state and local recognition of the need for investment in public transportation services as part of a balanced regional transportation system that also includes roads, rail, and airports and that serves commuter travel as well as providing intermodal connections for intercity travel.

3. Throughout the state, municipalities provide some form of transit services directly to their citizens or contract for the provision of those services. State mass transit operating assistance is available to help finance transit systems in areas of the state with populations of 2,500 or more. Transit systems currently receiving state aid are primarily bus systems or shared-ride taxicab service systems. Shared-ride taxicab operators provide public transportation service, under contract, in areas of the state with insufficient population to support bus service. Kenosha also receives aid for its downtown trolley system.

4. In 2008, 68 mass transit systems received a combined \$110 million in state transit aid. The distribution of mass transit aid payments consists of the following four tiers: (a) Milwaukee County/Transit Plus in Tier A-1; (b) Madison in Tier A-2; (c) all other urban bus and Chippewa Falls, Onalaska, Stoughton, and Sun Prairie shared-ride taxi systems in Tier B; and (d) all remaining systems in Tier C. The smaller systems (Tier B and Tier C systems), most of which could not be part of an RTA under the Governor's proposal, received 26.8% of the total state transit operating assistance. These municipalities also provided \$20.3 million in local property tax revenues toward transit service, which covered 21.6% of the costs of providing that service.

5. Many of the medium-sized and small transit systems in the state provide transit service across municipal boundaries. For example, the transit system operated by the City of La Crosse provides bus route transit service that consists of eight fixed routes and two flex-routes. The systems offers transit service throughout the area, including service to two other municipalities, with most routes operating seven days a week. Similarly, Wausau's Metro Ride transit system operates in the villages of Rothschild and Weston and the cities of Schofield and Wausau.

6. The Bay Area Rural Transit (BART) system in Ashland provides a fixed-route commuter service for the residents of Red Cliff, Ashland, Bayfield, Washburn, and Odanah in

northern Wisconsin. BART offers service at each of its bus stops every two hours and also provides on demand, point to point bus service in the City of Washburn and the immediately surrounding area.

7. Municipalities in the state currently have the authority to contract with other municipalities for the provision of transit services within their jurisdiction. In addition, municipalities have the authority to enter into cooperative agreements with other municipalities in their region for the provision of such services.

### **RTAs in Medium-Sized Urban Areas**

8. Under the Governor's budget recommendations, three regional transit authorities in the state could have sales tax authority and spending authority relative to transit service: a Dane County RTA, a Fox Cities RTA, and a Southeast RTA. No other areas of the state would be allowed to create a regional transit authority. Some have contended that the Governor's recommendations relative to RTAs are limited to too few areas of the state. They contend that the authority should be provided to other municipalities or regions throughout the state.

9. Many local elected and transit officials believe that the state government should provide local government with the authority to create regional transit authorities and let the local governing bodies and citizens determine whether or not an RTA is created. Discussions at the local level regarding enabling legislation for RTAs in Wisconsin have been going on for several years. Recently, a Legislative Council Study Committee on Regional Transit Authorities completed its work on enabling legislation for municipalities or counties to create RTAs throughout the state. The Committee was made up of representatives from throughout the state. The Study Committee recommended the introduction of draft legislation (WLC: 0063/2). By a vote of 14-8, the Joint Legislative Council approved the draft for introduction.

10. A brief summary of the Legislative Council draft is provided as an attachment to this paper (Attachment 1). In general, the bill would allow two or more municipalities to join together to create an RTA. The bill would also allow a county to unilaterally create an RTA under certain circumstances. The bill would also allow a county, for a period of time, to prevent its underlying municipalities from creating or joining an RTA if the county intends to create one. Similar to the Governor's recommendations, the bill would allow an RTA to impose up to 0.5% sales and use taxes within its jurisdictional area. If the Committee prefers the approach taken by the Study Committee, the Committee could adopt the Study Committee's proposal for areas of the state not included in the Governor's recommendation. Conversely, a bill on the Study Committee's proposal will be before the Legislature and could be passed as separate legislation.

11. Under the Legislative Council draft, any two municipalities, regardless of size, could create an RTA and impose up to 0.5% sales and use taxes. As mentioned earlier, from a policy perspective, regional transit authorities recognize the need to coordinate planning and resources and merge public transportation services among the state's more urban areas and the adjacent communities. While smaller, more disparate communities and populations in the state have

public transportation needs, allowing two small municipalities the authority to create an RTA may not provide a large enough scope, in terms of geography, or population area, to derive the policy benefits that are generally associated with regional public transportation authorities. Therefore, some may argue that allowing two small, non-adjacent municipalities the authority to create an RTA may not be the most beneficial use of this authority.

12. Conversely, some of the state's medium-sized municipalities could benefit from a limited, regional approach to transit. For example, the transit systems in the cities of La Crosse and Wausau already provide regional transit service to surrounding municipalities. The state has several other medium-sized urban areas that provide transit service to more than one municipality. Some contend that allowing such municipalities and their surrounding communities to create an RTA, with sales tax authority, could assist these local efforts to provide a regional benefit, whose cost should be shared by the municipalities in such regions.

13. If the Committee decides to provide RTA authority to other areas of the state, but is concerned about the size and number of RTAs that would be allowed, the Committee could allow only those municipalities with populations in excess of 25,000 that could not join an RTA under the Governor's recommendations to join with one or more adjacent municipalities to create an RTA. This alternative would allow the following additional municipalities to create an RTA: Beloit, Green Bay, Eau Claire, Fond du Lac, Janesville, La Crosse, Manitowoc, Sheboygan, Stevens Point, Superior, and Wausau. The jurisdictional area of any RTA created under this alternative could be limited to the territorial boundaries of those municipalities that create or subsequently join the RTA. In addition, in order to achieve a more cooperative regional approach among such medium-sized municipalities, the Committee could allow two non-adjacent municipalities of 25,000 or more in population, such as Janesville and Beloit, to create an RTA.

14. One of the reasons for the Governor's recommendation regarding the creation of a Fox Cities RTA is that the urban area surrounding the City of Appleton will exceed 200,000 in population in the 2010 census, which will significantly reduce the amount of federal mass transit operating assistance the system will receive. The Green Bay urban area is also expected to exceed the 200,000 population threshold in the 2010 census. Thus, the Green Bay transit system could also be facing reductions in federal operating assistance. Allowing municipalities with 25,000 or more in population to create an RTA would provide the City of Green Bay the option of joining with an adjacent municipality to form an RTA, which could use its taxing authority to address this federal funding issue.

15. If the Committee decides not to provide broad authority to create RTAs, but wants to do something in the Green Bay area, the Committee could extend a provision similar to the Governor's recommendations for the Fox Cities RTA to the Green Bay region. The Green Bay RTA could be created by the bill to consist of those municipalities wholly or partly within the Green Bay metropolitan planning area. This area currently consists of: the cities of De Pere and Green Bay; the villages of Allouez, Ashwaubenon, Bellevue, Hobart, Howard, and Suamico; the towns of Lawrence, Ledgeview, Pittsfield, Rockland, and Scott; and the Oneida Nation of Wisconsin. The RTA board membership could consist of the following members: (a) two members from Brown

County; (b) two members from the City of Green Bay; (c) one member from the City of De Pere; (d) two members mutually agreed upon by the governing boards of the villages located in whole or in part within the metropolitan planning area; (e) one member mutually agreed upon by the governing boards of the towns located in whole or in part within the metropolitan planning area; and (f) one member from the Oneida Nation of Wisconsin.

16. If the Committee decides against creating a Green Bay RTA by statutory directive, but wants to give the option to area residents, it could provide for its creation either by the adoption of a resolution by the Brown County board (this would be similar to the process used under the bill for Dane County) or through a referendum vote held in the municipalities located in the Green Bay metropolitan planning area.

### **RTAs in Rural Counties**

17. In rural areas, local public transportation options, in the form of shared-ride taxis or vanpools, are often the only alternate source of mobility for the less affluent, the elderly, the disabled, and the young. Population projections show a 75% increase in persons 75 or older in the state from 2000 to 2030, which is an age at which drivers typically reduce or eliminate their automobile use. Population projections also indicate that the percentage of the state population in this age group will grow from 6.5% to nearly 10% by 2030, with many rural counties having much higher percentages. Therefore, as the number of state residents who may need public transportation services grows, the demand for such services will likely grow.

18. Many rural areas of the state are already recognizing the need for regional transit service to meet their growing public transportation needs. For example, the Bay Area Rural Transit system currently provides transit services to several municipalities in two counties.

19. In southwestern Wisconsin, local public and private transportation providers and human service agencies have begun coordinating transportation services planning. In 2006, the Southwest Wisconsin Transit Team was formed to begin exploring ways to collaborate and improve existing transportation services, and take a regional approach to the provision of public transportation services for area residents. The team includes public and private representation from Grant, Green, Iowa, Lafayette, and Richland counties. This initiative developed out of federal transportation reauthorization legislation that emphasizes the need for coordination of transit services and the efficient and effective resource allocation for regional transit operations, maintenance, and service development.

20. Such rural initiatives often pull together state and federal transportation and human services funding sources, along with local property tax revenues, to fund public transportation services at the county or regional level. Public transit efforts in these areas often involve the county health services and aging departments. Demand for public transportation often involve rides to and from medical or other human service-related trips. However, similar to larger systems, these public transportation efforts often have to compete with other local priorities for local property tax revenues. Recognizing the need for public transportation in the state's more rural areas, and

acknowledging the planning that is currently going on to coordinate public transportation efforts in these areas as well as the limited funding available, the Committee could allow counties the authority to create a countywide RTA, or to join with other counties to create a multi-county RTA.

### **Creation of Additional RTAs**

21. If the Committee determines that other areas of the state besides those recommended by the Governor should have the ability to create an RTA, the Committee could provide those areas the same powers allowed RTAs under the Governor's recommendations. (The powers are listed in Attachment 2 to this paper.) This could include the authority for other municipalities or counties to join an RTA that is created. The Committee could also specify that any municipality or county that is adjacent to a municipality or county that creates an RTA under Governor's recommendations could join such an RTA (under the bill, the ability to join the three RTAs is limited to specified counties and municipalities). Similar to the provisions under the Governor's RTA recommendations, a municipality or county that joins any RTA that is already created could also be allowed to withdraw from that RTA.

22. In deliberations over the creation of regional transit authorities that would have sales tax authority, some have expressed concern that areas could be included within a proposed RTA without a vote of the residents from that area. The RTA would have taxing and spending authority, but those residents who would pay the taxes and receive the transit services would not be allowed a vote on whether the RTA is created. Recognizing this concern, some contend that an RTA should only be created by a referendum vote.

23. By requiring a referendum vote for areas wishing to create an RTA, the Committee could make it certain that the residents within the jurisdictional area of an RTA would have a say in whether it is established. A referendum vote could also improve local buy-in of the RTA and its actions and potentially alleviate any impression among area officials and residents that the RTA is being forced upon them. This referendum requirement could also be extended to include any municipality that may choose to join an RTA after its creation.

24. The Committee could either require one referendum vote within the entire proposed RTA jurisdiction or individual referendum votes within each municipality that would be included in the proposed RTA region. Allowing one vote within the entire region would recognize the regional nature of the proposal and would not allow individual municipalities to opt out of paying for regional transit services. Conversely, allowing individual municipalities to vote on the creation would recognize the importance of citizen input and the benefit of citizen buy-in within each participating municipality. The local governments supporting creation of the RTA could jointly schedule the referendum under either approach to referendum approval.

### **Governance of RTAs**

25. Under the Governor's recommendations for the Dane County RTA, the Fox Cities RTA, and the Southeast RTA, the makeup of the governing boards of each RTA would be different.

Instead of specifying the makeup of an RTA board for any RTA created in the remaining areas of the state, the Committee could require that the makeup of the RTA board be specified in the resolutions creating the RTA. Such an alternative could be similar to the Legislative Council RTA proposal, which would require that the resolution creating the RTA specify the number of directors on the RTA board, the manner of their appointment, the required representation for participating counties or municipalities, the terms of office, procedure for filling vacancies, and compensation.

26. The representation on the RTA boards that use sales tax revenues to fund transit services varies throughout the country. Allowing an RTA board that is not directly elected by the citizens to have sales tax authority could insulate the board from the concerns of those paying the tax. If the board is unresponsive to their concerns, taxpayers could vote against the elected officials who appointed the RTA board members at the next election, but there would be no direct way for citizens to express their disapproval of individual board members. This is similar to the situation that exists with the state's technical college district boards, which have general property tax authority, but are appointed to the board rather than elected by those paying the local property tax. An alternative would be to specify that the board members would have to be elected by residents of the district they represent. Conversely, if a decision is made to require referendum approval to impose the sales and use taxes, this could be viewed as providing enough taxpayer oversight to mitigate any perceived need for electing board members.

27. Some RTAs around the country that are governed by boards are made up of appointed members, who are locally elected officials. Having elected officials serve on the RTA board could make the board more directly responsible to the taxpayers. Under this option, if the voters of a member's county or municipality disapprove of that member's decisions on the RTA board, the voters could vote these responsible for appointing that member out of office.

### **Imposition of the Sales Tax**

28. The use of sales tax revenues to pay for transit is common across the country. According to the Federal Transit Administration's National Transit Database, in 2007, over 100 metropolitan or regional transit authorities used sales tax revenues to fund their transit operations. Nationwide, these authorities have authority to tax the residents of thousands of municipalities in order to fund transit services in their regions.

29. Many states have multiple metropolitan or regional transit authorities with sales tax authority. For example, the State of Washington has 13 transit authorities or districts that have the authority to impose up to 1% sales and use taxes in their jurisdictional areas. The State of Texas may make the most extensive use of transit authorities with local sales tax authority. Texas has 10 transit authorities or districts that impose either 0.5% or 1% sales and use taxes to fund regional transit services to over 60 major Texas municipalities and numerous unincorporated areas.

30. Several metropolitan transit authorities use sales tax revenues to back bonds issued to fund major transit service improvements. In many instances, the use of sales tax dollars for transit operation or improvements was approved by voters at referendum. The Wall Street Journal

reported recently that at the November, 2008, election, U.S. voters approved 23 measures nationally that will invest \$75 billion into public transportation systems. According to the Center for Transportation Excellence, the source for the article and an organization that tracks local transportation investment ballot initiatives across the country, overall, 70% of the local ballot measures passed, including 14 of 19 that raised local sales taxes to pay for the investments.

31. Similarly, in discussions regarding RTA legislation in Wisconsin, it has been suggested that a referendum vote on whether to impose a sales tax within the RTA district should be required. The Committee could specify that voters within the RTA's jurisdiction would have to approve the sales and use taxes for transit at referendum. If the Committee also requires that a referendum on the question of creation of the RTA district be held, the question as to whether to impose sales and use taxes within the region could be included in the same referendum.

## **ALTERNATIVES**

### **A. Creation and Jurisdiction**

Specify one or more of the following relative to the creation of a regional transit authority in areas of the state that would not be allowed to create an RTA under the Governor's 2009-11 biennial budget recommendations. Specify that the jurisdictional area of the RTA would be the territorial boundaries of the municipalities or counties that would be members of the RTA (this would make the jurisdictional area of the RTA consistent with any membership that would be allowed under one of the following alternatives).

1. Allow two or more adjacent municipalities, one of which would have to have a population of 25,000 or more, or two non-adjacent municipalities, each with 25,000 or more in population, to create an RTA, in one of the following manners:

a. By adoption of an identical resolution by the governing board of two or more municipalities.

b. By adoption of a resolution to create the RTA by a majority vote of all electors within the combined territory of the municipalities at referendum. Specify that the referendum must be held on an identical resolution in each municipality and must be held on the date of a spring or fall general election.

c. By adoption of a resolution creating the RTA by a majority vote of the electors within each of two or more municipalities at municipal referendum. Specify that the referendum must be held on an identical resolution in each municipality and must be held on the date of a spring or fall general election.

2. Allow one or more counties to create an RTA, in one of the following manners:

a. By the adoption of an identical resolution of the governing board of one or more



counties.

b. By adoption of a resolution creating the RTA by a majority vote of the electors in one or more counties at a countywide election. Specify that the referendum must be held on an identical resolution in each county and must be held on the date of a spring or fall general election.

3. Specify that if a county creates an RTA, no municipality within that county could create an RTA in that county.

4. Allow for the creation of an RTA known as the Green Bay RTA that would consist of any municipality located wholly or partly within the Green Bay metropolitan planning area, in one of the following manners:

a. By the adoption of a resolution of the governing board of Brown County; or

b. By adoption of a resolution by a majority vote of the electors located in the Green Bay metropolitan planning area.

c. By statutory directive, similar to the Governor's recommendation for the Fox Cities RTA.

5. Adopt the Legislative Council Study Committee's recommendations on the creation of RTAs (WLC: 0063/2, which is summarized in Attachment 1) for those areas of the state not affected by the Governor's recommendations.

6. Take no action.

**B. Joinder to an Existing RTA**

1. Allow any municipality or county that is adjacent to any RTA created under the Governor's recommendations to join that RTA, as follows:

a. By adoption of a resolution by the governing board of any municipality or county. Specify that the existing RTA board would have to approve their joinder.

b. By adoption of a resolution to join the RTA by a majority vote of the electors of the municipality or county at a municipal or countywide referendum. Specify that the board of the existing RTA would have to approve their joinder. Specify that the referendum must be held on the date of a spring or fall general election.

2. Allow a municipality or county to join an RTA created by an adjacent municipality or an adjacent county using a procedure adopted under Section A of the alternatives, as follows:

a. By adoption of a resolution by the governing board of any municipality or county. Specify that the existing RTA board would have to approve their joinder.

b. By adoption of a resolution to join the RTA by a majority of the electors of the municipality or county at a municipal or countywide referendum. Specify that the board of the existing RTA would have to approve their joinder. Specify that the referendum must be held on the date of a spring or fall general election.

3. Take no action.

### **C. Governance**

1. Specify that any county or municipality that adopts a resolution creating an RTA would be required to specify the following in that resolution: the number of directors on the RTA board, the manner of their appointment, the required representation for participating counties or municipalities, the terms of office, procedure for filling vacancies, and compensation.

2. Specify that any county or municipality that adopts a resolution creating an RTA would be required to specify the following in that resolution: the number of directors on the RTA board, the required representation for participating counties or municipalities, the terms of office, procedure for filling vacancies, and compensation. Establish one of the following statutory requirements for the selection of the RTA board members:

a. the members must be appointed by the executive and approved by the governing body of each jurisdiction having a board member or members;

b. the members must be elected officials appointed by the executive and approved by the governing body of each jurisdiction having a board member or members; or

c. the members must be elected by the electors of the respective jurisdictions having a board member or members.

3. Specify that the members to the board of a Green Bay RTA would consist of the following members: (a) two members from Brown County appointed by the Brown County Executive and approved by the county board; (b) two members from the City of Green Bay appointed by the mayor and approved by the city council; (c) one member from the City of De Pere appointed by the mayor and approved by the city council; (d) two members mutually agreed upon by the governing bodies of the villages located in whole or in part within the metropolitan planning area; (e) one member mutually agreed upon by governing bodies of the towns located in whole or in part within the metropolitan planning area; and (f) one member from the Oneida Nation of Wisconsin.

4. Adopt Alternative C3, as modified by specifying one of the following:

a. the members of the Green Bay RTA board must be elected officials; or

b. the members of the Green Bay RTA board must be elected by the electors of their

respective jurisdictions.

**D. Imposition of Sales and Use Taxes**

1. Provide the authority to impose up to 0.5% sales and use taxes within the jurisdiction of the RTA, and allow DOR the authority to collect the taxes on behalf of the RTA and distribute the revenues, less a 1.5% administrative fee, back to the RTA. Specify that the imposition must be done as follows:

a. By the adoption of a resolution imposing the tax by the RTA board; or

b. By the adoption of resolution imposing the tax by a majority vote of the electors within the RTA's jurisdictional area at referendum. Specify that municipal board of the largest municipality creating an RTA, or the county board of the largest county creating an RTA, must set the date for the RTA tax referendum, but that this must be the date of a spring or fall general election. Allow that if a referendum vote is held on the question of creation of the RTA, the referendum vote on the sales and use taxes could be included in the same question.

Take no action.

Prepared by: Al Runde  
Attachments



## ATTACHMENT 1

### Summary of the Proposal Introduced by the Joint Legislative Council (WLC 0063/2)

#### **RTA Formation**

Specify that two or more counties or municipalities would be allowed, by adopting identical resolutions, to join together to create an RTA. Specify that the governing body of the county or municipality could require that the resolution be ratified by the electors at a referendum. Require that a public hearing must be held in each political subdivision at least 30 days before approving a resolution to create an RTA. Specify that the jurisdictional area of the RTA would be the combined territorial boundaries of all of the participating cities, villages, and towns (along with the county jurisdictional area discussed later). A municipality would not be allowed to participate in more than one RTA.

Specify that a county or municipality would be allowed to join an existing RTA if it holds a public hearing, adopts an identical resolution, and if the RTA adopt a resolution allowing the new political subdivision to join.

Allow the participating counties and municipalities in an RTA to amend their identical resolutions provided that all resolutions remain identical after the amendment and other requirements are met. Such amendments would not create a new RTA unless that is the intent of the participating political subdivisions.

All resolutions must include a transit plan, and would be required to contain certain provisions, including:

- a. information on the RTA's jurisdictional area;
- b. the RTA's purpose, extent of authority, duties, and services;
- c. the establishment of the RTA's board of directors, its voting requirements, and the manner of choosing its directors;
- d. the method of financing the formation and operation of the RTA, including limits on sales tax authority, if any, provided to the RTA; and
- e. the procedure for withdrawal from the RTA by a participating political subdivision and dissolution of the RTA.

#### **RTA Funding**

Provide an RTA the authority to levy a sales and use tax of up to 0.5% within the RTA's jurisdictional area. Specify that the tax rate could not exceed the rate authorized by the identical

resolutions of the participating political subdivisions.

Provide DOR the authority to administer any RTA sales and use taxes on behalf of the RTA and make distributions to the authority imposing the tax. Require DOR to distribute 98.5% of the taxes reported for each transit authority that has imposed the taxes, minus the transit authority portion of the retailers' discount, to the transit authority. Require that the sales tax must be applied uniformly across all participating political subdivisions of the RTA that are in the same county. Specify that the sales tax may only be imposed in a municipality that is participating in an RTA.

### **Other Funding Sources**

In addition to the authorized sales tax, authorize an RTA to use public transit funding, contributions or dedicated funding from participating counties or municipalities, borrowing, bond proceeds, and other fees, rates, rents, and charges received by the RTA for services it provides. Require that any rates and other charges received by the RTA must be used only for the expenses and expenditures of the RTA and may not be transferred to any county or municipality.

### **Other Issues**

Require each RTA to prepare an annual budget and to maintain an accounting system in accordance with generally accepted accounting principles. An RTA would be required to have its financial statements and debt covenants audited annually by an independent certified public accountant.

### **RTA Powers**

Under the draft, an RTA would be a separate unit of government and could be vested with a wide array of powers by its participating political subdivisions, including the following:

- a. Acquire, maintain, and operate a comprehensive unified local transit system.
- b. Contract for the private operation or supervision of the RTA's transit system.
- c. Contract with a public or private organization to provide transit services instead of directly providing these services.
- d. Lease facilities to public or private transit companies that operate within and outside the jurisdictional area.
- e. Apply for federal aids to purchase transportation facilities considered essential for the authority's operation.
- f. Coordinate, provide, or assist in providing specialized transportation services for residents who reside within the jurisdictional area and who are disabled or aged 60 or older.

- g. Acquire property by condemnation.
- h. Access streets, roads, etc., to install, maintain, and operate its facilities.
- i. Incur debts, liabilities, or obligations including the borrowing of money and the issuance of bonds, including refunding bonds. (Bond principal and interest are to be paid from RTA revenues, and bonds may be used only for capital expenditures related to the acquisition of transit system equipment having a useful life of at least five years, unless the expenditures occur for the acquisition of all or part of a transit system).
- j. Exercise any other powers that the board of directors considers necessary and convenient to effectuate the purposes of the authority, including providing for passenger safety.
- k. Impose sales and use taxes within its jurisdictional area.

Specify that an RTA that competes with an existing common carrier would be required to coordinate its proposed operations with that common carrier to eliminate adverse financial impact to the common carrier. If this coordination does not result in mutual agreement, require the Department of Transportation to arbitrate the conflict.

### **Withdrawal and Dissolution**

Allow a participating county or municipality to withdraw from an RTA if the governing body of the political subdivision adopts a resolution requesting withdrawal. Such a withdrawal would be subject to the withdrawal procedure outlined in the identical resolutions of the participating political subdivisions.

Require any county or municipality withdrawing from an RTA to pay, or make provision for the payment of, its obligations, including outstanding bond obligations, to the RTA. Specify that any sales tax levied by the RTA would remain in effect in the withdrawing political subdivision for the period of time for which the tax was authorized, or until the RTA repeals the tax by resolution, whichever occurs first.

Require an RTA to continue to provide transportation services to the withdrawing county or municipality in the same manner and to the same extent as those provided to the remaining political subdivisions, as long as the tax continues to be levied in the county or municipality, unless an earlier date for termination of services is agreed upon.

Specify that an RTA could dissolve if the RTA adopts a resolution recommending dissolution. The dissolution of the RTA would be subject to the dissolution procedure provided in the RTA resolution. Require all outstanding indebtedness to be paid, all outstanding bonds to be paid, and all unexpended funds to be returned to the political subdivisions, or otherwise provided for.

### **County Jurisdictional Area**

A county that is a participating political subdivision of an RTA must designate its

"county jurisdictional area" as one of the following:

- a. the portion of the county that is within the combined territorial boundaries of each of the cities, villages, and towns in the county that are also participating political subdivisions of the authority.
- b. the territorial boundaries of the county (this would allow a county to form a countywide jurisdictional area).
- c. the combined territorial boundaries of each of the cities, villages, and towns in the county with at least 75% of their populations residing within a metropolitan planning area (this would allow a county to have a metropolitan planning area-based jurisdictional area).

Specify that in order to designate a countywide or a metropolitan planning area-based jurisdictional area, a county would be required to gain prior approval from each political subdivision within the county jurisdictional area that is any of the following:

- a. the owner, operator, or controlling authority of a transit system that serves at least 10% of the transit passengers in the county, expressed in unlinked trips and averaged over the previous three years; or
- b. a participating political subdivision in a previously created RTA.

Specify that if a county contains multiple metropolitan planning areas, allow a county to designate multiple metropolitan planning area-based jurisdictions for any RTAs. In addition, prohibit any city, village, or town that is within a countywide, or metropolitan area-based jurisdictional RTA created by a county, from separately joining another RTA.

### **Unilateral County RTA Formation**

Specify that a county that designates a countywide or metropolitan planning area-based jurisdictional area may create an RTA with or without the participation of another county, city, village, or town outside of the county jurisdictional area.

### **County Approval of Municipal RTAs**

Allow a county to prevent a city, village, or town within the county from creating or joining an RTA if the county intends to create an RTA that would include that city, village, or town in its jurisdictional area. Specify that the county could only prevent the municipality from creating or joining an RTA for 24 months following county denial of approval of the municipality's participation in the RTA. If the municipality is not included in the jurisdictional area of another RTA within this 24-month period, it would be allowed to create or join an RTA without county approval.



## ATTACHMENT 2

### **Regional Transit Authority Powers Under the Governor's 2009-11 Biennial Budget Recommendations**

The RTAs created under the Governor's 2007-09 biennial budget recommendations would have the authority to:

a. Establish, maintain, and operate a comprehensive unified local transportation system primarily for the transportation of persons.

b. Acquire a comprehensive unified local transportation system and provide funds for the operation and maintenance of the system.

c. Upon the acquisition of a comprehensive unified local transportation system, the authority may: (1) operate and maintain it or lease it to an operator or contract for its use by an operator; (2) contract for superintendence of the system with an organization that has personnel with the requisite experience and skill; (3) delegate responsibility for the operation and maintenance of the system to an appropriate administrative officer, board, or commission of a participating political subdivision (defined as a county or municipality that is a member of an RTA); and (d) maintain and improve railroad rights-of-way and improvements on these rights-of-way for future use.

d. Contract with a public or private organization to provide transportation services in lieu of directly providing these services.

e. Purchase and lease transportation facilities to public or private transit companies that operate within and outside the jurisdictional area.

f. Apply for federal aids to purchase transportation facilities considered essential for the authority's operation.

g. Coordinate either publicly or privately owned specialized transportation services that provide general or special service to elderly or disabled persons on a regular and continuing basis in a designated service area, for residents of the authority's jurisdictional area and who are disabled or aged 60, or older. This would include services funded from federal funds, the medical assistance program, DOT's specialized transportation assistance program for counties, and from other public funds administered by the county. An authority could contract with a county that is a participating political subdivision for that RTA to provide specialized transportation services, but the authority would not be an eligible applicant under, or receive direct payments from, DOT's elderly and disabled assistance programs.

h. Acquire, own, hold, use, lease as lessor or lessee, sell or otherwise dispose of, mortgage, pledge, or grant a security interest in any real or personal property or service.

i. Condemn property, if the authority determines the taking is a necessity, as required of local units of government under current law. Specify that the authority to acquire property by condemnation would be subject to the current law procedure used by the state, local units of government, and others for condemnations related to sewer and transportation facilities.

j. Enter upon any state, county, or municipal street, road, or alley, or any public highway, for the purpose of installing, maintaining, and operating the authority's facilities. Whenever the work is to be done in a state, county, or municipal highway, street, road, or alley, the RTA would have to notify the controlling public authority, and the highway, street, road, or alley would have to be restored to as good a condition as existed before the commencement of the work, with all costs incident to the work to be borne by the authority.

k. Fix, maintain, and revise fees, rates, rents, and charges for functions, facilities, and services provided by the authority.

l. Make, and from time to time amend and repeal, bylaws, rules, and regulations to carry into effect the powers and purposes of the authority.

m. Sue and be sued in its own name.

n. Have and use a corporate seal.

o. Employ agents, consultants, and employees, engage professional services, and purchase such furniture, stationery, and other supplies and materials as are reasonably necessary to perform its duties and exercise its powers.

p. Incur debts, liabilities, or obligations, including the borrowing of money and the issuance of bonds.

q. Invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursement, including the proceeds from the sale of any bonds, in such obligations, securities, and other investments as the authority deems proper in accordance with current law investment requirements for counties, municipalities, and other local districts.

r. Do and perform any acts and things authorized of an RTA under, through, or by means of an agent or by contracts with any person.

s. Exercise any other powers that the board of directors considers necessary and convenient to effectuate the purposes of the authority, including providing for passenger safety.