



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

Memo No. 3

TO: MEMBERS OF THE SPECIAL COMMITTEE ON REGIONAL TRANSPORTATION
AUTHORITY

FROM: Larry Konopacki and Scott Grosz, Staff Attorneys

RE: WLC: 0063/P2, Relating to the Creation of Regional Transit Authorities, and Making
Appropriations

DATE: February 11, 2009

This Memo is intended to serve as a summary of WLC: 0063/P2. The Memo summarizes some of the key components in the draft. It does not address all of the substantive provisions of the draft, and therefore should not substitute for careful review of the draft.

RTA Formation

Political Subdivision Identical Resolutions

Under this draft, two or more political subdivisions¹ would be allowed, by adopting identical resolutions, to join together to create an RTA.² The governing body of the political subdivision may also require that the resolution be ratified by the electors at a referendum held in the political subdivision. The jurisdictional area of the RTA would be the combined territorial boundaries of all of the cities, villages, and towns that are participating political subdivisions.

A political subdivision would be allowed to join an existing RTA if it holds a public hearing, adopts an identical resolution, and if all of the participating political subdivisions adopt resolutions allowing the new political subdivision to join.

¹ "Political subdivision" means a county, city, village, or town.

² A public hearing must be held in each political subdivision at least 30 days before approving a resolution to create an RTA.

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

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

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

A political subdivision would not be allowed to participate in more than one RTA. A county would be barred from participating in an RTA unless at least one of the cities, villages, or towns in that county also participates.

RTA Funding

Sales Tax

The draft would permit an RTA to levy a sales and use tax (sales tax) of up to 0.5% within the RTA's jurisdictional area, but not to exceed the tax rate authorized by the identical resolutions of the participating political subdivisions. Entities that collect sales tax would remit these collections to the Department of Revenue (DOR) along with their other remissions of state, county, and special purpose sales taxes. DOR would remit these taxes to the appropriate RTA, less certain fees and discounts related to the collection process.

If a sales tax is imposed it must be applied uniformly across all participating political subdivisions of the RTA. In a county, these sales taxes may be imposed only in a municipality within the county that is a participating political subdivision of the RTA.

Other Funding Sources

In addition to the authorized sales tax, an RTA may use public transit funding, contributions or dedicated funding from participating political subdivisions, borrowing, bond proceeds, and other fees, rates, rents, and charges received by the RTA for services it provides. Rates and other charges received by the RTA shall be used only for the expenses and expenditures of the RTA and may not be transferred to any political subdivision.

Other Issues

The draft would 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:

- Acquire, maintain, and operate a comprehensive unified local transit system.³
- Contract for the private operation or supervision of the RTA's transit system.
- Contract with a public or private organization to provide transit services instead of directly providing these services.
- Lease facilities to public or private transit companies that operate within and outside the jurisdictional area.
- Apply for federal aids to purchase transportation facilities considered essential for the authority's operation.
- 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.
- Acquire property by condemnation.
- Access streets, roads, etc., to install, maintain, and operate its facilities.
- 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).

³ "Comprehensive unified local transit system" means a transit system that is comprised of motor bus lines and any other local public transit facilities, the major portion of which is located within, or the major portion of the service of which is supplied to the inhabitants of, the jurisdictional area of the authority. "Transit system" means all land, shops, structures, equipment, property, franchises, and rights of whatever nature required for transit of passengers within the jurisdictional area of the authority and, only to the extent specifically authorized under this section, outside the jurisdictional area of the authority. "Transit system" includes elevated railroads, subways, underground railroads, motor vehicles, motor buses, and any combination thereof, and any other form of mass transportation, but does not include transit excluded from the definition of "common motor carrier" under s. 194.01 (1) or charter or contract operations to, from, or between points that are outside the jurisdictional area of the authority.

- 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.
- Impose a sales tax within its jurisdictional area of up to 0.5%.

An RTA that would compete 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, the DOT would arbitrate the conflict.

An RTA would not be allowed to provide service outside of its jurisdictional area unless it receives financial support for the service under a contract for that service.

RTA Withdrawal or Dissolution

Withdrawal

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

To withdraw, a political subdivision would have to pay, or make provision for the payment of, the political subdivision's obligations, including outstanding bond obligations, to the RTA. 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.

Generally, the draft requires the RTA to continue to provide transportation services to the withdrawing political subdivision 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 that political subdivision.

Dissolution

An RTA would be able to dissolve if the governing bodies of a majority of the participating political subdivisions adopt resolutions recommending dissolution, subject to the dissolution procedure provided in the identical resolutions of the participating political subdivisions. The draft would 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.

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