

MICHIGAN TRANSIT AUTHORITY  
FACT FINDING MISSION  
APRIL 25-28, 2005

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## EXECUTIVE SUMMARY

From April 25 – 28, 2005, a group of Wisconsin Transit managers visited three Michigan public transit authorities – Kalamazoo, Lansing and Grand Rapids. The purpose of the visits was to learn under what statutes the authorities were formed, how funding was provided, how the authorities were legally constituted, and how the authorities operated their transit systems. In addition to the City of Racine Transit Planner, representatives from the Cities of La Crosse, Green Bay, Appleton, Wausau and Stevens Point, and the owner of Abbey Vans, Inc. also were on the fact-finding mission.

The authorities range from one city to six cities to three counties formed under either Michigan Act 55 of 1963 or Michigan Act 196 of 1986. All are locally funded with a tax millage from local property taxes, renewable at a maximum of every five years.

Each Transit Authority has a separately constituted, independent Board of Directors which has authority over the policy direction and budget preparation and adoption.

Each generally has some type of service contract with other municipal entities not in the authority. Some municipal entities within an authority have a separate millage for additional transit service. Each Authority has a service contract with a neighboring University.

Expansion of services is handled through a service agreement for expansion, additional millage levies or through enlargement of the Transit Authority.

Passage of a millage referendum depends upon the credibility of the service being requested, the ability to explain the pros and cons of passage in detail and the support of a “champion” or community organizations to promote the referendum question.

Transit authorities are guaranteed a certain amount of revenue over the life of the referendum. Transit authorities are removed from both the annual effort to obtain property tax funds from each government entity, and from “border” issues between municipal entities. Transit authorities are allowed to retain excess local revenues for use in future years. Transit authorities are free to develop service plans that adequately and appropriately address the public transit service needs of the area within the authority. Referenda must be renewed every five years at the maximum.

The community at large has a mill rate for public transportation that is fixed for the life of the referendum, unlike other local property tax mill rates that will increase over time. The community at large also gets to vote on a regular basis for renewal of the mill rate (or increases therein). The community should also gain a one-time payment for the depreciated local share of the assets that would be “sold” to the transit authority upon initial passage. The millage is based on property tax. In the first year, the rate is a transfer from a general property tax to a special millage for the transit authority with no tax reduction to the community. The community may lose revenue from “City provided services” for the local transit system if the authority develops its own professional management team or contracts with outside sources of services.

# KALAMAZOO, MICHIGAN

The fact-finding group met with Kalamazoo Transit Authority (KTA) Director William Schomisich and Authority Board Chairman Richard Atwell.

## FORMATION

Kalamazoo Transit Authority was formed in 1985 under **Michigan Act 55 (Exhibit A)** of 1963. Under terms of the Act, the entire corporate boundary of a municipal entity must join the authority. There has to be a uniform millage throughout the authority. The referendum vote is decided by a simple majority of all voters in the Authority service area. A formal agreement is prepared for all participating government entities prior to a public vote on the millage referendum.

Prior to incorporating the KTA, between 1982 and 1986, the City of Kalamazoo cut 47% of the service hours and miles and lost 47% of its ridership. When the City of Kalamazoo decided to incorporate the Kalamazoo Transit Authority, other local units of government were invited to join. All declined. The first referendum failed to win approval by 27 votes. Within a year, the City of Kalamazoo voters approved a second referendum and the Kalamazoo Transit Authority was formed. Copies of the **Articles of Incorporation (Exhibit B)** and **By-Laws (Exhibit C)** are attached. Service levels and ridership are now at a 20-year high, at 3.1 million passenger trips. KTA has not lost another referendum vote.

The Authority gained approval to levy a property tax millage of 0.5 mils for a three year period. The Kalamazoo Authority decided to submit for renewal every three years, although they could have gone as many as five years before referendum. All referenda are placed on the ballot of general elections. There are no special elections held for renewal questions. It is the philosophy of the KTA, that millage rates will only be raised to add new service, not to maintain the status quo. In anticipation of every millage vote, the KTA performs surveys and does marketing to determine the public needs and desires for transit service.

All labor agreements with the municipal transit employee unions became null and void and new agreements were negotiated. Due to federal law, all employees were carried into the new Authority. Transfer agreements were negotiated to bridge the time from establishment of the new authority to negotiation of new labor agreements, where necessary.

The City of Kalamazoo levies and collects the tax and deposits the proceeds in the Kalamazoo Transit Authority accounts. The City of Kalamazoo turned over the assets of the transit system to the Authority. In Michigan, capital assets have been funded by 80% Federal dollars and 20% State dollars, so there was no local share of the assets to negotiate over.

## BOARD OF DIRECTORS

Transit Authority board members are appointed by the City of Kalamazoo and are responsible to the City Commissioners (City Council). All actions of the seven member Authority board must be approved by the City Commission, including referendum actions. Board members are appointed for three year terms, with a maximum of six years in a row of service, due to term limit issues.

## SERVICE CONTRACTS

Kalamazoo Transit Authority contracts with three neighboring cities, three townships and one university for transit service. The municipal entities could, under Michigan law and local vote, dedicate a millage from their own community to pay for transit service. They, however, choose to fund transit service out of direct property tax revenues, and a contract with the authority. All service contracts are uniform, a three-year agreement, never less than the base year, never more than a 3% annual increase in cost for the same service. Since there have been no new services since 1997, Kalamazoo has not had to deal with determining the cost for additional service to contract communities. The Authority also has a working agreement with the City of Kalamazoo which provides payroll services, purchasing services, information technology services and human resources at a cost to the authority of \$500,000.

The contract with Western Michigan University for bus service connects the campus with the rest of the KTA service area and provides about \$2 million in operating revenues to KTA.

## EXPANSION

On March 1, 2005, the county merged its special service transportation program with the KTA. The Board of Directors is expected to expand to be more representative of the population and the City of Kalamazoo may lose its agreement with KTA for services. KTA is investigating whether or not it would be advantageous to bring all of the functions in-house, contract with the City or contract with other resources. Funding and distrust among government entities pushed the merger. The County does not wish to provide the service, but does not want the City of Kalamazoo to run it either. The County Board will create a new authority county-wide with a new millage. The County Board is the only entity that can create a county-wide transit authority. All citizens in the county will vote, but the measure still only needs to pass by a simple majority.

## COMMUNITY INVOLVEMENT

KTA has been successful in every election since 1985 in renewing its millage rate, generally with over 60% of the voters in favor. In 1998, they increased the millage from 0.5 to 1.0. KTA employees cannot lobby for adoption of any referendum, but can and do provide information that details the pros and cons of referendum passage or failure. They

also partner with community action groups who can lobby for passage. “Friends of Transit “, faith-based groups (a 20-church affiliation), neighborhood associations all lobby for passage of referenda questions. The transit board members as citizens, and community leaders, all assist in passage. KTA provides information and credibility. The importance of maintaining credibility in the community, explaining the pros of passage and the cons of rejection, could not have been stressed more.

## MISCELLANEOUS INFORMATION

Annual surpluses are retained by the Authority and may be used to cover funding shortfalls or capital acquisitions. Michigan transit systems are funded by a combination of federal, state, local and farebox revenues. While the State of Michigan has in the past funded 20% of the share of capital expenses, they are moving to a position where they will fund only 13% of the cost, leaving 7% to be funded locally. The State pays about 32% of operating expenses and the federal government pays about 10%. The remainder is funded through fares and millage.

## LANSING MICHIGAN

The fact-finding group met with Capital Area Transit Authority (CATA) Assistant Executive Director Debbie Alexander, Authority Board Chairman Sam Singh and Authority Board member (non-voting) and County Board Chairman Mark Grebner.

## FORMATION

Capital Area Transit Authority was formed in 1982 under **Michigan Act 55 (Exhibit A)** of 1963. Under terms of the Act, the entire corporate boundary of a municipal entity must join the authority. There has to be a uniform millage throughout the authority. The referendum vote is decided by a simple majority of all voters in the Authority service area. A formal agreement is prepared for all participating government entities prior to a public vote on the millage referendum. The capital area of Lansing has an urbanized area population of approximately 250,000. CATA is a five municipality authority with rights to operate in three contiguous counties. Two of the three counties have small paratransit services that they operate under their own authority, independent of CATA.

In the early 1980's, the municipal transit system ran 12 route and served 800,000 riders. Subsequent to passage of the millage, and over the past 20 years, service levels have increased to 33 routes providing almost 9.0 million rides annually.

CATA has chosen to have their millage be renewed every five years, the maximum allowed. If additional funding is needed between renewal questions, CATA will put a levy question on the ballot for additional funds, which, if approved, are rolled into the renewal at the next renewal vote.

Since the early 1980's, when CATA was formed by referendum, no vote has failed. The lowest voter approval was 58% for a new millage. Renewals are generally over 60%

approval. The first millage approved was 1.0 mils. In the late 1980's, 0.4 mils was added. In 2002, CATA added 0.82 mils for a total of 2.22 mils needed to run the transit authority. The Authority generally collects more than is needed for a zero based budget, but is allowed to put excess funds in a reserve account, in the event federal or state funds are reduced or additional service is requested. Lansing attempts to maintain a three-month full funding reserve on its books.

## BOARD OF DIRECTORS

The Board of Directors of CATA is comprised of 11 voting members and 2 non-voting members. Lansing has four members, East Lansing has three members, Meridian has two members, and the remaining the other townships in the Authority have one seat each. Non-voting members come from Lansing County and Michigan State University (MSU). Members may be elected officials or non-political citizens.

Under Act 55, the Board of Directors is an autonomous body, making its own decisions and with the authority to place referendum questions on the ballot. There is no other oversight by the local community members. **A sample referendum question is attached as Exhibit D.**

A referendum question is placed on the ballot at least one year before expiration of the current funding. This generally allows for three additional ballots before the millage is needed. For expansion referendum questions, CATA presents the question on the ballot in August for a December levy and a start-up the following year.

## SERVICE CONTRACTS

The County also has a 0.4 mil rate on its taxpayers for the provision of county-wide rural transportation, provided by CATA. Such service is generally for elderly and disabled individuals but provides general public transportation when available. Urban area residents of the county pay both millages to CATA, the 2.2 and the 0.4. County millage requests and CATA millage requests are never on the same ballot.

Meridian Township, an authority member, approved its own 0.2 mil additional levy for additional service within their township, which is provided under contract with CATA. The service is same day reservation service, exclusive in the Township, and connecting to CATA route in the Township. The levy paid for the acquisition of additional equipment to provide the service.

Service contracts with developers of student housing around the Michigan State University campus generate about \$500,000 per year. During peak hours, service is provided at 5-minute intervals. Service is provided free to MSU students throughout the entire system. An example of this type of service is purchase of additional service to and from East Lansing by a developer from Thursday – Saturday nights until 2:00 AM for students living in his apartments.

## EXPANSION

When CATA took over the MSU service, on a campus with 45,000 students and 17,000 faculty, the service was providing about 850,000 trips annually. During the first year, CATA took on the service at no cost to the University and ran the exact same service. Additional service requests were funded 100% by the University. By the end of the first year, MSU had added \$400,000 in additional service. Overall, the contract with the University is now worth \$1.5 million, and over 3.0 million trips are provided to university students. Initial expansion was made possible by the guaranteed funding of the approved millage.

When a municipal entity wants to join the Authority, it applies to the Board of Directors of the Authority. If the Authority agrees, an agreement is executed with municipal officials, for entry into the Authority at the next referendum vote. It does not matter if the citizens of that unit of government vote yes or no on the referendum, as long as the referendum is passed by the voters in the entire authority area by simple majority, that unit of government is in the Authority.

A municipal entity can also pass its own referendum at its own mil rate and contract for service with the Authority.

## COMMUNITY INVOLVEMENT

Once Act 55 was passed, Lansing needed a “champion” to push the municipal transit system to authority status, and to forward the process through a referendum.

CATA does not “sell” a referendum. They stay neutral, but provide the community information so that an informed decision can be made.

Since inception, CATA has never lost a referendum question.

## MISCELLANEOUS INFORMATION

Referendums should be approached from “what can we do with what we get”, and “what will we cut without the necessary funds”. A needs study should not be used, as “needs” are subjective and infinite.

Never put an equal number millage on the ballot (such as 0.5, 1.0). Make the request an odd number so that it appears that the staff has really determined what exactly will be needed.

CATA has never gone to referendum with a service plan. Their first passage was to maintain the status quo for service. Intermediate approvals have been for service improvements. However, their internal plans recommend making changes that do not rely on the passage of a mil increase or addition.

Never put a special election on the ballot. Always use general elections. Non-partisan elections draw less people than general elections, and there is more chance of losing when less voters turn out. There should be as much flexibility in the referendum question as possible.

The best ways to get a referendum approved are to be credible, explain what the funding is for and explain what will be cut if the funding is not approved. Then, if approved or rejected, keep your word and do what you said you would.

Sales taxes are more vulnerable to the economy, more volatile. Property taxes are more stable. Mr. Grebner felt that State legislation should allow for a wide range of options, that what is good for one area of the State might not be good for another area.

## **GRAND RAPIDS, MICHIGAN**

The fact-finding group met with Grand Rapids Transit Authority (The Grand) Executive Director Peter Varga, Public Outreach Coordinator Kevin Wislink and Manager of Communications and External relations Jennifer Kalczuk.

### **FORMATION**

Prior to forming “The Rapid”, the Grand Rapids Area Transit Authority was comprised of six cities and two townships. By all accounts, the system was not very good, with no night service, no Sunday service, and being forced to use capital funds to shore up operating deficits. The Mayor of Grand Rapids met with the mayors of the other Cities, and after a series of meetings, there was developed a list of options with a price tag on each. The Mayors selected six of the twelve options to be immediately improved if a referendum passes, at a cost to the taxpayers of 0.75 mils, and went to the media and announced the plan and need for a referendum. Areas slated for improvement were the addition of Sunday service, extended night service, increased frequencies from 30 minutes to 15 minutes during peak hours, a new route to the University, suburban access service (feeder routes) and an employment related focus for service improvements (working with businesses to improve public transportation).

The referendum was held in 1999 under **Michigan Act 196 of 1986 (Exhibit E)**, and passed with 65% of the vote.

A transition agreement was developed to get to a Fiscal Year start of operations of the new service. There are six contiguous cities in “The Grand”.

Tax collections are made in July and the Grand has a fiscal year that starts October 1. The Authority has an annual operating budget of \$25.0 million.

The original mil rate was 0.75 in 1999. In 2004, a renewal was approved at 0.95, including an additional 0.1 mil for state aid losses and 0.1 mil for service improvements.



As GRATA, the transit system had an \$11 million budget with 3.5 million riders. In 2004, The Grand had a \$25 million budget and transported 5.7 million riders.

Once the referendum passed, a conscious decision was made to rebrand the transit system – to let GRATA fade away and begin anew with “The Grand”.

## BOARD OF DIRECTORS

The Board of Directors is comprised of 15 individuals, five from the City of Grand Rapids (2 representative appointments plus 3 at large members), and two from each of the other five cities.

## SERVICE CONTRACTS

Neighboring townships contract for service on a per hour basis. Four townships pay for fixed route and paratransit service, and two townships pay only for paratransit service. Grand Valley State University, located about 18 miles west of Grand Rapids, pays for fixed route and paratransit service to and from and within the University. University-based trips have increased for 700 per day to 7,000 per day in five years, with a concurrent increase in service levels to 12 minute peak period headways.

The Grand also contracts with the City of Grand Rapids for downtown shuttle service using vehicles provided by the City. The Rapid provides operators and shuttle management.

## EXPANSION

Grand Rapids will be working with others to amend Michigan Public Act 196 to allow for a 25 year millage to comply with Federal Transit Administration requirements for fixed guideway and new starts projects. Federal requirements call for guaranteed funding over a twenty-year period in order to be eligible for fixed-guideway and new starts – commuter rail, light rail, etc.

## COMMUNITY INVOLVEMENT

Various community groups were actively involved in the promotion of the first referendum. Most important was the political consensus that came out of the Mayors’ meetings. However, the business community, a social services coalition, senior citizens groups and others helped maintain a positive tone to the process.

A faith-based group – Faith in Motion – provided strong support to the referendum. This was a group of about 65 religious communities who determined that one of their missions was to raise the awareness of the importance of public transit and to work toward the creation of a comprehensive transit system for dignity, freedom, transportation to services and social justice. Their efforts were solely targeted to public transportation issues, and they worked closely with “Friends of Transit” to get the referendum passed.

Friends of Transit was a registered advocacy group in the Grand Rapids area. They formed as an umbrella group for all referendum supporters, they coordinated speakers, purchased a voter list, did direct-mail advertising and held media friendly meetings to get across the need for and general support for better public transportation.

Work on the referendum began a year before the actual vote, which occurred in April, with an expected start-up in October if the referendum passed. Heavy informational activity occurred in the four months leading up to the election.

GRATA undertook a considerable information campaign tied to the efforts of Friends of Transit in the months leading up to the election. Unable to advocate for passage itself, GRATA supplemented the Friends of Transit efforts with ballot neutral advertising, direct mail, phone banks, speaker bureau and door-to-door activities. All of the GRATA ads and activities were reviewed by the City Attorney for political correctness.

#### MISCELLANEOUS INFORMATION

During the initial referendum, it was important not to over promise, not to be too specific, but be detailed enough to deliver what was promised in a reasonable time.

Unanimous support from the political community was critical to passage. It was important not to fall into the “What do I get and what will I get” trap, but to keep the focus of the referendum on the larger vision – how would public transportation be improved to the region, not each individual community. Those promoting the passage of a referendum should know the answers to questions, but should work to frame answers to address the big picture of regional transit improvements.

Surveys were done before both referenda to develop and distribute information that does what it is supposed to do. The survey data allowed for the effective focus of limited resources to keep the message to importance of public transportation, the need for improvements, what improvements and service utilization.

Surveys also contributed to understanding conditions affecting the millage support – i.e. what would change people’s minds from negative or neutral to positive. Data also identified messages – access to employment, air quality, ease traffic congestion, mobility and the consequences of a failed vote.

An important element to winning referendum renewal approval was being honest to the public when requesting the increases. Also, to be passionate about public transportation, be visible and tell the facts.

# EXHIBITS

**MASS TRANSPORTATION SYSTEM AUTHORITIES**  
**Act 55 of 1963**

AN ACT to provide for the incorporation of public authorities to acquire, own, and operate or cause to be operated mass transportation systems; to require the state to guarantee payment of certain claims against certain transportation authorities and to give the state a lien in satisfaction of payment; to prescribe the rights, powers, and duties of those public authorities; to provide for the issuance of bonds; to provide for the levy and collection of certain taxes; and to authorize contracts between those authorities and either public or private corporations to carry out the operation of those mass transportation systems.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963;—Am. 1980, Act 397, Imd. Eff. Jan. 8, 1981;—Am. 1980, Act 410, Imd. Eff. Jan. 9, 1981.

*The People of the State of Michigan enact:*

**124.351 Definitions.**

Sec. 1. As used in this act:

- (a) "Authority" means a public transportation authority formed under this act.
- (b) "Board" means the governing body of an authority.
- (c) "Goods" means baggage, accessories, or other personal property carried by or accompanying persons using public transportation service.
- (d) "Mass transportation systems" means all plants, equipment, work instrumentalities, and real and personal property and rights, used or useful for transportation of passengers for hire, except taxicabs and airport limousines.
- (e) "Public transportation", "public transportation services", and "public transportation purposes" mean the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, rapid transit vehicle, taxicab, or other conveyance which provides general or special service to the public, but not including school buses or charter or sightseeing service. Public transportation, public transportation services, and public transportation purposes as defined by this section are declared by law to be transportation purposes within the meaning of section 9 of article IX of the state constitution of 1963.
- (f) "Service area" means that area in which a public authority incorporated under this act operates a mass transportation system or causes a mass transportation system to operate.
- (g) "Taxable property" means the property taxable under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws, except for property expressly exempted under that act.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963;—Am. 1980, Act 410, Imd. Eff. Jan. 9, 1981;—Am. 1983, Act 137, Imd. Eff. July 18, 1983.

**124.352 Incorporation of public authority; purpose; operation of system; articles of incorporation; adoption; indorsement; publication; filing; operative date; presumption of validity; cessation of operation or dissolution of authority; state guaranteed payment of claims for benefits; lien of state.**

Sec. 2. (1) The legislative body of any city having a population of not more than 300,000 may incorporate a public authority for the purpose of acquiring, owning, operating, or causing to be operated, a mass transportation system. The authority shall be authorized to operate the mass transportation system within the boundaries of the city which incorporates the public authority. However, a public authority created before the effective date of section 7a may operate a mass transportation system within the same political subdivisions in which it operates a mass transportation system immediately before the effective date of section 7a and those political subdivisions, other than those political subdivisions which only receive public transportation services from the authority pursuant to a contract, shall be considered to be members of the authority. A public authority may also operate a mass transportation system within a political subdivision which, by a resolution adopted by a majority vote of the members elected to and serving on the legislative body of the political subdivision, requests membership in the authority, but only if a majority of the members of the board of the authority, by resolution, approve the request. If a political subdivision joins the authority, the board shall amend the articles of incorporation accordingly. The clerk of the political subdivision being added shall execute the amendment, which shall be filed and published in the same manner as the original articles of incorporation.

(2) The incorporation shall be accomplished by adoption of articles of incorporation by an affirmative vote of a majority of the members elect of the legislative body of the city. The fact of adoption shall be indorsed on

the articles of incorporation by the mayor and clerk of the city in form substantially as follows:

"The foregoing articles of incorporation were adopted by an affirmative vote of a majority of the members elect of the (name of legislative body) of the city of , county, Michigan, at a meeting duly held on the ..... day of , A.D. .... (year)".

Mayor  
Clerk

The articles of incorporation shall be published at least once in a newspaper designated in the articles and circulated within the area proposed to be served by the mass transportation system. One printed copy of the articles of incorporation certified as a "true copy" by the person or persons designated with the date and place of the publication, shall be filed with the secretary of state and with the clerk of the county within which the area to be served by the mass transportation system is located. The authority shall become operative at the time provided in the articles of incorporation. The validity of the incorporation shall be conclusively presumed unless questioned in a court of competent jurisdiction within 60 days after the filing of the certified copies with the secretary of state and with the county clerk.

(3) If the authority ceases to operate or is dissolved and a successor agency is not created to assume its assets and liabilities and perform its functions, and the state guarantees the payment of claims for benefits arising under Act No. 317 of the Public Acts of 1969, as amended, being sections 418.101 to 418.941 of the Michigan Compiled Laws, against the authority, during the time the authority was approved as a self-insurer under section 611(1)(a) of Act No. 317 of the Public Acts of 1969, as amended, being section 418.611 of the Michigan Compiled Laws, the state shall be entitled to a lien which shall take precedence over all other liens on its portion of the assets of the authority in satisfaction of the payment of claims for benefits under Act No. 317 of the Public Acts of 1969, as amended.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963;—Am. 1969, Act 212, Eff. Mar. 20, 1970;—Am. 1980, Act 397, Imd. Eff. Jan. 8, 1981;—Am. 1980, Act 410, Imd. Eff. Jan. 9, 1981;—Am. 1983, Act 137, Imd. Eff. July 18, 1983.

#### **124.352a Release of political subdivision from membership in authority; conditions; levy and payment of tax; evidence of release.**

Sec. 2a. (1) A political subdivision that is a member of an authority may be released from membership in the authority if all of the following conditions are met:

(a) Adoption of a resolution by a majority of the members elected to and serving on the legislative body of the political subdivision requesting release from membership.

(b) Acceptance of the request by a majority vote of the members, other than the members representing the political subdivision requesting release, serving on the board of the authority. Notwithstanding any other provision of this act, this condition does not apply to a political subdivision seeking release from membership in an authority, if the political subdivision adopts the resolution described in subdivision (a) before the expiration of the thirtieth day after the effective date of this section.

(c) Payment or the provision for payment of all obligations of the political subdivision to the authority or its creditors is made.

(2) Any tax authorized to be levied by the authority within the boundaries of the political subdivision to be released shall continue to be levied for the period of time originally authorized. In addition, a political subdivision which has been released from an authority shall continue to receive public transportation services from the authority until the political subdivision is no longer required to pay a tax levied by the authority during the time the political subdivision was a member of the authority.

(3) Release of a political subdivision from an authority shall be evidenced by an amendment to the articles of incorporation executed by the recording officer of the authority and filed and published in the same manner as the original articles of incorporation.

**History:** Add. 1983, Act 137, Imd. Eff. July 18, 1983.

#### **124.353 Articles of incorporation; contents.**

Sec. 3. The articles of incorporation shall state the name of the authority, the purposes for which it is created, the power, duties and limitations of the authority and its officers, the method of selecting its governing body and officers, the person or persons who are charged with the responsibility of causing the articles of incorporation to be published and the printed copies thereof to be certified and filed as provided in section 2, and any other matters which the incorporators shall deem advisable, all of which shall be subject to the provisions of the constitution and the statutes of the state.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963.

#### **124.354 Authority as body corporate; powers.**

Sec. 4. The authority shall be a body corporate with power to sue and be sued in any court of this state. It shall possess all the powers necessary to carry out the purposes of its incorporation and all things incident thereto. The authority by contract may employ a management firm, either corporate or otherwise, to actually operate the mass transportation system, under the supervision of the authority. The enumeration of powers of this act shall not be construed as a limitation on such general powers.

History: 1963, Act 55, Imd. Eff. Apr. 29, 1963.

#### **124.354a Eligibility of public authority to apply for and receive funds under § 247.660e.**

Sec. 4a. A public authority incorporated under this act which operates a mass transportation system in a service area which is at least an entire county and which provides demand actuated service to that service area shall be eligible to apply for and receive funds under section 10e(1)(f) of Act No. 51 of the Public Acts of 1951, as amended, being section 247.660e of the Michigan Compiled Laws.

History: Add. 1980, Act 410, Imd. Eff. Jan. 9, 1981.

#### **124.355 Authority as body corporate; property; condemnation.**

Sec. 5. The authority may acquire property for a mass transportation system by purchase, construction, lease, gift or devise, either within or without the area served by such mass transportation system and may hold, manage, control, sell, exchange or lease such property. The authority may utilize any appropriate statute for the purpose of condemnation. Such condemnation proceedings shall only be applicable to property located within the corporate boundaries of the political subdivision or subdivisions by which the authority is incorporated within the corporate boundaries of the authority.

History: 1963, Act 55, Imd. Eff. Apr. 29, 1963.

#### **124.356 Fares; contracts.**

Sec. 6. The authority shall have authority to charge such fares and enter into contracts for the service provided by the mass transportation system as shall be necessary to provide funds to meet the obligations of said authority.

History: 1963, Act 55, Imd. Eff. Apr. 29, 1963.

#### **124.357 Self-liquidating revenue bonds; issuance; source of payment; property tax; limitation; election; resolution; submitting proposition to electors; conduct; canvass; costs; tax rate; levy and collection.**

Sec. 7. (1) For the purpose of acquiring, improving, enlarging, or extending a mass transportation system, the authority may issue self-liquidating revenue bonds under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, or any other act providing for the issuance of self-liquidating revenue bonds. The bonds shall not be a general obligation of the authority, but shall be payable solely from the revenue of the mass transportation system. However, if the authority issues self-liquidating revenue bonds with a pledge of the full faith and credit of the municipality, those revenue bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) An authority formed under this act may levy a tax on all of the taxable property within the political subdivisions that comprise the authority for public transportation purposes as authorized by this act.

(3) The tax authorized in subsection (2) shall not exceed 5 mills of the state equalized valuation on each dollar of assessed valuation in the political subdivisions that comprise the applicable authority.

(4) The tax authorized under subsection (2) shall not be levied except upon the approval of a majority of the registered electors residing in the political subdivisions that comprise the authority affected and qualified to vote and voting on the tax at a general or special election. The election may be called by resolution of the board of the authority. The recording officer of the authority shall file a copy of the resolution of the board calling the election with the clerk of each affected county, city, or township not less than 60 days before the date of the election. The resolution calling the election shall contain a statement of the proposition to be submitted to the electors. Each county, city, and township clerk and all other county, city, and township officials shall undertake those steps to properly submit the proposition to the electors of the county, city, and township at the election specified in the resolutions of the authority. The election shall be conducted and canvassed in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, except that if the authority is located in more than 1 county, the election shall be canvassed by the state board of canvassers. The results of the election shall be certified to the board of the authority promptly after the date of the election. The authority shall not call more than 1 election within a calendar year under this section for the approval of the tax authorized by subsection (2) without the approval of the legislative bodies of a majority of

the member political subdivisions of the authority. If the election is a special election, the authority in which the election is held shall pay the costs of the election. If the election is a general election, the authority in which the election is held shall pay the increased costs of the election due to the placement of the proposition on the ballot by the authority or an amount negotiated between the authority and the appropriate political subdivisions.

(5) The taxes authorized by this section may be levied at a rate and for a period of not more than 5 years as determined by the authority in the resolution calling the election and as shall be set forth in the proposition submitted to the electors.

(6) The tax rate authorized by this section shall be levied and collected as are all ad valorem property taxes in this state and the recording officer of the authority shall at the appropriate times certify to the proper tax assessing or collecting officers of each tax collecting county, city, and township the amount of taxes to be levied and collected each year by each county, city, and township. The board of the authority shall determine on which tax roll, if there is more than 1, of the county, city, or township that the taxes authorized by this section shall be collected. Each tax assessing and collecting officer and each county treasurer shall levy and collect the taxes certified by the authority and pay the taxes to the authority by the time provided in section 43 of the general property tax act, 1893 PA 206, MCL 211.43. The tax rate authorized by this section may be first levied by the authority as a part of the first tax roll of the appropriate counties, cities, and townships occurring after the election described in subsection (4). The tax may be levied and collected on the June or December tax roll immediately following the date of election, if the tax is certified to the proper tax assessing officials not later than May 15 or November 15, respectively, of the year in which the election is held.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963;—Am. 1980, Act 410, Imd. Eff. Jan. 9, 1981;—Am. 1983, Act 137, Imd. Eff. July 18, 1983;—Am. 2002, Act 337, Imd. Eff. May 23, 2002.

#### **124.357a Authority; tax limitations.**

Sec. 7a. An authority is intended to and shall be deemed to be an authority the tax limitations of which are provided by charter or general law within the meaning of section 6 of article IX of the state constitution of 1963.

**History:** Add. 1983, Act 137, Imd. Eff. July 18, 1983.

#### **124.358 Property owned by authority; exemption from taxes or special assessments for municipal services.**

Sec. 8. The real and personal property, owned by an authority and located within the service area, shall be exempt from all taxes levied by the state and by a political subdivision, except special assessments for municipal services if the property is located outside the corporate boundaries of the political subdivision by which the authority is incorporated. The real and personal property, owned by an authority and located outside the corporate boundaries of the political subdivision by which the authority is incorporated, may be exempted from special assessments for municipal services upon resolution by the governing body of the political subdivision.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963;—Am. 1965, Act 224, Imd. Eff. July 16, 1965;—Am. 1975, Act 200, Imd. Eff. Aug. 14, 1975.

#### **124.359 Additional powers.**

Sec. 9. The powers granted by this act are in addition to those granted by any other statute.

**History:** 1963, Act 55, Imd. Eff. Apr. 29, 1963.

**KALAMAZOO TRANSIT AUTHORITY**

Meetings on the fourth Friday of each month at 8:15 a.m. in the Metro Transit Conference Room, Metro Transit Facility, 530 North Rose Street.

Created by the Articles of Incorporation for a Kalamazoo Transit Authority on July 29, 1985.

**Articles of Incorporation  
of the  
Kalamazoo Transit Authority**

**Article I - Name of Authority**

The name of this Authority is THE KALAMAZOO TRANSIT AUTHORITY, hereinafter referred to as the "Authority."

**Article II - Purposes**

This Authority is incorporated for the purposes of acquiring, owning, operating, or causing to be operated a mass transportation system pursuant to Act 55 of the Public Acts of Michigan of 1963, as amended.

**Article III - Powers, Duties, and Limitations**

**Sec. 1. Body Corporate.** The Authority shall be a body corporate with the power to sue and be sued in any court in the State of Michigan.

**Sec. 2. Possess All Necessary Powers.** The Authority shall possess all the powers necessary to carry out the purposes of its incorporation and all things incident thereto, except as limited herein.

**Sec. 3. Operation of Authority; Limitation.** The Authority may operate, or by contract may employ a management firm or other entity to operate, a mass transportation system. Provided, however, no contract to operate the system shall be entered into without the prior approval of the City Commission.

**Sec. 4. Fares and Contracts.** The Authority may charge such fares and enter into contracts for the service provided by the Authority as shall be necessary to provide funds to meet the obligations of said Authority.

**Sec. 5. Acquisition of Property.** The Authority may acquire property for a mass transportation system by purchase, construction, lease, gift, or devise, either within or without the area served by such mass transportation system, and may hold, manage, control, sell, exchange or lease such property.

**Sec. 6. Condemnation; Limitations.** The Authority, with the prior approval of the City Commission, may utilize any appropriate statute for the purpose of condemnation.

**Sec. 7. Revenue Bonds; Financing; Limitations.** For the purposes of acquiring, improving, enlarging, or extending a mass transportation system, the Authority may issue self-liquidating revenue bonds pursuant to the Revenue Bond Act of 1933, as amended, or any other act providing for the issuance of self-liquidating revenue bonds. The bonds shall not be a general obligation of the Authority, but shall be payable solely from the revenue of the mass transportation system. Provided, however, no revenue bonds or other financing procedure may be used without the prior approval of the City Commission.

**Sec. 8. Tax Levy; Limitation.** The Authority may levy any tax as authorized by Act 55 of the Public Acts of 1963, as amended. Provided, however, no such tax shall be placed on the ballot for voter approval or be levied without the prior approval of the City Commission of the City of Kalamazoo.



## **KALAMAZOO TRANSIT AUTHORITY**

**Sec. 9. Property Exempt From Taxation.** The real and personal property, owned by the Authority and located within its service area shall be exempt from all taxes as provided by Act 55 of the Public Acts of 1963, as amended.

**Sec. 10. Service to Other Municipalities; Limitation.** The Authority by contract may provide service to other municipalities. Provided, however, so such contract shall be entered into without the prior approval of the City Commission.

### **Article IV**

#### **Governing Body Officers, Bylaws, Records, Budget**

**Sec. 1. Board of Directors.** The Authority shall be directed and governed by a Board of Directors which shall consist of seven (7) members, each to be appointed by the Mayor subject to approval by the City Commission. The terms of office of the Board members shall be three (3) years. Terms shall begin on January 1 of the first year and end on December 31 of the third year. For the initial appointments to the Board of Directors, one (1) member shall be appointed to serve until December 31, 1986, three (3) members shall be appointed to serve until December 31, 1987, and three (3) members shall be appointed to serve until December 31, 1988. All members appointed shall serve until they are reappointed or a successor named. No member shall serve more than two (2) consecutive terms. Members shall serve without compensation and may be removed from office by the City Commission without cause, prior notice or a hearing. Any vacancy in office shall be filled by the Mayor subject to approval by the City Commission.

**Sec. 2. Officers.** The Board of Directors shall designate one of its members as Chairman, one as Vice-Chairman, one as Secretary, and one of its members as a Treasurer, (the offices of Secretary and Treasurer may be combined) each to be designated for such term of office and have such duties and responsibilities as may be established in the Bylaws of the Authority.

**Sec. 3. Bylaws.** The Board of Directors shall adopt and may amend Bylaws as it deems necessary. However, said Bylaws shall not be effective until approved by the City Commission.

**Sec. 4. Books and Records.** The books and records of the Authority shall be open to inspection and subject to audit by the City of Kalamazoo at all reasonable times. The Authority shall submit an annual report to the City of Kalamazoo and such additional reports as the City Commission may from time to time request.

**Sec. 5. Budget.** The Board of Directors shall adopt an annual budget. Provided, however, no budget shall be adopted without the prior approval of the City Commission.

### **Article V - Publication and Filing**

The City Clerk is charged with the responsibilities of causing these Articles of Incorporation to be published at least once in the Kalamazoo Gazette. The City Clerk is further charged with the responsibility of filing with the Secretary of State of the State of Michigan and with the County Clerk of the County of Kalamazoo a printed copy of these Articles of Incorporation certified as a "True Copy" with the date and place of publication.

### **Article VI - Amendments**

Amendments may be made to these Articles of Incorporation in the same manner in which the Articles were originally adopted.

# **KALAMAZOO TRANSIT AUTHORITY**

## **Article VII - Dissolution**

**Sec. 1.** The Authority may be dissolved by a majority vote of the members of the City Commission. Provided, however, the Authority may not be dissolved or its Articles amended if such dissolution or amendment would or could operate as an impairment of any authorized bonds or other Authority contract.

## **Article VIII - Operative Date**

The Authority shall become operative upon the filing of these Articles with the Secretary of State and County Clerk. Provided, however, the Authority shall not begin to operate a mass transportation, enter into any contracts, leases, agreements, or obligations, hire any employees, or begin the acquisition of any property until the City Commission has given its approval for the Authority to begin transit operations.

## BYLAWS OF THE KALAMAZOO TRANSIT AUTHORITY BOARD

The following bylaws are adopted by the Board of Directors of the Kalamazoo Transit Authority (hereinafter referred to as the Board) pursuant to Section 3 of Article IV of the Articles of Incorporation of said Authority (hereinafter referred to as the Articles) as adopted by the Kalamazoo City Commission, and these Bylaws shall not be effective until approved by the Kalamazoo City Commission.

### ARTICLE I

#### Board Membership

##### Section 1.

The members of the Board shall be those individuals appointed by the Mayor of Kalamazoo, with the concurrence of the Kalamazoo City Commission, pursuant to the Articles. Any vacancy in membership on the Board shall be filled as provided in the Articles.

##### Section 2.

The term of office of a Board member shall be three years as provided by the Articles, except for the initial terms of appointment to the Board which are provided for in the Articles.

##### Section 3.

Members of the Board may be removed only by the Kalamazoo City Commission, pursuant to the Articles.

##### Section 4.

The Board may appoint ex-officio members of the Board, or technical advisors, or an executive director, as it may deem appropriate, subject to approval by the

Kalamazoo City Commission. The terms and conditions of service of ex-officio members, technical advisors, or the executive director shall be as deemed and determined by the Board. Ex-officio members, technical advisors, or the executive director may be removed or replaced as determined by the Board, subject to approval by the Kalamazoo City Commission:

## ARTICLE II

### Board Officers

#### Section 1.

The Board shall elect from its membership a chairperson, a vice-chairperson, a secretary, and a treasurer, although the offices of secretary and treasurer may be combined, pursuant to the Articles.

#### Section 2.

Officers shall be elected at the first regularly scheduled meeting of the Board to serve until December 31, 1985. Thereafter, officers shall be elected by the Board at its annual meeting to serve one-year terms.

#### Section 3.

Any officer may be removed from office by a vote of four Board members subject to approval by the Kalamazoo City Commission, provided that notice of such removal proceedings be give to the Board members not less than four days prior to the meeting at which removal is to be considered.

#### Section 4.

If an office becomes vacant, the Board shall fill said office by election from its membership.

## Section 5. Chairperson

The chairperson of the Board shall be its presiding officer. The chairperson has the right to propose motions and to vote on all policies, resolutions, motions, and other matters. The chairperson shall co-sign, in accordance with Board policy, together with the secretary in the name of the Authority, all contracts, deeds, mortgages, notes, bonds, and other instruments of indebtedness as set forth by the Board policy and approved by the Board. The Chairperson shall perform other duties as assigned by the Board.

## Section 6. Vice-Chairperson

In the absence or disability of the chairperson, the vice-chairperson shall perform all the duties of the chairperson, and when so acting shall have all the powers of and be subject to all of the restrictions upon the chairperson. The vice-chairperson shall perform such other duties as assigned by the Board.

## Section 7. Secretary

The secretary shall record all the minutes of the meetings of the Board and record all the votes of the Board. The secretary shall ensure that all minutes, records, and reports are properly maintained and filed as required by law and shall perform such other duties as may be assigned by the Board. The secretary shall be responsible that all notices of all meetings of the Board be given in accordance with law and these bylaws. Minutes shall be signed by the secretary and forwarded to the chairperson for his or her signature upon approval by the Board. The Board may designate a staff person of the Metro Transit System to perform the clerical functions for the secretary.

## Section 8. Treasurer

The treasurer shall present a written report to the Board as frequently as the Board requires and determines which shall show revenues and expenditures made for periods to be determined by the Board, and shall perform other duties as assigned by the Board.

### ARTICLE III

#### Board Meetings

##### Section 1. Regular Meetings

Regular meetings of the Board shall be held in public session at such times and places as shall be established by the Board at its first meeting and subsequent annual meetings.

##### Section 2. Special Meetings

Special meetings of the Board may be called by the chairperson or two members of the Board, provided that written notice shall be given to each Board member at least 24 hours prior to the meeting, and that at least 18 hours notice be posted in accordance with laws of the meetings.

##### Section 3. Annual Meeting

Unless changed by resolution of the Board, an annual meeting of the Board for the election of its officers and transaction of any other business shall be held in January of each year at such time and place as the Board shall determine by resolution.

##### Section 4. Notice of Regular Meetings

Notice of all meetings shall be given to the public in accordance with law. Notice to members of the Board of all regular meetings shall be given by mail at least one week prior to the meeting date, and addressed to the last known address of each

Board Member.

#### Section 5. Quorum

A majority of the Board members serving shall constitute a quorum for the taking of all official action by the Board.

#### Section 6. Voting

All official action by the Board shall be taken in public session. A roll call vote may be required by any Board member and such request shall be honored. The vote of the majority of members present at a meeting at which a quorum is present constitutes the action of the Board of Directors, unless the vote of a larger number is required by statutes, the Articles of Incorporation, or these Bylaws.

#### Section 7. Open Meetings

All meetings of the Board shall be open to the public and shall be held in a place available to the general public. All persons shall be permitted to attend any meeting unless the meeting is a closed session as set forth and held pursuant to state law. A public notice shall be posted at all places as required by law at the times required by law for said open meeting.

#### Section 8. Roberts' Rules of Order

The rules contained in Robert's Rules of Order shall govern the Kalamazoo Transportation Authority in all cases in which they are applicable, and which are not inconsistent with the Bylaws or Articles of Incorporation of the Authority.

#### Section 9. Attendance at Board Meetings

The Board by resolution shall determine required attendance at Board meetings and whether or not inattendance is valid reason to ask the City Commission of Kalamazoo for removal or for the resignation of Board members.

## Section 10. Order of Business

The order of business at each regular meeting of the Board shall be:

- 1) Call to Order and Roll Call,
- 2) Approval of Minutes,
- 3) Communications and Announcements,
- 4) Public Hearings,
- 5) Board and Staff Reports,
- 6) Public Comment,
- 7) Old Business,
- 8) New Business,
- 9) Public Comment,
- 10) Adjournment.

The chair, in the absence of dissent, or a majority of board members present, may alter the order of business at a particular meeting. Public comment may be subject to limitations as determined by resolution of the Board.

## ARTICLE IV

### Committees

#### Section 1.

The chairperson may appoint committees and may appoint members to committees of the Board for specified times and purposes, subject to the concurrence and majority approval of the membership of the Board, which committees may include both Board members and non-Board members.

#### Section 2.



No committee of the Board has the authority to bind the Board, except as authorized by the Board in advance.

## ARTICLE V

### Amendment of Bylaws

#### Section 1.

These Bylaws may be amended by resolution, by a vote of not less than a majority of the members of the Board then in office, subject to approval by the Kalamazoo City Commission.

## ARTICLE VI

### Effective Date of these Bylaws

#### Section 1.

These Bylaws shall not be effective until approved by the Kalamazoo City Commission, pursuant to the Articles.



## Capital Area Transportation Authority

Dear Friend,

We recently shared with our employees something that Theodore Roosevelt said, and it sums up how we feel about our work at CATA — "Far and away the best prize that life offers is the chance to work hard at work worth doing."

This is so true. The first thing people think about when they hear "public transportation" is the big buses they see on the street. When you read the stories of the people who rely on our services, you'll understand why we feel so good about the work we do. For many, including people with disabilities and seniors, CATA transportation, and especially Spec-Tran, our curb-to-curb service, is a vital link to living a full and independent life. Last year, CATA provided nearly 9 million rides in all our services.

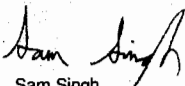
We first published our Community Report in 2002. CATA received grateful phone calls from citizens who needed public transportation, but were not aware of the breadth of services available until they read the report. One elderly woman and her husband had recently discovered that neither of them would be able to drive any more due to deteriorating health. They saw the report and told a Customer Service Representative about the hope and reassurance it instilled. They would "be able to make it."

The cost of providing public transportation is going up, just as you see prices rising in your daily life. For example, think about how you feel when you pull your car up to a pump to fill up these days. Now think about the more than one million gallons of diesel fuel and gasoline it takes to operate CATA vehicles. You can imagine how even a slight increase in cost can give us budget woes. We have reduced service levels and cut other expenses. However, essential operating expenditures like fuel, insurance and healthcare coverage continue to rise. The portion of our funding that we receive from the State of Michigan has not gone up to cover these increased costs.

One other way CATA funds services is through local taxes. Currently CATA levies two millages. In March, the CATA Board took action to ask the voters to combine these two millages into one, thereby restoring the total levy to 2.22 mills (\$2.22 per thousand dollars of taxable valuation) as originally approved. You will see this request on the August 3, 2004 ballot. Local millage dollars are essential for CATA to provide public transportation services. These millage dollars fund approximately one-third of CATA's budget. If the millage does not pass, CATA may have to cut service.

Please take a few moments to read the stories of people we serve and services we provide. We hope you will find this information useful. These stories demonstrate the value of a solid public transportation system. The people featured here could be your neighbors, your co-workers, your customers, your family, your friends or you. We want to continue to serve our customers well. Please read on and you will see why when people thrive, communities thrive.

Sincerely,



Sam Singh

Chair, CATA Board of Directors



Sandy Draggoo

Executive Director

4615 Tranter Avenue • Lansing, Michigan 48910 • (517) 394-1100 • FAX (517) 394-3733 • [www.cata.org](http://www.cata.org)  
Sam Singh • Board Chair Sandy Draggoo • Executive Director

Last year, mid-Michigan residents took 8,764,202 rides using CATA.

CATA recently introduced three new clean air initiatives: reduced-sulfur (lower emission) fuel, new exhaust filters to lower emissions further, and longer buses to move more people using less fuel.

The following request will appear on the August 3 ballot:

### CAPITAL AREA TRANSPORTATION AUTHORITY

#### MILLAGE PROPOSAL CAPITAL AREA TRANSPORTATION AUTHORITY (CATA) MILLAGE PROPOSITION

CITY of LANSING, CITY of EAST LANSING, MERIDIAN TOWNSHIP,  
LANSING TOWNSHIP and DELHI TOWNSHIP

Shall the public transportation authority, the Capital Area Transportation Authority (CATA), for continued service, as provided for by Public Act 55 of 1963, as amended, replace an existing tax levy of 1.4 mills (approved by the voters in 1999) and a second levy of .82 mill (approved by the voters in 2002) with (i) a renewal of 2.1878 mills (as rolled back pursuant to the Headlee Act Amendment), and (ii) an increase of 0.0322 mill for a total millage levy of 2.22 mills (that being \$2.22 per thousand dollars of taxable value) on real and personal property located within CATA's service area, for five years, 2006-2010, inclusive? If approved and levied, this millage would generate approximately \$12,102,000.00 in 2006.

YES 197 ➡ ☐

NO 198 ➡ ☐

## PUBLIC TRANSPORTATION AUTHORITY ACT

### Act 196 of 1986

AN ACT to authorize the formation of public transportation authorities with certain general powers and duties; to provide for the withdrawal of certain local entities from public transportation authorities; to authorize certain local entities to levy property taxes for public transportation service and public transportation purposes; to protect the rights of employees of existing public transportation systems; to provide for the issuance of bonds and notes; to provide for the pledge of taxes, revenues, assessments, tax levies, and other funds for bond or note payment; to provide for the powers and duties of certain state agencies; to validate taxes authorized before July 10, 1986, elections held before July 10, 1986, and bonds and notes issued before July 10, 1986; to provide for transfer of certain tax revenue and certain powers, rights, duties, and obligations; to authorize condemnation proceedings; to grant certain powers to certain local entities; to validate and ratify the organization, existence, and membership of public transportation authorities created before July 10, 1986 and the actions taken by those public transportation authorities and by the members of those public transportation authorities; and to prescribe penalties and provide remedies.

History: 1986, Act 196, Imd. Eff. July 10, 1986;—Am. 1998, Act 168, Eff. Mar. 23, 1999.

*The People of the State of Michigan enact:*

#### 124.451 Short title.

Sec. 1. This act shall be known and may be cited as the "public transportation authority act".

History: 1986, Act 196, Imd. Eff. July 10, 1986.

#### 124.452 Definitions.

Sec. 2. As used in this act:

- (a) "Board" means the governing body of a public authority.
- (b) "Goods" means baggage, accessories, or other personal property carried by or accompanying persons using public transportation service.
- (c) "Political subdivision" means a county, city, village, or township. Political subdivision, in relation to those provisions involving an authority created under an interlocal agreement pursuant to the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, forming a public authority, includes any other entities which entered into the interlocal agreement.
- (d) "Public authority" means an authority created under this act.
- (e) "Public transportation", "public transportation service", "public transportation purpose" means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, rapid transit vehicle, taxicab, or other conveyance which provides general or special service to the public, but not including charter or sightseeing service or transportation which is exclusively used for school purposes. Public transportation, public transportation services, or public transportation purposes as defined by this section are declared by law to be transportation purposes within the meaning of section 9 of article IX of the state constitution of 1963.
- (f) "Public transportation facility" means all property, real and personal, which enhances the effectiveness of a public transportation system and is functionally related to a public transportation system or which creates new or enhanced coordination between public transportation and other forms of transportation, including street railways, motor buses, tramlines, subways, monorails, rail rapid transit facilities, tunnels, bridges, and parking facilities and other property owned or leased by a public authority for which the public authority is eligible for federal assistance as administered by the United States department of transportation.
- (g) "Public transportation system" means a system for providing public transportation service, including public transportation facilities.
- (h) "Revenue" means money received by the public authority as provided in section 17.
- (i) "Taxable property" means the property taxable under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws, except for property expressly exempted under that act.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

## PUBLIC TRANSPORTATION AUTHORITY ACT

### **124.453 Public authority; formation generally; membership; articles of incorporation; approval.**

Sec. 3. (1) An authority incorporated under Act No. 55 of the Public Acts of 1963, being sections 124.351 to 124.359 of the Michigan Compiled Laws, or an authority having a population of less than 1,000,000 incorporated under the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.425 of the Michigan Compiled Laws, may form a public authority under this act. Political subdivisions which are members of an authority described in this subsection which form a public authority shall be members of the public authority.

(2) Formation of a public authority pursuant to subsection (1) may be accomplished by adoption of articles of incorporation by resolution adopted by a majority of the members serving on the governing body of the authority incorporated under Act No. 55 of the Public Acts of 1963 or Act No. 204 of the Public Acts of 1967.

(3) An authority created under an interlocal agreement pursuant to the urban cooperation act of 1967, Act No. 7 of the Public Acts of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, for the purpose of providing public transportation service may form a public authority under this act. Political subdivisions which have created an entity described in this subsection which form a public authority shall be members of the public authority.

(4) Formation of a public authority pursuant to subsection (3) may be accomplished by adoption of articles of incorporation and by amendment of the interlocal agreement by resolution adopted by a majority of the governing body of each public entity which were parties to the interlocal agreement. In addition, if a separate legal or administrative entity was created under the interlocal agreement, a public authority may be formed pursuant to subsection (3) only with the approval of the entity empowered by the interlocal agreement to bring action in court against other entities, on behalf of the authority created under the interlocal agreement.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.454 Public authority; formation by political subdivision; articles of incorporation.**

Sec. 4. (1) A political subdivision or a combination of 2 or more political subdivisions may form a public authority under this act. A city, village, or township forming a public authority by itself or in combination with 1 or more other political subdivisions may provide that only a portion of the city, village, or township shall become part of the public authority. The portion of the city, village, or township to become part of the public authority shall be bounded by precinct lines drawn for election purposes.

(2) Formation of a public authority pursuant to subsection (1) shall be accomplished by adoption of articles of incorporation by an affirmative vote of a majority of the members elected to and serving on the legislative body of each political subdivision.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.455 Articles of incorporation; endorsement as evidence of adoption; publication; filing; operative public authority; effective date of articles; validity of incorporation conclusively presumed; exception.**

Sec. 5. (1) The adoption of articles of incorporation under this act shall be evidenced by an endorsement on the articles of incorporation by the clerk of each respective political subdivision or by the recording officer of the incorporating authority under section 3 in a form substantially as follows:

The foregoing articles of incorporation were adopted by an affirmative vote of a majority of the members serving on the governing or legislative body of \_\_\_\_\_, \_\_\_\_\_ at a meeting duly held on the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 19\_\_\_\_.

(2) The articles of incorporation shall be published by the person or persons designated in the articles at least once in a newspaper designated in the articles and circulated within the area proposed to be served by the public

## PUBLIC TRANSPORTATION AUTHORITY ACT

authority. One printed copy of the articles of incorporation shall be filed with the secretary of state, the clerk of each county to be served by the public authority, and the director of the state transportation department by the person designated to do so by the articles. The public authority shall become operative and the articles of incorporation effective at the time provided in the articles of incorporation. The validity of the incorporation shall be conclusively presumed unless questioned in a court of competent jurisdiction within 60 days after the publication of the articles of incorporation.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.456 Articles of incorporation; contents.**

Sec. 6. The articles of incorporation shall state the name of the public authority; the name or names of the incorporating authority or the incorporating political subdivisions; the portion of an incorporating city, village, or township to become part of the public authority, if less than the entire city, village, or township is to become part of the public authority; the purposes for which it is formed; the power, duties, and limitations of the public authority and its officers; the composition and method of selecting its governing body and officers; the person or persons charged with the responsibility of causing the articles of incorporation to be published and the printed copies of the articles of incorporation to be filed as provided in this act; the method of amending the articles of incorporation; and any other matters which the incorporators consider advisable.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.457 Membership after formation of public authority; resolution; approval, execution, filing, and publication of amendment to articles.**

Sec. 7. A political subdivision or a portion of a city, village, or township bounded by lines described in section 4 may become a member of a public authority after the public authority's formation under this act upon resolution adopted by a majority vote of the members elected to and serving on the legislative body of the political subdivision requesting membership for all or a portion of the political subdivision and upon resolution adopted by a 2/3 vote of the members serving on the board of the public authority approving an amendment to the articles of incorporation of the public authority adding all or a portion of the political subdivision. The amendment to the articles of incorporation shall be executed by the clerk of the political subdivision, all or a part of which is being added and shall be filed and published in the same manner as the original articles of incorporation.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.458 Conditions to release from membership in public authority; taxes; transportation services; evidence of release; withdrawal from public authority; violation of §§ 168.1 to 168.992 applicable to petitions; penalties.**

Sec. 8. (1) Except as otherwise provided in subsection (2), a political subdivision that is a member of a public authority or the portion of a city, village, or township, which portion is a member of a public authority may be released from membership in the public authority if all of the following conditions are met:

(a) Adoption of a resolution by a majority of the members elected to and serving on the legislative body of the political subdivision requesting release from membership.

(b) Acceptance of the request by a 2/3 vote of the members serving on the board of the public authority, excluding the members representing the political subdivision requesting release.

(c) Payment or the provision for payment is made regarding all obligations of the political subdivision to the public authority or its creditors.

(2) Notwithstanding subsection (1), an entity that is a political subdivision and is a member of a public authority or the portion of a city, village, or township, which portion is a member of a public authority, may be released from membership in the public authority if all of the following conditions are met:

(a) The entity desiring to withdraw from the authority has approved the question by a majority of the qualified and registered electors voting at a general or special election held in November before the expiration of a tax authorized to be levied under this act.

(b) Subject to subsection (6), a petition that bears the signatures of registered electors of the entity equal to at least 20% of the number of votes cast in the political subdivision or portion of a city, village, or township for all candidates for governor in the last general election in which a governor was elected and that requires the governing body of the entity by resolution to submit the question to its electors at the next general or special election is filed not less than 60 days before the election with the clerk of the entity presenting the question.

(c) The vote upon the question approving the resolution is by ballot and is in substantially the following form:

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"Shall \_\_\_\_\_ (township, village, city, or other) as provided by 1986 PA 196 withdraw from the authority as a member?

Yes \_\_\_\_\_

No \_\_\_\_\_".

(d) All ballots are cast, canvassed, and the results of the election certified in the same manner as ballots on any other question submitted to the electors of the entity seeking withdrawal pursuant to the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

(e) Payment or the provision for payment is made regarding all obligations of the political subdivision to the public authority or its creditors. If withdrawal is approved by a majority of the electors voting on the question, the decision will take effect at the expiration date of the tax and neither the authority nor officials of the political subdivision may appeal or amend this decision.

(3) A tax authorized to be levied by a public authority within the boundaries of the political subdivision or the portion of a political subdivision to be released shall continue to be levied for the period of time originally authorized and shall be paid over to the public authority originally authorized to be the recipient of the tax revenue. A political subdivision or portion of a political subdivision that has been released from an authority shall continue to receive transportation services from the authority until the political subdivision or portion of the political subdivision is no longer required to pay a tax levied by the authority.

(4) Release of a political subdivision or portion of a political subdivision from a public authority shall be evidenced by an amendment to the articles of incorporation executed by the recording officer of a public authority and filed and published in the same manner as the original articles of incorporation.

(5) A political subdivision or other entity that is part of a public authority under this act may withdraw from the public authority until the expiration of the thirtieth day following the date the public authority is incorporated without meeting the conditions listed in subsection (1) or (2). If a public authority under this act has as a member a political subdivision that is part of a metropolitan statistical area, as defined by the United States department of commerce or a successor agency, and the metropolitan statistical area has a population of not less than 600,000 and not more than 1,500,000, a political subdivision or other entity that is part of the public authority may also withdraw from the public authority until the expiration of 30 days after the date on which the board of the public authority adopts a resolution calling for an election for the purpose of levying a tax pursuant to section 18, without meeting the conditions listed in subsection (1) or (2). If all or a portion of a city, village, or township is part of an authority incorporating as a public authority under this act, the city, village, or township may also decide to only withdraw a portion of the entity bounded by the lines described in section 4 from the public authority under the deadline established in this subsection. In addition, a political subdivision or other entity that is part of a public authority under this act may withdraw from the public authority in any year in which a tax authorized to be levied under this act expires, without meeting the conditions listed in subsection (1) or (2), if the political subdivision or entity makes the determination to withdraw by a vote of its legislative body held in January of that year. Further, if all or a portion of a city, village, or township is part of an authority incorporating as a public authority under this act, the city, village, or township may also decide to only withdraw a portion of the entity bounded by the lines described in section 4 from the public authority in that same January. However, if a tax is authorized to be levied in a political subdivision or portion of a political subdivision by a public authority under this act and the political subdivision or portion of a political subdivision withdraws pursuant to this subsection, the tax shall continue to be levied in the political subdivision or portion of a political subdivision for the period of time originally authorized. A political subdivision or portion of a political subdivision that withdraws from the authority shall continue to receive public transportation services from the authority until the political subdivision or portion of the political subdivision is no longer required to pay a tax levied by the authority.

(6) A petition under subsection (2), including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in subsection (2) is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

History: 1986, Act 196, Imd. Eff. July 10, 1986;—Am. 1990, Act 10, Eff. Mar. 1, 1990;—Am. 1998, Act 168, Eff. Mar. 23, 1999.

### 124.459 Tax limitations.

Sec. 9. A public authority is intended to and shall be considered to be an authority the tax limitations of which are provided by charter or general law within the meaning of section 6 of article IX of the state constitution of 1963.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

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### **124.460 Validation and ratification of acts taken before effective date of act.**

Sec. 10. The organization, existence, membership, and all acts taken before the effective date of this act by an authority incorporated or purporting to be incorporated under Act No. 55 of the Public Acts of 1963, being sections 124.351 to 124.359 of the Michigan Compiled Laws; an authority having a population of less than 1,000,000 incorporated or purporting to be incorporated under the metropolitan transportation authorities act of 1967, Act No. 204 of the Public Acts of 1967, being sections 124.401 to 124.425 of the Michigan Compiled Laws; or an authority created or purported to be created under an interlocal agreement pursuant to Act No. 7 of the Public Acts of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws, are hereby validated and ratified.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.461 Assumption, transfer, assignment, or conveyance of tax revenues, property, rights, duties, and obligations.**

Sec. 11. (1) All tax revenue, or real or personal property or property rights, money, authorizations to levy a tax, and all other rights, duties, and obligations of an existing authority that forms a public authority in accordance with section 3 shall be assumed by and transferred to the public authority created under this act without execution or delivery of any document or instrument transferring or assigning them.

(2) A political subdivision forming a public authority under this act, including a political subdivision only a portion of which is part of the public authority pursuant to a decision by the legislative body of the political subdivision, may assign or convey any of its tax revenue, real or personal property or property rights, and all other rights, duties, and obligations involving public transportation service to the public authority formed by the political subdivision. However, a transfer or assignment shall not be made which materially adversely affects the contractual rights of a person having a contract with that political subdivision.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.462 Powers of public authority generally; public authority as public benefit agency and instrumentality of state.**

Sec. 12. A public authority created under this act may plan, promote, finance, acquire, improve, enlarge, extend, own, construct, operate, maintain, replace, and contract for public transportation service by means of 1 or more public transportation systems and public transportation facilities. A public authority is a public benefit agency and instrumentality of the state with all the powers of a public corporation, to accomplish its purposes and to control, operate, administer, and exercise the franchise of the public transportation system and public transportation facilities, if any.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.463 Additional powers of public authority.**

Sec. 13. A public authority formed under this act shall be a corporate body with power to sue and be sued in any court of the state and shall be considered to be an agency and instrumentality of the state. The public authority shall possess all the powers necessary to carry out the purposes of its formation and all things incident to carrying out the purposes of its formation. The public authority shall be administered in the manner determined by the board and as provided in its articles of incorporation. The public authority by contract may employ a management firm, either corporate or otherwise, to operate the public transportation system, under the supervision of the public authority. The enumeration of powers of this act shall not be construed as a limitation on the general powers of the public authority.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.464 Additional powers of public authority.**

Sec. 14. A public authority formed under this act, in addition to its other powers and duties, may:

(a) Adopt bylaws and rules of administration to accomplish the purposes of this act.

(b) Provide public transportation service and public transportation facilities within or without the boundaries of the public authority as provided in Act No. 51 of the Public Acts of 1951, being sections 247.651 to 247.674 of the Michigan Compiled Laws, except that a public authority may not provide public transportation service in an area within the boundaries of a member or a released or withdrawn member, other than an entity withdrawing under section 8(5), of another authority formed under this or any other act without the agreement and consent of the other authority.

(c) Acquire and hold, by purchase, lease, grant, gift, devise, land contract, installment purchase contract, bequest,



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condemnation, or other legal means, real and personal property, including franchises, easements, or rights of way on, under, or above any property within or without the boundaries of the public authority as provided in Act No. 51 of the Public Acts of 1951, and pay for the same from or pledge for the payment thereof, revenue of the public authority. Subject to reasonable use, the public authority may use space and areas over, under, and upon the public streets and highways to carry out its duties.

(d) Ask appropriate local political subdivisions to begin condemnation proceedings.

(e) Apply for and accept grants, loans, or contributions from the federal government or any of its agencies, the state or other public or private agencies to be used for any of the purposes of this act and to do any and all things within its express or implied powers necessary or desirable to secure that financial or other aid or cooperation in the carrying out of any of the purposes of this act.

(f) Sell, lease, or use any property acquired for the purposes of this act but not needed for those purposes, and lease advertising space and grant concessions for the sale of newspapers and other articles and for services on or in any portion of the property under the jurisdiction of the public authority.

(g) Grant to utilities, public or privately owned, the right to use the property or any part of the property of the public transportation facilities. A public authority formed under this act also may grant to any other public authority formed under this act the right to use any part of the public transportation facilities.

(h) Contract with any other transportation authority or political subdivision of the state or another state or any agency or instrumentality of the state or another state or another nation or private corporation or person for service contracts, joint use contracts, or contracts for the construction or operation of any part of the public transportation facilities.

(i) Investigate transportation requirements, needs, and programs and engage by contract consultants as may be necessary and cooperate with the federal government, state, political subdivisions, and other authorities or transportation agencies in those investigations.

(j) Hire employees, attorneys, accountants, and consultants as the board considers necessary to carry out the purposes of the authority.

(k) Lend money derived from the revenues of the public authority to any persons, corporations, or associations, public or private, for the purpose of financing qualified mass commuting vehicles, as defined in the internal revenue code that will be leased or sold to the public authority and to sell and lease or purchase back mass commuting vehicles, as defined in the internal revenue code.

(l) Impose and collect rents, charges, fees, or fares from users of public transportation services or public transportation facilities.

(m) Exercise all other powers incidental, necessary, or convenient for the exercise of the powers granted in this act.

*History:* 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.465 Collective bargaining agreements; employees entering military service.**

Sec. 15. (1) A public authority formed under this act shall have the right to bargain collectively and enter into agreements with labor organizations pursuant to Act No. 336 of the Public Acts of 1947, being sections 423.201 to 423.216 of the Michigan Compiled Laws. Upon acquisition or reincorporation of a public transportation system, the public authority shall assume and be bound by any existing collective bargaining agreements applicable to that system for the remainder of the term of the agreement, and, except where the existing collective bargaining agreement may otherwise permit, shall retain the employees covered by that collective bargaining agreement. The acquisition or reincorporation of a public transportation system by the public authority shall not adversely affect any existing rights and obligations contained in the existing collective bargaining agreement. Members and beneficiaries of any pension or retirement system established by the existing public transportation system shall continue to have the same rights, privileges, benefits, obligations, and status under the new public authority.

(2) If an existing collective bargaining agreement is expiring at the time of acquisition or reincorporation of a public transportation system to a public authority under this act, the acquisition or reincorporation does not affect the obligation of each of the parties to bargain collectively pursuant to the requirements of Act No. 336 of the Public Acts of 1947.

(3) Employees who left the employ of the acquired public transportation system to enter the military services of the United States shall have the same rights as to the public transportation system established by the public authority pursuant to Act No. 263 of the Public Acts of 1951, being sections 35.351 to 35.356 of the Michigan Compiled Laws, as they would have had under the acquired public transportation system.

*History:* 1986, Act 196, Imd. Eff. July 10, 1986.



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### **124.466 Exemption of public authority from certain acts in exercise of powers.**

Sec. 16. In the exercise of its powers within the boundaries of the public authority, a public authority is exempt from the motor carrier act, Act No. 254 of the Public Acts of 1933, being sections 475.1 to 479.20 of the Michigan Compiled Laws; Act No. 3 of the Public Acts of 1939, being sections 460.1 to 460.8 of the Michigan Compiled Laws; and Act No. 432 of the Public Acts of 1982, being sections 474.101 to 474.141 of the Michigan Compiled Laws.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.467 Public transportation service; financing.**

Sec. 17. Public transportation service, including any public transportation system and public transportation facilities, may be financed by the public authority by any 1 or more of the following means:

- (a) By service charges, fees, or fares to users of the public transportation services.
- (b) By funds disbursed by the state to the public authority and usable by the public authority.
- (c) By any other income or revenue, including appropriations or contributions, or other revenue of the members of the public authority and any political subdivisions.
- (d) By grants, loans, appropriations, payments, or contributions from the federal government, this state, another state or other governmental units and grants, contributions, gifts, devises, or bequests from public or private sources.
- (e) By proceeds of ad valorem taxes, special assessments, or charges imposed pursuant to law and collected by the state or a political subdivision or the public authority and returned or paid to the public authority pursuant to law or contract.
- (f) By proceeds of an income tax as may be provided by law.
- (g) By issuance of bonds or notes as provided by this act.
- (h) By means of land contracts, installment purchase contracts, or leases authorized by this act.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.468 Tax levy; collection.**

Sec. 18. (1) A public authority formed under this act may levy a tax on all of the taxable property within the limits of the public authority for public transportation purposes as authorized by this act.

(2) The tax authorized in subsection (1) shall not exceed 5 mills of the state equalized valuation on each dollar of assessed valuation of taxable property within the limits of the applicable public authority.

(3) The tax authorized under subsection (1) shall not be levied except upon the approval of a majority of the registered electors residing in the public authority affected and qualified to vote and voting on the tax at a general or special election. The election may be called by resolution of the board of the public authority. The recording officer of the public authority shall file a copy of the resolution of the board calling the election with the clerk of each affected county, city, or township not less than 60 days before the date of the election. The resolution calling the election shall contain a statement of the proposition to be submitted to the electors. Each county, city, and township clerk and all other county, city, and township officials shall undertake those steps to properly submit the proposition to the electors of the county, city, and township at the election specified in the resolutions of the public authority. The election shall be conducted and canvassed in accordance with the Michigan election law, Act No. 116 of the Public Acts of 1954, being sections 168.1 to 168.992 of the Michigan Compiled Laws, except that if the public authority is located in more than 1 county, the election shall be canvassed by the state board of canvassers. The results of the election shall be certified to the board of the public authority promptly after the date of the election. Not more than 1 election may be held in a public authority in a calendar year for approval of the tax authorized under subsection (1). If the election is a special election, the public authority in which the election is held shall pay its share of the costs of the election.

(4) The taxes authorized by this section may be levied at a rate and for a period of not more than 5 years as determined by the public authority in the resolution calling the election and as shall be set forth in the proposition submitted to the electors.

(5) The tax rate authorized by this section shall be levied and collected as are all ad valorem property taxes in the state and the recording officer of the public authority shall at the appropriate times certify to the proper tax assessing or collecting officers of each tax collecting county, city, and township the amount of taxes to be levied and collected each year by each county, city, and township. Consistent with the provisions of subsection (6), the board of the public authority shall determine on which tax roll, if there be more than 1, of each county, city, or township that the taxes authorized by this section shall be collected. Each tax assessing and collecting officer and

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each county treasurer shall levy and collect the taxes certified by the public authority and pay those taxes to the public authority by the time provided in section 43 of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.43 of the Michigan Compiled Laws. The tax rate authorized by this section may be first levied by the public authority as a part of the first tax roll of the appropriate counties, cities, and townships occurring after the election described in subsection (3). The tax may be levied and collected on the July or December tax roll next following the date of election, if the tax is certified to the proper tax assessing officials not later than May 15 or September 15, respectively, of the year in which the election is held.

(6) A public authority which is authorized to impose a July property tax levy and if it determines to do so, it shall negotiate agreements with the appropriate cities and townships for the collection of that levy. If a city or township and the public authority fail to reach an agreement for the collection by the city or township of the July property tax levy of the public authority, the public authority then may negotiate, until April 1, a proposed agreement with the county treasurer to collect its July property tax levy against property located in that city or township. If the county treasurer and the public authority fail to reach an agreement for the collection by the county of the July property tax levy of the public authority, the July property tax levy shall be collected with the December property tax levy. Any agreement negotiated under this subsection shall guarantee the collecting unit its reasonable expenses. The provisions of this subsection shall not apply to a city or township which is levying a July property tax.

(7) If, pursuant to subsection (6), the public authority has reached a proposed agreement with a county treasurer on the collection of its July property tax levy against property located in a city or township with which an agreement to collect this levy could not be made pursuant to subsection (6), the public authority shall notify by April 15 that city or township of the terms of that fact and the city or township shall have 15 days in which to exercise an option to collect the public authority's July property tax levy.

(8) Collection of all or part of a public authority's property tax levy by a treasurer pursuant to subsection (6) or (7) shall comply with all of the following:

(a) Collection shall be either 1/2 or the total of the property tax levy against the properties, as specified for that year in the resolution of the public authority.

(b) The amount the public authority has agreed to pay as reasonable collection expenses shall be stated in writing and reported to the state treasurer.

(c) Taxes authorized to be collected shall become a lien against the property on which assessed, and due from the owner of that property, on July 1.

(d) Taxes shall be collected on or before September 14 and all taxes and interest imposed pursuant to subdivision (f) unpaid before March 1 shall be returned as delinquent on March 1. Taxes delinquent under this subdivision shall be collected pursuant to Act No. 206 of the Public Acts of 1893.

(e) Interest shall be added to taxes collected after September 14 at that rate imposed by section 59 of Act No. 206 of the Public Acts of 1893, being section 211.59 of the Michigan Compiled Laws, on delinquent property tax levies which became a lien in the same year.

(f) All or a portion of fees or charges, or both, authorized under section 44 of Act No. 206 of the Public Acts of 1893, being section 211.44 of the Michigan Compiled Laws, may be imposed on taxes paid before March 1 and shall be retained by the treasurer actually performing the collection of the July property tax levy of the public authority, regardless of whether all or part of these fees or charges, or both, have been waived by the township or city.

(9) An agreement for the collection of a July property tax levy of a public authority with a county treasurer shall include a schedule for delivering collections to the public authority.

(10) To the extent applicable and consistent with the requirements of this section, the provisions of Act No. 206 of the Public Acts of 1893, shall apply to proceedings in relation to the assessment, spreading, and collection of taxes pursuant to this section. Additionally, in relation to the assessment, spreading, and collection of taxes pursuant to this section, the county treasurer shall have powers and duties similar to those prescribed by Act No. 206 of the Public Acts of 1893, for township supervisors, township clerks, and township treasurers. However, this section shall not be considered to transfer any authority over the assessment of property.

(11) If a county treasurer collects the July property tax levy of the public authority, the township or city shall deliver by June 1 a certified copy of the assessment roll containing state equalized valuations for each parcel of taxable property in the township or city to the treasurer collecting the July property tax levy of the public authority. The county treasurer receiving this certified copy of the assessment roll shall remit the necessary cost incident to the reproduction of the assessment roll to the township or city.

(12) A county treasurer collecting taxes pursuant to this section shall be bonded for tax collection in the same amount and in the same manner as a township treasurer would be for undertaking the duties prescribed by this

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section.

(13) An agreement for the collection of a July property tax levy between a public authority and a county may cover July collections for 2 years. If an agreement covers July collections for 2 years, the notice required by subsection (7) and the option to reconsider provided by subsection (7) shall not apply for July collections in the second year.

(14) If collections are made pursuant to this section by a county treasurer, all payments from a public authority for collecting its July property tax levy and all revenues generated from collection fees shall be deposited, when received or collected, in a fund, which fund shall be used by the county treasurer to pay for the cost of collecting the public authority's July property tax levy.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.469 Additional tax levy.**

Sec. 19. Any member of the public authority or a political subdivision otherwise granted taxing authority under state law may levy a tax on all of the taxable property within the limits of the political subdivision, and appropriate, grant, or contribute the proceeds of the tax to the public authority for public transportation purposes as authorized by this act or to provide sufficient money to fulfill its contractual obligation to the public authority under section 20, which tax shall be within charter, statutory, and constitutional limitations.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.470 Contract with public authority to make payments, appropriations, or contributions; pledge of full faith and credit; tax levy; execution of contract.**

Sec. 20. (1) Any member of the public authority or a political subdivision may contract with the public authority to make payments, appropriations, or contributions to the public authority of the proceeds of taxes, special assessments, or charges imposed and collected by the political subdivision or out of any other funds legally available.

(2) Any member of the public authority or a political subdivision may pledge its full faith and credit for payment of its contractual obligation to the public authority.

(3) If the public authority has issued notes or bonds in anticipation of payments, appropriations, or contributions to be made to the public authority pursuant to contract by a member of the public authority or a political subdivision, the political subdivision may levy a tax, subject to all appropriate statutory and constitutional requirements, on all taxable property in the political subdivision to provide sufficient money to fulfill its contractual obligation to the public authority, which tax as to rate or amount will be as provided in section 6 of article IX of the state constitution of 1963.

(4) Any member or political subdivision desiring to enter into a contract under subsection (1) shall authorize by resolution of its governing body the execution of the contract.

(5) Any political subdivision that forms or becomes a member of the public authority under this act and, before the effective date of the formation or membership, has authorized the levy of a tax to provide money for public transportation purposes or has imposed or collected special assessments or charges for public transportation purposes may levy or impose and collect the tax or special assessment or charge and contract with the public authority to make payments, appropriations, or contributions to the public authority of the proceeds of the taxes, special assessments, or charges, subject to conditions of the original authorization.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.471 Duties of public authority.**

Sec. 21. Each public authority created under this act shall do the following:

(a) Obtain an annual audit in accordance with sections 6 to 13 of Act No. 2 of the Public Acts of 1968, being sections 141.426 to 141.433 of the Michigan Compiled Laws. The audit shall also be in accordance with generally accepted government auditing standards as promulgated by the United States general accounting office and shall satisfy federal regulations relating to federal grant compliance audit requirements. A copy of the annual audit shall be filed with the state treasurer in accordance with section 4(2) of Act No. 2 of the Public Acts of 1968, being section 141.424 of the Michigan Compiled Laws and a copy shall be filed with the state transportation department in accordance with section 10h(2) of Act No. 51 of the Public Acts of 1951, being section 247.660h of the Michigan Compiled Laws.

(b) Prepare budgets and appropriations acts in accordance with sections 14, 15(1)(a) to 15(1)(g), 15(1)(i), 15(2), 16, 17, 18, and 19 of the Uniform Budget Act, Act No. 2 of the Public Acts of 1968, being sections 141.434 to

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141.439 of the Michigan Compiled Laws.

(c) If ending a fiscal year in a deficit condition, file a financial plan to correct the deficit condition in the same manner as provided in section 21(2) of Act No. 140 of the Public Acts of 1971, being section 141.921 of the Michigan Compiled Laws. A copy of the financial plan shall also be filed with the state transportation department.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.472 Notes and bonds generally.**

Sec. 22. A public authority may, by resolution of its board, borrow money and issue its notes and bonds in anticipation of the collection of taxes and other revenues for its then next succeeding fiscal year, or the taxes or other revenue for its current fiscal year to provide funds for operating purposes or for capital purposes related to public transportation facilities.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.473 Notes and bonds; additional provisions; tax exemption; advancing money or delivering property to carry out powers and duties; repayment or payment.**

Sec. 23. (1) A public authority may borrow money and issue notes and bonds to acquire, construct, or purchase public transportation facilities and to otherwise finance and carry out its powers and duties. The notes and bonds may pledge, be payable from, and may be issued in anticipation of payment of the proceeds of any of the methods of financing described in section 17 or elsewhere in this act or as may be provided by law.

(2) The public authority may issue bonds or notes at any time to retire, fund, or refund, in whole or in part, outstanding bonds or notes issued pursuant to this act, or for transportation purposes under any other act including the payment of interest accrued, or to accrue, to the earliest or any subsequent date of redemption, purchase, or maturity of the bonds or notes, redemption premium, if any, and any commission, service fees, and other expenses necessary to be paid in connection with the bonds or notes, whether the bonds or notes to be refunded have matured or are redeemable or shall at a later date mature or become redeemable. If considered advisable by the public authority, the public authority may issue bonds or notes partly to refund outstanding bonds or notes and partly for any other purpose contemplated by this act.

(3) The bonds and notes issued pursuant to section 22 or this section may be issued pursuant to, and shall be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(4) The public authority, by resolution of its board, shall provide for the issuance of the notes or bonds for the purpose of paying part or all of the cost of the public transportation facilities or authorized programs, which cost may include an allowance for legal, engineering, architectural, and consulting services; interest on the bonds or notes becoming due before the collection of the first revenue available for the payment of the interest as determined by the authority; a debt service reserve; and other necessary incidental expenses. Principal of, and interest and redemption premiums on, the bonds or notes issued under this section shall be payable solely from revenue, the other sources described in this section, or otherwise described in this act. Any interest shall be payable on the dates as determined in the resolution authorizing the issuance of the bonds or notes. The board of the public authority, in the resolution authorizing the issuance of the bonds or notes shall determine the principal amount of the bonds or notes to be issued, the registration provisions, the bond or note denominations, the bond or note designations, the rights of prior redemption of the bonds or notes at the option of the public authority or the holders of the bonds or notes, the maximum rate of interest, the method of execution of the bonds or notes, and any other provisions respecting the bonds or notes, the rights of the holders of the bonds or notes, the security for the bonds or notes, and the procedures for disbursement of the bond or note proceeds and for the investment of the proceeds of bonds or notes and money for the payment of bonds or notes. The board of the public authority in the resolution authorizing the issuance of bonds or notes may provide for the assignment of the revenues pledged to 1 of the paying agents for the bonds or notes or to a trustee, as provided in this act. The board of the public authority, in the resolution or resolutions authorizing the bonds or notes, may provide for the terms and conditions upon which the holders of the bonds or notes, or any portion of the bond or noteholders or any trustee for the bond or noteholders, shall be entitled to the appointment of a receiver. The resolution authorizing the bonds or notes may provide for the appointment of a trustee for the bond or noteholders, may give to the trustee the appropriate rights, duties, remedies, and powers, with or without the execution of a deed of trust or mortgage, necessary and appropriate to secure the bonds or notes.

(5) All bonds and notes and the interest coupons attached to the bonds or notes are declared to be fully negotiable and to have all of the qualities incident to negotiable instruments under the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102, subject only to the provisions for registration of the bonds or notes which may appear on the bonds or notes.

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(6) The property of the authority, its income and operation, and any vendor, vendee, lessor, and lessee interest in any property sold or leased pursuant to section 24 shall be exempt from all taxation by this state or any of its political subdivisions and all bonds and notes of the authority, the interest on the bonds and notes, and their transfer shall be exempt from all taxation by this state or any of its political subdivisions. This state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the authority under this act, in consideration of the acceptance of and payment for the notes and bonds, that the notes and bonds of the fund, issued pursuant to this act, the interest on the notes and bonds, the transfer of the bonds or notes, and all its fees, charges, gifts, grants, revenues, receipts, and other money received or to be received and pledged to pay or secure the payment of the notes or bonds shall at all times be free and exempt from all state or local taxation as provided by the laws of this state.

(7) The public authority may issue additional bonds or notes with respect to the pledge of the revenues with previously issued bonds or notes of the public authority for the purpose and under the terms and conditions provided in the resolution authorizing the previous issue of bonds. The public authority may enter into agreements with the holders of the bonds or notes or with others for the bonds or notes to be delivered to the public authority or others before the stated maturities of the bonds or notes.

(8) This state, a political subdivision, or a private corporation, partnership, or individual may advance money or deliver property to the public authority to finance or to carry out its powers and duties. The public authority may agree to repay the advances or pay for the property within a period not exceeding 40 years, from the proceeds of its bonds or notes or from other funds legally available for use, with or without interest as may be agreed at the time of advance or of repayment. The obligation of the public authority to make the repayment or payment may be evidenced by a contract or note or notes, which contract or note may pledge the full faith and credit of the public authority, but the contract or note shall not be an obligation within the meaning of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. A political subdivision, subject to applicable constitutional limitations and procedures, may pledge its full faith and credit for the payment of bonds or notes of the public authority upon adoption of a resolution or a majority vote of the members elected to and serving on its governing body so providing.

History: 1986, Act 196, Imd. Eff. July 10, 1986;—Am. 2002, Act 335, Imd. Eff. May 23, 2002.

### 124.474 Loans.

Sec. 24. The public authority may lend money including money derived from the proceeds of sale of its bonds or notes to another public authority, a political subdivision, any other public entity, or a private corporation, partnership, or individual for the purpose of financing qualified mass commuting vehicles, as defined in the internal revenue code, that will be leased or sold to the public authority and to sell and lease or purchase back mass commuting vehicles, as defined in the internal revenue code. For that purpose, the public authority may borrow money and issue bonds or notes, enter into loan agreements, leases, or purchase agreements and any other agreements including indemnification agreements as are necessary or appropriate in the judgment of the board to accomplish purposes of this section.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### 124.475 Revenues pledged for payment of debt service on bonds or notes subject to statutory lien; substitution of other security.

Sec. 25. The revenues pledged for payment of debt service on bonds or notes shall be and remain subject to a statutory lien until the payment in full of the principal of and interest on the bonds or notes unless the resolution authorizing the bonds or notes provides for earlier discharge of the lien by substitution of other security. The pledge of revenues and any statutory lien that exists for the payment of debt service on bonds or notes shall be effective for all purposes without the delivery of any evidence in this regard or any recording.

History: 1986, Act 196, Imd. Eff. July 10, 1986.

### 124.476 Investments; use of investment income.

Sec. 26. (1) The public authority may invest any of its money in 1 or more of the following:

(a) Direct obligations of the United States and obligations the principal and interest of which are unconditionally guaranteed by the United States.

(b) Certificates of deposit issued or bank accounts in any bank, trust company, or savings institution whose deposits are insured by the federal deposit insurance corporation or federal savings and loan insurance company.

(c) Prime commercial paper having the highest rating given by a rating service which the department of treasury

## **PUBLIC TRANSPORTATION AUTHORITY ACT**

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determines rates the majority of the bond and note issues of the state.

(d) Repurchase agreements with any bank or trust company which is a member of the federal deposit insurance corporation and which are secured by any of the types of securities which are obligations described in subdivisions (a), (b), or (c).

(2) Investment income may be used by the public authority for any purpose for which any other money of the public authority may be used and may be pledged or dedicated in whole or in part to a special purpose including payment of debt service on bonds or notes, as the board determines.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.477 Notes and bonds as securities.**

Sec. 27. The notes and bonds of the authority are securities in which the public officers and bodies of this state, municipalities, and municipal subdivisions, insurance companies, associations, and other persons carrying on an insurance business, banks, trust companies, savings banks and savings associations, savings and loan associations, investment companies, and administrators, guardians, executors, trustees, and other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the state may properly and legally invest funds.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.478 Validation and ratification of prior acts.**

Sec. 28. The authorization, issuance, sale, execution, and delivery of all issues of bonds and notes authorized, issued, sold, executed, or delivered by an authority before the effective date of this section, and all acts taken by an authority in connection with those bonds and notes are hereby validated and ratified.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

### **124.479 Duration of financial obligation.**

Sec. 29. Notwithstanding any other provision of this act, a political subdivision may obligate itself financially for a period over 5 years from the date the obligation is undertaken only if approved by majority vote of the electorate of the political subdivision.

**History:** 1986, Act 196, Imd. Eff. July 10, 1986.

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