

How funding works in Michigan's Regional Transit Authority (RTA) legislation

Senate Bills 909, 911, 912; House Bills 5309, 5310, 5311 of 2012



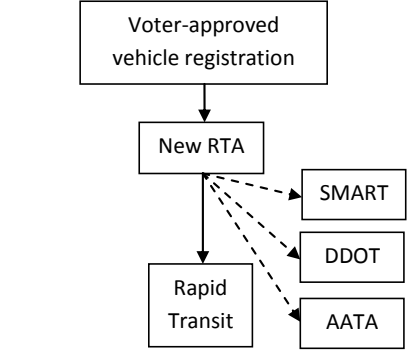
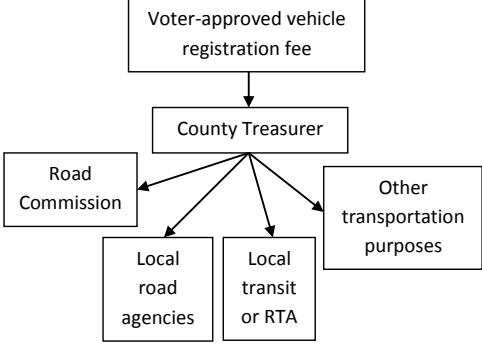
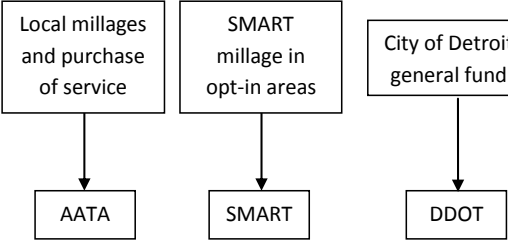
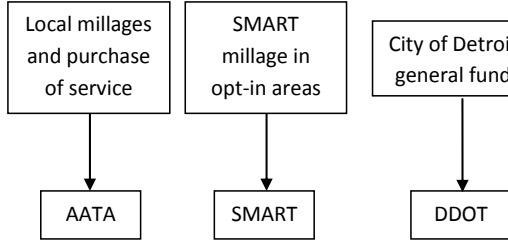
Michigan's transit agencies receive funding from a variety of Federal, state and local sources. This fact sheet is intended to provide a general understanding of how the proposed Regional Transit Authority (RTA) for Southeast Michigan will interact with the flow of funding to the existing transit agencies, as well as explain the new regional and county-level funding options available upon voter approval.

The diagrams are intended to address the most significant funding sources—some smaller, specialized Federal and state funding streams are not included.

Key to diagram abbreviations:

FTA: Federal Transit Administration
 RTCC: Regional Transit Coordinating Council
 DDOT: Detroit's local bus agency
 SMART: Suburban southeast Michigan local bus authority
 AATA: Ann Arbor local bus authority
 (Several small rural transit providers, not shown, also receive state and Federal funding via SMART and AATA)

Funding source	Current flow of funds	Proposed flow of funds
<u>Federal</u> <ul style="list-style-type: none"> The RTA becomes the “designated recipient” of all Federal funding coming into the region. The RTA must remit funds to local agencies within 10 business days of receipt. Each local agency receives Federal formula funding in amounts as if it had applied independently—e.g. formula funds “earned” by one agency’s ridership could not be diverted to another agency. 	<pre> graph TD FTA[FTA operating and capital funds] --> AATA[AATA] FTA --> RTCC[RTCC] RTCC --> SMART[SMART] RTCC --> DDOT[DDOT] </pre>	<pre> graph TD FTA[FTA operating and capital funds] --> NewRTA[New RTA] NewRTA --> RapidTransit[Rapid Transit] NewRTA --> AATA[AATA] NewRTA --> SMART[SMART] NewRTA --> DDOT[DDOT] </pre>
<u>State</u> <ul style="list-style-type: none"> The RTA becomes responsible for distributing State funding coming into the region. The RTA must remit funds to local agencies within 10 business days of receipt. Each local agency receives state formula funding in amounts as if it had applied independently—the RTA cannot “move” funds between agencies. The proposed rolling rapid transit system is not eligible for State operating assistance funds, and so will not reduce the amount of funding available to other agencies in the state. 	<pre> graph TD StateFunds[State formula operating funds] --> AATA[AATA] StateFunds --> SMART[SMART] StateFunds --> DDOT[DDOT] </pre>	<pre> graph TD StateFunds[State formula operating funds] --> NewRTA[New RTA] NewRTA --> RapidTransit[Rapid Transit] NewRTA --> AATA[AATA] NewRTA --> SMART[SMART] NewRTA --> DDOT[DDOT] </pre>

<p><u>Regional</u></p> <ul style="list-style-type: none"> • SB 911 would enable the RTA to levy either a special assessment (property tax) or vehicle registration fee. • A vehicle registration fee could not exceed \$1.20 per \$1,000 of vehicle value. (\$40/year on the average vehicle.) • Any funding raised by the RTA from these sources would require voter approval, by a majority of voters across the 4-county transit region (not each county independently). • The regional fee would be the primary funding source for the regional rapid transit network, but could also be used to support local service. 	<p>(no regional funding currently)</p>	 <pre> graph TD A[Voter-approved vehicle registration] --> B[New RTA] B --> C[Rapid Transit] B -.-> D[SMART] B -.-> E[DDOT] B -.-> F[AATA] </pre>
<p><u>County</u></p> <ul style="list-style-type: none"> • Separately from the RTA legislation, SB 910 would allow Counties to impose a vehicle registration fee (not to exceed \$1.80 per \$1,000 of vehicle value) for “transportation purposes” • Any fee imposed would require voter approval. • If the County is in the RTA region, the maximum fee the County could impose would be reduced by the amount of the RTA’s vehicle registration fee. 	<p>(no county funding currently)</p>	 <pre> graph TD A[Voter-approved vehicle registration fee] --> B[County Treasurer] B --> C[Road Commission] B --> D[Local road agencies] B --> E[Local transit or RTA] B --> F[Other transportation purposes] </pre>
<p><u>Local</u></p> <ul style="list-style-type: none"> • The existing local transit agencies receive funding locally through a variety of millages and general fund allocations. • This funding stream appears unaffected by the RTA legislation—local transit agencies would continue to draw on local funding sources, and the RTA will not control locally-provided funds. 	 <pre> graph TD A[Local millages and purchase of service] --> B[AATA] C[SMART millage in opt-in areas] --> D[SMART] E[City of Detroit general fund] --> F[DDOT] </pre>	 <pre> graph TD A[Local millages and purchase of service] --> B[AATA] C[SMART millage in opt-in areas] --> D[SMART] E[City of Detroit general fund] --> F[DDOT] </pre>