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REGIONAL TRANSIT AUTHORITIES (RTAS)

The biennial state budget act, 2009 Wisconsin Act 28, passed by the legislature and signed by Governor Jim Doyle on June 29, 2009, enables local units of government to create regional transit authorities (RTAs). RTAs are public bodies with the authority to provide public transportation services, such as bus transit and commuter rail. Act 28 authorizes the creation of RTAs for Chequamegon Bay, the Chippewa Valley, and Dane County, and creates a permanent Southeastern Wisconsin RTA (SERTA).

The new law authorizes RTAs to establish, maintain, and operate a comprehensive unified local transportation system primarily for the transportation of persons. Except for SERTA, RTAs are created once the governing body of a county adopts a resolution authorizing the county to become a member. Once an RTA is created, that authority may raise revenue through a sales and use tax at a rate of up to 0.5%.

BACKGROUND

In 1998, the Southeastern Wisconsin Regional Planning Commission completed a feasibility study which concluded that establishing a 33-mile commuter rail service from Kenosha-Racine-Milwaukee (KRM) was technically and financially feasible. With growing interest in mass transit, an interim Southeastern Wisconsin RTA was created by the legislature and governor in July 2005. The RTA was established in 2006, with the principal duty of recommending to the legislature and governor a permanent funding source for the local share of capital and operating costs of commuter rail and public transit. A report was submitted in November 2008.

The report made a number of findings relating to the use and benefits of public transit systems:

- **Economic Growth:** A quality public transit system is essential to maintaining and expanding a region's economic base.
- **Public Service:** Individuals depend upon public transit services to access jobs, education, medical facilities, churches, shopping, and other destinations.
- **Reduced dependence on cars:** Transit services provide opportunities for individuals to choose an alternative form of transportation.
- **Environmental Impact:** A more efficient and effective transportation system and land use pattern will provide environmental and energy conservation benefits.

The report found that the present system of public transit funding with heavy reliance on federal and state funding and local funding from property tax has proven inadequate in maintaining present levels of transit service and precludes any significant service improvements. The report proposed that a permanent RTA in southeastern Wisconsin be created. The RTA would be authorized to enact a local sales tax of up to 0.5% to pay for administrative costs and the maintenance and expansion of current transit systems.

On April 9, 2008, the Joint Legislative Council established the Special Committee on Regional Transportation Authority. This committee reviewed and provided recommendations on how to create a statutory framework enabling counties, cities, villages, and towns to create RTAs. In May 2009, Senate Bill 205 and Assembly Bill 282, relating to the creation of regional transit authorities, were introduced as companion legislation. Neither

bill was enacted although RTA provisions subsequently became part of the 2009-2010 budget bill.

BUDGET PROVISION HISTORY

The governor's budget bill, 2009 Assembly Bill 75, was introduced on February 17, 2009. Different versions of the bill that followed in Joint Finance, the Assembly, the Senate, and the Conference Committee, contained differing language related to RTAs. The Legislative Fiscal Bureau issued a comparative summary of the different proposals in the Transportation section of *Comparative Summary of Budget Recommendations (2009 Act 28)*.

Act 28, as passed by the legislature and vetoed by Governor Doyle, authorizes the creation of the following RTAs, as provided in Section 66.1039, Wisconsin Statutes.

Chequamegon Bay and Chippewa Valley.

The Chequamegon Bay RTA is created if the governing bodies of Ashland and Bayfield counties each adopt a resolution authorizing its respective county to become a member of the authority. Once created, any county other than these two may join the RTA if the governing body of the county adopts a resolution authorizing its membership and the board of directors of the RTA approves.

The Chippewa Valley RTA is created if the governing body of Eau Claire County adopts a resolution authorizing the county to become a member of the authority. Once created, Chippewa County may become a member of the authority if the governing body of Chippewa County adopts a resolution to become a member of the authority. Both RTAs may impose a sales and use tax at a rate of up to 0.5% under Section 77.708 (1) that will apply within the transit authority's jurisdictional area.

Dane County. The Dane County RTA (DC RTA) is created if the Dane County Board passes a resolution to become a member of the authority. Upon creation, any municipality located in whole or in part within the Madison metropolitan planning area as of January 1,

2003, is a member of the DC RTA. Municipalities that are not located in the planning area may join the authority if the governing body of the municipality adopts a resolution to join and the DC RTA board of directors approve. The DC RTA is authorized to impose a sales and use tax at a rate of up to 0.5% under Section 77.708 (1).

Act 28 creates a permanent Southeastern Wisconsin RTA, as provided in Section 59.58(7), Wisconsin Statutes.

Southeastern Wisconsin. SERTA, which includes the three counties of Milwaukee, Racine, and Kenosha, is to create, construct, and manage a KRM commuter rail line. The authority is governed by a nine-member board, consisting of: two appointees of the Milwaukee County Board, two appointees of the Milwaukee Mayor, one appointee of the Kenosha County Board, one appointee of the Kenosha Mayor, one appointee of the Racine County Board, one appointee of the Racine Mayor, and one appointee of the governor.

The board may, by resolution, impose a vehicle rental fee in an amount of up to \$18.00 per vehicle rental, as provided in Section 77.9971, Wisconsin Statutes, to raise revenue.

The board may also issue up to \$50 million in bonds for the KRM commuter rail line and is an eligible applicant under the newly created southeastern Wisconsin transit capital assistance program, as provided in Section 85.11, Wisconsin Statutes. SERTA is the only entity in Kenosha, Milwaukee, and Racine counties that can apply to the Federal Transit Administration for federal new starts funding for the KRM commuter rail line. The application must be submitted by June 30, 2010, to enter the preliminary engineering phase of the project.

GOVERNOR'S VETOES

Governor Doyle vetoed a number of provisions of Assembly Bill 75 as passed by the legislature, including those impacting transit. The partial vetoes remove referenda requirements and a proposed Milwaukee Transit Authority.

Required Referenda. The governor's veto enables county governing bodies to create RTAs and join or withdraw from RTAs without a referendum. Specifically:

- A referendum in Eau Claire County on the creation of a Chippewa Valley Regional Transit Authority and a referendum in Chippewa County on joining this authority.
- A referenda in Ashland and Bayfield counties on the creation of a Chequamegon Bay Regional Transit Authority and referenda in any other county desiring to either join or withdraw from this authority.

Dane County Regional Transit Authority. A provision that would have required a binding referendum in Dane County on the question of whether the DC RTA may impose a 0.5% sales and use tax was deleted, making a referendum optional. The governor also deleted a provision that would have allowed the DC RTA to transfer up to 25% of the revenues it receives from sales and use taxes to any political subdivision within the authority's jurisdictional area to fund highway projects.

Milwaukee Transit Authority. As passed by the legislature, Assembly Bill 75 would have created a Milwaukee Transit Authority in addition to the Southeastern RTA. The Milwaukee Transit Authority could have contracted with Milwaukee County to provide transit services in Milwaukee County, which would have allowed Milwaukee County to impose a 0.5% sales and use tax. If the county imposed the 0.5% tax, the county would have been allowed to impose an additional 0.15% sales and use tax for municipal public safety agencies. The governor vetoed the Milwaukee Transit Authority. Also vetoed were the following provisions related to SERTA:

- A requirement that revenues equal to the amount derived from \$1 of the vehicle rental fee be provided to the cities of Kenosha and Racine for their respective transit systems, if the cities establish a new funding source to match these revenues;

- A prohibition on KRM commuter rail stops in Kenosha or Racine counties, other than in the cities of Kenosha and Racine, unless the municipality where the stop is located provides a sustainable funding mechanism to contribute to the existing Kenosha or Racine transit systems;
- A requirement that the KRM commuter rail line include stops in the city of Milwaukee at the specific locations;
- The ability of any transit system in Kenosha or Racine counties, by a vote of the municipal governing body, to contract with SERTA to provide transit services.

Possible Legislation. Some Milwaukee area officials were critical of the governor's veto of the Milwaukee Transit Authority and dedicated funding for Kenosha and Racine transit systems, arguing that bus transit faces dire funding needs that take priority over commuter rail. In September 2009, the governor met with lawmakers to lay out a framework for integrating buses and commuter rail in the southeast region of the state. A bill is expected to be introduced in the legislature later this fall. According to a newspaper account, Doyle stated that the agreement reached with lawmakers recognizes the need for strong regional transit, a dedicated source of funding, and a process that over time brings local transit authorities under a larger, more regional umbrella.

There has also been interest in expanding of RTAs to other areas of the state not included in the 2009-2011 budget. Officials in the Fox Cities are urging legislators to enact legislation that sets up a framework by which regions can approve and set up their own RTAs to meet their unique needs.

GENERAL PROVISIONS

Provisions applicable to all regional transit authorities relating to governance, powers and limitations on powers, tax administration, withdrawal from an RTA, obligations to employees of mass transportation services, and bonding authority can be viewed in further

detail in Section 66.1039, Wisconsin Statutes. Provisions that apply to all RTAs include:

- The powers of an authority lie in its board of directors. The makeup of the board will vary for each RTA and is outlined in more detail in Section 66.1039 (3), Wisconsin Statutes.
- Once an RTA is created, that authority may impose a sales and use tax, pursuant to Sections 66.1039(4)(s) 1. and 77.708 (1), Wisconsin Statutes, at a rate of up to 0.5%. The sales and use tax will apply within the transit authority's jurisdictional area.
- RTAs created under Section 66.1039, Wisconsin Statutes, are exempt from paying Wisconsin sales and use taxes on its purchases.
- RTAs may issue bonds, the principal and interest on which are payable exclusively from all or a portion of any revenues received by the authority.

OTHER TRANSIT DEVELOPMENTS

Shortly after the budget was passed by the legislature and signed by the governor, Governor Doyle agreed to purchase two trains from the Spanish manufacturer Talgo in July 2009. The two 14-car Talgo trains, which will cost \$47.5 million, will replace cars now used on Amtrak's Milwaukee-to-Chicago Hiawatha Service.

While the purchase is a first step towards building a Midwestern high-speed rail line connecting Madison with Chicago and the Twin Cities, the move was criticized by some who argued that the Doyle administration purchased the trains without a competitive bid, an action allowable by a provision in the 1997 state budget that exempts passenger rail purchases from the state's competitive bidding rules, outlined in Section 85.06 (2)(b), Wisconsin Statutes. Critics argue that federal government requires competitive bidding before federal money can be spent on expensive

trains and that state law should include a similar protection for Wisconsin taxpayers.

State officials have stated that the next high-speed trains that Wisconsin buys would be paid for with federal money and purchased under federal bidding rules, which require a competitive bid. On October 2, 2009, Governor Doyle announced that the state was submitting an application to the Federal Railroad Administration for federal funds to develop a \$651.8 million high-speed passenger rail line between Milwaukee and Madison. The service would operate as an extension of Amtrak's existing Chicago-Milwaukee Hiawatha Service, with six round trips between Milwaukee and Madison, including intermediate stops in Brookfield, Oconomowoc, and Watertown.

OTHER SOURCES

Comparative Summary of Budget Recommendations (2009 Act 28), published by the Legislative Fiscal Bureau:

<http://www.legis.state.wi.us/lfb/2009-11Budget/Act%2028/tableofcontents.htm>

Recommendations to the Governor and Legislature, submitted by Southeastern Wisconsin Regional Transit Authority:

http://www.sewirta.org/pdfs/2008-11_rta_report_to_governor.pdf

Special Committee on Regional Transportation Authority, May 27, 2009, Wisconsin Legislative Council Report to the Legislature:

http://www.legis.state.wi.us/lc/publications/prl/PRL_2009_08.pdf

Wisconsin Tax Bulletin, Number 162, July 2009, published by the Wisconsin Department of Revenue:

<http://www.revenue.wi.gov/ise/wtb/162law.pdf>

For the text of the new RTA provisions, see 2009 Wisconsin Act 28 starting at page 288 of <http://www.legis.state.wi.us/2009/data/acts/09Act28.pdf>. Search the document for "RTA" to find other references.