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## WISCONSIN LEGISLATIVE COUNCIL

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*Terry C. Anderson, Director  
Laura D. Rose, Deputy Director*

TO: SENATOR LENA TAYLOR

FROM: Scott Grosz, Staff Attorney

RE: Summary of LRB-3451/8

DATE: January 19, 2010 (Revised January 19, 2010)

This memorandum summarizes major components of LRB-3451/8, relating to the Southeastern Regional Transit Authority (SERTA) and the creation of interim regional transit authorities (IRTAs) in southeast Wisconsin.

SERTA was created by 2009 Wisconsin Act 28, the Biennial Budget Bill, as the successor to the KRM authority previously in existence. SERTA's jurisdictional area consists of the geographic area formed by the combined boundaries of the counties of Kenosha, Racine, and Milwaukee.

Generally, the bill enables the provision of regional transit in the counties of Kenosha, Milwaukee, Ozaukee, Washington, Racine, and Waukesha through the formation of an IRTA in each county. The bill also provides incentives for the increase of transit services by an IRTA and for succession of the IRTAs by SERTA if certain revenue and service thresholds are reached by at least three IRTAs.

For a more detailed description of the bill, see the analysis by the Legislative Reference Bureau, attached to the bill.

### **INTERIM REGIONAL TRANSIT AUTHORITIES<sup>1</sup>**

#### **Creation, Powers, and Duties**

In each of the counties listed above, an IRTA may be formed by passage of identical resolutions by the governing bodies of one or more local political subdivisions, which may include the county and municipalities within the county. At least one of those entities must operate a transit system that receives state transit aids on the effective date of the bill. The jurisdictional area of each IRTA consists

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<sup>1</sup> Note that the bill specifies unique requirements for IRTAs created in the counties of Racine and Milwaukee, including items relating to funding, board membership, and provision of transit services.

of the combined boundaries of the member political subdivisions. If a county is an IRTA member, the IRTA's jurisdictional area is the county boundary. After an IRTA has been formed in a county, other political subdivisions within the county may join the IRTA.

Once formed, each IRTA must provide or contract for the provision of transit services within its jurisdictional area, using powers and duties similar to other regional transit authorities authorized under 2009 Wisconsin Act 28. If an IRTA applies for federal or state funding, the application must be submitted to SERTA, which must submit the application on behalf of IRTA and forward to the IRTA any funds received.

### **Funding**

Each political subdivision creating or joining an IRTA must commit to provide a level of funding for the IRTA at least equal to the amount of that political subdivision's property tax levy for transit in the year prior to the effective date of the bill. A resolution creating an IRTA must specify the revenue sources on which the IRTA will rely for funding, as well as the minimum amount of revenue that the IRTA will commit to satisfy its revenue requirements. An IRTA may derive revenue from the following sources:

- Sales tax, up to 0.5%, upon passage of a referendum in the IRTA's jurisdictional area.
- Room tax, up to 8%.
- Vehicle registration fee.
- Membership fees charged to member political subdivisions.

If an IRTA imposes a sales tax, no member political subdivision may levy property taxes for transit. An IRTA board may modify the rates and amounts of revenue sources authorized by the resolution that created the IRTA.

### **Service and Revenue Requirements and Incentives**

Within two years of creation, each IRTA must generate revenue in a manner that permits it to reduce passenger fare revenues or increase transit services as required by the bill. Within four years of creation, in addition to continuing to meet this two-year threshold, each IRTA must improve its interconnectivity by linking with other modes of transportation and improving cross-county links.

Under the bill, SERTA has authority to provide incentive funding to each IRTA, initially through the use of its rental car transaction fee and, later, from state transit aids.

### **Dissolution**

Subject to allowances made by the Department of Transportation (DOT), an IRTA that does not meet its revenue and service thresholds within two years of the applicable time limits must be dissolved, with responsibility for transit service and IRTA assets and liabilities reverting back to the participating political subdivisions.

## **SOUTHEASTERN REGIONAL TRANSIT AUTHORITY**

### **Board Membership, Jurisdiction, and Bonding Authority**

Under the bill, bonding authority for SERTA would increase from \$50,000,000 to \$250,000,000. The bill modifies the membership of SERTA to include the Cities of Kenosha, Racine, and Milwaukee. Additionally, the bill modifies the membership of the SERTA board of directors and the SERTA jurisdictional area based on the creation and succession of IRTAs.

### **Succession**

If DOT certifies that at least three IRTAs have achieved the four-year service and revenue thresholds, those IRTAs merge into SERTA. Upon succession, an IRTA's assets and liabilities and its responsibilities for transit service are assumed by SERTA.

### **Funding Limitations**

Generally, SERTA may derive revenue from the same sources used by the previous IRTAs, in addition to its existing rental car fee. SERTA may modify the rate and amount of a revenue source utilized by an IRTA at the time of succession. However, SERTA may not impose a tax or fee within a portion of its jurisdictional area that did not impose the tax or fee prior to succession.

### **KRM Limitation**

Under the bill, SERTA may expend revenues generated from the IRTA revenue sources for purposes of the KRM commuter rail line only if those revenues are expended in proportion to KRM ridership in the political subdivision where the revenues are generated. Additionally, SERTA may not expend revenue from IRTA revenue sources if the expenditure would result in a reduction of transit service in the political subdivision where the revenues were generated. The KRM limitations may be waived by unanimous vote of the full authorized membership of the SERTA board of directors.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

SG:ksm