



**WISCONSIN LEGISLATIVE COUNCIL
INFORMATION MEMORANDUM**

**Regional Transit in the 2009-11 Budget Act
Southeastern Wisconsin**

2009 Wisconsin Act 28, the 2009-11 Biennial Budget Act, authorized the creation of regional transit authorities (RTAs) in certain areas of the state. This Information Memorandum discusses Budget Act changes to regional transit in Southeastern Wisconsin. For information on the authorization of RTAs in Dane County, the Chippewa Valley area, and the Chequamegon Bay area, please see Information Memorandum IM-2010-03.

2009 Wisconsin Act 28 made several revisions relating to the provision of transit services in Southeastern Wisconsin. Generally, the Act provides for the replacement of the KRM Authority by a newly created Southeastern Regional Transit Authority (SERTA). This memorandum discusses the creation, board membership, powers, and revenue sources of SERTA, as well as the transition from the KRM Authority to SERTA.

SERTA

CREATION AND AUTHORITY MEMBERSHIP

2009 Wisconsin Act 28 created SERTA as a public body corporate and politic, and a separate governmental entity, consisting of the Counties of Kenosha, Racine, and Milwaukee.

JURISDICTIONAL AREA

The jurisdictional area of SERTA is the geographic area formed by the combined territorial boundaries of the Counties of Kenosha, Racine, and Milwaukee.

BOARD MEMBERSHIP

The SERTA board of directors consists of the following members:

- Two members from Milwaukee County, appointed by the chairperson of the Milwaukee County board.
- Two members from the City of Milwaukee, appointed by the mayor of the City of Milwaukee.

- One member from Racine County, appointed by the chairperson of the Racine County board.
- One member from Kenosha County, appointed by the chairperson of the Racine County board.
- One member from the City of Racine, appointed by the mayor of the City of Racine.
- One member from the City of Kenosha, appointed by the mayor of the City of Kenosha.
- One member from the SERTA jurisdictional area, appointed by the governor.

POWERS AND DUTIES

2009 Wisconsin Act 28 granted to SERTA all the powers necessary and convenient to create, construct, and manage a commuter rail transit system connecting the Cities of Kenosha, Racine, and Milwaukee (the KRM commuter rail line).

The Act specifies that SERTA is the only entity in the Counties of Milwaukee, Racine, and Kenosha that may submit an application to the Federal Transit Administration (FTA) under the federal New Starts Grant Program for funding for the KRM commuter rail line.¹ Act 28 directs SERTA to submit to the FTA an application to enter the preliminary engineering phase of the New Starts Grant Program for the KRM commuter rail line no later than July 1, 2010.

Additionally, the operator of any transit system in Kenosha County or Racine County that receives state funding for urban mass transit operating assistance under s. 85.20, Stats., shall provide copies of all of their annual and long-term transit plans to SERTA as these plans become available.

For the purpose of conducting SERTA's business and exercising its powers, a majority of the board of directors constitutes a quorum. Action may be taken by the board upon a vote of a majority of the directors present and voting, unless the SERTA bylaws require a larger number.

REVENUE SOURCES

SERTA may impose a fee, not to exceed \$18, on each transaction for the rental of automobiles by establishments primarily engaged in the business of short-term automobile rental (car rental fee). The car rental fee does not apply to re-rentals, or rentals of service or repair replacement vehicles, or transactions subject to certain sales tax exemptions. The SERTA board may provide for the annual adjustment of the car rental fee to reflect inflationary changes determined by change to the U.S. Consumer Price Index.

Generally, SERTA may retain car rental fees for expenditures related to the KRM commuter rail line, including planning, construction, maintenance, operations, and engineering expenditures. SERTA may retain not more than \$2 from each rental transaction for administrative purposes.

Under current law, the Department of Transportation administers state mass transit operating assistance based on an applicant's membership in certain categories, called tiers. SERTA is an eligible recipient for Tier A-3 state transit operating aid, payable from the appropriation under s. 20.395 (1) (hw), Stats. Tier A-3 state transit operating aid is payable for the KRM commuter rail line and certain other commuter or light rail systems.²

BOND ISSUANCE

SERTA may issue bonds by resolution of the SERTA board, payable from any revenues received by the authority. To secure its bonds, SERTA may pledge any income or revenues from its operations, rents, aids, grants, subsidies, contributions, or other source of moneys. 2009 Wisconsin Act 28 placed a \$50,000,000 limit, excluding refunding bonds, on the aggregate principal of bonds that SERTA may issue for the purpose of providing funds for the anticipated local funding share required to initiate KRM commuter rail line service.

Bonds issued by SERTA are not a debt of the counties that comprise the authority and neither these counties nor the state are liable for the payment of the bonds.

TRANSITION FROM KRM AUTHORITY

Prior to 2009 Wisconsin Act 28, a RTA in the Counties of Kenosha, Racine, and Milwaukee (KRM Authority) was responsible for preparation of a report to the governor and the Legislature that included the following items related to transit in the Counties of Kenosha, Racine, and Milwaukee:

- Plans to improve coordination of mass transit in the region.
- Recommendations on the use of bonding for commuter rail and public transit in the region.
- Plans for distribution of funding among mass transit operators in the region.
- Recommendations whether the KRM Authority should only collect and distribute funding or conduct those activities and also directly operate a transit system.
- Identification of a permanent local funding source for the local portion of the operating and capital costs of commuter rail and public transit.

During its existence, the KRM Authority received revenue from a \$2 car rental fee.

2009 Wisconsin Act 28 specified the dissolution of the KRM Authority and the transfer of its remaining car rental revenues to SERTA by October 1, 2009. The KRM Authority terminated on October 1, 2009. Revenue received by SERTA from the KRM Authority shall be used by SERTA to assist in the planning of the KRM commuter rail line project.

This memorandum is not a policy statement of the Joint Legislative Council or its staff.

This memorandum was prepared by Scott Grosz, Staff Attorney, on May 28, 2010.

¹ The federal New Starts Grant Program is a federal grant program that provides grants to public bodies and agencies for the construction or expansion of fixed guideway transit systems, including commuter rail.

² For the 2009-11 biennium, 2009 Wisconsin Act 28 did not fund the Tier A-3 appropriation under s. 20.395 (1) (hw), Stats.

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