HOUSE COMMISSION ON TRANSIT GOVERNANCE & FUNDING WORKING GROUP

KEVIN PULA
SENIOR POLICY SPECIALIST - TRANSPORTATION
NATIONAL CONFERENCE OF STATE LEGISLATURES

NCSL

NATIONAL CONFERENCE *of* STATE LEGISLATURES

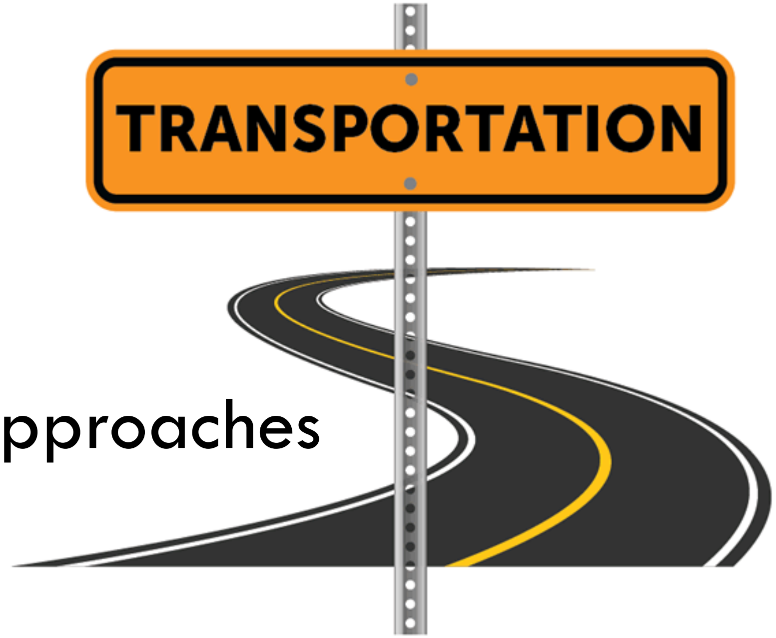
Atlanta, GA| October 10, 2017

National Conference of State Legislatures

- Non-profit, bi-partisan organization
- Members are all 50 state legislatures, 7,300+ legislators and 30,000 legislative staff in 50 states, D.C. and U.S. territories.
- Offices in Denver and D.C.
- Among our goals - To provide legislatures with information and research about policy issues, both state and federal.
- NCSL tracks state policy developments in all public policy areas including transportation funding & finance, traffic safety and public transportation.

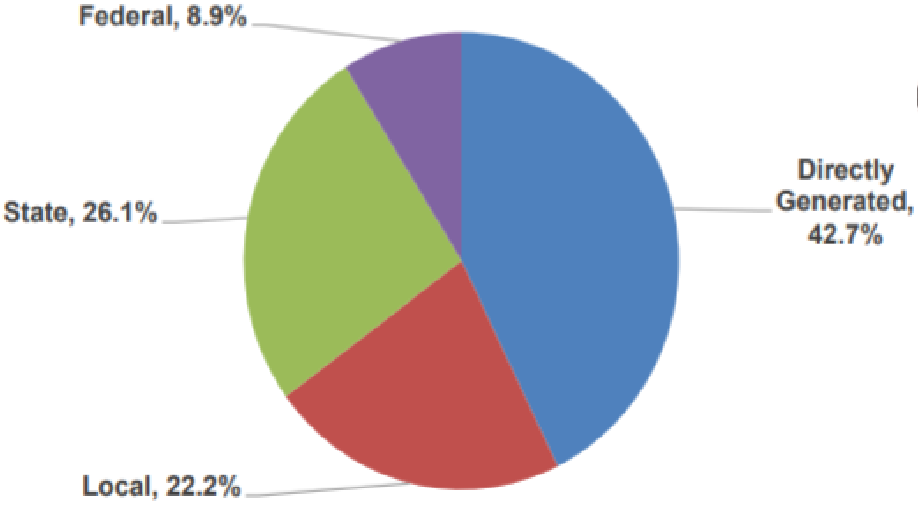
Overview

- Sources & Trends of Transit Funding
- Constitutional Restrictions on Transportation Revenues
- State Examples of Regional Approaches
- Alternative Delivery Models
- Transit Ballot Measures



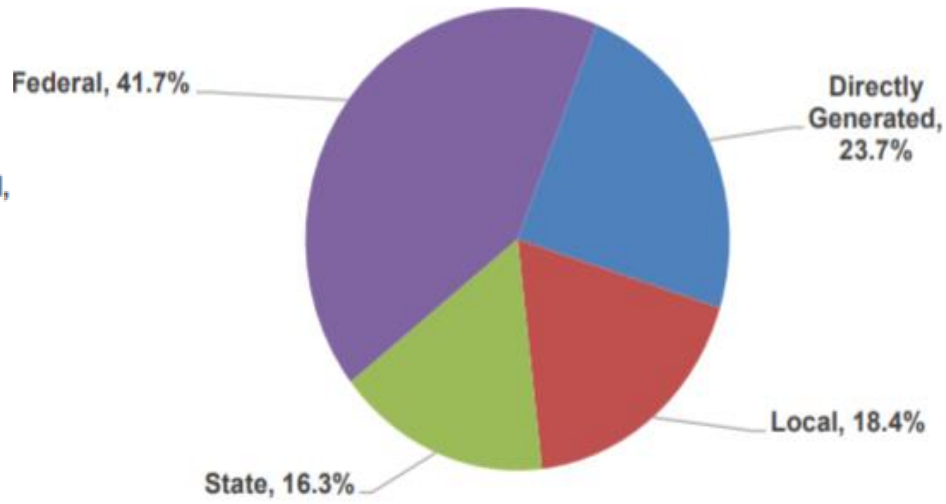
Sources of Transit Funding

Figure 3: Source of Operating Funds, 2013



Source: APTA Public Transportation Fact Book 2015, Appendix A

Figure 4: Source of Capital Funds, 2013

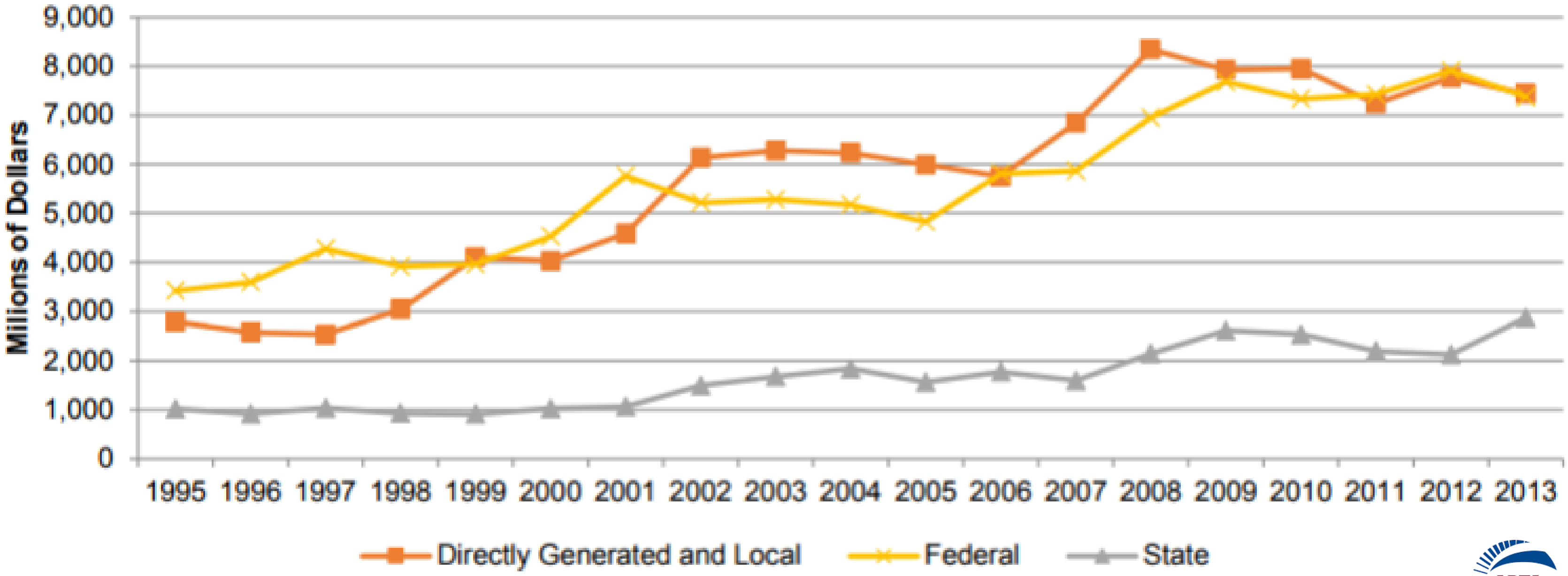


Source: APTA Public Transportation Fact Book 2015, Appendix A

APTA AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

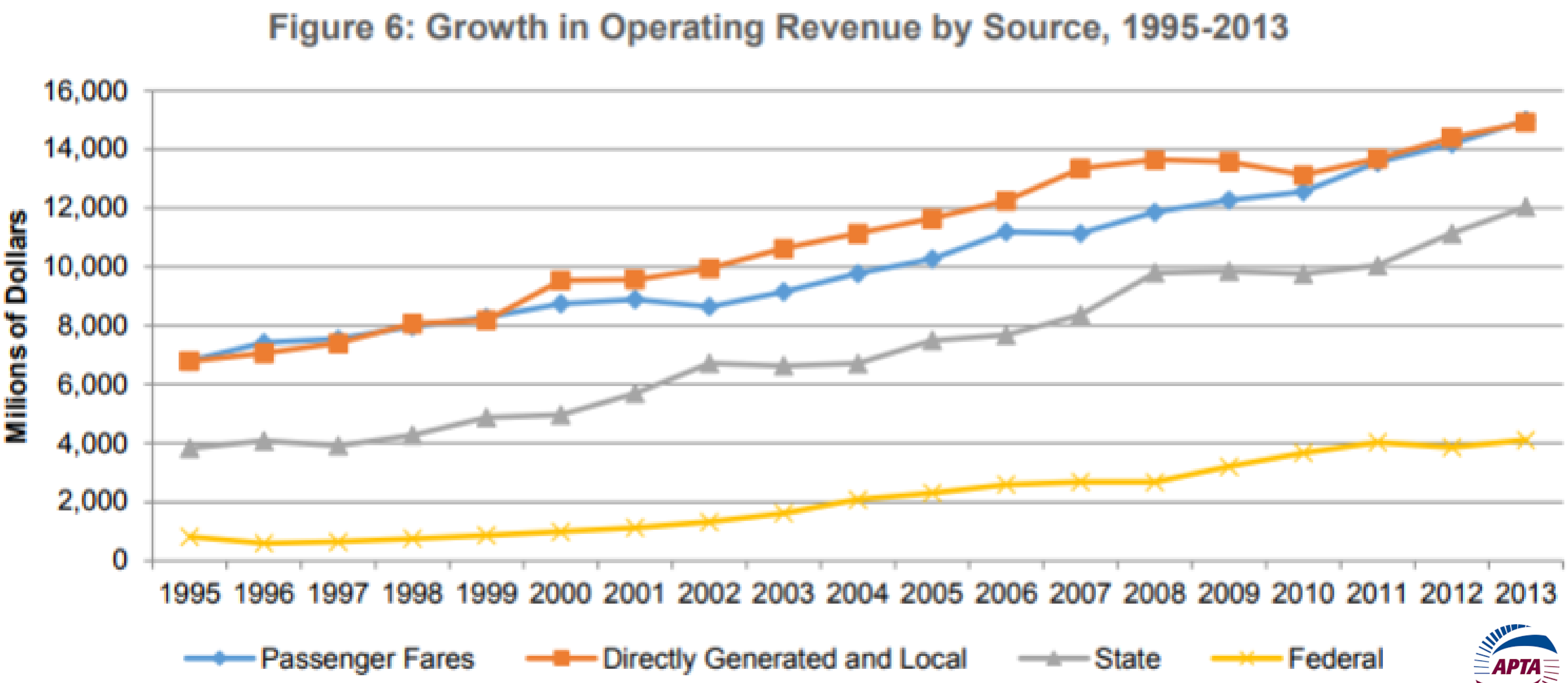
Sources of Transit Funding

Figure 5: Growth in Capital Revenue by Source, 1995-2013



AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Sources of Transit Funding



AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Trend Comparisons

- As % of GDP
  - Only Transit and Water have increased since 1956
- Capital vs. Operations
  - Highways are outlier (next slide)

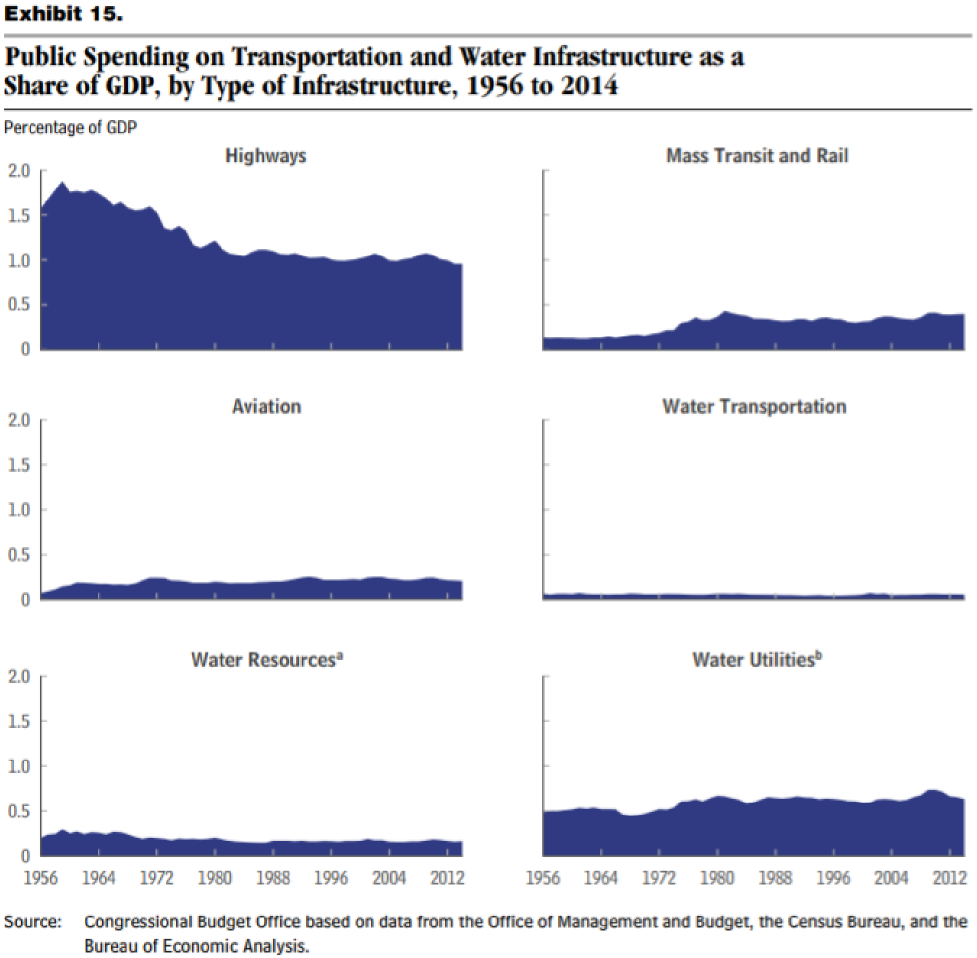
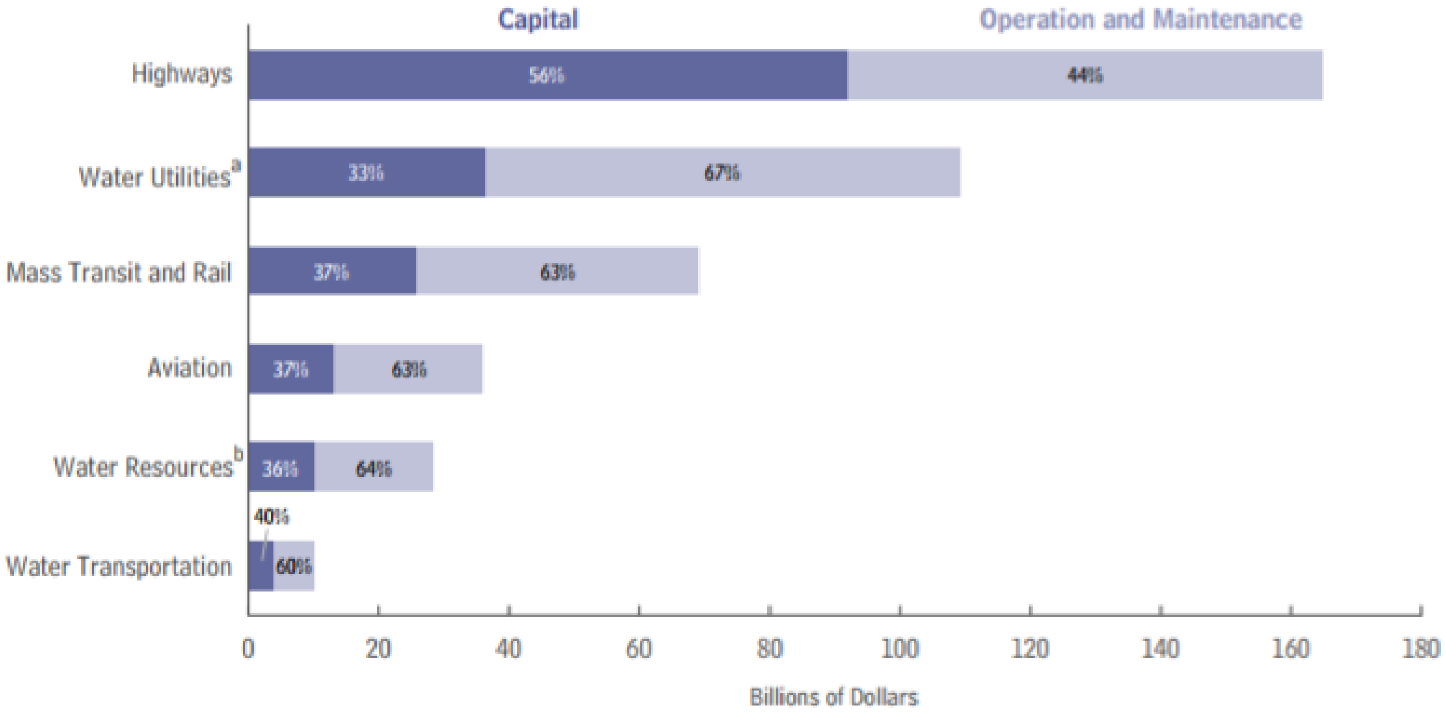


Exhibit 16.

Public Spending for Capital and for the Operation and Maintenance of Transportation and Water Infrastructure, by Type of Infrastructure, 2014



Source: Congressional Budget Office based on data from the Office of Management and Budget and the Census Bureau.

The 2015 FAST Act

- $305 billion, 5-year reauthorization
- 5% increase; growing to 15% for **Highways**
- 8% increase; growing to 18% for **Transit**
- **No New User-Based Revenues for HTF**

- **$70 billion in "pay-fors"**
  - $53.3 B from Federal Reserve Surplus Account
  - $6.9 B in reduced Federal Reserve Stock dividend payments
  - $6.2 B from sale of Strategic Petroleum Reserve

Impacts on Transit

- **2.86** CPG of federal MFT goes into Mass Transit Account (no change since 1999)
- **$11.789 B** (FY ’16) → **$12.592 B** (FY ‘20)
  - **$10.150 B** (FY ‘20) will come from Mass Transit Account
  - **$2.442 B** from General Fund

Survey of State Funding – FY '15

Most Common Sources of State Funding for Transit

- General Sales Tax (6)
- Registration Fees (8)
- Gas Taxes (10)
- Bond Proceeds (11)
- General Funds (17)

- $14 B (FY '11) → $18.8 B (FY '15)
- 21 states increased funding; 12 decreased

AASHTO THE VOICE OF TRANSPORTATION

Survey of State Funding – FY ‘15

Georgia

- $3.05 Million
- 100% General Fund

Alabama

- No State Funding

Tennessee

- $47.2 Million
- 100% Gas Tax

North Carolina

- $84.8 Million
- 100% Trust Fund

South Carolina

- $6 Million
- 100% Gas Tax

Florida

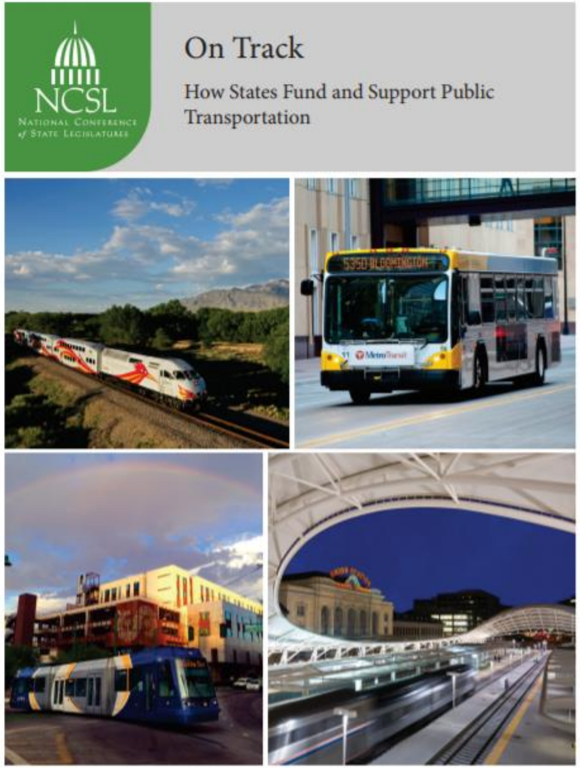
- $271 Million
- 56% Gas Tax
- 26.7% Registration Fees
- 17.3% Other (rental car fees)

NCSL Report: *On Track*

Table 2. Total General Fund Transfers—Top Six States

State	Total G.F. Transfer	State Rank (Total P.T. Funding)	General Fund as Percent of Total P.T. Funding
New Jersey	$395,026,996	6	43.03%
Alaska	$179,978,475	14	100.00%
New York	$97,550,900	1	2.18%
Minnesota	$54,061,000	10	17.47%
Washington	$52,775,879	20	100.00%
Indiana	$42,581,051	18	76.01%

Source: Adapted from AASHTO Survey of State Funding for Public Transportation 2014.



NCSL Report: *On Track*

Bond Proceeds

- **Oregon** funds a Multimodal Trust Fund through lottery bonds
- **19 States** have authority to bond for transit; compared to 31 states with bonding authority for highways

Fuel Tax

- **South Carolina** dedicates ¼ of 1 cent of MFT to transit
- **Oregon** dedicates MFT revenues from non-highway use of gasoline to transit

Vehicle Registration

- **Iowa** dedicates 4% of new registration fees to transit
- **Florida's** Transportation Disadvantaged Trust Fund receives registration fees and fills in special needs transit funding gaps
- **Colorado** SB 108 (2009) increased reg. fees and dedicated $15 million to transit grants

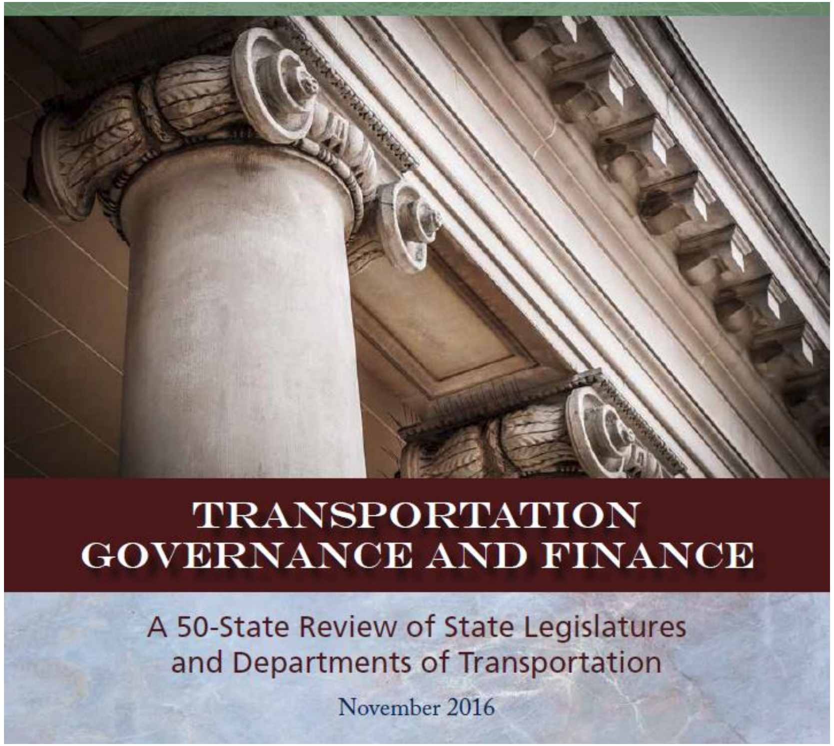
Sales Tax

- **Minnesota** dedicates 40 percent of motor vehicle sales tax to transit
- **Indiana's** Commuter Rail Service Fund is allocated 0.123 percent of the state sales tax
- **Pennsylvania's** Public Transportation Trust Fund is funded in part by a portion of sales tax revenues

Constitutional Restrictions on State Transportation Revenues

Transportation Governance and Finance

- **24 states** (including Georgia) constitutionally restrict MFT revenues to road and bridges only
- Another **23 states and D.C.** dedicate MFT to transportation in general



Constitutional Restrictions - Georgia

Ga. Const. art. III, §9, ¶VI (b)

- (b) An amount equal to all money derived from **motor fuel taxes** received by the state in each of the immediately preceding fiscal years, less the amount of refunds, rebates, and collection costs authorized by law, is hereby appropriated for the fiscal year beginning July 1, of each year following, for all activities incident to providing and maintaining an **adequate system of public roads and bridges** in this state, as authorized by laws enacted by the General Assembly of Georgia, and for grants to counties by law authorizing road construction and maintenance, as provided by law authorizing such grants.

Constitutional Restrictions - Colorado

Co. Const. art. X, §18

- On and after July 1, 1935, the proceeds from the imposition of any **license, registration fee**, or **other charge** with respect to the operation of any motor vehicle upon any public highway in this state and the proceeds from the imposition of any **excise tax** on gasoline or other liquid motor fuel except aviation fuel used for aviation purposes shall, except costs of administration, be used **exclusively for the construction, maintenance, and supervision of the public highways of this state**. Any taxes imposed upon aviation fuel shall be used exclusively for aviation purposes.

Constitutional Restrictions - Colorado

Colo. SB 48 (2013)

Colo. Rev. Stat. §43-4-207 and §43-4-208

- The moneys thus received shall be…**<u>except that a county may expend no more than fifteen percent of the total amount expended under this subsection (1) for transit-related operational purposes</u>**

Constitutional Restrictions - Montana

Mont. Const. art. VIII, §6

- Restricts the use of **excise** and **license taxes** on gasoline, fuel, and other energy sources used to propel vehicles on public highways **to public highways, streets, roads, and bridges**; payment of county, city, and town obligations on streets, roads, and bridges; and enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Such revenues may be appropriated for **other purposes by a three-fifths vote of each house of the Legislature.**
- **Despite this restriction, $75,000 in fuel tax revenues is allocated to public transit each year.**

State Examples of Regional Approaches

Colorado – FasTracks

- 2004 Voter-approved 0.4% sales tax increase for transit expansion
- Scope: 9 new rail lines (92 miles) and 18 miles of bus rapid transit
- EAGLE Rail Project & Denver Union Station P3s
- DRCOG (MPO) Oversight under CO SB 208 (1990)

RTD FasTracks

Minnesota

- Minn. Stat. Ann. §297A.993 authorizes up to 0.5% sales tax for transit in up to seven counties.
- Five counties have decided to impose such a tax.
- MetCouncil is MPO with transit oversight

Senator Dibble (DFL)

"What's great is we now have this guaranteed source of funding, created by the Legislature in 2008, that really recognizes the centrality and importance of transit to the overall transportation system…Looking into the future, we need more resources to meet service gaps and to align economic development and land-use decisions with our transit system planning."

Indiana

- SB 176 (2014) authorized six metropolitan counties to increase local income tax by 0.25%
- New revenues are dedicated to transit
  - Specifically omits rail transit from authorized uses
- Authorized interlocal agreements, bonding, and public-private partnerships for transit

INDY CONNECT
CENTRAL INDIANA'S
TRANSIT INITIATIVE

Alternative Financing

Value Capture

Transit Project Construction/Expansion → Property or Tax Value Increases → Revenue Collection on New Value → Value Capture

- Impact Fees
- Joint Development
- Negotiated Exactions
- Parking Fees
- Sale or Leasing of Air Rights
- Sales Tax Districts
- Naming Rights
- Tax Increment Financings

Value Capture

"a resource for transit agencies, local governments, developers, and others interested in value capture as a strategy for funding and financing public transportation projects."

TRANSIT COOPERATIVE RESEARCH PROGRAM

TCRP RESEARCH REPORT 190

Guide to Value Capture Financing for Public Transportation Projects

Sasha Page
IMG REBEL
Bethesda, MD

William L. Bishop
DEVELOPMENT PLANNING & FINANCING GROUP, INC.
Chapel Hill, NC

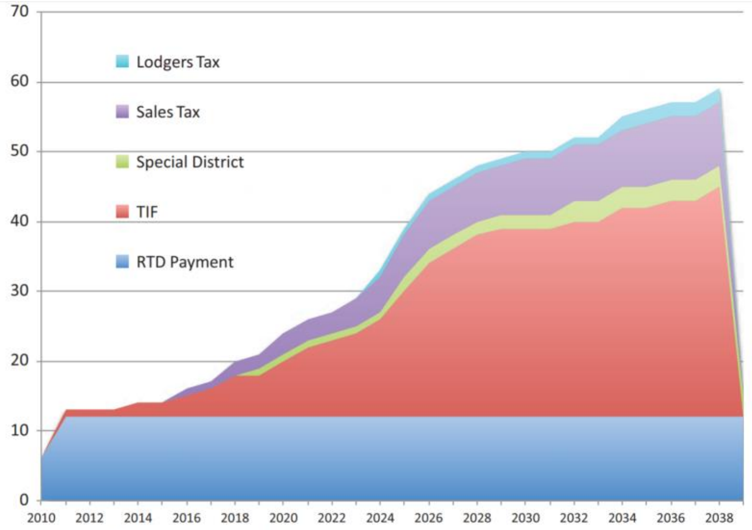
Waiching Wong
IMG REBEL
Bethesda, MD

Boston Landing

- 1.1 million+ sq. feet of developable space
- $500 million with $25 million commuter rail stop
- Negotiated Exactions and Naming Rights
  - New Balance primarily funder of Transit Stop

Denver Union Station

- $488 million; rail, bus, station and redevelopment
- 19.5 acre TIF district
- Used to repay TIFIA and RRIF loans
- 8+ funding sources

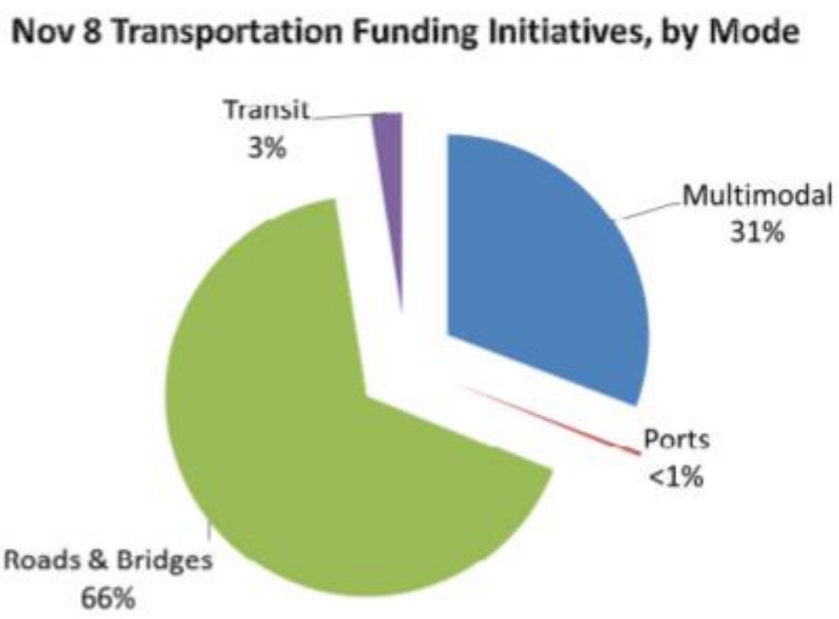


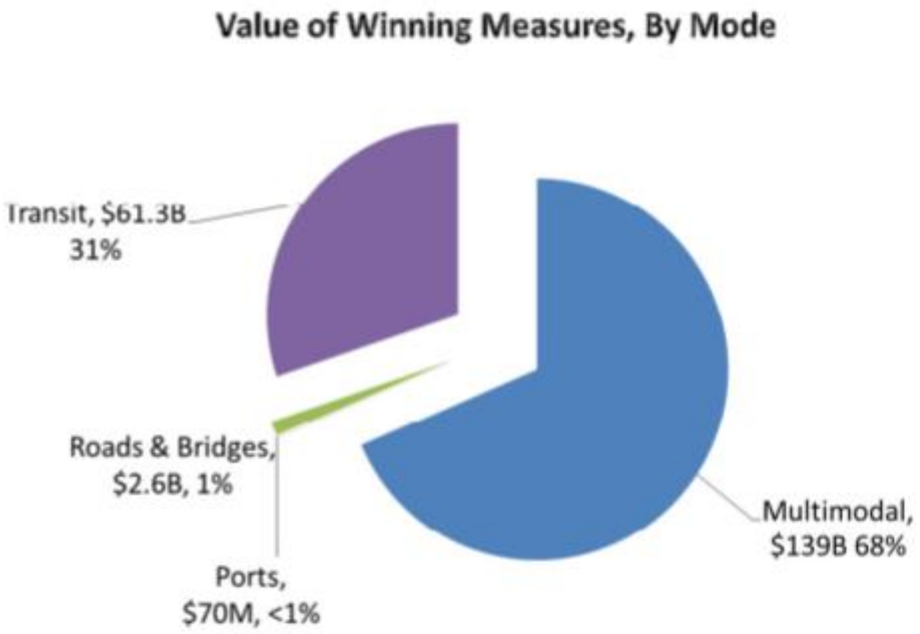
Source: Denver Union Station Project Authority, 2011.

http://www.financingtransportation.org/capacity_building/event_details/webinar_dus.aspx

Transit Ballot Measures

Ballot Measures - 2016





American Road & Transportation Builders Association

Ballot Measures - 2016

California – Bay Area

- Property tax increase for transit - **$3.5 B**

California – Los Angeles County

- 1 cent sales tax for transit - **$120 B over 40 years**

Georgia

- Local sales tax for transit - **$4 B**

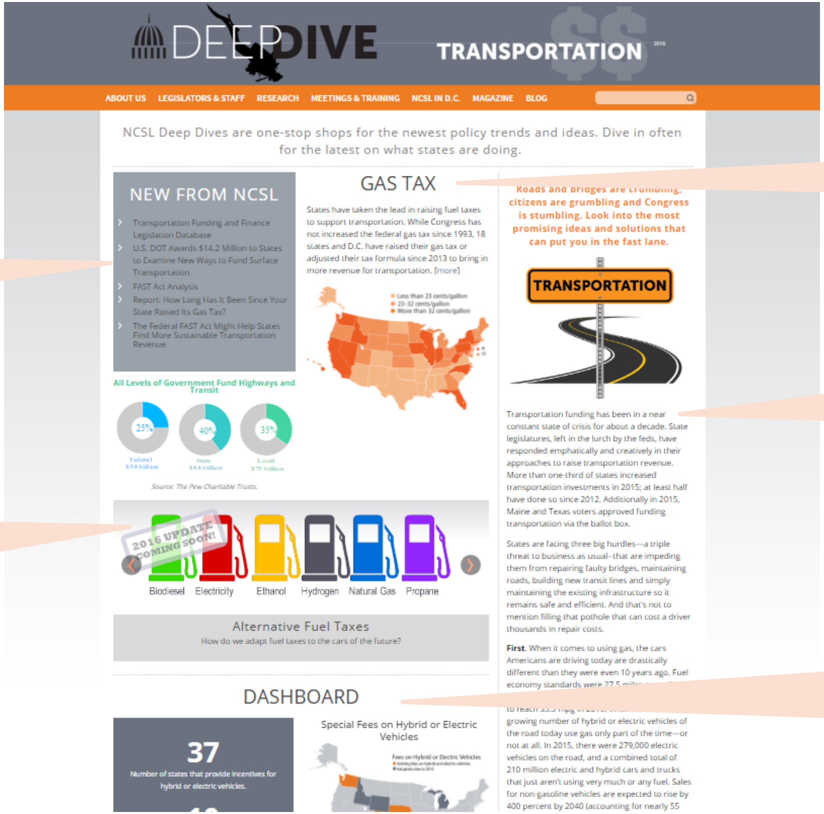
Indiana – Marion County (Indianapolis)

- 0.25 percent income tax for bus service - **$56 M annually**

Washington State – Seattle Metro

- 25-cent (per $1,000 assessed value) property tax for light rail and bus service - **$54 B over 25 years**

NCSL's Transportation Funding Deep Dive



Gas Tax Legislation

What's New

National Overview

Transportation Funding Options

Transportation Funding by the Numbers

http://www.ncsl.org/bookstore/state-legislatures-magazine/deep-dive-transportation-funding.aspx

Strong States, Strong Nation

Kevin Pula

Senior Policy Specialist

NCSL Transportation Program

Direct line: 303-856-1373

kevin.pula@ncsl.org

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