

CCRPC Transit Funding Study



House Transportation Committee

January 12, 2022



Overview of Transit Funding Study

- Goal: Find sustainable source of revenue to maintain current service levels and leverage new federal funds to increase transit access for all Vermonters
- Scope
 - Conduct research on means of funding public transit
 - Consider replacement for, or supplement to existing revenue sources
 - Local funding based on property taxes (already overburdened and constrained)
 - State funding from T-fund
 - Fare revenue (suspended since March 2020)
 - Consider public-private partnerships
 - Examine options for Chittenden County as well as statewide
 - Recommend options for Vermont legislature to consider
- Principles
 - SEP (Someone Else Pays) vs. WAPAL (We All Pay A Little)
 - Regional transit systems generate benefits regionally

Statewide Transit Access

- Currently only a third of Vermont towns are served by a bus route
- All Vermont towns have access to demand response service, but there are eligibility requirements
 - People 60 and older
 - People with disabilities
 - Medicaid recipients without access to a car
- WAPAL principle implies an expansion of rural service so that all Vermonters have access to transit service
 - VTrans developing “Community Rides” concept to provide this access
 - Covers work trips, as well as other purposes
 - Likely will make extensive use of volunteer drivers, assisted by technology, perhaps with vehicles supplied through a public-private partnership
- Non-riders already pay for transit service through property taxes and T-fund

Potential Funding Replacement

- Total local funding in Vermont (mainly property taxes)
 - About \$6 million per year
- Total state funding (from the T-fund)
 - About \$7 million per year
- Total fare revenue (based on FY 2019)
 - About \$2.7 million per year
 - \$2.2 million in Chittenden County
 - \$522,000 for the rest of Vermont
- Include an extra \$5 million for service expansion in rural areas
- Total target: \$21 million annually
- Note that a new source would mostly *replace* existing transit funding streams and therefore reduce pressure on property taxes and the T-fund

Continue to Fund Transit from Automobile-based Fees?

- Historically, State transit funding comes from T-fund
 - Gasoline and diesel taxes
 - Purchase and Use tax on vehicles
 - Registration and license fees
- While increasing the cost of driving helps transit marginally, current fees and taxes not high enough to have significant impact
 - Core of Chittenden County the only part of Vermont where transit is a viable option to driving
- Recognition that a mileage-based fee will replace gasoline tax in the long run, due to electrification of fleet
- Taking transit out of the T-fund frees up dollars for roadway/bridge maintenance and provides additional local match which may be useful as federal funding increases
- Existing funding sources likely not sufficient to maintain even current level of service indefinitely, let alone expansion of service

Alternatives Under Consideration

- Sales tax – common means of funding transit nationally
- Payroll tax on employers – recognition of transit's role in job access
- Business revenue assessment – transit supports the economy
- County property tax – spread burden among all landowners, not just those in “served” towns
- Income tax – progressive option, but very challenging politically
- Utility fee – \$3 per month average fee on residential users; \$14 per month average fee on commercial/industrial users
- Property transfer tax – progressive but spread widely only in the long run
- Mortgage recording tax – used in NY; progressive but may miss very wealthy

Evaluation of Alternatives

Potential Funding Source	Rate/ Rate Increase	Stability of Revenue	Ease of Implementation	Political Feasibility	Equity	Total Score
Sales Tax	0.25%	-1	+2	-1	-2	-2
Payroll Tax on Employers	0.20%	+1	-1	0	+1	+1
Business Revenue Assessment	TBD <0.20%	0	-2	-1	+1	-2
County Property Tax	\$0.23 per \$1,000	+2	+1	-1	+1	+3
Income Tax	0.05%	0	+2	-2	+2	+2
Utility Fee	\$0.0053 per kWh	+2	+1	0	+1	+4
Property Transfer Tax	0.55%	0	+2	-1	+1	+2
Mortgage Recording Fee	\$0.75 per \$100	0	-1	-1	0	-2