CCRPC
Transit Funding Study

Senate Transportation Committee

January 6, 2022

CCRPC Transit Funding Study

- Goals
  - Conduct research on means of funding public transit
  - Evaluate potential funding sources in Vermont
  - Recommend options for Vermont Legislature to consider
- Scope
  - Consider replacement for existing
    - Local funding based on property taxes
    - State funding from T-fund
    - Fare revenue (suspended since March 2020)
  - Consider public-private partnerships
  - Examine options for Chittenden County as well as statewide
- Principles
  - SEP (Someone Else Pays) vs. WAPAL (We All Pay A Little)
  - Regional transit systems generate benefits regionally

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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

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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
- 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 reduces pressure on local match requirements

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

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