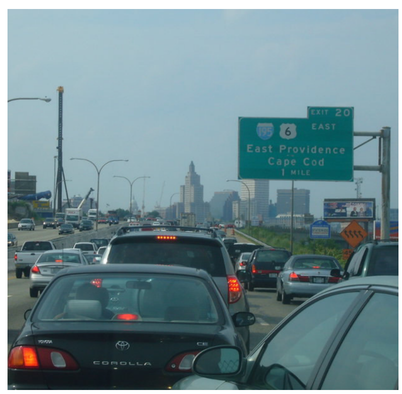
Recommendations for funding public transit in Rhode Island

New Public Transit Alliance



December 19, 2008

TABLE OF CONTENTS

The New Public Transit Alliance (NuPTA) is a broad coalition of stakeholders representing the business, environmental, smart growth, labor and public health communities dedicated to strengthening public transportation and promoting the critical role it plays in Rhode Island's economy and environment.

The Rhode Island Committee on Occupational Safety & Health
The American Lung Association of Rhode Island
Grow Smart Rhode Island
The Apeiron Institute for Sustainable Living
The Sierra Club Rhode Island Chapter
The Amalgamated Transit Union, Local 618
The Gray Panthers of Rhode Island
Clean Water Action
The Rhode Island Public Interest Research Group
The National Federation of the Blind, Rhode Island Chapter
Recycle-A-Bike
Ocean State Action
The Senior Agenda
The Environment Council of Rhode Island
Conservation Law Foundation

On September 23, 2008 NuPTA convened 70 business, civic and political leaders to discuss a pending financial crisis at RIPTA that threatens to decimate public transit service in Rhode Island. The forum included the Governor, Lt. Governor, State legislators, the Directors of the Departments of Administration and Transportation, RIPTA Board and staff, major employers, developers, interest groups and members of the Governor's Blue Ribbon Panel for Transportation Funding. The consensus of the group was that the proposed public transit service cuts would be counterproductive to the state's economic and environmental interests. Presentations made by Governor Carcieri, the Rhode Island Public Transit Authority, Grow Smart Rhode Island and the Sierra Club underscored the need for a long-term, sustainable funding mechanism to ensure that RIPTA is able to meet the growing demand for public transit among Rhode Island's commuters and businesses. The following recommendations are intended to guide and support actions by the Governor and the General Assembly in reforming the method of funding public transit in Rhode Island.

We have deliberately presented a broad menu of options, recognizing that there is simply no silver bullet and that not all of these options can or need to be implemented simultaneously.

1 INTRODUCTION

As the price of gasoline and diesel fuel skyrocketed in 2008, Rhode Island commuters started looking for more affordable transportation options. At the same time, Rhode Islanders are looking for solutions to mitigate the effects of global warming and the other environmental impacts of cars. Many are looking to public transit as a solution to both dilemmas. The problem is that the Rhode Island Public Transit Authority is financed with a portion of the gasoline tax so that when fewer people drive and ride the bus instead, RIPTA receives less money as more demand and stress is placed on the system. Additionally, RIPTA's operating expenses have increased sharply in the last few years due to the rising cost of fuel.

As a result, RIPTA is facing sweeping bus service cuts at a time when an increasing number of Rhode Islanders are looking for clean, affordable transportation choices. Local politicians have found it to be a point frequently brought up by constituents during the just concluded election. Because of this crisis, the Senate Policy Office has made the financing of public transit a top priority to solve in the 2009 legislative session. The Governor has set up a special task force to help RIPTA officials navigate through this crisis.

The primary solution to financing public transportation in Rhode Island is to design a long-term, sustainable funding source that grows with increased demand. Best practices across the country rarely, if ever, include the gasoline tax or other sources that discourage driving. Most depend on revenue sources that grow with the economy; whether through employment, commerce, or real estate.

Indeed, a clean, robust and reliable public transit system plays a vital role in the new energy economy. While our state is poised to gain ground with new wind and solar technologies, those technologies do not address the huge energy consumption from our state's transportation sector. Local communities that have invested in public transportation have had incredible economic results. The American Public Transit Association has noted that every dollar that taxpayers invest in public transit generates six dollars or more in economic benefits.

Unfortunately, thjs is not a problem that can be put aside until better economic times. If bus service cuts occur, it will be more expensive to fix the problem later. In addition, Rhode Islanders will miss out on the economic benefits of public transportation. We need both long-term and short-term solutions.

Many recognize the need for RIPTA to have a vision as it seeks new revenues to avoid service cuts and to evolve into a robust, multi-modal statewide transit system. At this time, the Portland, OR-based transportation consulting firm HDR is leading a study on what a first-class public transit system would look like in Rhode Island. The results of that study are due by the beginning of 2010.

Even so, RIPTA has a lot to build on now with the proper funding. Existing routes can be strengthened with additional frequency to reduce over-crowding on certain bus lines. The innovative, but under-marketed Flex Service can be expanded in Rhode Island's rural and suburban areas to provide access to local and statewide transit lines.

The New Public Transit Alliance is proposing a financing portfolio for public transit in Rhode Island. All parties seem to agree that there is no silver bullet for funding public transportation. Any one financing mechanism has both strengths and weaknesses.

However, as stated above, the best sources of funding interact positively with the transit system and grow with demand. It is crucial that regardless the source of funding, an effective transit system grows over time as gasoline prices once again rise and as smarter growth land development policies are enacted. Fortunately, effective transit systems have major positive impacts on the local economy as they grow.

2 RECOMMENDATION SPREADSHEET

- NuPTA supports an integrated approach to funding Rhode Island's statewide passenger and freight transportation needs that includes RIDOT, RIPTA, Airports, Ports and Rail.
- Recognizing that a comprehensive transportation funding plan will take several months to complete and recognizing that absent a shorter term funding solution to RIPTA it will be required to start implementing severe service cuts by January 2009, NuPTA recommends an immediate legislative appropriation to RIPTA as a stop-gap measure to ensure that the state's public transit system may provide a level of service corresponding to the demand for transit.
- The recommended appropriation should be sufficient to eliminate RIPTA's current year deficit.
- In subsequent funding cycles, NuPTA recommends an allocation to RIPTA that is consistent with the Blue Ribbon Panel's Scenario #2 funding recommendation beginning in 2010. That recommendation allows for an expansion of transit service to meet the public's growing demand for a clean, efficient and affordable alternative to the single occupancy vehicle trip.

Menu of potential revenue enhancement options

	Funding Source	Description	Est. New Annual Revenue
	2.1 RIPTA Savings / New Revenue		
†	½ rate fares to replace free fares for seniors/disabled (reflecting a standard practice by many transit agencies across the U.S.)	This measure requires General Assembly approval. The RIPTA Board of Directors is expected to propose modification to current policy that allows free fares for eligible passengers. Currently, seniors/disabled pay full fare during peak hours, half fare in the off-peak. Income eligible senior/disabled ride free. The policy change would eliminate income eligibility and everyone would pay full fare during peak and half fare during off-peak.	$2,000,000
	Management deferred pay increase	This measure has already been implemented by RIPTA Board of Directors	$100,000

	Limit liability claims	This measure requires General Assembly approval. Such legislation has reportedly been introduced previously, but has failed to win passage.	$500,000
	Service reductions	We understand that RIPTA will propose reductions in service to underperforming routes that yield the least benefit. Changes to take effect in January 2009.	$2,500,000
†	Zone fares	This measure would assess higher fares for longer distances traveled by zone.	$200,000
	Business Pass (public/private partnerships)	Similar to the successfully implemented RIPTA UPass Program, RIPTA management has had early success with a similar program targeted to corporations with employees who could benefit from public transit.	$250,000
	2.2 Additional revenue sources that can be enacted quickly		
Tax Adjustments			
†	Petroleum Products Gross Receipts Tax (exempting home heating oil)	A petroleum products gross receipts tax, levied on all petroleum products and their derivatives at the wholesale level is a recommendation from the Governor's Blue Ribbon Panel (BRP) that NuPTA supports (provided that it does not apply to home heating oil). We believe this would provide a stabilizing effect to the volatility of fuel prices and related tax revenue to support public transit. The tax is proposed by BRP as an equivalent of a 10¢ increase in the gas tax.	$44,000,000
†	Gasoline tax hybrid (indexing)	This proposal reduces the current "cents per gallon" gasoline tax and adds a gasoline sales tax based on percentage of cost. It could be formulated to be revenue neutral at current gasoline prices, but would increase revenue as gasoline prices rise. A simple formula for $3.50 per gallon gasoline could be 24¢ per gallon plus 2 ¢ per dollar, generating exactly $0.31 per gallon. At $4.00 per gallon, however, revenue would increase as identified to the right.	$9,000,000
Other			
	RIDOT / RIPTA Annual Budget Conference	NuPTA recommends that RIDOT allocate a minimum of 1% of its annual budget to RIPTA (representing approx. $3 M in 2008) as a means to reduce RIDOT's maintenance costs by reducing wear and tear from excessive vehicle use. This amount could be evaluated each year through a budget conference. There is precedent for this concept in Rhode Island with supporting data resulting from the successful "Keep Eddy Moving" initiative of RIDOT and RIPTA.	$3,000,000

†	Sales Tax	Dedicate to RIPTA a portion of new sales tax revenue that may be achieved either through a small increase in the sales tax rate (as has been suggested by BRP member and East Greenwich Town Manager Bill Sequino) or through a sales tax reform that lowers the sales tax and broadens its application. A general sales tax is a common form of funding for transit agencies in the U.S.	$15,600,000 for each 1/8 percentage point equivalent
	Motor vehicle registration fees	Consistent with the recommendation from the Governor's Blue Ribbon Panel, NuPTA recommends increasing motor vehicle registration fees by $40 in 2009 and $40 additional beginning in 2013.	$23,000,000 beginning in 2009 $46,000,000 Beginning in 2013
	Freeze the phase-out of the Motor Vehicle Excise Tax	This measure is recommended as a means to relieve pressure on the state budget to further reimburse municipalities for phasing out the motor vehicle excise tax. We believe that any net savings within the state budget should be allocated for transportation purposes, including RIPTA.	Estimate not available at this time
	Motor vehicle violation fees	140,000 violations per year. NuPTA proposes an increase in fines by $10.	$1,400,000
†	Building Permit Fee (with "location efficiency" incentives*) * see appendix #2	This modest revenue source would relate new development impacts to the transportation infrastructure and public transit. Currently when a building permit is filed, the municipality collects (on behalf of the State of Rhode Island) a fee equal to $1 per $1,000 of the estimated building construction cost. Municipalities then transmit the revenue to the state each quarter (approximately $1.5 million annually). Total building permit fees in neighboring MA and CT vary by municipality, but an increase of another $1 per $1,000 doesn't appear to place Rhode Island at a competitive disadvantage for attracting new development. When combined with a location efficiency incentive (similar to one in practice by Illinois), the additional cost could be mitigated for those developments taking place in areas that utilize existing infrastructure and that utilize smart growth principles.	$1,500,000
	2.3 Additional revenue sources that would require a longer timeframe for enactment		

†	Parking tax* * see appendix #1	Provincial enabling legislation enacted in British Columbia, Canada in 2005 provided the means for collecting and enforcing a parking tax levy on all commercial parking areas within the transportation authority district. The tax amounted to approximately $30 per parking space per year. The tax applied to paid and unpaid parking, in urban and suburban settings equally. The act was later repealed and replaced with a broader property tax levied on both residential and commercial property. It took approximately two years to implement, but generated $46 M at a cost of only $6 M over a 2 year period once in effect. Montgomery County, MD and the State of Oregon are now considering or have considered the same type of parking tax.	$8,000,000 - $15,000,000
	Tolls, Congestion fees	NuPTA supports the BRP proposal for tolling at both Interstate borders. Charging commuters who travel on roads during peak hours is becoming a popular idea throughout the world. Receptivity in the U.S. continues to increase as revenues become scarcer. New toll collection technology is also improving the ease and efficiency of collecting revenue. Congestion pricing comes in many forms and involves tolling one or more lanes of a particular roadway to reduce demand to the level of maximum efficient use. Pricing can vary based on time of day or amount of congestion.	$60,000,000
	Vehicle Miles Traveled tax (VMT)* * see appendix #3	NuPTA supports the BRP recommendation of establishing a VMT fee. We believe this could be achieved through the existing inspection process eliminating the need for a new bureaucracy to implement. This measure would also help to reduce the aggregate number of vehicle miles traveled in Rhode Island thereby reducing greenhouse gas emissions. There are currently 8.3 billion vehicle miles traveled within Rhode Island state lines. We would recommend a ½ cent charge per mile costing the average motorist approximately $60 per year.	$50,000,000
	Land Value Capture (TIF, Special Assessment Districts, etc.)	Most appropriate for capital costs associated with an expansion of public transit. Value capture refers to a type of financing where primarily adjacent property owners who benefit most directly from transportation projects contribute to the cost of such investments. It is often proposed as a way to use a public taxing authority to help finance rail transit through taxes on nearby private development. The increment over any pre-existing property value can then be taxed thereby "capturing" the benefit that accrues to private landowners by virtue of a public investment in rail installation, for example.	Estimate not available at this time
	Public Private Partnerships * see appendix #4	Public-private partnerships are important sources of revenue for public transportation. The amount of revenue they generate can range dramatically, but it is often the local investment of the private sector that generates a long-term commitment to transit funding.	$600,000 - $3,000,000
	2.4 Potential new federal sources of revenue		

	H.R. 6052 / S-3330 pending legislation (Saving Energy through Public Transp. Act)	House bill introduced 5/08. Passed overwhelmingly 6/28/08. Companion bill introduced in Senate 07.31.08 and awaiting action. Provides $1.7 b for FY's '08 and '09	$4,700,000
	Federal GreenTEA Reauthorization	Need to advocate for restoring balance between highway expansion and public transportation Federal matching support	Estimate not available at this time
	Climate Security Act (Boxer Amendment)	National Cap and Trade Program to Cut GHG emissions, mostly from electricity sector. Of the proceeds, mass transit would receive 2.5%	$10 - $17 million

† sources of revenue that grow naturally or with increased demand for public transit

3 APPENDICES

3.1 Parking Tax case study from Vancouver, BC Canada

Overview
The Greater Vancouver Transportation Authority, or TransLink, is Greater Vancouver's regional transportation provider and regional transportation planning agency. The organization implemented a parking site tax on surface parking areas, parkades and underground parking effective January 2006. The tax was projected to raise $20 million a year to help fund a three-year, $1.9 billion expansion of roads and transit services outlined in TransLink's Three Year Capital Plan. Some of the capital projects outlined in the plan include, eight major new roads, a portion of a new Fraser River bridge crossing, a more modern and expanded bus fleet and an upgraded cycling-path network among other projects.
The parking site tax is the first of its kind in Canada. It is based on the size of parking areas located on non-residential properties throughout the region. The parking tax rate was set by bylaw for 2006 at $0.78 per square metre.
The Parking site tax is included on the property owners' municipal property tax notices and must be paid with them. Properties owners do not receive a separate tax bill for it. Non-residential property owners that are currently exempt from property taxes and other forms of taxation are exempted from the parking site tax. This includes places of worship, schools, airports, First Nations reserves and health authorities.

Community context
The Greater Vancouver Regional District (GVRD) is one of Canada's fastest growing urban regions with a current population of over 2.3 million people. TransLink is the agency responsible for the movement of people and goods throughout the region including, transit services and the major road network across the region's 1,800 square kilometres. While the actual delivery of public transit services takes place through subsidiary companies and contractors and the maintenance and improvement of the major road network is done in partnership with the municipalities, TransLink is responsible for regional transportation planning, administration of service contracts, management of capital projects and public affairs. TransLink also provides security and enforcement services through the Greater Vancouver Transportation Authority Police Service who have the full powers of provincial police.
TransLink's transit system carries about 130 million passengers annually, making it Canada's third largest system behind Toronto and Montreal. Ridership is up 24% since 2002 and by as much as 40% in some corridors. Transit's market share has grown from 10% to 12% region-wide since 2001, and today transit carries around 45% of commuters into downtown Vancouver.
Currently, TransLink raises 36% of its revenue from transit fares and advertising, 31% from fuel taxes, 28% from municipal property taxes and smaller amounts from other sources. The new parking site tax will generate 4% of dedicated funding, or $20 million of TransLink's $390 million budget annually.

Actions
A tax on non-residential parking sites was identified in 2003 budget consultations with business, municipal and other stakeholders as one of three new funding sources for TransLink's 2005 - 2007 Three Year Capital Plan. Originally, the parking tax was expressed as a $30-a-year tax on every parking stall in the region and was expected to raise $25 million per year. When it became apparent that many businesses have parking areas without marked stalls (and that painted lines could be easily moved and/or removed by property owners), it was decided to assess the parking tax based on the size of a parking site rather then the number of parking stalls contained in and on

them. Measuring parking site areas was also determined to be a more effective and efficient method of creating and maintaining the parking tax roll that would be required to administer the tax. Prior to the inclusion of a parking tax on municipal property tax notices, TransLink created a parking site inventory, or tax roll, that identified the taxable parking area of each property within the GVRD subject to the tax. BC Assessment, the provincial property tax assessment agency, was contracted by TransLink to create the tax roll. BC Assessment determined the taxable parking area of each subject property using aerial photography, digital mapping and municipal records. Site visits were also conducted to ensure accuracy and to confirm measurements.

In September 2005, a provincial legislative amendment to the Greater Vancouver Transportation Authority Act for TransLink's parking tax was introduced. It passed in December 2005. The amendments provided TransLink with a framework for collecting and enforcing the parking tax and included an appeal process for property owners, a cap on the tax rate TransLink could charge and a stipulation for the provincial government to review the amendments within 10 years.

The parking tax payable by affected property owners is calculated by multiplying the parking tax rate by the taxable parking area (in square metres) of the parking site. The original parking area rate of $1.02 per square metre was reduced to $0.78 per square metre following the completion of the tax roll. This was done through a TransLink Board resolution to ensure that the parking site tax rate generated only the $20 million in gross that was originally projected.

In late December 2005, TransLink delivered approximately 29,600 parking site notices to property owners identifying the taxable parking area on their properties. As required by the Greater Vancouver Transportation Authority Act, affected property owners were given until January 31, 2006 to request an appeal of their parking site assessment before the Property Assessment Review Panel, a provincially appointed panel that is independent from TransLink which hears all property assessment appeals as well as parking site assessment appeals.

Decisions of the Property Assessment Review Panel could be further appealed to the Property Assessment Appeal Board, a quasi-judicial, independent provincial board. Any further appeal is conducted through B.C. Supreme Court. The complaint and appeal process mirrors the process for property assessment complaints and appeals.

Any decisions of the appeal board that changes the taxable parking area are adjusted and reflected in the following year's property tax notice.

Results

The measure was repealed two years after its enactment, but this does not necessarily indicate that the tax was a failure, only that it was politically unpalatable. According to the project manager, Paul Barlow, who was in charge of implementing and overseeing the tax, $43 million was generated while spending only $6 million over a period of two years. He recommended that the assessment of parking space continue to be done by total area as opposed to a per stall method so as to not allow businesses to cheat the system. The reasons he cited for the tax's failure was a powerful unified business interest lobbying against it and he recommended that the project manager be solely in charge of the measure in an effort to keep political pressure as absent as possible.

3.2 Business Location Efficiency Incentives example from Illinois

Overview
In Illinois, 10% above the maximum tax credits allowed through an Economic Development program are provided to businesses for locating or expanding at “location-efficient sites.” Such a site would have access to mass transit, nearby affordable housing and essentially just uses existing infrastructure as opposed to requiring new infrastructure. This creates savings for the taxpayer which can be redirected to businesses that choose to locate within the community, thereby enriching the local economy. This could be applied to Rhode Island by a percentage increase in the maximum tax breaks allowed by the Rhode Island Jobs Growth Act.

Public Act 094-0966

SB2885 Enrolled LRB094 19130 JAM 54654 b

AN ACT concerning business incentives.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Short title. This Act may be cited as the Business Location Efficiency Incentive Act.

Section 5. Definitions. In this Act:
"Location efficient" means a project that maximizes the use of existing investments in infrastructure, avoids or minimizes additional government expenditures for new infrastructure, and has nearby housing affordable to the permanent workforce of the project or has accessible and affordable mass transit or its equivalent or some combination of both.
"Location efficiency report" means a report that is prepared by an applicant for increased State economic development assistance under Section 10 and follows this Act and any related Department guidelines, and that describes the existence of
(i) affordable workforce housing or
(ii) accessible and affordable mass transit or its equivalent.
"Employee housing or transportation remediation plan "means a plan to increase affordable housing or transportation options, or both, for employees earning up to the median annual salary of the workforce at the project. The plan may include, but is not limited to, an employer-financed or assisted housing program that can be supplemented by State or federal grants, shuttle services between the place of employment and existing transit stops or other reasonably accessible places, facilitation of employee carpooling, or similar services.
"Accessible and affordable mass transit" means access to transit stops with regular and frequent service within one mile from the project site and pedestrian access to transit stops.
"Affordable workforce housing" means owner-occupied or rental housing that costs, based on current census data for the municipality where the project is located or any municipality within 3 miles of the municipality where the project is located, no more than 35% of the median salary at the project site, exclusive of the highest 10% of the site's salaries. If the project is located in an unincorporated area, "affordable workforce housing" means no more than 35% of the median salary at the project site, excluding the highest 10% of the site's salaries, based on the median cost of rental or of owner-occupied housing in the county where the unincorporated area is located.
"Department" means the Department of Commerce and Economic Opportunity (DCEO) or its successor agency.

"Applicant" means a company or its representative that negotiates or applies for economic development assistance from DCEO.

"Economic development assistance" means State tax credits and tax exemptions given as an incentive to an eligible company after certification by DCEO under the Economic Development for a Growing Economy Tax Credit Act (EDGE).

"Existence of infrastructure" means the existence within1,500 feet of the proposed site of roads, sewers, sidewalks, and other utilities and a description of the investments or improvements, if any, that an applicant expects State or local government to make to that infrastructure.

Section 10. Economic development assistance awards.

(a) An applicant that also wants to be considered for increased economic development assistance under this Act shall submit a location efficiency report.

(b) DCEO may give an applicant an increased tax credit or extension if the applicant's location efficiency report demonstrates that the applicant is seeking assistance for a project to be located in an area that satisfies this Act's standards for affordable workforce housing or affordable and accessible mass transit. If the Department determines from the location efficiency report that the applicant is seeking assistance in an area that is not location efficient, the Department may award an increase in State economic development assistance if an applicant (i) submits, and the Department accepts, an applicant's employee housing and transportation remediation plan or (ii) creates jobs in a labor surplus area as defined by the Department of Employment Security at the end of each calendar year.

(c) Applicants locating or expanding at location-efficient sites, with approved location efficiency plans, or creating jobs in labor surplus areas may receive (i) up to 10% more than the maximum allowable tax credits for which they are eligible under the Economic Development for a Growing Economy Tax Credit Act (EDGE), but not to equal or exceed 100% of the applicant's tax liability, or (ii) such other adjustment of those tax credits, including but not limited to extensions, as the Department deems appropriate.

(d) The Department may provide technical assistance to employers requesting assistance in developing an appropriate employee housing or transportation plan.

Section 15. Summaries; progress reports.

(a) DCEO shall include summaries of the initial employee housing or transportation plans for each assisted project in the annual compilation and publication of project progress reports required under subsection (d) of Section 20 of the Corporate Accountability for Tax Expenditures Act. Companies that fail to do so or that make inadequate progress shall have their increased tax credit or extension eliminated. Applicants and submitted data are subject to all disclosure, reporting, and recapture provisions set forth in Public Act 93-552.

(b) By June 1, 2008 and by June 1 of each year thereafter through 2011, the Department shall include, when appropriate, data on the outcomes or status of approved employee housing or transportation plans in the project progress reports required under the Corporate Accountability for Tax Expenditure Act.

Section 20. Duration of incentives; report to General Assembly.

(a) Any multi-year incentive awarded under this Act shall continue for the time period called for in the agreement with the Department and shall not be altered by the repeal of this Act.

(b) By January 1, 2011, the Department shall submit to the Speaker of the House of Representatives and the President of the Senate, for assignment to the appropriate committees, a report on the incentives awarded under this Act and the Department's activities, findings, and recommendations with respect to this Act and its extension, amendment, or repeal. The report, when acted upon by those committees, shall be distributed to each member of the General Assembly.

Section 25. Repeal. This Act is repealed on December 31, 2011.

Section 99. Effective date. This Act takes effect January 1, 2007.

3.3 VMT Tax description

A New Funding Stream for RIPTA: Time for a Mileage Fee on Cars?

The Problem -- RIPTA has two distinct, but related, funding problems. One is an immediate, short-term funding shortfall this fiscal year of $10.8 million, which may lead to severe service cut-backs almost immediately. The immediate problem has been created in part by rising gas prices. RIPTA gets a significant portion of its funding from a portion of the Rhode Island state gas tax. Thus, as fuel prices have rose earlier in the year and motorists cut back on their driving, RIPTA simultaneously faced two problems: increasing costs (for its own fuel) and declining revenues (from the gas tax) -- and both of these at the very time that more people are switching from their cars to the bus. RIPTA also has a second, long-term problem: to find a stable, long-term source of funding that will allow RIPTA to expand public transit in Rhode Island.

A Mileage Fee -- A Mileage Fee on cars registered in Rhode Island is one possible long-term funding source for RIPTA.

How It Would Work -- The state would impose a Mileage Fee on every car registered in Rhode Island. There are 508,000 private cars registered in Rhode Island. Each one drives an average of 12,000 miles per year. Thus, there are approximately 6,096,000,000 vehicle miles traveled (VMTs) per year by cars registered in Rhode Island. The simplest way to impose a Mileage Fee would be at a flat rate. At the flat rate of 1¢/ mile, a Mileage Fee would yield $60,960,000 annually. Although some people have mentioned using sophisticated electronic tracking devices on cars to implement a Mileage Fee (with concomitant privacy issues) such tracking devices would be expensive and intrusive -- and probably unnecessary. Logistically, it would be an easy matter to have drivers report odometer reading biannually when they renew their automobile registrations. Such self-reported odometer readings could be verified in a variety of ways, including as part of already-mandatory auto inspections. In fact, because of existing procedures in Rhode Island for auto registrations and inspections, implementing a Mileage Fee would be logistically quite simple and financially quite inexpensive.

Another way to implement a Mileage Fee would be to impose an inclining block rate instead of a flat rate. Under this system, the per-mile charge would start out lower for the first X thousand miles driven; go up to another rate for the next Y thousand miles driven; and then, perhaps, go up again for additional miles driven. For illustration purposes only, for instance, one could charge 0.75¢ (that is, ¾ of one cent) per mile for miles 1 through 8,000; then 1¢ per mile for miles 8,001 through 12,000; then 1.5¢ per mile for all miles driven above 12,000. Of course, in order to know how much money this inclining block rate would bring in, one would have to know more specifically how many miles per annum are driven in each of the 508,000 cars in Rhode Island. One advantage of imposing an inclining block rate is that it creates an additional disincentive for doing a lot of driving. Another possible modification would be to charge a Mileage Fee that is inversely proportional to the miles-per-gallon rating of a vehicle -- that is, cars that get higher mileage are charged at a lower rate, cars that get fewer miles per gallon are charged at a higher rate.

Between 2001 and 2007, Oregon experimented with a Mileage Fee, in part, according to the Oregon DOT, because such fees “would accurately reflect the burden each user places on the road system.” Oregon’s experiment tried especially to make the Mileage Fee easily enforceable and inexpensive to implement. A 2007 report by the Oregon DOT reported that the Oregon experiment was very successful.

Advantages of a Mileage Fee -- (a) As demonstrated above, a Mileage Fee could generate a lot of income. (b) A Mileage Fee is fundamentally fair because it charges drivers according to how much they use the roads. (c) A Mileage Fee would produce significant collateral benefits, including reducing traffic congestion, reducing accident risk, and reducing the number of traffic-related injuries and fatalities. (d) One especially notable set of collateral benefits to a Mileage Fee would be that of reducing the aggregate number of VMTs of Rhode Islanders, thereby reducing greenhouse gas emissions and the emission of other tailpipe pollutants. (e) A Mileage Fee would be relatively easy to implement, using existing procedures for car registration and inspection.

How To Get Started -- In order to implement a Mileage Fee in Rhode Island, many questions of detail would need to be addressed, including at what level to set the fee, how to collect it, and what enforcement mechanisms to put in place. The first step would be creation of a stakeholder group to consider the many questions and propose answers to them. The second step would be a trial program involving a finite number of drivers who would pay a Mileage Fee in lieu of the current gasoline tax for specific period of time. We should seek legislation in the 2009 session of the General Assembly that requires: (1) creation of the stakeholder group by January 1, 2010, which would complete its report by January 1, 2011; and (2) implement a 24-month experiment of an actual Mileage Fee program in Rhode Island involving up to 1,000 volunteers, beginning no later than September 1, 2011; and (3) preparation of a report on the experiment no later than December 31, 2013 (i.e., four months after the completion of the 24-month experiment).

Dedicate a Mileage Fee to Both RIPTA and Roads -- In March 2008, Governor Carcieri appointed a Blue Ribbon Commission to investigate ways of raising an estimated $285 million per year shortfall in future funding needed for maintaining Rhode Island roads and bridges. Thus, at the same time the state is searching for ways to increase funding for public transit the state is also searching for increased funding for roads and bridges. Of course, the two are linked in multiple ways. Increased use of public transit reduces congestion on roads and reduces wear and tear on roads and bridges by taking cars off the roads. At the same time, RIPTA buses have to make expensive and time-consuming detours when bridges are found to be unsafe for heavier vehicles. Too often funding for public transit is seen as being in competition with funding for roads and bridges, but the fact is that funding for both is needed. Splitting the proceeds of a Mileage Fee, with 50% going to public transit (RIPTA) and 50% to roads and bridges, would be a way of avoiding pitting these two needs against each other.

3.4 Public Private Partnerships

NEW PUBLIC TRANSIT ALLIANCE
WHITE PAPER ON PUBLIC-PRIVATE PARTNERSHIPS

DARTMOUTH EXAMPLE
(Excerpt from *A Fare Choice*, Sierra Club Rhode Island Chapter 2008)
"Transit in the Upper Connecticut River Valley"
Advance Transit, based in Lebanon, New Hampshire, serves six communities in a combination urban and rural zone in upper New Hampshire and Vermont, totalling 45,000 in population (about 1/20th RIPTA's service scale). Despite its small service population, AT recorded 1.5 million passenger miles in 2004. By 2005, recorded ridership was two and a half times that of a decade earlier.[a]

This success is due to AT offering entirely free and unlimited bus service:[b] A little more than half of Advance Transit's funding comes through a 50-50 match with Federal Transportation Authority rural subsidies (FTA Sec. 5311). (FTA also provides a portion of capital and administrative funding, with 20% local matching.) After finding that collecting fares cost as much or more than fare receipts, AT consulted with the area's two largest employers, Dartmouth College and Dartmouth-Hitchcock Medical Center, who realized that building and operating needed parking facilities would cost much more than fully subsidizing transit for the same population. The partnership saves money for both these institutions and the transit operator, and provides exceptional service to a broad population.

At 100 percent subsidy, the service cost taxpayers $1.4 million in 2005. But the net gain for the service community was much greater than the cost: Working riders earned an estimated $1.2 million, while avoiding $375,000 in private motoring costs, at least $16,000 in parking fees, and at least $170,000 in taxi fares—all totalling some $1.76 million. The estimated net gain for the community was $360,000, pre-paying a quarter of the next year's service budget.

[a] All base figures from Upper Valley Transportation Management Association, Operational Impact Study of Advance Transit Fixed-Route Bus Network, 28 July 2005. (Like most small transit agencies, AT does not report to National Transit Database.)
[b] Carol Hardy, Advance Transit

BUSINESS PASS
Currently, the Rhode Island Public Transit Authority (RIPTA) has a program called "UPass" with which the students and often faculty of colleges and universities are able to use their ID cards to gain access to all RIPTA's public transit service. This system is a subsidy made by the school and negotiated between the school and RIPTA to identify the number of riders and the cost. Some colleges and universities use the program for a half price program, in which the school subsidizes only half of the program and the students and faculty have the ability to buy half-priced transit passes at their school. Because only one public college in Rhode Island has entered into the program, UPass is, for the most part an example of a public-private partnership.

There has been discussion at recent meetings held by the New Public Transit Alliance that a similar type of program be developed for non-academic employers in Rhode Island. This "business" pass would be negotiated by the employer and RIPTA. Fortunately, there are already examples of this type of program among other transit systems in America.

NJ Transit's "BusinessPass" http://www.gmtma.org/bpass.htm

The NJ Transit's "BusinessPass" program allows employers to make monthly bus and rail passes available to employees at the worksite. In order for a business to qualify for enrollment, they must commit to order five BusinessPasses per month.

They way that the program is financed through the employer is through a pre-tax payroll deduction and/or a company provided subsidy. NJ Transit recommends payroll deductions. Federal Law allows employees to take a pre-tax deduction from their salary to pay for mass transportation costs, which can be applied directly to the payroll deduction. However, some employers may also subsidize their employees' transportation costs as a tax-deduction for up to $65 per month and $780 per year. As implied above, the employer can also negotiate a combination of the above with NJ Transit.

Tri-Met Transit Pass for Employers http://trimet.org/employers/index.htm
Tri-Met of the Greater Portland, Oregon Area has a program similar to both NJ Transit's Business Pass and RIPTA's UPass. Tri-Met offers three different programs for employers to encourage their employees to use mass transit. Two of the three programs are renewable on an annual basis – a feature in demand among some Rhode Island employers.

The three programs are called the Universal, Select, and Direct programs. The Universal program and its cost are based on Employee Commute Options survey results and is available to all eligible employees. The Select program allows the employer to decide which employees are eligible and costs $946 per employee per year. Both the Universal and the Select programs issue stickers for employee badges. The Direct program is a monthly program and also allows the employer to decide who is eligible. Rather than a sticker for ID badges, employees purchase monthly paper passes.

Interestingly, Tri-Met has fare zones in place – a system that RIPTA once had and is considering returning to. The employer transit passes allow employees to use their passes for all fare zones.

Edmonton Transit System Employee Discounted Transit Pass Pilot Program
http://www.afpa.com/hr/documents/Edmotontransitdiscountpassprogram_000.doc
This Canadian transit system (ETS) is piloting a program much like NJ Transit's program, but with a minimum of 10 participants per employer rather than 5. Employers must be willing to match at least 12% of the discount and be able to handle the payroll deductions.