

Summary of State Funding For Transit

The majority of states, including **Michigan**, contribute in some way to transit programs, whether by providing federal grant match requirements, a set dollar amount, or a percentage of revenues. For most states, funding to transit programs is supported by a mix of formulas as well as direct allocations. Common criteria for inclusion in funding formulas include: population, ridership, previous funding levels, vehicle miles traveled, and number of vehicles. Of the many funding sources to transit programs, the most common are gas tax revenues, and general funds.

Common methods for measuring states levels of funding are: total funding, and per capita funding. The high and low funding amounts for these measures vary significantly ranging from \$0 to \$627 million for total funding amounts. Looking to high and low per capita funding, a grouping of 14 states noted to have more urban characteristics range from \$14 to \$118 per capita, while the remaining states range from \$7 to \$0 per capita.

A great deal of diversity exists in the funding of transit programs as some states provide complete funding to transit programs, while others provide none. Additionally, recent years have seen changes to transit funding range from a decrease of nearly 40% in Arizona, to an increase of almost 90% in California. The following tables illustrate funding sources to transit programs, along with states which provide full funding to transit programs and states that provide none.

Table xx
States Providing Full Transit Funding vs. State Providing None

<u>FULL TRANSIT FUNDING PROVIDED BY STATE</u>	<u>NO TRANSIT FUNDING PROVIDED BY STATE</u>
CALIFORNIA	ALASKA
CONNECTICUT	COLORADO
DELAWARE	MAINE
FLORIDA	MISSISSIPPI
KANSAS	NEW MEXICO
NEW JERSEY	UTAH
TENNESSEE	HAWAII

Table xx
Midwest vs. Ten Most Populous State Transit Funding Sources

Contribution of Major Funding Sources to Overall Transit Funding by State

	<u>Gas Tax</u>	<u>Registration & License Fees</u>	<u>General Sales Tax</u>	<u>Transportation Sales Tax</u>	<u>General Fund</u>	<u>Tolls</u>	<u>Lottery</u>	<u>Bond Proceeds</u>	<u>Other</u>	<u>Change in Funding FY 2000 to FY 2002</u>
Michigan	x	x	x						x	7.70%
Ohio					85%				15%	-32.22%
Illinois					x			x		2.09%
Indiana			x							15.63%
Wisconsin	x	x							x	11.89%
Kentucky					100%					n/a
Missouri					100%					n/a
West Virginia					100%					n/a

Contribution of Major Funding Sources to Overall Transit Funding by Ten Most Populous States

	<u>Gas Tax</u>	<u>Registration & License Fees</u>	<u>General Sales Tax</u>	<u>Transportation Sales Tax</u>	<u>General Fund</u>	<u>Tolls</u>	<u>Lottery</u>	<u>Bond Proceeds</u>	<u>Other</u>	
California	x		x	x	x			9%		87.33%
Texas					x			x		-11.11
New York			x		9%				x	10.34%
Florida	x	x		x						16.46%
Illinois					x			x		2.09%
Pennsylvania			x	x	x		x	x		-16.00%
Ohio					85%				15%	-32.22%
Michigan	x	x	x						x	7.70%
Georgia					100%					n/a
New Jersey	x	x			28%	x			x	37.42%

Information collected from *Characteristics of State Funding for Public Transportation 2002*, published by Transit Cooperative Research Program

Examples of full funding States

The State of **California** provides complete funding for transit capital, operations, and planning. This is accomplished in large part through the local transportation fund which allocates ¼ percent of the state's 7¼ percent sales tax to transit. Funds are collected by the state and returned to the county according to the amount the county contributed, for this reason the funds are referred to as local.

Another state which provides complete funding for transit programs is the State of **New Jersey**. New Jersey accomplishes this through the state run New Jersey Transit Corporation (NJ Transit), which manages revenues from motor fuel taxes, toll road contributions, heavy truck fees, and other general sources of funding. Casino revenues go specifically to fund transit for elderly and disabled persons. New Jersey provides general fund to support operating budget items.

Examples of zero funding states

Conversely, funding of transit initiatives in **Colorado** is provided only through local and federal funding sources. Recently though, legislation was passed in Colorado that allocates 10% of general transportation funds for “strategic, transit-related purposes”. This transportation fund is designed to pull excess money from state property tax revenues, but due to poor economic conditions no excess is expected for several years.

In **Maine**, there is a constitutional barrier which prevents state transportation funds from being used on anything but highways. Other states such as **Alaska** and **Utah** simply do not provide funding whatsoever.

Transit funding proposals

A sampling of recently passed referendum that either wholly, or in part, support transit activities include: sales tax increases in Charleston County, South Carolina and Miami-Dade County, Florida, the issuing of a new bond in Charlotte North Carolina, mill increases in Rhode Island and the Detroit Area, and a ballot initiative to create a transit authority in Denton County, Texas.

A sampling of referendum to support transit recently voted down include: an increase to property tax in Baton Rouge, Louisiana and Delaware County, Ohio, and a “sale-leaseback” program of currently owned property in Utah. Eleven out of the fifteen rejected referendums to support transit were proposals to increase sales tax. Only five of the thirteen referendums to pass involved an increase to sales tax.