

State Transportation Systems Governance and Funding Models

Transportation Governance and Funding Task Force

June 14, 2017

Office of Legislative Research and General Counsel

The Organizational Structure of Transportation Departments is Unique to Every State

- ▶ There are three basic “models” of system governance in the U.S.
- ▶ Functional Organization
 - ▶ Most Common
- ▶ Modal Organization
 - ▶ Less Common
- ▶ Hybrid Organization
 - ▶ Combination of Functional and Modal

Key Terms

▶ “Mode”

- ▶ Means by which people and goods move
 - ▶ Highways
 - ▶ Personal automobiles, freight trucks
 - ▶ Transit
 - ▶ Buses, light rail, commuter rail
 - ▶ Rail
 - ▶ Freight
 - ▶ Aviation
 - ▶ Passenger, cargo
 - ▶ Water
 - ▶ Ports, waterways
 - ▶ Active
 - ▶ Walking, bicycles

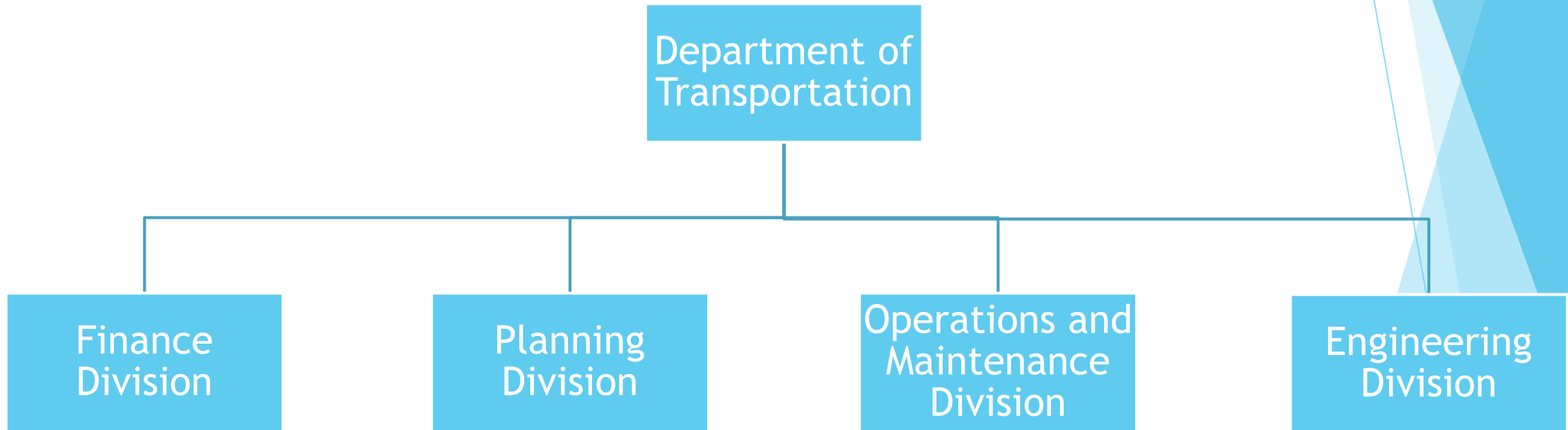
▶ “Function”

- ▶ Specific operational duty
 - ▶ Finance
 - ▶ Planning
 - ▶ Administration
 - ▶ Operations
 - ▶ Maintenance
 - ▶ Engineering

Functional Organization

- ▶ A single department governing one major mode
 - ▶ Functional divisions within the agency
- ▶ Different modes are governed independently by different agencies
 - ▶ Agencies could be other state-level agencies, or municipality or local district-level agencies (transit agencies)
- ▶ No overarching “umbrella” department overseeing all modes

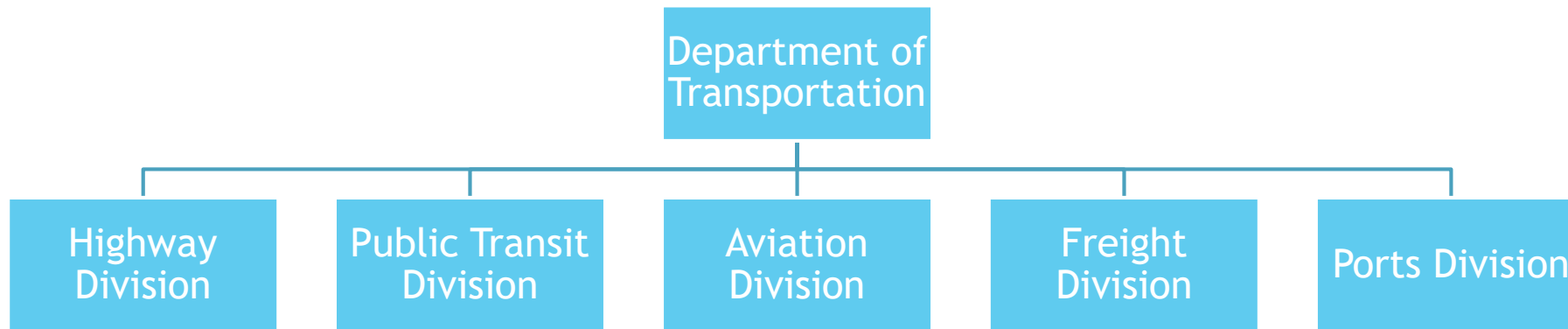
Functional Organization



Modal Organization

- ▶ A department governing several modes
- ▶ Divisions within primary department are responsible for a single mode
 - ▶ Functional organization within division
- ▶ The primary department acts as an “umbrella,” with oversight over each modal division

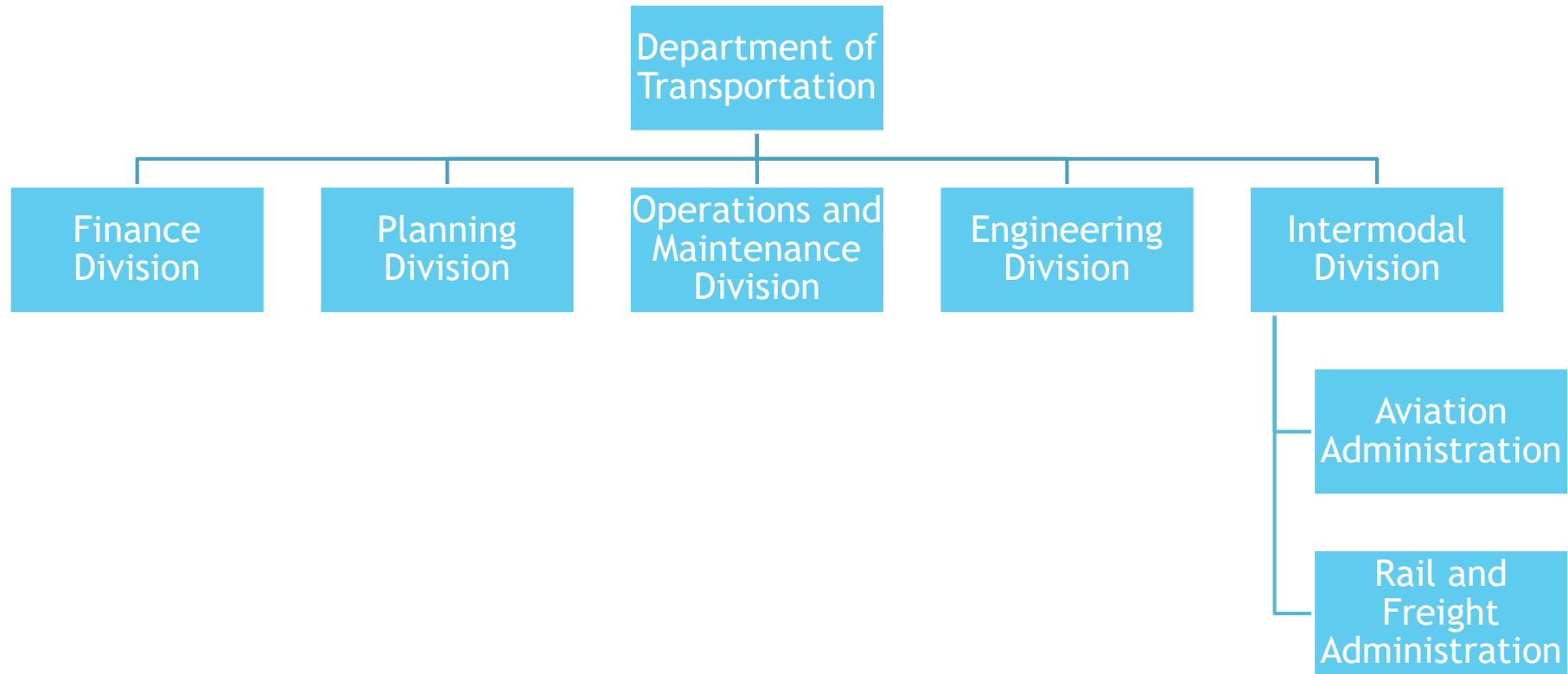
Modal Organization



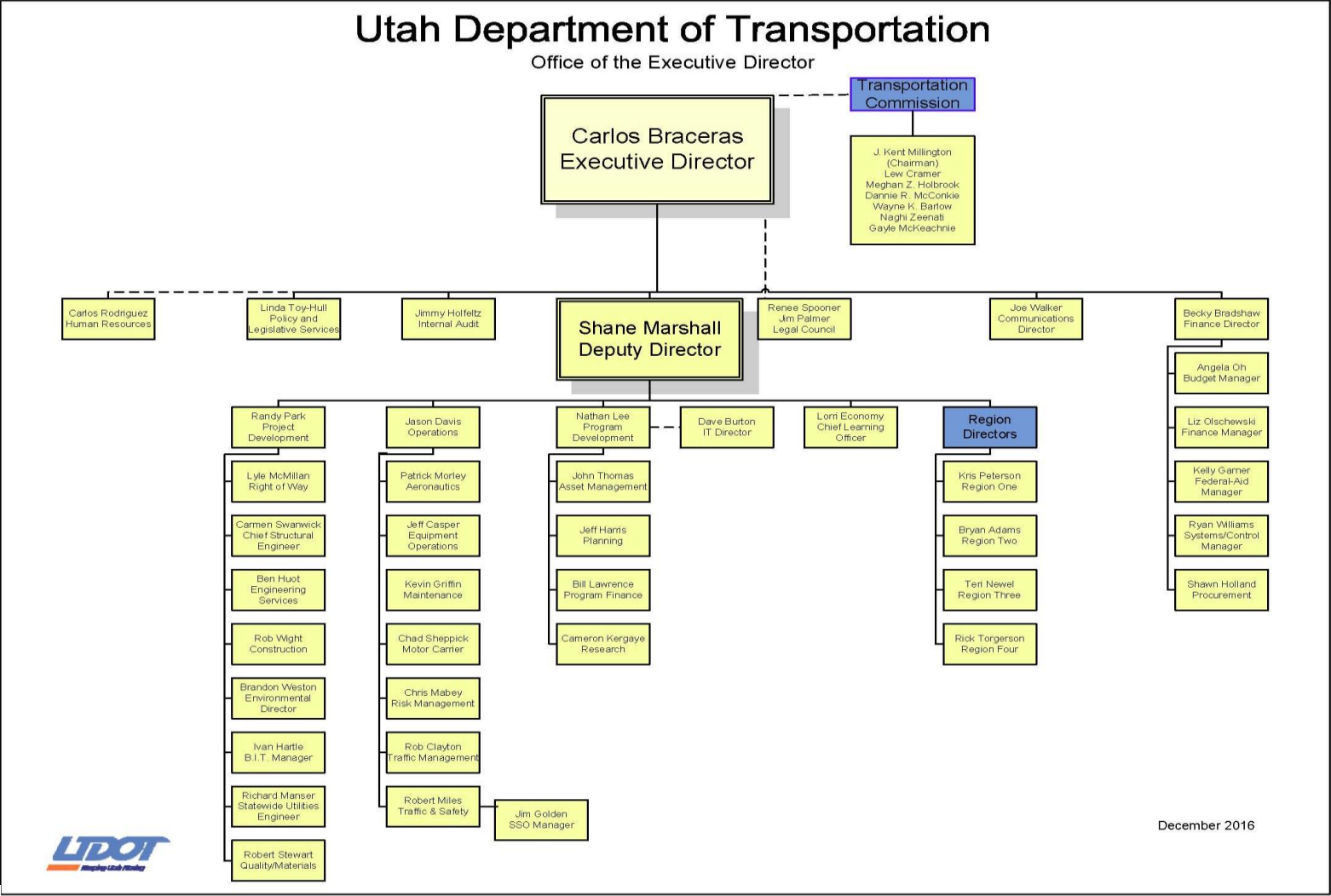
Hybrid Organization

- ▶ An agency organized primarily by function, but also governing two or more modes
- ▶ No umbrella agency overseeing all modes

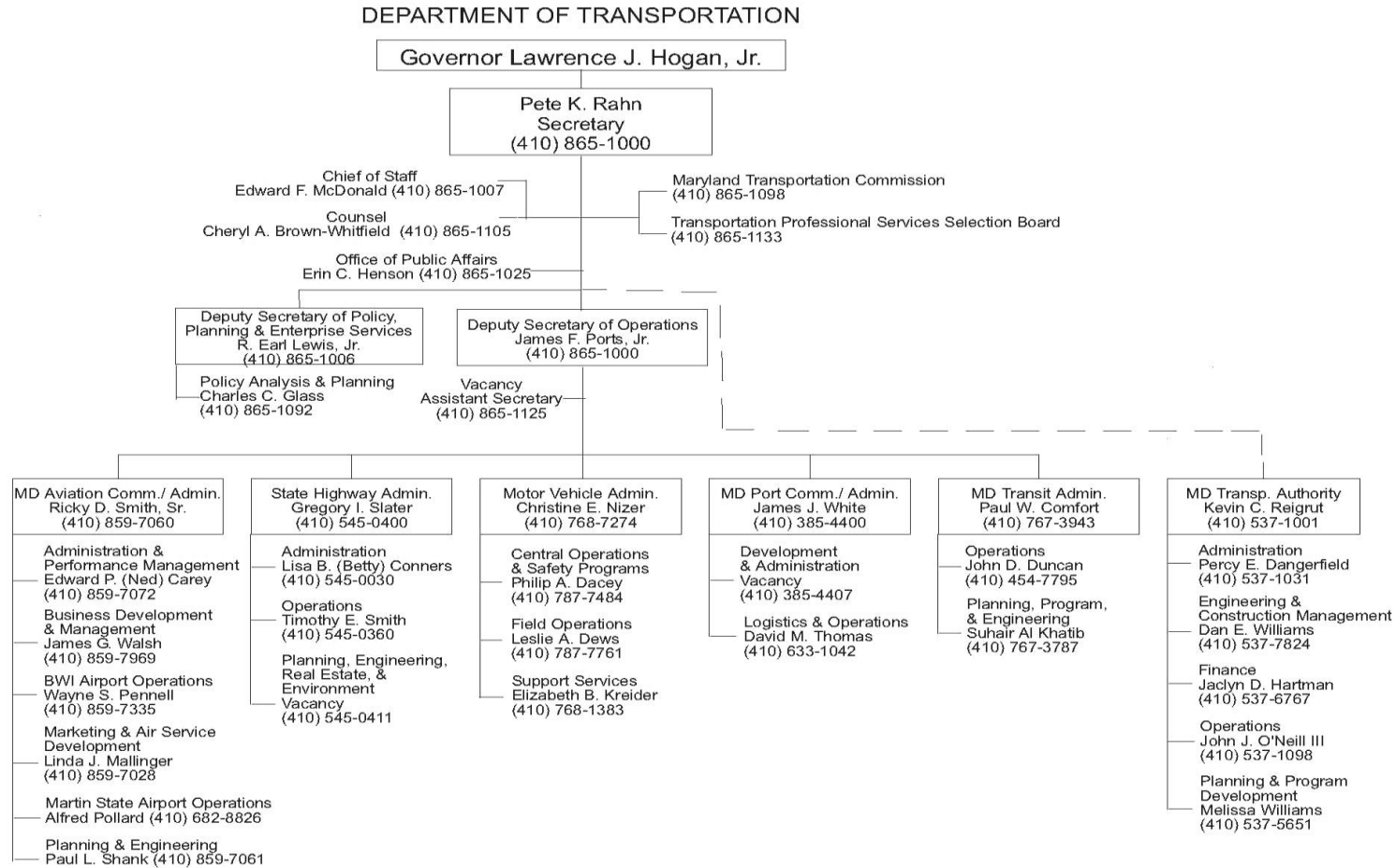
Hybrid Organization



Functional Example



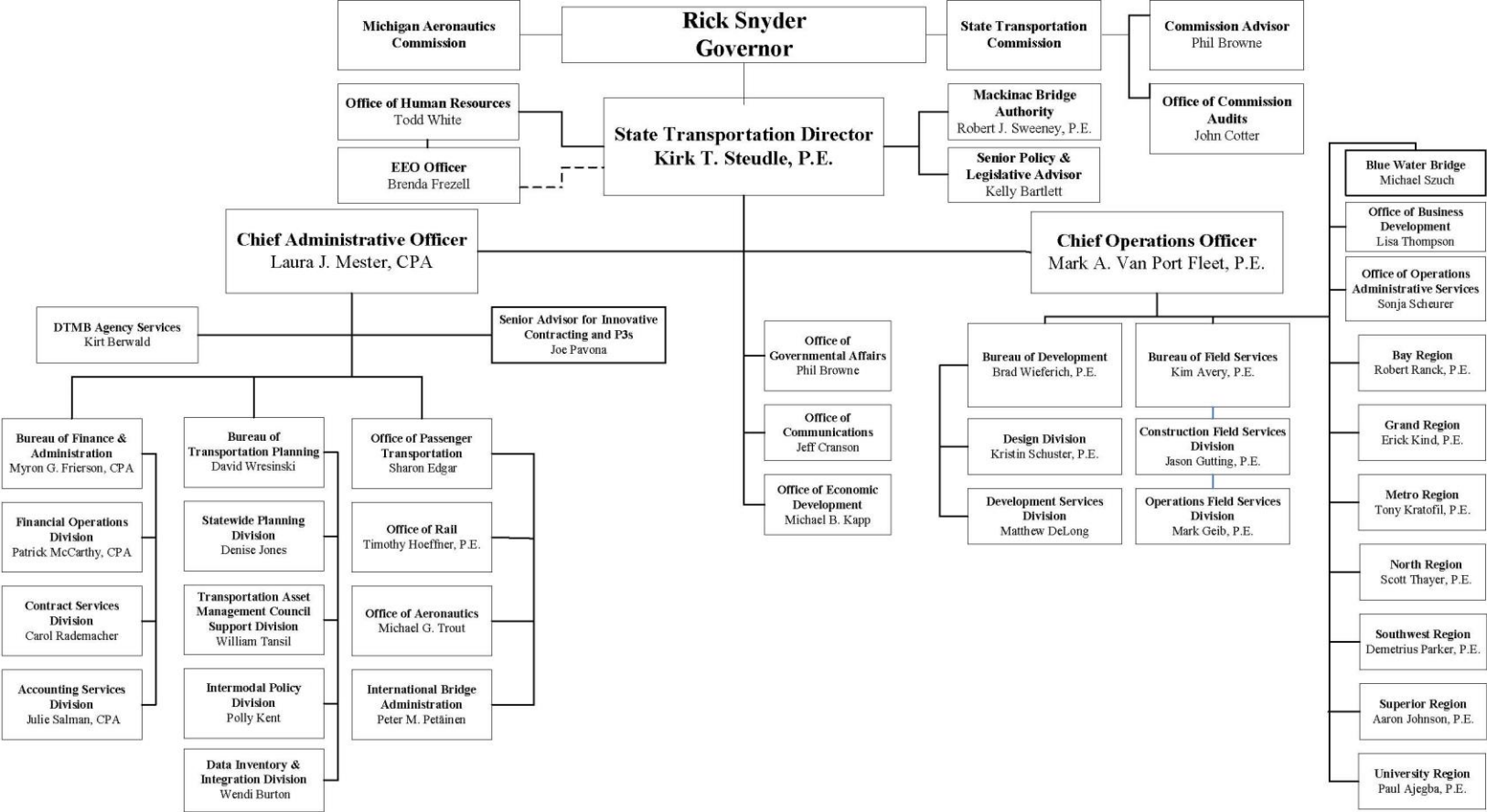
Modal Example



Hybrid Example

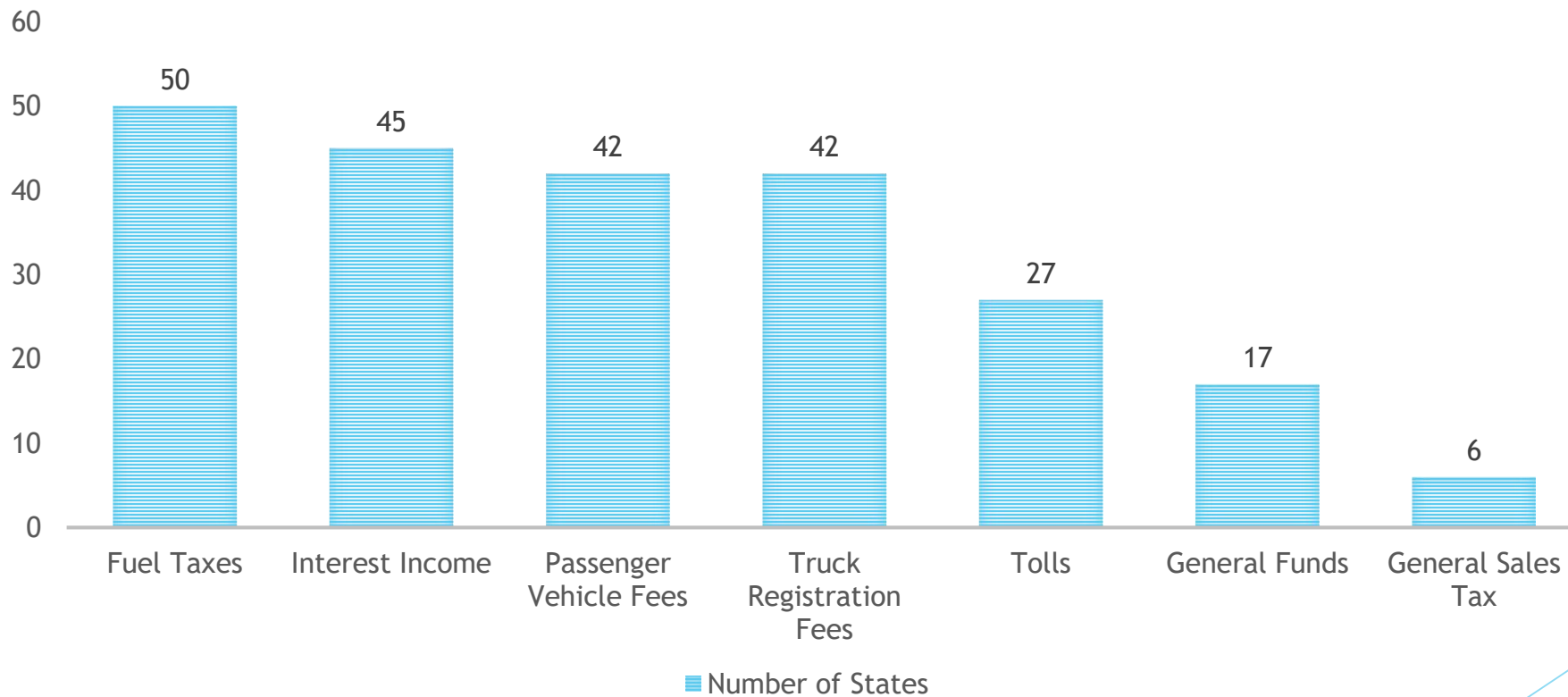
Michigan Department of Transportation

April 14, 2017

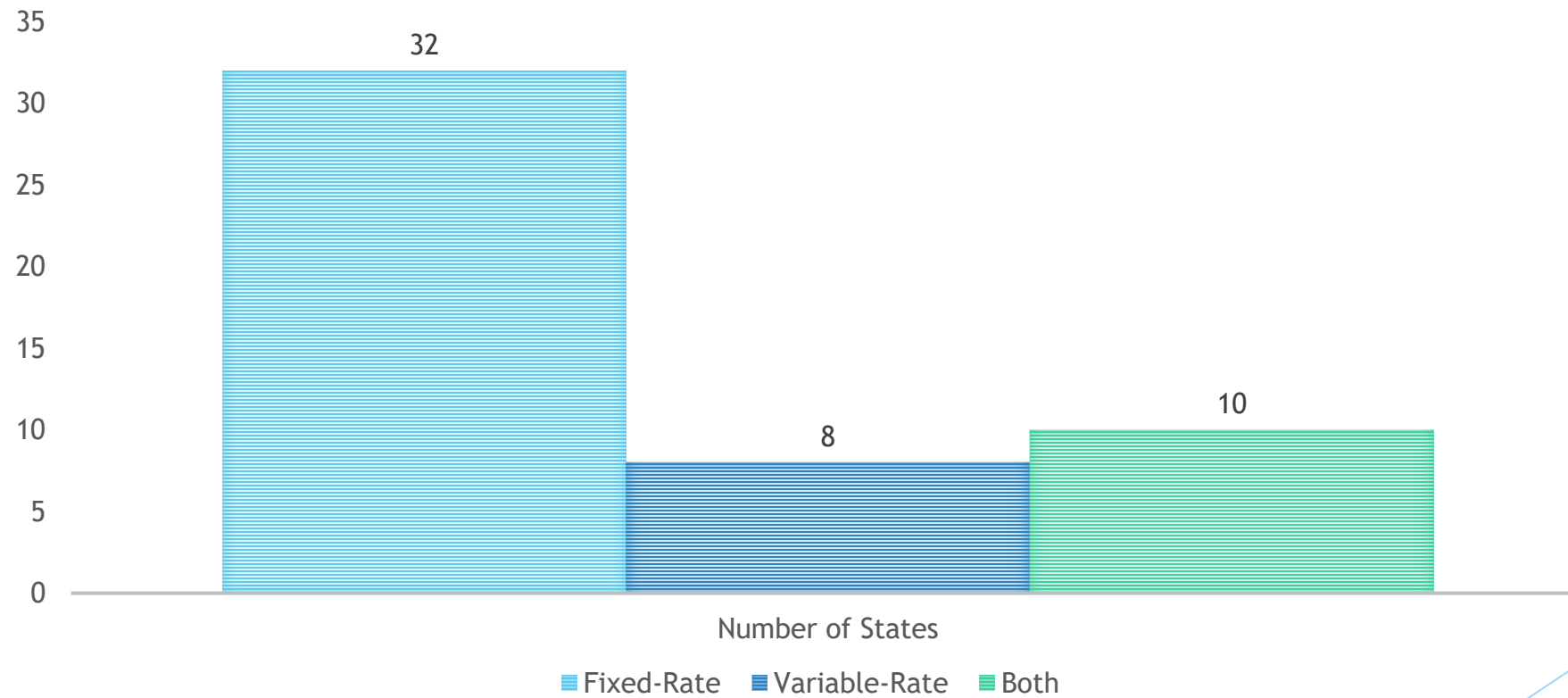


State Transportation Funding

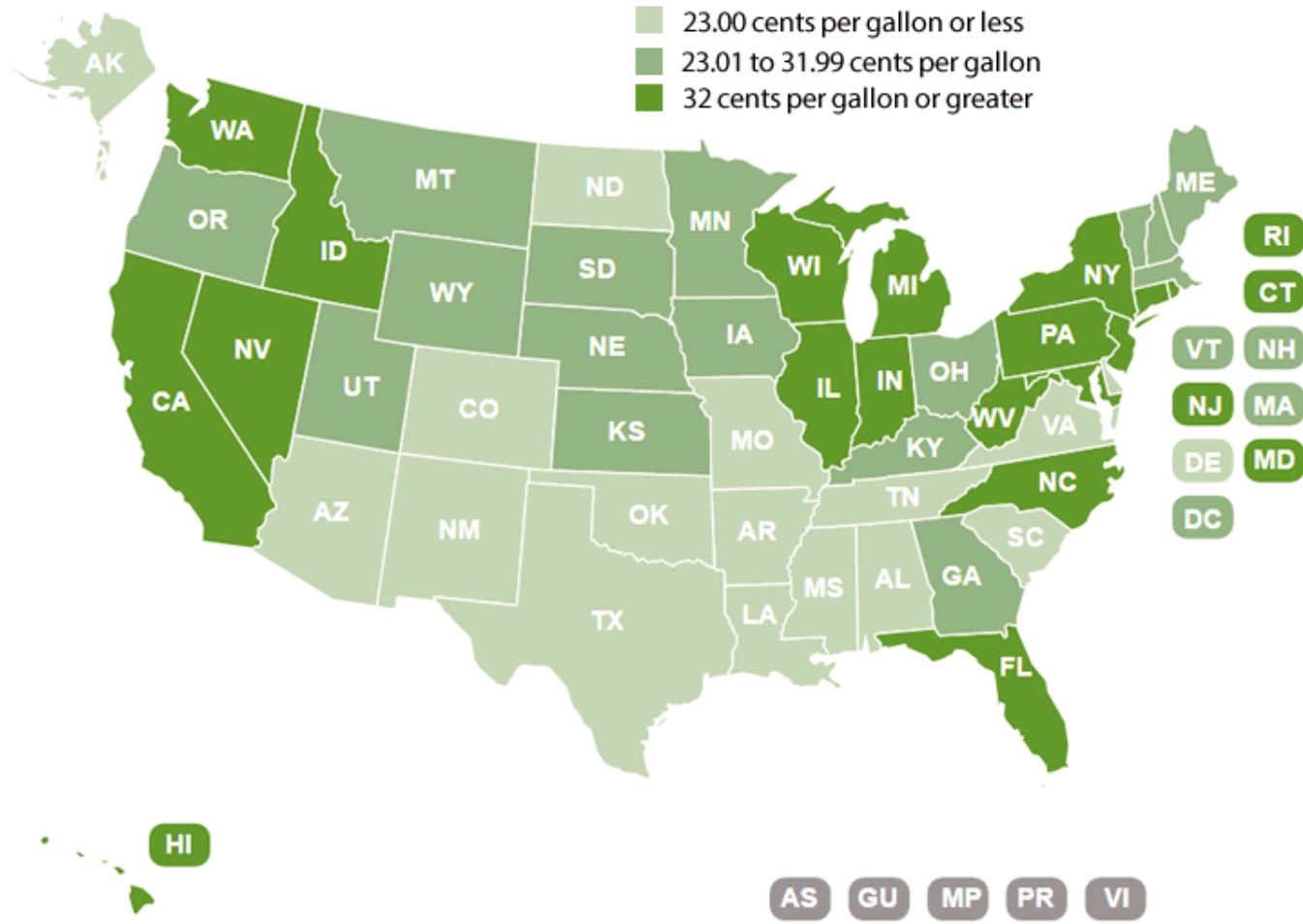
Revenue Sources Utilized by States for Roads and Bridges



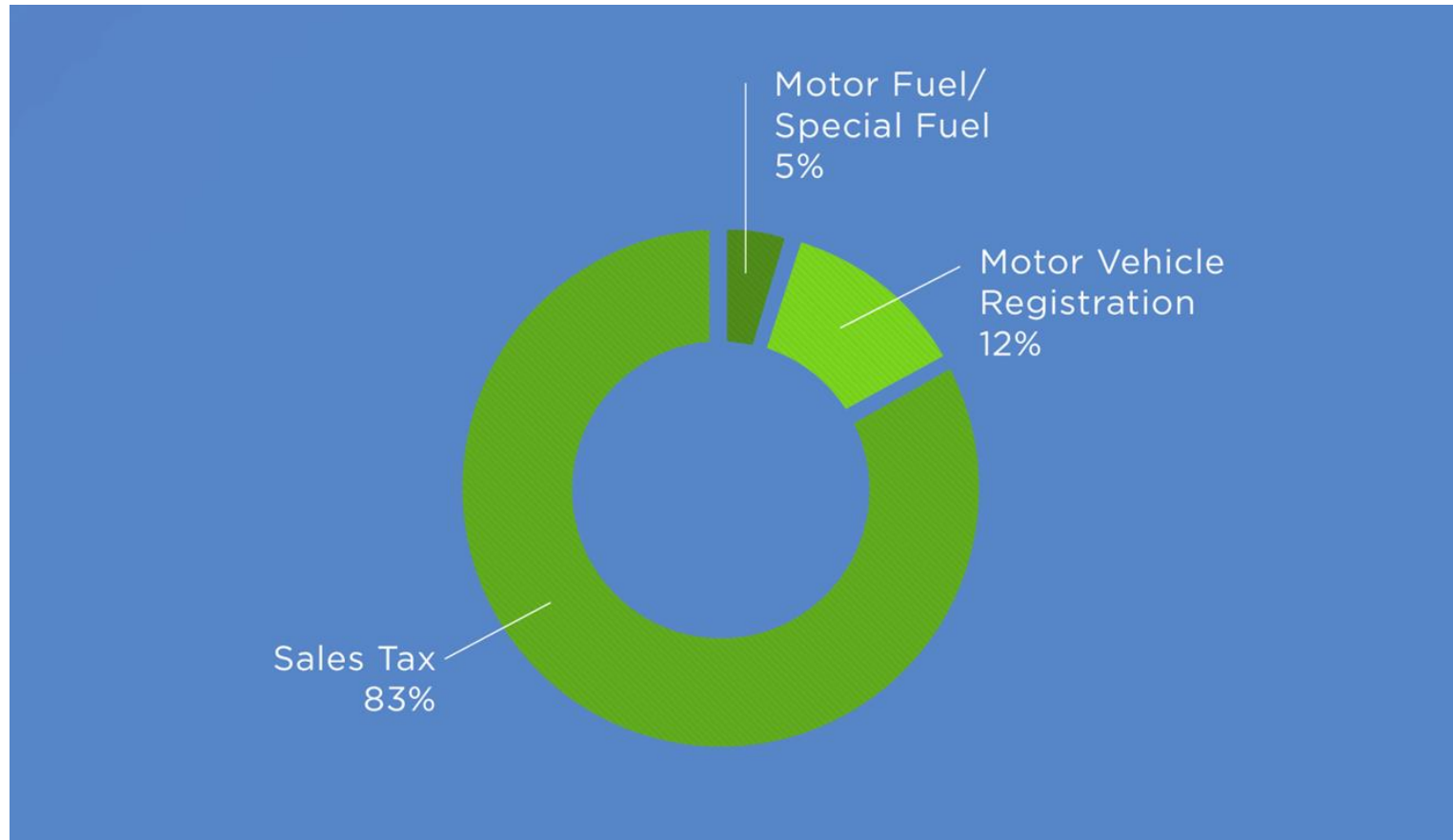
State Fuel Taxes



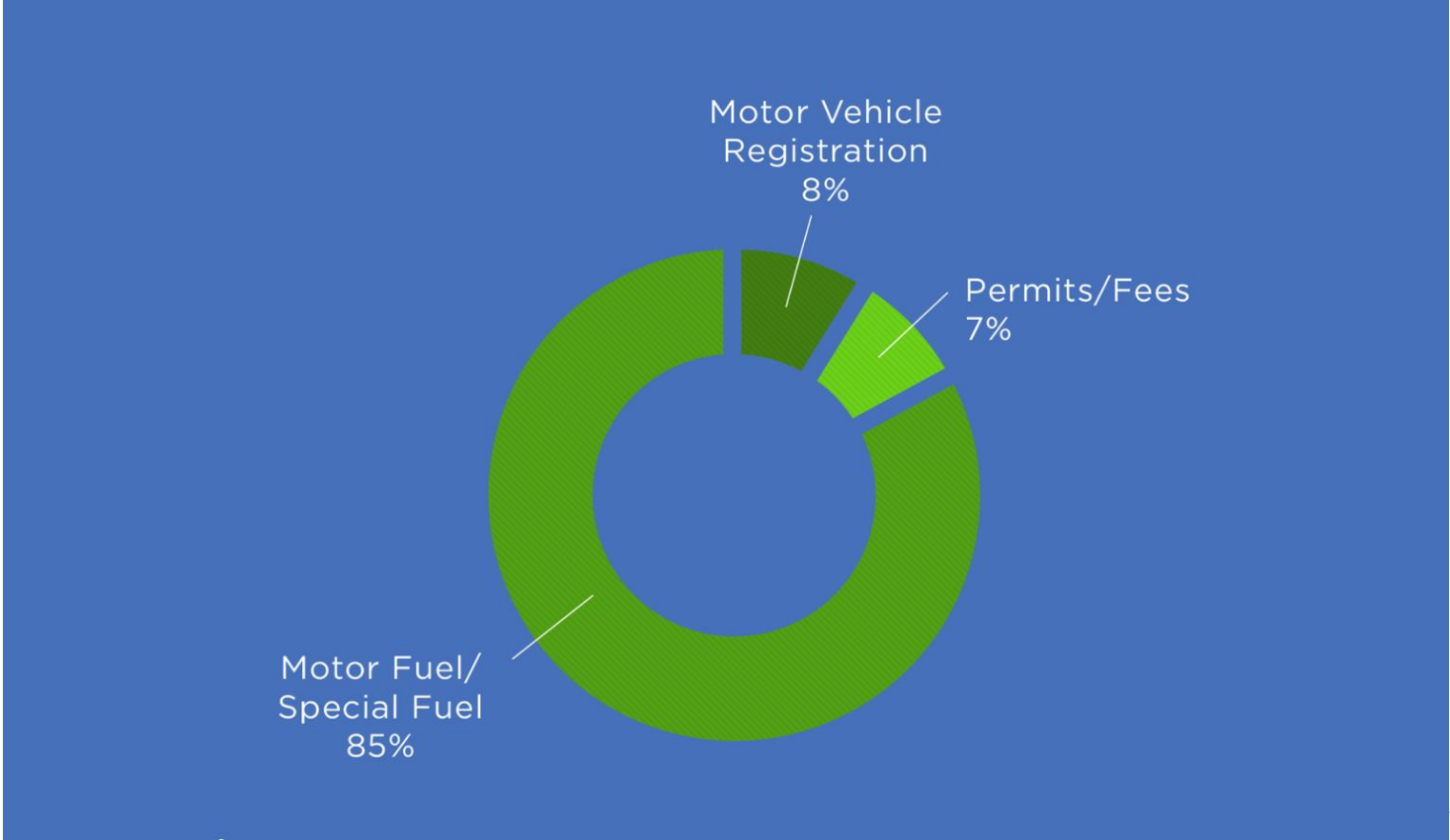
State Gasoline Tax



Utah Transportation Investment Fund Estimated Revenue FY2018



Utah Transportation Fund Estimated Revenues FY2018

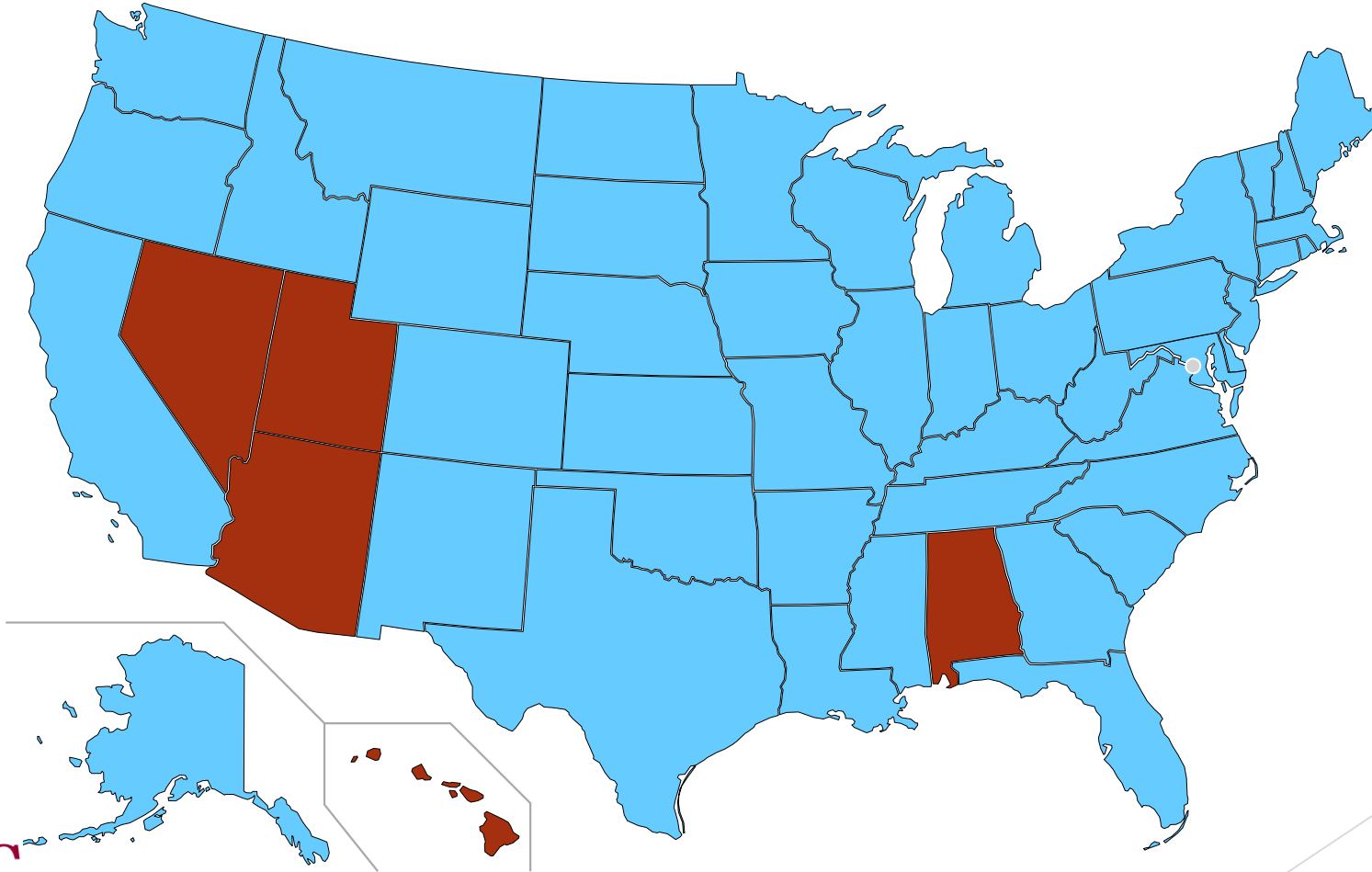


Public Transit Funding and Governance

Public Transit System Funding

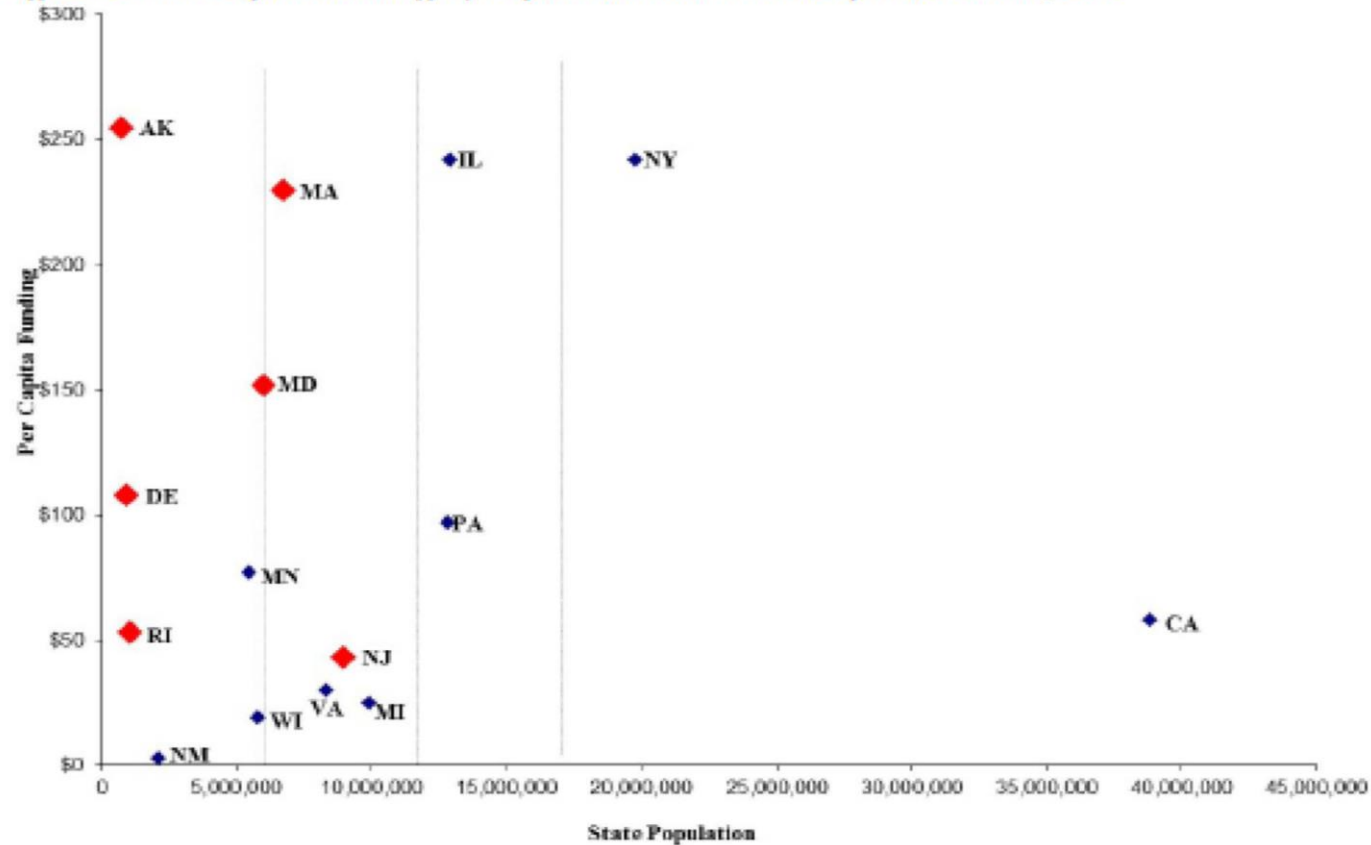
- ▶ All but five states provide direct funding for public transit (FY14)
 - ▶ Alabama
 - ▶ Arizona
 - ▶ Hawaii
 - ▶ Nevada
 - ▶ Utah
- ▶ There are a variety of funding mechanisms utilized by states to fund public transit, including:
 - ▶ Sales tax
 - ▶ Gas tax
 - ▶ Vehicle registration fees
 - ▶ General Fund
 - ▶ Transportation Fund
 - ▶ Bonding

State-Level Public Transit Funding

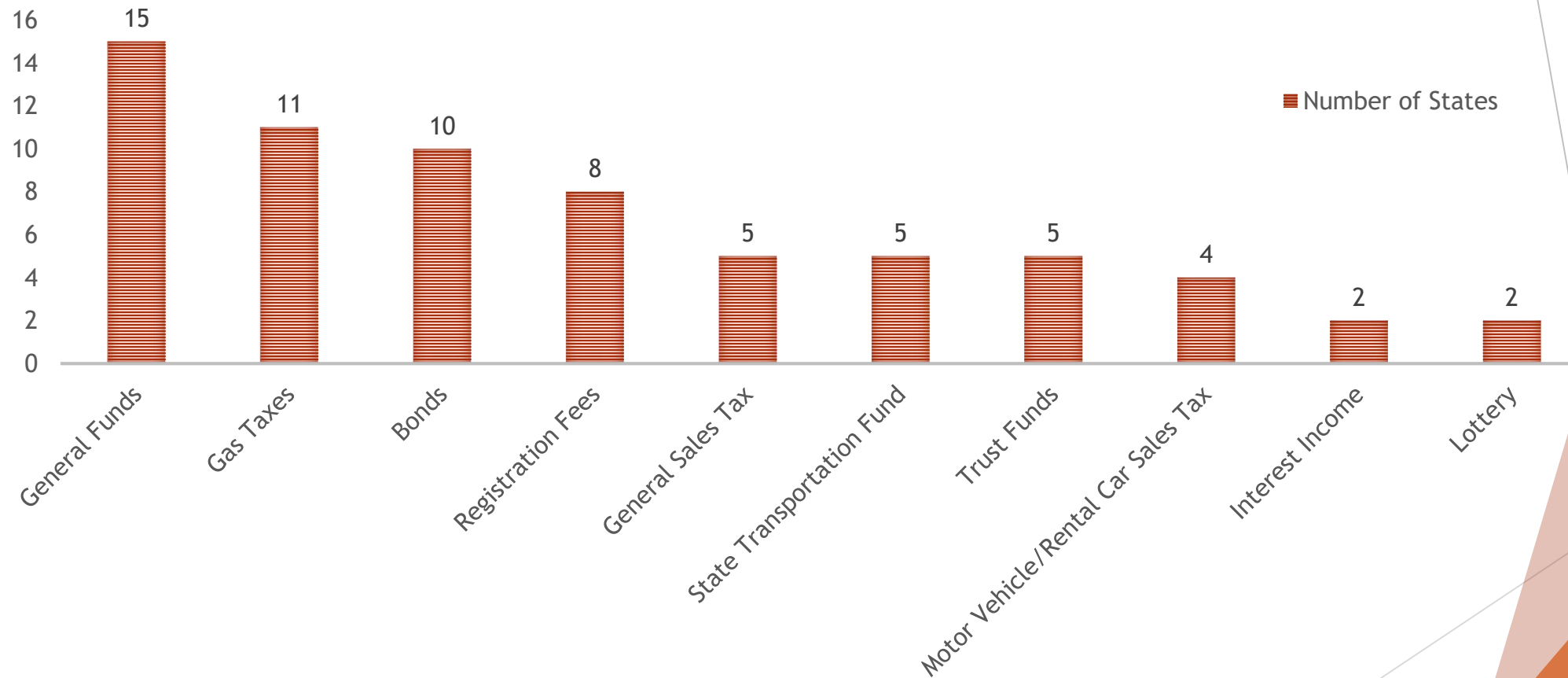


Per Capita State Public Transit Funding

Figure 1-2 Per Capita Funding by Population and Transit Operator Status, 2013



Other States' Sources of Public Transit Funding



Major Sources of State Transit Funding

State	Transit Funding FY 2014	General Sales Tax	Vehicle/Rental Car Sales Tax	Gas Tax	Lottery	Registration/License/Title Fees	Trust Fund	Interest Income	General Fund	State Trans. Fund	Bond Proceeds	Other	Other Description
Alaska	\$187,652,905								100.0%				
Arkansas	\$3,550,245		90.1%									9.9%	Corporate franchise fee
California	\$2,259,430,056									4.6%	12.3%	83.1%	Fuel users tax;diesel sales tax
Colorado	\$14,000,000					100.0%							
Connecticut	\$465,086,221										30.7%	69.3%	Rail/bus/ADA services
Delaware	\$100,601,000						100.0%						
DC	\$507,890,000								44.8%		36.6%	18.7%	Parking revenues
Florida	\$229,673,093			55.0%		26.3%						18.7%	Rental car sur. & doc. Stamps
Georgia	\$3,342,964								100.0%				
Idaho	\$312,000											100.0%	Miscellaneous revenues
Illinois	\$3,118,234,749	23.5%									76.5%		
Indiana	\$57,909,867	14.4%							73.5%			12.0%	Stus Tax/Elec Rail Fund
Iowa	\$12,723,031.00					88.2%						11.8%	Casino taxes
Kansas	\$11,000,000									100.0%			
Kentucky	\$1,867,907											100.0%	General Assembly
Louisiana	\$4,955,000			100.0%									
Maine	\$1,147,845											100.0%	Miscellaneous fees
Maryland	\$767,338,593	2.0%		22.0%		30.0%			9.0%		12.0%	25.0%	Corporate income tax/Fed. Aid
Massachusetts	\$1,550,905,555	51.5%								20.1%	0.5%	27.9%	Local assessments, misc funds
Michigan	\$245,125,303		38.1%	27.5%		34.3%		0.01%	0.1%				
Minnesota	\$418,061,000		66.7%						29.7%		3.6%		
Mississippi	\$1,600,000								100.0%				
Missouri	\$3,417,258									51.9%		48.1%	
Montana	\$377,895			19.8%		80.2%							

Major Sources of State Transit Funding

State	Transit Funding FY 2014	General Sales Tax	Vehicle/Rental Car Sales Tax	Gas Tax	Lottery	Registration/License/Title Fees	Trust Fund	Interest Income	General Fund	State Trans. Fund	Bond Proceeds	Other	Other Description
Nebraska	\$4,872,884								100.0%				
New Hampshire	\$679,281										100.0%		
New Jersey	\$381,686,937		1.1%	3.9%					92.6%			2.4%	Toll Authority/casino revenue/petroleum gross receipts tax
New Mexico	\$6,643,800											100.0%	State Road Fund
New York	\$4,786,084,700						56.9%		2.0%			41.1%	Payroll mobility tax
North Carolina	\$79,356,533						100.0%						
North Dakota	\$5,216,175					100.0%							
Ohio	\$7,300,000								100.0%				
Oklahoma	\$5,750,000			47.8%					52.2%				
Oregon	\$32,669,819				27.3%			0.1%				72.6%	Misc taxes
Pennsylvania	\$1,237,148,591	34.0%			14.1%	3.0%	20.2%				10.1%	18.6%	PTAF
Rhode Island	\$55,819,226			80.7%					2.5%		16.6%	0.1%	Capital fund program
South Carolina	\$6,000,000			100.0%									
South Dakota	\$770,000											100.0%	State Highway Funds
Tennessee	\$49,889,987			100.0%									
Texas	\$30,341,068											100.0%	State Highway Funds
Vermont	\$7,253,683									100.0%			
Virginia	\$251,381,851			33.1%			66.9%						
Washington	\$52,956,037												No information provided
West Virginia	\$2,677,058								100.0%				
Wisconsin	\$109,228,300											100.0%	Other fees and revenues
Wyoming	\$2,522,468							40.5%				59.5%	Statutory Funds
Alabama													States that do not fund public transit
Arizona													
Hawaii													
Nevada													
Utah													

Eligible Uses for State Transit Funding

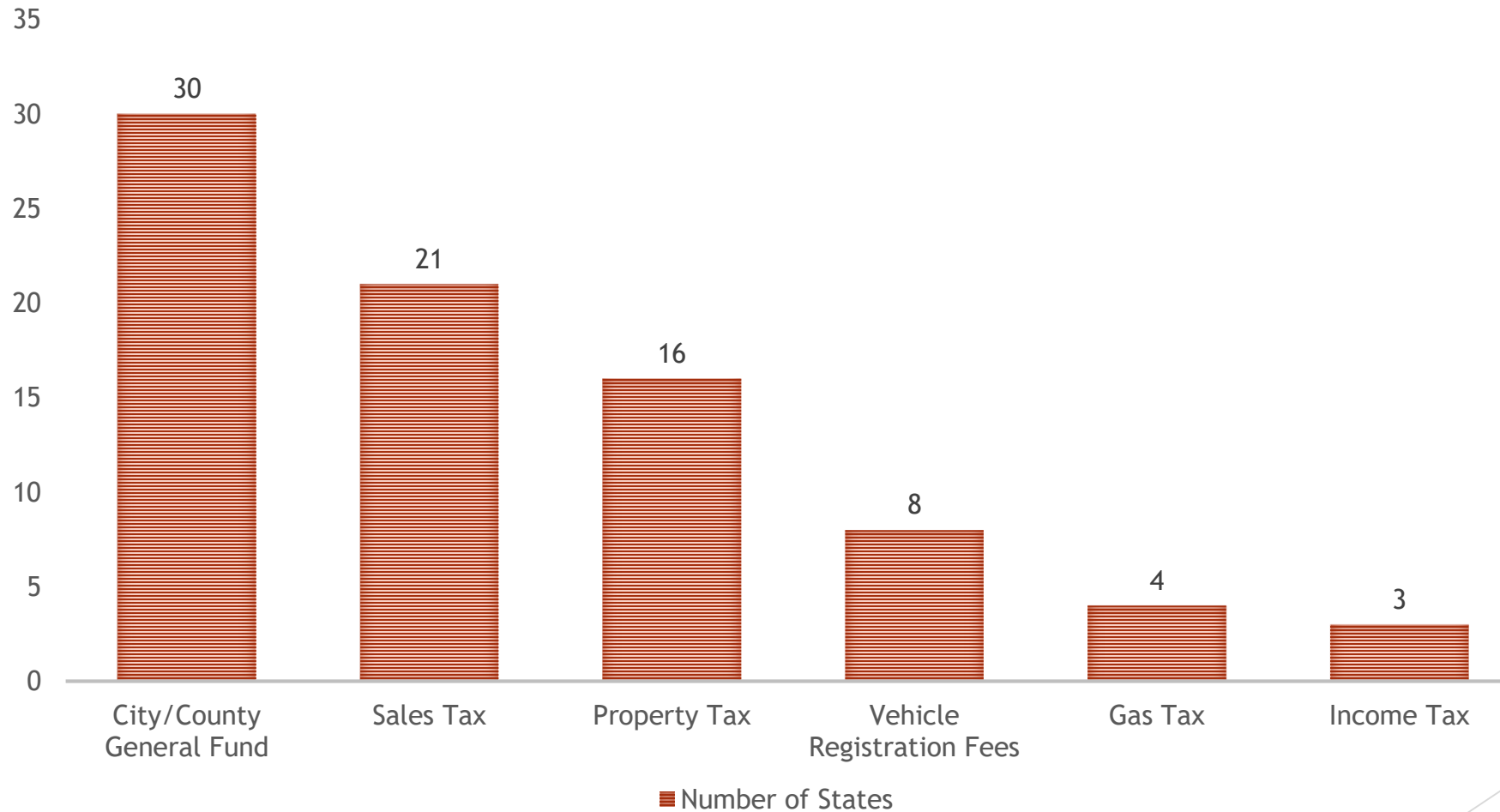
State	Total Reported FY2014	Capital		Operating		Not Restricted		Other		Comments on "Other"
		Amt	%	Amt	%	Amt	%	Amt	%	
Alabama*	\$0									No transit funding
Alaska	\$187,652,905	\$26,316,129	14.0%	\$161,336,776	86.0%					
Arizona*	\$0									No transit funding
Arkansas	\$3,550,045					\$3,550,045	100.0%			
California	\$2,259,430,056	\$378,335,111	16.7%	\$3,179,000	0.1%	\$1,877,915,945	83.1%			
Colorado	\$14,000,000	\$14,000,000	100.0%							
Connecticut	\$465,086,221	\$143,000,000	30.7%	\$322,086,221	69.3%					
Delaware	\$100,601,100	\$16,722,900	16.6%	\$83,878,200	83.4%					
DC	\$507,890,000	\$185,635,000	36.6%	\$322,255,000	63.4%					
Florida	\$229,673,093	\$51,611,499	22.5%	\$28,587,464	12.4%	\$149,474,130	65.1%			
Georgia	\$3,342,964	\$1,515,894	45.3%	\$435,988	13.0%			\$1,391,081	41.6%	Administrative
Hawaii*	\$0									No transit funding
Idaho	\$312,000	\$312,000	100.0%							
Illinois	\$3,118,234,749	\$2,386,856,749	76.5%	\$731,378,000	23.5%					
Indiana	\$57,909,867			\$57,909,868	100.0%					
Iowa	\$12,723,031	\$1,500,000	11.8%			\$10,923,031	85.9%	\$300,000	2.4%	Marketing, training, technology
Kansas	\$11,000,000					\$11,000,000	100.0%			
Kentucky	\$1,867,907	\$1,867,907	100.0%							
Louisiana	\$4,955,000	\$123,875	2.5%			\$4,831,125	97.5%			Any transit activity
Maine	\$1,147,845									No information
Maryland	\$906,699,174	\$200,526,216	22.1%	\$706,172,958	77.9%					
Massachusetts	\$1,550,905,555	\$171,721,264	11.1%	\$1,379,184,291	88.9%					
Michigan	\$245,125,303	\$33,997,433	13.9%	\$211,127,870	86.1%					
Minnesota	\$418,061,000	\$52,000,000	12.4%	\$6,000,000	1.4%	\$360,061,000	86.1%			
Mississippi	\$1,600,000	\$313,830	19.6%	\$1,286,170	80.4%					
Missouri	\$3,417,258			\$3,417,258	100.0%					
Montana	\$377,895			\$302,895	80.2%	\$75,000	19.8%			
Nebraska	\$4,872,884			\$4,872,884	100.0%					
Nevada	\$0									
New Hampshire	\$679,281	\$361,340	53.2%	\$317,764	46.8%					
New Jersey	\$381,686,937	\$321,285	0.1%	\$381,365,652	99.9%					
New Mexico	\$6,643,800	\$543,000	8.2%	\$6,100,800	91.8%					
New York	\$4,786,084,700	\$37,000,000	0.8%	\$4,121,644,700	86.1%	\$627,440,000	13.1%			
North Carolina	\$79,356,533	\$6,129,244	7.7%	\$57,611,261	72.6%	\$5,311,000	6.7%	\$10,305,028	13.0%	Planning, new starts, admin costs
North Dakota	\$5,216,175					\$5,216,175	100.0%			
Ohio	\$7,300,000			\$6,902,160	94.6%			\$397,840	5.4%	
Oklahoma	\$5,750,000					\$5,750,000	100.0%			
Oregon	\$32,669,819	\$7,555,909	23.1%	\$5,377,031	16.5%	\$19,736,879	60.4%			
Pennsylvania	\$1,237,148,591	\$245,316,236	19.8%	\$991,832,355	80.2%					
Rhode Island	\$55,819,226	\$9,342,994	16.7%	\$46,476,232	83.3%					
South Carolina	\$6,000,000			\$600,000	10.0%	\$5,400,000	90.0%			
South Dakota	\$770,000			\$770,000	100.0%					
Tennessee	\$49,889,987	\$12,820,800	25.7%	\$24,932,329	50.0%	\$12,136,858	24.3%			
Texas	\$30,341,068					\$30,341,068	100.0%			
Utah*	\$0									No transit funding
Vermont	\$7,436,700	\$1,391,600	18.7%	\$6,045,100	81.3%					
Virginia	\$251,381,851	\$35,147,757	14.0%	\$132,968,622	52.9%	\$34,899,261	13.9%	\$48,366,211	19.2%	
Washington	\$52,956,037	\$14,193,018	26.8%	\$34,936,454	66.0%	\$1,960,000	3.7%	\$1,866,565	3.5%	
West Virginia	\$2,677,058	\$694,533	25.9%	\$1,982,525	74.1%					
Wisconsin	\$109,228,300			\$109,228,300	100.0%					
Wyoming	\$2,522,468	\$1,022,468	40.5%	\$1,500,000	59.5%					
TOTALS	\$17,221,994,383	\$4,038,195,991	23.4%	\$9,954,002,128	57.8%	\$3,166,021,517	18.4%	\$62,626,725	0.4%	



Utah

- ▶ While Utah does not directly appropriate state funds to public transit, the state authorizes a city or county to impose local option sales taxes to fund a system for public transit
- ▶ A city or county can impose up to four local option sales tax increments totaling up to 1.05%
 - ▶ Revenue from each of these sales tax increments is partially, or entirely, devoted to public transit
 - ▶ Most local option sales taxes must be approved by a majority vote of the legislative body and registered voters before the city or county may impose the tax

Local Transit Funding Sources



Public Transit System Governance Models

- ▶ **State transit agency** - A transit agency created by a state government, with transit operations owned, funded, and managed by the state.
- ▶ **General purpose transit authority or district** - A transit authority, usually with an accompanying funding mechanism, created through the joint approval of leaders and voters in multiple local jurisdictions under state law. In this case, the state law allows the establishment of a “general purpose” authority, separate from local government, by local action.
- ▶ **Special purpose regional transit authority or district** - Created by a special act of the state legislature, and applying only to a specific, single region of the state. This is the most common transit governance model for larger urban areas. **(UTA)(CVTD)**
- ▶ **Municipal transit agency** - Assumption of transit services by an existing local government, without special state legislation, as one part of its municipal functions. This is the most common governance model, particularly among small transit agencies and in small and mid-sized urban areas. **(Park City, SunTrans, Cedar Area Transportation Service)**
- ▶ **Joint exercise of powers or joint powers authority** - Agreements between two or more existing local governments to create a new transit agency by jointly exercising the powers they each have to build or operate transit.

Public Transit System Governance Models

Governance Model	Authority for Creation	Examples
State Transit Agency	State powers	<ul style="list-style-type: none"> ▶ Maryland ▶ Massachusetts ▶ New Jersey ▶ Rhode Island
General Purpose Transit Authority or District	General state law or enabling statutes, coupled with local initiative	<ul style="list-style-type: none"> ▶ Texas (metropolitan, urban, rural) ▶ Washington State Public Transit Benefit Areas ▶ Ohio Transit Authorities (Cleveland, Akron, Cincinnati, Toledo, Columbus) ▶ Florida County Transit Districts ▶ New Mexico RTAs (e.g., North Central New Mexico Regional Transit District)
Special Purpose Regional Transit Authority or District	Special statutes (i.e., special act of state legislature)	<ul style="list-style-type: none"> ▶ BART (San Francisco Bay Area) ▶ WMATA (Washington DC) ▶ UTA (Utah) ▶ RTD (Denver) ▶ CTA, Pace, Metra (Chicago)
Municipal Transit Agency	Existing local government (City, County) powers	<ul style="list-style-type: none"> ▶ Honolulu Transit (City of Honolulu) ▶ CATS (Charlotte, NC) ▶ City of Phoenix Public Transit Department ▶ SFMuni – City and County of San Francisco ▶ King County (WA) Metro
Joint Exercise of Powers or Joint Powers Authority	Local arrangements	<ul style="list-style-type: none"> ▶ JPB/Caltrain (Santa Clara, San Mateo, San Francisco Counties) ▶ Trinity Railway Express (DART and Fort Worth Transit) ▶ Virginia Railway Express (Northern Virginia and Potomac and Rappahannock Transportation Commissions)

Questions?