

**TRANSIT ADVOCACY AND
COMMUNICATIONS TEAM (TACT)
SOUTHEAST WISCONSIN
REGIONAL TRANSIT AUTHORITY**

**FUNDING SOURCE
RESEARCH**

November 20, 2006

Funding Source Research Team

- **Mike Ley, Partner: Virchow, Krause & Company**
- **Ed Henschel, Manager: Virchow, Krause & Company**

Presentation Goals

- Summary of funding source analysis activities to date
- Selection criteria/guiding principles for potential alternative local revenue sources
- Recap of SEWRPC information already identified and presented to RTA
- RTA/TACT discussion of selection criteria/guiding principles as a foundation for providing alternative local funding sources analysis to December/January RTA meeting

POTENTIAL CRITERIA/GUIDING PRINCIPLES FOR IDENTIFYING AND ANALYZING ALTERNATIVE LOCAL FUNDING SOURCES

1. Capability and flexibility to be able to raise sufficient local revenues to match State and federal sources and fare box revenue to support
 - KRM commuter rail operating costs
 - KRM commuter rail capital costs
 - Local transit capital and operating costs

2. Stable source of revenue

- not adversely affected by economic downturns in a significant manner

3. Broad-based source of revenue

- rate can be tailored upward or downward to meet revenue needed to achieve policy objectives
- Single/Primary source or multiple funding sources

4. Incidence –

- Who pays?
- Exportability?

5. Importance of relationship of funding source to transit impacts and needs

6. Prevalent sources of local revenue for similarly situated, successful commuter rail systems (what other systems currently use and what has been their experience, successful or not?)

7. Administration/Collection of local revenue source

- Ease
- Difficulty

8. Relative political feasibility

SUMMARY OF INFORMATION ALREADY COLLECTED BY SEWRPC AND PRESENTED TO RTA AND OTHER INFORMATION

Table 3: Selected Operating Characteristics of Recent and New-Start Commuter Rail Systems in the United States

- Between 1998 and 2008 there have been a number of new commuter rail systems started. There is a broad mix of sources for local funding:
 - 2 use sales tax
 - 1 uses property tax
 - 1 uses a flat county fee (from general fund)
 - 1 uses local payroll tax

Table 1: Comparison of Public Transit Systems in Metropolitan Areas Similar in Population to the Milwaukee Area, 2004

(See Handout)

- Based on the sample of transit systems found on Table 1 the majority of systems use sales tax to provide the local share of operating funds:
 - 15 use sales tax (0.125% - 1.0%)
 - 3 use payroll tax (0.006218% - 0.3%)
 - 1 uses gasoline tax (6.25 cents per gallon)

Table 2: Comparison of Public Transit Systems in Metropolitan Areas Similar in Population to the Kenosha and Racine Areas, 2004
(See Handout)

- Several transit systems with populations similar to Kenosha and Racine were identified, all of which operate bus systems. Local funding support is provided as follows:
 - 5 use property tax
 - 1 uses sales tax

Nearby: Regional Transit Authority (RTA System) of Northeast Illinois Sources of Local Revenue

- .75% in Cook County on sales of tangible personal property
- .25% in the collar counties on sales of tangible personal property
- 1% RTA tax on food and drugs in the NE Illinois 6 county area

SEWRPC Exhibit 5A (# 104859)
Alternative Dedicated Funding
Sources for Public Transit
(See Handout)

RTA/TACT discussion of selection criteria.