

Georgia Transit Association (GTA)

2006 Legislative Agenda

1. **Alternative Transportation Revenue Sources:** The need for additional financial resources for transit and other modes of transportation in Georgia remains greater than ever. Georgia Department of Transportation (GDOT) figures show that in the FY'06 budget only 30% of the state's transportation needs were funded. In fact, the expenditures for transit were even lower (11.9 %).

The current system of federal funding for transportation has moved the nation toward a more balanced transportation policy than exists in Georgia, in part because the state constitution currently restricts the use of motor fuel taxes to roads and bridges. Nationally, the ten largest states, other than Georgia, display a "mix" of transit funding by providing significant amounts of state resources, thus decreasing the pressure on local funding of transit, whether through property taxes or other means.

The Governor's Task Force on Local Transportation Strategies continues to meet and examine ways to assist local government in meeting their transportation needs. In addition, there have been several options for new revenue sources for transportation discussed in recent years. Some of the more promising possibilities, provided that they present opportunities to fund a variety of modes of transportation, include:

- **Transportation Infrastructure Fee-** One way to increase funding for Georgia's transportation system is the imposition of a transportation infrastructure fee (TIF) on motor fuel tax purchases. A TIF is a fee that can be used for any transportation related investment. Research has shown that substantial funds could be raised by a TIF; Georgia's dependence upon resources from motor fuel purchases is among the lowest in the nation; a TIF could be used for various purposes, including local roads, transit, federal matching funds and a state transportation infrastructure bank; and such a measure could be made revenue neutral by returning funds to the taxpayer by way of a TIF income tax credit.
- **Local Sales Taxes-** If authorized by the General Assembly, voters in local jurisdictions could by referendum choose to pass a local option sales tax to fund various modes of transportation, including both operating and capital support of transit systems.
- **Regional Sales Tax-** The Georgia Municipal Association has suggested consideration of legislation which would be consistent with its "Mobility

Now” proposal to authorize cities and counties jointly or regionally to impose a “local option transportation tax” on the sale of motor fuel of up to 7.5 cents per gallon to address local transportation needs.

GTA urges the General Assembly to seek alternative sources of revenue to increase funding for all modes of transportation, including capital and operating support of public transit systems, both urban and rural.

- 2. Transit Operating Assistance:** Georgia is one of seven states that do not provide general operating assistance for their local transit systems, and it is also only one of the ten most populous states that do not provide such support. Research at Georgia Tech indicates that there are seven most common state-level dedicated funding sources for transit throughout the U.S. However, in Georgia only one of these sources-general funds- is available. Also, as noted in the reference to GDOT figures above, except for passenger rail, transit needs are the most under funded of all modes of transportation. Moreover, these statistics presumably only refer to capital and do not take into account operational needs.

Local transit systems that do not have access to dedicated local tax revenues must rely on local government operating subsidies, which typically are provided through local property tax levies or general funds. Local transit systems, both urban and rural, would benefit greatly from state-provided general operating assistance, and local governments in rural areas must meet the needs of both local transit and the state’s “consolidated” human services transportation system. In addition many of Georgia’s transit systems are faced with public safety challenges and would benefit from the receipt of additional fund for homeland security. If Georgia were to provide operating assistance to local transit systems, it would join several southeastern states that provide such assistance including Florida, North Carolina, South Carolina, Virginia and Tennessee.

GTA recommends that the General Assembly appropriate funds for operating assistance to Georgia’s rural and urban transit systems.

- 3. State Apportionments for Transit Capital** – Buses and other capital items are currently acquired under an 80%/20% federal/non-federal match ratio with the state and local transit systems contributing equally to the 20% match. However, in 2003 the Georgia General Assembly amended Georgia law to allow the state to match up to 15% of the non-federal share for transit capital projects. Since Georgia’s bus fleet is aging, the state could take a significant leadership role in the acquisition of buses by implementing this legislation. Also, the additional allocation of state additional funds to transit for capital purposes would make a strong statement of commitment to Georgia’s Congressional delegation that the state is ready and willing to match additional federal funds if they were earmarked

for Georgia's urban and rural transit systems.

GTA recommends that the Georgia General Assembly provide the additional state funds for the state to match the non-federal share for transit capital projects at 15%.

- 4. Local Option Sales Tax for Public Transit:** At the present time only one transit system in Georgia (MARTA) is financed with local funds other than local property taxes. Without state operational assistance, local governments are left with few alternative financing options. One other method would be a local sales tax for transit purposes. However, many jurisdictions already have both a local option (LOST) and a special local option sales tax (SPLOST) in place and therefore have reached the 2% cap on local sales taxes.

Recently several jurisdictions, particularly consolidated governments, have shown an interest in exploring the feasibility of imposing a local sales tax for transit. In order to make this a viable option it is necessary both to amend the statutory 2% local cap and to pass a constitutional amendment stating that the establishment, operation, and administration of a public transportation system is an essential function of local government and authorizing the creation of public corporations or authorities for transit purposes. HR 168 which is pending in the General Assembly would accomplish this latter purpose.

GTA requests the Georgia General Assembly to pass both HR 168, a pending state constitutional amendment necessary to allow for a local sales tax for operational and capital funding of local transit systems, and general legislation which will extend the statewide exemption of funds raised by local option sales taxes for public transit corporations and authorities from the existing 2% cap on local sales taxes.

- 5. Tax Exemption from Motor Fuel Purchases by Rural Transit Systems:** Local governments have few alternatives to the property tax to funding capital transit systems or transit operations. Incentives to expand transit operations are needed to help address the challenge that more areas in Georgia are having in meeting air quality attainment standards.

One such incentive is HB 384, which passed in the 2005 General Assembly, allowing an exemption from taxes paid on motor fuel purchases by local transit systems. This exemption applies to purchases of motor fuel for "public mass transit buses which are owned by state or local government ... for which passenger fares are routinely charged and which buses are used exclusively for revenue generating purposes." It is not clear whether HB 384 allows small, rural transit systems- which tend to operate

“vans” as opposed to “buses”- to avail themselves of this exemption. Also, it may be cost effective for some local transit systems to contract on a regional basis with private providers, but the current law does not provide the flexibility to utilize this approach. .

GTA requests that the Georgia General Assembly, if necessary, amend existing legislation which exempts transit authorities and local transit systems from paying taxes for motor fuel purchases to apply to small, rural transit systems with the flexibility to allow such transit systems to utilize private contractors.

6. **State Transportation Infrastructure Bank:** One way for the state and local governments to bolster capital funding for all forms of transportation is the creation of a state transportation infrastructure bank (STIB). A STIB would allow state government to work with local jurisdictions making available lower interest rate financing than many local governments can access. HB 436 was introduced in the 2005 General Assembly. This bill, which is pending, creates a STIB by combining these functions in a general state infrastructure bank (not limited to transportation). It is critical that this or any new legislation be broad and flexible enough both to allow financial support of all modes of transportation and to supplement, not supplant, current funding. Also, to ensure consistency with federal law, transit projects eligible for funding by the STIB should utilize the current state and federal definition of “capital project.”

The Georgia Transit Association urges the Georgia General Assembly to pass legislation creating a state transportation infrastructure bank to authorize funding of all modes of transportation. The STIB should be used to supplement, not supplant funding of transportation projects and ensure consistency with federal law.

7. **State Individual Income Tax Credit:** In 1999, legislation was passed to give state corporate income tax credits to companies that provide certain qualified transportation fringe benefits, including the purchase of transit fare cards, to their employees. The state credit took effect on January 1, 2001, and encourages employers to financially assist their employees to use mass transit. While some employers pay a portion of the cost of employee transit passes, many do not. Thus, some employees, through their employers, receive a tax-free benefit, while others do not. For example, since governmental employers do not receive tax breaks through transit fare subsidies given to their employees, there is little tangible incentive for these employees to increase their use of transit.

GTA recommends that the General Assembly pass legislation allowing a state individual income tax credit for persons who purchase their own transit fare cards or have other qualified personal mass transportation expenses. This credit should be available only to the extent that employer subsidies for transit ridership do not cover the costs of purchasing transit fare cards, and only to the extent that such a credit is consistent with federal law.

8. Public Safety-Yield to Bus Legislation: Public transit buses merging into traffic after leaving a bus stop encounter problems with motorists who fail to yield the right of way. Transit systems have found that in addition to creating an unsafe situation, this negatively affects customer service. Other states have enacted “bus right of way” legislation. However, under current Georgia state law buses must yield the right of way.

GTA recommends that the Georgia General Assembly explores amending motor vehicle laws to give buses operated by public transit systems the right of way when departing a bus stop on local surface roads.

9. Transportation Planning: A comprehensive land use and transportation plan that maintains a clean environment, fosters orderly development, and preserves natural and historic resources is essential to the quality of life in our communities. The use of minimum standards and procedures for coordinated and comprehensive planning and the establishment of incentives for developers to emphasize public transportation connectivity with adjacent subdivisions and/or commercial developments in the layout of new developments will minimize congestion, maximize accessibility to transportation options and enhance quality of life.

GTA urges that efficient transportation layouts be a part of the coordinated and comprehensive planning process required of local governments. To this end, GTA requests that the Georgia Department of Community Affairs (DCA) establish park and ride facilities, bus shelters, accessible bus stops and sidewalks, and existing or proposed bus routes as minimum elements to be included in the coordinated and comprehensive planning process required by state law and that these elements be a part of DCA’s “Advanced Planning Level” category, especially with regard to all new residential, commercial and retail development.

10. Federal Appropriations for Transit - State “Earmark”: Georgia has joined a number of states in obtaining federal appropriations earmarks for bus acquisition. Statewide earmarks especially benefit smaller systems that have not been able to obtain federal discretionary bus money on their own on a regular basis.

In a number of states, the Department of Transportation matches a portion of the local funding match required for the federal funds obtained in the earmark. Due to funding constraints the DOT has not provided local funding for federal grants in some instances.

GTA recommends that the Georgia Department of Transportation continue to seek and increase a bus “earmark” on behalf of the state’s smaller transit systems.

11. SAFETEA-LU and Appropriations Needs: The Georgia Delegation is commended for the results obtained for Georgia transit, which are reflected in the new SAFETEA-LU transportation authorization legislation. Georgia transit systems received record high earmarks to advance transit in our state in the legislation, and these earmarks will go far to addressing improvements necessary to improve transit’s quality of service throughout Georgia. While significant, these earmarks are still short of meeting the total needs in the area of federal funding support. Each year’s transportation appropriations process will remain crucial to ensuring that earmarks are adequately funded, and that any unmet transit needs not met through SAFETEA-LU are funded in the annual appropriations process.

GTA thanks the Georgia Delegation for its hard work in helping transit in the state during the recent debate on reauthorization legislation, and urges that the Members continue to seek the best possible earmarks in each year’s transportation appropriations process. GTA pledges to provide to the Delegation Georgia’s total transit needs each year in the form of a unified Georgia Transit Agenda, which will contain funding requests which are included in local transportation plans and which have local matching funds committed to the federal funding requests.