
MEMORANDUM

TO: WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
FROM: IBRAHIM ELGHANDOUR, ROGELIO GRANGUILLHOME, AMAN JAIN
GRANGUI CONSULTING GROUP
SUBJECT: DEDICATED FUNDING SOURCES: A CASE FOR STATE AND LOCAL SUPPORT
DATE: MAY 6, 2013
CC: PROFESSOR JOHN YINGER, MAXWELL SCHOOL AT SYRACUSE UNIVERSITY

Executive Summary

Currently, the Washington Metropolitan Area Transit Authority lacks locally-sourced and dedicated funding mechanisms for its operating and capital budgets. Given the uncertainty of future federal funding support due to sequestration and the eventual phasing out of PRIIA; dedicated policy funding tools should be implemented to guarantee sustainable and predictable revenue streams for the transit system. Any policy funding tool should be based on the criteria of potential revenue, predictability/stability, equity, and ease of implementation. And based on this criterion, we recommend that Metro's contributing jurisdictions implement a bundle of the following funding instruments: congestion pricing, special assessment districts, metro area services tax, and gas tax.

Introduction

The Washington Metropolitan Area Transit Authority (WMATA), otherwise known as Metro, is currently advancing the largest and most aggressive capital program since the system's construction in 1967. Over the past few years, a number of incidents have raised serious concerns about the safety of WMATA's operations and the safety of its rail service. In 2010, Metro established the Capital Needs Inventory (CNI), a ten-year \$13 billion list of prioritized capital and investment needs. The CNI is based on Metro's strategic goals with emphasis on safety and rebuilding the Metro system to reverse years of underinvestment in the system. Also, in 2010, the Capital Funding Agreement (CFA) for FY 2011 to FY 2016 succeeded the inter-jurisdictional six-year agreement that was in place from FY 2005 to FY 2010. The CFA paved the way for the Capital Improvement Program (CIP), a six year rolling program derived from the CNI which established an agreement between Metro and its contributing jurisdictions. Metro's transit zone encompasses the jurisdictions of District of Columbia, the suburban Maryland

counties of Montgomery and Prince George's, the Northern Virginia counties of Arlington, Fairfax and Loudon, and the cities of Alexandria, Fairfax and Falls Church.

The proposed FY2014-2019 CIP financial plan presents the fourth year of Metro's rolling program and relies on a forecasted investment of more than \$5.2 billion from the federal government, state and local governments, and other sources (For information on planned investments by CIP category, see Appendix 1: WMATA FY2014 Annual Budget). The forecast was developed based on updates from ongoing projects under the current CIP and from Metro's CNI. Under this CIP, Metro plans on introducing over 200 new or rehabilitated buses and 21 miles of new running rail, increasing escalator availability, rehabilitating 10 station platforms, and placing over 461 new MetroAccess vehicles in service. The proposed FY2014-2019 CIP financial plan relies on state and local support amounting to \$2.1 billion. It is important to note that while other U.S. transit systems have established locally-sourced mechanisms committed to capital improvements, Metro still lacks a dedicated local funding stream¹. According to the Federal Transit Administration (FTA), a dedicated revenue source is "any fund raised specifically for transit purposes and which are dedicated at their source, rather than through an appropriation of general funds."² Currently, Metro depends on federal, state and local government funding wherein WMATA's contributing jurisdictions fund around 46% of Metro's annual operating and capital budgets. However, these state and local partners do not have a funding stream exclusively dedicated to Metro which as outlined above is critical for the planning and execution of the CIP. The analysis presented in this memo is confined to the make-up of state and local funding, and more specifically, to the funding instruments Metro and its jurisdictions should look at to ensure Metro's capital funding needs are secured.

Metro's jurisdictional partners contribute to the capital budget by providing a required local match for federal formula grants and by contributing to a "system performance fund."³ The proposed FY2014-2019 CIP financial plan includes a total of \$402 million of state and local

¹ In 2013, 23 out of the 25 largest transit agencies in the country had 70% of dedicated funding come from state and local sources. (WMATA Momentum Strategic Plan 2013-2025, 49)

² FTA, National Transit Database, "NTD Glossary," <http://www.ntdprogram.gov/ntdprogram/Glossary.htm#D>.

³ Established by the CFA, system performance funding is contributed by the jurisdictions to advance additional capital investments beyond those funded by federal grants and match. (WMATA FY2014 Annual Budget, 161)

match to federal formula programs and a total of \$727 million in system performance funding⁴. In addition, the Passenger Rail Investment and Improvement Act (PRIIA) of 2008 established dedicated federal funds to be matched dollar-for-dollar by the jurisdictions' funding sources⁵. FY2014 will be the fourth year of the ten-year \$1.5 billion authorization in dedicated federal funds from PRIIA, accompanied by \$1.5 billion in dedicated local and state funds⁶. The FY2014-2019 CIP estimates a total of \$919 million contribution by state and local PRIIA funds (See Appendix 2 for the FY2014-2019 proposed CIP financial plan). However, due to sequestration, Metro estimates that Congress will reduce PRIIA funding to Metro by \$12 million per year in FY2014 and FY2015⁷. Moreover, the level of state and local contributions to future CIP investments is heavily dependent on the federal formula program and PRIIA funding; in fact, a total of \$1312 million of state and local contributions is directly connected to federal formula program and PRIIA funding (See appendix 2). With uncertainty surrounding federal funding support as well as lack of long-term guaranteed support from state and local sources, it is vital for Metro and its jurisdictions to establish a reliable and sustained stream of funding that is dedicated to meet Metro's capital needs.

Dedicated Funding Practices

Traditionally, gas taxes and federal funds have been used to fund transit systems. However, gas taxes have not been able to keep up with inflation and, while federal funds have increased as part of the American Recovery and Reinvestment Act of 2009, they are expected to decrease due to lack of political support for funding state level transit systems⁸. In recommending that local dedicated funding be put in place for Metro, we believe it is important to learn from examples of funding mechanisms across the United States. Twenty-three of the twenty-five largest transit agencies in the country have some level of dedicated funding, and 70

⁴ In accordance with the CFA, system performance funding and formula match are allocated among the jurisdictions based on operating subsidy by mode as applied to the CIP by asset type. There are three separate jurisdictional operating subsidy allocations, one each for bus, rail, and Para transit. These three allocations are applied to bus, rail, and Para transit projects to determine an overall blended allocation rate by jurisdiction for CIP contributions for formula match and system performance funding. (FY2014 Annual Budget, 44)

⁵ The provisions of the federal grants are subject to the provisions of the equal annual contributions of capital funds from the District of Columbia, the Commonwealth of Virginia, and the State of Maryland.

<https://www.cfda.gov/?s=program&mode=form&tab=step1&id=cb8fe93a05a0815d763a975299eabe1dAnnual..>

⁶ WMATA FY2014 Annual Budget, 53

⁷ Ibid.

⁸ Gordon, Michael. "Funding Urban Mass Transit in the United States." Available at SSRN 2007981 (2011).

percent of dedicated funding received by these agencies is from state and local sources.⁹ Overall, local and state dedicated taxes have increasingly become an important source of financing urban transit operations and capital improvements across the United States. A popular choice has been to levy a local option sales tax either on all the counties of a metropolitan region or a small set of counties. In some states, such as California, individual counties are empowered to levy sales taxes to fund transit which in the case of larger counties, such as Los Angeles County, could generate hundreds of millions of dollars per year for transit¹⁰. Furthermore, dedicated funding for U.S.'s largest transit agencies have been a combination of different types of taxes and/or user fees such as sales tax, property tax, fuel tax, road pricing, and Land Value Capture (LVC).¹¹

The Southeastern Pennsylvania Transportation Authority (SEPTA), Denver's FasTracks, and Minneapolis Southwest Light Rail Transit have all secured dedicated funding sources through state and/or local taxes. Los Angeles County's Measure R which was passed in 2008 by a two-thirds majority is seen as a successful example of using an increase in sales tax solely for funding new transit projects. The Measure R introduced a half-cent increase in sales tax that is estimated to provide \$40 billion over thirty years, of which 40 percent will be used to fund transit capital programs and 25 percent will cover transit operations¹². Transit agencies across the U.S. tend to not depend on a single funding instrument but rather a bundle of funding options that is applicable to the context of relevant state and local governments. The New York Metropolitan Transit Authority (NYMTA) and Massachusetts Bay Transportation Authority (MBTA) provide examples of authorities that opt for such a funding strategy. The former receives 35 percent of its income from a regional sales tax, a regional tax on mortgage receipts and a Petroleum Business Tax while MBTA receives 20 percent of revenues from state sales tax, and assessments on towns in its service district.

It is important to note that the types of dedicated sources of funding listed above such as sales, income and property taxes, tend to be susceptible to fluctuations in regional economic

⁹ WMATA Momentum Strategic Plan 2013-2025

¹⁰ Lacono, Michael J. Dedicated Funding and Urban Transit Performance: Some Empirical Evidence. Diss. The University of Minnesota, 2006.

¹¹ Examples of Land Value Capture (LVC) can be found in Miami, Florida; Los Angeles, California; and Denver, Colorado

¹² Proposed One-Half Cent Sales Tax for Transportation: Expenditure Plan . 30 Years, FY 2010-2039. Los Angeles County Metropolitan Transportation Authority (http://www.metro.net/measurer/images/expenditure_plan.pdf)

performance. Particularly, a regional sales tax tends to be highly sensitive to economic conditions and can have much greater volatility than income or property taxes, which tend to be more stable¹³. Following the Great Recession in 2008, dedicated taxes and subsidies had indeed declined dramatically in New York and the NYMTA had to undertake unprecedented steps to sustain its operations. These steps included a payroll mobility tax, and surcharges on vehicle registrations, taxi rides, car rentals and driver's license applications. According to the NYMTA 2011-2014 Financial plan, "MTA taxes and subsidies have fallen by more than \$900 million for the combined 2009-2010 period and the actual and projected loss through 2014 is estimated to be approximately \$2.5 billion"¹⁴. Furthermore, weak economic performance has a direct impact on ridership which adversely effects fare box revenue and other revenue such as advertising.

Four Criteria for Funding Instruments

Given the current economic climate and the fiscal needs of Metro, it is essential that a robust criterion is put in place for selection of its dedicated sources of funding. We recommend that the following five criteria be used for evaluating the different funding options¹⁵:

1. **Potential Revenue:** This refers to the amount of money that an option can be expected to generate, based on assumptions about how an option is implemented and what is politically acceptable. Some funding options have natural constraints, for example, there are limits to the amount of money transit agencies can generate through advertising and station rents. As no one source of dedicated funding will raise the total amount of funds needed, it is important that a combination of sources is considered.
2. **Predictability and Stability:** for funding large transit capital programs, it is quintessential that there is predictability and stability is the instruments chosen as dedicated sources of funding. The predictability and stability will have a direct impact on Metro's planning and budgeting processes. For example, sales tax revenues while potentially large can be unpredictable given the uncertain economic conditions.

¹³ Savage, Ian. "Management objectives and the causes of mass transit deficits." Transportation Research Part A: Policy and Practice 38.3 (2004): 181-199.

¹⁴ New York Metropolitan Transportation Authority 2011 Preliminary Budget, Financial Plan 2011-2014

¹⁵ Litman, Todd. "Local Funding Options for Public Transportation." Transportation Research Board 92nd Annual Meeting. No. 13-3125. 2013.

3. Equity Analysis: It is widely believed that transport funding should be equitable, that is, the distribution of costs and benefits should be fair and appropriate. Equity here includes:
 - a. Horizontal Equity: refers to the distribution of impacts between people with similar wealth, needs and abilities. It assumes that similar people should generally be treated equally.
 - b. Vertical Equity: refers to the distribution of impacts between people who differ in wealth, ability or need. It generally assumes that costs should be smaller and benefits greater for people who are physically, economically or socially disadvantaged.
 - c. Benefit Principle: refers to principle of taxation in which taxes are based on the benefits received by people using the good financed with the tax. The benefit principle is utilized most successfully in the financing of roads and highways through levies on motor fuels and road-user fees (tolls).
4. Ease of Implementation: This refers to how much would an instrument cost to implement and what would be its ongoing costs. The chosen revenue source should be such that it is easy to implement, does not require massive investments in setting up the administration to collect it, and has minimal ongoing costs.

According to all experts, there is a misconception that governments can pay for infrastructure projects through borrowing¹⁶. Rather, borrowing simply spreads the financing burden over time for state and local governments. As a result, taxes or fees are needed to pay for the infrastructure with or without borrowing. However, the state of today's economy calls for a paradigm shift in the way state and local governments finance their transportation projects. State-wide chronic fiscal deficits have allowed for a financial impasse to occur, making it more difficult for state and local governments to secure a sustainable and dedicated funding source¹⁷.

Dedicated funding: The Case of the Washington Metropolitan Area

¹⁶ Professor Yinger Class Notes Presentation, Lecture 12, March 6th 2013, Maxwell School of Citizenship and Public Affairs

¹⁷David M. Levinson and Emilia Istrate, Access for Value: Financing Transportation Through Land Value Capture, Brookings Institute, April 2011, 1

Sustainable and equitable sources of revenue should be analyzed in order to determine what will be the best fit for the Washington Metropolitan Area. Given the criteria outlined above, we recommend that state and local authorities impose a mix of funding instruments to finance their contribution to FY2014-2019 CIP financial plan. The funding instruments recommended in this memo are: congestion pricing, special assessment districts, gas tax and a metro area sales tax.

Congestion Pricing

Congestion pricing is a fee or toll to enter and drive into a dense, congested road or highway during peak hours. It aims to reduce rush-hour traffic by shifting it to other transportation modes and/or to off peak periods¹⁸. Recently, various Metropolitan Planning Organizations have started including congestion pricing strategies to meet transportation investments.¹⁹ There are two basic types of congestion pricing strategies: 1) Whole facility pricing which imposes tolls on roads, bridges and tunnels; 2) Lane pricing which can present itself as a mix of regular free lanes and High Occupancy Toll Lanes (HOT Lanes) or Express Toll Lanes. The most common form of road pricing in the United States is high-occupancy toll lanes, where high-occupancy vehicle (HOV) lanes are opened to use by vehicles with lower occupancy for a fee, or express toll lanes where new lanes are built adjacent to existing freeways and use of these new lanes is subject to a toll. In Virginia, congestion problems are most serious in the northern part close to Washington D.C. This causes 38 annual hours of delay for the average urban motorist.

Congestion pricing is a viable funding source for Metro's investments as it fits the criteria outlined in the previous section. Congestion pricing revenues can be large if widely and properly applied; however, most proposals only toll a minor portion of roads and vehicle travel, resulting in modest total revenues.²⁰ We propose implementing regional networks of priced facilities such

¹⁸ Virginia Department of Transportation -About Congestion Pricing, http://www.virginiadot.org/info/congestion_pricing.asp

¹⁹ North Central Texas Council of Governments (NCTCOG) for the Dallas region, the Puget Sound Regional Council for the Seattle region, and the Metropolitan Council for the Minneapolis/St. Paul Twin Cities region, are few such examples

²⁰ Todd Litman, Local Funding Options for Public Transportation, Victoria Transport Policy Institute, 12 February 2013, 20

as the ones proposed in the San Francisco Bay and Puget Sound areas. Broad-based pricing will generate more funds rather than individual projects such as a single HOT lane.

Congestion pricing fits the benefit principle and is also considered to be vertically equitable as users are charged for the congestion and roadway cost that they produce.²¹ Critics²² argue that congestion pricing is regressive because a higher toll represents a larger portion of a low income motorist's earnings compared to wealthier motorists. However, congesting pricing mitigates congestion in motorways, providing positive externalities to the commuter population. Once established, revenues are moderately stable, but may decline over the long run as travelers take tolls into account when making long-term decisions (such as where to live) and which roads to use²³. One potential downside of this tool is its costly implementation. However, compared to other policy options such as general tax increases, congestion pricing can be categorized as progressive, with its benefits outweighing the costs of its implementation. As a result it is an effective tool to increase the revenue of both Virginia and Maryland to fund their mass transit systems.

At the core of congestion pricing is its dynamism in determining the toll fare. Dynamic pricing as it is known, is influenced by supply and demand forces. If for example, all toll lanes were congested, the price or toll would be higher as a result of the higher demand and vice versa²⁴. This is an equitable form of collecting fees that can not only fund the metro's expansion, but would also encourage drivers to change their behavior. Surveys show that road pricing is used by drivers of all income levels.²⁵ Nevertheless, any variable pricing mechanism needs to consider the value the public puts on toll reliability. Drivers are more likely to use priced facilities if they know what rate they will be charged before travel. One solution that has been

²¹ Ibid.

²² "Investing in Transportation: A benchmarking Study of Transportation Funding and Policy", Pennsylvania Economy League, 2006, 64

²³ Ibid.

²⁴ Virginia Department of Transportation -Congestion Pricing FAQ,
http://www.virginiadot.org/info/resources/congestion_pricing/faq_congestion_pricing.pdf

²⁵ Ibid.

proposed is to enable users to look up rates online before starting their trip and lock in the rates by pre-paying.²⁶

While congestion pricing in Maryland and Virginia is already in place, it must be expanded to generate more revenue. Currently in Virginia, construction has finished on the I-495 corridor to implement HOT Lanes. Furthermore, there are mechanisms in place to implement variable priced lines throughout the state in order to mitigate congestion. However, there is room for improvement in this area. There are currently many highways that can be turned into toll lanes using dynamic pricing mechanisms. We recommend that the Virginia and Maryland Departments of Transportation dedicate a percentage of the revenue generated from pricing road networks to the capital improvement of Metro.

Special Assessment Districts

Over the past few decades, locating new development in close proximity to Metro stations has created millions of dollars for the commercial real estate sector. A study commissioned by Metropolitan Montreal's Board of Trade concluded that in the United States, the fifty leading metropolitan areas exhibit a positive and statistically significant correlation between better public transport service and greater economic competitiveness.²⁷ In Washington DC, 54 percent of all jobs are located within a half a mile radius of rail stations and bus stops.²⁸ In the Washington Metropolitan area, the land surrounding Metrorail stations generates approximately \$3.1 billion in property tax revenue wherein \$224 million stems from incremental property value from land near the metro.²⁹ As such, we recommend that commercial real estate entities - developers and building owners – share the financing of Metro's expansion via a property tax increase.

A Special Assessment Districts (SAD) is a hybrid form of a property tax. The tax is assessed specifically to properties located within a defined zone around a transportation project.³⁰ The closer a property is to the project, the higher the tax. SADs can be designed to

²⁶ Anjali Mahendra (ICF), Michael Grant (ICF), Myron Swisher (SAIC), Effective Approaches for Implementing Congestion Pricing in a Metropolitan Region: A Primer on Lessons Learned and Best Practices, U.S. Department of Transportation, March 31, 2012

²⁷ WMATA Momentum Strategic Plan 2013-2025, 10

²⁸ Ibid.

²⁹ Ibid.

³⁰ De Good, Kevin, Thinking Outside the Fair Box, Transportation for America, 2012, 38

secure a specified level of revenue and thus are highly flexible as policy funding tools. For example, it can be designed to be only applied to commercial or industrial property or to also include residential property. The degree of predictability is high for SADs given that property values tend to be moderately stable over time. As a result, the funding stream will not be vulnerable to asymmetric shocks. This enables SADs to be a robust source of revenue as property values rise. Hence, SADs are an adequate policy choice to create a dedicated funding stream for WMATA's capital improvement plan.

SADs are considered horizontally equitable given that such taxes impact real estate entities whose land value and development revenues were affected favorably by high quality public transit.³¹ Vertical equity impacts depend on how the tax is structured. This mechanism captures value from developers and property owners, but there is a potential for some of the tax to be passed on to residents. As a result, SADs have the potential to reduce housing affordability in transit-oriented developments, which makes the tax regressive if not implemented properly. Their implementation is not as straightforward as other policy options as careful consideration must be given to determine the most appropriate tax structure. However, sharing the financial burden of Metro's CIP with private business owners satisfies the benefit principle as those that will benefit the most from the metro expansion will pay. Hence, the benefits accrued from SADs outweigh the risk of a potential increment in the tax incidence on residents.

Metro Service Area Sales Tax

We further recommend that Metro's contributing jurisdictions implement a metro service area sales tax which would be limited to just the areas served by Metrorail and bus (D.C., and the counties that immediately surround it) -- not the entire region. A metro service sales tax creates a reliable and sufficient transit funding source. This policy would provide a revenue source that is feasible to administer and does not require massive investments in setting up the administration to collect it, and has minimal ongoing costs.³² More importantly, with uncertainty surrounding future federal funding, a service area sales tax has the potential to generate relative stable amounts of revenue to bridge any gap created by federal funding cuts.

³¹ Todd Litman, Local Funding Options for Public Transportation, Victoria Transport Policy Institute, 12 February 2013, 26

³² Counties Transit Improvement Board, Metro Area Transit Expansion Sales Tax Proposal-January 22 2013, <http://www.mnrides.org/sites/default/files/downloads/transitsalestaxproposal2013.pdf>

Given the delicate political condition of both Virginia and Maryland, both States have found it difficult to match federal funds from their own revenues to finance the capital improvement programs of the Metro transit system. In February, the Virginia General Assembly passed a transportation deal calling for an increase in sales tax of 6 percent in Northern Virginia and Hampton Roads requiring all funds to go to transportation projects in both areas.³³ This plan will raise \$880 million annually including dedicated streams of financing for mass transit. Maryland on the other hand, has not proposed such a raise in sales taxes as a means to establish a dedicated stream for its mass transit (See Appendix 3 for a breakdown of the current status of revenue options in the Virginia and Maryland state assemblies). While Virginia has taken the necessary steps to pursue a dedicated stream of financing, we recommend that Maryland follow their example and impose a similar metro service area sales tax.

There exists general concern about the regressive nature of the sales tax (although recent studies have shown it to be closer to proportional than regressive³⁴). “Regional sales taxes are horizontally equitable to the degree that public transit benefits consumers; although the relationship is indirect (people and businesses that benefit most do not necessarily pay more sales taxes).”³⁵ A service area sales tax meets the ease of implementation and equity criteria.

Gas Tax

Gas taxes are one of the most common mechanisms used by states to raise revenue for infrastructure projects and while there is lack of political support for increasing gas taxes, based on our criteria we believe gas taxes should be increased. To establish a funding stream dedicated to Metro, Maryland and Virginia should consider an increase in gas taxes. In fact, Maryland has recently proposed to fund its mass transit system through increases in its gasoline tax. Motorists are expected to pay an additional 13 to 20 cents a gallon of gas by mid-2016.³⁶ It is expected that this hike in taxes will result in \$4.4 billion for roads and mass transit projects over the next six

³³ Kunkle, Fredrick, and Laura Vozzella. "Virginia Lawmakers Approve Sweeping Transportation Plan." Washington Post. N.p., 23 Feb. 2013. Web.

³⁴ "Investing in Transportation: A benchmarking Study of Transportation Funding and Policy", Pennsylvania Economy League, 2006, 64

³⁵ Todd Litman, Local Funding Options for Public Transportation, Victoria Transport Policy Institute, 12 February 2013, 15

³⁶ Wagner, John. "Maryland House Votes to Boost Transportation Funds with Gas Tax Increase." Washington Post. N.p., 22 Mar. 2013. Web.

years. The potential revenue is substantial revenue is substantial due to the large volume of transactions that happen each year. For example, in 2011, the United States consumed more than 134 billion gallons of gasoline.³⁷ Assuming that on average residents consume 500 gallons annually, each cent per gallon of taxes generates \$5.³⁸

Fuel prices tend to be moderately stable over time. In jurisdictions that already apply sales taxes, there is minimal administrative cost to increasing such taxes to fund public transit. In addition, gas taxes can be considered horizontally equitable because motorists benefit from improvements in public transportation. On the other hand, gas taxes are regressive, and so tend to be vertically inequitable. However, a 10% price increase on gas will on average reduce fuel consumption by 2-4% in the medium-run. Hence, imposing a few cents per gallon increment to fund transit would have a minimal impact on fuel consumption.³⁹ Gas taxes fit the benefit principle as well.

Conclusion

The proposed FY2014-2019 CIP financial plan presents the fourth year of Metro's rolling program and relies on state and local support amounting to \$2.1 billion. In this paper, we recommend that Maryland, Virginia and Washington D.C. should establish locally-sourced mechanisms committed to funding Metro's capital improvement. Given the uncertainty regarding the future of federal funding support due to sequestration and the eventual phasing out of PRIIA; dedicated sources of funding should be the policy imperative to ensure sustainable funding for the transit system. We recommend that Metro's contributing jurisdictions implement a bundle of the following funding policies: congestion pricing, special assessment districts, metro area services tax, and gas tax.

³⁷ De Good, Kevin, Thinking Outside the Fair Box, Transportation for America, 2012, 46

³⁸ Todd Litman, Local Funding Options for Public Transportation, Victoria Transport Policy Institute, 12 February 2013, 16

³⁹ Ibid.

Appendix 1: Planned Investments by CIP Category

Proposed FY2014-FY2019 CIP Investments (Uses)								
(dollars in millions)								
FY2013		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020-
A. Vehicles/ Vehicle Parts	\$ 223.9	\$221.0	\$274.7	\$464.0	\$453.9	\$405.0	\$369.1	\$2,187.1
B. Rail System Infrastructure	150.2	119.5	99.2	100.3	102.7	72.0	90.6	584.2
C. Maintenance Facilities	134.8	165.5	137.3	100.0	57.2	8.9	6.8	475.7
D. Systems and Technology	101.0	97.2	88.7	96.7	65.1	64.2	53.2	465.0
E. Track and Structures	68.7	59.7	64.6	68.1	69.1	78.4	82.2	422.1
F. Passenger Facilities	129.2	98.8	93.4	85.5	79.0	96.0	122.4	575.2
G. Maintenance Equipment	107.6	87.1	95.7	115.4	72.4	24.8	21.5	416.8
H. Other Facilities	28.5	24.0	8.9	16.7	16.7	15.8	15.8	98.0
I. Project Management and	0.9	2.5	2.5	2.5	2.5	2.5	2.5	15.0
Total	\$ 944.8	\$875.3	\$865.0	\$1,049.0	\$918.5	\$767.6	\$764.1	\$5,239.1

Source: WMATA FY2014 Proposed Annual Budget

Appendix 2: FY2014-2019 CIP Proposed Financial Plan

**FY2014-2019 Proposed Capital Improvement Program
Proposed Financial Plan**
(dollars in millions)

	FY2011 Actual	FY2012 Actual	FY2013 Forecast	Six-Year Plan						FY14-19 Total	FY11-19 Total
				FY2014 Proposed	FY2015 Forecast	FY2016 Forecast	FY2017 Forecast	FY2018 Forecast	FY2019 Forecast		
Federal											
Federal Formula Programs	\$ 160.9	\$ 286.1	\$ 297.9	\$ 273.0	\$ 267.1	\$ 249.9	\$ 273.0	\$ 273.0	\$ 273.0	\$ 1,609.0	\$ 2,354.0
Federal PRIIA	118.5	112.3	199.9	156.6	137.7	150.0	150.0	150.0	150.0	894.3	1,325.2
Other Federal Grants	-	6.7	16.3	23.2	8.1	8.1	-	-	-	39.4	62.4
Subtotal Federal	279.5	405.2	514.1	452.8	412.9	408.0	423.0	423.0	423.0	2,542.8	3,741.5
State and Local											
Match to Federal Formula	40.2	71.5	74.5	68.2	66.8	62.5	68.3	68.3	68.2	402.3	588.5
System Performance	59.1	103.4	120.2	131.8	131.4	118.6	115.0	115.0	115.0	726.9	1,009.5
State and Local PRIIA	118.5	112.3	199.9	168.9	150.0	150.0	150.0	150.0	150.0	918.9	1,349.8
Other State and Local	-	1.5	2.2	2.1	1.0	1.0	-	-	-	4.0	7.7
Subtotal State and Local	217.8	288.7	396.8	371.1	349.2	332.1	333.3	333.3	333.2	2,052.1	2,955.4
Other Sources											
MetroMatters	113.7	39.4	19.2	12.4	-	-	-	-	-	12.4	184.8
Insurance Proceeds	0.1	8.3	-	26.9	2.0	0.5	-	-	-	29.4	37.9
Land Sale Proceeds	-	12.6	13.2	2.5	-	-	-	-	-	2.5	28.3
Miscellaneous	-	16.5	1.6	9.5	-	-	-	-	-	9.5	27.6
Subtotal Other Sources	113.9	76.8	34.0	51.4	2.0	0.5	-	-	-	53.9	278.6
Financing											
Planned Long-Term Financing	-	-	-	-	100.9	308.5	162.2	11.3	7.9	590.8	590.8
Subtotal Financing	-	-	-	-	100.9	308.5	162.2	11.3	7.9	590.8	590.8
Total CIP	\$ 611.2	\$ 770.4	\$ 944.8	\$ 875.3	\$ 865.0	\$ 1,049.1	\$ 918.5	\$ 767.6	\$ 764.1	\$ 5,239.6	\$ 7,566.0
Reimbursable Projects	\$ 60.9	\$ 96.9	\$ 119.5	\$ 109.4	\$ 165.6	\$ 165.6	\$ 165.6	\$ 165.6	\$ 165.6	\$ 937.5	\$ 1,214.9
Federal ARRA Grant Funds	\$ 62.7	\$ 42.3	\$ 13.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118.3
Federal Safety & Security Funds	\$ 3.2	\$ 18.2	\$ 36.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58.3
Total Capital Program	\$ 738.0	\$ 927.7	\$ 1,114.7	\$ 984.7	\$ 1,030.6	\$ 1,214.7	\$ 1,084.1	\$ 933.2	\$ 929.7	\$ 6,177.2	\$ 8,957.6

Source: WMATA FY2014 Proposed Annual Budget

Appendix 3: Virginia and Maryland: State Taxes in Transportation Funding

TABLE 1

Virginia and Maryland: State Taxes in Transportation Funding

VIRGINIA (PASSED)	POLICY	MARYLAND (PROPOSED)
Yes. Up to \$3.5 billion in new revenue over five years.	Overall tax increase?	Yes. Up to \$3.4 billion in new revenue over five years.
Yes. Eliminates 17.5 cents-per-gallon tax.	Eliminate gas tax?	No. But reduces the 23.5 cents-per-gallon tax on gasoline by 5 cents to 18.5 cents and then indexes it to the Consumer Price Index (CPI) to adjust to inflation.
Yes. Replaces gas tax with a 3.5 percent wholesale tax on motor fuels that will rise with inflation.	Addition of motor fuels tax?	Yes. Imposes a phased-in wholesale tax on motor fuels of 2 percent in July 2013 and then increases it to 4 percent in July 2014.
Yes. Increases sales tax on nonfood items from 5 percent to 5.3 percent.	Change to state sales tax?	No.
Yes. Dedicates more general fund revenue to transportation.	Reallocate general revenues?	No.
Yes. Increases sales tax to 6 percent in Northern Virginia and Hampton Roads, with the new revenue going only to transportation in those areas.	Impose regional sales tax?	No.
No.	Index transit fares?	Yes. Indexes the Maryland Transit Authority fares to CPI.
Yes. Requires a portion of new revenue to go to transportation. Backup plan would trigger a 5.1 percent wholesale tax instead of 3.5 percent.	Tax Internet sales?*	Yes. Requires a portion of new revenue to go to transportation. Backup plan would trigger a 6 percent wholesale tax instead of 4 percent.
Yes. Doubles fee for electric cars from \$50 to \$100, and applies the fee to alternative fuel and hybrid vehicles as well.	Increase registration fees for electric and similar vehicles?	No.

* These revenues depend on congressional passage of the Marketplace Fairness Act (H.R. 684 and S. 336). Each state plan has a backup trigger to increase revenue if Congress does not pass this legislation. For information on this issue, see David S. Addington, "Congress Should Not Authorize States to Expand Collection of Taxes on Internet and Mail Order Sales," Heritage Foundation *Background* No. 2676, April 6, 2012, <http://www.heritage.org/research/reports/2012/04/congress-should-not-authorize-states-to-expand-collection-of-taxes-on-internet-and-mail-order-sales>.

Sources: Virginia Legislative Information System, "HB 2313 Revenues and Appropriations of State; Changes to Revenues Collected and Distribution, Report," <http://lis.virginia.gov/cgi-bin/legp604.exe?131+sum+HB2313> (accessed March 14, 2013); and news release, "Governor O'Malley, Senate President Miller, House Speaker Busch Propose Transportation Investment Plan," Maryland Department of Transportation, March 4, 2013, http://www.mdot.maryland.gov/News/Releases/2013March4_Transportation_Investment_Plan.html (accessed March 14, 2013).