

How Transit Systems are Funded – A State-by-State View

- Idaho is one of four states that does not provide state funds for transit operations or allow for local option taxes dedicated solely for public transportation. The other states are Mississippi, Alaska and Hawaii.

State Funding for Public Transportation

- A snapshot of all states surveyed in 2003 reveals that total transit funding by state varies widely across the nation, ranging from zero dollars in funding to \$1.76 billion. The total amount provided by states for transit is \$9 billion.
- The most utilized sources of funding for transit in the states and District of Columbia include: general fund (20 states), gas tax (15), motor vehicle/rental car sales tax (10), registration/title/license fees (8), bond proceeds (8) and general sales tax (7).
- About one-half of the state funding for transit in FY 2003 was designated for operating assistance only, about 25 percent was for capital purposes only and 25 percent could be used for capital or operating purposes.
- Idaho is one of 11 states that does not provide state funds for transit operations. The others are Nevada, Utah, Colorado, New Mexico, Kentucky, Hawaii, Alaska, Mississippi, Georgia and Alabama.

Local Option Taxes

A local option public transportation tax is any tax that varies from place to place within a state, is controlled at the local or regional level, and is earmarked for transportation-related purposes.

- Under the Idaho State Sales Tax Act, certain resort cities such as Sun Valley that have a tourist-based economy and a population of less than 10,000 can exercise local option tax to supplement the city budget. The cities of McCall and Ketchum/Sun Valley have provided funding for local public transit from this local option tax.
- Idaho is one of 12 states that does not have local option taxes dedicated for public transportation. The other states are Alaska, Hawaii, Wyoming, South Dakota, Nebraska, Mississippi, Delaware, Maine, Massachusetts, Connecticut and Rhode Island.
- During the 1990s, at least 20 states adopted new laws authorizing local option transportation taxes, or saw local enactments of these taxes spread to new areas. Driving this trend in part has been efforts by many mid-sized cities to build public transit systems, particularly light rail, and a continuing reluctance by state legislators to raise statewide gas taxes.
- Key varieties of local option taxation include gas taxes, vehicle taxes (primarily a flat annual vehicle registration fee, annual taxes based on a vehicle's value and taxes on vehicle rentals and leases, parking and sales.
 - Fifteen states authorize local option motor fuel taxes.
 - Thirty-three states authorize some type of local vehicle license or registration tax.
 - Thirty-three states have authorized local option sales taxes for transportation purposes.
 - Fifteen states authorize local income or payroll tax.

National Trends

- In 2005, 84 percent of ballot measures related to public transportation were successful (21 out of 25 total). This marks the third consecutive election cycle with 75 percent or higher approval rating.
- There are at least 42 potential transit ballot measures planned for 2006.

Sources: Survey of State Funding for Public Transportation, prepared by the Department of Transportation Bureau of Transportation Statistics; Local Option Transportation Taxes in the United States, Institute of Transportation Studies, University of California at Berkeley; A Quiet Revolution in Transportation Finance: The Rise of Local Option Transportation Taxes, Transportation Quarterly, Winter 2003.

Coalition for Public Transportation

Joint Leadership Group