

# Transit Funding

## Fact Sheet

### **Why Support Transit?**

Whether you ride transit in Sacramento or not, you may not be aware of the many ways that public transit supports the Sacramento region. Public transit reduces traffic congestion, helps to improve the air quality, stimulates the economy, and provides an essential lifeline to many seniors, youth, and the disabled.

One of the biggest issues facing our region is how to effectively accommodate an additional 1,000,000 residents by 2025. Incorporating transit as an integral part of the Sacramento region's smart growth plan is critical to planning safe, convenient, economically sound, environmentally friendly and healthy communities.

The Sacramento Regional Transit District was established by the California State Legislature in 1971 to operate a single unified public transportation system in the Sacramento region in order to meet the present and future public transportation, and mass and rapid transit, needs of the Sacramento region.

### **Transit Funding**

The following is a brief explanation of Sacramento Regional Transit District's funding.

#### **How much does the money from RT passenger fares pay for transit services?**

RT fare revenues provide approximately 20 percent of the money needed to operate bus and rail transit service from year to year. This percentage is called RT's Fare Recovery Ratio.

#### **How does RT fund its transit services beyond passenger fare revenue?**

RT bus, light rail, capital and operating revenues come from the federal and state governments, developer fees and local sales tax.

#### **What is Sacramento's local sales tax for transportation?**

Measure A is a 1/2-cent sales tax that supports road and public transportation improvements in Sacramento County. The current Measure A, passed by the voters in 1988, expires in 2009.

The Sacramento Regional Transit District receives approximately 1/3 of the tax (1/6 cent). In November 2004, voters approved an extension of the sales tax until 2039 with transit receiving 38.25% of the 1/2-cent tax.

### **Federal Funding**

The local transportation sales tax is used as a local match to acquire state and federal money for the RT capital program and to support transit operations.

#### **What other sources of funding are available?**

Local county developer fees provide revenue. These fees are levied against new development within unincorporated Sacramento County and can only be used for capital projects within each of the districts in which they are collected. Through the developer fees, new real estate developments share the cost of providing public services required to accommodate increased traffic congestion and diminished air quality.

State sources include the Public Transportation Account, Transportation Development Act, State Transportation Improvement Program (STIP), and Propositions 108 and 116.



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Federal Funding is mostly for transit system construction and equipment maintenance. Sources include Federal Discretionary Funds, the Surface Transportation Program, Fixed Guideway Modernization, and Formula Funds.

## **State Funding Sources**

### **Public Transportation Account**

Public Transportation Account (PTA) Revenues accrue from a sales tax on gasoline and diesel fuel. Fifty percent of all PTA revenues go to the State Transit Assistance (STA) Program, which provides funds for public transit operations and for regional transit projects. STA funds are allocated to the region based upon two factors: (1) 50 percent based on population and (2) 50 percent based on fare revenues from the prior fiscal year.

### **Local Transportation Fund**

RT receives revenue from the state's Local Transportation Fund, which is a component of the Transportation Development Act (TDA). The Transportation Development Act was passed by the State Legislature in 1972 to give each county the opportunity to participate in a quarter-cent state sales tax program for public transportation purposes. TDA funds are apportioned to each participating county based upon the amount collected within that county. This is RT's largest source of revenue and is distinct from Measure A sales tax revenues. The Local Transportation Fund is a flexible funding source and can be used for operating and capital expenses.

### **State Transportation Improvement Program (STIP)**

Every two years, the California Transportation Commission programs funds for a variety of projects that relieve congestion on state highways and local streets, including transit construction projects. Seventy-five percent of STIP funds are distributed to the counties. The remaining 25 percent is programmed for intercity highway and rail improvements.

### **Propositions 108 and 116**

In 1990, California voters approved two important bond measures: Propositions 108 and 116. Proposition 108 (Passenger Rail and Clean Air Act) provided one billion dollars under the Commuter and Urban rail program, from which RT received \$154 million. Proposition 116 (Clean Air and Transportation Improvement Act) provided almost

two billion dollars for transportation, from which RT receives \$100 million for rail improvements. These two funding sources contributed more than half of the revenue for the South Line and Amtrak/Folsom light rail extension projects.

## **Federal Funding Sources**

On June 9, 1998, President Clinton signed into law H.R. 2400, the Transportation Equity Act for the 21st Century or "TEA-21." This legislation provides that transit spending is guaranteed at a fixed amount specified in the legislation and can be used only for transit programs.

### **Federal Discretionary Funds**

TEA-21, under the New Starts program, includes Section 5309 discretionary monies for New Rail Starts, buses and Rail Modernization.

### **Formula Funds**

Section 5307 formula funds are appropriated annually by Congress to transit agencies based upon population served and the amount of transit service provided. TEA-21 allows RT to use Section 5307 funds for capital projects and for bus and light rail vehicle maintenance. TEA-21 also allows up to 10 percent of the formula funds to be used to fund paratransit service for persons with disabilities.

### **Section 5308 Clean-Fuels Formula Grant Program**

This program provides grants to public transit operators to use on clean-fuel technologies for their bus fleets.

### **Fixed Guideway Modernization**

This program, using a formula based on system age, length and level of service, provides annual funding to upgrade and improve the light rail vehicles, stations and maintenance equipment.

### **Congestion Mitigation and Air Quality Program (CMAQ)**

CMAQ funds are available to urbanized areas that have not attained the ozone and carbon monoxide air quality standards established in the federal Clean Air Act or that have been designated as maintenance areas for ozone and carbon monoxide.

### **The Access-to-Jobs/Reverse Commute Program**

Funds projects designed to provide welfare recipients and low-income individuals access to jobs and to fund reverse commute initiatives.

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