



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

---

May 4, 2009

Joint Committee on Finance

Paper #766--Revised

### **Southeast Regional Transit Authority (DOT -- Local Transportation Assistance)**

[LFB 2009-11 Budget Summary: Page 607, #2]

---

#### **CURRENT LAW**

The statutes create a Southeastern Wisconsin Regional Transit Authority comprised of the geographic area of Kenosha, Milwaukee, and Racine counties. The governing body of the authority consists of the following members: (a) three members, one from each county in the region, appointed by the county executive of each county and approved by the county board; (b) three members, one from the most populous city in each county in the region, appointed by the mayor of each such city and approved by the common council; and (c) one member from the most populous city in the region, appointed by the Governor. No action may be taken by the authority unless at least six members of the authority's governing body vote to approve the action. The primary responsibility of the authority was to prepare a report for submission to the Legislature regarding the future of the authority and the long term planning and funding of public transportation in the region. The report was submitted on November 15, 2008, as required.

The authority can impose a vehicle rental fee of up to \$2 per rental transaction in the three-county region. Revenues from the \$2 vehicle rental fee, which has been imposed since July 1, 2006, must be used to hire staff, conduct studies, and expend funds essential to the preparation of the report to the Legislature and may not be used for lobbying.

#### **GOVERNOR**

Creation and Jurisdiction. Specify that a Southeast regional transit authority (RTA), a public body corporate and politic and a separate governmental entity, would be created if the governing body of Milwaukee County or Kenosha County, or of any municipality located in

whole or in part within that portion of Racine County east of I-94, adopts a resolution authorizing the county or municipality to become a member of the authority. Require that if either Milwaukee County or Kenosha County adopts a resolution to be a member of the Southeast RTA, any municipality located in whole or in part within Milwaukee County or Kenosha County, respectively, would be a member of the authority.

Provide that once a Southeast RTA is created, any of the following counties or municipalities may join the RTA if they have not already done so and if their governing body adopts a resolution to join the RTA: (a) Kenosha, Milwaukee, Ozaukee, Racine, Washington, or Waukesha counties (a county's joinder would apply to the entire geographic area of the county); (b) any municipality located in whole or in part within that portion of Racine County east of I-94; or (c) any municipality located in whole or in part within Ozaukee, Washington, or Waukesha counties, provided that the RTA board approves the joinder.

Specify that the jurisdictional area of the Southeast RTA would consist of the geographic area formed by the combined territorial boundaries of the counties and municipalities that authorize a resolution to create a Southeast RTA and of those that adopt a resolution to join the Southeast RTA.

The Southeast RTA would replace the existing Southeastern Wisconsin RTA, which be deleted under the bill.

Governance. Specify that the board of directors of the Southeast RTA would consist of the following members who, unless noted otherwise, would serve four-year terms:

a. If Kenosha County adopts a resolution to create or join the RTA, one member from Kenosha County, to be appointed by the county executive and approved by the county board, and one member, whose initial term would be two years, from the City of Kenosha, appointed by the mayor and approved by the common council.

b. If Milwaukee County adopts a resolution to create or join the RTA, one member from Milwaukee County, to be appointed by the county executive and approved by the county board, and one member, whose initial term would be two years, from the City of Milwaukee, to be appointed by the mayor and approved by the common council.

c. If the City of Racine adopts a resolution to create or join the RTA, one member from the City of Racine, to be appointed by the mayor and approved by the common council.

d. Two members, one of whom would have an initial term of two years, from the jurisdictional area of the authority, to be appointed by the Governor. Specify that if Milwaukee County adopts a resolution to create or join the RTA, one of these appointees, for any term commencing after the county has adopted the resolution, would have to be from Milwaukee County.

e. One member each from Ozaukee, Washington, and Waukesha counties if the county joins the Southeast RTA, to be appointed by the county executive of the county and approved by the county board. (Racine County would also be allowed to join an existing RTA under the bill, but would not have a member on the RTA Board under this provision. The Department of Administration indicates that it intended for Racine County to have a board member if it joins the Southeast RTA). Specify that if the county does not have an elected county executive, the member would be appointed by the county board chairperson and approved by the county board.

f. One member to be appointed by the mayor and approved by the common council of each city in Ozaukee, Washington, or Waukesha counties with a population of more than 60,000 that either adopts a resolution to join the southeast RTA or is located in a county that has joined the RTA. Based on current populations, only the City of Waukesha could have a member under this provision.

Imposition of Taxes. Provide the board of an RTA created under the bill the authority to impose, by the adoption of a resolution, a sales tax and a use tax at a rate not to exceed 0.5% of the gross receipts or sales price. Specify that the taxes would be imposed on the same base of products and services as the state and county sales and use taxes.

Provide DOR the authority to administer any RTA sales and use taxes on behalf of the RTA and make distributions to the authority imposing the tax. Specify that DOR would have all powers necessary to levy, enforce, and collect the taxes that it is provided under current law for the county and special district sales and use taxes. Require DOR to distribute 98.5% of the taxes reported for each transit authority that has imposed the taxes, minus the transit authority portion of the retailers' discount, to the transit authority.

## **DISCUSSION POINTS**

### **National Trends in Transit**

1. According to the American Public Transportation Association (APTA), despite declining fuel prices during the end of the year and a slowing economy, 10.7 billion passenger trips were provided by the nation's public transportation systems in 2008. This is the highest amount of transit ridership in the United States in 52 years, and it follows several recent years of increases in transit ridership. All forms of transit experienced increases in ridership in 2008, led by light rail (streetcars or trolleys) with an 8.3% increase in ridership, while commuter rail ridership increased by 4.7%, and bus ridership increased by 3.9%. Recognizing this increased demand, as well as the goals of increased mobility, decreased congestion, and the need to reduce the nation's fuel use by moving people more efficiently, federal, state, and local investments in public transportation service continue to increase.

2. Urban areas across the country have made significant investments in transit improvements over the past decade, including expanded bus service and new or expanded rail

service. For example, new light rail or commuter rail lines were recently completed in Austin, Charlotte, Houston, Nashville, and St. Louis, among other cities. Several other cities recently completed extensions to their light rail or commuter rail systems, including Denver, Minneapolis, Portland, Sacramento, and Seattle, among other cities. The Wall Street Journal reported recently that at the November, 2008, election, U.S. voters approved 23 measures nationally that will invest \$75 billion into public transportation systems. According to the Center for Transportation Excellence, the source for the article and an organization that tracks local transportation investment ballot initiatives across the country, overall, 70% of the local ballot measures passed, including 14 of 19 that raised local sales taxes to pay for the investments. Local business interests, citing the benefits of public transportation to local economies, improved mobility for their employees commuting to work, and the impact a viable transit system has on the ability to recruit and retain talented employees, have backed the additional tax revenues used to fund the transit improvements. Local and regional governments typically use these additional local tax dollars to leverage federal transit capital funding, the demand for which will likely be high.

3. Transit systems throughout the country provide public benefits to those who use the systems and the businesses and regions that depend on them. Decisions on making mass transit investments are often based on goals such as reduced congestion, improved mobility and choice, and economic development. Whether or not these investments in transit will achieve all of these intended goals is not clear. In 2005, the U.S. General Accountability Office (GAO) completed a review of whether highway and transit projects were successful in meeting their projected outcomes. GAO concluded the following:

"Available evidence indicates that highway and transit projects do not achieve all projected outcomes. In addition, our case studies and survey show that evaluations of the outcomes of completed projects are not frequently conducted. A number of outcomes and benefits are often projected for highway and transit investments, including positive changes to land use and increased economic development. These projected outcomes were often cited as reasons why the projects were pursued. However, because evaluations of the outcomes of completed highway and transit projects are not typically conducted, officials have only limited or anecdotal evidence as to whether the projects produced the intended results."

4. Throughout the United States, regional transit authorities have become a common model used to deliver public transportation services. The policy reasoning for this model is that it recognizes the need to plan, construct, and deliver transportation services across political boundaries in order to provide citizens the most efficient mobility linkages as well as transportation options. Several states, including California, Illinois, Ohio, Texas, Washington, and several northeastern states with large population centers and extensive public transportation systems, have had regional transit authorities in place for decades. However, in recent years, other states have adopted legislation enabling the creation of regional transit authorities and the local adoption of dedicated funding sources for public transportation. For example, New Mexico recently enacted legislation allowing the creation of regional transit districts. Other states, like Wisconsin, are currently debating legislation to create regional authorities with public transportation responsibilities and

taxing authority.

5. The policy reason for a regional approach to public transportation is similar to the reasoning behind a regional approach to highway infrastructure. A regional approach recognizes the need to coordinate planning and resources and merge public transportation services among urban areas and the adjacent communities. This has been especially true in metropolitan areas of the country that have experienced significant population growth and the expansion of the population center from the urban core to adjacent municipalities and counties. The development of regional transit authorities nationwide also indicates state and local recognition of the need for investment in public transportation services as part of a balanced regional transportation system that also includes roads, rail, and airports and that serves commuter travel as well as providing intermodal connections for intercity travel.

6. Some proponents of a Southeast RTA contend that the Milwaukee-Kenosha-Racine urban area is falling behind other areas of the country that are making the investments in public transportation mentioned earlier. It is argued that the RTA legislation is needed to assist the region in building a modern, regional system that provides the needed linkages for commuters and regular transit riders that other areas of the country are providing their citizens. They indicate that other metropolitan areas have been able to make these investments in part due to regional sales or other taxes dedicated for transit. Conversely, local funds for the transit systems in Southeast Wisconsin are provided by local property taxes. RTA proponents contend that this funding system requires public transportation to compete for funding with other county and municipal services funded from the property tax, and has led to rising fares and service reductions, rather than the investments in public transportation that are being made in other areas of the country. They note that the result is a patchwork of transit service in the region that often starts and stops at jurisdictional lines rather than creating the regional linkages needed in a modern system. One example is the disjointed paratransit services provided in the region that were described in public testimony on AB 75 before the Committee in Racine.

### **Transit in Southeast Wisconsin**

7. The Milwaukee County Transit System (MCTS) is the transit operator for the City of Milwaukee, and the entire county. The City of Racine operates the city-wide Belle Urban transit system, and the City of Kenosha operates the Kenosha transit system, including the downtown trolley system. Each of these systems receives state operating assistance and federal operating and capital assistance. Each governmental entity also provides local property tax revenue to fund a portion of the transit service costs in their area. In addition, the Racine Commuter system is operated by Wisconsin Coach lines and provides daily, intercity bus service between the cities of Kenosha, Racine, and Milwaukee. While the Racine Commuter system receives state operating assistance, it does not receive federal operating assistance. According to Department of Transportation (DOT) officials, the City of Racine contributed 35% of the local share of costs for the Racine Commuter system, while Racine County contributed 30%, the City of Kenosha contributed 20%, and Kenosha County contributed 15%.

8. According to DOT's annual Cost Efficiency Analysis for Wisconsin Public Transit Systems, MCTS consistently ranks near the top among its peers across the country in most performance standards. Similarly, the Kenosha and Racine systems rank above the average of their peers on most of the performance standards reviewed by DOT and are in compliance with the cost efficiency standards established by the Department.

9. Over the past several years, while major transit capital projects (discussed later) have been debated in the region, existing transit service has been reduced. MCTS has made several reductions to their transit service due to significant budget shortfalls. According to a study by the UW-Milwaukee Center for Economic Development, MCTS has experienced annual revenue shortfalls in recent years that have resulted in significant service reductions. Aside from farebox revenues, MCTS's annual revenues primarily come from state and federal funding, and county property tax levies. These revenues have not kept pace with increasing operating expenses associated with high fuel and employee benefit costs. As a result, the report indicates that MCTS has had to reduce its service by 180 miles, or 18.8%, from 2001 to 2007. During the same period, the Southeastern Wisconsin Regional Planning Commission (SEWRPC) indicates that MCTS system fares have increased by 30%. SEWRPC also estimates that MCTS could be required to reduce service by an additional 35% over the next five years. A 2006 report from the Joint Legislative Committee on Transportation Needs and Financing ("Road to the Future Committee"), indicated that an additional \$20.1 million in annual operating funding would be needed to restore the service reductions made since 2001 to MCTS service.

10. MCTS has also deferred bus purchases and other capital investments by deciding to use federal transit capital funds for annual bus operations. According to testimony before the Committee at the West Allis public hearing on AB 75, the MCTS director indicated that the system's capital reserve for future capital purchases, which was as high as \$44 million in 2001, will be depleted by 2010 as capital funds are used to fund ongoing operations.

11. According to SEWRPC, the Kenosha system has decreased service by 10% and the Racine system has reduced service by 25% over the last seven years. SEWRPC also indicates that the Racine system has increased fares by 50% since 2000. Finally, SEWRPC indicates that the Kenosha and Racine systems could see an additional 20% to 25% reduction in service over the next five years.

### **Major Southeast Wisconsin Transit Projects**

12. In Southeast Wisconsin, two major capital investments in transit are currently being studied, whose construction and/or operation could potentially be funded with revenues from the proposed Southeast RTA sales tax: the Kenosha-Racine-Milwaukee (KRM) commuter rail project and the Milwaukee Connector project. The proposed KRM project would be a 33-mile long extension of commuter transit service to Milwaukee. This service would be provided on the Union Pacific North freight rail line that currently runs between Chicago and Milwaukee. The proposed Milwaukee Connector project is currently under a second phase of study and the types of transit services under consideration include a bus rapid transit system with fixed routes that extend outward

from downtown Milwaukee and a fixed rail modern streetcar for circulating passengers in downtown Milwaukee.

13. The KRM project would involve new transit service that would extend to Milwaukee's Amtrak station, with potential intermediate stops in Kenosha, Somers, Racine, Caledonia, Oak Creek, South Milwaukee, and Cudahy-St. Francis. The service would consist of 14 weekday trains in each direction between Kenosha and Milwaukee. In addition, certain trains could also run to and from Waukegan, IL. The proposed service would be coordinated with the existing Metra commuter rail service to allow for timed transfers at Kenosha or Waukegan with Metra trains to and from Chicago.

14. One benefit of a KRM commuter rail line extension would be the creation of an additional transportation and economic link between Milwaukee, Racine, Kenosha, and other communities in southeastern Wisconsin and northeastern Illinois. The project could provide a transportation alternative to freeway travel in the area, which is becoming increasingly congested. Proponents of commuter rail in this corridor contend that it could provide economic growth and development opportunities for communities along the rail line. The project could also make a larger number and a wider array of job opportunities accessible for the area's labor market. The project has support from several major employers in the area and the commerce associations of Kenosha, Racine, and Milwaukee, who wish to access that labor market to a greater extent.

15. The estimated construction cost of the current KRM proposal is \$200 million and recent estimates of the net operating costs associated with the project have ranged from \$10.9 million to \$14.7 million annually. During deliberations on the 2007-09 biennial budget, the following funding plan was outlined for the capital costs of the project: (a) \$100 million in Federal Transit Administration (FTA) new starts funding; (b) \$18.0 million to \$27.0 million from the Federal Highway Administration's congestion mitigation and air quality improvement program; and (c) \$36.5 million to \$41.0 million each in state and local funds.

16. The initial phase of the Milwaukee Connector study, which began in 2000, evaluated transit improvements in and around downtown Milwaukee. The study grew out of earlier studies dating from the early 1990s. The study looked at the creation of a transit connector system to link people through public transit to some of the new and existing attractions in and around downtown Milwaukee. The new attractions included the convention center, professional baseball stadium, art museum addition, and the development of the riverwalk area and downtown housing options. A partnership was formed with the Wisconsin Center District, the Metropolitan Milwaukee Association of Commerce, and the city and county to conduct the study. This initial phase of the study generally focused on two transit lines making up 11-12 miles of service, with the routes running from Miller Park to UW-Milwaukee and from Fond du Lac Avenue through downtown Milwaukee and out to the Third Ward.

17. A second phase of the study, which is currently underway, includes a bus rapid transit system, which involves a bus lane or roadway that is exclusively built for, or dedicated to, bus travel. Such systems often have dedicated stations that passengers walk up to and can involve

vehicles with multiple doors that resemble trains. Service is often frequent and passengers are allowed to choose between express and local routes. The bus rapid transit corridors under study include: (a) from Bayshore Town Center in Glendale south via 27th Street to Northwestern Mutual's Franklin Campus; (b) from the University of Wisconsin-Milwaukee south to downtown and west to the Milwaukee County Research Park; and (c) from Midtown Center to downtown and south to General Mitchell International Airport. In addition, the study will examine a downtown streetcar loop, which would run from the downtown intermodal station east to the Summerfest grounds, north to Yankee Hill, west to Park East, and then south to the downtown intermodal station.

18. The Connector study indicates the following relative to the costs of the transit service being studied:

"The project cost will depend on what is built. At this point, without knowing the routes and vehicles that will be selected, we cannot estimate cost. One option being considered by the project steering committee is to apply for federal transit funds through FTA's Small Starts program, which would limit the total project costs to \$250 million."

In addition, no estimates of the annual operating costs for the system have been completed. However, during the initial Connector study phase, it was indicated that portions of the new service could replace the existing bus service in these areas, which would mean the new service would supplant some of the costs of the existing MCTS service in these areas.

19. The Governor's budget recommendations also include \$100 million in state general obligation bonding for transit capital grants to the Southeast RTA to assist in the construction of projects like KRM commuter rail and the Milwaukee Connector. The outstanding issues relative to mass transit in the region have made it difficult for local leaders to decide on a direction for public transportation in southeastern Wisconsin. The Governor's Southeast RTA proposal and the proposed capital assistance grant program could be seen as an incentive for local officials to resolve these outstanding issues, by allowing a local sales tax dedicated for transit within the RTA and by making resolution of these issues a condition of the grant funding. However, given the declining state of existing transit service in the region, it may be difficult to get FTA approval for federal funding of any rail transit projects within the Southeast RTA region until some or all of the region's bus service is restored or replaced.

### **Creation and Jurisdiction of the Southeast RTA**

20. Under the bill, three regional transit authorities in the state could have sales tax authority and spending authority relative to transit service: a Dane County RTA, a Fox Cities RTA, and a Southeast RTA. Discussions at the local level regarding enabling legislation for RTAs in Wisconsin have been going on for several years. Recently, a Legislative Council Study Committee on Regional Transit Authorities is completed its work on enabling legislation for RTAs that is somewhat similar to the Governor's recommendations. Many local elected and transit officials believe that the state government should provide this authority, and let the local governing bodies and citizens determine whether or not an RTA is created.



21. Unlike the Southeast RTA, the Governor recommends that the state automatically create a Fox Cities RTA, with no regional or local decision as to whether the RTA should be established. Some contend that the local governing bodies or the citizens themselves, who will be paying for the RTA services, should determine whether an RTA is created. However, if the state determines that the benefit of a regional approach to public transportation service is in the best public interest, it may be reasonable for the Legislature to create and define the initial RTAs in these regions. The state has often preempted local decision making on matters of common state interests when the need to protect or encourage such interests overwhelms the desire for local control over that matter. In this instance, in order to cut through what are often competing local interests, and in recognizing the same benefit other states have recognized in having a regional body oversee the public transportation decisions of a region, it could be seen as being in the state's best interest for the state to create and define the jurisdictions of each of these regional transit authorities.

22. The bill would allow the county boards of Kenosha and Milwaukee counties, or any municipality in Racine County east of I-94, to vote to create the Southeast RTA (the approval of any one of these entities would be sufficient to create the RTA). Among other powers, the Southeast RTA could impose sales and use taxes within the RTA's jurisdictional area and would be required to provide, or contract for the provision of, transit service within that area. If either or both the Milwaukee County board or the Kenosha County board create the Southeast RTA, the members of the RTA would consist of all municipalities currently located wholly or partly in the participating counties. If any municipality in Racine County east of I-94 creates the Southeast RTA, that municipality would be a member of the RTA. The jurisdictional area of the RTA would be the territorial boundaries of the governmental bodies that create or join the RTA.

23. By adopting a resolution, the county boards of Ozaukee, Racine, Washington, or Waukesha counties could join the Southeast RTA. The municipalities in any county that joins the RTA would automatically become part of the RTA's jurisdictional area. In addition, a municipality in Ozaukee, Washington, or Waukesha county could choose to join the Southeast RTA regardless of whether or not the county has joined, if their governing board adopts a resolution to do so and the RTA board approves their joinder. However, Racine County municipalities west of I-94 could not join the RTA on their own accord. In order to provide western Racine County municipalities the same choice as municipalities in the other counties, the Committee could allow them to join the Southeast RTA, regardless of whether or not Racine County joins, provided that the RTA board approves their joinder.

24. Under the bill, if the Milwaukee County (or Kenosha County) board is the only governing board to create a Southeast RTA, then initially the Southeast RTA would consist of only that county. Similarly, if the city council of Racine is the only governing board that votes to create the Southeast RTA, then initially the Southeast RTA would consist only of that city. Other counties and municipalities, as allowed under the bill, could join the RTA created by these entities. While these provisions would allow for a Southeast RTA to be created, the RTA could consist of only one county or one municipality in Racine County. If the goal of a regional transportation authority is to generate cooperation among local units of government in providing public transportation and generating linkages among the transit service in the region, the Committee could specify that the

Southeast RTA could only be created if the county boards of Kenosha and Milwaukee counties, and the city council of the City of Racine, all vote to create the RTA. Requiring these three large areas and population centers to jointly create the RTA could promote the regional benefits of the RTA concept.

25. Some local municipal officials have expressed concern that their municipalities would be included in the proposed Southeast RTA without a vote either of their governing body or their residents. The RTA would have taxing and spending authority under the bill, but those residents who would pay the taxes and receive the transit services would not be allowed a vote on whether the RTA is created. Recognizing this concern, some contend that the RTA should only be created by a referendum vote. Despite not being required, it is possible that the political pressure on local elected officials could result in a referendum vote being held before any RTA is created.

26. By requiring a referendum vote, the Committee could make it certain that the residents within the proposed jurisdictional area of the RTA would have a say in whether it is established. A referendum vote could also improve local buy-in of the RTA and its actions and potentially alleviate any impression among area officials and residents that the RTA is being forced upon them by the state or overlying counties. This referendum requirement could also be extended to include any county or municipality that may choose to join the Southeast RTA after its creation. Under the bill, such counties or municipalities could join by vote of their governing bodies.

27. Concern also exists that under a district-wide referendum the electorate of the larger municipalities could overwhelm the vote decision. For example, residents of the larger municipalities, who may favor an RTA, could sway the vote in favor of its creation. This could result in municipalities that would not have voted individually to create the RTA having to be part of the RTA. While this is a fundamental characteristic of elections, and would be similar to any vote within any sized jurisdiction, this concern could be eased by requiring that each municipality within the proposed RTA hold a separate referendum on its creation, on a single date to be agreed upon, and specified, by the county boards of Kenosha, Milwaukee, and Racine counties. Under this alternative, only those municipalities that vote to create the RTA would be part of its jurisdictional area and be subject to any taxes it imposes.

28. The state has a long tradition of local control, or allowing local governments the authority to make decisions that impact the citizens represented by those governments. Allowing the governing bodies of each municipality to vote whether to join the RTA would be consistent with this tradition. Under this option, the governing bodies of each municipality located wholly or partly within Milwaukee or Kenosha counties, or those areas in Racine County east of I-94, would have to adopt a resolution on whether the municipality would be a member of the Southeast RTA. Allowing the elected representatives to vote on being a part of the RTA would allow some level of citizen input. Provisions could be included to allow the county boards of Kenosha, Milwaukee, and Racine counties to set an agreed upon date by which municipalities would have to make a determination as to whether to be a member of the RTA. Under this option, the initial jurisdictional area of the RTA would be consistent with the boundaries of all the municipalities whose governing bodies vote to be a member.

29. Allowing individual municipalities the option of joining the RTA could result in the loss of some of the regional benefits of the proposal. Kenosha and Milwaukee counties, and the area of Racine County east of I-94, as the possible jurisdictional area for the initial Southeast RTA that could be created, contain some of the densest population centers in the region and the areas and corridors where the most immediate growth and development are expected. Many consider this area to be the best scope for developing a regional transportation system, which is the primary policy reason for creating a regional transit authority. Allowing individual municipalities to choose whether to be a part of the RTA may result in several municipalities choosing not to join, despite being vital linkages in a balanced, long-term regional plan for transit and the overall transportation system of the region. Allowing such local decisions could also create a non-contiguous RTA district, which could create sales tax islands within the region and make transit service decisions more difficult.

30. Many residents of the growing municipalities surrounding Kenosha, Milwaukee, and Racine commute to these urban centers or their fringes for work, using the transportation infrastructure of these urban areas and adding to regional congestion and mobility concerns. Some contend that these suburban residents receive somewhat of a "free ride" because they use the area's transportation infrastructure and services, but may not pay their proportionate share of the associated costs. If allowed to choose not to be part of the RTA, some area residents would not pay the RTA sales tax within their municipality, but would likely benefit from any regional transit investments, either directly by accessing the expanded transit services or indirectly through any reduced congestion that occurs as a result of such investments. Under this argument, a system that would require a single, region-wide decision as to whether the Southeast RTA should be created could help to ensure that those receiving the benefits from having a balanced regional transportation system would pay for those benefits.

31. Conversely, not all suburban residents, who would be paying the RTA sales tax, work in, or commute to, these urban centers. Therefore, these suburban residents may place little burden on the transportation infrastructure within these areas and would likely receive little benefit in the form of reduced congestion, or improved transit service. However, under the RTA proposal, such residents would be subsidizing the costs of a regional transit system, and the benefits users of the area's transportation system may derive from increased transit service. Difficulty in balancing the taxes imposed on residents with the cost those residents impose on the region's transportation systems or the benefits derived from the expenditure of those tax revenues on transit service may be a concern to some relative to the proposed RTA.

### **Governance**

32. Under the bill, the size of the initial Southeast RTA board would depend on the entities that would create the RTA. The initial RTA board size could range from three members, if the City of Racine creates the RTA, to four members, if either Kenosha County or Milwaukee County alone creates the RTA, to seven members if Kenosha County, Milwaukee County, and the City of Racine jointly create the RTA. The Governor would have two appointees to whatever sized Southeast RTA board would be created. The remaining members on a seven-member board would

consist of the following members appointed by the executive and confirmed by the governing boards: one member each from the City and County of Kenosha; one member each from City and County of Milwaukee; and one member from the City of Racine.

33. In addition, if any of Ozaukee, Washington, and Waukesha counties adopts a resolution to join the Southeast RTA, each would have a member on the RTA board. If the City of Waukesha or Waukesha County joins the Southeast RTA, the City of Waukesha would also have a board member. Conversely, if Racine County adopts a resolution to join the RTA, the bill would not provide the county a representative on the RTA board. However, on March 19, 2009, the administration submitted an errata to the Committee that indicated that it was the Governor's intent to provide Racine County a member on the Southeast RTA board, if the Racine County board adopts a resolution to join the RTA. Similar to the other county members to the Southeast RTA board, the member would be appointed by the county executive and confirmed by the county board.

34. During the Committee's public hearings, it was suggested that since the jurisdiction of the proposed RTAs would include villages and towns, the RTA boards should be required to have representation from the smaller municipalities. Other RTA or transit agency boards around the country allow the smaller municipalities within their regions to have representation on their boards. For example, the Denton County (Texas) RTA board, which serves a population of nearly 300,000, includes three members who are designated by the municipalities within the RTA region that have a population between 500 and 17,000. The Committee could increase the size of the Southeast RTA board by including one municipal member from each county, to be mutually designated by the governing boards of all that county's municipalities less than 60,000 in population. This option could increase the size of the Southeast RTA board by up to six members.

35. As indicated in the attachment to this paper, representation on the RTA boards that use sales tax revenues to fund transit services varies throughout the country. Of the 17 transit boards or agencies identified in the attachment (major urban areas with over \$50 million in sales tax revenue), three transit systems were run as part of the city government. Of the 14 regions governed by a board: seven are made up of citizen members appointed by the county or local executive or governing bodies; three boards are made up of local elected officials appointed by their city or county governing board; two boards are made up of a mixture of elected officials and citizen members appointed by the executive or governing body of the county and member cities; and two boards have members directly elected by the citizens of the region.

36. The proposed RTA would have general sales tax authority, but would not be directly elected by the citizens paying the tax. Having the RTA board members appointed by the Governor and local officials could insulate the board from the concerns of those paying the sales tax. If the board is unresponsive to their concerns, taxpayers could vote against the elected officials who appointed the RTA board members at the next election, but there would be no direct way for citizens to express their disapproval of individual board members. This is similar to the situation that exists with the state's technical college district boards, which have general property tax authority, but are appointed to the board rather than elected by those paying the local property tax. An alternative would be to specify that the board members would have to be elected by residents of

the district they represent. Conversely, if a decision is made to require referendum approval to impose the sales and use taxes, this could be viewed as providing enough taxpayer oversight to mitigate any perceived need for electing board members.

37. As indicated earlier, five of the RTA boards listed in the attachment to this paper require at least some of the members appointed to their board to be locally elected officials. Having elected officials serve on the RTA Board could make the board more directly responsible to the taxpayers. Under this option, if the voters of a member's county or municipality disapprove of that member's decisions on the RTA board, the voters could vote that member out of office.

38. None of the 14 regional transit authorities run by a board mentioned earlier has a voting member to their board appointed by the Governor. The California Governor does appoint a non-voting member to the Los Angeles County Metropolitan Transportation Authority. Their boards consist solely of local appointees or elected members. However, because the state provides nearly \$70 million in annual mass transit operating assistance for transit in the Southeast RTA region and could be in a supporting role for further transit investments, having a Governor's appointee to represent the state's interests may be warranted. If the Committee provides the Governor an appointee to the RTA board, it could require that the Senate approve the appointment. This requirement would be similar to those for many of the Governor's other appointments to state, regional, or local boards.

### **Imposition of the Sales Tax**

39. The use of sales tax revenues to pay for transit is common across the country. According to the Federal Transit Administration's National Transit Database, in 2007, over 100 metropolitan or regional transit authorities used sales tax revenues to fund their transit operations. Nationwide, these authorities have authority to tax the residents of thousands of municipalities in order to fund transit services in their regions. The urbanized areas that are serviced by these transit authorities range from 52,000 in Skagit, WA, to nearly 18 million in New York City. The attachment to this paper lists the sales tax rate and the annual sales tax revenues of 17 transit authorities or agencies with sales tax authority in major urban areas (those with over \$50 million in sales tax revenue) of the country.

40. Many states have multiple metropolitan or regional transit authorities with sales tax authority. For example, the State of Washington has 13 transit authorities or districts that have the authority to impose up to 1% sales and use taxes in their jurisdictional areas. The State of Texas may make the most extensive use of transit authorities with local sales tax authority. Texas has 10 transit authorities or districts that impose either 0.5% or 1% sales and use taxes to fund regional transit services to over 60 major Texas municipalities and numerous unincorporated areas.

41. Several metropolitan transit authorities use sales tax revenues to back bonds issued to fund major transit service improvements. In many instances, the use of sales tax dollars for transit operation or improvements was approved by voters at referendum. As mentioned earlier, in November, 2008, 14 local ballot measures that increased the local sales tax for transit funding were

approved by voters across the country. Similarly, in discussions regarding RTA legislation in Wisconsin, it has been suggested that a referendum vote on whether to impose a sales tax within the RTA district should be required. The Committee could amend the bill to specify that voters within the RTA's jurisdiction would have to approve the sales and use taxes for transit at referendum. If the Committee also requires that a referendum on the question of creation of the RTA district be held, the question as to whether to impose sales and use taxes within the region could be included in the same referendum.

42. One concern related to the use of the sales tax as a source of funding for transit is that the sales tax can be an unstable source of revenue. During the recent economic downturn, sales tax revenues have fallen off across the country, which has impacted the existing transit service or transit expansion plans of many local transit authorities. However, the proposed sales tax would be dedicated for transit use, which could ensure some stability in transit funding, unlike the current system where local transit agencies have to vie with other local programs for a share of local property tax levies. Also, as the economy expands or prices increase, the sales tax, as revenue source, would have some potential for revenue growth over time.

#### **Local Fiscal Effect of the Proposal**

43. The RTA sales tax would be a dedicated revenue source for transit that could be used to replace all or a portion of the local property tax amounts currently levied for the operation and capital purchases of the mass transit systems in the region, although this would not be required. Remaining revenues would be available to fund expanded transit operations and capital improvements. Alternately, the RTA could establish the sales tax rate at a lower level.

44. The following table indicates the estimated revenue from a Southeast RTA sales tax imposed in Kenosha and Milwaukee counties and the City of Racine at a rate of either 0.25% or 0.5% (the maximum allowable), if the taxes had been imposed in 2008. The revenue amount is compared with the 2008 mass transit operating expenditures paid from property taxes for transit system services in these areas. DOR would administer the RTA sales and use taxes and would receive 1.5% of the tax revenue for administering the taxes. The revenue amounts are based on DOR's 2008 distributions of the current 0.5% county sales and use tax revenues in Kenosha County (\$10.3 million) and Milwaukee County (\$66.7 million). The revenue amount for the City of Racine is based on the UW Extension's estimate of the amount of sales and use tax revenue that Racine County, which does not have the 0.5% county sales and use taxes, could generate if the county imposed the taxes. That county amount was then adjusted using the population and per capita income of the City of Racine.

**TABLE 1**

**Comparison of 2008 Potential Southeast RTA Sales and Use Tax Revenue and 2008 Transit Operating Expenditures Paid from Property Taxes**

Sales and Use Tax Rate	0.25%	0.5%
Net Sales and Use Tax Revenues	\$40,662,000	\$81,324,000
Less Transit Operating Expenditures*		
Kenosha	\$1,789,500	\$1,789,500
Milwaukee County Transit	22,632,400	22,632,400
Racine (including Racine Commuter)	<u>1,819,100</u>	<u>1,819,100</u>
Total Existing Transit Expenditures**	\$26,241,000	\$26,241,000
Remaining Tax Revenues	\$14,421,000	\$55,083,000

\* Projected 2008 system operating costs submitted to DOT less state and federal aid and farebox revenues. Amounts do not include any existing local funding for transit capital improvements.

\*\* Other area municipalities contributed to the funding for the existing transit services.

45. Under the bill, the RTA board would determine the tax rate for the Southeast RTA. The RTA would also have the authority to determine where these local transit funds would be spent within the RTA's jurisdictional area. This would allow the RTA board, which may have a more regional perspective of the transit needs and the overall transportation system, to determine the transit service and funding priorities within the RTA's region.

46. The existing southeastern Wisconsin RTA, in its November, 2008, report to the Legislature on legislative changes for that RTA, included a recommendation that the RTA board be required to allocate funds for transit services in each urbanized area or county within the RTA in an amount equal to the amount of sales tax revenue raised in each urbanized area or county. This recommendation would attempt to ensure that each urbanized area or county would be guaranteed to receive a level of transit expenditures or service that would be representative of the amounts they would be asked to pay.

47. The Committee could put in place a similar requirement for the Southeast RTA. However, such a provision could tie the hands of the RTA board members in determining how best to provide transit services in the region. In addition, the amount collected within a county is not the same as the amount paid by residents of that county, since people frequently cross county boundaries to make purchases. DOR could develop procedures to estimate the tax incidence, based on the populations and business characteristics of each county. However, this would be costly on an ongoing basis for the Department, as these characteristics would change over time, and would still be subject to estimating error.

48. An estimate of the impact of the Southeast RTA proposal on the sales and use taxes

paid by households in the RTA would first have to determine the amount of sales and use taxes that would be paid by consumers who are residents of the region. A recent Department of Revenue study, Wisconsin Tax Incidence Study, (December, 2004), estimates that 67% percent of the sales and use taxes paid in the state are paid by consumers and 33% are paid by businesses. In addition, of the portion of sales and use taxes paid by consumers, the study found that 2% of these taxes (or approximately 1.3% of the total sales and use taxes) are paid by out-of-state consumers. However, given the fact that proposed RTA includes the major city in the region, various tourist draws, and major regional shopping centers, this estimate assumes that nonresidents of the proposed RTA would account for 5% of the sales and use taxes paid by consumers (or approximately 3.4% of total sales and use taxes).

49. The following table indicates the estimated amount of the proposed sales and use taxes allocated to the residents of the Southeast RTA under the assumptions indicated above and an estimate of the amount paid per household. Because the table indicates the amount of sales and use taxes paid per household, the amount of revenue used to fund DOR's 1.5% administrative fee is included in the amount of estimated taxes paid. This table indicates the amount paid per household under a sales and use tax rate of 0.25% or the maximum rate of 0.5%. If the sales and use tax revenues are used to supplant existing transit expenditures being paid by the property taxpayers in the RTA, those taxpayers could experience some reduction in their property taxes, if the taxes aren't shifted to support other county or municipal functions.

**TABLE 2**

**Estimated Amount of Sales and Use Taxes Paid  
Per Household in the Proposed Southeast RTA**

Sales and Use Tax Rate	0.25%	0.50%
Estimated Annual Sales Taxes Paid	\$41,281,200	\$82,562,400
Percent of Sales and Use Taxes Paid by Consumers		
DOR Study Estimate	67.0%	67.0%
Nonresidents of the RTA	<u>-3.4</u>	<u>-3.4</u>
Net Percentage Paid by Residents	63.6%	63.6%
Sales and Use Taxes Paid by Resident Consumers	\$26,254,800	\$52,509,600
Amount Paid per Household*	\$55.22	\$110.44

\* Based on U.S. Census Bureau three-year estimates (2005 thru 2007) of the number of households in Kenosha and Milwaukee counties and the City of Racine.



50. These estimates do not take into account the extent to which businesses may pass on the cost of their sales and use taxes to consumers. To the extent that businesses are able to pass on a portion of the cost of their sales and use tax burden, the consumer share of the total taxes paid would increase, both for residents of the Southeast RTA and nonresidents. It should also be noted that making any estimate of the sales and use tax incidence for certain geographic areas or population groups is difficult. The estimates of sales and use tax incidence presented here could vary depending on how the demographics and spending patterns in the Southeast RTA vary from the statewide estimates used to derive these estimates. Further, the taxes paid by individual residents or households could vary significantly from the average amounts based on individual income and spending patterns.

## **ALTERNATIVES**

### **A. Creation and Jurisdiction of the Southeast RTA**

1. Approve the Governor's recommendation to provide the Kenosha and Milwaukee County boards and the governing body of the any municipality located wholly or in part in portion of Racine County east of I-94 the authority to adopt a resolution to create a RTA. Specify that if their governing board approves a resolution to create a Southeast RTA, the members of the RTA would be the municipalities located partly or wholly within Kenosha and Milwaukee counties and any municipality located in Racine County east of I-94. Specify that the jurisdictional area would consist of the territorial boundaries of the members of the Southeast RTA. Allow the counties of Ozaukee, Racine, Washington, and Waukesha to join the Southeast RTA by adopting a resolution to do so. Allow any municipality in Ozaukee, Washington, or Waukesha county to join the RTA, by a vote of their governing board, if the RTA board approves their joinder. Specify that if the county board of Ozaukee, Racine, Washington, or Waukesha county votes to join the Southeast RTA, any municipality in the joining county would be included in the RTA's jurisdictional area

2. Modify the Governor's recommendation by allowing municipalities located in Racine County west of I-94 to join the RTA after it has been created, if the RTA board approves their joinder (this would treat western Racine County municipalities the same as those in Ozaukee, Washington, and Waukesha counties).

3. Modify the Governor's recommendation for the creation of a Southeast RTA by doing one of the following:

a. Create a RTA that would consist of Kenosha and Milwaukee counties and the municipalities located partly or wholly within the portion of Racine County east of I-94 (no vote of the county board, local governing boards, or local electorate would be required).

b. Allow for the creation of the RTA only if the governing boards of Kenosha, Milwaukee, and Racine counties all adopt a resolution to create the RTA. Specify that only those portions of Racine County east of I-94 would be included in the jurisdictional area of the RTA.

c. Allow for the creation of a RTA by a majority vote of all electors of Kenosha and Milwaukee counties and of the municipalities located partly or wholly within the portion of Racine County east of I-94. Provide the Kenosha, Milwaukee, and Racine county boards the authority to set an agreed upon date for the referendum vote and specify that the referendum must be held on the date of a spring or fall general election.

d. Allow for the creation of a RTA that would consist of those municipalities located partly or wholly within Kenosha and Milwaukee counties or partly or wholly within the portion of Racine County east of I-94 whose electors vote to create the RTA at a municipal referendum. Provide the Kenosha, Milwaukee, and Racine county boards the authority to set an agreed upon date for the referendum vote and specify that the referendum must be held on the date of a spring or fall general election.

e. Allow for the creation of a RTA that would consist only of those municipalities located partly or wholly within Kenosha and Milwaukee counties and those municipalities located partly or wholly within the portion of Racine County east of I-94 whose governing boards vote to create the RTA. Provide the Kenosha, Milwaukee, and Racine county boards the authority to set an agreed upon date by which the governing boards must vote to be initially included in the RTA.

4. Allow Ozaukee, Racine, Washington, or Waukesha counties to join the Southeast RTA only if the electors of the county, at a countywide referendum, elect to join the RTA. Specify that the referendum must be held on the date of a spring or fall general election.

5. Allow any municipality located wholly or partly in the counties of Ozaukee, Racine, Washington, or Waukesha to join the Southeast RTA only if the electors of that municipality, at a municipal referendum, elect to join the RTA. Specify that the referendum must be held on the date of a spring or fall general election.

6. Specify that any municipality that does not initially pass a referendum to join the RTA may do so at a later date, at a subsequent municipal referendum. Specify that the referendum must be held on the date of a spring or fall general election.

7. Specify that the jurisdictional area of the RTA would be the territorial boundaries of the counties or municipalities that would be members of the Southeast RTA (this would make the jurisdictional area of the RTA consistent with any membership allowed for the Southeast RTA under the preceding alternatives).

8. Delete the Governor's recommendation relative to the creation of a Southeast RTA.

## **B. Governance**

1. Approve the Governor's recommendation to specify that the Southeast RTA board of directors would consist of the following members if the relevant governing body adopts a resolution to join the Southeast RTA (unless otherwise noted, the term would be four years): (a) one member from Kenosha County, to be appointed by the county executive and approved by the

county board, and one member, whose initial term would be two years, from the City of Kenosha, appointed by the mayor and approved by the common council; (b) one member from Milwaukee County, to be appointed by the county executive and approved by the county board, and one member, whose initial term would be two years, from the City of Milwaukee, to be appointed by the mayor and approved by the common council; (c) one member from the City of Racine, to be appointed by the mayor and approved by the common council; and (d) two members, one of whom would have an initial term of two years, from the jurisdictional area of the authority, to be appointed by the Governor. Specify that if Milwaukee County adopts a resolution to create or join the RTA, one of the Governor's appointees, for any term commencing after the county has adopted the resolution, would have to be from Milwaukee County.

In addition, approve the Governor's modified recommendation for the following counties or municipalities that choose to join the southeast Wisconsin RTA: (a) one member each from Ozaukee, Racine, Washington, and Waukesha counties if the county joins the Southeast RTA, to be appointed by the county executive of the county and approved by the county board (this would incorporate the Governor's intent for Racine County to have a board member if it joins the Southeast RTA); and (b) one member to be appointed by the mayor and approved by the common council of each city in Ozaukee, Washington, or Waukesha counties with a population of more than 60,000 that either adopts a resolution to join the southeast RTA or is located in a county that has joined the RTA (based on current populations, this provision would only apply to the City of Waukesha).

2. Modify the Governor's recommendation by doing one or more of the following:
  - a. Approve the Governor's modified recommendation for the membership to the RTA board. In addition, require that members be an elected official from the governing body of the county or municipality of the appointing authority.
  - b. Approve the Governor's modified recommendation for the membership to the RTA board, but require that the members be elected by the voters of the areas they represent. The Governor would continue to appoint two members.
  - c. Approve the Governor's modified recommendation for the membership to the RTA board. In addition, for each county that creates, or joins, the Southeast RTA, expand the RTA board to include one municipal member from each county, to be mutually designated by the governing boards of all the municipalities less than 60,000 in population in that county.
  - d. Delete the Governor's appointees to the RTA board.
  - e. Require that the Governor's appointees to the RTA board be subject to confirmation by the Senate.

## **C. Imposition of Sales and Use Taxes**

1. Approve the Governor's recommendations that the RTA board could impose up to 0.5% sales and use taxes within the jurisdiction of the RTA, and allow DOR the authority to collect the taxes on behalf of the RTA and distribute the revenues, less the 1.5% administrative fee, back to the RTA.

2. Specify that the RTA would have authority to impose up to 0.5% sales and use taxes only if their imposition is approved by a majority vote of all electors within Kenosha and Milwaukee counties and the municipalities located partly or wholly within the portion of Racine County east of I-94 at referendum. Provide the Kenosha, Milwaukee, and Racine county boards the authority to set a date for the RTA tax referendum and allow that if a referendum vote is held on the question of creation of the RTA, the referendum vote on the sales and use taxes could be included in the same question.

3. Specify that the RTA board, after paying the administrative costs of the RTA, would be required to expend the remaining sales and use taxes for transit services in each county in a percentage equal to the estimated percentage of the overall RTA sales and use tax revenues that are paid by residents in each county. Require DOR to assist the RTA in determining the RTA sales and use tax amounts paid by residents in each county.

4. Delete the Governor's recommendation allowing the RTA to impose up to 0.5% sales and use taxes.

Prepared by: Al Runde  
Attachment

**ATTACHMENT**

**Transit Authority Boards or Agencies with Sales Tax Revenue  
(Urban Areas with Revenue Exceeding \$50 Million)**

Board or Agency (membership)	Sales Tax Rate (Current)	Sales Tax Revenue for Transit (2007) <sup>(1)</sup>	Urban Area Population (2007)
<p><b>Los Angeles County Metropolitan Transportation Authority (Los Angeles, CA)</b>                      Metro is governed by a Board of Directors with 13 members: the five Los Angeles County supervisors; the Mayor of Los Angeles; three Los Angeles mayoral appointees (at least one of whom must be a L.A. City Council member); and four city council members from cities in the county other than Los Angeles, representing those 87 cities (the members are selected by the Los Angeles County city selection committee). The Governor appoints one non-voting member.</p>	1.5% <sup>(2)</sup>	\$612,136,200	11,789,500
<p><b>Regional Transit Authority (Chicago, IL)</b>                      The board is comprised of 16 members. Members include 15 who are appointed from within the six-county region: five members appointed by the Mayor of the City of Chicago; four members appointed by the suburban members of the Cook County Board; one member appointed by the president of the Cook County Board (from suburban Cook County); and one member each from DuPage, Kane, Lake, McHenry, and Will counties, who are appointed by the chairman of their respective county board. The RTA board chairman is the 16<sup>th</sup> member and must be elected by at least 12 of the appointed members.</p>	1.0 <sup>(3)</sup>	600,258,000	8,307,900
<p><b>Dallas Area Rapid Transit (Dallas, TX)</b>                      The 15-member board is appointed by member cities' councils, with membership based on percent of total population in the member cities. Currently, Dallas has eight appointments, and the other 13 cities have seven.</p>	1.0	318,601,100	4,145,700
<p><b>Metro Atlanta Transit Authority (Atlanta, GA)</b>                      The board is comprised of 14 voting members: three members are appointed by Fulton County; five members by DeKalb County; four members by the City of Atlanta; and one member each appointed by Clayton and Gwinnett counties. The Commissioner of the State Department of Transportation, the Commissioner of the State Department of Revenue, the Executive Director of the State Properties Commission, and the Executive Director of the Georgia Regional Transit Authority serve as ex officio members of the board.</p>	1.0%	\$227,546,700	3,499,800

Board or Agency (membership)	Sales Tax Rate (Current)	Sales Tax Revenue for Transit (2007) <sup>(1)</sup>	Urban Area Population (2007)
<p><b>Metropolitan Transit Authority of Harris County (Houston, TX)</b> The board is comprised of nine members. Five are nominated by the Mayor of Houston and confirmed by the Houston City Council; two are appointed by the mayors of the authority's 14 other member cities; and two are nominated by the Harris County Judge and confirmed by the county commissioners.</p>	1.0	212,257,700	3,822,500
<p><b>Miami-Dade Transit (Miami, FL)</b> County department.</p>	0.5	174,283,500	4,919,000
<p><b>Bay Area Rapid Transit District (San Francisco, CA)</b> The board is comprised of nine members elected from the nine Bay Area Rapid Transit districts.</p>	0.5 <sup>(4)(5)</sup>	148,432,000	3,228,600
<p><b>Santa Clara Valley Transportation Authority (San Jose, CA)</b> The Board has 17 members and two ex-officio members, all of whom are elected officials appointed to serve on the Board by the jurisdictions they represent. Fourteen of the members are city council members and three members are county supervisors. Twelve members serve as voting members and five serve as alternates. The ex-officio, non-voting members are Santa Clara County's representatives to the Metropolitan Transportation Commission.</p>	0.5 <sup>(5)</sup>	131,133,900	1,538,312
<p><b>VIA Metropolitan Transit (San Antonio, TX)</b> The board of trustees is comprised of eleven appointees: five members appointed by the San Antonio city council; three members appointed by the Bexar County commissioners court; two members appointed by a suburban mayors group; and the board chairperson, appointed by sitting board members.</p>	0.5%	\$92,835,200	1,327,554
<p><b>Central Puget Sound Regional Transit Authority (Seattle, WA)</b> An 18-member board of directors: 17 members are local elected officials, and the 18th member is the Washington State Department of Transportation Secretary. The local elected officials include mayors, city council members, county executives, and county council members from within the Sound Transit District. Currently, the Sound Transit Board includes three members from Snohomish County, ten from King County, four from Pierce County, and one from the state transportation department</p>	0.9 <sup>(2)</sup>	92,695,600	2,712,205
<p><b>Capital Metropolitan Transportation Authority (Austin, TX)</b> Capital Metro is governed by a seven-member board. Five board members are appointed by the mayor of the principal municipality in the region, and are subject to confirmation by the governing body of the principal municipality. Two additional members are appointed as follows: one member appointed by a panel composed of the mayors of the non-principal municipalities in the authority and the non-principal county judges of the counties having unincorporated area in the authority; and one member appointed by the county commissioners court of the principal county.</p>	1.0	98,388,100	901,920

Board or Agency (membership)	Sales Tax Rate (Current)	Sales Tax Revenue for Transit (2007) <sup>(1)</sup>	Urban Area Population (2007)
<p><b>Sacramento Regional Transit (Sacramento, CA)</b> An eleven-member board comprised of members of the Sacramento, Elk Grove, Citrus Heights, Rancho Cordova, and Folsom city councils, as well as members of the Sacramento County board.</p>	0.5 <sup>(5)</sup>	79,020,700	1,393,500
<p><b>Snohomish County Public Transportation Benefit Area Corporation (Everett, WA)</b> The board is composed of nine elected officials selected by and serving at the pleasure of the respective governing bodies of the component cities and county within the service area.</p>	0.9% <sup>(2)</sup>	\$62,595,700	2,712,205
<p><b>Alameda-Contra Costa Transit District (Oakland, CA)</b> A seven-member board comprised of seven elected members (five members from the five geographic wards and two at-large members).</p>	0.5 <sup>(5)</sup>	56,823,100	3,228,600
<p><b>Charlotte Area Transit System (Charlotte, NC)</b> City department</p>	0.5	56,227,900	758,927
<p><b>City of Phoenix Public Transit Department -- Valley Metro (Phoenix, AZ)</b> City department.</p>	0.4	51,335,900	2,907,000
<p><b>New Orleans Regional Transit Authority (New Orleans, LA)</b> An eight-member board of commissioners appointed by governing bodies from participating parishes: five from Orleans Parish; and three from Jefferson Parish.</p>	1.0	51,250,100	1,009,300

<sup>(1)</sup> Sales tax revenue is from the National Transit Database, and is the amount of transportation sales tax revenue dedicated to transit. Some agencies have the entire sales tax amount going to transit, while others use a portion of the transportation sales tax for other transportation purposes.

<sup>(2)</sup> Increase approved in 2008.

<sup>(3)</sup> Rate is 1% in Cook County and 0.75% in remaining counties.

<sup>(4)</sup> Sales tax is 0.5%, but revenues are shared among area transit authorities. Bay Area Rapid Transit receives 75% of the revenues.

<sup>(5)</sup> California statewide tax (0.25%) that is distributed back to local governments to be used for transportation purposes. Local governments also have the authority to enact an additional tax for transit purposes.