

# Roads not taken in funding SEPTA?

## The state leaves it little leeway for a local, dedicated source of revenue.

By Paul Nussbaum

Inquirer Staff Writer

When Pennsylvania legislators complain that SEPTA already gets more state funding and less local funding than most transit agencies in the United States, they're right.

But whose fault is that?

In Pennsylvania, the state prevents regional transit agencies and local governments from raising money in many of the ways used by their counterparts elsewhere.

Colorado and Georgia provide none of the money to operate Denver's and Atlanta's mass transit. Instead, they authorize local sales taxes, approved by local voters. New York, Michigan, Illinois and Ohio are among the states where local property taxes are earmarked for mass transit. Los Angeles County uses a 1 percent sales tax, approved by county voters.

Thirty-three states have authorized local or regional sales taxes specifically for transportation.

Not Pennsylvania.

In 15 states, gas taxes are used for mass transit. In Pennsylvania, a constitutional amendment requires that gas taxes be used for highways.

In eight states, fees on auto registrations, titles and licenses are used for mass transit. In Pennsylvania, the constitutional amendment forbids that.

In three states, local income taxes are used for mass transit. Not in Pennsylvania.

In Pennsylvania, the reins of power - and money - are controlled from Harrisburg. Local governments and regional transit authorities such as SEPTA are limited to the few options the legislature provides.

"The one thing local governments could do is raise the property tax. Short of that, the legislature must enable them to do it," said Erik Randolph, a budget analyst for the House Appropriations Committee. "The state legislature is the responsible governing body. We supply the tools to local government. If we don't supply the tools, we can cause it to fail at the local level, too."

"What they don't address is local demographics or conditions. You can't decide what mix of taxes is best for you," said Rick Schuettler, deputy executive director of the Pennsylvania League of Cities and Municipalities.

The result: In 2005, SEPTA got 43 percent of its operations money from the state and only 8 percent from local governments, compared with the national average of 24 percent state funding and 27 percent local funding, according to the National Transit Database.

Among the nation's biggest transit agencies, only Boston's Massachusetts Bay Transportation Authority got more of its money from the state (55 percent, with 11 percent from local government).

SEPTA got 37 percent of its operating money from the fare box, which was the average for the nation's 50 largest transit agencies. (The SEPTA percentage will increase to 38 percent if an 11 percent fare hike, scheduled to take effect July 1, is approved this month.)

As state lawmakers try to craft a state budget by July 1 and SEPTA heads toward its latest financial precipice, the transit agency is seeking \$100 million in additional state funding to avoid steep fare hikes and service cuts.

Some legislative leaders say transit agencies must do more for themselves.

"These agencies' crying wolf year after year about their budget woes without actually implementing any fiscally prudent decisions in the last several years is the definition of mismanagement," state House Republican leader Sam Smith (R., Jefferson) said in a statement last month. "We have enormous challenges facing this state - educationally, fiscally and economically. Saying we need more just 'because' isn't fair to the taxpayers of this state."

Richard Burnfield, SEPTA's budget director, said the state's demand for more local funding "without local authority is a Catch-22."

"We really need something regional," he said. "Other major metro areas have regional taxes dedicated to transit."

Most transit agencies receive more money dedicated to transit than does SEPTA. In the Chicago area, Cook County residents pay a 1 percent sales tax and residents of surrounding counties a 0.25 percent sales tax for transit. Residents of Los Angeles County, the eight-county Denver area, and the two counties served by Atlanta's MARTA transit agency (Fulton and DeKalb) pay a 1 percent sales tax for transit.

New York City uses a combination of dedicated sales taxes, property taxes, oil company taxes, fees on car registrations, and bridge and tunnel tolls.

New Jersey uses general fund revenue to operate the statewide NJ Transit, with essentially no local contribution. For fiscal 2007, NJ Transit received 32 percent of its operating funding from the state, 44 percent from fares, and 17 percent from the federal government. (The PATCO uses Delaware River bridge tolls to help operate the High-Speed Line between Philadelphia and South Jersey.)

In Pennsylvania, mass-transit funding is a financial stew, with money from the state's general fund and various dedicated sources, including a small percentage of the statewide sales tax, the state lottery, and taxes on tires, rental cars and auto leases.

SEPTA's proposed 2008 operating budget anticipates a state contribution of \$412.3 million: \$218 million from the general fund and \$136 million from dedicated funds. The state also gives SEPTA \$58.2 million from the lottery to reimburse it for low-cost senior citizen fares and the shared-ride program.

From the five counties, SEPTA is to receive \$73.9 million: Philadelphia, \$59.4 million; Delaware County, \$7.2 million; Montgomery County, \$4 million; Bucks County, \$2 million; and Chester County, \$1.3 million. The federal government will provide \$32.3 million.

Altogether, that's not enough to meet the \$1.02 billion in operating expenses SEPTA has calculated for the

fiscal year that begins July 1. SEPTA says current revenue will fall short by \$130 million, and it wants the state to provide \$100 million of that amount, with fare hikes to cover the rest.

So far, the legislature has not come up with a plan.

Gov. Rendell urged a 6.17 percent tax on oil companies' gross profits, to raise \$760 million a year for transit agencies around the state and eliminate the annual funding crisis. The legislature has not responded warmly.

Rendell has also suggested that leasing the Pennsylvania Turnpike could raise enough money - perhaps as much as \$1.6 billion a year - to pay for highway projects and mass transit. The leasing proposal has not gained traction in the legislature.

In November, the state Transportation Funding and Reform Commission recommended replacing the assortment of state funding with a single, dedicated source: the state sales tax or the personal income tax.

An increase in the statewide 6 percent sales tax (7 percent in Philadelphia) by 0.55 percentage point would raise the \$760 million a year that the commission said was necessary for transit.

The commission also recommended increasing the local share of transit funding.

The legislature is nearing the budget deadline of June 30. In the Republican-controlled Senate, "we do think there need to be more tools available to local governments," said Erik Arneson, spokesman for Majority Leader Sen. Dominic Pileggi (R., Delaware). Arneson said Senate leaders were considering authorizing an increased earned-income tax or realty-transfer tax for local governments, with the proceeds to be dedicated to transit.

Rep. Dwight Evans (D., Phila.), chairman of the Appropriations Committee, said last week that he would block passage of any budget that did not include a dedicated funding solution for transit.

Steven T. Wray, executive director of the Economy League of Greater Philadelphia, said a trend in some other states, including Texas and Washington, was to create "mobility districts" that can use highway toll revenue for regional transit.

In Pennsylvania, Wray said, state laws are "less flexible, and fewer sources are available at the local level. Raising existing taxes or cutting other services - those are the options they are given.

"And they're all loath to raise taxes. They're all looking for the other body to raise taxes."

---

Contact staff writer Paul Nussbaum at 215-854-4587 or [pnussbaum@phillynews.com](mailto:pnussbaum@phillynews.com).

---

**Find this article at:**

[http://www.philly.com/inquirer/home\\_region/20070617\\_Roads\\_not\\_taken\\_in\\_funding\\_SEPTA\\_.html](http://www.philly.com/inquirer/home_region/20070617_Roads_not_taken_in_funding_SEPTA_.html)

Check the box to include the list of links referenced in the article.