

Allegheny County Controller Chelsa Wagner's

TAXPAYER ALERT

Transit Fund

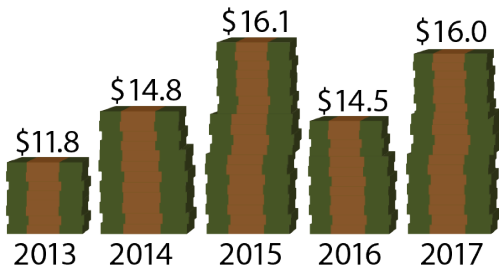
May 2018



For the past decade, Allegheny County residents and visitors have paid Drink and Vehicle Rental taxes to support the County's Transit Fund. While the primary purpose of the Transit Fund is to make the annual local share payment required to access state funding for the Port Authority, revenues have exceeded this cost by millions every year. The required local share for 2017 was \$30.9 million, or about two-thirds of 2017 Transit Fund revenues.

The **Drink Tax** is a 7 percent sales tax on alcoholic drinks served in bars and restaurants, and the **Vehicle Rental Tax** is a \$2 per day tax on vehicles rented in Allegheny County. Drink Tax revenues have increased in every year since 2010, and in 2017 the tax generated over \$40 million for the first time. The Vehicle Rental tax has raised about \$7 million annually in recent years.

Fund Balance in Millions



The funds remaining after the local share payment is made may be appropriated by County Council to pay for Port Authority capital projects, or to other transportation initiatives within Allegheny County.

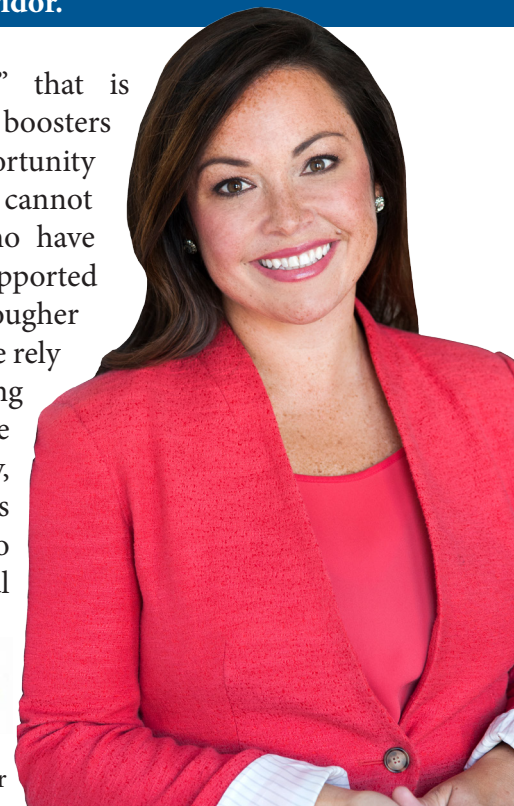
Even after these additional expenditures, money has been left over nearly every year, building a fund balance that stood at more than \$16 million at the end of 2017. While having a "rainy day fund" can be a good thing, the fact that these funds are restricted to transit and the positive trends of the revenue sources call into question why excess funds have not been allocated to Port Authority operations, including restoring significant cuts in bus service which occurred in 2011-12.

The Transit Fund has also been used in recent years to provide funds for planning the Port Authority's proposed Bus Rapid Transit (BRT) corridor from Downtown to Pittsburgh's East End. While BRT would likely provide quicker, more efficient, and more desirable transit in some of the system's most heavily traveled corridors, questions have been raised about focusing on areas where transit access is already strong rather than bolstering service to underserved areas.

BRT is expected to cost more than \$195 million, and County and Port Authority leaders, while seeking federal grants for half this cost, have expressed their intention to pursue the project with or without requested federal funding. A project of this magnitude could consume the Transit Fund surplus and the discretionary funds it collects each year.

It would be unfair to many transit riders and local communities to sink the lion's share of discretionary Transit funds into a project that benefits a limited geographic area. For this reason, I am calling for the \$16 million Transit Fund surplus and annual Drink and Car Rental tax revenue beyond the required local match to be used for infrastructure and service enhancements outside the proposed BRT corridor.

The "New Pittsburgh" that is trumpeted by regional boosters and which offers opportunity and benefits to many cannot leave behind those who have paid the bills and supported their communities in tougher times. It is fitting that we rely on longstanding funding sources to benefit the transit system broadly, as we use the benefits of regional growth to support aspirational projects like BRT.



Chelsa Wagner
Allegheny County Controller

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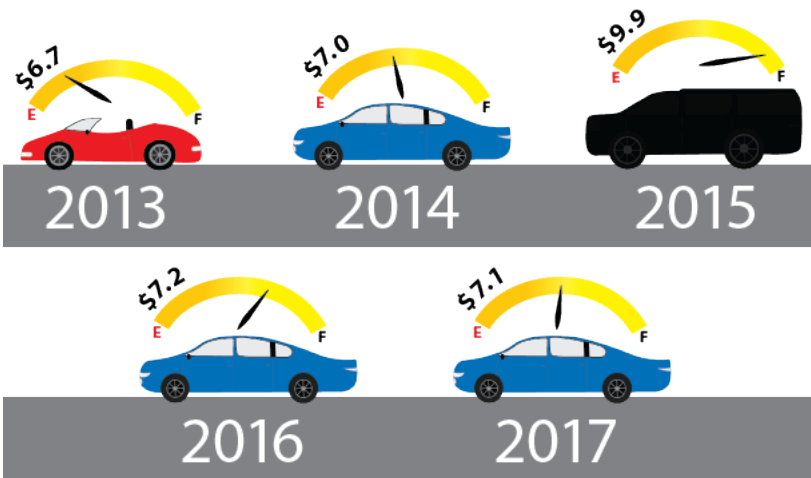


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Rental Tax Revenue in Millions



Drink Tax Revenue in Millions



About the Port Authority

The Port Authority operates within the 745 square miles of the County, serving a population base of 1.4 million people. The transit network includes fixed route bus service, the light rail system, and the Monongahela Incline. The Authority also provides ACCESS service, a coordinated, shared-ride paratransit system offering door-to-door, advanced reservation transportation for elderly and handicapped persons. ACCESS has been recognized as one of the nation's premier paratransit systems. The Port Authority directly operates 732 buses, 83 light rail vehicles, and one incline plane. Port Authority assets include 7 maintenance and storage garages, 3 exclusive busways (the 4.3-mile South Busway, the 9.2-mile Martin Luther King Jr. Busway, and the 5-mile West Busway) and the 25.4 mile light rail system.

Source: Port Authority Fiscal Year 2018 Operating and Capital Improvement Budget

About BRT

Pending requested federal funding, Bus Rapid Transit (BRT) construction would begin in 2019. The project is expected to cost \$195 million, with half this amount being sought in federal grants. Electric BRT vehicles would travel between Downtown and Oakland on dedicated lanes. Branches on which specially branded diesel buses would have priority over other traffic would extend to Highland Park and Squirrel Hill. Stops along the BRT would offer amenities such as real-time arrival information and off-board payment. Following opposition from residents of affected communities, the Port Authority announced it will change its original plans to require a transfer for routes traveling Downtown via Oakland, and for reducing the frequency of these routes. More information, a schedule of public meetings, and a survey can be found at www.portauthority.org/paac/CompanyInfoProjects/brt.aspx



Photographs by Nick Jones. IG @NickJones_Photo