

Suggested Criteria for Assessing Dedicated Revenue Sources for WMATA

There are several important issues and criteria regarding new revenue sources that the panel can consider.

Revenue Yield and Adequacy

How much the proposed revenue source will yield and whether the level is commensurate with the funding problem facing WMATA are major concerns. Will the existing revenues together with the alternative sources be adequate for current and projected needs?

Stability and Sustainability

It is important that the new revenues track the funding needs over time and not fluctuate unpredictably. Some revenue options may produce high levels initially and diminish over time due to economic, technological or other forces. For example, the gas tax does not track the growing highway needs very well because the effects of increased fuel efficiency and alternative fuels continue to reduce its yield.

Maintenance of Level of Effort

Taken together, the existing transit funding sources and new revenue sources should meet the total funding needs. A new source should not merely substitute for revenues from current transit funding commitments. For example, in San Diego a sales tax was conditioned on the maintenance of effort by the local jurisdictions. It is possible, of course, that if a new source generates sufficient revenues some reduction in existing sources could be made and still meet the total funding needs.

Fairness and Equity

It is useful to identify the groups that are going to be economically impacted by a new revenue source and to assess whether the impacts are commensurate with the benefits of transit. Some new taxes will impact residents but not visitors while others impact only employers and businesses. Broad-based revenue options such as sale taxes, gas

taxes, payroll and income taxes impact lower income persons differently than those with higher incomes.

Federal Role

WMATA and other transit agencies across the country receive capital funding under the existing federal transit program. However, an additional federal role in transit funding for this region could be considered because in this region the federal government is a major employer and tax-exempt property owner. All of the federal agencies near Metrorail stations and the numerous federal workers throughout the region receive large benefits from the transit system. New revenue sources related to these benefits could be considered.

Accountability

For all revenue sources, the public needs to have assurances that the money will be spent in ways that will meet the identified needs. It is important to ensure that the funding mechanisms are administered in ways that are fully audited and transparent for the public to see how the funds address the needs.

Specificity

What the new funding will be used for and how and when it will be spent relative to the needs should be made as specific and clear as possible to ensure understanding and support for the funding package by the public.

Unintended Consequences

The impacts of new revenue options may be difficult to fully anticipate. It is important to identify any impact of an option that is significant and important to people that could have unintended consequences. For example, in the short-term most of the owners and residents located near transit stations could accept increased proximity taxes for the benefit of improvements in transit service and reliability. However, in the longer-term the higher costs to live or work in the area could influence some people and businesses to relocate outside of the taxed areas.