



EAST CORRIDOR OVERSIGHT COMMITTEE  
MEETING AGENDA  
Tuesday, September 27, 2005  
10:00 a.m. – 12:00 p.m.

MTA Conference Room, 130 Nestor Street (Enter off of Driftwood)  
**Nashville, TN**

**MTA Bus Routes 25 or 44 stop at the front door of the building where the meeting takes place**

1. Public Comments
2. Approval of September 13, 2005 meeting minutes
3. Information Items:
  - a) Status of Loan – Bill Farquhar
  - b) Wilson County Resolution for dedicated funding source for operations-Allyson Shumate
  - c) Operation Lifesaver Presentation-Hanne Flippen/Allyson Shumate
  - d) Construction update – Kevin Walker
4. Other Business



**DATE:** September 27, 2005  
**TO:** ECOC  
**FROM:** Bill Farquhar  
**SUBJECT:** Status of Loan / Impact if Loan is not received  
**ACTION:** Information Item

**BACKGROUND:**

**Status of Loan:** The bond insurer, Radian, presented the project to the credit committee on Tuesday, September 20, 2005. There were questions from the committee regarding timing of the FFY 2006 appropriation. A conference call was held on Wednesday September 21, 2005 with myself, Greg Fawcett of Bank of America, Robert Albano of Radian and Allyson Shumate, RTA staff. During this call, the appropriation timing was explained and it was clarified to Mr. Albano, that the RTA financial plan for repayment of the loan is based on the worst case scenario, and assumes that no appropriation is forthcoming. Greg Fawcett further explained the structure of the debt which covers debt service for the first two years to enable the project to repay principle after the formula funds begin to flow into the region. Mr. Albano stated the credit committee wanted to know when the project would receive authorization under the new transportation bill. Staff faxed the new reauthorization bill which authorizes the project in two places. Staff believes the authorization bill will increase the comfort level of the credit committee at Radian.

Staff anticipates a decision from Radian within two weeks. Assuming that the decision is favorable, a number of actions will need to take place before the October Board meeting. The term sheet for the loan will have to be approved by both the Finance Committee and the ECOC. Staff will also be requesting from the ECOC approval to fully award the Operations and Maintenance Contract to TSG, the remainder of the Phase II work to Queen City, the track contractor and the final portion of signal work to Stansell Electric. Finally, staff will be requesting authorization from the committee to begin work with NERC on the contract for construction of the Lebanon Layover Facility. Due to the Task Force meeting on October 11<sup>th</sup>, staff requests that ECOC committee members review their calendars for an alternative date.

**COST / SCHEDULE:**

Start of service is impacted; however, the degree of the impact will not be fully known until a decision is received on the loan.

**STAFF RECOMMENDATION:**

Information Item.



**DATE:** September 27, 2005

**TO:** ECOC

**FROM:** Allyson Shumate

**SUBJECT:** Wilson County Governments Resolutions for Dedicated Funding Source

**ACTION:** Information Only

**BACKGROUND:**

In May 2003, the RTA requested from the Wilson County Governmental Entities of the City of Lebanon, the City of Mt. Juliet and Wilson County commitments for the on-going operations and maintenance of the Music City Star Commuter Rail service. This is a requirement of the Federal Transit Administration which demonstrates the local commitment to the project.

All three governments passed resolutions documenting their support and financial contribution to the operations of the service for five years. The resolutions all included language that require the RTA develop and implement a dedicated funding source for the operations after the five year period. The City of Lebanon resolution states "Whereas, the RTA will continue to supplement this cooperative regional effort for transit development and will identify and implement a dedicated funding source for the ongoing operations and capital development of all corridors;" The City of Mt. Juliet resolution states "...at which time the local operating subsidy should be provided by a regional funding source;" The Wilson County resolution states : "Whereas the RTA will continue to supplement this cooperative regional effort for transit development, and will identify and implement a dedicated funding source for ongoing operations and capital development of all transit corridors in the Nashville Region:".

At the April 2005 RTA Board meeting, Chair Orange appointed a committee/task force to address the following list of issues:

- Reviewing the organizational structure of the RTA
- **Permanent funding for transit operations and capital projects**
- Board oversight of the Music City Star operations, and
- Development of future transit corridors, among others.

The task force's efforts have been focused on the organizational needs of the agency. The long term dedicated funding source will more than likely not be addressed for some time, and may take several years to implement. Should the Wilson County Governmental entities wish to proceed to determine a dedicated funding source for the operations and maintenance of the east corridor, staff will be available to assist with this effort.

**STAFF RECOMMENDATION:**

Information only.



**DATE:** September 27, 2005  
**TO:** ECOC Members  
**FROM:** Kevin Walker, Construction Manager  
**SUBJECT:** Construction Update  
**ACTION:** Information Item

**BACKGROUND:**

**WORK RECENTLY PERFORMED**

Railroad Rehabilitation

- Continuous welded rail installation was completed
- Babb and Hartmann Drive Grade crossings in Lebanon were replaced.
- The superstructure steel for Driftwood and Stanley St. Bridges was set
- Brown's Creek Bridge was completed
- Grading work for the Southern Junction By-Pass Track
- Replacement of cross-over at Stones River Yard

Stations

- Grading, platform and storm water work continued at both Mt. Juliet and Lebanon Stations
- Grading, platform and storm water work continued at the Riverfront Station site.

**LOOK AHEAD**

Railroad Rehabilitation

- Track Construction for the Southern Junction By-Pass Track will start.
- Replacement of turnouts will continue
- Final Paving of Grade Crossings

Signals

- Continue to activate crossing signals as trackwork is completed
- Phase II grade crossing signals as funding is available
- Continued work on the train signals as funding is available

Stations

- Construction will continue on the stations.
- Major work at Donelson and Hermitage will commence by the end of the month.

**COST / SCHEDULE:**

As of the 8/25/05, \$15,962,815 (65 %) worth of work has been completed of the currently \$24,660,858 that has been obligated.

**STAFF RECOMMENDATION:**

Information Item.

### Options for Local Funding Sources

Options for raising local funds:	Implementation	Attributes	Scenario	Comments / Previous Feedback
Wheel Tax	County option already exercised. Current rates are \$35 / vehicle in Davidson; \$50 Rutherford; \$50 Sumner; \$25 Williamson; and \$25 Wilson.	Taxes can be levied by 1 of 3 ways: 1) 2/3 resolution of the county legislative body; 2) a resolution of the county legislature with a regular majority and a referendum; or 3) via private act of the state legislature.	An increase of \$4.44 could generate \$5 million in revenue annually. An increase of \$9.45 per vehicle could generate \$10 million annually.	(+)= Would directly impact only 5 corridors looking at rail; (+)= Relationship to users; (-)= Getting all counties to support increase; (-)= Overcoming "don't mess with my truck" crowd
Vehicle Emissions Fee	Federal regulation - five-county Nashville area requires annual inspections. Current fee is \$10. Contract handled by the state - local govts. "buy off" the contract.	Already levied / "easier" to increase. Vehicles less than 1 year old and older than 1975 are exempted. One of the lowest fees in the nation. Discussion taking place on strategy to buy out of being tested if you have a auto 2-3 years old.	An increase of \$5.90 could generate \$5 million in revenue annually / An increase of \$8.31 per vehicle could raise \$10 million annually.	(+)= Would directly impact only 5 corridors looking at rail; (+)= Relationship to users; (-)= Getting all counties to support increase; (-)= Overcoming "don't mess with my truck" crowd; (-)= Metro Mayor opposed to this concept; (-)= Just increased rate in 2002; (+/-)= local govts. want to bid own testing contract.
Gas Tax	State regulation. Current tax is 21.4 cents / gallon. State law allows counties, metropolitan governments, and incorporated municipalities to impose a one cent local gasoline tax. Must be approved by a majority vote.	Good source of revenue / will enable counties to have revenue and not negotiate with TDOT.	An increase in .8 cents / gallon could generate \$5 million in annual revenue / An increase in 1.6 cents / gallon could generate \$10 million in revenue annually.	(-)= Current tax is high in comparison to states that border Tennessee; (-/+)= Have to negotiate 1% option with Roadbuilders

Options for raising local funds:	Implementation	Attributes	Scenario	Comments / Previous Feedback
Development Impact Fees	Implemented locally.	Taxes can be used for general purposes without any link between the taxpayer and the outcome, fees must be shown to have a link with the purposes on which they are being spent. Development fees could be combined with benefit assessment districts to create a more stable revenue source.	\$154.03 per new residential unit and \$2.89 per sq. ft of commercial could generate \$5 million revenue annually. \$308.07 per new residential unit and \$5.79 per sq. ft of commercial could generate \$10 million revenue annually.	(+) = Would directly impact only 5 corridors looking at rail; (+) = Relationship to users; (-) = Getting all counties to support increase; (-) = Revoked in Cheatham Co.
Sales Tax	County option already exercised. Potential for state to grant the region the authority to levy a regional sales tax that would be imposed at a uniform rate throughout the five-county area and used exclusively for transportation purposes.	Inexpensive to administer. Restrictions are in place on the purposes for which sales tax increases can be used. Fifty percent must be spent on education.	An increase of .03 cents / \$1 could generate \$5 million revenue annually. An increase of .06 cent per \$1 could generate \$10 million revenue annually.	(+) = Commonly used in other communities to fund transit; (-) Sales tax already high; (-) Threat of "spill over" sales to other counties or states; (-) = State funding situation makes this difficult
The above information from the Regional Transportation Funding Strategy Plan Working Draft Outline: Tasks 6 & 8, IFC Consulting November 15th, 2001				
Telephone and Cable companies leasing space for fiber optic duct bank along RR ROW and station sites	The owner of the right-of-way charges a user fee for laying cable in their ROW	New source of revenue. Often done in other markets.	Owner of ROW would receive funds from user	(-) = Could be difficult to negotiate; (-/+) = Revenue available only where we own ROW - not likely
Leasing of Station site to wireless phone companies - collocation	Lease agreements with wireless phone companies.	Very easy income - if multiple carriers on one tower.	Lease agreements with wireless phone companies.	(+) = Very easy income - if multiple carriers on one tower.
Advertising Revenue	Fees for advertising aboard trains and at stations	Standard with systems	Revenue based on contract. Contracted or in-house sales staff conduct.	(+) = Additional source of outside revenue; (-) = tied to economy; (-) = fluctuates

Options for raising local funds:	Implementation	Attributes	Scenario	Comments / Previous Feedback
Tire Disposal Fee	Fees for used tire disposal. Collected at tire stores. Requires legislative action	Relates directly to motorist. Limited "spill over" on sales	Fee is collected and a portion given to the project.	(+)= New source of revenue; (+)= statewide impact; (-)= fiscal impact unknown
Car Rental Fee				
Bed Tax				

## GAS TAX INFORMATION

For the 2000-01 budget year, fuel and vehicle registration taxes raised 12% of the state revenue. This amounted to \$1,015,753,300. City and county governments directly received \$275 million of this for their roads. Another \$70 million went to the general government fund. The remaining \$670 million went to the Department of Transportation, which also drew on accumulated reserves to fund state highway projects.

The inflation rate from 1987 to 2001 was 56.8%. The increase in revenue from fuel taxes and vehicle registration during this same period was **65.2%**

TDOT spending makes up 10% of all government spending. TDOT spending in 2001 was \$743,661,600 compared to \$356,849,800 in 1987, a **108.4%** increase during the time period.

The current gas tax is 21.4 cent. for gasoline and 18.4 for diesel. The U.S. average is 21.5 cents for both gasoline and diesel.

History : The gas tax was enacted in the 1920s during the administration of Gov. Austin Peay. The inception of a 2 cent gas tax earmarked for roads was coupled with a tax on corporate profits. The vehicle registration tax has been on the books since 1919.

The gas tax rate rose to 7 cents a gallon in 1931. A decade later, the first tax on diesel fuel was instituted. In 1973, the Department of Highways and Public Works became the modern TDOT and the state also adopted the pay as you go road building strategy.

## REGIONAL OPTION GAS TAX

**Description.** A local option gas tax would allow the region to charge an additional tax on top of the current 21.4 cents per gallon.

**Advantages.** This would allow counties to tap into a source that already generates a great deal of revenue to TDOT. Counties would not have to negotiate with TDOT for a larger share of the revenues; rather, they would be able to generate their own funds through the gas tax.

State law (see the Tennessee Code 67-3-2104) already allows counties, metropolitan governments, and incorporated municipalities to impose a one cent local gasoline tax. Such a tax must be approved by a majority vote.

**Disadvantages.** Gas taxes are already high in Tennessee, at 21.4 cents per gallon, compared to states that border Tennessee (for example, Kentucky gas taxes are 16.4 cents per gallon). There is the possibility that drivers from the counties that levy an additional gas tax would simply go to neighboring counties to buy gas.

**Potential Revenues.** Assumptions for achieving revenue of \$5, \$10 and \$20 million from a gas tax increase include the following:

- According to the TDOT Finance office, gas is taxed at the supplier rather than the gas station level.<sup>1</sup> Therefore, it is virtually impossible to obtain an accurate sales estimate of the number of gallons of gasoline sold in the five-county region. As a proxy, vehicle miles traveled in the area was used to infer the number of gallons of gasoline purchased. Some gas purchased in the five counties is not used for driving within the region, but this is most likely balanced by vehicle miles traveled using gas purchased outside the region.
- Fuel economy factors will remain approximately the same over the next ten years. The average estimate for all vehicles is 18.9 miles per gallon.<sup>2</sup>

In order to estimate gas tax revenue for 2001, 2005 and 2010, vehicle miles traveled (VMT) in the five-county region were divided by fuel economy to derive the number of gallons of gas purchased. VMT forecasts are provided by the *Nashville Long Range 2025 Transportation Plan Conformity*,<sup>3</sup> as well as the Federal Highway Administration's Highway Performance Monitoring System data. VMT in the five-county region is expected to rise from 12 billion miles traveled in 2000 to 14.1 billion in 2005 and 15.1 billion in 2010. Fuel economy standards are taken from FHWA's weighted miles per gallon from *Highway Statistics 1999*.

To raise \$5 million in 2000, the per gallon gas tax would be \$0.008, or eight cents on a purchase of ten gallons. To raise \$10 million, the gas tax becomes \$0.016 per gallon, and for \$20 million, the gas tax would be \$0.032. In 2005, the gas tax should be approximately \$0.007, \$0.013, or \$0.027 to raise \$5, \$10, and \$20 million, respectively; for 2010, the tax should be \$0.006, \$0.013 or \$0.025. These projections show that the estimated gas tax remains relatively stable over at least the next ten years.

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<sup>1</sup> Telephone conversations with Layton Braden, Karen Blackburn and Reid Linn, TDOT Finance Office, July 30, 2001.

<sup>2</sup> Federal Highway Administration. *Highway Statistics 1999*, available at [www.fhwa.dot.gov/ohim/hs99/index.htm](http://www.fhwa.dot.gov/ohim/hs99/index.htm).

<sup>3</sup> Hagler Bailly Inc. *Nashville Long Range 2025 Transportation Plan Conformity*. October 6, 1999.

## INCREASED SALES TAXES SUMMARY

Taken from the "Regional Transportation Funding Strategy Plan Working Draft Outline: Tasks 6 and 8 ICF Consulting November 15, 2001"

**Description.** The state of Tennessee currently levies a six percent sales tax, with many items exempted. Counties in Tennessee already have the option of levying a 2.75 percent sales tax on top of the six percent charged by the state. In the Davidson area, only Rutherford is at 2.75 percent; the other four counties charge 2.25 percent sales tax.

In order to raise new sales tax revenues, those counties could raise their sales tax to the currently allowed 2.75 percent, or the state could raise the ceiling on the allowable sales tax. In addition, the state could grant the region the authority to levy a regional sales tax that would be imposed at a uniform rate throughout the five-county area and used exclusively for transportation purposes.

**Advantages.** As a sales tax is already in place, raising it would probably not incur the same reaction as imposing a new tax. In addition, the sales tax is reasonably inexpensive to administer.

**Disadvantages.** Sales taxes are already high; counties could lose sales to neighboring counties with lower taxes. Sumner County also borders Kentucky, where the state sales tax rate is six percent, but unlike Tennessee, Kentucky exempts food sales from tax. Fifteen counties border the five counties in the Nashville area, and eight of them have local options rates of 2.25, the same as most Nashville area counties. The other seven have lower taxes. Local option sales tax rates in neighboring counties are as follows:

**Table 5: Local Option Sales Taxes in Counties that Border the Nashville Area MPO**

Jurisdiction	Local Option Sales Tax Rate	Bordering Counties
Robertson County	2.25	Sumner
Macon County	2.25	Sumner
Cheatham County	2.25	Davidson and Williamson
Dickson County	2.25	Williamson
Hickman County	2.25	Williamson
Maury County	2.25	Williamson
Marshall County	2.25	Williamson
Bedford County	1.75	Rutherford
Coffee County	2.00	Rutherford
Cannon County	1.75	Rutherford and Wilson
Dekalb County	1.50	Wilson
Smith County	2.00	Wilson
Trousdale County	2.25	Wilson and Sumner
Simpson County, KY	0.00	Sumner
Allen County, KY	0.00	Sumner

Therefore, an additional regional sales tax could result in some consumers making purchases elsewhere.

In addition, the state has placed restrictions on the purposes for which sales tax increases can be used. Fifty percent of the local option sales tax must be spent on education expenses.

**Potential Revenues.** Assumptions involved in determining the potential revenue from the sales tax include the following:

- The sales tax base (total value of all taxable items) will grow somewhat slowly for the next four years, and then regain its previous rate of growth through 2010.
- Exemptions and restrictions on taxable purchases will not change.
- Counties will be able to increase their portion of the sales tax above the currently mandated 2.75 percent limit. [ Based on Table 3, it doesn't appear that any county would need to exceed the 2.75 percent cap – all totals would be well below the 8.75 % limit of state + local option rates. ]

# Potential Tire Disposal Fee Funding Sources

## **Organization Structure:**

Tennessee State Code governing TN Dept. of Environment & Conservation (TDEC) is detailed in the *Solid Waste Management Act of 1991* (revised in 1999). This act creates a Solid Waste Management Fund, a user-fee driven funding mechanism that collects annual revenues from tipping fees (landfill use surcharges) and waste tire “pre-disposal fees.”

TDEC’s administrative and governing policies for waste tires are detailed in their “beneficial-use” programs, administered by the Division of Community Assistance (DCA).

DCA distributes financial assistance via eight different grant programs. The specific grant program for waste tires is the “Waste Tire Options Program.” This grant program is funded exclusively from funds generated through the \$1.00 pre-disposal fee.

## **Tire Disposal Revenue Mechanism:**

Tire retailers collect a pre-disposal fee of \$1.00 per each new tire sold, and forward their collections to the Commissioner of Revenue each quarter. TDEC’s 2002 annual report says “as a result of this grant program, 47,583 tons of tires were diverted from landfills to beneficial-end-used in FY 00-01.”\*

(TDEC’s report did not list the FY 00-01 dollar amount collected from pre-disposal fees, but their web site reports \$4,418,145 pre-disposal fee dollars were generated in FY 98-99. TDEC estimates 4,100,000 waste tires are generated each year in Tennessee.)

### \*tire weight calculation:

The standard (industry accepted) weight for passenger tires: 100 tires = 1 ton  
(47,583 tons x 100 at \$1.00 ea. = \$4,758,300)

## **Potential Opportunities:**

Counties are currently allowed to landfill shredded tires, but after July 1, 2002, this will no longer be an option. Counties will then face the added cost of trucking their tire chips to a TVA conversion plant in Mississippi for use as tire-derived-fuel, or pursue beneficial-end-use through civil engineering.

DCA will consider beneficial-end-use funding requests of waste tires in the construction of paved roads, bridge approaches, and levees under the following conditions:

- A. As backfill material in an embankment or behind a retaining wall, and
- B. As a subgrade base beneath pavement, and

DCA will consider beneficial-end-use of chipped tires in the construction of subsurface sewage disposal systems and ground water/surface water diversion systems.

During FY00-01, DCA’s Financial Assistance Section approved grants to local governments and non-profit organizations totaling \$5,641,357. Additional grants are available on a per-project basis. Grant applications need to be submitted by the County Executive of each county. (Application notices will be sent out July ’01 by TDEC’s grant coordinator.)

## **Recommendation:**

Apply for a TDEC civil engineering grant for tire chip use as an aggregate substitute in rail embankments, water run-offs, or other suitable applications. This grant may help RTA achieve the local match requirements for federal funding. A series of successful projects with TDEC may help RTA structure a more consistent funding source for commuter rail via TDEC’s existing funding mechanisms, or restructured ones. **TDEC’s grants are available till June 2003.**

*Pre-disposal fee revenue potential (at 4,100,000 waste tires per year):*

*x \$1.00 = \$ 4,100,000*  
*x \$2.00 = \$ 8,200,000*  
*x \$3.00 = \$12,300,000*

## VEHICLE EMISSIONS FEE SUMMARY

### Questions raised by the Rail Finance Committee May 16<sup>th</sup>, 2002:

#### **Can the counties take over the operations of the vehicle emissions inspection program?**

This would require the counties to build facilities, purchase equipment, hire and train staff as well as take over all reporting required by TDEC. There is also an issued raised by legal council that this may require the county taking over all air quality responsibilities currently handled by , Tennessee Department of Environment and Conservation (TDEC). Per Vicki Lowe, Environmental Manager, TDEC, the main driver for going with a contractor was to provide a the public with a more “customer friendly” approach where vehicles can be tested at any facility within the five counties, and pay the same fee, irregardless of which county they reside in. The facilities were strategically placed near interstate exits.

Also, there was legislation passed to enable the state to use the existing contract that was in place for Davidson County for ease of implementation. This contract will expire in 2006.

**What would it take to increase the fee and dedicate a portion to the RTA Commuter Rail Project?** It would have to be approved by the general assembly. This has been placed before the general assembly twice before and was not approved.

### Summary

Taken from the “Regional Transportation Funding Strategy Plan Working Draft Outline: Tasks 6 and 8 ICF Consulting November 15, 2001”

**Description.** Vehicle emission fees are paid when vehicles are brought for emissions inspection. The five-county Nashville area requires annual inspections. Currently, vehicles less than one year old are exempted from inspection.

A \$10 fee is collected by a contractor for performance of the inspections. **The Tennessee Department of Environment and Conservation, which runs the program,** receives \$1.80 of every \$10 collected. According to TDEC, annual revenues amount to \$1,440,000 per year for testing of approximately 800,000 vehicles. Although DMV figures show approximately one million vehicles registered in the five counties, many vehicles are exempt from testing requirements: vehicles purchased within the year, vehicles older than 1975 or with a gross weight of over 8,500 lbs, diesel engine vehicles, and fleet vehicles.<sup>1</sup>

**Advantages.** Because vehicle emissions fees are already levied, it may be easier to increase this source than to implement a new one. Vehicle emissions fees also have the advantage that they are directly linked to transportation and air quality. Finally, they are relatively simple to administer, since they are collected at several centralized locations (there are 11 testing stations in all: six in Davidson County, one each in the other four counties, and one mobile testing unit).

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<sup>1</sup> Telephone conversations with Vicki Lowe, Environmental Manager, Tennessee Department of Environment and Conservation, October 8 and October 29, 2001.

**Disadvantages.** New testing requirements will be implemented in July 2002. A fee increase from \$6 to \$10 per vehicle was implemented as of October 1, 2001, to cover the cost of the new testing equipment and training. The testing system changed for vehicles manufactured after 1996 to use computer diagnostic equipment instead of the previous tailpipe test. The new testing system is called OBD II (On-Board Diagnostic).

The fewer the number of vehicles tested, the higher the test fee must be, to cover costs. In addition, the state loses emissions credits for vehicles exempted from testing; these credits must be made up in another way, probably through stationary sources.

**Potential Revenues.** Assumptions included the following:

- The ratio of vehicles to persons will remain constant, and therefore the number of vehicles will grow in direct proportion to the number of persons.
- Currently, only 80 percent of all vehicles are tested in any given year. The estimates assume that the same proportion of vehicles will be tested in the future.

The projections for the number of vehicles are the same as those used to estimate future wheel tax collection revenues.

As described above, there are various exemptions to vehicle emissions testing that result in only about 80 percent of all vehicles being tested annually.

In general, the per-vehicle amounts needed to raise \$5, \$10 and \$20 million are similar to those for the wheel tax, because the fees are both levied on a per-vehicle basis. However, the vehicle emissions fee must be somewhat higher because of the number of exemptions. In general, to raise \$5 million, per-vehicle fees must be about \$1 higher for vehicle inspection, and \$2 higher for \$10 million in revenues. For example, in the year 2005, a \$4.44 wheel tax and a \$5.55 inspections fee would both raise \$5 million.

**MEMORANDUM**

To: Mr. Bob Babbitt, Metropolitan Transportation Authority  
Mr. Roland McElrath, City of Memphis  
Mr. Ben Smith, TN Public Transit, Rail and Waterways Division

cc: James Harris

From: Eric C. Beyer, Director  
Regional Transportation Authority

Date: August 29, 2000

Re: Rental Car Tax

As a follow-up to our conversation on possible statewide revenue sources, I've received some information on the ground transportation tax on rental cars. The current tax rate is 10.25%. The current legislation designates 2% towards the Tennessee Highway Patrol with the remainder to the Tennessee General Fund. A tax credit is given back to rental car agencies. Following are statewide figures for FY 1999-2000.

Collected	\$6,070,067
<u>Tennessee Highway Patrol</u>	<u>\$1.5 million</u>
General Fund with tax credits to Hertz, Avis, etc.	\$4.5 million

A 1% increase in the tax will net approximately \$2-2.5 million statewide.

Attached are 4<sup>th</sup> Quarter figures from the Nashville Chamber from car rental at the Nashville International Airport. A copy of the rental car tax legislation is attached.

Please call me with any additional comments or questions.

ECB/pyc

Attachments

## Data from Other Commuter Rail Systems

Agency	Capital	Operating	Notes / Comments
San Diego Coaster	Local funds generated from local sales tax, statewide bonds and existing state sales tax. Minimal Grants and Federal Monies	Local funds generated from local sales tax, statewide bonds and existing state sales tax	Local sales tax was approved by voters in the counties.
Sound Transit - Sounder Seattle, WA	<p>Federal Funds / State matching via DOT and Amtrak / Rail Road contribution for track and signal only.</p> <p>Local funds generated from retail sales and use tax, motor vehicle excise tax and rental car tax (passed by referendum). The retail sales and use tax is imposed on the sale of most goods and certain services. The tax is collected by businesses.</p> <p>Capital funding for north line expansion is \$46 million short. Current plan is to reallocate \$15 million from light rail. \$31 million is to be voted on by legislature through the governor's transportation bill.</p>	<p>Taxes, fare box revenues, interest earnings and bonds.</p> <p>Local funds generated from retail sales tax, use tax, motor vehicle excise tax and rental car tax (passed by referendum).</p>	<p>Implemented by referendum. 2nd vote passed. Taxes and bonds are used to fund entire 10 year transit plan. Federal money is used specifically for capital. Funding plan / strategy is for entire system (commuter rail, light rail, and regional buses).</p> <p>Local funds as well as all other funds are allocated based on equity ratios - similar to Metrolink.</p>

Agency	Capital	Operating	Notes / Comments
New Jersey Transit	80% Federal Funds Purchased Conrail.  Began service in 1982	15% State Subsidy 11% Fed ACM (Associated Capital Maintenance) 3.5 % Metro North 65% Revenue 4.5% Parking	Operate on a \$1.1 billion budget
Metrolink - Southern California	All Share Formula / Equity Based / State Rail Bonds / Local Sales Tax. Began operating in 1982.	State Rail Bonds / Local Sales Tax / Revenues. Train Miles are used to allocate both revenues and costs for operating. Track miles are used for allocating "maintenance of way" expenses.	State legislation was passed which required county agencies to develop an interregional commuter rail plan. This plan was in place when the state passed billions of dollars in state rail bonds. Four of five member agencies already had local sales taxes with commuter rail elements.
Virginia Rail Express Washington, DC	VRE was created with a 2% gasoline tax. This tax covered the entire local share of the projects. A local referendum was not required. There was a mechanism in place to create new transportation districts and levy tax measures.	Revenue Fare Recovery 65%	Tax did not require referendum.

Agency	Capital	Operating	Notes / Comments
Trinity Railway Express Fort Worth, TX	Began Operating January 2002	Federal and Local Funding. This was a joint venture between the Fort Worth Transit Authority (FWTA) and Dallas Area Rapid Transit (DART). Local funds were mainly from reserves of the T (FWTA) that were in place from a voter approved sales tax. Cities also provided funding to support system.	
Tri Rail - Florida	Began Operating in 1989. In 1992 needed to expand to double track. When construction began, ridership declined dramatically. They wanted to decrease construction duration. To do this they went for a Full Funding Grant Agreement (FFGA), had state funding and local bonds as well as private sector investment.	State and local funding.	State paid for non federal capital costs via a CR funding bill passed by the state legislature. Counties paid for the operating deficits for the fist 3 years and then had to determine if they wanted to take responsibility for the system.