

A modern tram is shown on a city street at dusk. The tram is white with blue accents and is moving along tracks. In the background, there are several modern buildings with large glass windows, some of which are lit up. The sky is a mix of blue and orange, indicating sunset or sunrise. The overall scene is a city street with a tram and modern architecture.

# TRENDS IN TRANSIT FUNDING:

*A Shift Toward Operational  
Realism and Diversification*



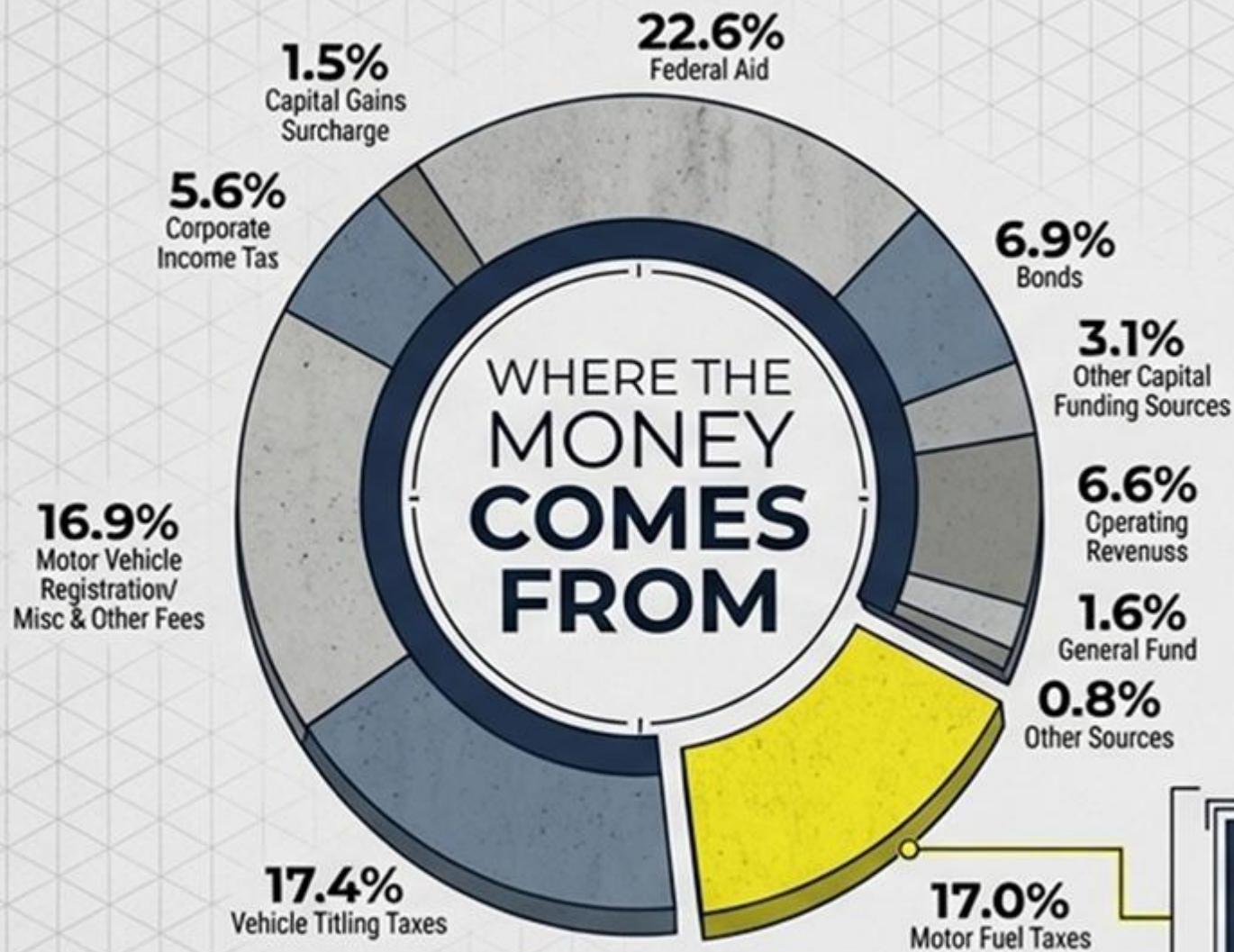
## The Legacy Asset: Highway Trust Fund & Fuel Taxes



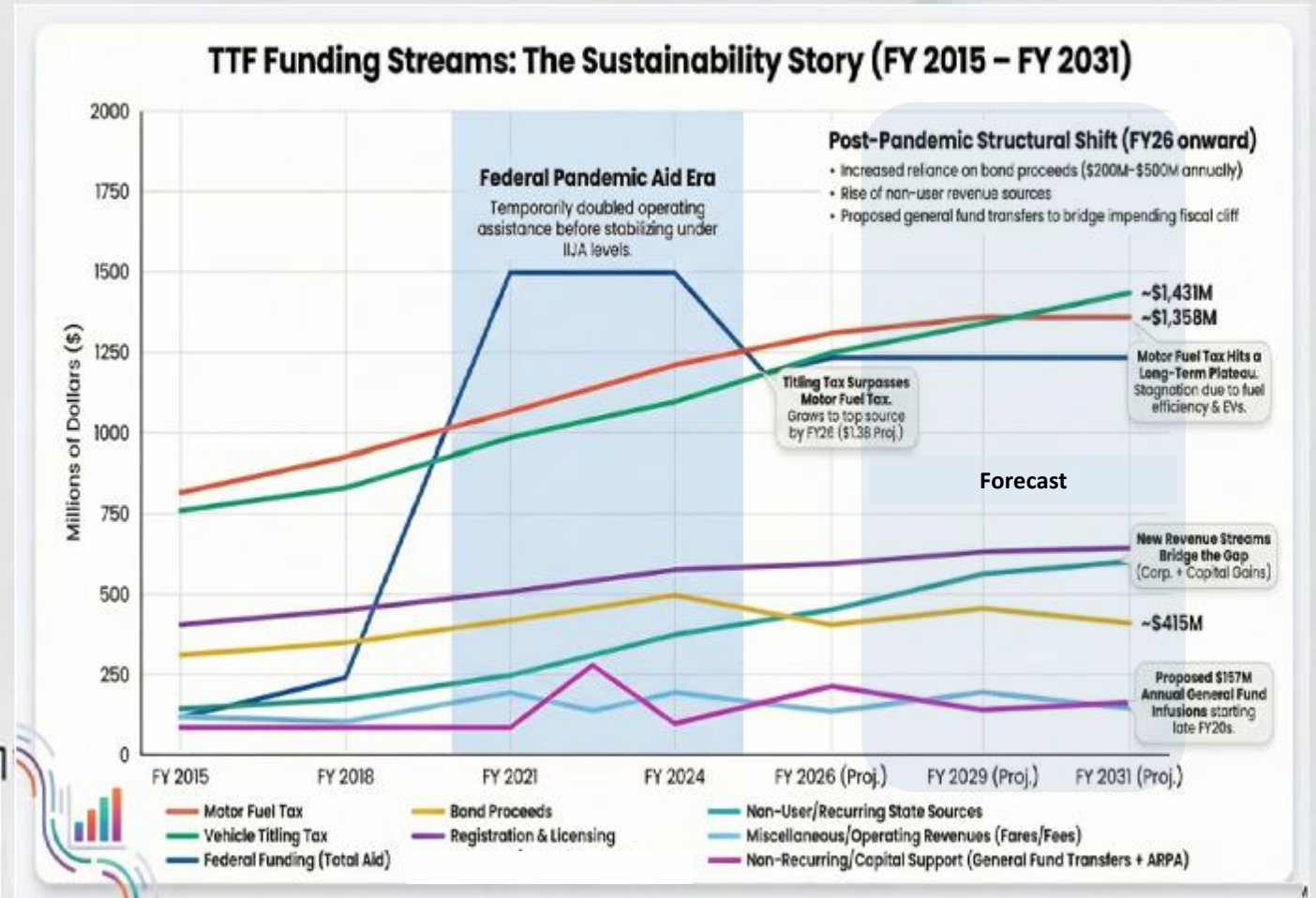
## The Market Disruption: EV Adoption & Fuel Efficiency

As vehicle efficiency improves and the EV market share grows, traditional fuel taxes face irreversible, long-term sustainability challenges. It is a stranded asset.

# MARYLAND'S TRANSPORTATION TRUST FUND (TTF) REALITY



**Motor Fuel Tax falls to 3rd place (Behind Federal Aid and Titling Taxes).**



**POST-PANDEMIC STRUCTURAL SHIFT:** While the ten-year trend shows some funding growth, the base is flat. It requires significant effort just to keep afloat.

# TRADITIONAL FUNDING SOURCES (NATIONALLY)

**KEY INSIGHT:** Maryland doesn't have a single asset problem – it has a **single exposure problem.**



Multiple sources tied to the same underlying auto-centric market behave like one asset.  
When one falters, they all do.

## The Beneficiary

### Asset: Value Capture & Congestion

Case Study: NYC  
Congestion Relief Zone

**Yield:** ~\$500M / year.

**Mechanism:** Tolls on vehicles entering Manhattan south of 60th Street.

**Strategy:** Direct reinvestment. Tolls vary by vehicle type, cutting traffic while directly funding MTA capital improvements.

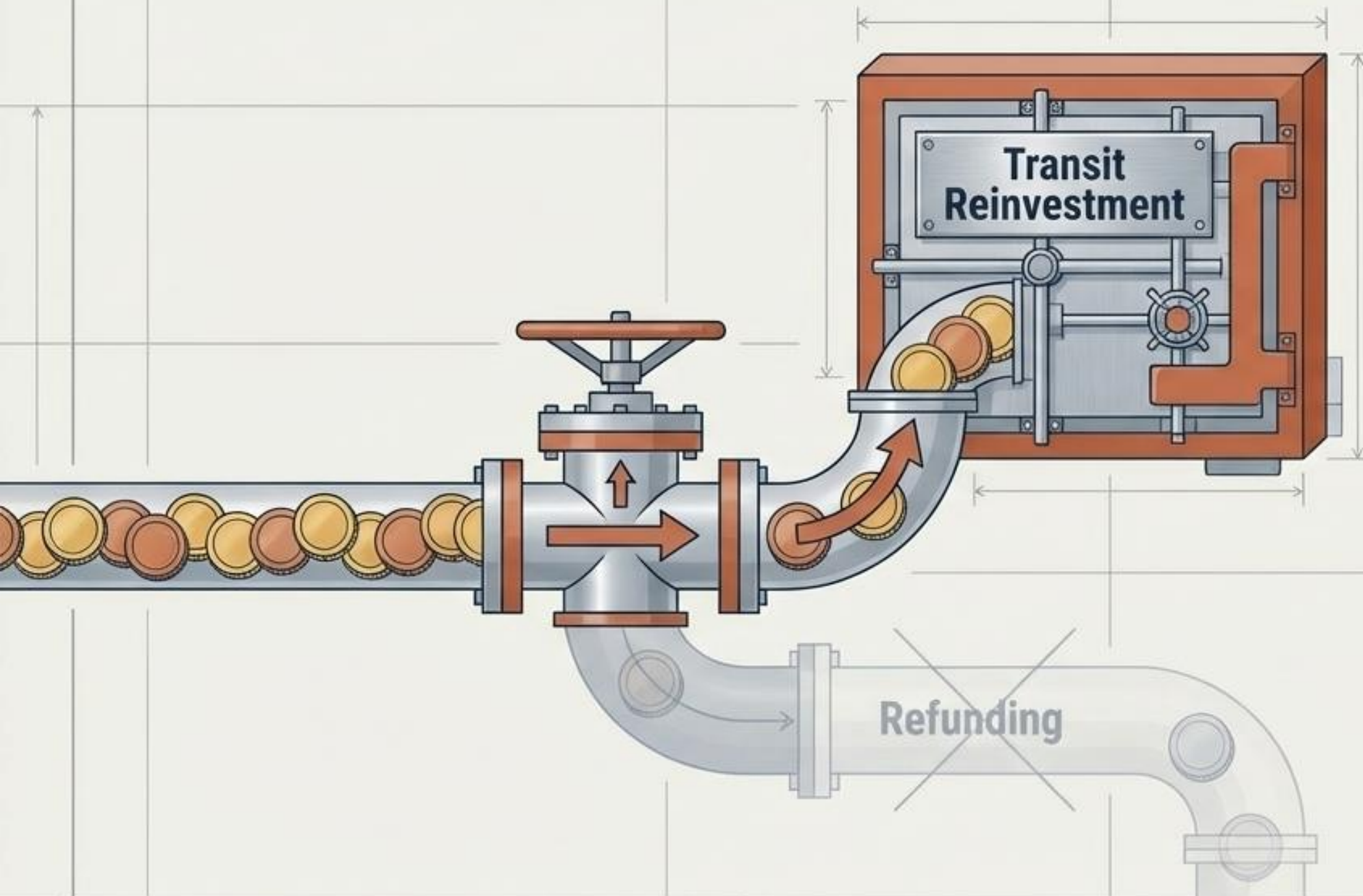


# Human Nature: Adapt and Overcome

Gantry



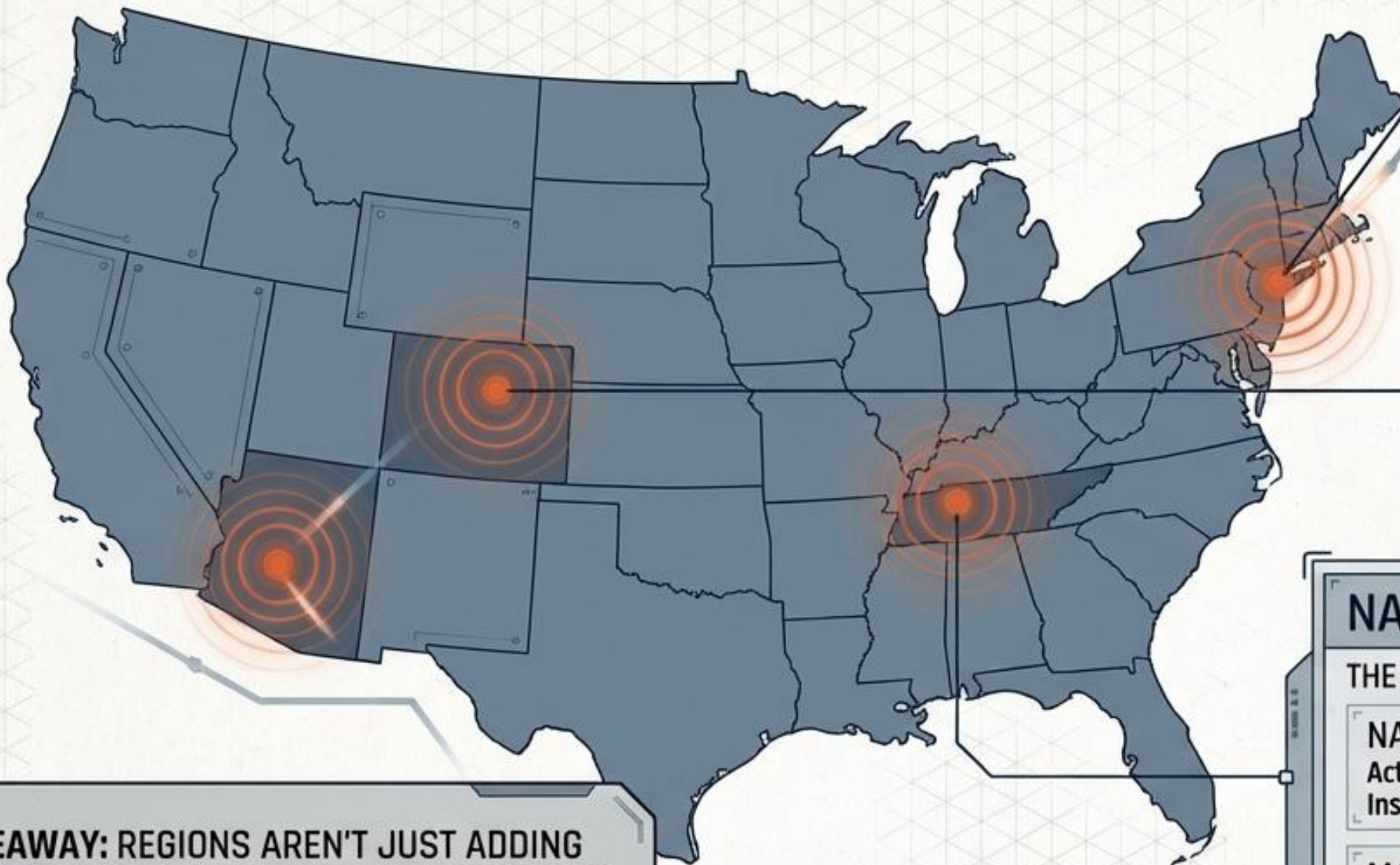
# The Efficiency Asset: Revenue Retention



## Case Study: Denver & Aurora, CO (TABOR)

- **The Mechanism:** Voters approved a measure allowing the Regional Transportation District (RTD) to keep revenue they already collect, rather than refunding it under strict fiscal rules.
- **Yield:** \$50–\$60M / year retained for transit without raising base taxes.

# THE NATIONAL PIVOT: DIVERSIFYING BY BEHAVIOR



## NYC

THE BENEFICIARY ASSET  
(CONGESTION PRICING)

Yield: \$500M/yr.

## DENVER/AURORA

THE EFFICIENCY ASSET  
(REVENUE RETENTION)

Yield: \$50-\$60M/yr.

## NASHVILLE & MARICOPA

THE BROAD-BASED ASSET (VOTER MOMENTUM)

**NASHVILLE:** 65.5% Support (\$3.1B)

Action: ½-cent sales tax increase (2024).

Insight: Dramatic reversal from 2018.

**MARICOPA:** 60% Support (\$14.9B)

Action: ½-cent transportation sales tax extension (Prop 479).

Yield: \$14.9B total (\$3.1B for transit) to 2045.

**TAKEAWAY:** REGIONS AREN'T JUST ADDING MORE SOURCES; THEY ARE ADDING SOURCES WITH DIFFERENT ECONOMIC TRIGGERS.

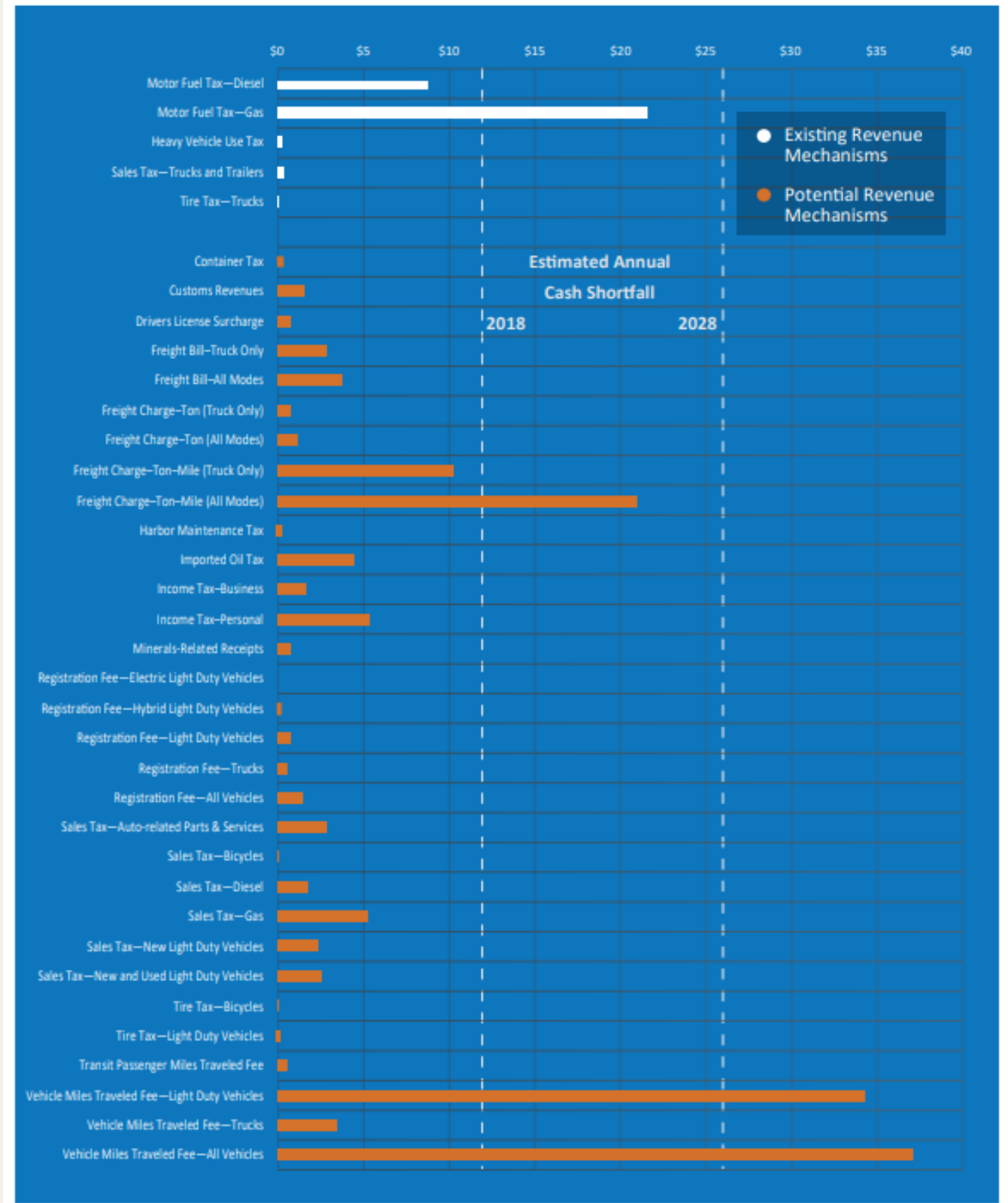
Region	Measure Type	What It Is	Estimated Revenue	Year Passed	Notes:
<b>Maricopa County, AZ</b>	½-cent transportation sales tax extension (Prop 479)	20-year extension funding transit, light rail, roads	\$14.9B total, ~\$3.1B for transit	2024	Sales Tax Measures (Most Common & Highest Yield) - Sales taxes are the dominant tool for transit funding in U.S. ballot measures.
<b>Nashville, TN</b>	½-cent sales tax increase	Funds bus improvements, sidewalks, signals, transit centers	\$3.1B over 15 years	2024	
<b>Columbus, OH</b>	Sales tax for BRT expansion	Funds COTA's LinkUS BRT corridors	\$6.2B by 2050	2024	Repealed?
<b>Richland County, SC</b>	1% sales tax renewal	25-year renewal for The COMET transit system	\$4.5B	2024	
<b>Mountain Village, CO</b>	Sales + lodging + property tax package	Funds gondola + bus improvements	\$246M	2024	
<b>Wheat Ridge, CO</b>	Bond	Sidewalks, bike lanes, crossings	\$75M	2024	Bonds for Transit, Streets, and Active Transportation - Often paired with multimodal safety improvements.
<b>Albuquerque, NM</b>	Bond	Safer streets, bike lanes, trails	\$62.3M	2024	
<b>Denver &amp; Aurora, CO</b>	TABOR revenue retention	Allows RTD to keep \$50–\$60M/year instead of refunding	\$50–\$60M/year	2024	Revenue Retention / Fiscal Rule Exceptions - These measures don't raise taxes — they allow agencies to keep revenue they already collect.
<b>Seattle, WA</b>	ST3 refinements + local transit levy	Bus service, light rail expansion	\$20B+	2020–2021	
<b>Austin, TX</b>	Project Connect property tax	Light rail + BRT	\$7.1B	2020	

Matrix of Illustrative Surface Transportation Revenue Options

Existing Highway Trust Fund Funding Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	\$ in Billions	
			Assumed 2018 Yield*	Total Forecast Yield 2019-2023
<b>Existing HTF Funding Mechanisms</b>				
Diesel Excise Tax	20.0¢	¢/gal increase in current rate	\$8.8	\$42.2
Gasoline Excise Tax	15.0¢	¢/gal increase in current rate	\$21.8	\$102.1
Motor Fuel Tax Indexing of Current Rate to CPI (Diesel)	--	¢/gal excise tax		\$3.7
Motor Fuel Tax Indexing of Current Rate to CPI (Gas)	--	¢/gal excise tax		\$8.8
Truck and Trailer Sales Tax	20.0%	increase in current revenues, structure not defined	\$0.6	\$4.2
Truck Tire Tax	20.0%	increase in current revenues, structure not defined	\$0.1	\$0.5
Heavy Vehicle Use Tax	20.0%	increase in current revenues, structure not defined	\$0.2	\$1.2
<b>Other Existing Taxes</b>				
Minerals Related Receipts	25.0%	increase in reallocation of current revenues, structure not defined	\$0.6	\$3.4
Harbor Maintenance Tax	25.0%	increase in reallocation of current revenues, structure not defined	\$0.4	\$1.9
Customs Revenues	5.0%	increase in reallocation of current revenues, structure not defined	\$1.9	\$10.3
Income Tax - Personal	0.5%	increase in reallocation of current revenues, structure not defined	\$5.3	\$28.4
Income Tax - Business	1.0%	increase in reallocation of current revenues, structure not defined	\$1.7	\$8.9
<b>License and Registration Fees</b>				
Drivers License Surcharge	\$5.00	dollar assessed annually	\$1.1	\$6.1
Registration Fee (Electric Light Duty Vehicles)	\$100.00	dollar assessed annually	\$0.0	\$0.2
Registration Fee (Hybrid Light Duty Vehicles)	\$50.00	dollar assessed annually	\$0.2	\$1.3
Registration Fee (Light Duty Vehicles)	\$5.00	dollar assessed annually	\$1.3	\$6.8
Registration Fee (Trucks)	\$100.00	dollar assessed annually	\$1.2	\$6.3
Registration Fee (All vehicles)	\$5.00	dollar assessed annually	\$1.3	\$7.1
<b>Weight and Distance Based Fees</b>				
Freight Charge—Ton (Truck Only)	10.0¢	¢/ton of domestic shipments	\$1.1	\$5.8
Freight Charge—Ton (All Modes)	10.0¢	¢/ton of domestic shipments	\$1.3	\$7.1
Freight Charge—Ton-Mile (Truck Only)	0.5¢	¢/ton-mile of domestic shipments	\$10.1	\$54.2
Freight Charge - Ton-Mile (All Modes)	0.5¢	¢/ton-mile of domestic shipments	\$21.6	\$115.9
Transit Passenger Miles Traveled Fee	1.0¢	¢/ passenger mile traveled on all transit modes	\$0.6	\$3.2
Vehicle Miles Traveled Fee (Light Duty Vehicles)	1.0¢	¢/LDV vehicle mile traveled on all roads	\$29.1	\$155.7
Vehicle Miles Traveled Fee (Trucks)	1.0¢	¢/truck vehicle mile traveled on all roads	\$2.9	\$15.7
Vehicle Miles Traveled Fee (All Vehicles)	1.0¢	¢/ vehicle mile traveled on all roads	\$32.0	\$171.5
<b>Sales Taxes on Transportation Related Economic Activity</b>				
Freight Bill - Truck Only	0.5%	percent of gross freight revenues (primary shipments only)	\$3.8	\$20.2
Freight Bill - All Modes	0.5%	percent of gross freight revenues (primary shipments only)	\$4.6	\$24.8
Sales Tax on New Light Duty Vehicles	1.0%	percent of sales	\$2.8	\$14.9
Sales Tax on New and Used Light Duty Vehicles	1.0%	percent of sales	\$4.2	\$22.4
Sales Tax on Auto-related Parts & Services	1.0%	percent of sales	\$2.7	\$14.4
Sales Tax on Diesel	2.0%	percent of sales (excluding excise taxes)	\$1.5	\$7.9
Sales Tax on Gas	2.0%	percent of sales (excluding excise taxes)	\$5.2	\$28.0
Tire Tax (Light Duty Vehicles)	1.0%	of sales of LDV tires	\$0.3	\$1.4
Sales Tax on Bicycles	1.0%	percent of sales	\$0.1	\$0.3
<b>Other Excise Taxes</b>				
Container Tax	\$15.00	dollar per TEU	\$0.7	\$4.0
Imported Oil Tax	\$2.50	dollar/ barrel	\$4.5	\$23.9



Surface Transportation Revenue Options: Illustrative Annual Estimated Yields (\$ in billions) \*



\* Based on the illustrative rate or percentage increase assumed in the summary matrix.

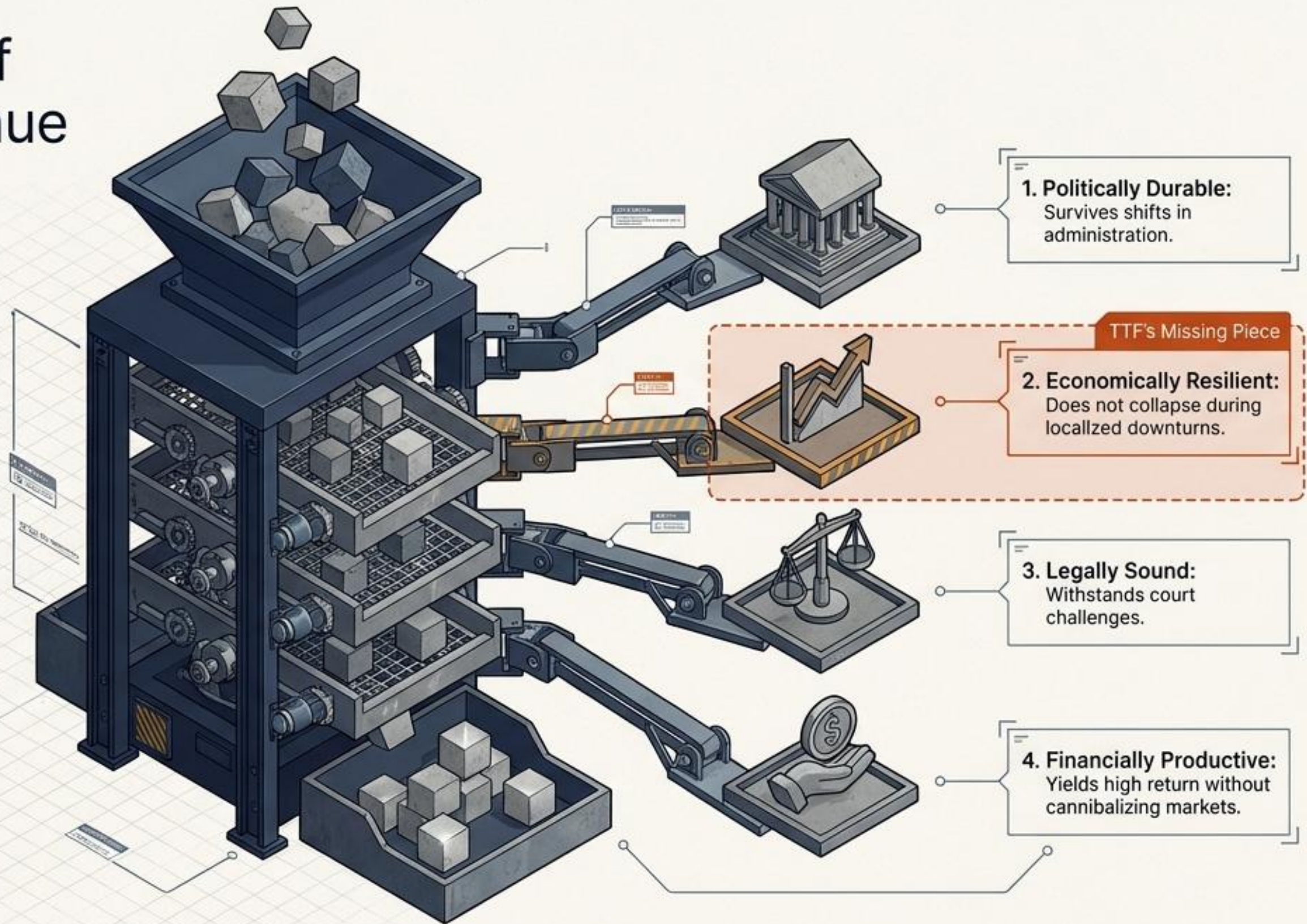
\* Assumed yield in 2018 or the latest year data is available.

WELCOME TO  
**BALTIMORE**

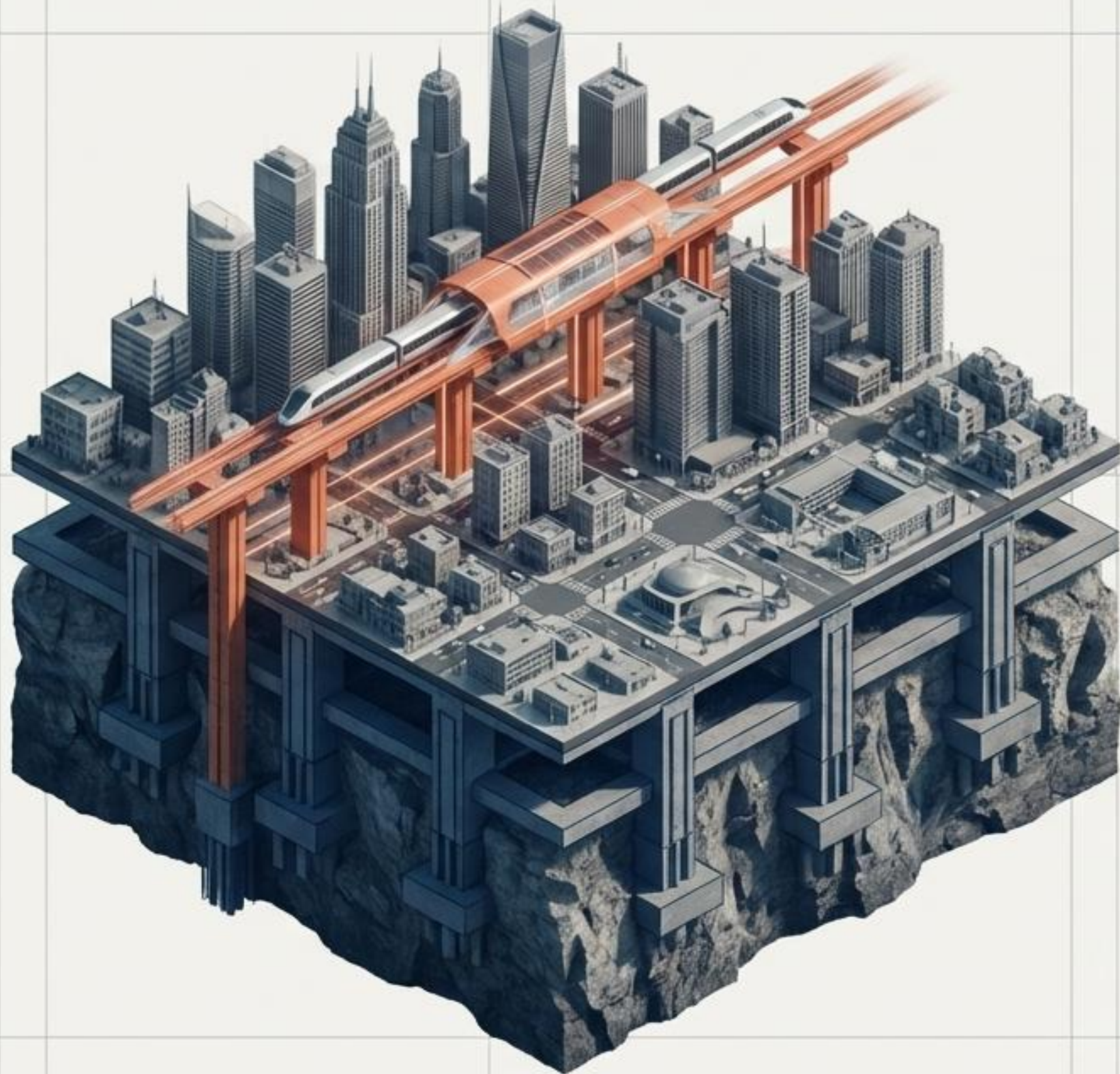
*Hon!*



# The 4 Pillars of Durable Revenue



# The Diversified Portfolio: The 30/30/40 Funding Stack



Layer 3 (The Transit Line itself):  
30% Beneficiary-Based Revenue  
Example: Value Capture, TIFs, Land Leasing, Heavy Vehicle Fees — those who profit contribute.

Layer 2 (The City Streets):  
30% Broad-Based Taxes  
Example: Personal/Business Income tax, General Sales Tax – stable floor and inflation neutral.

Layer 1 (The Deep Bedrock):  
40% State & Federal Grants.  
Example: Federal formula and grants, Transportation Trust Fund revenues – leverage large scale resources for capital investment.



# Context Matters.

- There is no perfect singular funding source.
- Resilience is found in diversification and local context.
- Real diversity in our revenue sources can allow us to move from a system that reacts to the market to one that shapes the region's future.

# Thank You

Contact info:

Don Halligan, Senior Transportation Planner  
Baltimore Metropolitan Council  
1500 Whetstone Way, Suite 300  
Baltimore, Maryland 21230  
[dhalligan@baltometro.org](mailto:dhalligan@baltometro.org)