

**Cases on External Funding Sources: Dedicated Local Taxes. Chapter IV (1) in *Funding Strategies for Public Transportation* (Part B). Transit Cooperative Research Program (TCRP) Report 31 Volume 2, pgs: 29-54. National Academy Press: Washington D.C. 1998.**

Between 1989 and 1994, the number of transit systems that implemented local taxes dedicated to transit increased by 34 percent<sup>1</sup>. However, 50 percent of American transit systems still do not receive local tax revenue<sup>2</sup>. These local taxes may be sales and use taxes, utility taxes, property taxes, or gasoline taxes.

Transit agencies in Atlanta, Georgia (1 percent sales tax from items sold in the transit agency's service area), Fort Worth, Texas (1/4 cent sales tax to increase to \_ cent after 5 years), and Reno, Nevada (1/4 percent, later increased to \_ percent), employ sales and use taxes.

Pullman, Washington, initially charged a 2 percent tax on utility use to provide the majority of its funding for the transit system. In 1984 it was lowered to 1.5 percent. The tax is levied on the use of telephone, water and sewer (owned by the city), electric, gas, and garbage utilities. The tax collected provides 40 percent of the operating revenue for Pullman and is matched 1:1 by the state Motor Vehicle Excise Tax. In 1996, the transit revenue totaled \$1.4 million, \$454 thousand of which was generated by the utility tax.

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<sup>1</sup> Based on Price Waterhouse analysis of the National Transit Database documented in the Final HH7 REPORT. (See Volume 1 of TCRP Report).

<sup>2</sup> *Ibid.*