



Send Lawyers, Trains and Money

Passenger Rail Implementation Approaches

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How'd They Do That?



Here's How: Governance and Finance

- Look at examples of leading states
- Examine how states organize for passenger rail functions
- Detail how states finance capital and operating expenses



How “Leading” States Were Identified

- “Model States” listed in 2005 VDRPT state agency survey
- States supporting Amtrak corridor services
- States receiving major Track 2 HSIPR funding in first round



Leading States List

Categories	States
VDRPT Model, Corridor Support, Track 2	California, Illinois, North Carolina, Ohio, Washington
VDRPT Model, Corridor Support	Michigan, New York, Pennsylvania
Corridor Support, Track 2	Maine, Wisconsin*
VDRPT Model, Track 2	Florida*
Corridor Support	Indiana, Missouri, Oklahoma, Oregon, Texas, Vermont, Virginia

- Original Track 2 recipients



What Do I Mean by “Governance”?

The organizational, institutional, and transactional structures and relationships by which passenger rail services are planned, administered and operated.



Passenger Rail Functions

- **Planning/Programming:**
State Rail Plan, feasibility studies, corridor prioritization, environmental clearance
- **Design/Construction:**
PS&E, ROW, operational modeling, equipment procurement, infrastructure improvements
- **Operation/Maintenance:**
train operations, infrastructure & equipment maintenance, P3 for operations/maintenance
- **Financing:**
federal capital funding, state/local contributions for capital and operating, freight railroad infrastructure cost sharing (if any)



Functional Permutations

Function	Governance Options
Planning/Programming	Local/regional bodies, rail advisory groups, DOT rail divisions, independent rail agencies
Design and Construction	Local/regional bodies, DOT rail divisions, freight railroads, Amtrak, independent rail agencies, private contractors
Operations and Maintenance	Local/regional bodies, DOT rail divisions, freight railroads, Amtrak, independent rail agencies, private contractors
Financing	Local/regional bodies, DOT rail divisions, freight railroads, Amtrak, independent rail agencies, federal agencies, state agencies



DOT Relationships

DOT Option	States with Option
DOT rail office/division	California (intercity), Florida, Illinois, Indiana, Michigan, Missouri, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Texas, Washington, Wisconsin
DOT with informal advisory group	Texas
DOT with connected commission	California (HSR), Maine, Vermont
Independent commission	Ohio, Virginia



NGEC Equipment Committee Scenarios

- Examined equipment procurement, maintenance, ownership and governance
- Four scenarios involving levels of state autonomy, private involvement, regional and national authority
- Scenarios for other functions could be useful



What's in Your Wallet?

- How do leading states fund passenger rail?
- Look at two types of financing mechanisms—revenues (how money is raised) and funds (how revenues are aggregated or leveraged)



Revenue and Funding Options

Revenues		Funds
Sales and Use Taxes	Lottery Proceeds	General Funds
Sales Tax on Motor Fuels	Tax Increment Financing	General Obligation Bonds
Motor Fuels Taxes	Property Taxes	Revenue Bonds
Motor Vehicle Sales Taxes	Public-Private Partnerships	Flexible Transportation Funds
Motor Vehicle Registration Taxes	Freight Railroad Fees	Dedicated Rail Funding
Rental Car Taxes	Rail Passenger Charges	Local Transportation Funds



Revenue Examples

Revenue	States That Use Revenues for Passenger Rail
Sales and Use Taxes	California, Florida, Indiana, Michigan, New York, North Carolina, Pennsylvania, Texas, Virginia
Sales Tax on Motor Fuels	California, Illinois, Indiana, Michigan, New York, Virginia
Motor Fuels Taxes	California, Florida, Michigan, North Carolina, Oklahoma, Virginia
Motor Vehicle Sales Taxes	Michigan, North Carolina, Washington
Motor Vehicle Registration Taxes	Florida, Michigan, North Carolina
Rental Car Taxes	Florida, Maine, Virginia, Washington

Note: Passenger Rail use also includes transit



Revenue Examples

Revenue	States That Use Revenues for Passenger Rail
Lottery Proceeds	Oregon (for freight rail)
Tax Increment Financing	Illinois, North Carolina, Ohio, Texas, Virginia
Property Taxes	Florida
Public-Private Partnerships	Illinois, Vermont, Virginia
Freight Railroad Fees	California (project), Maine, Missouri (project), Oklahoma
Rail Passenger Charges	NA

Note: Passenger Rail use also includes transit
 Rail Passenger Charges are additional to fares



Funds Examples

Revenue	States That Use Funds for Passenger Rail
General Funds	California, Illinois, Indiana, Missouri, New York, Oklahoma, Vermont, Wisconsin
General Obligation Bonds	California, Illinois, Maine, New York, Ohio, Wisconsin
Revenue Bonds	Texas, Virginia
Flexible Transportation Funds	California, Florida, Michigan, North Carolina, Oklahoma, Pennsylvania, Vermont, Washington
Dedicated Rail Funding	Florida, Maine, Michigan, Oklahoma, Oregon, Virginia
Local Transportation Funds	California, Florida, North Carolina, Vermont, Virginia

Note: Passenger Rail use also includes transit



Don't Cash That Check Just Yet

- Some revenues and funds are constitutionally off-limits to passenger rail
- Revenue/funds need to be raised enough \$ to make them worth the political effort to create
- Not all funding sources have a good match to passenger rail functions (not a deal-killer)



Possible Lessons for NGECC

- States might have more flexibility in contracting for services/equipment from a non-profit than via compacts/pooled funds
- Cities and transit agencies employ variety of O&M contracting mechanisms worth study
- Consider revenues on a corridor level within states, even if through regional body
- States might consider reallocating state rail property taxes (if any)



**Thanks for the invitation and
for paying attention**