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# Equitable Transportation Funding

**JPACT Presentation**

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Metro



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NYGAARD

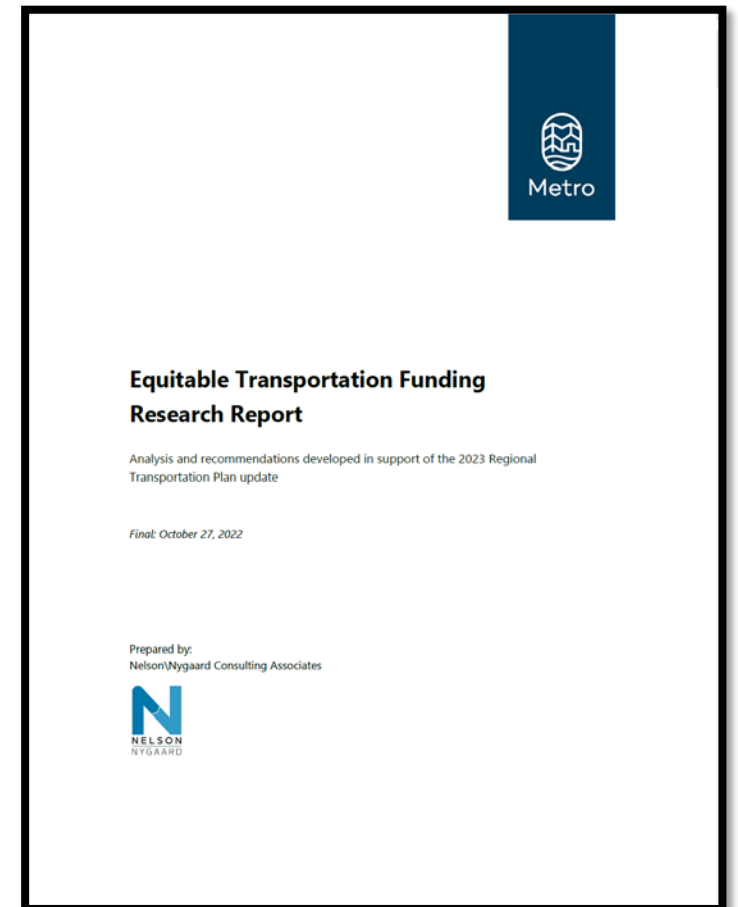
# Equitable Transportation Funding Research Report

Developed to support the 2023 RTP focus on equity

Provides an inventory of existing, emerging and potential revenue sources for transportation

Illuminates how revenue collection and disbursement may contribute to transportation inequities

Provides more transparency and clarity about how the regional transportation system is funded



# Defining Equity and Equitable Transportation Funding

We are defining **transportation equity** as the elimination of barriers and disparities relating to transportation

**Equitable transportation funding** considers the collection and disbursement of revenues in relation to a larger community context

With the goal is to address past harms and avoid further burdens for people with lower income and communities of color

Leading with race recognizes that racism is the foremost, deeply pervasive factor contributing to unequal access, opportunities, and health outcomes that persist today for all people that are negatively impacted



# The report addresses two key questions

1. *Who does revenue collection burden and benefit the most?*
2. *How can the revenue collection and disbursement be balanced to address inequities?*

# Burden and Harm

Transportation planning and funding practices disproportionately burden and harm low-income households, people of color, and people with disabilities.

People with **lower incomes** spend more of their income on transportation costs than people with **higher incomes**...



...but lower-income communities are **less likely** to benefit from spending on transportation projects.

# Inequities in Commute Times

# Inequities in Burden of Cost



**VS.**

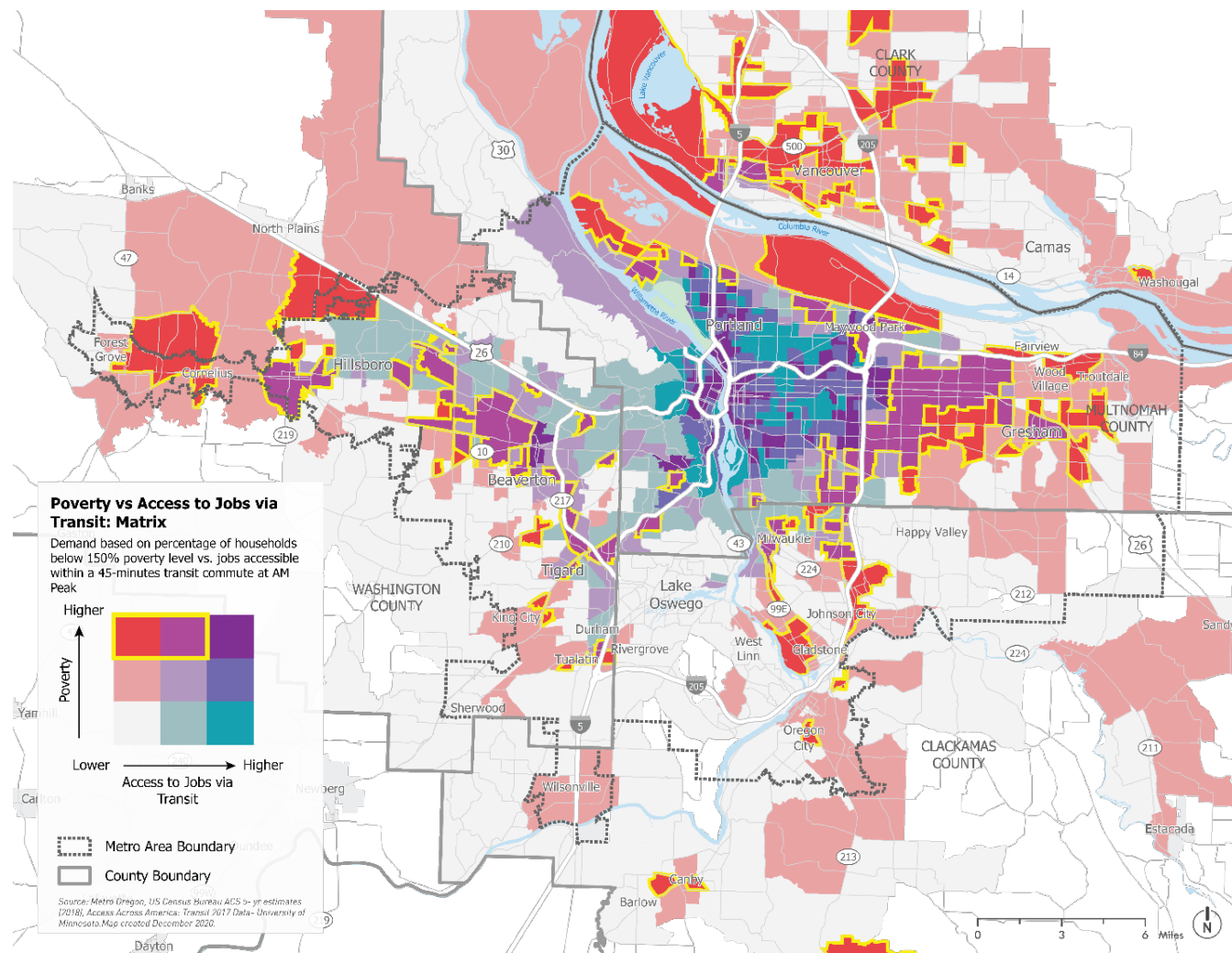


*The lowest income households spend 28.8% of their income on transportation.*

*Those with the highest income spend 9.5% or less.*

# Communities with Higher Levels of Poverty and Limited Access to Jobs Via Transit.

*There are lingering disparities in access to employment opportunities via public transportation in areas with higher levels of poverty*

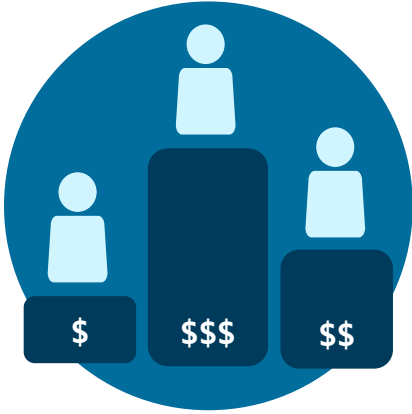




# Key Findings and Equity Challenges



# How We Assessed Equity by Revenue Source



- **Share:** Do lower-income households pay a higher share of their income?
- **Burden:** Does the source provide subsidies or exemptions to alleviate unfair burdens?
- **Tiered:** Is the fee or tax graduated based on the value of the item?



- **Benefits:** Are low-income households and people of color directly benefiting?

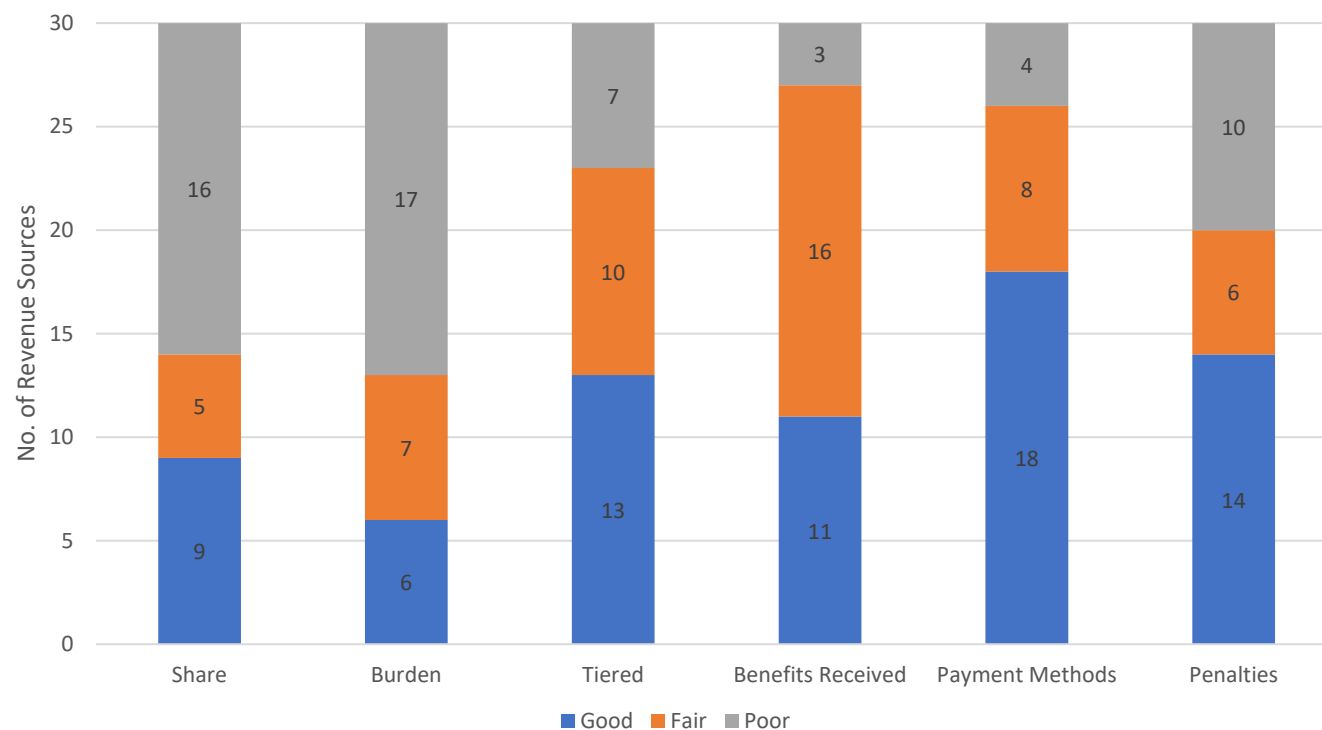


- **Payments:** Are unbanked or underbanked individuals unfairly penalized?
- **Penalties:** Do unpaid fines, fees, or taxes trigger penalties and legal repercussions?

# Summary of Ratings

- Of the 30 existing sources that were assessed, **Share and Burden** received the most “**Poor**” ratings.
- These two measures represent how much of a **financial burden** a given revenue source represents for low-income households.
- Many revenue sources offer **alternative payments methods**. This measure received the most “**Good**” ratings.

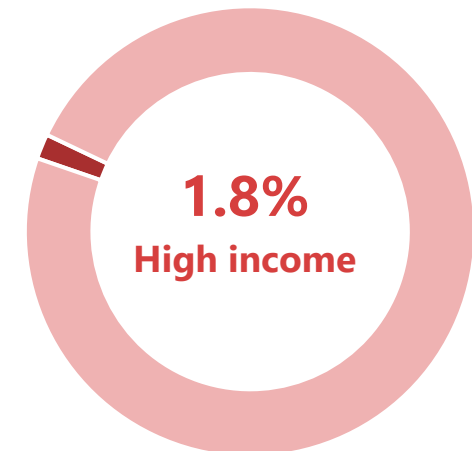
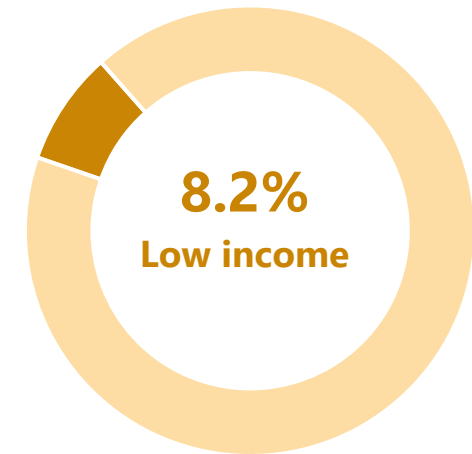
## Summary of Rankings by Measure



# Disproportionate Burden and Worsening Inequities

- Some revenue sources play larger roles in funding the transportation system. They have an outsize impact on individuals and so their equity ratings are especially important.
- **Motor fuel taxes, transportation system development charges, and property taxes** are key revenue sources that have a disproportionate burden for share or burden of costs.

Share of Income Spent on Motor Fuel in the United States



# Long-Term Community Impacts of Fines and Penalties

- Fines and penalties have the potential to be **major sources of debt**, typically impacting those with the lowest incomes if paid late or not at all. Revenue sources with the lowest or no chance of penalties are those collected at the point of sale.
- **10** revenue sources received “Poor” ratings and **6** received “Fair.”
- Revenue sources with a “Good” rating that have the potential for penalties were taxes or fees levied on businesses or commercial operations.
- Fines disproportionately harm low-income households and people of color. People of color are given citations at a higher rate than white people.



# Burden of Being Underbanked or Unbanked

*\* Underbanked: those without access to a bank account with an insured institution.*

*Unbanked: those who do not have the ability to use a bank account.*

- Payment methods received the **most “Good” ratings (18)**, with 8 “Fair” ratings and 4 “Poor” ratings.
- Many revenue sources offer alternative payment methods by cash or money order that allow underbanked or unbanked individuals\* to participate.
- However, this group is vulnerable as payment methods shift towards digital platforms, including digital transit payment.
- Parking fees can burden the under or unbanked. Cash payments must be exact change. Unpaid parking fees have the potential to result in citations and debt.

# Recommendations to Improve Equity Outcomes



# Foundational Principles

- No one solution
- Transparency is key
- Elevate community voices
- Put it into policy

# Fair and Equitable Public Outreach

- Provide ample opportunities for meaningful public engagement and input
- Opportunities should be offered in-person and online, at a variety of locations and times, and available for individuals of varying English proficiency and non-English speakers
- Work with community organizations
- Communities affected by specific policies, funding efforts, or developments must be key contributors to the planning process

# Equitable Revenue Collection

- Restructuring fines so they are non-compounding and do not impact credit scores or employment eligibility
- Prorate payment structures for parking, license and registration fees, violation fines, and tolling and congestion charges
- Provide alternatives to paying violation fines, such as split-repayment plans
- Continue to restructure diversion programs for fare evasion, offer repayment plans or alternative forms of payment
- Allow license and registration renewal for people with unpaid fines



# Equitable Revenue Collection, cont.

- Remove remaining barriers to acquiring Honored Citizen Fare Cards
- Reduce reliance on regressive tax strategies / encourage more progressive taxes and fees
- Adjust the gas tax according to inflation
- Explore unified financial assistance system models

# Equitable Revenue Disbursement

- Redistribute congestion pricing revenue towards investments focused on safety, transit, and active transportation in equity focus areas
- Incorporate anti-displacement policies to mitigate displacement risk
- Explore using revenues from new funding sources to offset taxes and fees for low-income households
- Encourage and incentivize environmentally friendly investments in mid- and low-income households (e.g. discounts/rebates on electric vehicles, transit passes)

# Thank you!



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# Supporting the 2023 RTP Update



## Equitable Funding Report

- Assessment of revenue sources
- Assessment of allocations
- Equitable funding recommendations

## RTP Financial Plan

- Revenue forecast (including tolling)
- Equitable funding research
- Future funding options

## Congestion Pricing

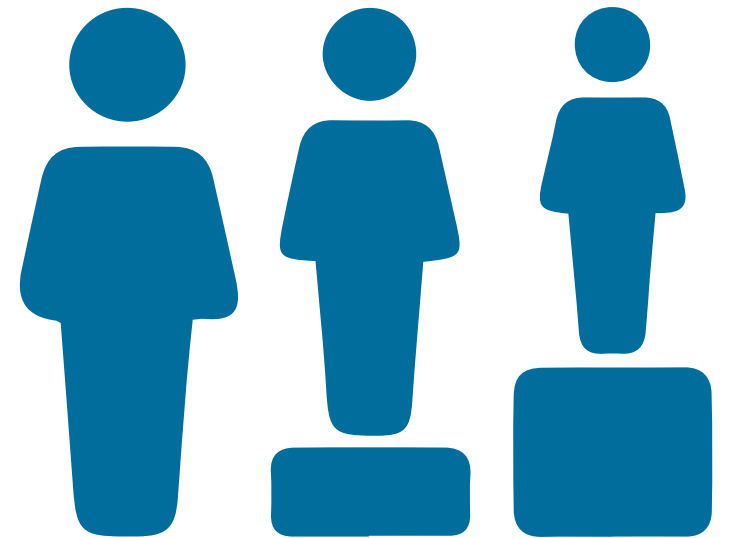
- Policy to create an equitable funding framework

## Future Work

- Potential recommendations for future equitable funding strategies in RTP Chapter 8

# Defining Equity

- We are defining **transportation equity** as the elimination of barriers and disparities relating to transportation
- Addressing inequities means providing access to safe, affordable, convenient, and reliable transportation and opportunities
- It also requires listening to and working with the communities that are disenfranchised and supporting them to access more power to change systems





# Defining Equitable Transportation Funding

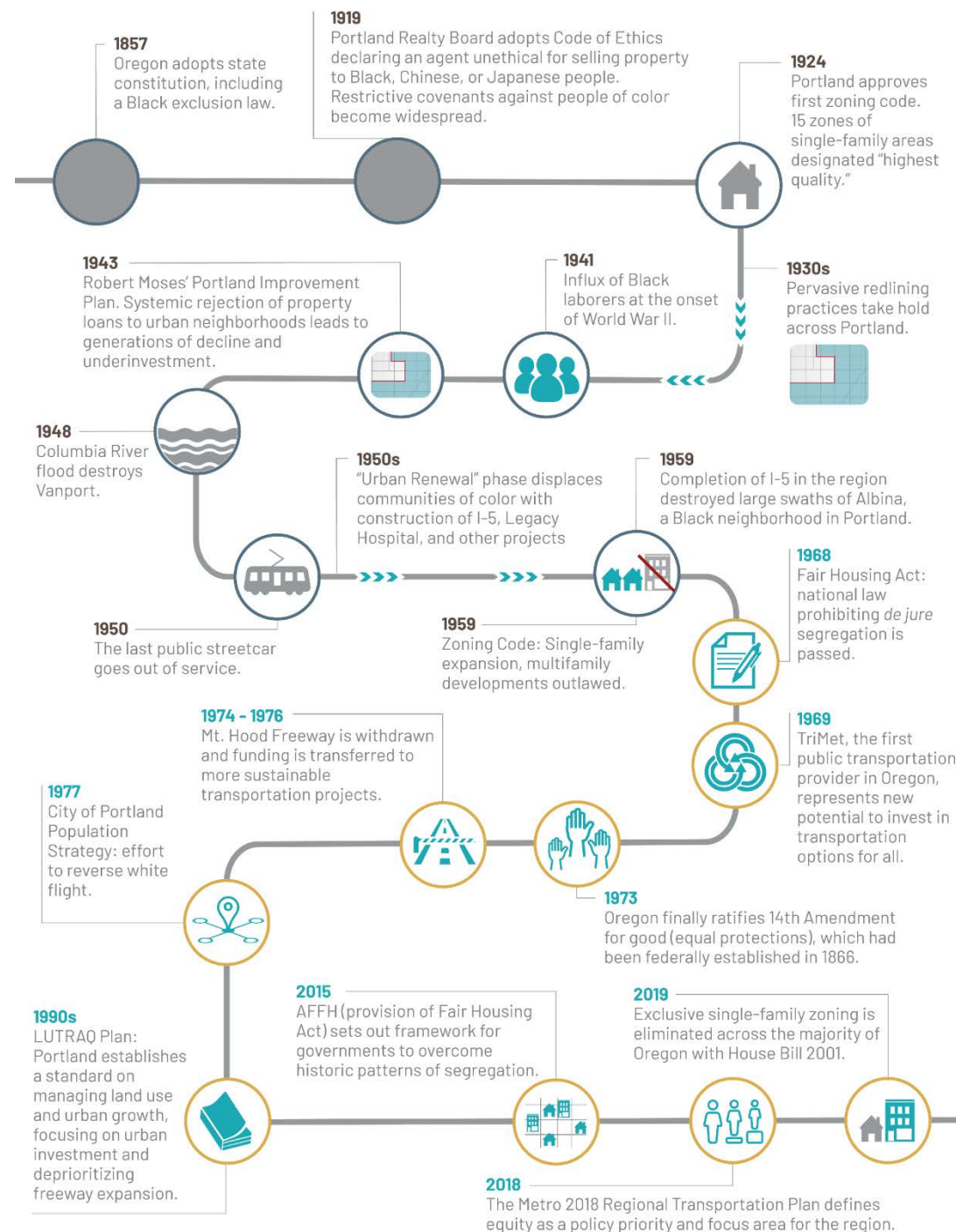
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With the goal to address past harms and avoid further burdens for people with lower income and communities of color

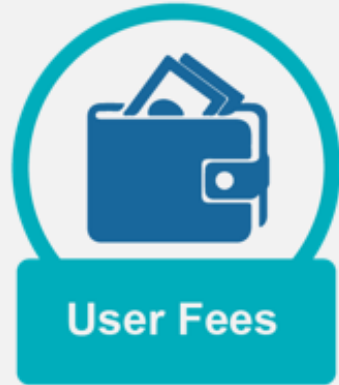
Leading with race recognizes that racism is the foremost, deeply pervasive factor contributing to unequal access, opportunities, and health outcomes that persist today for all people that are negatively impacted

# Timeline of Discrimination and Planning

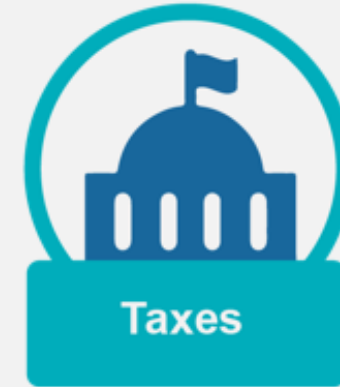
- The greater Portland region has a long history of discrimination in planning
- Since the late 1960s efforts to undo the damage have **made progress**, but more work is needed



# Types of Revenue Sources



- Includes license fees, vehicle taxes and fees, tolls, fares, and gas taxes
- Many of these fees are paid on a per-use basis rather than a flat fee
- Households with different ranges transportation options to meet their needs will also have different ability to manage the impact of these fees



- Paid at federal, state and local levels
- Some taxes are dedicated for transportation, while other taxes are put into a general fund and are later appropriated for transportation purposes
- The ultimate purpose of these funds may be less visible to the payer

# Revenue & Funding From Many Levels



## Federal

- Federal motor fuel tax, which funds FTA and FHWA programs
- General funds (mostly collected as personal income tax, corporate income tax, and payroll tax)



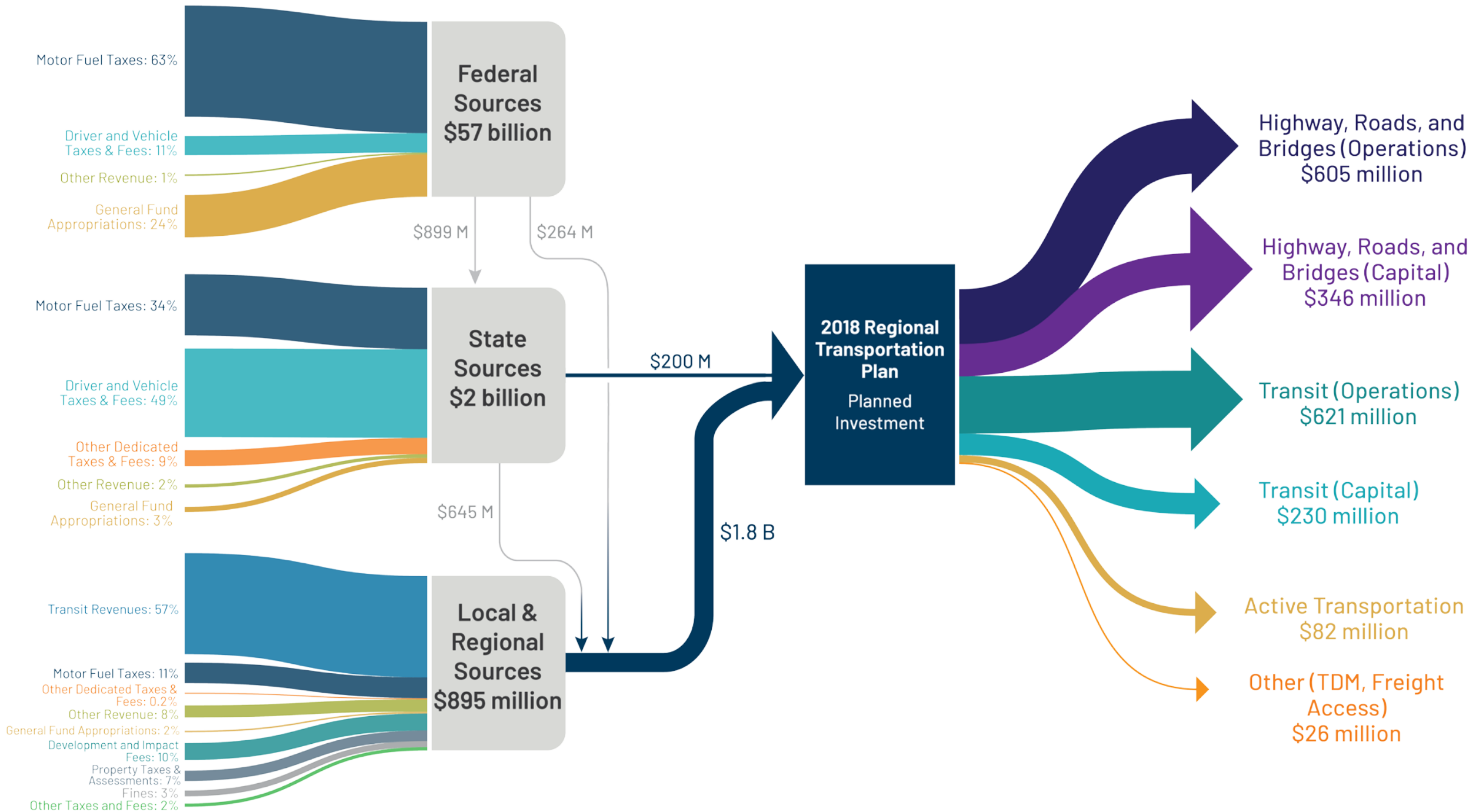
## State

- State motor fuel tax
- Driver and vehicle and fees
- Weight mile tax
- Other taxes and fees including payroll tax, sales tax, and license fees



## Local

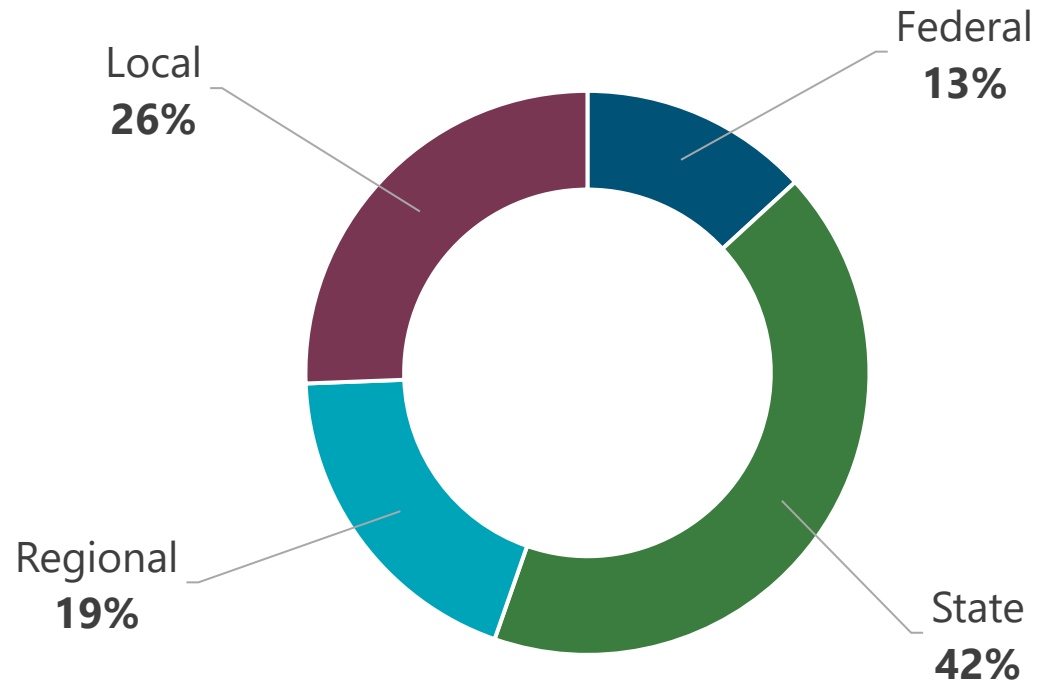
- Transit revenues
- Motor fuel taxes
- Variety of local funding sources including development impact fees, property taxes, general funds, taxes, fees, and general fund appropriations





# 2018 RTP Revenue Sources *by government level*

*Almost half of revenues  
in the RTP financial plan  
are **local** or **regional***

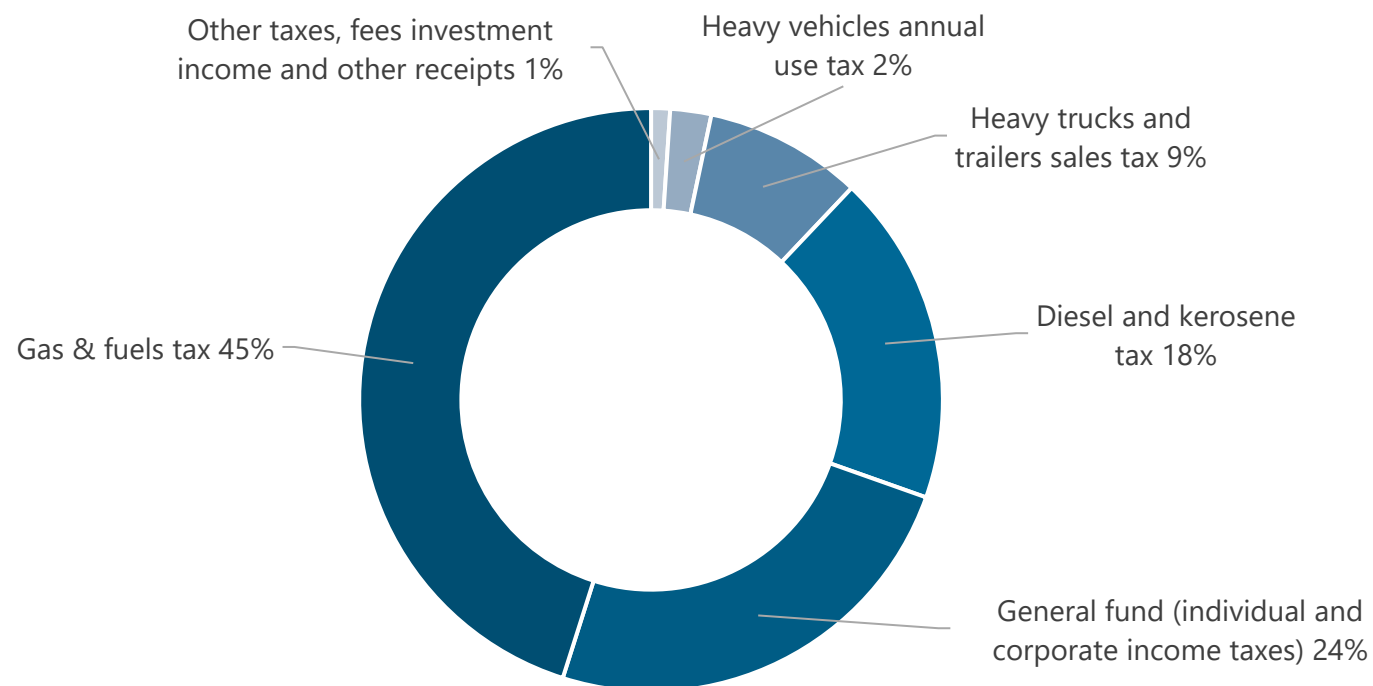


# Transportation Revenue Sources

## *Federal*

*Gas and fuels tax  
contribute the largest  
portion*

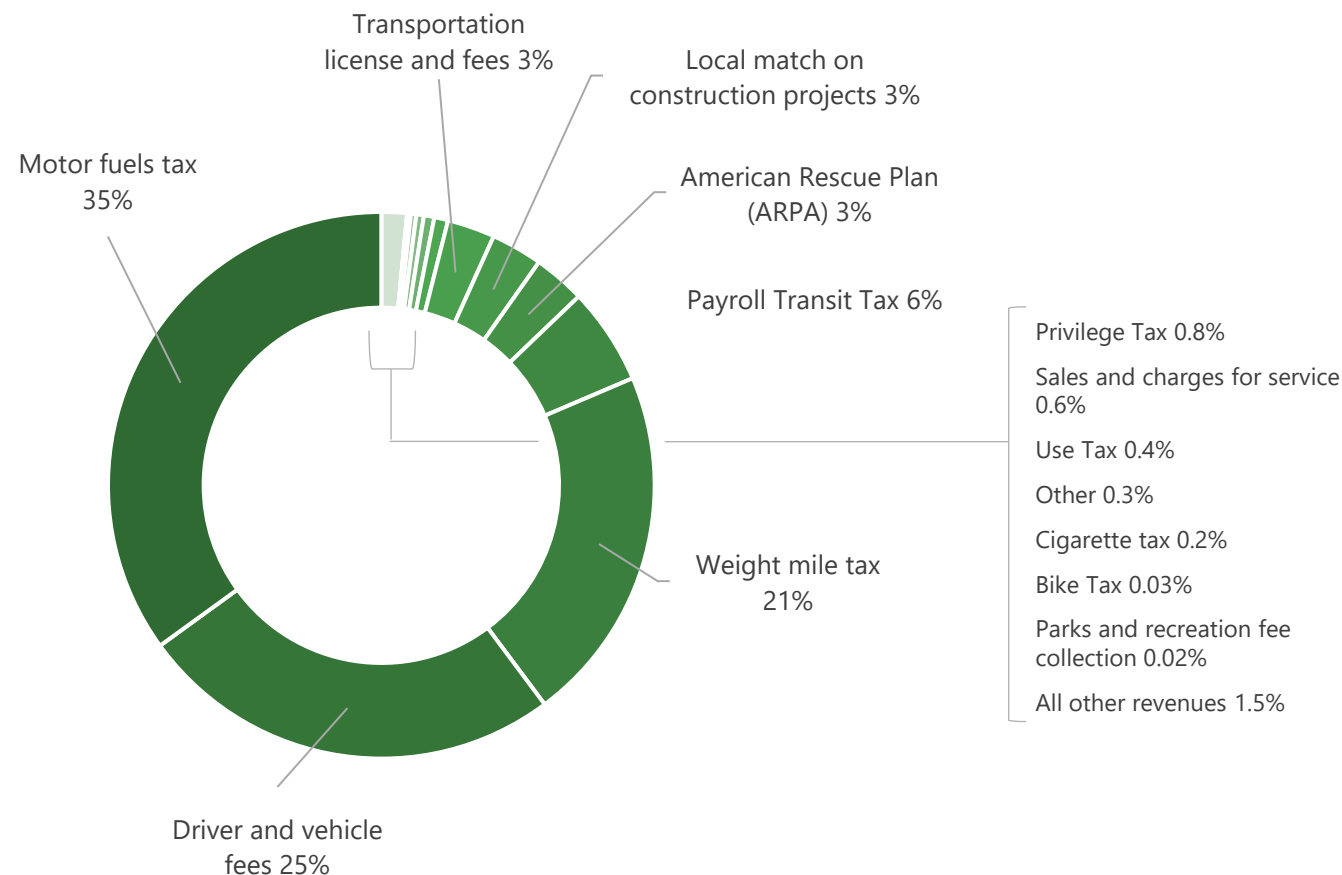
*But almost a quarter of  
funding comes from  
the General Fund*



# Transportation Revenue Sources

## State

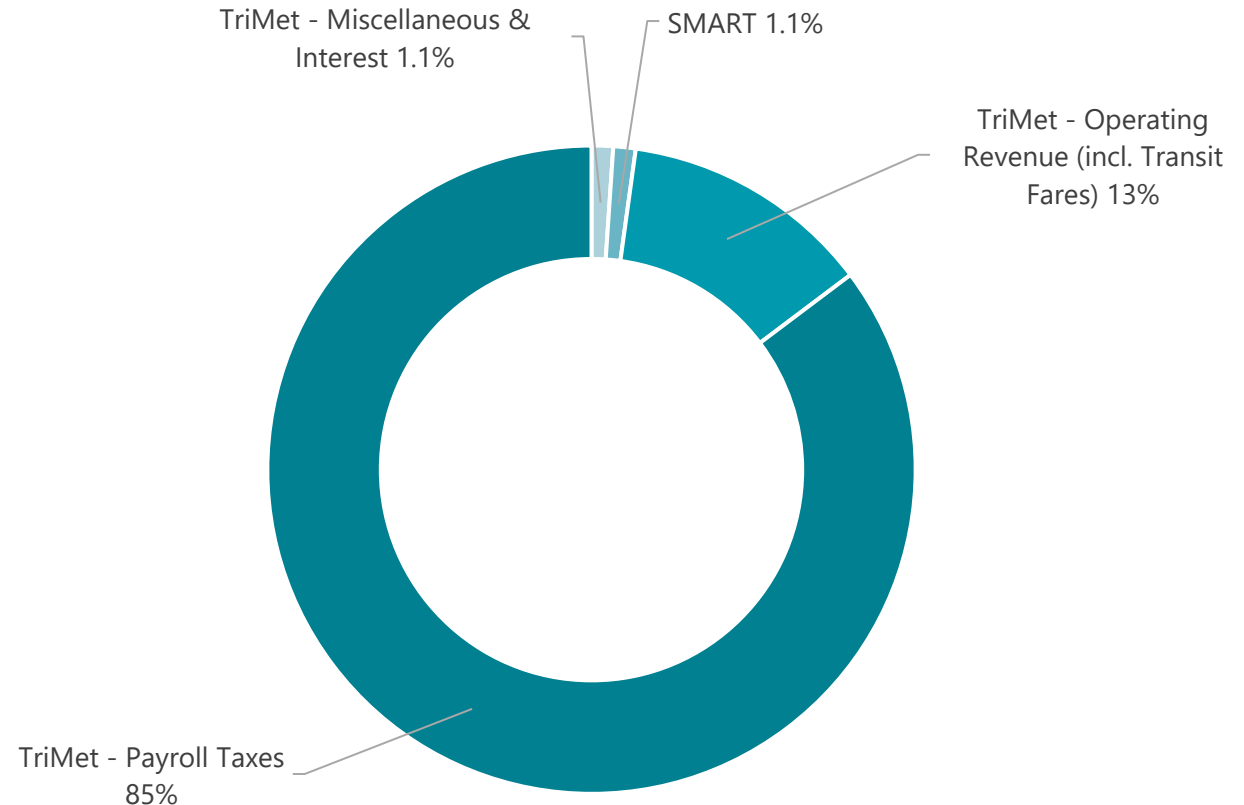
*The gas tax and driver and vehicle fees contribute 60% of state funds in the RTP*



# Transportation Revenue Sources

## Regional

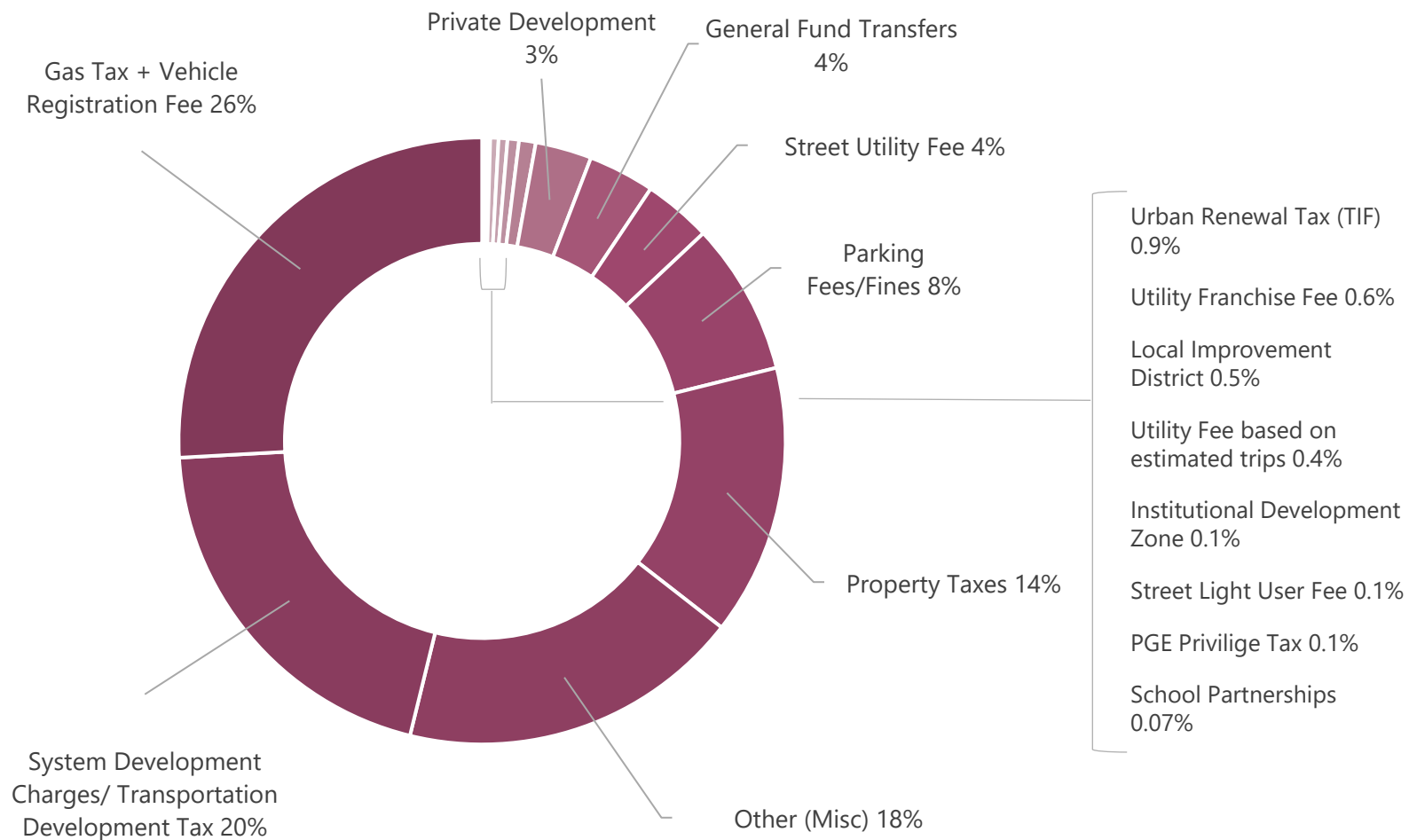
*TriMet Payroll Taxes  
make up the vast  
majority of regional  
funds*



# Transportation Revenue Sources

## Local

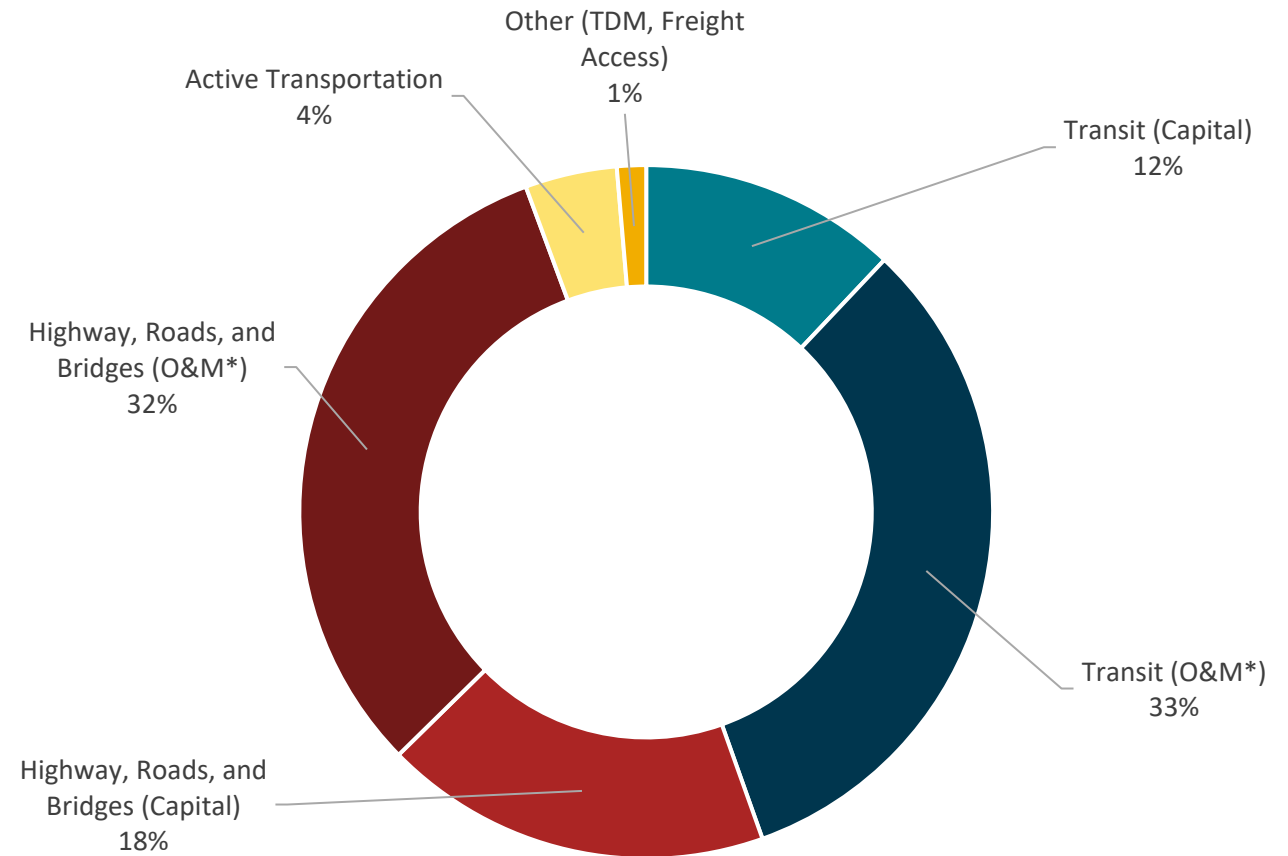
*Gas Tax, VRF, and System Development Charges are predominant sources*



# Planned Funding Allocations

## 2018 RTP

*Planned funding  
by investment  
category*



# Equity Assessment (Appendix A)

- The assessment includes many, but not all, of the existing revenue sources at the **federal, state, and local levels**.
- Assigned an **equity rating** (variable, poor, fair, good) based on performance against the measures
- There are many **societal benefits** to collecting revenues to fund the transportation system
- The goal of the assessment is to **evaluate the impacts** of the way the system is currently funded on low-income households and people of color

Equity Evaluation of Existing and Emerging Revenue Sources  
Metro

Existing Revenue Sources – Summary Table<sup>1</sup>

Source	Overall Equity Rating	Share	Burden	Tiered	Benefits Received	Payment Methods	Penalties
<b>Federal</b>							
Fuels tax	Poor	Poor	Poor	Poor	Fair	Good	Good
Heavy trucks and trailers sales tax	Good	Good	Good	Good	Fair	Good	Good
Heavy vehicles annual use tax	Good	Good	Good	Good	Fair	Good	Good
Individual income taxes, corporate income taxes (General Fund transfer)	Fair	Good	Fair	Fair	Fair	Poor	Poor
<b>State</b>							
Motor Fuels Tax	Poor	Poor	Poor	Poor	Fair	Good	Good
Weight Mile Tax	Good	Good	Good	Good	Fair	Good	Good
Driver and Vehicle Fees	Poor	Poor	Poor	Fair	Poor	Good	Fair
Transportation License and Fees	Good	Good	Good	Good	Fair	Good	Good
Cigarette Tax	Fair	Poor	Poor	Fair	Good	Good	Good
Bike Tax	Poor	Poor	Poor	Fair	Good	Fair	Fair
Privilege Tax	Fair	Fair	Poor	Good	Good	Good	Good
Statewide Transit Tax (employee paid)	Fair	Fair	Poor	Fair	Good	Fair	Poor
Income Tax (General Fund Transfer)	Poor	Poor	Fair	Fair	Fair	Poor	Poor
Lottery Revenues	Fair	Poor	Poor	Fair	Good	Good	Good
<b>Local (differs by municipality)</b>							
Transit Payroll Tax (employer paid)	Good	Good	Good	Good	Good	Fair	Fair
Transit Fares (Passenger Revenues)	Good	Good	Fair	Good	Good	Fair	Fair

<sup>1</sup> The revenue sources represented in this table are not an exhaustive list of all sources of funding in the region. See the Revenue Sources Not Included in Assessment section of this document for more details.

# Revenue Allocation Constraints

- Funding constraints determine where and how revenue can be spent and are applied at the revenue source, fund, or program level
- State and local motor fuel taxes all are subject to the constitutional requirement for exclusive spending on roadways, prohibiting the use of those funds for transit and other uses outside the road right of way
- While motor fuel tax funds and other motor vehicle revenue sources are collected by users of roadways, restricting these funds to pay for further roadway improvements raises equity issues
- These restrictions encourage further use and funding of roadway networks that **require access and ability to use a personally owned vehicle**