



Peer Transit Funding: How WMATA's Peers Use Dedicated Revenues to Support Operating Budgets

September 2024

How Do Other Regions Fund Transit Operating Budgets?

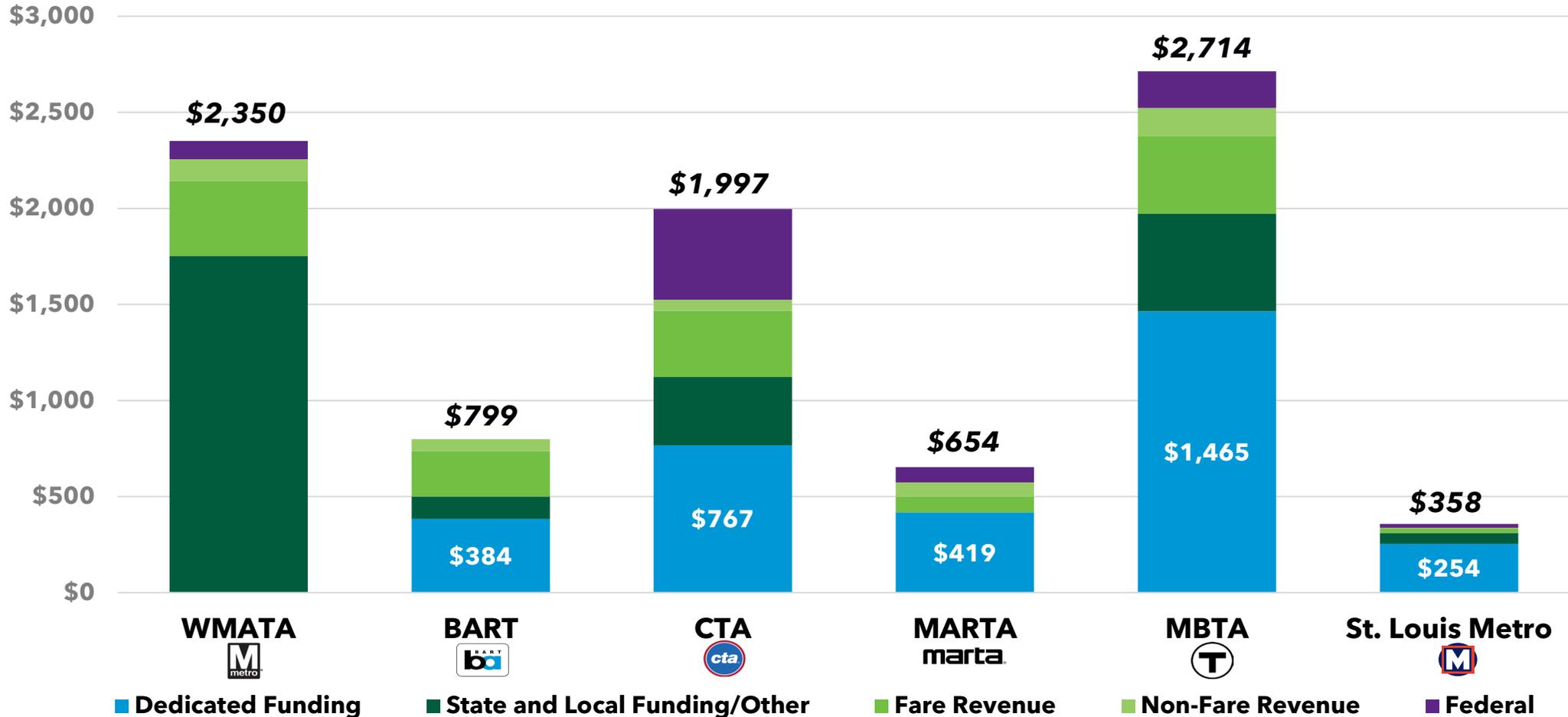
- Transit agencies fund their operating budgets in a variety of ways. Most large agencies have a combination of dedicated revenue sources and other types of state and local funding.
- Analysis of FY 2025 operating budgets for peers based on:
 - Age (BART, MARTA)
 - Governance structure (St. Louis Metro)
 - Size (CTA, MBTA)
- Which dedicated revenues support each system and to what extent?
- Findings that can inform new potential revenues for transit in Northern Virginia

Dedicated operating funding takes on a variety of characteristics among peer agencies, depending on the governance, funding structure and modes in the region.

System	Modes Operated
 BART	Rail, Paratransit
 CTA	Rail, Bus
marta MARTA	Rail, Bus, Streetcar, Paratransit
 MBTA	Rail, Light Rail, Bus, Ferry, Paratransit
 St. Louis Metro	Light Rail, Bus, Streetcar, Paratransit
 WMATA	Rail, Bus, Paratransit

Operating Funding Comparison

Total FY 2025* Operating Budget (millions)



Note: Figures are rounded, derived from each agency's approved FY 2025 operating budget and consolidated into like categories for comparison.

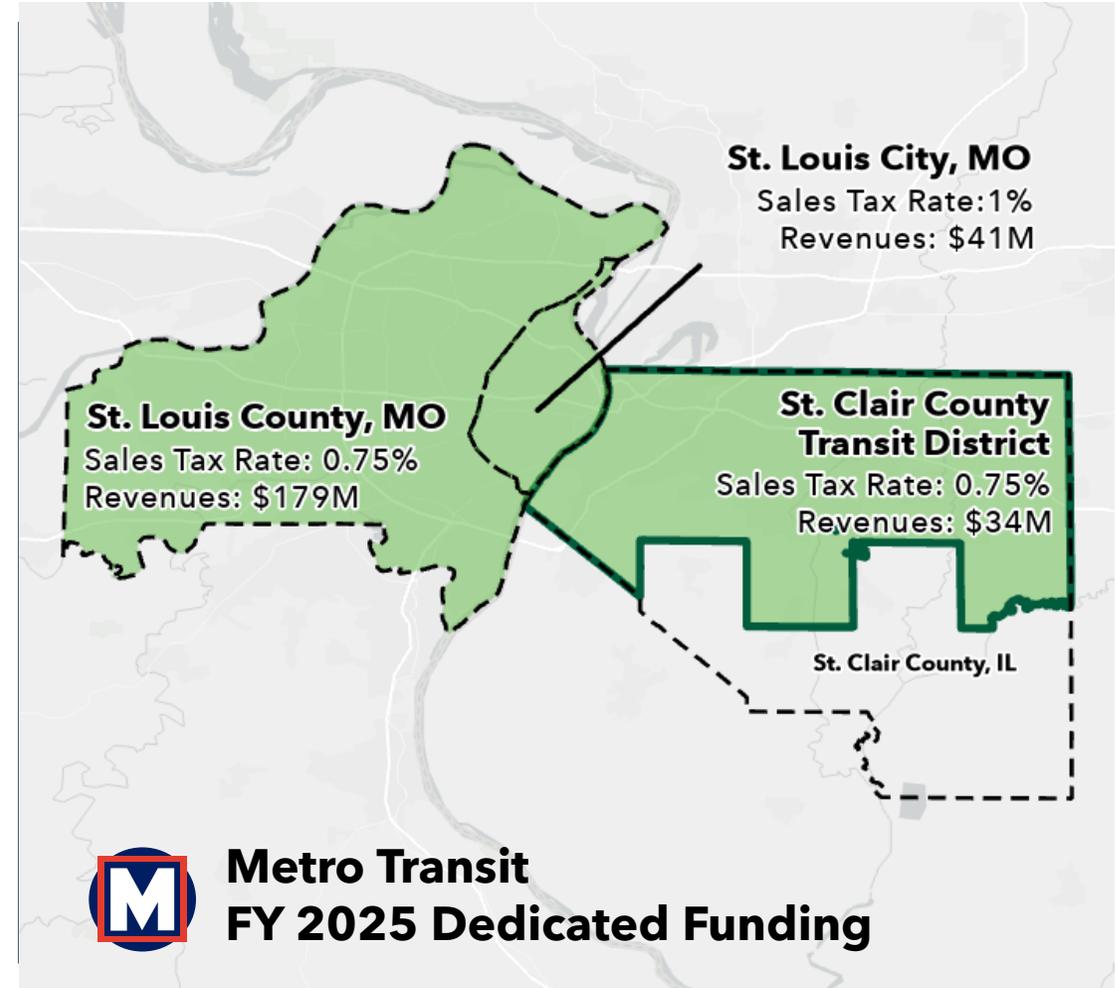
* CTA's budget is calendar year 2024.

Dedicated Funding Sources in Other Regions

Funding Source	Agency
Sales Tax	    
Real Estate Transaction Tax	
Property Tax	
Title Ad Valorem Tax (vehicle sale or transfer)	

Agency Profile: Metro Transit (St. Louis)

- Metro Transit is operated by the Bi-State Development Agency, an interstate compact between Missouri and Illinois.
- Roughly 70% of FY 2025 operating budget revenues come from dedicated sales tax receipts.
 - In Missouri, sales tax revenues are collected locally and allocated to Bi-State Development.
 - In Illinois, the St. Clair County Transit District collects sales tax revenues and contracts with Bi-State Development for service.
- There are **different sales tax rates** in the region for Metro Transit:
 - St. Louis City - 1.0%
 - St. Louis County - 0.75% (plus a portion of a separate 0.5% sales tax for transportation)
 - St. Clair County Transit District - 0.75%
- FY 2025 sales tax revenues:
 - St. Louis City - \$41M
 - St. Louis County - \$179M
 - St. Clair County Transit District - ~\$34M



Agency Profile: BART (San Francisco Bay Area)

- BART receives a dedicated 75% share of a **uniform sales tax** (one-half cent) levied in BART District counties; the remaining 25% is required to be allocated by a regional body (MTC) to local transit systems.
 - FY 2025 sales tax revenue is projected at \$320M.
- BART receives property tax revenue from a statutory portion of the 1% general levy in each BART District county.
 - FY 2025 property tax revenue is projected at \$64M.
- Local assistance from one-off agreements with BART District counties and the counties of San Mateo and Santa Clara also support BART's operating budget.
 - FY 2025 local assistance totals \$66M, \$24M of which is collected from the BART District counties.

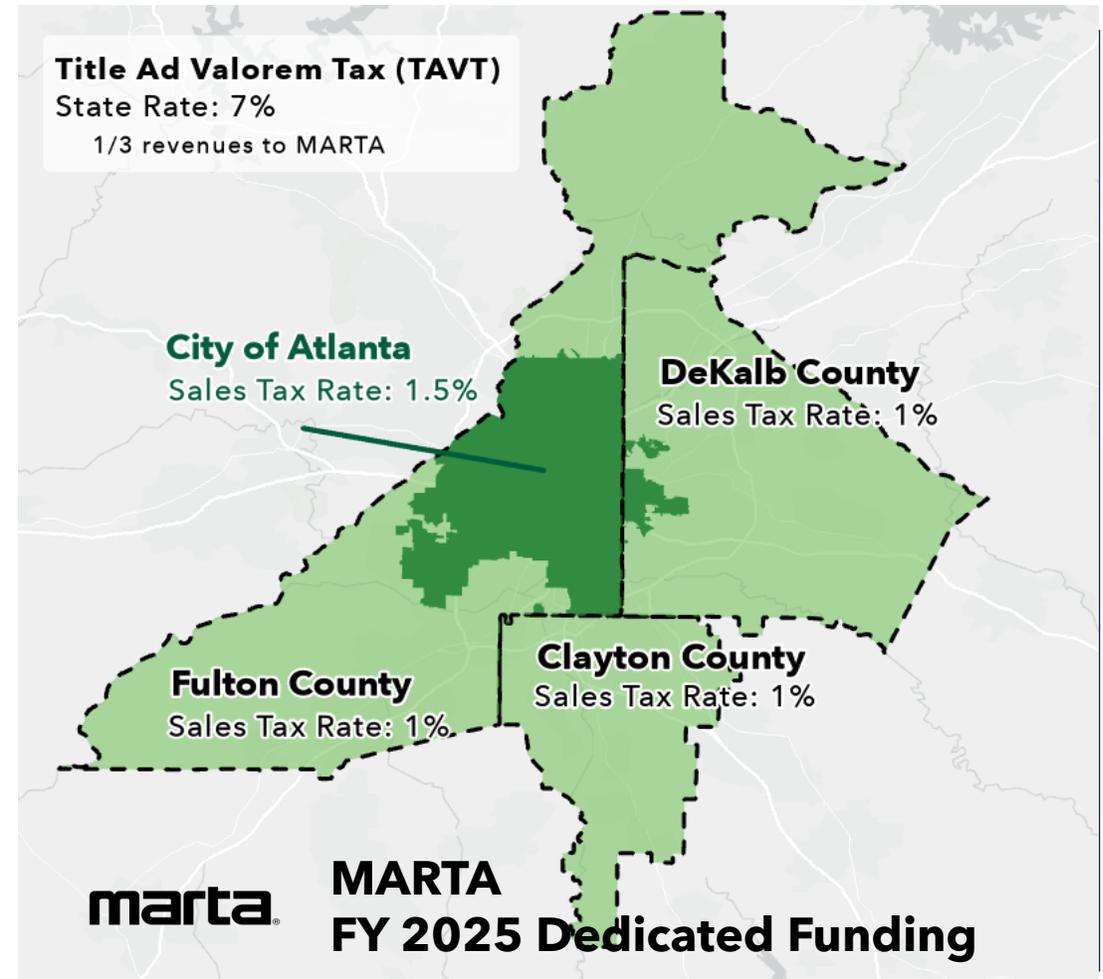


Note: BART is currently constructing an extension to the cities of San Jose and Santa Clara as part of the [BART Silicon Valley Phase II Project](#), partly funded by separate sales tax and other measures not shown on this map.

Source: [BART FY 2024-2025 Budget](#)

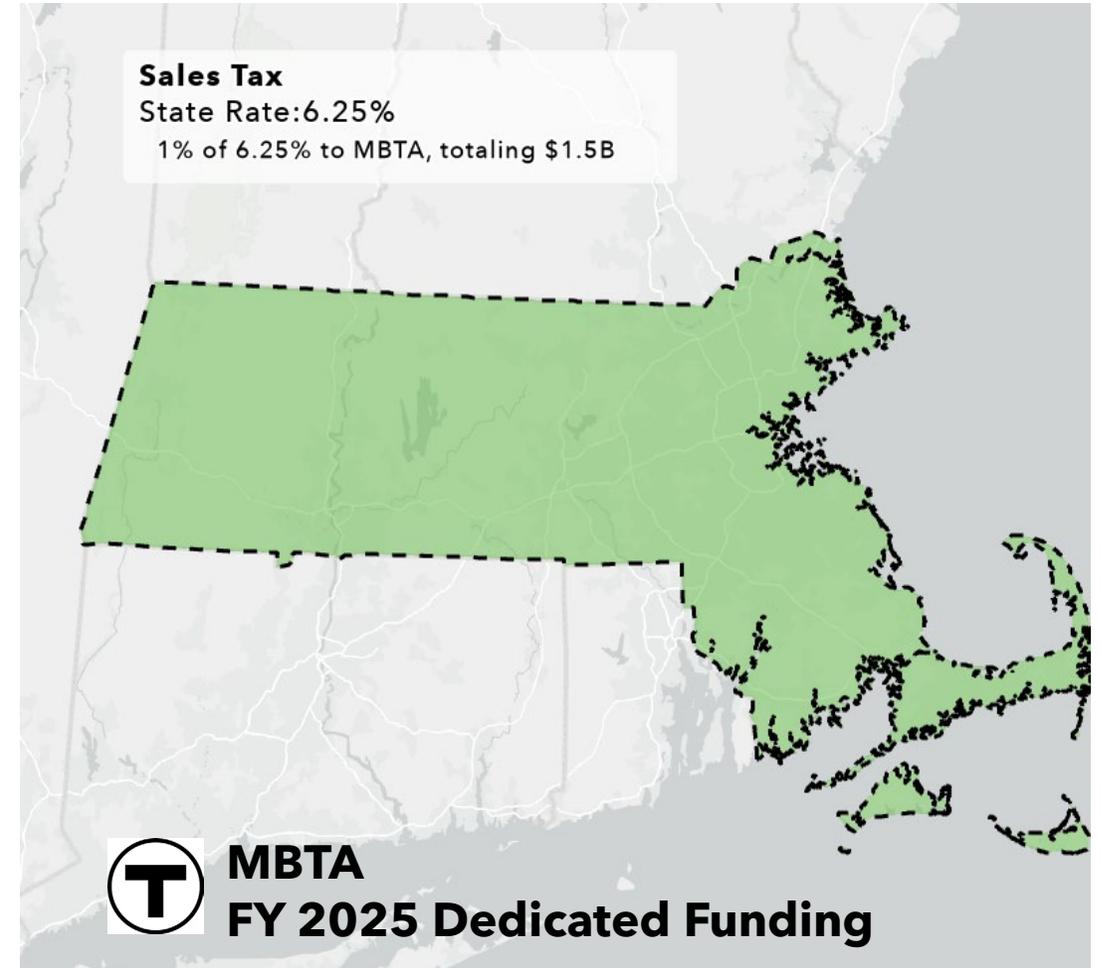
Agency Profile: MARTA (Atlanta)

- The MARTA service area has **different sales tax rates**: a 1% sales tax in Fulton, Clayton and DeKalb counties and 1.5% in the City of Atlanta, totaling \$386M and comprising 59% of total operating revenues in FY 2025.
- 1/3 of revenues from a title ad valorem tax (TAVT) collected in the three counties also support MARTA's operating budget, totaling \$33M in FY 2025.
 - The TAVT rate is 7% in Georgia.
- MARTA must meet its debt service obligations in order to receive its dedicated revenue sources.
- MARTA does not receive any state aid.



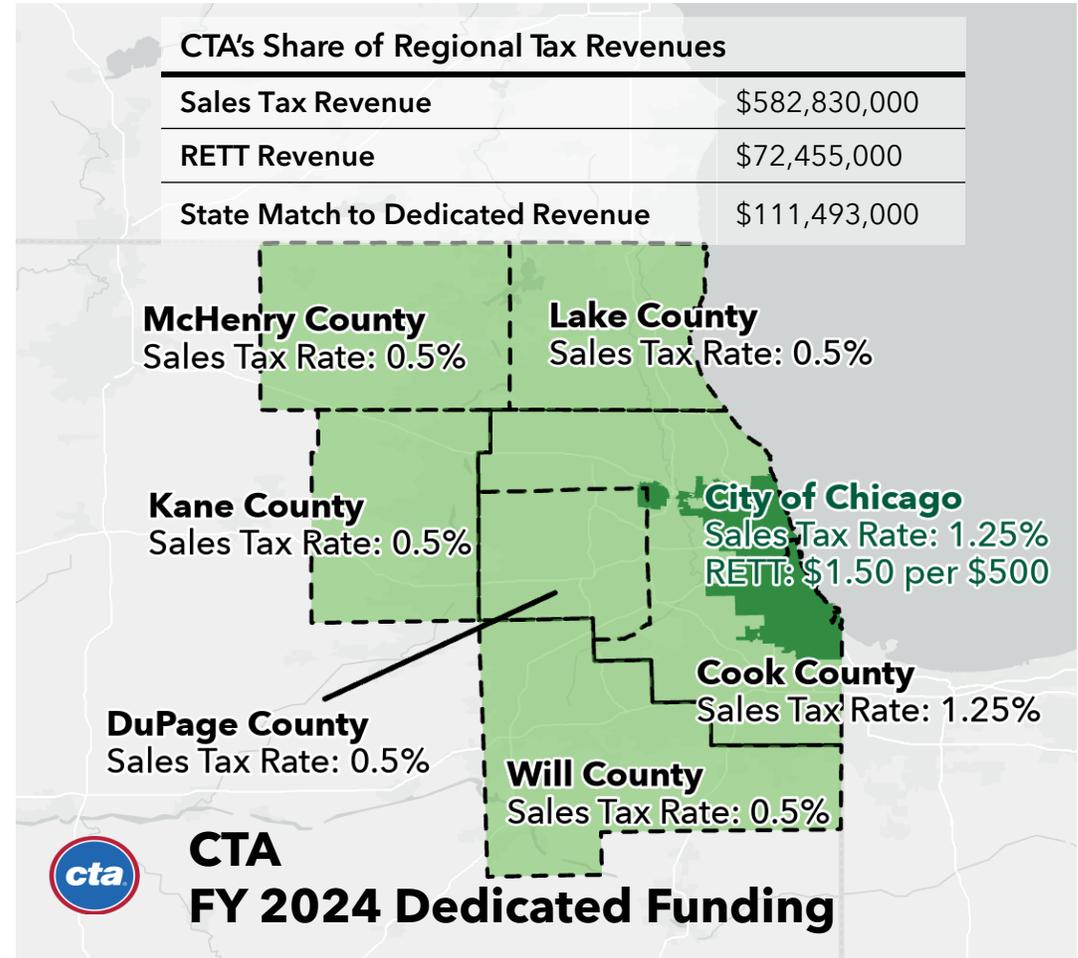
Agency Profile: MBTA (Boston)

- MBTA receives 1 cent of the **statewide sales tax** (6.25% total).
- FY 2025 sales tax revenue: \$1.5B
 - Sales tax revenue comprises 54% of total FY 2025 revenues.
 - Sales tax revenue annual increases cannot exceed the lesser of 3% or annual inflation nor be less than the prior year's allocation.
- To balance its FY 2025 budget, MBTA used \$307M from its deficiency fund
 - MBTA is projecting between \$696M and \$863M annual budget gaps beginning in FY 2026



Agency Profile: CTA (Chicago)

- The Chicago region has **different sales tax rates**. CTA receives dedicated funding from a portion of receipts on 1.25% sales tax in the City of Chicago and Cook County, and a 0.50% sales tax in surrounding counties.
 - Revenues are split between CTA, Metra and Pace depending on where the taxes were collected. CTA also receives revenues from a real estate transfer tax (RETT) of \$1.50 per \$500 from the City of Chicago.
- Other sources of dedicated funding support CTA's operating budget per 1983 and 2008 legislation; revenues support CTA and other Chicago area agencies by both predetermined formulas and Regional Transportation Authority discretion.
 - Some dedicated revenues in the region are matched with state funding.
- FY 2024 dedicated revenue totals approximately \$767M.



Sales Tax Rates and Intermediary Organizations in Other Regions

Agency	Sales Tax Rate in Region	Intermediary Organization
St. Louis Metro 	0.75% - 1%	Cities, counties or transit districts contract or allocate funding to Bi-State Development Agency for St. Louis Metro.
BART 	0.5%	Metropolitan Transportation Commission allocates a portion of the BART District sales tax to local transit providers in the transit district.
MARTA 	1.0 - 1.5%	Trustee (US Bank) who receives revenues from state and local jurisdictions, makes debt service payments and certifies that debt service requirements are met prior to transfer to MARTA.
MBTA 	1% statewide	N/A
CTA 	0.5 - 1.25%	RTA allocates dedicated revenues to CTA and other transit agencies in the region based on predetermined formulas and on a discretionary basis.

Findings

- No other transit agency has WMATA's unique governance and funding structure with three parties in an interstate compact and numerous local operators of different transit modes.
 - Dedicated revenue sources in other regions often support more than one transit operator.
- Each peer transit agency has dedicated revenues for transit operations which can comprise the majority of some operating budgets.
 - 'Dedicated' means different things in different places. The geography, number of jurisdictions, number of additional transit operators, broader funding structure, and governance of a transit agency result in different approaches for each agency.
- The most common form of dedicated operating revenue was a sales tax.
 - Rates and revenue flows often vary in different jurisdictions within a region that fund the system - there is no one-size-fits-all approach.
- Larger transit agencies tend to have more than one source of dedicated operating revenue.
- Despite existing dedicated revenue structures, each agency is facing their own operating budget fiscal cliff (\$696M for MBTA, \$730M for CTA in FY 2026; \$385M for BART in FY 2027).