

How to Fund Transit

How tax policies drive transportation decisions and land use patterns

10 a.m. - 1 p.m. Saturday, November 6, 2010, Friends Meeting House
4836 Ellsworth Avenue Pittsburgh, PA 15213
RSVP 412.687.5263 or 412-897-4i32

Topics Addressed:

True efficiency

- Walking & Bicycling
- Working & shopping near home

Gas taxes for highways

- Escape from city speculators
- Windfalls to rural speculators
- Swaths through old areas
- Gas used least on best roads
- Competition for gas tax pie
- Excessive highway-building
- Sprawl subsidized

Land value tax for highways

- Taxes locally raised
- Beneficiaries pay
- Decisions tied to economics
- Land consumption noticed
- Fewer highways built

Federal & state transit subsidies

- Suburban transit least practical
- City & country subsidize suburbs
- Suburban political clout
- Transit still consumes resources, but less than highways
- Funded from general revenues
- Non-travellers still subsidize travellers
- Living close to work devalued

Private Transit

- Graft and Corruption
- Tied to land speculation
- Neglected after land sold

Land value tax for transit

- Taxes locally raised
- Political clout discounted
- Transit boosts land values
- Transit pays for itself
- Fares mostly eliminated
- Policies based on economics
- Suburbs pay or do without
- Compact growth rewarded

Other uses for gas & oil taxes

- Pollution charges
- Oil depletion
- Possibly for road maintenance

Land value tax & land use

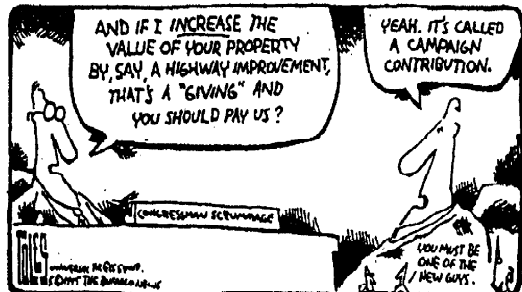
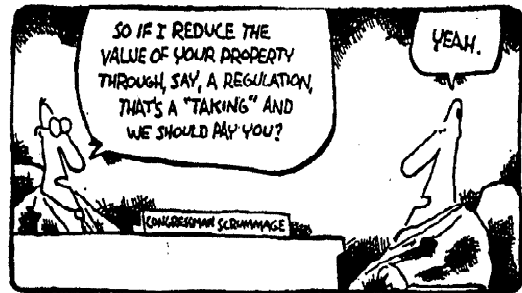
- Compact development encouraged
- Cities made more attractive
- Sprawl discouraged

Analogous taxes

- Parking meters & permit fees
- Congestion charges
- Pollution assessments

Command & control mistakes

- Smart-growth laws
- Fuel efficiency laws
- Pollution mandates
- Anti-SUV measures
- No-car zones



Underlying Principles

- Commons valued
- Social costs calculated
- Beneficiaries pay
- Damagers pay
- Producers left alone

Friends Meeting House
Saturday, December 4, 10 AM

Taxing Marcellus Shale

- Natural Resource Royalties
- Reclamation and remediation bonds
- Pollution Taxes
- Citizen Dividends
- Environmental Benefits
- Economic Benefits
- Examples from Alaska, Alberta and other countries

Things to Consider

Economics

Municipal corruption centered around grants of streetcar monopolies. Pittsburgh's city streetcar line was owned by mayor Magee, head of the notorious Magee-Flinn Machine, and gouged transit riders.

Private transit lines to the suburbs paid for themselves through the sale of land owned by the transit companies, not through fares. For example, Castle Shannon was developed by the Castle Shannon Railroad, which ran trolley lines to its own developments. Similarly, Brentwood was developed by the owners of Brentwood Motor Coach.

Once transit owners sold off their land holdings and no longer had an interest in maintaining land values, they began to neglect and "milk" their transit lines.

Landlords and home sellers advertise proximity to transit. Transit is even more crucial commercial real estate values.

When businesses fear that workers will be unwilling to fight a city's traffic, they become more likely to locate elsewhere.

The increased value of land served by transit vastly exceeds transit's building and operating costs. Conversely, eliminating well used transit causes highway congestion and lowers land values.

Funding transit from a land value tax benefits land owners, and has the added benefit of discouraging idle speculation.

State and federal subsidies from income and sales tax cost ordinary people far more than paying for their own transit through a land value tax would cost them.

Treating gasoline tax as a pollution tax enables us to put gas tax revenues into the general budget instead of into highway funds.

Land value tax does not drive away economic activity but does drive away idle speculators who inhibit economic activity.

Land Use

Mass transit will not be practical in communities designed for cars until their land use patterns are dramatically changed. Land use issues are therefore transit issues, and vice versa.

Once a person buys a car, he is unlikely to leave it parked and ride transit. It makes more sense to render the automobile unnecessary in the city than to supplement it in the suburbs.

Resident sticker parking, parking space requirements and other regulations to accommodate automobiles in urban areas are counterproductive.

Those who commute long distances in high-mileage vehicles use far more fuel and cause far more pollution than those who use their gas-guzzlers sparingly.

The best transportation method is walking; even mass transit pollutes and consumes fuel. Real estate and job markets must let more people work and shop within walking distance of their homes.

True "smart growth" requires that people live close to where they work and shop, not that they

live within some arbitrary boundary. Developments should therefore be compact and mixed-use.

Politics

Transit has been overextended into suburbs rather than improved in the cities to win support for subsidies from suburban legislators,

Local elected officials are inherently more accessible to citizens and less dominated by special interests than state officials.

Locally funded transit is therefore more rational and less political.

Speculators who will be enriched by their land's proximity to a new highway are the biggest lobbying force to build it. If they had to pay for local highways through local land value taxes, they probably wouldn't want them built.

Urban legislators get votes for transit subsidies only if they agree to vote for a host of other subsidies at the expense of urban taxpayers. The hidden cost of these trade-offs makes state funding more costly than local funding.

A good transit policy adopted by a few localities will demonstrate the wisdom of that policy.

Local funding is far more stable and dependable than state or federal funding.

Land value tax costs local taxpayers less than any other broad-based tax.