

Mayor Gordon N. Johnston

City of Tacoma

Statement before the Senate Committee on Transportation

and Utilities

Monday, February 24, 1975

I am Gordon Johnston, Mayor of the City of Tacoma. First, I would like to thank the Committee for the opportunity to comment on Senate Bill 2280. The legislation provides cities the opportunity to secure a funding source for public transportation which has more growth potential than the "Household" Tax and the General Fund subsidies. This is especially important today, with a national need to improve transportation alternatives.

The City of Tacoma endorses this bill and in support I would like to make some specific statements related to our City's Transit System funding:

1. The City of Tacoma has a clear need for revenue sources which are more responsive to cost increases and which will allow for expansion of transit services that appear to be desperately needed in the face of our difficulties with both pollution and the price of gas. We anticipate and everyone predicts that these two problems will increase the number of riders requiring and even demanding transit services. We experienced this kind of increase in the first

about with the gasoline shortage last winter, and service has remained constant at a higher level since then. However, as you well know, fares paid by riders constitute only slightly more than half the income of a transit system such as ours. The average cost per ride is approximately 65 cents, and the average fare per rider is approximately 22 cents. We admit that the difference would gradually narrow as transit service became much more used by the general

public. However, we are an enormous distance from the days when transit systems will pay for themselves if those days ever return at all.

2. We presently fund our transit system with a variety of subsidies to the basic fare income. Most of these forms of subsidy have one drawback or another. The household tax is a fixed amount around \$662,000 a year, which we expect to remain almost absolutely constant for the indefinite future. The motor vehicles excise tax, which was touted as the State's great commitment to the mass transit problems of our urban areas, started out at \$817,000 in 1973 and then was reduced by legislative action to the range of \$450,000 in 1974 and 1975. As the law now stands, the State is committed to returning to the original level of motor vehicle excise tax contribution in 1976, which we estimate will produce approximately \$1 million of revenue to our transit system this year. However, we have a fear that if it has been reduced for two years that it is subject to the kind of tampering which makes it difficult for us to depend on it for any length of time. We anticipate that the money from the Urban Mass Transit Act will just be enough this year to keep us up with the over half million dollars in increased costs our transit system incurred between 1974 and 1975. If we receive the maximum amount available to us under the formula for our urbanized area, we would get approximately \$672,000. We serve most of the urbanized areas identified by the grant including Fircrest, Ruston, Parkland, University Place and the Spanaway areas. In addition, we pay METRO approximately \$8,000 for service to Fife, Federal Way and on to Seattle. So we do expect to receive the bulk of that amount; but even assuming this, the much-lauded federal financing will only serve this year to keep us abreast of inflation. Our final major element in our transit budget is a subsidy from the City of Tacoma's general fund budget. The subsidy was \$1,027,000 in 1974 and we

anticipate that it will increase slightly to \$1,031,000 in 1975. We feel this is a very significant expression of the City of Tacoma's commitment to continuing to offer its residents the best possible transit service we can afford. We feel that

this attitude is also exemplified in some supporting transportation programming that we provide to Seniors and the Handicapped through our basic transit system and through the Department of Human Development. We provide an additional subsidy to the transit system of approximately \$85,000 to assist with reduced fare rides for seniors and handicapped.

3. Senate Bill 2280 asks us to trade the household tax, which I mentioned earlier as worth approximately \$622,000 a year, and the motor vehicles excise tax or match as it is technically referred to which will be worth approximately \$1 million to us in 1976 for an opportunity to submit to the voters a local levy of an added .3% on the sales tax. This will produce for us in 1976 approximately \$2.1 million, only about a half million dollars more than the two income sources it replaces.

We favor the concept of sales tax income as a more responsive tax to help us respond better to the increases in costs of transit systems. Even using a conservative 4 per cent increase annually in the sales tax, which was our experience during these last two years of recession, the sales tax income from the .3% would increase from the \$2.1 million already mentioned in 1976 to approximately \$2.55 million in 1981. It should be noted, though, that this is an increase of less than \$100,000 a year in a time when if our costs continue to increase at their present rate, they will increase at the rate of over \$500,000 per year. These trends, if projected through to 1981, would require a General Fund subsidy of Tacoma's transit system in the neighborhood of \$3 1/2 million. Therefore, we

are hopeful that part of the match from the motor vehicles excise tax can be retained.

The City of Tacoma anticipates serious budget difficulties in general in 1976, as our increased costs have in 1975 completely overcome the boost that revenue sharing had given us in the early 70's. Just looking at this requirement for a \$3 1/2 million transit subsidy in 1981 against our generally increasing budget difficulties, would lead one to suppose instead that the outcome will be cuts in transit service out of necessity rather than this level of subsidy increase at a time when again ecology and the price of gas will probably be requiring continued increases in service.

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