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Task Force on Passenger Rail Funding



Findings and Recommendations Report

**Report to:
First session of the 123rd
Legislature's Joint Standing
Committee on Transportation**

January 2007

CONTENTS

I. Introduction

II. Background

- a. Return of Passenger Rail

III. Findings

- a. Downeaster Service
- b. Benefits to Freight Rail
- c. Downeaster Business Plan
- d. Task Force on Passenger Rail Funding
 - i. Sub-Committee on Funding Alternatives

IV. Conclusions

- a. Task Force on Passenger Rail Funding Recommendations

Appendix A

Executive Order

Appendix B

List of Task Force Members

Appendix C

Downeaster Business Plan - June 2004

Maine Department of Transportation

Northern New England Passenger Rail Authority

Appendix D

Comparable State Funding

Transportation Research Board, Federal Transit Administration

Appendix E

Memo from Task Force Chairman Gregory Nadeau to the Task Force, November 2006

I. INTRODUCTION

Five years ago, passenger rail service returned to Maine through the determined efforts of train enthusiasts, municipal, state, federal leaders, and the general public. These advocates recognized that the train offers a clean and environmentally safe way to travel and advances economic development in the service region. Moreover, train travel is unique as a mode of surface transportation due to the volume of passengers that can be transported on a dedicated line separated from highway congestion. Since service began, the Downeaster has proven its worth and quieted critics that predicted low ridership and eventual failure.

From its inception, the State of Maine provided operational funding for the Downeaster through federal Congestion Mitigation Air Quality (CMAQ) funds. These funds were only available for the first three years of service operation. In 2005, with assistance from Maine's federal delegation, authorization for the use of CMAQ funding was extended through 2009 as provided for through the federal transportation reauthorization bill SAFETEA-LU. However, it was clear that the Downeaster service could not rely on any further extensions of authority for the use of federal CMAQ funds to support Downeaster operations. Without a new funding source, the Downeaster service is in peril and future development of connecting passenger rail in the State of Maine could be lost.

Last year, with the funding crisis looming, the Maine Department of Transportation and Northern New England Passenger Rail Authority presented Governor John E. Baldacci with the Downeaster Business Plan. The Plan summarized the service's operational and capital funding shortfall, outlined objectives, and recommended actions for sustainability and continued growth. Recognizing the state's financial investment in passenger rail, significance as a vital transportation mode and instrument for economic development; Governor Baldacci issued an Executive Order to establish a Task Force that would identify sustainable financial resources and resolve the funding shortfall.

Throughout 2006, Task Force members met determined to find a funding formula that would stabilize the existing passenger rail service and establish a funding stream for future expansion to Brunswick, Lewiston/Auburn and foreseeable operations on the Mountain Division. The Task Force's thorough investigation focused on the relationship between passenger rail service and its impact on state and regional economic development, bringing visitors to the State, and the need to reduce reliance on the SOV (single occupancy vehicle). In their key recommendations, Task Force members identified projected transportation related revenues that were within the Bureau of Revenue Services future annual growth projections and supported expanding statewide funding to the STAR (State Transit Air Rail) account.

This report was prepared in response to the February 10, 2005 Executive Order directed by Governor John E. Baldacci. The Executive Order established the Task Force on Passenger Rail Funding and charged the members *to identify financial resources and develop a plan to establish sustainable funding for passenger rail service*. The Executive Order also directed the Maine Department of Transportation with participation from the Northern New England Rail Authority to provide *all necessary staff from current resources*.

II. BACKGROUND

Return of Passenger Rail

A grassroots citizen's organization, *TrainRiders Northeast*, was founded in 1989 to explore the feasibility of having Amtrak extend the Northeast Corridor Passenger Trains from Boston through New Hampshire to Portland, as a first step to expanding passenger rail service to Northern New England.

Reinforcing public demand, findings in a statewide passenger rail study conducted for the Maine Department of Transportation, Report on Passenger Needs: Boston-Portland-Brunswick Corridor (October 1990), indicated that the return of passenger rail service would be a sound public investment and strengthen Maine's freight rail system. Additionally, the study indicated that the recipe for a successful service would include three daily round trips with 2 ½ hours running time between Portland and Boston. The study also indicated that the service would attract 167,900 annual riders and require an annual subsidy of \$5.2M. Eventual service expansion to Brunswick was sited as a key component to increasing regional tourism and economic development

In 1991, *TrainRiders Northeast*, along with political action committee RailVision, gathered and submitted 90,000 signatures asking the Maine legislature to adopt an act requiring the return of passenger rail service. In response, the legislature adopted the Passenger Rail Service Act and Governor John McKernan signed it into law on July 14, 1991. This act became Maine's first citizen initiated bill to be adopted by the Maine State Legislature.

As a result of this legislative action, fifty-eight million dollars in federal and state funds were appropriated to support the construction of seventy-eight miles of new rail and over one hundred thousand rail ties, and the rehabilitation of twenty-three grade crossings. Construction was completed in November 2001. A Kennebec Journal editorial in June 2000 stated, "...revitalizing passenger rail service can lead to improving downtowns, diversifying their uses, and with appropriate planning, facilitate more "livable communities."

Speaking at the December 15, 2001 inaugural of the *Downeaster* service, Governor Angus King praised the citizens of Maine for their determination, "Like most major success, today's inaugural run is the result of many years of hard work by hundreds of people. I'd like you to think about all those whose commitment and contributions made this day possible."

The successful return of passenger rail service in December 2001 was the result of strong public demand for transportation choices over the automobile.

III. FINDINGS

Downeaster Service/Economic Development

Since service began, over one million passengers have ridden on the *Downeaster*. After the first year novelty of the “train” travel was over, the *Downeaster* service evolved into what it had originally been designed to become; a quality transportation alternative and economic engine for the region. A March 2005 study by the Economic Development Research Group, Inc. reported ... *more than \$15 million of annual economic activities in Maine and New Hampshire can be attributed to the rail service, supporting over 200 jobs and nearly \$5 million in wages.* The study went on to conclude ... *the potential annual economic benefit realized by the Downeaster in the two states may exceed \$53 million per year by 2015, providing \$22 million in wages to more than 900 workers.*

During the past five years, the steady increase in economic development surrounding the *Downeaster* rail station communities in Maine and New Hampshire has been realized. Old Orchard Beach has a new condominium and hotel project under construction...just steps away from the rail station; adjacent to the Saco station, an \$80 million project is planned to develop commercial and residential units; and, during peak travel periods parking is at capacity at the Portland Transportation Center. Additionally, the easy access to the Durham station is used as a recruitment tool by the University of New Hampshire and plans are underway to construct a new intermodal station.

City of Saco Economic Development Director, Peter Morelli said, “The arrival of the *Downeaster* has put Saco on the map. We all feel privileged to have it. Recent investments in the community can be directly attributed to the arrival of the train. What was a blighted area of Saco has been cleaned-up, refurbished and revitalized.”

Benefits to Freight Rail

Maine’s Freight Rail System has benefited from the improvements made to passenger rail lines. Over the past 10 years, \$64M was invested in improvements to the Portland to Boston rail line and related infrastructure on 78 miles of freight line from Portland, ME to Plaistow, NH. These improvements allowed the freight operator to operate more competitively with trucks, more reliably, and at speeds up to 40 mph.

The public benefit of improvements to freight lines is enhanced safety on the system. Improved rail infrastructure enhances the safety of both passengers and commodities that are transported on the line. Signal improvements and grade crossings upgrades make crossings safer for the automobiles, trucks and pedestrians.

The State’s investment in rail transportation reduces freight shipments over Maine’s highways and the costs incurred to maintain those highways.

Downeaster Business Plan

In 2004, the Maine Department of Transportation (MaineDOT) and the Northern New England Passenger Rail Authority (NNEPRA) developed the *Downeaster Business Plan* to offer long term

strategies to fund operation and capital needs. The Downeaster service was facing a serious funding shortfall due to increased service costs from Amtrak and limitations on the operational resources provided by federal Congestion Mitigation Air Quality. Fortunately, Maine's Congressional Delegation was able to gain an extension for the use of CMAQ funding to support Downeaster operations; however, this authority will expire in 2009.

The Business Plan recommended several key strategies to stabilize the service and address future expansion. Although Downeaster ridership had exceeded projections, it was determined that service and capital improvements could facilitate an increase in ridership and revenue. Service recommendations included reducing trip time to 2 ½ hours, adding a fifth round trip, service extension to Freeport and Brunswick, investment in safety and security technology, and adding another train set. The capital plan recommended improvements to the Portland to Boston rail corridor and the expansion of service to Brunswick.

Funding Shortfall

With the passenger rail service funding at a status quo level, the Business Plan stated that the gap between the Downeaster farebox revenues and operating expenses was projected to grow to over \$7 million in FY 2007 and grow to \$8 million in FY 2009.

The final recommendations in the Business Plan were to appoint a Governor's Task Force to identify potential funding strategies and mechanisms, implement the recommended enhancements expected to increase ridership and revenues, and execute a coordinated regional marketing effort.

Task Force on Passenger Rail Funding

On February 10, 2005, Governor John E. Baldacci signed an Executive Order, "An Order to Develop Methods of Financing Sustainable Passenger Rail Services," establishing a Task Force on Passenger Rail Funding. The Order noted the State of Maine's history and long standing commitment supporting passenger rail and the projected future impact of congestion on I-295 and the Maine Turnpike.

The Task Force was asked to identify financial resources, develop a plan to institute sustainable funding for passenger rail service, and report their findings and recommendations to the First Session of the 123rd Legislature's Joint Standing Committee on Transportation.

First Meeting

The first meeting of the Governor's Task Force on Passenger Rail Funding was held on January 20, 2006, with Task Force Chairman Gregory Nadeau presiding. Reports on Maine's freight rail system, the history of the return of passenger rail service, a summary of Downeaster operations, and a presentation on the regional economic benefits of the Downeaster service were offered to members. The last report, the Downeaster Business Plan, was presented and members briefed on the operational funding shortfall and ramifications of inaction. A short session was held at the end of the meeting in response to member questions on the previous material and to identify areas that required more investigation for the next meeting.

Second Meeting

On February 10, 2006, Task Force members were presented with directed materials and information on national/state/regional passenger rail transportation and funding polices. Amtrak Vice President Gil Mallery reported on the future of Amtrak service and the significant role the Downeaster plays in the national network. Anne Stubbs, Executive Director of the Coalition of New England Governors, briefed Task Force members on the political base in Washington DC for passenger rail and strategies for sustained funding.

New England Passenger Rail Authority Executive Director, Patricia Douglas, concluded the meeting with a summary of funding strategies employed by other Amtrak service states. Nationally, federal funding was generally available for capital expenditures; however, state and local resources were required for passenger rail operations. States used a variety of fuel, highway and general fund taxes; as well as dedicated sources like lotteries and fees. Ms. Douglas added that funding strategies were supported and most effective when the government and citizens realized the value of the service and future development.

At the conclusion of the second meeting, a sub-committee was formed to further study potential funding strategies and report back to the Task Force with their findings.

Sub-Committee on Alternative Funding

First Meeting

On May 5, 2006 Sub-Committee Chairman, Representative Boyd Marley and members of the Sub-Committee on Alternative Funding met to begin their work. Representative Marley presented the members with comprehensive written material on state (Bonds, Highway and General Fund) and federal (Federal Highway, Transit and Rail,) financial resources; as well as information from the National Transit Database, Comparable State Funding and the Department of Homeland Security.

Reports on Impact Fees and Tax Increment Financing, requested by members from an earlier meeting, were presented as follows:

Impact Fees

In Colorado, Florida and California impact fees are charged to developers to compensate for the impact of their development and projects on roads. The developer pays for improvements to compensate for traffic the project generates and to maintain the existing level of service. Impact Fees have been used extensively in Colorado to pay for transit operations in communities impacted by new development. Currently, Impact Fees are not being imposed on developers in Maine and would require in-depth study and legislation to institute.

Tax Increment Financing (TIF)

From its inception in 1980 TIF has been a local economic development financing tool, used solely at the discretion of the municipality, and only available upon the affirmative vote of the majority of the municipality's legislative body and by law; and TIF districts are established for a limited duration, and thus cannot be considered permanent funding.

While it is possible that TIF could play a role in funding passenger rail operations in Maine, it would likely be a relatively minor one, and in fact should probably not be included in any long term financial models. There are several reasons for this: the future efficacy of TIF is uncertain and the potential cash flows would be limited, especially so when factoring in the elimination of the tax on business personal property.

Both of these funding mechanisms were thoroughly discussed as potential funding solutions and were dismissed by the Sub-Committee.

Following the reports on Impact Fees and TIF, the Sub-Committee brainstormed on other potential funding strategies. Members agreed to an annual operational assistance funding goal of \$8 million for Downeaster operations. They also considered all funding strategies "on the table" and discussed the benefits of each including Local Option Taxes, Air Quality Credits, Real Estate Transfer, Vehicle Excise and Sales Tax, Car Rentals, Petroleum Fees, Meals & Lodging, Tolling, Bonding, Fees on Tire Sales, Vehicle Inspections and Registrations, Specialty License Plates and Parking Fees.

At the conclusion of the meeting, Representative Marley summarized the ideas that came out of the brainstorming session. As a result, members requested further research on several areas of interest related to passenger rail as possible funding solutions. The focus areas included taxes or fees on motor vehicles, tourism, general sales and car rentals. Additionally, Sub-Committee members wanted to consider broadening the base of funding to bring in alternative modes that added connectivity to the train and supported transit statewide.

Finally, members acknowledged the difficult task ahead of recommending funding strategies that would be acceptable and relevant to the citizens of Maine. It was further noted that there was "no magic answer."

Second Meeting

The Sub-Committee on Alternative Funding met again on August 1, 2006. Representative Marley presented a Briefing Paper to the Sub-Committee that outlined the areas of interest that had been requested for further research. The following summaries were reported to the sub-committee:

- Air Credits

In several states, including California and Illinois where serious air quality conditions persist, it is possible to buy and sell credits for various pollutants. Buying credits for pollutants is also known as off-site mitigation. These pollutants include Nitrogen oxide (NOx), volatile organic compounds (VOCs) and carbon dioxide (CO₂). The first two pollutants listed are directly linked to the creation of ozone and the last pollutant is a known greenhouse gas pollutant.

In the State of Maine, establishing a system of selling and buying air quality credits would not be viable without the adoption of statewide regulations that establish emission thresholds for projects. Without any regulation, any means for purchasing emission credits for projects would be done on a voluntary basis. As a result, the demand for

credits would probably be low and the cost of these credits would also be low. Consequently, any funding derived from the sale of emission credits would be small.

- Car Rentals

Short-term car rentals, for less than 12 months to one person, are subject to a 10% Maine tax. Typically, these are daily rental operations. Taxable rentals include all charges for the rental of the automobile, including maintenance and service charges, delivery charges and collision damage waiver charges. Rentals do not include cancellation charges, sales of gasoline or other insurance charges not required by the lessor.

2005 Car Rentals

- Tax Revenue
 - \$5.4M
- Short-term Auto Rental Tax
 - 10%
- Predicted Annual Growth
 - 0%

(Financial data from Report of the Maine State Revenue Forecasting Committee December 2005)

- General Sales

2005 General Merchandise Sales

- Sales
 - Statewide - \$2.96B
- Tax Revenue
 - Statewide - \$149.3M
- 5% Maine Sales Tax
- Predicted Annual Growth
 - 3%
- Based on 2005 Actual
 - 1% Annual Tax Revenue = approximately \$1.4M

(Financial data from Report of the Maine State Revenue Forecasting Committee December 2005)

- Meals & Lodging

Maine taxes the retail sale of all tangible personal property and taxable services at the rate of 5%, with the exception of liquor in licensed establishments, prepared food, and hotel and campground-type lodging, which are taxed at 7%. These 7% taxes are known collectively as the “meals and lodging tax.”

2005 Meals & Lodging Tax

- Sales
 - Statewide - \$2.31B
 - York & Cumberland County – \$1.12B (48.5%) Revenue
 - Statewide - \$163.6M
 - York & Cumberland County – \$78.3M
- Projected Annual Growth
 - 3.33% (averaged)

- Based on 2005 Actual
 - 1% Annual Tax Revenue = approximately \$1.5M

(Financial data from Report of the Maine State Revenue Forecasting Committee December 2005)

- Real Estate Transfer

The real estate transfer tax is imposed on each deed by which any real property in this State is transferred. The register of deeds will compute the tax based on the value of the property as set forth in the declaration of value.

The Transfer Tax Form (Declaration of Value) must be filed at the County Register of Deeds at the same time as the recording of the accompanying deed. The transfer tax is collected on the following two transactions. The rate of tax is \$2.20 for each \$500 or fractional part of \$500 of the value of the property being transferred. The tax is imposed ½ on the grantor and ½ on the grantee. Ninety percent of the tax revenue is forwarded to the State, 10% is retained by the county. Of the 90%, one-half is credited to the Maine State Housing Authority.

- Vehicle Excise

The Excise Tax on motor vehicles is a local property tax on vehicles. The tax rate is determined by State Statute. One hundred percent of the revenue goes to the municipality. No financial data available.

- Vehicle Sales

2005 Total Vehicle Sales Tax

- Tax Revenue
 - \$148M
- Sales Tax
 - 5% on the purchase price of the vehicle.
 - Includes autos, trucks, travel trailers and all recreational vehicles such as motor cycles, snowmobiles and ATVs.
- Projected Annual Growth
 - 3% (averaged)
- Based on 2005 Actual
 - 1% Annual Tax Revenue = approximately \$1.4M

(Financial data from Report of the Maine State Revenue Forecasting Committee December 2005)

- STAR Account

The STAR (State Transit, Aviation and Rail) Transportation Fund is an enterprise account established by the Legislature within the Maine Department of Transportation. Annual fees, approximately \$2 million (collected under Chapter 457, Part GGG), must be deposited into the STAR Account to support activities to manage transit, aeronautics and rail transportation. Money disbursed from the account may be used for the purpose of purchasing, operating, maintaining, improving, repairing, constructing and managing the assets of the STAR Transportation Fund including buildings, structures and improvements, and equipment.

Revenues to the STAR account are all dedicated to that account by the Legislature and include railroad taxes, aviation fuel taxes, airport fees and taxes, propane fuel taxes, and miscellaneous fees.

The briefing also included a review of a document from the Federal Transit Administration's Transportation Research Board noting the various funding strategies for public transportation in thirty-four states. Over half of the states used General Funds to support transit.

Following the briefing, Representative Marley led the discussion on possible recommendations and noted the obstacles ahead in their funding search including the pent-up demand across the state for major highway projects. However, several sub-committee members pointed out that by identifying an offsetting revenue source, the Department of Transportation would free up over \$6 million in Congestion Mitigation and Air Quality (CMAQ) funds which would then be available for other transportation investments across the state making this support essentially revenue neutral to the state.

Referring to the trains' connection to economic development and tourism, Sub-Committee members stressed that the Downeaster has attracted visitors to the state and is being used by residents from all parts of the state. The train service has demonstrated its value as a fundamental force in economic development in the rail corridor and station communities and provided for a cost-effective connection between passenger rail improvements and enhanced freight service.

Members also commented that the environmental connection to passenger rail service is clear. The train offers an alternative to the automobile with the direct benefit of relieving congestion and improving safety on the highways. Extending the rail corridor north to Brunswick, Lewiston/Auburn and potential for the Mountain Division would benefit those areas of the state that are currently dealing with traffic bottlenecks during peak commuting periods. As a final point, it was noted that there is a critical link between the passenger rail service and local transit. Those mode connections should be supported in order to ensure continued success.

At the conclusion, Representative Marley polled the members on funding recommendations. The following recommendations were unanimously adopted to be delivered to the full Task Force on Passenger Rail Funding in late September.

The Sub-Committee on Funding Alternatives recommended:

- Broaden funding base to include public transit
- Funds should be transferred into STAR Account
- Recommend transportation linked funding strategies (tax revenues) at the following level:

<i>Car Rentals</i>	– 100%	(\$5.4M)
<i>General Merchandise Sales</i>	– 2%	(\$3M)
<i>Meals & Lodging</i>	– 2%	(\$3M)
<i>Vehicle Sales</i>	– 1%	(\$1.4M)

Total Funding Estimate -

\$12.8M

- *Financial data from Report of the Maine State Revenue Forecasting Committee
December 2005*

IV. CONCLUSIONS

Third Meeting

The Task Force on Passenger Rail Funding held their final meeting on September 25, 2006. Sub-Committee Chairman, Representative Boyd Marley began the meeting by summarizing the effort of the Sub-Committee on Funding Alternatives. As Representative Marley outlined the previous sub-committee meetings, members of the Task Force frequently questioned the Sub-Committee's intentions and rationale on their examination of funding alternatives.

At the conclusion of Representative Marley's briefing, Task Force members affirmed the Sub-Committee's evaluation and added further strategies to support the findings. Specifically, members wanted the Findings and Recommendations Report to the 123rd Legislature to reflect their intention to guarantee a continued funding stream for the operation of the Downeaster and institute an incremental approach to rail extension with a blue print for how it would be rolled out in the future. Furthermore, Task Force members noted the correlation between rail service and alternative modes of transportation and the avoided costs of congestion and highway expansion. A final vote on the recommendations was deferred to the end of the meeting.

The Maine Department of Transportation presented a report on the Portland North Rail Corridor including a summary of corridor segments and related MaineDOT studies through 2006. The I-295 Corridor Report, completed in 2005, studied how to improve existing and future traffic congestion that is anticipated to exceed capacity in 2025. The report recommended building a commuter rail service into the Portland Peninsula that would compliment Amtrak service and infrastructure improvements, provide 30-minute peak-period headways, and add stops at strategic locations north of Portland.

The Portland North Rail Study analyzed the potential passenger rail routes and engineering cost estimates of those options between Portland and the destinations of Yarmouth, Freeport, Brunswick and Auburn; and, the highway and rail infrastructure improvements that would be required to complete the alternative rail routes. The MaineDOT concluded by saying that the Department has completed 90% of the Federal Transit Administration's requirements on environmental assessments and alternatives for extending passenger rail north of Portland. The next step involves conducting an FTA Small Starts feasibility analysis.

As the final presentation, NNEPRA Executive Director Patricia Douglas gave an update on the Downeaster operations and the results of a recent Passenger Satisfaction Survey, as well as, an Executive Order from the Office of the Governor directing the Authority to review rail alignment alternatives north of Portland.

Ms. Douglas reported that the upward trend in ridership has continued through 2006 and expected to exceed 2005 by 30%. The May 2006 Passenger Survey revealed that of the 1,023 riders surveyed, 64.6% live in Maine and represented every county in the state and 159 zip codes. Eighty-five percent of the respondents said that they would *definitely recommend* the Downeaster to a friend. The survey also asked what factors would influence respondents to ride the Downeaster more often. Transportation issues related to schedule and frequency, travel time and connections were *most important*. The final survey question asked respondents about

funding the Downeaster. Ninety-eight percent of those Mainers surveyed *would support public funding* of the rail service through increased taxes, fees or tolling.

September 1, 2006, Governor John E. Baldacci issued an Executive Order: AN ORDER TO STRENGTHEN THE COMMUNITY AND ECONOMIC IMPACT OF AMTRAK'S DOWNEASTER SERVICE, AND TO ADVANCE PLANS FOR PASSENGER RAIL SERVICE NORTH OF PORTLAND. The Order cited law and past policies that supported the return of passenger rail in Maine and established the Northern New England Passenger Rail Authority. Also noted were the future impacts of congestion in Southern Maine, an aging population and increasing fuel costs as reasons to expand passenger rail service north of Portland.

Specifically, the Northern New England Rail Authority is required to review the development of passenger rail service north of Portland; and, reach out to stakeholder groups on potential rail alignment, types of services, equipment, capital funding and connectivity to local transit and light rail options. NNEPRA is required to report findings to the Governor by December 1, 2006.

Following the final report to the Task Force, Chairman Greg Nadeau briefly reviewed the information and materials presented to the members and began to poll each one on their recommendations for the report to the Legislature.

Task Force on Passenger Rail Funding Recommendations:

Task Force members collectively agreed to the recommendations from the Sub-Committee on Funding Alternatives linking funding alternatives and strategies in order to ensure success. Additionally, members emphasized the role that the Downeaster plays as a key asset to the citizens of Maine, not only providing transportation to hundreds of thousands annually, but as a significant and increasing source of economic development. Members noted that the Downeaster has exceeded projections for ridership and revenue and, with service expansion north, could offer the alternative transportation artery considered necessary to provide essential service to major commuter markets and to an aging population.

Furthermore:

- **Recommend** transportation linked funding strategies (tax revenues) at the following level:

<i>Car Rentals</i>	<i>100%</i>
<i>General Merchandise Sales</i>	<i>2%</i>
<i>Meals & Lodging</i>	<i>2%</i>
<i>Vehicle Sales</i>	<i>1%</i>

With the exception of Car Rentals, the recommended revenue sources are within the Bureau of Revenue Services projected incremental annual growth. These general fund strategies are based on the Downeaster's impact and clear connection to tourism, economic development, and alternative modes of transportation.

In addition, with recommended revenue sources, \$6 million in federal CMAQ funds will be available to the State of Maine for transportation projects.

- **Recommend** funds transferred into STAR Account. Funding for Downeaster operations should be accrued on a monthly basis beginning July 1, 2007, and have priority over alternative modes. Operational funds are not limited to the Portland to Boston route, but can include future development north of Portland.
- **Recommend** broadening funding base to include public transit:and to provide increased modal support such as:

Rail

- Establish Platform and Station Assistance Program
- Support Passenger Rail Maintenance

Airports

- Support State & Local Pavement Preservation – 36 Airports
- Support Small Airport Development Program & All-Weather Access

Transit

- Increase Connections to Passenger Rail Stations & Communities
- Expand Seasonal Explorer System
- Establish Local Inter-City Bus Match for Underserved Areas
- Increase Support to Local Fixed Route Services (Metro, BAT, Citylink)

Trails

- Support Local Trail Maintenance

APPENDIX

A



MAR 08 2005

OFFICE OF
THE GOVERNOR

NO. 32 FY 04/05
DATE February 10, 2005

**AN ORDER TO DEVELOP METHODS OF FINANCING SUSTAINABLE PASSENGER
RAIL SERVICES**

WHEREAS, the 115th Maine State Legislature enacted the *Passenger Rail Service Act* directing the Maine Department of Transportation to establish regularly scheduled rail service within and beyond the State of Maine; and

WHEREAS, the Northern New England Passenger Rail Authority was formed in 1995 to assist the implementation of the *Passenger Rail Service Act*; and

WHEREAS, the *Sensible Transportation Policy Act* of 1991 requires the state to incorporate transportation alternatives to highway construction and meet the diverse transportation needs of rural and urban populations, the elderly and the disabled; and

WHEREAS, the federal Clean Air Act Amendments require state action to mitigate any increased air emissions from highway projects; and

WHEREAS, by 2013, congestion on I-95 between Exit 44 and Exit 48 and I-295 between South Portland and Falmouth will reach unacceptable levels; and

WHEREAS, the passenger rail system benefits freight services, supports economic development in service center communities and improves access to Boston and other major markets; and

WHEREAS, passenger rail service addresses Maine's changing demographics, shifting population and coastal development patterns; and

WHEREAS, since 2001, the Downeaster has transported over 730,000 passengers, and has the highest customer satisfaction and on-time performance in the Amtrak system;

NOW, THEREFORE, I, John E. Baldacci, Governor of the State of Maine, do hereby establish the Task Force on Passenger Rail Funding.

1. Purpose

The Task Force on Passenger Rail Funding will identify financial resources and develop a plan to establish sustainable funding for passenger rail service.

2. Organization

The Task Force shall be comprised of a Chairman and seventeen (17) members. Membership composition shall be the following:

The President of the Senate and the Speaker of the House may each appoint two members from his or her respective body, these members shall serve at the pleasure of the President or the Speaker, as applicable.

The Governor shall appoint the Chairman and the remaining thirteen (13) members to the Task Force, these members shall serve at the pleasure of the Governor:

- The Chairman of the Northern New England Passenger Rail Authority
- One (1) representative of the Maine Turnpike Authority
- One (1) representative of a statewide transportation organization
- One (1) representative of Trainriders Northeast
- One (1) representative of the Maine Chamber of Commerce
- The Commissioner of the Maine Department of Economic & Community Development or his designee
- The Commissioner of the Maine Department of Transportation or his designee
- Three (3) persons representing regional economic interests
- Four (4) persons at-large

3. Staff & Meetings

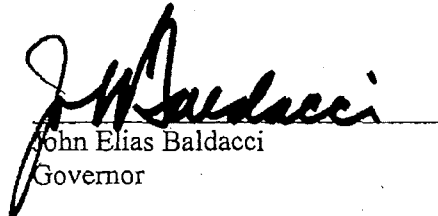
The Maine Department of Transportation, with participation from the Northern New England Passenger Rail Authority, shall provide all necessary staff from existing resources. The Task Force will meet monthly beginning in February 2005 and conclude by February 2006. Members will serve without compensation.

4. Final Report

The Task Force will present their findings and recommendations to the Second Session of the 122nd Legislature's Joint Standing Committee on Transportation.

5. Effective Date

The effective date of this Executive Order is February 10, 2005


John Elias Baldacci
Governor



OFFICE OF
THE GOVERNOR

NO. 11 FY 06/07
DATE December 16, 2005

**AN ORDER AMENDING THE EXECUTIVE ORDER TO DEVELOP METHODS OF
FINANCING SUSTAINABLE PASSENGER RAIL SERVICES**

WHEREAS, the Task Force on Passenger Rail Funding was created pursuant to Executive Order 32 FY 04/05 (dated February 10, 2005) to identify financial resources and develop a plan to establish sustainable funding for passenger rail service; and

WHEREAS, changes to federal funding and other matters allow more time for the Task Force to complete its assigned duties; and

NOW, THEREFORE, I John E. Baldacci, Governor of the State of Maine, do hereby modify Executive Order 32 FY 04/05 in the following manner:

By amending the second sentence Section 3, Staff & Meetings to read as follows:

The Task Force will meet periodically beginning January 2006 and conclude in December 2006.

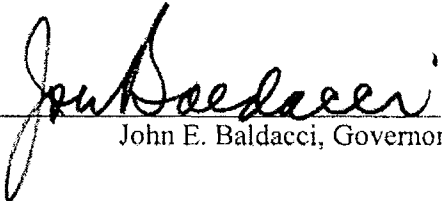
By amending Section 4, Final Report to read as follows:

The Task Force will present their findings and recommendations to the First Session of the 123rd Legislature's Joint Standing Committee on Transportation.

In all other respects, the terms of Executive Order 32FY 04/05 remain the same.

Effective Date:

The effective date of this Executive Order is December 16, 2005


John E. Baldacci, Governor

APPENDIX

B

TASK FORCE ON PASSENGER RAIL FUNDING

Membership List

Revised 12/6/06

Maine Department of Transportation:

Greg Nadeau – Deputy Commissioner
Maine Department of Transportation
16 State House Station
Augusta, Maine 04333-0016

State Legislature:

Representative Boyd Marley (D - Portland)
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Representative Ron Collins (R - Wells)
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APPENDIX

C

Introduction

In 2004 The Maine Department of Transportation (MaineDOT) and the Northern New England Passenger Rail Authority (NNEPRA) submitted the first *Downeaster* Passenger Rail Service Business Plan to Governor John E. Baldacci and the Joint Standing Committee on Transportation. This updated document identifies recent service and capital improvements that have resulted in increased ridership and puts forth strategies for continued growth in ridership and revenues. This Business Plan also recognizes the need to address long term operating and capital support.

Focus of Business Plan

In order to facilitate the long term viability of passenger rail service, Maine must make commitments to ensure that the *Downeaster* is a vital element of the State's transportation program. As with all other forms of transportation, the *Downeaster* depends upon public operating assistance and capital investments.

The plan recommends strategies to:

- Improve the core Portland to Boston Service
- Extend Service north of Portland

A decision must be made regarding the extension of service to Freeport and Brunswick. The capital needs for this project are currently identified as \$73.4M. While this plan includes a projected start up for Portland North service, it is dependent upon securing construction funding consistent with the proposed schedule and acquiring an additional train set.

Purpose and Need

Over the next two decades, Maine will experience growing highway congestion and demographic changes that will impact our transportation system. Traffic congestion is growing in Maine and the rest of the nation. By 2013, I-95 in York County and I-95 and I-295 in Cumberland County are anticipated to reach unacceptable levels of congestion. Social, environmental, and economic concerns, as well as state and federal laws, require us to look at a variety of modal options to move people and goods. Reliance on increasing highway capacity to address congestion issues can no longer serve as the default solution. Congestion in New Hampshire and Massachusetts also affects Maine's economic health, as access to Boston and other major economic centers impacts our economic prosperity.

Maine's population is aging. By 2020, over 20% of Maine's population will be senior citizens. This will bring new challenges in meeting mobility demand. Older citizens will prefer, or depend upon, alternatives to driving automobiles.

Passenger rail service can play an important role in Maine's economic competitiveness. It adds to Maine's attractiveness to employers, employees, residents, and visitors. It is an important tool in supporting a vibrant economy and assists us in meeting state and federal transportation policies. Investments in the passenger rail system benefits freight services, as they use the same track infrastructure.

State and Federal mandates, such as Maine's Sensible Transportation Policy Act, require MaineDOT to evaluate all reasonable alternatives before increasing highway capacity. In addition, the Federal Clean Air Act Amendments require actions to mitigate any increased air emissions from highway projects. Passenger rail service is one alternative that meets these requirements and supports Maine's investments in our highway system.

The policy of the Maine Department of Transportation (MaineDOT) calls for the development of a connected system of travel options to address Maine's current and future mobility needs that is cost effective, supports a vibrant economy, and is environmentally sensitive. Passenger rail service has a key role to play in our transportation network, but must have ongoing, adequate levels of funding to reach its potential.

The Challenge

As with all modes of transportation, passenger rail service relies upon public support, as farebox revenues cannot cover operating and capital costs. The shortfall between *Downeaster* farebox revenues and operating expenses in FY 2005 was \$5.3M. The *Downeaster's* annual deficit is projected to grow to \$8.3M by 2010. Like all other modes of transportation, the *Downeaster* relies upon government subsidies to address these deficits. To date, Federal Congestion Mitigation Air Quality (CMAQ) funding has been used to cover 80% of the deficit. However, the length of time CMAQ funds are available is limited and the *Downeaster* is facing increased costs for provision of services. While we were successful in securing an extension to CMAQ funds for the *Downeaster*, we need to recognize that this funding source will terminate. In addition, the MaineDOT may not be able to provide a 20% match for the CMAQ funds beyond FY2007. Another challenge faced by MaineDOT is the high demand being placed on the very limited CMAQ program. These funds can only be used as an interim solution to operating shortfalls. As long as the *Downeaster* service is dependent on CMAQ funds for operating support, we have limited ability to use these funds for the Portland North service expansion. We cannot go north until we have a sustainable source of capital and operating funding for the core service or a commitment to fund the service.

We must bring ongoing financial stability to the *Downeaster*. This Business Plan puts forth strategies to meet the immediate needs of the *Downeaster* and to develop a refined and expanded service that delivers substantial transportation and economic benefits. Therefore, the Governor's Task Force on Passenger Rail Funding will be addressing the need to stabilize operating funding beginning in July 2007.

Background

The *Downeaster* passenger rail service was created in response to a citizens' mandate in 1991 regarding the development of transportation alternatives for the State of Maine. NNEPRA was created in 1995 to operate the *Downeaster*. Capital investments made to date on the Portland to Boston rail corridor include:

Table 1
Investments to date

Track/Signal Rehab	FTA	State Bond	TRA*	TOTAL
Portland to Plaistow, NH (GRS Line)	\$48,110,900	\$ 5,500,000	\$10,392,100	\$64,003,000
MBTA Wildcat Branch	800,000		200,000	1,000,000
Station construction				
Portland			1,730,000	
Old Orchard Beach*	150,000			
Saco*	411,200			
Wells*	1,000,000			3,291,200
Portland Layover Facility				
Thompson's Pt. Facility	602,400		150,600	753,000
Rehab Cab/Control cars				
Rehab/10yr. lease Three F40 Control cars				
	<u>636,000</u>		<u>159,000</u>	<u>795,000</u>
TOTAL Investment	\$ 51,710,500	\$5,500,000	\$12,631,700	69,842,200

* FTA funds matched by municipal funds in Saco and OOB and by the Maine Turnpike Authority in Wells.

Service began in December 2001 with ridership and revenues at, or above, projections. Ridership fell in 2004 and 2005 for a variety of reasons, including cancellation of services due to the Democratic National Convention in Boston and service delays caused by infrastructure failure. However, trip time (2 hours, 45 minutes) the schedule and limited trip frequency (4 round trips per day) also were identified as major causes of ridership loss. While the *Downeaster* has proven the potential for rail service, the current level of service is inadequate to fully maximize rail's ability to attract riders.

Table 2
Downeaster Performance

Fiscal Year (July 1- June 30)	2002*	2003	2004	2005
Ridership	164,620	262,692	260,296	250,535
Revenues	\$2.5M	\$3.9M	\$4.2M	\$4.0M
Average Fare	\$15.52	\$14.89	\$14.19	\$13.17
Costs	\$3.5M	\$7.3M	\$8.1M	\$9.3M
Shortfall	\$1.0M	\$3.4M	\$3.8M	\$5.3M

*6.5 months of service

Ridership and Revenues have increased substantially in FY 2006. In the first six months ridership reached 167,748 and revenues \$2.2M. While increased ridership can be attributed to high fuel costs, reduced travel time on the *Downeaster* also was an important

factor. As was called for the 2004 business plan, capital investments of \$1.5M by the MaineDOT allowed for increased speeds of up to 79 mph in Kennebunk. This, combined with operating adjustments, reduced the Portland to Boston trip time by 15 minutes, resulting in ridership growth of over 20%.

OPTIONS

There are a variety of possible service options to consider for the future of the service, ranging from significantly expanded frequencies to maintaining bare minimums. After consideration of the existing market conditions, contractual commitments with the Federal Transit Administration, station communities and Amtrak; two service options were developed for further consideration. They are maintaining the status quo or implementing the recommended program for expansion of services.

STATUS QUO

The status quo, or “do nothing” option, continues to provide the service that customers and the communities have come to expect and rely upon, with no significant risks or expectations beyond the current service conditions. This service would consist of:

- 4 round trips a day Portland to Boston
- 2 hour, 30 minute trip length
- Existing equipment
- No extension of service North of Portland

Based on these presumed service elements, the difference in operating costs and revenues will increase to almost \$8M million in 2015, with only a 34% increase in ridership.

**Table 3
Status Quo Projections**

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 15
Passengers	250,535	306,032	310,000	313,100	316,231	319,393	335,686
Revenues	\$4.0M	\$4.7M	\$4.8M	\$4.8M	\$5.0M	\$5.1M	\$5.7M
Costs	\$9.3M	\$11.2M	\$11.3M	\$11.4M	\$11.8M	\$12.1M	\$13.6M
Shortfall	\$5.3M	\$6.5M	\$6.5M	\$6.6M	\$6.8M	\$7.0M	\$7.9M

Infrequent service and inconvenient schedules associated with the current 4 daily round-trips have challenged sustained growth of the *Downeaster* as demonstrated by feedback from both *Downeaster* riders and potential riders who choose other transportation alternatives. From the perspective of commuters and business travelers to Boston, the first train arrives too late (8:50am) for connections to work and/or meetings. There is only one departure from Boston (6:15pm) between 12:00 noon and 11:00pm. This train carries 25% of all *Downeaster* riders and consistently operates at or near 95% load factor. This limits the number of options for commuters and business travelers leaving Boston and creates an imbalance of available inventory between inbound and outbound service. Business travelers and tourists to Maine are also constrained with the existing eight trips. The first train arrives in Portland mid-day (12:15pm), with the next train arriving at 2:45pm. The last departure south from Portland is currently 3:40pm Monday-Friday and 6:30pm Saturday-Sunday. This short time frame limits the appeal of a day trip to Portland.

Table 4
Current Downeaster Schedule

SOUTHBOUND		NORTHBOUND	
Dep POR	ArrBON	Dep BON	Arr POR
6:20am	8:50am	9:45 am	12:15pm
8:50am	11:20am	12:05 pm	2:35 pm
1:55pm	4:31pm	6:15pm	8:45 pm
3:40pm	6:10 pm	11:00 pm	1:30 am

The Downeaster Fleet

The *Downeaster* service currently operates with two push-pull train sets of 30 year old Amtrak Capstone equipment that were refurbished in 1996-98. Train sets are configured to consist of three 72-passenger coaches, one split-club food service car with tables and 18 business class seats, one locomotive, and one cab car with a total seating capacity of 234. Amtrak has provided extra coaches under contract to provide additional capacity during seasonal peak periods. This raises the total seating capacity by 60-72 seats for each departure. These trains are powered by diesel locomotives. Costs of maintenance and fuel for this equipment are becoming an increasing burden.

ENHANCED SERVICES

This Plan identified improvements that will greatly increase ridership while not substantially increasing the levels of operating subsidies from the status quo scenario.

Recommended service improvements are:

- Increase Portland to Boston service to five round trips per day, using existing equipment.
- Procurement by lease or purchase of an additional train set.
- Service extension to Freeport and Brunswick.
- An additional sixth roundtrip between Portland and Boston once additional equipment is in service.
- Invest in Safety, Security, and Traveler Information Technology

Increase service frequency to 5 round trips (ten trains) daily.

This plan proposes a fifth round trip be added to the schedule, using available rolling stock. With a total of ten trips daily, the schedule can be shifted to balance flows providing earlier morning arrivals in Boston and additional afternoon "rush hour" service from Boston. In addition, the improved schedule will be more attractive to Maine-bound visitors who could arrive earlier and depart later in the day. On an annual basis, the 5th round trip is expected to generate more than 60,000 riders and contribute over \$780,000 in additional fares.

Table 5
Proposed Downeaster Schedule 5 Round Trip Schedule

SOUTHBOUND		NORTHBOUND	
Dep POR	Arr BON	Dep BON	Arr POR
5:30am	8:00am	8:45am	11:15am
8:30am	11:00am	12noon	2:30pm
1:00pm	3:30pm	5:00pm	7:30pm
3:00pm	5:30pm	6:15pm	8:45pm

Improvements in track infrastructure are necessary to increase frequency from eight to ten trains daily. A \$6M capital improvement program to add capacity, proposed by Guilford Rail in cooperation with Amtrak, is being developed and will be funded by the Maine and New Hampshire DOTs.

Procure Equipment

Additional equipment will be needed to increase frequency beyond 5 daily round trips and to expand service to Brunswick, as discussed below. New equipment also can benefit the core service by reducing operating costs through fuel efficiency and reduced maintenance expenses, as well as adding capacity to the crowded afternoon trains.

NNEPRA is researching the new Colorado Railcar CMU (Diesel Multiple Unit) as a replacement option. This self-propelled commuter railcar has the capacity to pull coaches and meets the challenge of expanding passenger rail systems in the face of limited funding. These cars have demonstrated significant fuel and maintenance efficiency, resulting in dramatic savings in operating expenses. Additionally, the DMU is clean, quiet and efficient, producing only a fraction of emissions of locomotives. The Federal Railroad Administration has low interest loan programs available for equipment purchases, which are anticipated to be between \$18M-\$20M. A cost benefit analysis is currently being conducted and it is anticipated that operational efficiencies from this equipment can cover much of a loan repayment.

Introduce a sixth roundtrip between Portland and Boston

This increased frequency will generate over 60,000 new riders and over \$700,000 in farebox revenues annually. It will require an additional train set, which could serve the Portland to Brunswick service.

Extend service to Freeport and Brunswick.

The Maine Department of Transportation is moving forward with extension of passenger rail service north of Portland. Typically it takes up to five years for a project to advance through planning to receive federal funding and begin construction. The Portland North extension would provide two round trips between Portland and Brunswick, continuing existing *Downeaster* runs and offering passengers a one-seat ride between Boston and Brunswick. One station stop in Freeport is currently planned between Portland and Brunswick. The total one-way travel time for this extension will be approximately 60 minutes. An additional train set is required for this service. In Brunswick, travelers will be able to transfer to trains going on to Bath, Wiscasset, and Rockland.

This service enhancement would generate riders on the Portland to Brunswick segment, and contribute new riders to the Portland to Boston segment. The total ridership impact is estimated to be 39,000 riders and more than \$700,000 in farebox revenues annually. Connecting to seasonal service between Brunswick and Rockland is projected to increase ridership from Portland by an additional 24,000 and from Boston by 38,700. These connections will increase the *Downeaster's* farebox by \$1M.

While representing significant capital investment, the ultimate operating cost is modest relative to the increased ridership, market share and operating efficiencies that can be derived from an expanded service. Ridership is projected to increase by 226,581, or 80%, with the extension and increase in service frequency.

In addition, Maine DOT is currently studying the potential for commuter rail service to Portland in the very congested I-295 corridor from a park and ride facility in Cumberland. In the future, service could be extended to Lewiston - Auburn, and eventually to Montreal.

Improve Station Facilities

With the exception of Boston and Portland, *Downeaster* facilities are not staffed by Amtrak and provide limited and often inadequate facilities for passengers. With an increased focus on passenger safety and security, it is recommended that passenger information systems be deployed. Additionally, NNEPRA is researching revenue management systems that will expand the ability to provide packaging and intermodal ticketing and increase financial accountability.

Financial Impact

The strategies recommended in this Business Plan are expected to have minimal net impact on the shortfall required to cover *Downeaster* expenses. **The proposed enhancements are expected to increase annual ridership by 73% over ten years while maintaining an estimated \$7M-\$8M per year operating subsidy.**

**Table 6
Enhanced Service Projections**

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2015
Ridership	250,535	306,023	340,000	373,100	437,431	481,417	579,788
Expenses	\$9.4M	\$11.2M	\$11.8M	\$12.7M	\$14.3M	\$16.1M	\$18.3M
Revenues	\$3.9M	\$4.7M	\$5.2M	\$5.7M	\$6.7M	\$7.7M	\$10M
Shortfall	\$5.5M	\$6.5M	\$6.6M	\$7M	\$7.5M	\$8.3M	\$8.3M

Capital Plan

In order to support the existing Portland to Boston service and implement the strategies contained in the business plan, capital improvements will be required in the Portland to Boston corridor. In the development of the *Downeaster* capital plan, priority was given first to continuing operations of the current *Downeaster* service, then to needed capital improvements in the Portland to Boston corridor and lastly to the expansion of the service to Freeport and Brunswick.

Layover Facility

In addition to the capital investments discussed above, improvements to the Thompson’s Point Layover Facility are needed. Limited track capacity here limits the ability to maintain additional equipment. Furthermore, there is no shelter for equipment. A plan to address this facility is also being developed.

**Table 7
Estimated Timeline and Summary of Capital Needs**

Expenses	FY2006	FY2007	FY2008	FY2009	FY2010	5 year total
Capacity Improvements	6,000,000					6,000,000
Station Security Signage		500,000				500,000
Revenue Management System		250,000	250,000			500,000
Maintenance Facility Improvements			500,000	200,000		700,000
New Rolling Stock			18,000,000			18,000,000
Portland North					73,400,000	73,400,000
Additional Rolling Stock					10,000,000	10,000,000
Station Improvements			200,000	200,000	200,000	600,000
TOTAL	\$6,000,000	\$750,000	\$18,950,000	\$400,000	\$83,600,000	\$109,700,000

Funding

A dependable, consistent, and stable funding source to support operational enhancements and capital improvements for the *Downeaster* must be established. Financial support of passenger rail service in Maine cannot be completely met by the MaineDOT and crosses multiple jurisdictions.

The estimated annual operating expense, in 2005 dollars, is expected to be approximately \$7M-\$8M per year through the next ten years. Capital requirements are approximately \$100M for the same period.

While the use of CMAQ funds to cover operating expenses has been extended, this should not be the only alternative considered through that time. CMAQ funds can be used for a number of beneficial rail and non-rail projects.

Currently 13 states have contracts with Amtrak to support 18 passenger rail services with operating support needs ranging from \$3M-\$73M annually. These states have plans in place to address these financial needs through general fund, dedicated tax or fee mechanisms. The Governor’s Task Force on Passenger Rail Funding has been charged with establishing a mechanism to fund the \$7M-\$8M in public funding needs outlined in this plan.

APPENDIX

D

**COMPARABLE
STATE
FUNDING**

STATE TRANSIT / RAIL FUNDING OPTIONS

- Individual state funding for transit in 2002 varied from zero in five states to \$2.1B in California.
- FY2004 – 41 states faced budget gaps totaling \$78B
- Per capita spending on transit:
 - DC highest at \$371
 - Virginia: \$18.25
 - Maryland: \$118
- Most states fund Amtrak service through the General Fund.

Many states rely on at least two sources of revenue for transit:

- Discretionary transfers from GF or highways funds
- Dedicated sources – lotteries, special taxes, sales taxes or fees
 - Variety of sources throughout
 - Some vary by area or region/county
 - Portion of property taxes, vehicle registration fees, local option sales tax

California

- Gas Tax for Highways
- Public Transportation Account
 - Sales Tax on gas & diesel
 - Bond measures (\$254M)
 - Sacramento: Sales Tax for Transportation
 - ½ cent sales tax roads and p/t
 - County: fees levied against new development for capital

Pennsylvania

- Sales tax – dedicated portions to transit
- Taxes and Fees:
 - Rental cars
 - Tire Sales
 - Emissions Stickers
 - Vehicle Registration Records
- “Flexed” highway funds
- Public Utility Realty Tax (revenues declined)
- State Transportation Assistance Program bond funds

Arizona

- 96% of state transit funding from lottery proceeds

Virginia

- Funding split between transit, DMV and State Police
 - Gas tax
 - Motor vehicles sales and use tax
 - State General sales tax
 - Motor vehicle license fee

Washington State

- 2005 Transportation Tax Package
 - \$7.1B for 274 projects in 16 years
 - \$94.8M for multi-modal including Amtrak Cascades
 - Increase gas tax
 - Vehicle weight fee on passenger cars
 - Light truck weight fee
 - Annual motor home fee

North Carolina

- \$2.2B budget
 - 80% from gas tax and MV fees
- General fund
 - Public Transit and rail receives \$20M state and \$28M federal

Oregon

- Total \$1.7B budget
 - \$20M General Fund
 - \$20M Lottery Fund
 - \$1.8B Misc
 - Motor vehicle fuels tax
 - Vehicle License
 - Drivers Licenses
 - Other licenses
 - Weight mile tax & fee
 - Revenue Bond
 - Lottery
 - Interest, etc.
 - General Fund Public Trans Ops

New York

- Mortgage recording tax
 - \$0.50 per \$100 or \$500 on a \$100,000 mortgage
- Petroleum Business Tax
 - taxes businesses dealing with motor fuel at all levels, import, export, usage, etc., and a percentage goes to the mass transportation operations assistance fund
- .25 percent sales tax in the MTA region
- MTA corporate tax surcharge
- Long Lines Tax.
- Amtrak funding
 - \$20M capital fund for rail. This capital fund is placed in the Governor's budget, and is intended for track improvement. However, there is no pot of money for the Amtrak service so they have been using some of the funds for operating.

Maine

\$668,300,000

Total Highway

Biennium Budget

Motor vehicle	25.05%	\$ 167,409,150
Inspections	1.32%	\$ 8,821,560
EOV	0.47%	\$ 3,141,010
Fines	0.60%	\$ 4,009,800
Other	2.84%	\$ 18,979,720
Fuel	69.73%	\$ 466,005,590

APPENDIX

E

State of Maine
Department of Transportation
Memorandum

Date: November 22, 2006
To: Passenger Rail Task Force Members
From: Gregory Nadeau, Deputy Commissioner
Subject: DRAFT Report

My apologies for the delay in distributing the draft report prepared by MaineDOT staff following our last Task Force on Passenger Rail Funding meeting. The attached draft represents recommendations as formulated by the Task Force and focused principally on the State General Fund funding strategies. If you could review the draft and return any comments to Sue Moreau next week, we will re-circulate with any proposed adjustments.

The Governor's Office understands Representative Marley's and the Task Force's recommendations that these strategies be considered within the context of the biennial state budget. The Governor will consider that recommendation. However, the Governor's Office has requested that the Task Force reconvene and further consider additional non-general fund strategies for sustainable passenger rail and transit funding for consideration during this next legislative term.

Therefore, I would recommend, and Representative Marley has proposed, finalizing this initial report by next month and reconvene the Task Force to review additional non-General Fund options and issue a subsequent report addressing any findings and recommendations.

The Governor appreciates your work thus far and would certainly appreciate the investment of additional time and effort to address this important issue, and ensure that the he and the Transportation Committee have the broadest possible set of options to consider.

Sue Moreau will poll the Task Force members meeting date later this month or early next.

Sincerely,



Gregory Nadeau
Deputy Commissioner

GN:plp

cc: David A. Cole, Commissioner MaineDOT
Alan Stearns, Office of the Governor