

Comments for submission to the Joint Committee on Transportation Preservation and Modernization follow:

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**Three aspects of HB2017-3 are particularly troubling for reasons that have not received much discussion.**

**First: taxing wages and only wages to fund transit services under the bill**

Only a fraction of transit trips are work related. TriMet, which according to the National Transit Database (NTD) provides over 3/4 of all reported transit trips in Oregon, says in its 2017 edition of TriMet at-a-glance that 27% of its trips are work related, while 39% are recreational. Lane Transit District (LTD), the state's 2nd largest, reports on its "Fast Facts" webpage that 23% of surveyed riders were commuting to work while 41% were commuting to school. Is it fair to place the bill's entire burden for transit funding by raising taxes on wages?

TriMet and LTD already tax employers for putting Oregonians to work at a rate of more than .7% of payroll with the legislature's authority to raise that rate to .8%. Under ORS 267.300, district residents can elect to add new taxes to increase funding. Why is it necessary at this time to impose additional taxes for transit on wages within those districts as part of a much-needed state transportation package?

Oregon tax law provides for an earned income credit (EIC) separate from that provided under federal law. So now this bill proposes to increase income taxes on wages. Doesn't this proposed tax fly in the face of EIC?

**Second: excluding light rail and only light rail from state assistance under the bill**

Light rail has problems to be sure, but other rail transit services have more.

TriMet's hybrid rail between Wilsonville and Beaverton (not to be confused with real commuter rail such as the Sounder trains up north or Caltrain from San Francisco through San Jose) is exorbitantly expensive, costing about four times as much per train hour as light rail, but regularly carrying fewer passengers. No one has offered a realistic scenario showing any kind of situation where this service can be other than a disproportionate drain on TriMet resources.

Streetcars have about slightly less working capacity as 60' buses, but have much higher capital expenses and cost 50%-80% more per hour to operate. They could make sense if riders were falling all over themselves to use streetcars and paying premium fares to do so. That's not happening. In fact, special sweetheart deals allow institutions which "sponsor" streetcars to buy passes for all of their ID holders at 1 cent on the dollar. So farebox recovery is exceptionally low on Portland streetcars compared with either TriMet or other streetcar operators, according to the NTD.

### **Third: the absence of any provision in the bill regarding the likely impacts of autonomous vehicle (AV) technology on transit's future**

AVs are coming:

Companies around the world are investing tens of billions of dollars into developing AVs. Ford plans to mass-produce AVs for fleet use only (think of self-driving taxis) by 2021. French company Easymile is installing a self-driving slow-speed shuttle service at an office park development a few miles east of Oakland, CA, with the expectation of providing rides by the end of this year.

They will attract riders from traditional, heavily subsidized, big-box transit:

Researchers believe that fleet operated AVs should be cheaper to operate than personal cars because they would be in use a higher percentage of time, thereby spreading fixed costs like depreciation and financing over more service hours. We can expect fleet AVs often to be cheaper than subsidized traditional transit fares, especially for shorter trips and those where two or more people are traveling together. Trips via fleet AVs should usually be faster while always safer and more convenient than those using traditional transit. In a 2015 OECD study, Urban Mobility System Upgrade, researchers predicted that Lisbon, Portugal would lose all regular bus service to fleet AVs. Lisbon is about the same size as Portland, but residents use buses for 25% of all trips, far more than Portlanders. However, we can expect that AV technology will have a minimal impact on demand-response services for those who need physical assistance from a driver while offering those who can safely use AVs without assistance a much higher level of mobility.

AV technology will make buses cheaper to operate relative to rail vehicles:

Driver expenses are a much higher proportion of total operating costs for buses than they are for rail vehicles. For example, TriMet spends about three times as much per hour to operate a light rail train as it would a 60' bus and is not generating enough ridership for light rail to be a cost-effective alternative to BRT built to the same standards. Assuming that automation would save \$60 per hour for bus costs and \$65 per hour for light rail, that ratio would increase to about five to one after automating both systems and, for all practical purposes, make it impossible for TriMet's two-car light rail system ever to compete on costs with BRT.

#### **Recommendations:**

Find another funding source for transit improvements.

Exclude workers within TriMet or LTD from any new income tax on wages for transit while excluding those districts and Portland Streetcar (60% funded by TriMet) from receiving any grants from the fund, with the proviso that voters within the districts could elect to participate. (Excluding these operators could drop funding requirements by almost 90%, based on NTD ridership numbers.)

Add hybrid rail and streetcar to light rail as ineligible for statewide transit improvement funds.

Require all transit providers receiving statewide transit improvement funds for capital projects with expected lifetimes of more than five years to explain how they expect their proposed projects to be affected by AV technology. (No one knows exactly how AVs will affect traditional transit, but it's important to start considering and discussing it, especially on costly capital projects.)

Thank you for the opportunity to comment on HB 2017-3,

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