

Members

Rep. Lawrence Buell, Chairperson
Rep. Eric Turner
Rep. William Crawford
Sen. Luke Kenley
Sen. Lindel Hume



COMMISSION ON STATE TAX AND FINANCING POLICY

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MEETING MINUTES¹

Meeting Date: October 23, 2006
Meeting Time: 10:30 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Rep. Lawrence Buell, Chairperson; Sen. Luke Kenley; Sen. Lindel Hume.

Members Absent: Rep. Eric Turner; Rep. William Crawford.

I. Call to Order and Introduction of Members

Representative Lawrence Buell, Chairperson of the Commission, called the meeting to order at 10:45 a.m. and summarized the meeting agenda.

II. Hearing to study eligibility requirements for certain military benefits

Representative Buell indicated the study topic was assigned to the Commission by the Legislative Council pursuant to SR 46-2006 which was authored by Senators Delph, Wyss, and Kenley. He also indicated that while an earlier hearing was held on the subject, he wished to provide additional time at this meeting to allow Senator Delph to provide testimony to the Commission. Since Senator Delph was unable to attend the meeting and there were no audience members who wished to testify, the hearing was closed on this subject.

III. Hearing to study issues pertaining to public transportation and commerce

Representative Buell indicated that the study topic was assigned to the Commission by the Legislative Council pursuant to SCR 67-2006 authored by Senator Robert Meeks.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Representative Buell recognized Jim Landers, Fiscal Analyst for the Commission to present information on state funding for mass transit and commuter rail service reflected in a memorandum to the Commission (Exhibit 1). In addition to the information contained in the memorandum, Mr. Landers discussed the reduction in the Sales Tax distribution percentages effective in 2003 for the Public Mass Transportation Fund (PMTF) and the Commuter Rail Service Fund (CRSF). The distribution percentages were reduced from 0.76% to 0.635% for the PMTF and from 0.17% to 0.14% for the CRSF because the Sales Tax was increased from 5% to 6% on December 1, 2002. Nonetheless, revenue distributed to both funds has increased annually as reflected in the table in the memo. Mr. Landers indicated that from FY 2004 to FY 2006, the Sales Tax distribution to the PMTF would have been about \$19.0 M higher had the distribution percentage remained at 0.76%. He also indicated that the Sales Tax distribution to the CRSF would have been about \$6.9 M higher during the same period had the distribution percentage remained at 0.17%.

Representative Buell recognized Art Guzzetti, Director of Policy and Advocacy for the American Public Transportation Association, to provide a national profile of public transit and its use as an economic development strategy. Mr. Guzzetti informed the Commission that transportation cost is becoming an increasing share of consumer expenditures as energy cost rise. He highlighted the importance of public spending and investment on mass transit systems. He also suggested that mass transit systems lead to local and regional development and economic gains to business. Mr. Guzzetti indicated that 75% of U. S. households have no access to mass transit, and 40% of the counties in the U. S. have no mass transit system. Mr. Guzzetti highlighted some of the economic benefits of public transit (Exhibit 2). He also discussed recent public transit activity by local governments, including bus rapid transit systems and rail systems.

Representative Buell asked if there is a mass transit system in the U. S. that covers its cost by rider fares only. Mr. Guzzetti indicated that there isn't a system that is funded solely by rider fares. Senator Kenley asked if there are any studies that quantify and compare the net benefits of road programs to mass transit programs. Mr. Guzzetti indicated there are and he would forward such studies to the Commission.

Representative Buell recognized Dave Gionet, General Manager of Fort Wayne Citilink and President of the Indiana Transportation Association, to provide a history of public transit in Indiana. Mr. Gionet presented various operating information and data for current public mass transit systems in Indiana (Exhibit 3). The information presented related to: (1) the business structure of mass public transportation systems in Indiana; (2) trends in ridership and services; (3) local development patterns and their impact on public transportation usage and services; (4) trends in federal, state, and local revenue sources for public transit systems; (5) trends in system expenses; and (6) creative investment and operating strategies being implemented by public transit systems.

Representative Buell recognized Gilbert Holmes, President and CEO of Indianapolis IndyGo and 1st Vice President of the Indiana Transportation Association, to discuss the PMTF and the competition for funding. Mr. Holmes briefly discussed current and past annual revenue flowing to the PMTF (Exhibit 4). He provided a comparison of per capita state funding to public transportation systems in Indiana and five other Midwestern states. Mr. Holmes also provided a comparison of Indianapolis and seven other Midwestern cities on the basis of service area population and annual operating budget.

Representative Buell recognized Martin Sennett, General Manager of the Greater Lafayette Public Transportation Corporation (CityBus), to discuss a study of the economic impacts of the CityBus and Wabash Trolley transit systems. Mr. Sennett presented information from a study

of the economic impact of CityBus. The study quantified various benefits of the CityBus system including the impact on the local economy from improvements in travel efficiency and mobility, and from the operation of the CityBus and Wabash Trolley systems (Exhibit 5). He highlighted how the travel efficiency improvements result from reduced traffic congestion on streets and roads when people use mass transit. He also discussed the benefits to those who have no or limited access to an automobile from having access to public transit. Lastly, Mr. Sennett discussed the additional local economic activity resulting from the operation of the mass transit systems.

Representative Buell recognized William J. Shelldrake, President of Policy Analytics LLC to discuss a study of the economic impact of the Northwest Indiana Commuter Transportation District (NICTD). Mr. Shelldrake discussed the current impacts of commuter rail operated by NICTD from South Bend to Chicago. He discussed how mass transit decreases traffic congestion on existing streets and roads. He indicated that this has implications both for commute times of individuals traveling to and from work and for transport times of businesses using the roads to ship goods and provide services. He indicated that NICTD riders commuting to the Chicago area bring back to northwest Indiana more than \$200 M annually in wage and salary income. Mr. Shelldrake also discussed the potential impact of the West Lake Corridor Expansion Project that NICTD is planning, which would run a train line to Lowell and Valparaiso. He discussed the estimated employment and investment effects of the project, and highlighted the potential impact of the new train line on production costs and investment by business in the region.

Representative Buell recognized Christine Altman, Hamilton County Commissioner and Chairwoman of the Central Indiana Regional Transportation Authority, to discuss recent efforts to coordinate investment in public transportation in central Indiana. Ms. Altman discussed the need for mass transit along the northeast corridor from Hamilton County to downtown Indianapolis. She indicated that Hamilton County has traffic congestion problems that will not be solved by building more streets and roadways. She also indicated that building roads has become more problematic due to right-of-way, air quality, and quality of life issues and concerns. She indicated that the Authority is considering fixed guide wire transit, but needs strong support from IndyGo and local systems in Hamilton County. Ms. Altman also indicated that the most important need for mass transit systems is a consistent source of funding.

IV. Adoption of Final Report

Representative Buell asked the Commission members to consider the draft final report (Exhibit 7). Senator Kenley moved that the Commission adopt the draft final report with additional discussion relating to October 23rd Commission meeting. The Commission members accepted the motion by voice vote.

V. Adjournment

Representative Buell adjourned the meeting at 12:30 pm.