



**Testimony before the Illinois House of Representatives Mass Transit Committee
Submitted by James LaBelle, Vice President
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My name is Jim LaBelle. I am testifying on behalf of Chicago Metropolis 2020, a regional business-based civic organization that was created by, and continues to be supported by, The Commercial Club of Chicago.

Thank you for the opportunity to testify today on the issues raised by HB1841, which many of you are sponsoring. In the time I have available, I would like to make two points.

First, I want to make it crystal clear that we believe transit in northeast Illinois needs more capital and operating money. We will support increases in taxes and user fees that are needed to properly maintain the transit system and meet the changing needs of our region's residents.

My second point is that we strongly support the intent of HB1841, which is to give the RTA clear responsibility for creating an integrated and robust system of transit.

Let me first discuss House Bill 1841.

Last week you heard about the RTA Strategic Plan. It lays out the need for additional investments in transit. The plan includes some terrific goals for coordination and integration of the system. But today, no one is accountable and responsible for making sure those good things are actually accomplished. None of the three providers – CTA, Metra and Pace – can do it on their own. And the RTA's hands are tied. It passes along money to the three transit agencies according to a formula set by the legislature in 1983, but it is powerless to demand improved coordination and performance in exchange for those funds.

The intent of House Bill 1841, as I see it, is make the RTA responsible and accountable for coordinating and leading the region's three transit service providers to perform as an integrated system. If you don't pass legislation like this, the RTA will continue to limp along as a bureaucratic appendage to the three Service Boards and we will never have a truly regional transit system. Right now, we have the illusion of a regional transit system. It is time we had the reality and the benefits of a regional system.

This legislation gives the RTA powers to do what none of the Service Boards can. It does not take powers away from the Service Boards. They will still have the power to

manage the systems they are responsible for, to hire staff, to let contracts, and to oversee day to day operations. What it does is allow the RTA to effectively integrate the operations, coordinate planning and chart the course of future investments.

House Bill 1841 does not currently address governance, but you might consider changes in the size and composition of governing boards to achieve better coordination. There currently are four separate transit boards with 41 members, and there is little coordination among them. Surely some streamlining is possible.

Now let's discuss the need for more operating and capital money and how to raise and allocate the money.

The Chicago region needs to be a competitor in the global economy. We can't compete without an effective transit system, but we are failing to adequately maintain the existing system or create new interconnected services to meet the region's changing needs. We are letting it slide into second class status.

We are living off of legislation and a funding scheme designed a quarter of a century ago that might have been appropriate then, but has not kept pace with the region's growth. It certainly isn't a model for the 21st century.

The RTA strategic plan spells out the need to invest an additional \$400 million in operations and \$2 billion more per year in capital improvements.

The federal government won't solve our funding problem for us. It stopped giving out operating funds years ago, and if we are lucky and the federal highway fund doesn't run short of money, we might receive \$600 million annually toward capital improvements. We will need to raise the rest of the money ourselves.

We offer these suggestions and general principles for the way the system should be funded.

The first principle is that the beneficiaries of the transit investments – users of our roads that are choked by congestion and delay, and the riders on our transit system – should be directly involved in paying for the system. If more people can use transit it will relieve road congestion, so it makes sense for drivers to help pay for transit options.

Because we know that good transit makes for an improved overall transportation system we would support authorizing the RTA to enact a motor fuel tax. The current RTA Act allows the RTA to impose either a sales tax or motor fuel tax but not both. A 5% gas tax would yield \$265 - \$325 million annually in the RTA region. If a per gallon gas tax were used, every 1 cent per gallon would yield about \$35 million.

That same "user pay" principle could lead us to support targeted increases in tolls and vehicle registration fees to support transit.

To best apply this principle to transit fares, House Bill 1841 should be clearer in requiring the RTA to continually review and adjust transit fares in relation to the market and the cost of driving. If transit fares had increased with inflation between 1991 and 2003, about \$55 million more per year could have been raised, according to one analysis. A 10% system-wide fare increase could generate \$80 to \$100 million.

In the future, transit fares that vary by time of day and distance should be carefully considered as new technology makes it more possible. There is no market rationale for charging the same \$2 fare for a one mile bus ride as a Blue line train trip from downtown to O'Hare, when a cab ride costs \$30 and the Blue Line is crumbling.

Another principle that should be applied is that the tax burden should be shared fairly. That leads us to suggest that you consider allowing the RTA to increase its sales tax. An added .25% in the CTA service area could generate about \$85 million. Each 0.25% increase in the collar counties could yield about \$115 million.

A related principle is that funds should be fairly distributed to meet transit needs throughout the region. To accomplish this, any increase in RTA taxes should be accompanied by an agreement with each County and the City of Chicago as to how those funds will be used. Combined with creation of a Regional Transit Innovation Fund as proposed in HB1841, such agreements would help ensure that needed local improvements are made to integrate transit with community development and make transit service safe and convenient for more people.

In conclusion, in our view, reform of the RTA must be a pre-condition to providing more money to the system. It makes no sense to just pour more money into the existing system. But please don't overlook this point: if we don't provide more funds for transit now, it will be a tragic mistake that we will not be able to recover from for decades.

Thank you for your interest and leadership on this issue and for your consideration of these comments.

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