



Oregon Transit Association (OTA) Business Energy Tax Credit

Overview

Oregonians drive almost 39 billion miles a year. More than 70 percent of those miles are from single-occupant vehicles. Changing travel habits and reducing commuter and business travel are cost-saving measures that reduce driving while mitigating air and water pollution, energy consumption and highway maintenance costs. Public transit is a vital component of achieving these objectives.

Transit provides an excellent option to driving and in some cases is the only reasonable and affordable alternative. Transit helps meet the transportation needs of commuters, shoppers, visitors, students, seniors and people with disabilities.

Recognizing this, the Oregon Legislature included Oregon's transit districts in the Business Energy Tax Credit (BETC). The BETC is now a critical component of the provision of transit services. Loss of the BETC programs targeted to transit would result in significant negative consequences for Oregon's transit systems.

What follows is an overview of the many positive impacts of transit related BETC programs.

Employer Pass Programs

The BETC provides employers incentives to participate in transit pass programs. For example, during 2009, 68 employers in the Portland metro area participated in the TriMet Transit Pass Program and received a BETC credit, helping generate nearly \$22 million in transit pass sales for TriMet. Overall, more than 70,000 employees receive passes from employers on a TriMet Transit Pass Program.

Transit districts large and small partner with local business throughout the state in a similar fashion resulting in multiple benefits to Oregon.

Benefits

- **Fewer cars on the road means less pollution** – TriMet, for example creates enough room in the airshed for the creation of 9 new Intel-type industries or 19 new Tektronix-type industries in the region.
- **Relieves congestion on busy highways** such as the I-84 Banfield Express and Hwy 26 Sunset Highway and helps eliminate over 35 million vehicle miles per year.
- **Helps businesses with over 100 employees meet Oregon's Employee Commute Options (ECO) rule**, which ensures the region meets the federal health-based ozone standards under the Federal Clean Air Act.

Student Pass Programs

In some regions, including Portland, school districts do not provide yellow bus transportation service for students. For many students, transit is the primary options. The BETC allows transit districts to partner with local schools. For example, TriMet works with Portland Public Schools (PPS) and the City of Portland to provide free transit passes to students attending many Portland area high schools. The program is supported with funds from PPS (\$800,000) and the BETC program (approximately \$2.55 million). Participating high schools include: Franklin, Jefferson, Roosevelt, Grant, Lincoln, Cleveland, Benson, Wilson, Madison, and Marshall, as well as 25 smaller alternative education programs. In all, nearly 13,000 Portland Public School District students are covered.

Salem-Keizer Transit provides free transit passes to middle and high school students in local schools. Currently funded by BETC, the program reimburses approximately \$1 million annually to the transit district. Over 20,000 students in 21 middle and high schools in Salem and Keizer take advantage of the program. Since the pilot program in the spring of 2009, students have taken 1.77 million rides on Cherriots using their student bus passes. In addition to benefiting students and

their families, the funding benefits the school district directly. With BETC funding, the school district no longer pays \$250,000 annually to purchase transit passes for their students, as they did previously.

Benefits:

- Reduces traffic near schools
- Enables more students to participate in before- and after-school activities, jobs and other learning opportunities
- Decreases absenteeism among students with transportation barriers
- Reduces fuel consumption
- Increases transit ridership

Rural Transit Benefits

Oregon's rural transit districts are utilizing the BETC to increase fuel efficiency, leverage federal matching funds and deliver services to their rural constituency. What follows are examples of the many benefits that flow from the BETC to Oregon's underserved regions:

- *Sandy Transit* – Since 2004, Sandy Transit utilized the BETC energy conservation program for both transportation service projects and commuter pool vehicle projects. These funds have helped to increase transit service levels as ridership has grown over that period from just over 150,000 annual trips to approximately 250,000 annual trips. This represents over 2.3 million reduced vehicle miles for the current year alone. The funds allowed for the development of capital projects (leveraging federal, state and local funds) such as the admin/operations facility that supports the transit system and is shared by Clackamas County which operates Mountain Express. Funding opportunities for large fixed route vehicles in rural service have been very limited; BETC has been critical in providing local match funds for the procurement of two \$350K transit vehicles that averaged only 70% grant funding as well as many smaller vehicles.
- *Corvallis* – Regions with populations under a 50,000 are eligible for a rural BETC that allows transit agencies to utilize the program for operations. For example, Corvallis' municipally managed transit system maximized BETC resources to leverage federal funds and enhance the region's transit operations by \$1.2 million. Loss of the BETC would leave these critical federal resources on the table resulting in catastrophic service level reductions in rural areas where there are no other options for securing resources for federal matching programs.
- *Rogue Valley Transportation District* – RVTD operates a group transit pass program serving some of the region's largest trip generators, including over 4000 students and instructors at the Medford campus of Rogue Community College, and up to 4500 employees during Harry & David's high season. The City of Ashland also uses the BETC to help subsidize the cost of transit in Ashland from \$2 to \$1 per ride. The BETC is a key element in RVTD's group bus pass marketing, and has been instrumental in securing all of their major bus pass partnerships.
- *Rural Transit Service for Marion & Polk Counties* – CARTS (Chemeketa Area Regional Transportation Service) provides transit service between communities in rural Marion and Polk Counties and Salem. Last year the program provided over 119,000 trips. More than half of the rides were to take people to work or school and nearly half of the riders reported that without CARTS they would not have made their trip. CARTS has received almost \$800,000 in BETC dollars since 2006 and those funds have provided match for both bus purchases and operations. It is challenging to find sufficient state and local funds to match the federal funds available and \$1,000 of BETC can provide match for up to \$9,000 in federal funding.

More Information

Drew Hagedorn drew.hagedorn@tonkon.com 503.380.1075