

MBTA Legislative History



**PRESENTATION TO THE GOVERNOR'S
SPECIAL PANEL TO REVIEW THE MBTA**

Public Transportation in Boston



- **Boston Transit Commission – 1894**
 - **Agency that awarded a franchise to a private operated: Boston Elevated Railway Co.**
 - Rapid system expansion and technological innovation
 - Mandated 5-cent fare and free transfers
 - High labor and materials costs
 - **End: High costs, mandated low revenues**
- **Public Control Act – 1918-1947**
 - **Regulatory control of public transportation**
 - 5 trustees, appointed by the Governor, assumed oversight of Boston Elevated Railway Co.
 - Fares no longer kept artificially low
 - **End: Competition from automobiles, shrinking ridership**

Public Transportation in Boston



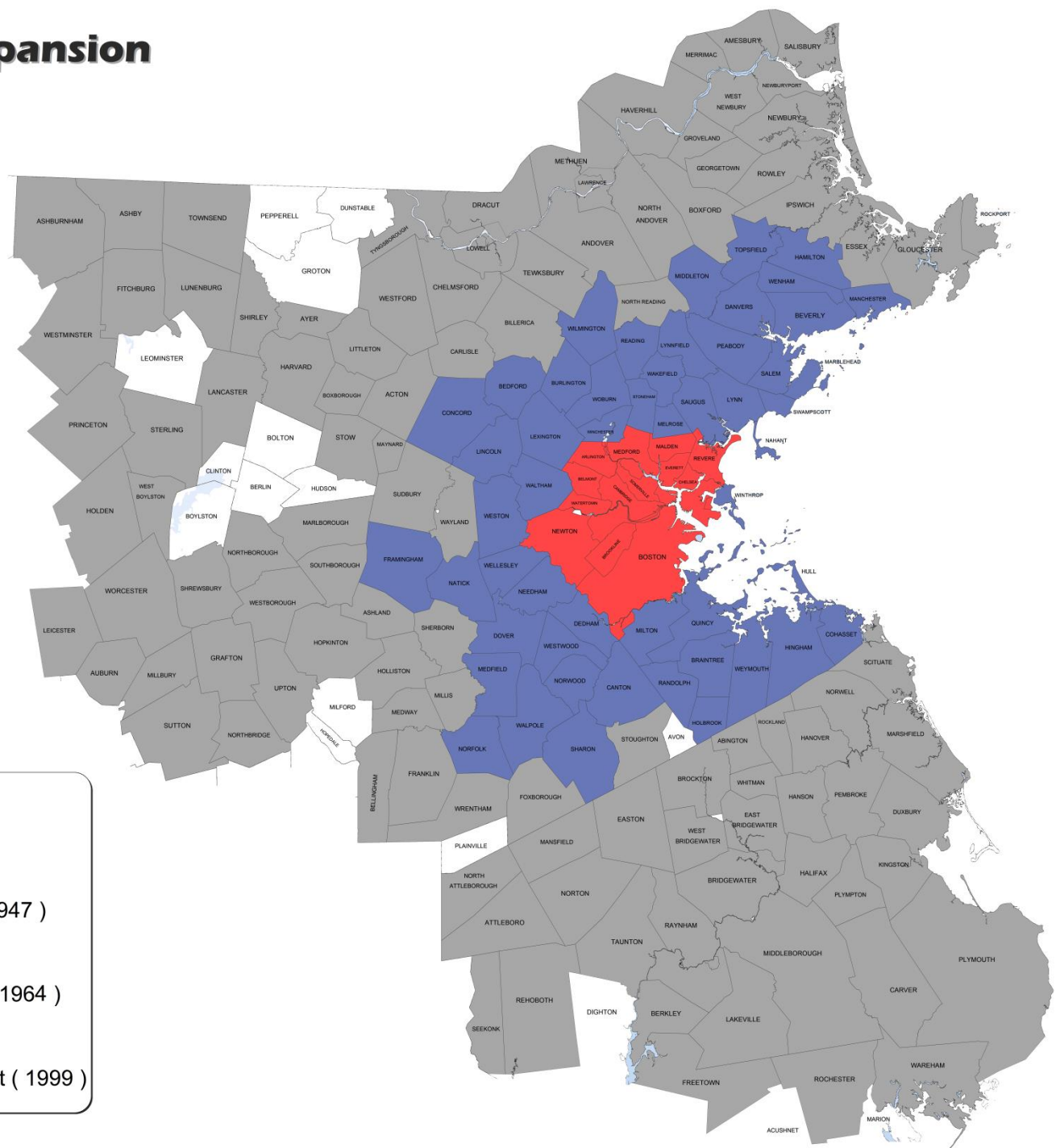
- **Metropolitan Transit Authority – 1947-1964**
 - **A public authority, and political subdivision of the Commonwealth**
 - Absorbed Boston Elevated Railway Co.
 - Limited to serving 14 core municipalities, represented by an Advisory Board
 - Three trustees appointed by the Governor
 - Costly system expansion (Newton Highlands)
 - Commuter railroads were subsidized separately from the MTA, as the MTA could not absorb them
 - **End: Demand for expansion, limited service area, fare hikes, unsustainable financial structure**

Public Transportation in Boston






- **Massachusetts Bay Transportation Authority – 1964**
 - **A public authority, and a political subdivision of the Commonwealth**
 - Born of a regional master plan recommending the dramatic expansion of public transit service
 - Expanded to 78 municipalities, represented by an Advisory Board
 - Benefited from federal support for public transit (started in 1964)
 - Commuter Rail Directorate established in 1974
 - Following a one-day shutdown in 1980, the Board of Directors was expanded from five members to seven members (all appointed by the Governor, and including the Secretary of Transportation).

MBTA District Expansion



Districts

-  Original MTA District (1947)
-  Original MBTA District (1964)
-  Forward Funding District (1999)

MBTA Enabling Legislation (MGL Chapter 161A)



- Passed in 1964
- **Regional outlook, aspirations for growth**
- Combined the MTA and private bus and commuter rail lines
- Local assessments and fares partially covered operations
- **Remaining funding provided by the Legislature in arrears**
- **Commonwealth paid 90% debt service on MBTA bonds (after any federal aid), to encourage expansion**

“Management Rights” (Chapter 581 of 1980)



- Followed one-day shutdown
- Made certain matters not subject to collective bargaining:
 - Employment decisions
 - Service levels
 - Directing and evaluating programs, units, duties, and productivity standards
 - Staffing and training levels
 - Purchasing decisions
 - Overtime assignments
 - Overtime not to be used for pension calculations
 - COLA could not be based on inflationary metrics
- Rolled back over time, including in 1995 legislation

Proposition 2 1/2 (MGL Chapter 59)



- Passed in 1982
- Limited annual increase of municipal taxes to 2 1/2 percent
- Limited ability of local assessments to support the MBTA

“Pacheco Law” (MGL Chapter 7)



- Passed in 1993
- Limits the use of private contractors to provide public services:
 - Limits the ability to privatize services above \$543,442 (current amount), currently or formerly provided by state employees
 - Exemptions include IT, legal, management, consulting, planning, engineering, and design services
 - Previously privatized services and renewal of currently privatized services are exempt
 - State agencies may apply for an exemption

“Forward Funding” (Chapter 127 of 1999)



- To “forward fund” the MBTA and expand the service area to 175 municipalities
- Dedicated sales tax revenue transfer established (1 cent of 5 cent sales tax), not subject to appropriation
- **‘Make-up’ funding no longer provided at the end of the year**
- **MBTA able to directly issue bonds, and also inherited ‘legacy debt’**
- MBTA required to prepare a finance plan

Transportation Reform I (Chapter 27 of 2009)



- **Creation of MassDOT, with emphasis on agency integration and efficiency**
 - Elimination of Turnpike Authority, transfer of Tobin Bridge to MassDOT
 - MassDOT and MBTA Boards, with same members, no longer co-terminus with Governor
- Removal of budget veto from MBTA Advisory Board
- **\$160 million transferred to the MBTA on an annual basis by the Legislature, subject to appropriation**
 - Intended to represent the annual interest on the MBTA debt associated with Central Artery/Tunnel project mitigation commitments

Transportation Reform II (Chapter 46 of 2013)



- To make additional changes at the MBTA and provide additional funding:
 - Required the MBTA to meet with the Joint Ways & Means and Administration & Finance twice each year to discuss revenue and spending projections and goals
 - Required the MBTA to report on revenues collected through sponsorships
 - **Additional funds provided through new revenue transfers**
 - Cannot increase fares at intervals of less than 24 months
 - ✦ Increases cannot be greater than an annual rate of 5%

Transportation Reform II (Chapter 46 of 2013) – Cont.



- **MBTA must meet certain budgetary benchmarks**
 - Annual increasing % of in-house revenue for the operating budget
 - Non-fare revenue or fares through ridership growth
 - In-house revenue goals may be met by all directly collected fees/fares
 - ✦ Fares statutorily capped at 5% bi-annual increases
- **Capital funds must be expended for the Green Line Extension**
- **Capital funds must be expended for South Coast Rail**
- **MBTA must issue an RFP for asset naming rights**
 - All funds must be used toward capital projects
- **MBTA must issues an RFP for private sponsorship to extend service hours**

Transportation Reform – Funding Status



- **Shortfalls**

- Gaming revenue: FY14
- Gas tax: FY14
- Gas tax Inflation: FY15 - FY19

- **Increases**

- Motor vehicle sales tax: FY14
- Western turnpike tolls: FY14

- **Computer Sales Tax went to General Fund (5 year - \$824M)**

- Offset by new revenues and General Fund Resources (5 year - \$949M)

Transportation Reform – Funding Status



- JWM funding gap

Transportation Gap	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
MBTA	\$115.2	\$135.1	\$202.4	\$260.5	\$357.2
MassDot	\$149.8	\$289.7	\$381.0	\$199.7	\$190.8
Starting Gap	\$265.1	\$424.8	\$583.4	\$460.2	\$548.0

- New revenue status

	Passed	Current	Passed	Current	Passed	Current	Passed	Current	Passed	Current
Non Tax Revenues	FY14		FY15		FY16		FY17		FY18	
MBTA Own Source	\$0	\$0	\$35	\$35	\$63	\$63	\$95	\$95	\$136	\$136
MassDOT Own Source	\$0	\$8	\$56	\$56	\$146	\$146	\$91	\$91	\$93	\$93
AET/Massport/ MCCA/Gaming	\$25	\$0	\$22	\$22	\$60	\$60	\$122	\$122	\$125	\$125
Tax Sources										
New Rev. MVS	\$129	\$161	\$132	\$132	\$136	\$136	\$140	\$140	\$145	\$145
New Gas Tax	\$95	\$91	\$105	\$97	\$122	\$98	\$139	\$99	\$157	\$100
Add'l GF Resources	\$16	\$16	\$75	\$75	\$96	\$96	\$40	\$40	\$40	\$40
Gas Surcharge Redir (UST)			\$79	\$79	\$81	\$81	\$82	\$82	\$84	\$84
MBTA Dedication							\$26	\$26	\$26	\$26
Total Transportation	\$265	\$276	\$504	\$496	\$704	\$252	\$736	\$696	\$805	\$748