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Charting Their Own Course

Local Control Over Local Needs

Local Option Transportation Taxes Put Municipalities At The Wheel

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The time has come for Massachusetts to consider new approaches to the funding of our transportation infrastructure. In the absence of a greater funding commitment by the state, it is time to empower municipalities and regions to take their transportation requirements into their own hands through local option transportation taxes (LOTTs).

One reason the legislature is reluctant to direct additional funding to transportation infrastructure is the perception that transportation investments funded by the state unfairly benefit the Greater Boston area. There is widespread resentment from regions outside the MBTA service area when the state is asked to increase funding for the MBTA. It is challenging for a legislator from Springfield to support increased funding for Greater Boston's transit system. This regional parochialism unnecessarily pits Greater Boston's needs against the needs of the other cities in the state.

How then do we overcome this regional parochialism while improving the transportation system of Greater Boston? If the legislature is not going to fund the necessary investments, it is time to consider allowing cities and regions to levy LOTTs to close the funding gap. According to the Eno Foundation, voters in some of the fastest growing and largest cities in America have adopted LOTTs, including Atlanta, Dallas, Houston, Los Angeles, Charlotte, Phoenix and St. Louis.

One simple example of a LOTT program would be to allow cities to levy a sales tax. For example, a city could be allowed to tax hotel rooms, rental cars and taxi rides, and the taxes collected would be placed in a transportation fund to be used exclusively for transportation improvements. In order for the city to adopt such a tax, or to increase or decrease such a tax, a supermajority of the city's voters could be required to approve the tax.

Hotel room, rental car and taxi ride taxes are all much more readily accepted by the public. Hotel and rental car taxes are already being collected to fund various government requirements at the local level. Taxes on cab fares would be universal and affect everyone the same. Most importantly, these taxes are seen as affecting non-residents the most, thereby lowering the impact of the tax on voters in the jurisdiction of the desired tax.



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A LOTT Of Options

On a larger scale, such a tax could be authorized on a regional basis when a transportation project is expected to provide regional benefits. Several municipalities, or many municipalities, could group together to leverage a wider tax base to increase the pool of available funding. For instance, the cities and towns that constitute the MBTA's service area could band together to levy a tax to supplement the MBTA's operating revenues. Perhaps the Metropolitan Area Planning Council (MAPC), an already constituted government body, could pursue such an effort. In fact, just such a bill has been filed this legislative session. This arrangement would avoid the pitfalls of pitting one region against another, with Greater Springfield authorized to pursue its own LOTT funding program.

Ultimately, any decision regarding the implementation of a LOTT program rests with the state. The authority for a municipal or regional government to levy taxes rests with the General Court and must be provided for in enabling legislation. Once the authority has been provided, then individual municipalities and/or regional governments could move forward with a LOTT program. Unfortunately, the legislature has been historically reluctant to bestow such taxing powers on local governments.

However, since the legislature has indicated that it does not have the appetite for further transportation funding (even while acknowledging the necessity), it is high time for the legislature to allow other governmental entities to move the transportation funding agenda forward. Even if the legislature were to authorize municipal and/or state governments to create a LOTT program, it is not a certainty that every entity will actually exercise the authority. And if any municipal or regional government did exercise the authority, it would be done within the limitations and constraints of the enabling legislation the state adopts.

Local option transportation taxes have the potential to provide the most democratic of means to achieve a transportation system for the 21st century. By being adopted through local petitions during municipal elections, it will be up to municipal and/or regional officials to make their case directly to the taxpayer. This is the most democratic of processes for funding transportation projects. The legislature should support this approach for this reason alone.

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