

Arkansas Wins Transit Trust Fund

by Scott Bogren

“The rental vehicle tax shall be remitted to the director of the Department of Finance and Administration and the first \$2,850,000 each year of the net revenues derived from the tax imposed shall be deposited in the Arkansas Public Transit Trust Fund... The monies shall be used by the Arkansas State Highway and Transportation Department for the purpose of acquiring matching funds for the purchase of public transportation vehicles, public transit equipment or facilities...” Taken from Arkansas State Senate Bill 581, now Act 949 of 2001.

Few states in the nation offer such varied terrain as Arkansas. From the ruggedly forested mountains up north to the flat delta region in the southeast, the Natural State is decidedly diverse. With the exception of Little Rock, Arkansas is largely rural and hardly a place where one might expect community and public transportation to win a landmark achievement. But to anyone aware of the many efficient community transit agencies running along the small town streets and backwoods highways of Arkansas, what occurred on March 8 when the Arkansas legislature passed into law a new public transit trust fund is not surprising in the least.

As the above passage (taken directly from the bill) reads, transit operators throughout the state will now be able to enjoy dedicated transit funds and their accrued interest set aside from a tax on short-term rental cars. These agencies will be able to use the funds to match federal transit money and purchase much-needed new vehicles and equipment, or even for operations.

“This is a major, watershed event for transit in Arkansas. For the first time, the state recognizes the permanent ongoing need for flexible funding for transit that can be used for capital and operating,” said Keith Jones, executive director of the Central Arkansas Transit Authority in Little Rock.

At long last the state has acknowledged what few have recognized — Arkansas IS a state with considerable public and community transportation services, and needs.

A History of Service

The truth is that community transportation has a successful history in Arkansas. Transit agencies have long served such towns as Hot Springs, Pocahontas, Springdale and Malvern, to name a few. And the passage of the state's public transportation trust fund is a direct result of the outstanding work of these systems everyday in their communities.

“Our transit agencies,” said Ann Gilbert, executive director of the Arkansas Transit Association (ATA), “have done great work for years. There just aren't enough of them to cover the state.”

In 1982, Arkansas was one of the first states in the south to form a transit association with paid staff. Gilbert was hired in September of 1988, and was instrumental in the recent victory. The ability to have a

full-time director — which remains relatively uncommon for state transit associations — was critical and illustrates the good relationship that had been established between the association and the Arkansas Highway and Transportation Department.

“I knew right from the start that we needed to raise the visibility of public transportation in Arkansas if we were going to get anywhere,” said Gilbert.

The association holds annual meetings where its more than 150 members partake of valuable training sessions and strategize about upcoming state and federal legislative initiatives. For at least a decade, Gilbert and the association's board and members agreed that additional state funding was a key to the future viability of public transportation in Arkansas.

“We've never received enough federal funding, so we figured we'd have to start right here in Little Rock,” said Gilbert.

When it comes to federal investment for public and community transportation, Arkansas has long gone without. The state ranks 40th in the nation when it comes to receiving back what it contributes to the mass transit account (it receives back less than 20¢ for every dollar). Federal dollars this year amount to \$3.9 million in Section 5311 rural public transportation, and another \$900,000 in Section 5310 funds.

The state has typically added \$350,000 annually for transit. And twice, the state has added \$1 million in general improvement (capital only) money. But these sources of state funds were inadequate to fully fund the growing network of public and community transportation agencies across Arkansas, and not anything that an operator could budget for every year. The new public transit trust fund is a significant departure.

The Decision Point

As it is with any state legislature, the process of creating from scratch a giant leap forward for community and public transportation takes exquisite timing, good fortune and, more than anything else, dogged determination. The members of the association knew that developing additional state funds would be an arduous task, particularly as the state's economy has never been particularly good.

“This is no overnight success story,” said Betty Bradshaw of the Area Agency on Aging of Southeast Arkansas in Pine Bluff, and also a member of the ATA Board of Directors. “There's a lot of hard work that's gone into this.”

Over the years, Gilbert and the ATA's membership have developed numerous relationships at the state capitol in Little Rock — educating members of the legislature on the benefits of public and community transportation. The eventual passage of the transit trust fund would rely upon these friendships and the work each association member had done to communicate with their legislators. It all came together one afternoon in January.

State Senator Kevin Smith (D-Stuttgart), who was the original sponsor of the transit trust fund bill, is one of public transportation's staunchest advocates in the state capital; and he and Gilbert had been searching for a stable source of revenue for transit in Arkansas.

"We were looking through the tax book, when the idea struck for the rental car tax," recalls Gilbert. "The Senator said, 'Bingo!'"

The Legislative Initiative

To help the bill along its way to passage, the bill's sponsor, Sen. Smith added language that stipulated that all remaining revenues from the tax — above the \$2.850 million for transit — would be used for teacher salaries. Gov. Mike Huckabee had earlier in the year made raising teacher salaries his top legislative priority.

As is common in the legislative arena, two interests that often compete — education and transportation — became allies. The passage of this bill is further proof that partners in the legislative process need not always have identical values, but they must share some common goals. In this case, both parties' goals were met. Sen. Smith drafted the bill and took it to the President Pro-Tem of the Arkansas Senate, Mike Beebe.

"The bill had to have the support of the President Pro-Tem of the Senate or it was going nowhere," said Gilbert. "And the education part of the bill made it much more palatable to the Governor."

The next person she visited was the Arkansas Speaker of the House, Shane Broadway. Again, he liked the idea of taxing non-Arkansans to solve the state's public transportation dilemma.

Gilbert and the association's members lined up an incredible 63 sponsors in the House before the bill had even been filed.

The bill became so popular that legislators actually came to Gilbert and Smith asking if they could sign on as co-sponsors.

"That's when we knew this idea really had a chance," said Gilbert.

After moving the bill out of the Senate Revenue and Tax committee, Sen. Smith began to line up support for the bill with the overall Senate. The bill passed the state senate at 29-1.

The bill moved out of the House Revenue and Tax committee and then the full house at 66-20. In the house vote, most of those members in opposition were not necessarily anti-public transit, but rather, anti-any new tax.

"What made this bill so successful was that the legislators knew exactly who they were helping — the little old ladies that need rides to the doctor and the people with disabilities. They knew because our membership had done its work. We put a face on our issue here in Arkansas and these legislators responded to it," said Gilbert.

It wasn't until it had passed the Senate that representatives of the rental car companies moved in to try to kill the bill in the House Revenue and Tax Committee. By then, in many respects, it was simply too late. They went so far as to ask the committee's chair to hold the bill a couple of weeks; but he declined.

Governor Mike Huckabee, who also is an avowed tax-cutter, held the bill for the required five days; allowing it to become law without his having to sign it.

“He (Huckabee) does have philosophical problems with singling out a particular industry for a tax increase,” said one of the governor's aides after the bill passed. “On the other hand, the revenue that will be raised by the increase is going for an extremely good purpose.”

Assembling the Victory

In the end, the bill was difficult for any state legislator not to support.

Said Sen. Smith, “When I think about visitors being taxed, and our need for public transportation, well, public transportation wins.”

“Everywhere I travel I pay for someone else's parks and such, it's about time we bring the money home,” said Sen. Jim Hill, chair of the Senate Revenue and Tax Committee.

True, the legislators who gathered in Little Rock overwhelmingly supported the transit trust fund bill — but this didn't just happen. For years, public and community transportation operators and advocates throughout the state have worked to establish relationships with their state representatives and senators, regardless of political party. These transit agencies have built a record of customer service and community responsiveness that legislators simply could no longer ignore. Long ago, they'd established their need for additional state funds and the credibility of their service. All it took was discovering the right source for the money.

To most community and public transportation operators in Arkansas, having a dedicated state transit trust fund means one thing: newer vehicles and equipment.

“It will help us replace old vehicles and repair others,” said Bradshaw. “We'll be able to serve our customers in a more efficient and safe way.”

Indeed, safety is a notion that consistently is mentioned when discussing the new public transit trust fund. The state, like many, has not been able to keep up with capital replacement demands, particularly with the paltry federal transit funding it receives. Transit agencies have been forced to delay new vehicle acquisitions and thus use older, less safe, equipment.

“The State Highway and Transportation Department receives so many requests for new vehicles every year, far more than it could ever handle. And this has gone on for a number of years, so you can imagine the built-up need for new buses and vans,” said Gilbert.

The new trust fund is no cure-all for the problem, however. Additional federal money is still desperately needed in Arkansas.

“We still need more federal money,” said Gilbert. “This will help and we'll definitely use it to replace old vehicles, but more federal investment is essential to expand transit service into areas of the state that are currently unserved.”

More than anything else, the creation of the Arkansas Public Transit Trust Fund clearly illustrates that mobility is just as critical an issue in rural states as it is in more urban ones. For years, many in the transit field have pointed to a lack of state investment in transit as the reason for smaller federal transit spending in states like Arkansas. Not so fast.

“There is a great need for public transportation in this state and in states just like Arkansas. For years, few people realized that. But our state senators and representatives did, and I hope others soon do as well,” said Gilbert.

The Beginning, Not the End

Arkansas' new transit trust fund represents a great victory for public and community transportation. But it is just the beginning, and cannot be the end. As Gilbert and the ATA members readily admit, there remains a great need for more federal investment in public and community transportation in Arkansas.

“We have to make our representatives in Washington see our issues as clearly as we did with the state legislature here at home,” said Gilbert.

Still, the new Arkansas Public Transit Trust Fund represents a great leap forward for the citizens and transit providers in the Natural State. It is a victory that to those who have paid attention to the outstanding service provided by the state's transit operators doesn't seem altogether astounding. But it is one worth pursuing in countless other states around the nation.