



For immediate release

DATE: January 28, 2008 (originally released)
January 31, 2008 (updated to include start date for sales tax)

CONTACT: Diane Palmer, Director of Communications, RTA, 312-913-3282

RTA BOARD APPROVES SALES TAX INCREASE

Sales tax increases for transit start April 1

Chicago – The Regional Transportation Authority (RTA) Board of Directors approved a sales tax increase for the region today that will provide critical operating funds to the CTA, Metra and Pace. The board action follows approval of transit funding and reform legislation adopted by the Illinois General Assembly on January 17 and enacted into law the following day with Governor Blagojevich's approval.

“Today is a great day for the region and for the millions of people who depend on our transit system,” said Jim Reilly, Chairman of the RTA Board. “Not only have we instituted a new funding plan that will fund the day-to-day operations of the system, but we have also instituted an important series of reforms that will make the system more efficient and effective.”

The RTA board action enacts a 0.25% sales tax increase in each of the six counties of northeastern Illinois, which will produce \$280 million in new operating funds for the CTA, Metra and Pace. An additional 0.25% sales tax increase will also be collected in the collar counties of DuPage, Kane, Lake, McHenry and Will counties and will produce approximately \$121 million for suburban transportation and public safety projects. Those sales tax increases begin April 1.

The state of Illinois will continue its traditional paratransit funding of \$55 million annually, and when the legislation is fully implemented in 2009, the state will also annually match 25% of the regional sales and real estate transfer tax funds raised. The state match will produce approximately \$70 million annually.

The legislation also allows the Chicago City Council to impose a new real estate transfer tax of up to 0.3%. Such a rate will raise about \$100 million to implement essential CTA pension reform plans. Consideration in the City Council is expected soon.

-- More --

RTA BOARD APPROVES SALES TAX INCREASE

Focus now turns to securing capital funds

“The new funding and reforms will allow us to bring our system up to a state of good repair and ensure that we are operating efficiently,” said Steve Schlickman, RTA Executive Director. “We are really pleased that the crisis was resolved without cutting service or raising fares across the system,” noted Schlickman.

New financial and management reforms will improve coordination among the service boards and hold the line on costs. Long-term financial forecasts will be required of the RTA and service boards. The plan substantially reforms CTA retiree health care and pension plans and shores up the system’s finances. Both the RTA and Metra boards will be expanded (from 13 to 16 and 7 to 11, respectively), to achieve more balanced representation from each of the transit region’s counties and the City of Chicago.

“Two years ago the RTA and service boards began a strategic planning process that outlined our needs, and in conjunction with the General Assembly and the Governor, we were able to pass a long-term, comprehensive plan to address them,” said Reilly. “Representatives Julie Hamos and Sid Mathias, Senators John Cullerton and Rickey Hendon, as well as Governor Blagojevich all deserve credit for their leadership.”

While the legislation provides day-to-day operating funds for the system, it does not address long-term capital needs. The state has not had a capital funding plan in place since 2004, and the last major state plan was approved in 1999. The lack of a state infrastructure plan has degraded the physical condition of the transit system.

“The new operations funding will help us address some regular maintenance, but it will do nothing to address our capital needs,” said Schlickman. “The service boards are being forced to use outdated buses and trains and our tracks, stations, and various facilities need to be upgraded,” said Schlickman.

“If we don’t have new capital funds, we will not make the most of the new operating funds to bring the system into a state of good repair. The system needs to be enhanced and expanded if we are going to meet increasing demands for transit,” Schlickman said.

The Illinois General Assembly is expected to consider capital funding proposals during the current legislative session.

###

Moving Beyond Congestion is a joint strategic plan including the RTA and its Service Boards: the CTA bus and train, Metra commuter rail and Pace suburban bus and paratransit service. The goal is to maintain, enhance and expand transit in northeastern Illinois. For more information, visit www.MovingBeyondCongestion.org.

a joint strategic
planning project by



Metra

