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# **FINANCING SUSTAINABLE TRANSPORTATION: An Overview of Finance Mechanisms and Cases from the U.S. and Germany**

## **Financing mechanisms in Germany**

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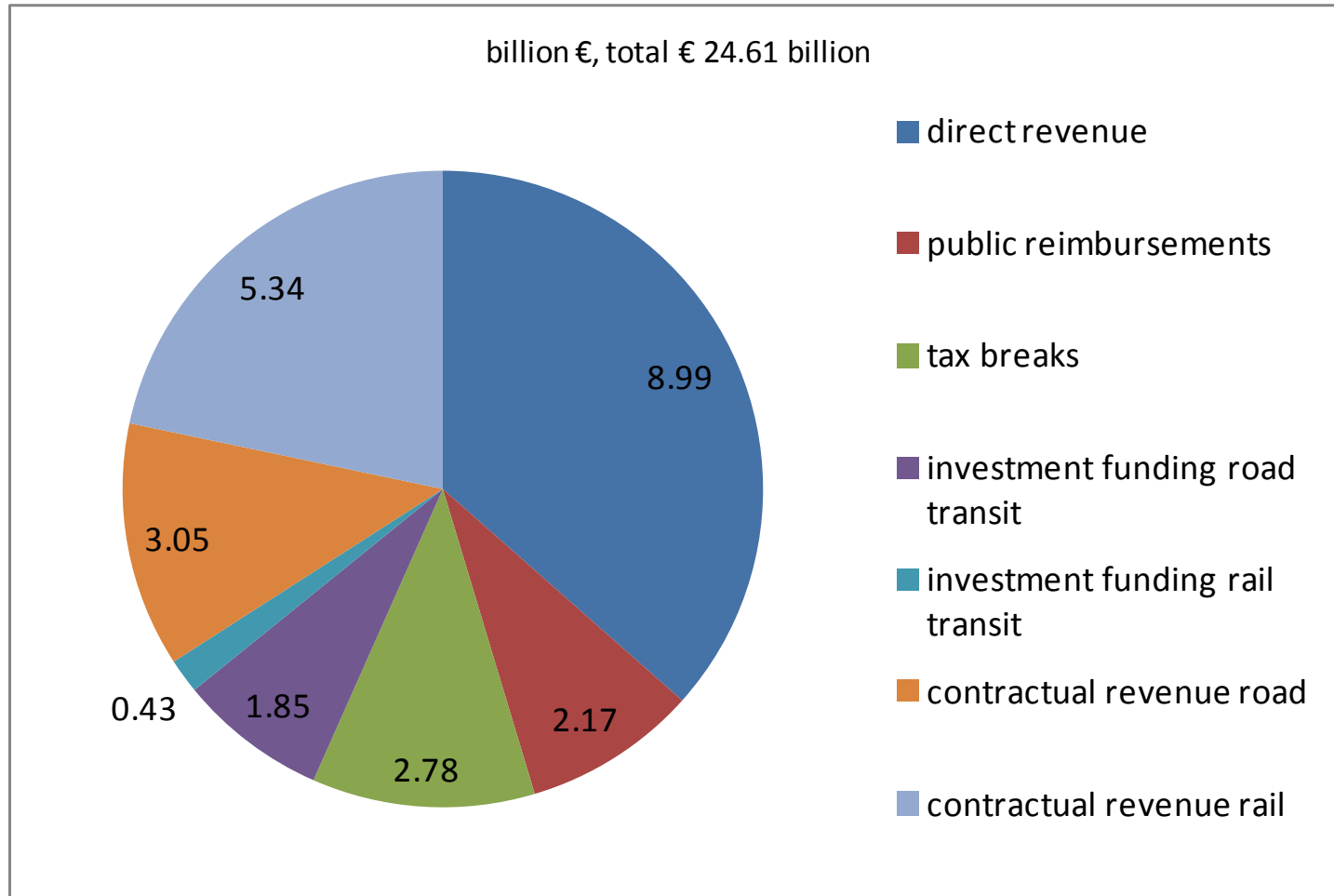


## Transit funding in Germany

- ▶ taking place at federal, state and municipal level
- ▶ many funding instruments, some for a single mode, other for diverse
  - ▶ direct revenue
  - ▶ investment funding for road and rail transit (state funding for investment)
  - ▶ tax breaks (no VAT on commissioned transit, reduced VAT for all other)
  - ▶ public reimbursements (fare union, fares for students, disabled, others)
  - ▶ contractual revenue for road and rail (revenue for commissioned services)



# Transit funding in Germany





## Baden-Württemberg 2010

<b>total funding for transit services</b>	<b>€ 1.28 billion</b> <b>~ € 118 per citizen</b>
transfers to operating costs of rail transit	€ 650.9 million
infrastructure investments	€ 135 million
rolling stock investments	€ 2.8 million
transfers to investments and operating costs of bus transit	€ 10 million
support to fare unions	€ 48 million
compensation for free tickets for disabled	€ 36.8 million
compensatio for fare rebates to students	€ 394 million

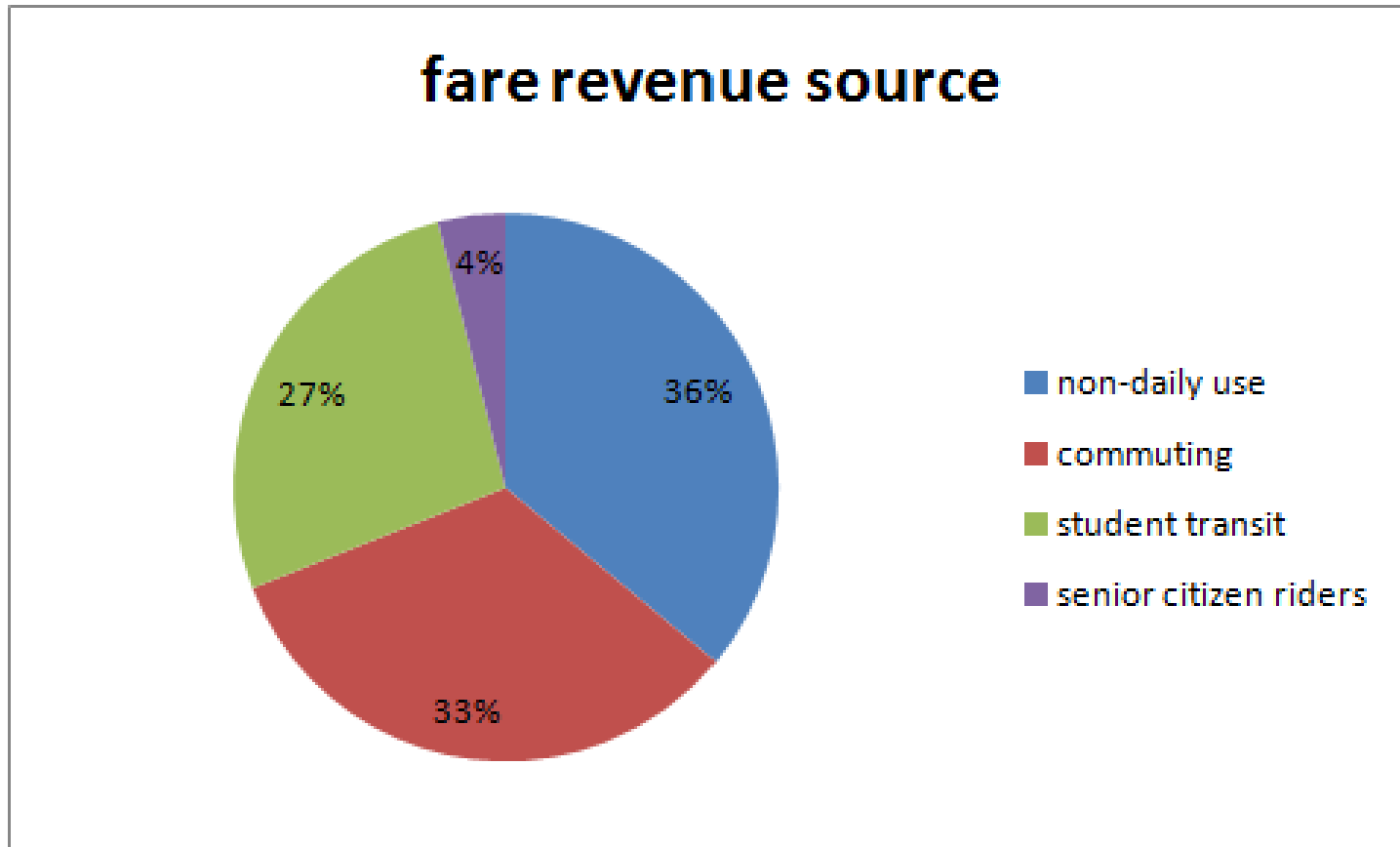


## Stuttgarter Straßenbahnen AG (SSB) 2010

item		
operating revenues		(+) € 281.7 million
of which	fare revenues	€ 187.4 million
	transfers for operating expenses	€ 62.1 million
	other revenue	€ 32.2 million
operating costs		(-) € 300.2 million



# Fare revenues at SBB





## Cost recovery and user fees

- ▶ user fees don't cover the full costs of public transport
- ▶ higher direct per km costs for transit riders than for car drivers (fuel)
- ▶ higher price increases in public transit than general inflation
- ▶ fees for using public transport cannot be increased significantly in order to raise further revenue for infrastructure and operations. Other sources need to be explored
- ▶ wealthier and denser agglomerations fare better as the funding gap is relatively small and can be borne more easily by the state and municipality



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# Thank you.

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