

TRANSIT COMPETITION

ISSUE

Private intercity motorcoach operators face increasing competition from federally subsidized local transit agencies that violate federal law. Federal Transit Administration (FTA) regulations prevent transit agencies from using funds to provide charter bus service or regularly scheduled bus service outside urban areas. Yet some local transit agencies continue to offer these services in direct violation of federal regulations.

BACKGROUND

The Federal Transit Act currently excludes “charter and sightseeing transportation” services from the definition of “mass transportation” for which FTA funding is available. In addition, the Act prohibits a public agency recipient of FTA funds from providing intercity charter bus operations if it will foreclose a private bus operator from providing the same service.

In SAFETEA-LU, ABA was successful in strengthening the laws that pertain to the enforcement of the bus charter rules. Specifically, we prevailed on Congress to mandate that the Secretary of Transportation investigate charter rule violation complaints and also have the authority to fine publicly funded transit agencies that violate the charter rules. In addition, Congress, at our urging, mandated that FTA begin a negotiated rulemaking proceeding (“Neg. Reg.”) in which public and private bus operators met and negotiated a new, more equitable bus charter rule. The rule provides clear guidelines on what charter work may be provided by private operators and publicly funded transit agencies, a rational decision and appeals process along with safeguards to ensure that non-profit social service agencies are provided charter service.

ABA POSITION

ABA seeks full enforcement of the FTA’s charter bus rule. ABA rejects congressional action to create carve outs in specific jurisdictions to allow transit operators to perform charter service that is explicitly a function of the private motorcoach industry. Publicly funded transit operations can not be enabled by circumvention of the charter rule to use their access to public coffers to force private industry out of business. ABA supports strong enforcement by FTA of provisions in SAFETEA-LU that require FTA to impose reasonable financial penalties on transit agencies that have established a pattern of violating the charter rules.