



Jurisdictional Review of Transit Funding Tools

Background

At its meeting on July 10, 2025, the Strategic Planning Committee directed TTC staff to “report back on a jurisdictional scan of best practices on new funding revenues that offset cost pressures and incentivize ridership.”

In response, this briefing note summarizes funding mechanisms used by transit agencies worldwide, focusing on how each can provide a stable revenue stream while supporting ridership growth.

This work builds on previous TTC staff efforts to identify funding strategies and revenue tools already within the Commission’s authority, including commuter parking fees, advertising revenue, rent revenue, interest income and cash discounts, as outlined in the [Non-Fare Revenue Strategic Review](#).

Discussion

Global best practices show that a balanced mix of funding tools can strengthen transit’s financial sustainability while encouraging more people to choose transit. Transit systems internationally rely on a combination of fare revenues, dedicated funding sources and broader public revenues to support operations and capital investment. Jurisdictions use a variety of mechanisms reflecting local policy objectives, fiscal frameworks, and economic conditions.

The jurisdictional review identified several categories of funding approaches. The mechanisms reviewed include:

Funding Tool	Description
Within TTC’s Authority	
Lower-cost transit products (includes fare capping, Fair Pass)	Reduce financial barriers for riders and increase transit use, with subsidies offsetting lost fare revenue. Examples include fare capping and discounted monthly passes. (note subsidies would need to come from other orders of government to offset lost revenue)
Reduced transit passes sold to employers	Offers discounted bulk passes to employers, boosting ridership through commuter programs.
Advertising revenue	Monetizes transit’s visibility to generate non-fare income with minimal operational impact.
Other TTC Own Source revenues	These revenues are generated directly by the TTC and include parking revenues, concession and property rental, interest income, cash discounts on invoice payments and third party recoveries.
Not within TTC’s Authority	
Parking taxes	Increases costs for commercial or municipal parking to reduce car dependency and fund transit.
Development charges	Development charges from new developments to finance transit projects, aligning growth with service expansion and ridership gains.
Business taxes	Dedicates revenue from commercial activity to transit improvements, often linked to better access for employees and customers.
Rideshare taxes	Applies per-trip fees to ride-hailing services, creating revenue and reducing competition with public transit.

Funding Tool	Description
Carbon taxes	Allocates a share of environmental tax revenue to transit, encouraging a shift from high-emission vehicles.
Congestion pricing	Charges vehicles to enter high-traffic areas, producing revenue while incentivizing a shift to transit.
Fuel taxes	Channels a portion of fuel tax revenue to transit and promoting sustainable modes.
Payroll taxes	Levies on employers or employees to support transit operations, often paired with expanded service access.
Sales taxes	Dedicates a portion of sales tax revenue to transit.
Tax increment financing	Directs incremental growth in property tax revenue above a defined baseline within a designated area toward transit capital investment. Rather than increasing tax rates, these mechanisms reinvest new assessment growth generated by transit-enabled development, subject to provincial legislative authority.
Zone-based property taxes	Directs property tax revenues from areas benefiting most from transit to fund service, stimulating development and ridership in those zones.
Tolls	Generates revenue for transit through road pricing while managing congestion.
Income Taxes	Allocates a share of personal income tax revenue to fund transit operations or capital needs.

Across jurisdictions, these tools are typically implemented in combination rather than individually, reflecting different institutional arrangements and funding models. The review highlights the range of approaches used globally without assessing their applicability in the local context.

The jurisdictional scan found in Appendix A provides an overview of funding mechanisms used by transit systems and governments to support transit funding and ridership objectives. The information is intended to inform understanding of how different approaches are structured and applied in other jurisdictions.

Figure ES-1 | How transit agencies' revenue sources changed from before to during the pandemic

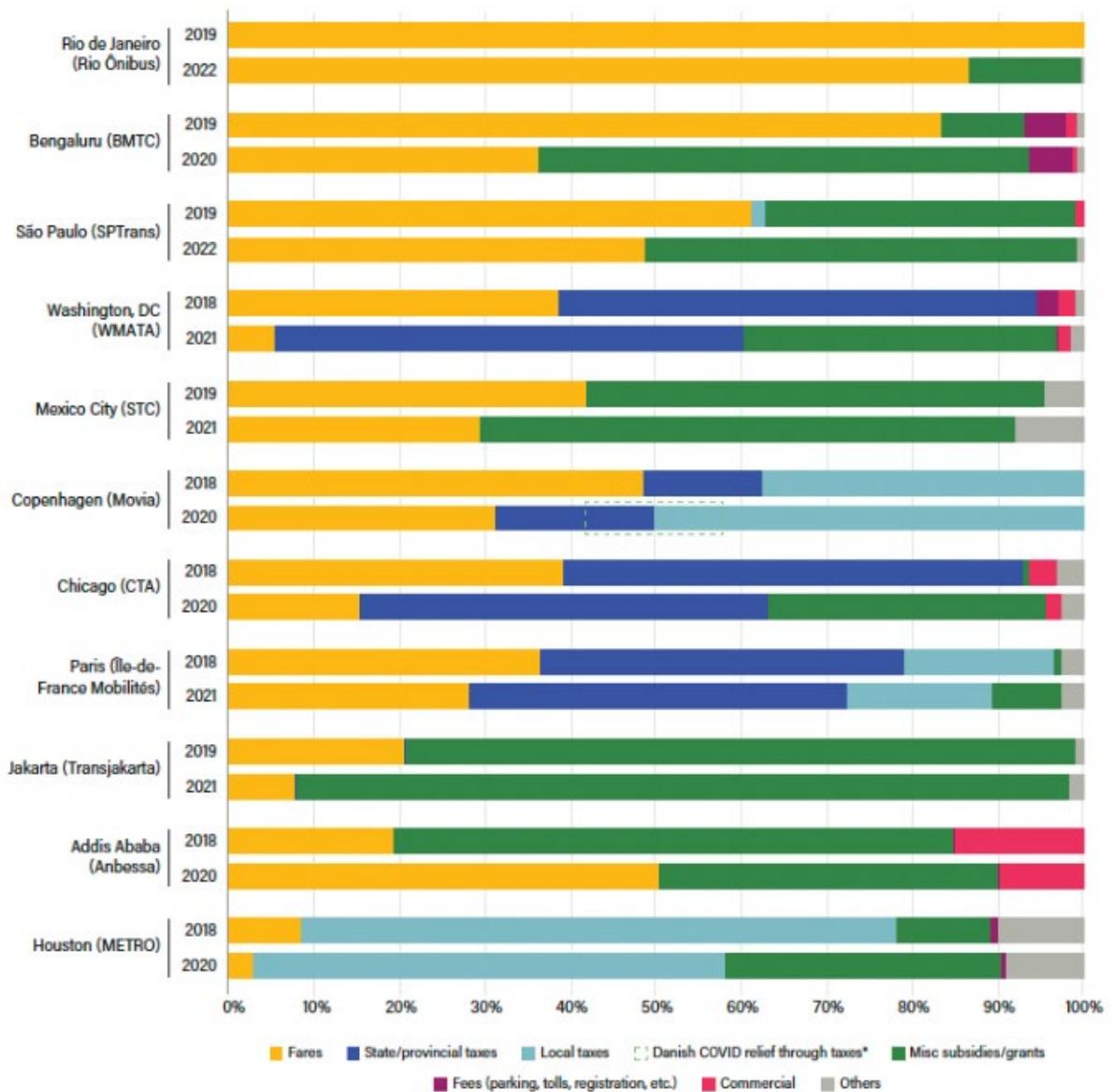


Figure ES-1 from [A Fare Look: Funding Urban Public Transport Operations \(World Resources Institute\)](#) visually compares how funding models have shifted across transit agencies since 2019. It serves as a benchmark for evaluating the TTC's existing revenue mix against proven global models and identifying high-potential options for future consideration.

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Attachments

Appendix A: Jurisdictional Scan of Best Practices on New Funding Revenues that Offset Cost Pressures and Incentivize Ridership

Appendix B: Sources

Appendix A: Jurisdictional Scan of Best Practices on New Funding Revenues that Offset Cost Pressures and Incentivize Ridership

The following table presents all funding measures identified through the jurisdictional review, summarizing their application in other jurisdictions, potential annual revenue, anticipated ridership effects and key implementation considerations.

Table 1: Jurisdictional Scan of Best Practices on New Funding Revenues that Offset Cost Pressures and Incentivize Ridership

#	Region	Jurisdiction	Mechanism/Strategy	Start/Status	Description	Estimated Annual Funding
Ridership Growth Tactics						
1	North America	Ontario, Canada	Fare Integration Subsidy (One Fare)	Since 2024	The province reimburses transit agencies for lost revenue when riders make free transfers between transit systems	CA\$121 M per year
2	Europe	Germany	Deutschlandticket Co-funding (Bund + Länder)	Since 2023	The federal and state governments split the cost of lower cost national passes	€1.5 B per year / ≈CA\$2.4 B
3	Europe	England (outside London), UK	£2 Fare Cap (Bus)	2023–2025	Central government pays transit agencies the difference between the £2 cap and the normal fare	≈£500 M / ≈CA\$924 M
4	Asia	Seoul, South Korea	Climate Companion Card (integrated monthly pass)	Since 2024	City funds cover the reduced price of a citywide monthly pass	≈₩35 B per year / ≈CA\$35 M
5	Asia	Philippines	Service Contracting (pay transit agencies to run service)	2020–2023 (waves)	National government paid transit agencies per kilometer for bus service, providing commuters with free rides	≈₱1.3 B per year / ≈CA\$32 M
6	Asia	India (national)	PM e-Bus Sewa (operations support)	Announced 2023; roll-out 2024/25	Central funds cover part of the cost of operations of new electric buses over 10 years	≈₹57,613 crore over 10 years / ≈CA\$9.0 B
7	North America	DC–MD–VA (WMATA), USA	Tri-Jurisdiction Dedicated Funding (\$500m/yr)	Since 2018	Virginia, Maryland, and Washington, DC each pay an agreed annual amount so the rail system can repair assets	≈US\$500 M per year / ≈CA\$680 M
8	North America	TTC / City of Toronto	City Building Fund Levy (Including Scarborough Subway Levy)	Since 2014	Additional property tax levy used to fund construction of the Scarborough Subway, transit and other city building projects	≈CA\$460M
Advertising Revenue						
9	Europe	London, UK	TfL Commercial/Advertising Income	Ongoing; recovering post-Covid	Revenue from posters, screens, and retail in stations supports operating costs	≈£154 M per year / ≈CA\$285 M

#	Region	Jurisdiction	Mechanism/Strategy	Start/Status	Description	Estimated Annual Funding
Business / Zone Based Tax/ Tax Increment Funding						
10	Europe	London, UK	Business Rate Supplement (Crossrail)	Since 2009	Big businesses pay an extra property tax that pays down Crossrail debt	≈£250 M per year / ≈CA\$462 M
11	Europe	London, UK	Mayoral Community Infrastructure Levy (MCIL / MCIL2)	Since 2012	A developer levy on new development floorspace across London. Funds are used to repay Elizabeth line financing	≈£126.1 M per year / ≈CA\$462 M
12	North America	Chicago, USA	Transit Tax Increment Funding (TIF)	Since 2016	Increases in property tax from an improvement zone are used to pay for rail reconstruction	≈US\$214M per year / ≈CA\$295 M
13	North America	Ontario, Canada	GO Station Area Levy	Ongoing	Value capture from development near GO stations.	Varies by project
Carbon Tax						
14	North America	California, USA	Cap-and-Trade: Low Carbon Transit Operations Program (LCTOP)	Since 2014	Money from carbon credit auctions is given to transit agencies to fund zero emissions vehicles and charging infrastructure	≈US\$1.1 B / ≈CA\$2.0 B
15	Europe	London, UK	Ultra Low Emission Zone (ULEZ) charges	2019 (central) → 2023 (London-wide)	Drivers of polluting cars pay a fee; any surplus supports bus and active-travel programs	≈£260 M per year / ≈CA\$480 M
16	South America	Maricá, Brazil	Tarifa Zero funded by oil royalties (municipal)	Since 2013	The city uses oil royalty money to pay for free bus service	Data not available
Congestion Pricing						
17	North America	New York, USA	Congestion Pricing (Central Business District Tolling)	Adopted 2019; paused 2024/25; planning ongoing	The toll raises new money that can pay for subway repairs and upgrades	≈US\$500 M per year / ≈CA\$687 M
18	Europe	London, UK	Congestion Charge	Since 2003	The daily driving fee brings in money that helps run and improve buses and trains	≈£236 M per year / ≈CA\$436 M
19	Europe	Stockholm, Sweden	Congestion Tax	Since 2007; expanded 2016	Drivers pay a fee to enter the city; the money is used for transit projects	≈SEK 1.2 B gross / ≈CA\$183 M

#	Region	Jurisdiction	Mechanism/Strategy	Start/Status	Description	Estimated Annual Funding
Development Charges						
20	Asia	Seoul, South Korea	Congestion Impact Fee	Since 1990s (TDM)	A fee is levied on select facilities, primarily large commercial buildings, based on their total floor area and a congestion coefficient	Data not available
21	North America	Metro Vancouver, Canada	Regional Development Cost Charge (Transit DCC)	In effect since 2020	Developers pay a fee on new buildings that funds new trains and buses	≈CA\$30 M per year
22	North America	City of Toronto	Development Charges	Since 1989	Development charges are one-time fees paid by developers to fund the essential infrastructure and public services required to support Toronto's growth.	CA\$520 M per year avg (\$210M goes to TTC)
Fuel Tax						
23	North America	Metro Vancouver, Canada	Dedicated Fuel Tax (18.5¢/L)	Since 1999; current rate 18.5¢	A few cents on every liter of fuel goes directly to transit	≈CA\$366 M per year
24	Asia	Punjab, India	Urban Transport Fund (Fuel Cess)	Since 2019	A small surcharge on every liter of fuel goes into an urban transport fund that helps pay for bus and rail projects	≈₹6,291 crore per year / ≈CA\$1 B
Parking Tax						
25	Europe	Nottingham, UK	Workplace Parking Levy	Since 2012	Employers pay for every parking space they offer; that money pays for tram lines and station upgrades	≈£10 M per year / ≈CA\$19 M
26	Australia	Sydney (NSW), Australia	Parking Space Levy	Since 1992 (expanded)	Owners of city parking lots pay an annual fee; the funds are earmarked for rail and light-rail projects	≈A\$127 M per year / ≈CA\$114 M
27	North America	San Francisco, USA	Parking Meters & Fines (SFMTA)	Ongoing	Revenue from parking meters and tickets is used to help cover daily operating costs	≈US\$274M per year / ≈CA\$377 M
28	North America	Metro Vancouver, Canada	Parking Rights Tax (Off-street)	Rate increased to 29% Aug 2025	A tax on paid parking lots brings in money that pays for day-to-day transit service	≈CA\$88 M per year

#	Region	Jurisdiction	Mechanism/Strategy	Start/Status	Description	Estimated Annual Funding
Payroll Tax						
29	North America	Portland Metro (TriMet), USA	Employer & Self-Employment Payroll Taxes	Since 1969 (rate adjustments)	Employers pay a small percentage of payroll that goes straight to the transit agency	≈US\$500M per year / ≈CA\$701M
30	North America	New York, USA	Payroll Mobility Tax	Since 2009	Payroll tax imposed on employers and self-employed individuals who operate within the Metropolitan Commuter Transportation District	≈US\$1.8 B per year / ≈CA\$2.5 B
31	Europe	France (national)	Versement Mobilité (Employer Payroll Tax)	Since 1970s; updated 2020s	Companies pay a payroll tax that covers about half of transit operating costs	≈€8.2 B per year nationwide / ≈CA\$13.1 B
Rideshare Tax						
32	North America	New York City (Manhattan south of 96th St.)	Rideshare/Taxi Congestion Surcharge (per-ride)	Since 2019	\$2.75 surcharge per non-shared rideshare trip within NYC's Central Business District, alongside June 2025 cordon toll; revenue earmarked for MTA's 2020–24 Capital Program to reduce congestion and promote transit use	≈US\$328 M per year / ≈CA\$451 M
33	North America	Chicago, IL	Ride-Share / Ground Transportation Tax	Since 2020	Citywide Ground Transportation Tax: \$1.25 solo / \$0.65 shared, plus \$1.75 solo / \$0.60 shared weekday surcharge in the Loop. \$2M annually supports CTA bus-priority corridors and other transit projects; peak-hour surcharge targets downtown congestion	≈US\$40 M per year / ≈CA\$55 M
34	North America	Washington, DC	Rideshare/Taxi Congestion Surcharge (per-ride)	Since 2018	6% gross-receipts tax (~\$0.60 on a \$10 ride); funds DC's share of WMATA's \$500M/year Fix Fund. Structure promotes ride pooling and shifts demand to Metrorail and bus.	≈US\$18 M per year / ≈CA\$25 M
35	North America	Seattle, WA	"Fare Share" Fee	Since 2020	"Fare Share" fee: \$0.75 per trip (includes new \$0.57 tax + existing \$0.24 fee); \$56M allocated to complete Center City streetcar, with remainder for station-area affordable housing. Designed to reclaim curb space and support high-capacity transit.	Data not available
36	North America	Portland, OR	Rideshare/Taxi Congestion Surcharge (per-ride)	Since 2025	Ride fee doubled from \$0.65 to \$1.30 (or \$2.00 via council amendment); generates \$5M/year for PBOT's Vision Zero and bus-lane upgrades. Increase aims to curb Uber/Lyft traffic and enhance street safety.	≈US\$5 M per year / ≈CA\$7 M

#	Region	Jurisdiction	Mechanism/Strategy	Start/Status	Description	Estimated Annual Funding
37	North America	Massachusetts (state-wide)	Rideshare and Transit Access Fee	Since 2021	Base fee raised to \$0.40 (shared) / \$1.20 (solo), plus \$0.20 Transit Access Fee within MBTA core. Revenue split: 50% Commonwealth Fund, 12.5% MBTA, 12.5% regional transit, 25% municipalities. Framed as offsetting traffic impacts of 50M annual TNC trips in Boston-Cambridge.	≈US\$18 M per year / ≈CA\$25 M
38	Europe	London (UK)	Removal of Rideshare Exemption	Since 2019	Rideshare exemption removed from London Congestion Charge; £15/day (rising to £18 in 2025) plus £12.50 ULEZ if non-compliant. Revenues fund TfL's bus, tube, and cycling budgets. Equal charge to private cars; projected to reduce rideshare impact by 6–10% in zone.	See TfL Congestion Pricing
Sales Tax						
39	North America	Seattle, USA	Local Sales Tax (Seattle Transit Measure 0.15%)	2021–2027	A small city sales tax adds money to the bus budget so service can be increased	≈US\$35 M per year / ≈CA\$73 M
40	North America	British Columbia, Canada	Luxury Vehicle Tax	Since 2022	Tax on high-value vehicles; revenues go to general government.	Not published
41	North America	Denver, USA (RTD)	Regional Sales & Use Tax (FasTracks +0.4%)	Voter-approved 2004	An extra county-wide sales tax pays for rail and bus expansion	≈US\$930 M per year / ≈CA\$1.3 B
42	North America	Miami-Dade, USA	Half-Penny Transportation Surtax	Since 2002	A half-cent sales tax funds transit projects and daily operations	≈US\$250 M per year / ≈CA\$344 M
43	North America	Massachusetts (MBTA), USA	Dedicated Share of State Sales Tax (Forward Funding)	Since 2000	One cent of the state's sales tax is automatically given to the transit agency	≈US\$1.5 B per year / ≈CA\$2.0 B
Tolls						
44	Asia	Singapore	Electronic Road Pricing (ERP)	Since 1998	Drivers pay an electronic toll at busy times; the revenue goes into the transport budget	≈S\$150 M per year / ≈CA\$160 M
45	North America	San Francisco, USA	Toll Revenue Cross-Subsidy for Transit	Ongoing	Part of every bridge toll is set aside to pay for bus and ferry service	≈US\$139 M over 5 years / ≈CA\$191 M
46	North America	Los Angeles County, USA	ExpressLanes Net Toll Revenue Reinvestment	Since 2014 (rounds of grants)	After paying for the road, leftover toll money is invested in buses and stations, reducing strain on the main transit budget	≈US\$125 M / ≈CA\$171 M

#	Region	Jurisdiction	Mechanism/Strategy	Start/Status	Description	Estimated Annual Funding
Other						
47	Europe	Stockholm Region, Sweden	Regional Income Tax Allocation to Transit (SL)	Ongoing	Part of the regional income tax is set aside for transit	≈SEK 15 B per year / ≈CA\$2.5 B
48	Europe	Madrid, Spain	Land Value Capture via 'Madrid Nuevo Norte'	Since 2019	Selling surplus rail land brings in cash that pays for a rebuilt station and new metro link	One-time €1.245 B / ≈CA\$1.8 B
49	Asia	Hong Kong, China	Rail + Property Development Profits (MTR)	Since 1970s	Profits from real-estate projects around stations are used to build and run new rail lines	≈HK\$10 B per year / ≈CA\$1.7 B
50	South America	Brazil (national)	Vale-Transporte (mandatory employer mobility benefit)	Since 1985	Employers buy commuting passes for workers, providing a steady income stream to transit agencies	Data not available

Appendix B: Sources

1. Ontario (Canada): “One Fare” (TTC–GO/905 transfer integration) provincial program ([Link](#), [Link](#))
2. Germany: Deutschlandticket (nationwide monthly pass) ([Link](#), [Link](#))
3. England (outside London), UK: £2 Fare Cap (Bus) ([Link](#))
4. Seoul, South Korea: Climate Companion Card (youth discount incremental subsidy) ([Link](#))
5. Philippines: Service Contracting Program (national support) ([Link](#))
6. India: e-Bus Sewa (national eBus operations support) ([Link](#))
7. WMATA (DC/MD/VA): Dedicated capital funding ([Link](#)) See page 4
8. TTC / City of Toronto: City Building Fund ([Link](#)) See page 2
9. London (TfL): Advertising & Retail (Commercial Media) ([Link](#)) See page 5
10. London (TfL): Business Rate Supplement (Crossrail) ([Link](#))
11. London (TfL): Mayoral Community Infrastructure Levy ([Link](#)) ([Link](#)) See page 2
12. London (TfL): Ultra Low Emission Zone ([Link](#))
13. Marica, Brazil: Free bus service funded from Oil Royalties ([Link](#))
14. New York City (MTA): Congestion Pricing (Central Business District Tolling) ([Link](#))
15. London (TfL): Congestion Charge ([Link](#)) See page 64
16. Sweden (Stockholm): Congestion tax (Trängselskatt) revenue ([Link](#))
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18. Translink (Vancouver): Dedicated Fuel Tax ([Link](#)) See page 15
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20. Translink (Vancouver): Regional Development Cost Charge ([Link](#)) See page 53
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22. Translink (Vancouver): Parking Rights Tax ([Link](#), [Link](#)) See page 15
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26. TriMet (Portland, OR): Employer and self-employment payroll taxes ([Link](#)) see page 110
27. TriMet (Portland, OR): Employer and self-employment payroll taxes ([Link](#)) see page 110
28. New York (MTA): Payroll Mobility Tax ([Link](#))
29. France: “Versement mobilité” (employer mobility tax) ([Link](#))
30. Chicago (IL): Transit Tax Increment Funding (Red-Purple Modernization + Red Line Expansion) ([Link](#)) see page 17
31. New York State (MTA) For-Hire Vehicle (Taxi/Ride-hail) Congestion Surcharge ([Link](#), [Link](#))
32. Chicago (CTA) Transportation Tax category (incl. Ground Transportation Tax) ([Link](#), [Link](#), [Link](#), [Link](#)) See page 2
33. Washington, DC: Rideshare/Taxi Congestion Surcharge ([Link](#))
34. Seattle, WA — “Fare Share” (TNC tax) ([Link](#))
35. Portland, OR: Rideshare/Taxi Congestion Surcharge ([Link](#), [Link](#))
36. Massachusetts (statewide): Rideshare per-ride assessment ([Link](#))
37. London, UK (TfL) Removal of Rideshare Exemption for Congestion Pricing ([Link](#))
38. Seattle: City Transit Measure (0.15% sales tax) ([Link](#), [Link](#)) See page 34
39. Denver RTD: Sales & Use Tax (0.6% district rate) ([Link](#)) See page 12
40. Miami-Dade: ½-cent Transportation Surtax (People’s Transportation Plan) ([Link](#), [Link](#))
41. MBTA (Boston, MA): Dedicated sales tax transfer ([Link](#)) See page 9

42. Singapore: ERP (Electronic Road Pricing) revenue ([Link](#)) See page 27
43. San Francisco (Golden Gate Bridge District): Bridge toll cross-subsidy to transit ([Link](#)) see page 49
44. Los Angeles Metro: ExpressLanes Net Toll Revenues (I-10/I-110) ([Link](#)) See page 4
45. Stockholm Region: Regional Income Tax (supports SL public transport) ([Link](#))
46. Spain (Madrid): Rail land sale / long-term canon for Madrid Nuevo Norte (land value capture) ([Link](#)) See page 73
47. Hong Kong: MTR Rail-plus-Property (property development profit): ([Link](#)) See page 9
48. Brazil: Vale-Transporte (mandatory employer mobility benefit) ([Link](#))
49. A Fare Look: Funding Urban Public Transport Operations | World Resources Institute ([Link](#))