



# **The Bus Coalition | 2026 Legislative Priorities**

Reauthorization Funding and Policy Requests | February 2026

**Overview:** Representing our national membership of 150+ public transit organizations and 900+ transit leaders, The Bus Coalition shares the following overview of our members' legislative requests for the 119<sup>th</sup> Congress and the upcoming Surface Transportation Reauthorization process. Our Coalition's driving goal is improving the effectiveness of federal public transit funding and the betterment of the communities across the United States that we serve.

***While substantial progress has been made restoring federal funding levels for bus transit, maintaining this funding and implementing a range of simple policy changes can improve deployment and increase the impact of these funds. TBC stands ready to work with Congress to sustain critical investments and encourage policy reforms such as these:***

## **Federal Transit Funding Priorities:**

- Priority 1: Bus Grant Funding Levels and Federal Transit Revenues**  
**1A: Maintain \$2.2 billion 5339 Bus and Bus Facility Funding Baseline**  
**1B: Maintain Bus Competitive Grants**  
**1C: Support Financing to Address Highway Trust Fund Shortage**

## **Policy and Administrative Reforms:**

- Priority 2: Grants Application & Administration**  
**2A: 5339 Application Process Reform**  
**2B: Local Match Simplification**
- Priority 3: Fleet and Facilities Management**  
**3A: NEPA Streamlining**  
**3B: Spare Ratio Elimination**  
**3C: Build America / Buy America Reforms**  
**3D: NTD Reporting Acceleration**
- Priority 4: Other Issues**  
**4A: Local Control over Fleet Propulsion Type**  
**4B: Tech Capital Procurement Reforms**  
**4C: Support Transit MPO Board Designation**  
**4D: Extend Alternative Fuels Tax Credit**

**The following pages provide initial analysis of the legislative and reform proposals outlined above.** With these and similar reforms made to Federal Transit policy, we will dramatically expand the impact of these federal investments for economic growth, access to opportunity, and mobility options for the students, seniors, and all citizens that rely on public transportation every day.

**We look forward to providing any additional information needed to consider these requests.**



## **Federal Transit Funding Priorities:**

TBC's central long-term priority remains full federal funding for the Bus and Bus Facility Program in the 2026 Surface Transportation Reauthorization Bill.

### **Priority 1: Bus Grant Funding Levels and Federal Transit Revenues**

#### **1A: Maintain \$2.2 billion 5339 Funding Baseline**

**Request:** Maintain funding of the 5339 Bus and Bus Facility program at \$2.2 billion, the level authorized in the final year of IIJA (FY26).

**Justification:** Bus transit continues to be the mobility workhorse in communities across the country. Buses continue to see the largest recovery in transit ridership when compared to pre-pandemic levels. According to APTA, as of May 2025, bus ridership has recovered to 86 percent of 2019 levels, leading all fixed-route transit modes. Rail modes have recovered to 72 percent of 2019 levels. Overall, bus ridership continues to carry over half of all total transit ridership nationwide. Buses are part of the solution to help communities of all sizes provide flexible, safe, and efficient mobility options. However, the need for additional bus capital funding remains high as the disinvestment in bus programs over the past decade has challenged transit systems and has led to significantly smaller and older fleets.

Between 2013 and 2024, fleet size nationwide dropped by more than 25 percent. Fewer buses mean less service, less reliability, and ultimately fewer riders. While fleet size shrank, the age of buses continued to climb. Between 2009 and 2024, the percentage of buses operating past useful life (12-years) increased 60%. During that same period, the percentage of buses operating over 15 years increased 105% – a staggering doubling of the share of buses operating long after they should have been taken off the road. Older buses do not just mean a less pleasant experience for riders; they also mean more frequent breakdowns, higher maintenance costs, safety risks, and likelihood that riders will be late to work, school, and medical appointments.

Thus, it is no surprise that demand for bus transit capital funds remains significant. In 2025, the Bus and Bus Facilities and Low or No Emission competitive grant programs received \$8 billion in funding requests for \$2 billion available. And in 2024, we saw the largest oversubscription in the program's history.

Any reduction in funding for buses will further exacerbate the problems with our nation's fleet and delay full ridership recovery. For these reasons, we strongly support maintaining funding for the Bus and Bus Facilities Program (5339) at \$2.2 billion in formula and competitive grants as authorized in the final year of IIJA.

#### **1B: Maintain 5339 Competitive Grants**

**Request:** Competitive grants are critical for transit systems, especially in rural and smaller communities, to address larger, capital needs including bus replacement, service expansion and facility construction projects. *Thus, TBC strongly supports maintaining the current split of 70% competitive and 30% formula.*

**Justification:** While formula funding through 5339(a) is important, it disproportionately benefits the largest 20 urbanized areas (UZA). This means that these smaller transit agencies typically don't receive enough annual formula funds to purchase even a single bus.

Until 2012, the 5339 program had not been formulized, and the competitive grant system worked well for decades. Maintaining the current allocation of 70% funding to competitive grants ensures all transit systems have access to funding for larger, bulk purchases to replace buses and construct facilities.

### **1C: Support Financing to Address Highway Trust Fund Shortage**

**Request:** Enact financing policies through user fees to stabilize the Highway Trust Fund.

**Justification:** The federal gas tax has been stuck at 18.4% since 1993, dramatically reducing the purchasing power of federally funded infrastructure programs. TBC supports additional financing mechanisms to ensure the Highway Trust Fund is solvent.

## **Policy and Administrative Reforms:**

*Priority 2:*     **Grants Application & Administration:**

### **2A: 5339 Application Process Reform:**

**Request:** To simplify and improve the grants application process, **(1)** Convert all bus capital grant application processes to follow the streamlined and successful tribal application process. And **(2)** require FTA to report annually to Congress on the progress on implementing these reforms.

**Justification:** The current capital grants program that transit agencies rely on are difficult to access, have overly burdensome reporting requirements, have unnecessary limitations, and impose requirements that drain resources. These bureaucratic constraints undermine the effectiveness of federal programs and diminish their impact on transit riders' lives.

### **2B: Local Match Simplification:**

**Request:** TBC strongly supports a reduced local match for small and rural transit systems through the 5339 grant program.

**Justification:** Small and rural public transit systems are highly effective at improving riders' lives and improving economic growth in smaller and rural communities. Yet these systems face the greatest challenges in accessing these crucial funding pools. By reducing the local match for these systems, FTA can reduce the cost share burden for these systems and allow them to make better use of these grants.

*Priority 3:*     **Fleet and Facilities Management**

### **3A: NEPA Review Streamlining:**

**Request:** Reform transit systems' environmental review process by **(1)** applying the same real estate negotiation process applied by FHWA for highway projects to transit property acquisitions. **(2)** Expand categorical exclusions for simple projects including bus stops, and **(3)** implement a simplified 'checklist' approach to project review. Further details on each of these below:

## **Justification:**

**(1) Property Negotiation at Parity with FHWA:** A regular requirement for growing transit operators is the acquisition of real property for maintenance, administrative, and other essential operations tasks. In recent years however, nearly every attempt by local transit systems to purchase property has suffered major project delays and cost overruns due to the complexity of burdensome federal regulations, environmental review processes, and cumbersome NEPA requirements.

In many cases, federal regulations prohibit local transit management from commencing even basic deal negotiation with present owners of needed land or facilities. These ineffective rules have in many cases led to such properties to be sold to other purchasers. Even when transit systems are able to acquire target properties, these artificially cumbersome negotiations lead to substantially higher acquisition costs for local providers and the American taxpayer.

**(2) Expand FTA Categorical Exclusions:** TBC also proposes expansion of allowed Categorical Exclusion categories for smaller-scale, simpler bus shelter projects. Often, transit systems must complete expensive, time-consuming environmental reviews, including Section 106 historic preservation, for the addition or replacement of bus stops on existing or new transit routes. This dramatically increases the cost of projects at high cost to American taxpayers at the local, state, and federal levels.

**(3) Implement Checklist Approach to Project Review:** We also propose consideration of a standardized, simplified ‘checklist’ approach to improve the reliability and value of federal environmental review processes. This approach would clarify the requirements for environmental approvals and shift the burden of accountability properly to the parties responsible for project completion.

## **3B: Spare Ratio Elimination:**

**Request:** **(1)** Eliminate spare ratio requirement entirely. **(2)** If needed, create an alternative, flexible requirement that offers individual systems a path to demonstrating compliance. **(3)** If Spare Ratio policy remains, exclude all 12 year+ buses from the required vehicle count.

**Justification:** The FTA Spare Ratio policy and reporting process has outlasted its need. While it remains important to ensure federal transit dollars are directed effectively to mission-critical mobility outcomes, there exist simpler, higher-impact means of producing this outcome. Properly empowered, local transit managers can protect the federal government and taxpayer interest with much lower administrative burden, as well as management and capital costs.

This issue is even more pressing in an era of high-technology, high-cost rolling stock acquisitions. In the current environment (high-cost vehicles, long delivery times), the risk of unnecessary duplication in orders has been drastically reduced already. And the introduction of Zero-Emission (ZE) buses places an added burden on the system as they cannot afford to have several of these buses sitting in their lots, in case one of their buses need to be replaced. TBC’s position is that the Spare Ratio requirement be ended completely. If needed, it could be replaced or converted to a highly-simplified, flexible reporting requirement.

## **3C: Build America / Buy America:**

**Request: (1)** Change Buy America for transit project to default approvals after allowed Federal review. **(2)** Keep full BABA reviews at DOT / FTA levels, with accelerated reviews within a limited, time-bound window.

**Justification:** Because of specific challenges in the vehicle procurement process, Build America / Buy America processes should be revised to allow DOT to handle the requests within the department itself. A very bureaucratic process has been built around this issue that needs to be simplified, with a specific timeline on the process. In many cases, it takes 2-3 years and substantial legal and advisory costs to navigate this process. This approach does not fit the pressing, time-sensitive vehicle acquisition needs of public transit agencies and the riders they serve.

### **3D: NTD Reporting Acceleration:**

**Request: (1)** Work with new TBC Task Force to identify and review priority data categories and simplify reporting to that goal. **(2)** Require FTA to modernize data collection and speed reporting to include same-year data reporting and real-time access to system-level data on the same or similar timeline as which it is submitted.

**Justification:** NTD data in this new technology world has not kept pace with what is available and when it's available. Transit systems across the country submit on regular basis, mostly due every 6 months by the department, yet it takes in many cases up to 2 years or more for the data to be available by NTD. This means data for individual systems or industry analysts is not available to be used in a timely fashion. Such delays mean data is often outdated when it is available, and no longer useful in aiding effective public management at the national or local level. We suggest that NTD be restructured to be required to present their reports in a much more timely manner.

## *Priority 4*

### **Other Priorities**

#### **4A: Local Control over Fleet Propulsion**

**Request:** Ideally fuel choice is dependent on a variety of factors including location, specific climate issues, local environmental and public health conditions, and transit system design. TBC supports reframing the issue to focus on the best fit for the conditions and system to be served, always keeping an eye on efficiency and reduced emissions. This applies broadly to infrastructure, innovation, and the needs of the transit system, rather than an exclusive focus on any one fuel or propulsion technology. Ultimately, we support allowing transit operators to determine which propulsion technology works best for their system.

**Justification:** Across the country many transit systems have tried to design transit bus needs based on moving to or toward a zero-emission system. In some cases, the local infrastructure and conditions support moving to fully zero-emission while low emission technologies can reduce emissions, increase efficiency, reduce health impacts of emissions and better fit local conditions in other cases. We believe that transit systems should be allowed to develop their long-term plans based on what works best in their local conditions, working to achieve the goal of reducing emissions.

#### **4B: Tech Capital Procurement Reforms**

**Request:** Change 5307 technology capital purchasing requirements to allow tech procurement to leverage the advantages of Software-as-a-Service (SaaS) licensing and operations advantages.

**Justification:** The tech capital requirements in the 5307 program prevent transit systems from productively leveraging innovative software platforms that utilize SaaS business models where the traditionally upfront capital implementation costs are spread across contract duration. This limits the ability of transit operators to implement next-generation technologies, and inadvertently leads to higher project costs, while enabling vendor lock-in for suboptimal software products.

#### **4C: Support Transit MPO Board Designation**

**Request:** Support statutory language to ensure direct, voting representation for public transit agencies on Metropolitan Planning Organization (MPO) policy boards, along with a formal procedural appeal mechanism for MPO actions that may violate federal law or regulation.

**Justification:**

- Under MAP-21 (2012), Congress required that MPO boards (in Transportation Management Areas) include “representation by providers of public transportation.” However, federal regulations (23 CFR 450.310) leave room for local or state arrangements to decide *who* fills that seat.
- In practice, many MPOs satisfy the transit requirement by appointing a city or county official—who may also operate a small municipal transit—to the transit seat, rather than seating the regional **transit operator itself**. This “dual-hat” or indirect representation means that sometimes the larger independent regional transit agency lacks a direct vote on the MPO board.
- Research suggests that only around **51%** of MPOs have a voting transit provider seat; and in many cases, bylaws are ambiguous whether that seat is direct or indirect.
- On occasion, when MPO Board members discuss their options for programming federal funding that can either go to the regional transit provider or to the city, the MPO Board members often vote for the funds to go to their city. A clear conflict of interest and a decision made without the regional transit provider at the table.
- Transit agencies report that indirect representation dilutes their voice, particularly where competing priorities arise between city needs and regional transit investments. A clear, statutory requirement for direct voting seats would align decision making with the realities of operations and ridership in metropolitan regions.

#### **4D: Extend Alternative Fuels Tax Credit**

**Request:** TBC supports a permanent extension of the Alternative Fuels Tax Credit, an important financing resource that supports transit systems in their transition to CNG and other similar fuels that reduce emissions.

**Justification:** The Alternative Fuels Tax Credit helps transit systems reduce their emissions by providing a tax credit for a portion of costs associated with alternative fuel use. The credit expired at the end of 2024. We support an extension of the provision to provide long-term support and certainty for transit agencies.