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## NEWS RELEASE

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### INNOVATIVE FINANCING OF TRANSIT THE GOAL AS UMTA APPROVES FIRST TWO CROSS-BORDER LEASING DEALS

The Urban Mass Transportation Administration (UMTA) has for the first time approved two agreements using an innovative financing technique called cross-border leasing.

The two transit agencies involved are the San Diego Metropolitan Transit Development Board (San Diego MTDB) and the New Jersey Transit Corp.

"Together, these transactions will generate approximately \$4.9 million in additional revenues for these mass transit authorities," said UMTA Administrator Brian W. Clymer. "They are also dramatic examples of how the mass transit industry and UMTA can put into practice the creative financing initiatives encouraged by the National Transportation Policy."

In cross-border leasing, a foreign investor purchases such transit assets as rail cars or buses and leases them to an American transit agency. The investor can take advantage of any business-related tax benefits in his own country, and the transit agency earns revenue from its participation in the transaction.

The San Diego MTDB will transfer, under a bill of sale to a German investor, certain light rail vehicles recently acquired with UMTA funds. The MTDB will then lease the vehicles back for a term of 17 years, at which time it may exercise an option to purchase them for a nominal amount.

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New Jersey Transit presently plans to lease four locomotives from a Swedish investor for a period of seven years, and may lease up to 15 such vehicles. At the end of the lease, they will have an option to purchase the locomotives.

"Both of these pathbreaking agreements demonstrate the benefits of the creative financing and public-private partnerships envisioned by the National Transportation Policy," Clymer said. "Cross-border leasing gives transit agencies a powerful new financial tool, offers incentives for private investments in public transit, and helps the federal taxpayer's investment go farther."

The strategy, he said, is part of an initiative announced earlier this year by Secretary of Transportation Samuel K. Skinner that will generate additional revenues for transit authorities.

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