The specific case in France: public transportation funded by employers through the ‘versement mobilité’

As early as the 1970s, the negative effects of the prevalence of the car, a victim of its success, were starting to be felt in France: a lack of space in cities, noise and air pollution and congestion therefore urged mobility authorities to step up urban public transportation services[239]. This was achieved through the *versement transport* (VT) contribution, which was replaced by the *versement mobilité* (VM) upon the entry into force of the Framework Mobility Act (LOM). The VM is a local contribution payable by public- and private-sector employers with more than eleven employees, which supplements the funding of transportation networks. It is a production levy borne by companies’ economic performance.

This mechanism is specific to France and plays a key role in the funding of investment expenditure and the operation of mobility services[240]. Article L. 2333-64 of the French Local Authorities Code provides that municipalities and inter-municipal associations with more than 10,000 inhabitants and municipalities competent as mobility authorities and ranked “Tourist resorts” can establish a VM in their area, of 0.55% of payroll at the most and 0.2% for tourist resorts[241].

The VM is the main component of urban public transportation funding in France, as it accounts for almost half of total revenues for mobility authorities at €8.2 billion per year[242]. Far from restricting itself to a mere stimulation of public transportation, the VM has been used to finance its modernisation, invest in alternative means of transportation, contribute to improving intermodal connections and even to plan fare-free travel in certain medium-sized urban areas such as Aubagne in 2009 and Dunkirk in 2018. The VM can be considered as the backbone of the French mobility funding model[243].

→ DISAGREEMENTS BETWEEN PUBLIC TRANSPORTATION STAKEHOLDERS AND INDUSTRY REPRESENTATIVES

While the VM is broadly supported by public transportation stakeholders and the State, companies, which in major cities also contribute to paying 50% of their employees’ travel passes in addition to the VM, are bearing a double taxation on transportation. Entities such as the *Mouvement des Entreprises de France* (*Medef* - the largest employers’ union), the Chambers of Commerce and Industry (CCI) and the *Confédération générale des petites et moyennes entreprises* (*CGPME* - Employers’ confederation for small and medium enterprises) oppose the tax burden represented by this tax levied on payroll, which effects jobs and competitiveness[244]. These bodies criticise the territorial inequality resulting from this tax, which was initially introduced in the *Île-de-France* region around Paris in 1971 and has been constantly extended, from municipalities with 300,000 inhabitants to municipalities with more than 10,000 inhabitants. It is mainly companies operating outside conurbation centres which are suffering from the extension of the scope of application of the versement transport (Chevènement Act of 1999), as they still do not have appropriate urban public transportation infrastructure in their area of work.

→ A FUNDING SYSTEM WHICH HAS ALREADY REACHED ITS LIMITS

The successive extensions of the scope of mobility authorities in the last forty years bear witness to the VM’s inability to provide a long-term answer to the need to finance urban public transportation infrastructure, notwithstanding the financial windfall generated by this tax. Mobility authorities have on several occasions increased the VM rate to finance many transportation infrastructure projects that are currently underway, in particular those of the *Grand Paris Express*.

Furthermore, a study conducted by Ernst and Young in March 2017 demonstrated that transport fares increased by 2.85% on average between 2010 and 2015[245]. There is therefore a widespread increase of all funding instruments in large cities in France, and particularly in Paris. For now, it has to be said that the VM has reached its maximum yield in most cities (in Paris and in the Hauts-de-Seine département, the applicable rate is 2.85% of payroll, while it is 1.50% in other municipalities in the Paris region). This is why mobility authorities are considering new sources of funding for their urban public transportation.

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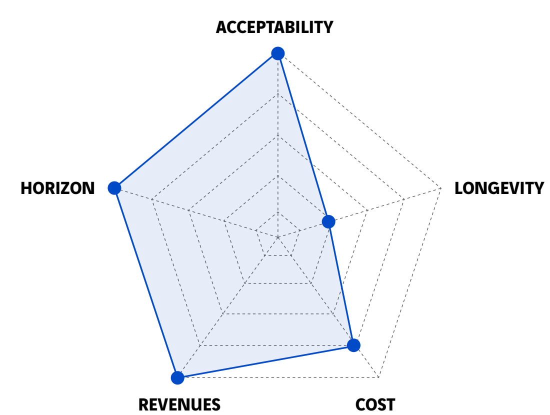

Who pays?

STATE

COMPANIES

TAXPAYER

What scale of implementation?

LOCAL

NATIONAL