Transportation

The Department of Transportation's (DOT) five-year capital program and annual budget represent the State's agenda for maintaining and improving its transportation infrastructure. New Yorkers rely on the transportation infrastructure, including highways, bridges, local roads, freight and rail passenger networks, airports, canals, ports, and mass transit systems, to go about our daily activities and to stimulate our economy by increasing flow of goods and services and spurring economic development and job creation.

The Executive proposes a $17.4 billion five-year DOT capital program and a $19.2 billion five-year Metropolitan Transportation Authority (MTA) capital program. To help fund the two Capital Programs, the Executive proposes to increase various Motor Vehicle fees, restructure the Dedicated Highway and Bridge Trust Fund and raise the Mortgage Recording Tax imposed on borrowers in the 12-county Metropolitan Commuter Transportation District (MCTD). Under the Executive's proposal, passenger registration fees would increase by as much as 75 percent and owners of vehicles over 6,050 would pay an additional $100 annual surcharge. The Mortgage Recording Tax for borrowers would increase 40 percent from 25 cents per $100 to 35 cents per $100. The lenders' portion of the Mortgage Recording Tax would be exempted from the increase. The details of the debt restructuring have not been released to the Legislature. The Executive estimates the increases would generate an additional $1.72 billion over the next five years, which would be deposited into the Dedicated Highway and Bridge Trust Fund and Dedicated Mass Transportation Trust Fund to support Capital Program spending.

The Executive's proposal provides funding for only the first three years of each capital program, leaving a combined funding gap of over a one billion dollars for the programs. While actual financing plans for the remaining two years have not been established, the Executive expects to fund the out years of the programs using money leveraged under the Executive's proposed Transportation Facility Development Partnership Program, which would allow public-private partnership agreements, and other creative financing schemes.

The bulk of the DOT Capital Program provides funding for maintenance and rehabilitation of highways and bridges. Poor pavement conditions and deficient bridges are a threat to the safety of motorists and a tax on the State's economy. The program is funded by Motor Fuel Taxes, Motor Vehicle fees and Highway User fees as well as Federal Transportation Aid. Currently, Federal Aid is provided through the Transportation Equity Act of the 21st Century (TEA-21).

TEA-21 is Federal legislation (Public Law 105-178) that was enacted in 1998 and, through a series of short-term extensions, has been extended through May 2005, but it has not been fully reauthorized, leaving New York State guessing how much Federal Aid it will receive to help finance transportation projects and programs. The President and Congress have introduced three separate pieces of legislation for a new highway funding program that would reduce New York's current funding level and shift funding to western and southern states like Texas and Wyoming. A reduction in funding would jeopardize New York's ability to maintain safe and efficient roadways and transit systems. The Executive must be active in securing New York's fair share of federal transportation funding by sending a clear message to the Administration and Congress about the importance of increasing or maintaining the funding level.

The Assembly has long championed the needs of New Yorkers for safe, sound, efficient and affordable transportation options. This year the Assembly will face several significant challenges in that effort. The Thruway Authority proposes to raise tolls by as much as 35 percent. The increase will be used to support $2 billion in Capital improvements such as new and higher speed E-ZPass lanes.

The Metropolitan Transportation Authority (MTA) also intends to increase its fares and tolls to alleviate some of the budget shortfalls it will face. In 2003, the MTA raised fares and tolls, closed token booths and cut service in an effort to close a $1 billion 2003 and 2004 budget gap. In addition to fare and toll increases, the MTA proposes more job cuts and service reductions. Another fare hike may occur as soon as 2007. The increase in fares and tolls is essentially a tax on the working families in the State, costing individual families thousands of dollars each year.

The MTA's budget woes are due in part to increasing debt service costs for its Capital Programs. Two-thousand four marked the end of the MTA's $19 billion 2000-04 five-year Capital Program. The MTA has proposed a new five-year Capital Program totaling $28.2 billion. The Capital Program provides funding to construct, maintain, purchase and rehabilitate the MTA's facilities, infrastructure and rolling stock as well as implement security initiatives and major network expansion projects. The MTA proposed $28.2 billion program has a $11 billion funding shortfall. To address the $11 billion funding gap, the MTA suggested increasing dedicated revenue by taxes on consumers and businesses.

The Executive has proposed $19.2 billion in funding for an MTA Capital Program with little indication of how the funds should be spent or a list of proposed projects with the exception of $2 billion to be provided by the City of New York for the 7-Line Subway project. The Executive's proposal is also silent on what, if anything, should be done to address the $9 billion difference between it and the Capital Program proposal put forward by the MTA. The MTA recently stated that, absent additional government subsidies, funding shortfalls for the proposed plan might be addressed by canceling network expansion projects. However, the Executive has announced plans to forge ahead this year with a multi-billion dollar JFK Airport to Long Island transit link project.

Just as with DOT's Capital Program, the MTA Capital Program relies significantly upon Federal funding assistance through TEA-21 and any successor Federal Transportation Aid program. The proposed changes to TEA-21, that de-emphasize mass transit in the federal funding formula, place many of the vital expansion projects within the proposed MTA Capital Program at risk. The financing plans for East Side Access, Second Avenue Subway, and the other capacity expansion projects envision billions of dollars in Federal Aid to augment the state, local, and MTA investments pledged to these projects. Without a significant effort by the Executive to change the direction of the Congress and the President to recognize the importance of Mass Transit in any reauthorization of TEA-21, the needs of millions of New Yorkers may go unmet, and projects vital to New York's economic and social viability will be jeopardized.

Debt service costs account for only some of the MTA's fiscal problems. Lack of sufficient oversight is another cause of the public authority's problems. More than 2.3 billion New Yorkers rely on the MTA every day for reliable, affordable and safe travel in the metropolitan New York area. Consequently, it is essential that the MTA handles its financial affairs in an accurate, efficient and responsible manner. In 2002, the MTA came under scrutiny from the State Legislature, the State Comptroller and many others regarding its turbid budgeting process and questionable financial accounting practices. More stringent financial and operational oversight is prerequisite to ensuring a safe and efficient transit system. The Executive proposes to reorganize the MTA to create five new subsidiary agencies: MTA Bridges and Tunnels, MTA Bus, MTA Capital Construction, MTA Rail and MTA Subways. The Executive advises that the reorganization efforts would streamline operations and clarify and enhance auditing, budgeting and financial planning. However, these efforts fall short of the type of provisions necessary to address the significant problems with the operation and accountability of the MTA.

The Assembly has proposed various measures to make the MTA's budget process more transparent as well as provide necessary oversight in its operational and financial accounting practices. These measures include creating a review board and an independent budget office to oversee the MTA's operating budget and programs. Similar to the MTA's issues, the Canal Corporation, an entity of The Thruway Authority, has also been involved in questionable financial transactions, highlighting the need for proper oversight and accountability. This year the Executive has proffered public authority reform proposals. The Assembly is committed to ensuring that real public authority reform occurs.