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Construction & Design

NYBC warns of funding gap in MTA plan

The MTA Board of Directors recently approved a $32 billion Capital Plan for 2015-2019 that the New York Building Congress says faces several hurdles before going forward.

The spending plan is allocated to three priority areas:

• $23.5 billion for core "system renewal." This includes approximately $17 billion for the subway system and $6 billion for Long Island Rail Road and Metro-North Railroad;

• $3.1 billion to maintain and improve the MTA's nine bridge and tunnel facilities; and

• $5.5 billion to continue major expansion projects, commencing Phase II of the Second Avenue Subway, completing East Side Access, and a new project to bring Metro North Railroad into Penn Station.

However, the MTA has only identified $17 billion in funding for the Plan, leaving a $15 billion gap that the Governor and State Legislature must address together with the MTA, according to NYBC.

The Building Congress believes several potential revenue sources are available:

Remove the Payroll Mobility Tax exemptions and require all employers in the 12-county MTA service area to pay the PMT. In 2011, the Legislature exempted thousands of employers from paying the PMT, a loss which the MTA estimated at $300 million per year at the time.

The State has replaced this $300 million through the State budgeting process each year, but this contribution is not forecast to increase to adjust for inflation or to account for job growth, nor are these revenues certain to continue as budgeting priorities in Albany are subject to change. NYBC also recommends using $4 billion in bank settlement funds. The State received a windfall following victories in a number of high profile court cases and this money is not yet earmarked for specific government uses.

A uniform toll for entering Manhattan could raise as much as $1.5 billion.

Enacting a uniform toll plan to charge all auto users entering the Manhattan Central Business District (CBD) — such as the plan proposed by MoveNY — is estimated to raise $1.5 billion, and could bring in enough revenue to finance almost the entire $15 billion capital funding gap.

The plan would rationalize a system that today charges all transit users and some drivers to enter the CBD, but allows other drivers using the East River Bridges or travelling by car within Manhattan to enter for free.

NYBC has also recommended lifting the cap on the State Gasoline Tax and dedicate the revenues to transit and transportation.

In 1996, the Legislature capped the 4% gasoline sales tax at $2 per gallon, leaving hundreds of millions of dollars in untaxed gasoline whenever the price of gas exceeds $2. Based on 2011 revenues, the State could have collected an additional $385 million for gasoline priced at an average of $3.79 per gallon.

"The financing options we are highlighting — and others — must be on the table," Building Congress President Richard T. Anderson said.

"The MTA has laid out a reasonable plan to protect and enhance the transit system on which more than 8 million people and the economy as a whole rely. Our elected leaders must find a way to support this plan and find the funds needed to ensure its full implementation."

The MTA submitted its plan to the Capital Program Review Board, composed of appointees of the Legislature and the Governor, which is required to approve the plan.

The Board returned the plan to the MTA on October 7 "without prejudice" for further review. This action stops the clock on the approval process while the plan is reviewed further and State leaders tackle the funding gap.

Much of this discussion is expected to take place during the next State budget-making process, which concludes in April, 2015.