

**Testimony of Andrew Hollweck  
Vice President, New York Building Congress  
At a Hearing of the New York State Assembly  
Committee on Corporations, Authorities and Commissions  
August 7, 2014**



Good morning Chairman Brennan and members of the Committee. Thank you for this opportunity to testify.

A core problem your committee and the legislature as a whole must grapple with in the coming months is the MTA's precarious funding for its 2015-2019 capital plan and how to address this problem.

At a hearing of this committee in January, the MTA, the Building Congress and several other organizations addressed the gaping, \$13 billion hole in the MTA's upcoming \$27 billion 2015-2019 capital plan, a figure which does not include funding for continuing the 2<sup>nd</sup> Avenue Subway or completing East Side Access, or any other critical expansion project identified in the MTA's Twenty Year Needs Assessment.

Funding is further constrained by the MTA's systemic financial challenges. The MTA is using debt to finance more of its current capital plan than ever before. At the same time, regular federal funding has remained essentially flat for a decade, while support from the City, the main beneficiary of MTA service, has actually declined substantially over the last fifteen years. Without adding any more debt, servicing existing debt could take up more than a fifth of the agency's overall operating budget early in the next decade. Compounding these issues, the capital program competes for funding with the MTA's many operating costs, which have swelled in the last decade as well.

At a time when ridership is at historic highs, the State needs to provide the MTA with a stable, dedicated revenue stream for its capital program in order to build and maintain the infrastructure necessary to support a healthy, growing economy.

Here are some ideas for funding the capital program:

New revenues will almost certainly have to be a part of the equation. For example, several auto-related taxes and fees could be modestly increased to deliver considerable infusions of money to the MTA capital program, including the Petroleum Business Tax, the Gasoline Sales Tax and vehicle registration fees. The Gasoline sales tax has not changed in nearly twenty years and any increase could be dedicated exclusively to transportation.

However, as cars become more fuel efficient, consumption-based fuel taxes may not provide a long-term solution to the mass transit capital funding crisis. The Committee should therefore also consider alternative solutions that could encourage long-term stability. For example, a recent Building Congress report titled *How to Save New York City's Infrastructure: Dedicate*

*Revenues*, proposed adopting a Uniform Toll Policy, charging drivers a level fee to access the Manhattan Central Business District. A uniform toll policy like the Move New York plan can actually lower tolls for some commuters while raising an estimated \$1 billion that can be dedicated to mass transit improvements or underwrite billions of new MTA debt.

Another longer term solution could include a Vehicle Miles Travelled fee to support mass transit and subsidize the Dedicated Bridge and Highway Trust Fund, which is itself barely able to support new projects.

With that said, the State must provide the MTA with new revenues *without* cutting or reducing the Payroll Mobility Tax, a cornerstone of the MTA's revenue stream which underwrites both operations and capital investment. Replacing one reliable revenue stream with another will not create financial security for the MTA, and may very well do more harm than good.

A sensible approach to pricing commuter rail, subway and bus fares must also be discussed. The Building Congress is not suggesting a magic number for tolls and fares, but their price must continually be evaluated and closely linked to the cost of operating the system.

The MTA must also be held to account for every penny it spends, and its capital program management deserves your scrutiny. The MTA should be able to make the most of every dollar and control capital construction costs, which are higher in New York than anywhere else in the country.

But government and the public is going to have to confront the unavoidable need for new revenue.

We applaud the Governor for jumpstarting this conversation with the MTA Transportation Reinvention Commission, which is now considering ways to meet the challenges of mass transit for the next century.

The Building Congress will continue to emphasize the importance of fully funding the MTA's next plan with the Governor and individual legislators in the coming months. We also hope to work closely with this committee to thoroughly consider these and other ideas as we look for ways to prepare our mass transit system for the next one hundred years of success. Thank you for this opportunity to testify.