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CBC STATEMENT REGARDING ONGOING DISCUSSIONS OF MTA CAPITAL PLAN

New York, NY – July 24, 2015 – Current discussions among leaders of the Metropolitan Transportation Authority (MTA), City of New York, and State of New York over the MTA's late and unfunded capital plan for 2015-2019 center on two basic issues: (1) the size of the plan and (2) the sources of funding for the plan. There appears to be progress in setting a reasonable size, but a more fruitful framework is needed to determine the sources of funding.

With respect to size, MTA Chair Thomas Prendergast has responded to State leaders' suggestions for savings through more efficient procedures. Prendergast's commitment to incorporate alternative project delivery methods including design-build, public-private partnerships, and procurement improvements is laudable. His estimated savings of 6 percent to 8 percent, or $2.2 billion, from these efficiencies seems reasonable and positive, but the details of which projects will utilize these alternative methods should be specified in the revised plan.

However, debating how to apportion funding for the remaining $9.8 billion gap between "the City" and "the State" is counterproductive. The two entities are alternatives for levying taxes on the regional economy, but the fundamental source of revenue is the same. New York City taxpayers fund $580 million annually in operating and capital support to the MTA, as well as an estimated $4.2 billion of the nearly $6 billion allocated to the MTA from state-authorized regional and statewide taxes. For example, New York City firms pay 73 percent of the MTA's $1.3 billion regional payroll tax.

Funding for mass transit should be defined as coming from three sources: fares, tax subsidies, and motor vehicle cross-subsidies. The MTA transit services currently receive 48 percent, 40 percent, and 12 percent from each source, respectively. The motor vehicle cross-subsidies do not represent a large enough share to offset the negative externalities caused by motor vehicle use, namely traffic congestion and environmental degradation. The Citizens Budget Commission supports more funding for the MTA from motor vehicle cross-subsidies. In the longer term this should be a vehicle-miles traveled fee system(which could also fund transportation infrastructure state-wide); more immediate funding should come from East River bridge tolls and other congestion pricing mechanisms or higher vehicle registration fees.

The bottom line: a revised scale for the capital plan based on more efficient capital construction is an encouraging step in the negotiations, but City, State, and MTA leaders should drop the "City/State" frame of reference and develop a concrete plan to put the necessary funding in place.

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