

Lifting the Burden: MTA Tax and Fare Relief Plan of 2012



Senator Stephen M. Saland
Senate Bill S.7516

May 2012

Restraining MTA Budget Growth: A 30 Year Fight

- January 4, 1983

"If we took those dollars and gave each of our commuters \$10,000 to buy a new car, it would be cheaper than paying the M.T.A. taxes," said Assemblyman Stephen M. Saland, Republican of Poughkeepsie.

The MTA's Operating Budget: The Case for Spending Control

- The MTA's operating budget in 2012 will **exceed \$13.8 Billion**, excluding increases in debt service.
- The MTA's operating budget exceeds the operating budgets of the Power Authority; Port Authority of NY & NJ; Dormitory Authority; Urban Development Corporation; Long Island Power Authority and NYS Thruway Authority **combined**.
- Looked at another way, the MTA's \$13.8 Billion operating budget exceeds the **combined** operating budgets of all cities (except NYC); all towns and all villages in the **entire** State of New York.
- Left unchecked, the MTA projects its operating budget to **exceed \$15.7 Billion** by 2015; a growth of almost \$2 Billion in three fiscal years.

MTA Tax and Fare Relief Overview

- **Eliminate the Remaining Mobility Tax**
 - 2013- cut by 50% for the Quarter Pounder (Dutchess, Putnam, Orange, and Rockland) Counties
 - 2014- cut by 50% for all Hudson Valley & LI Counties
 - 2015- cut by 80% for all Hudson Valley & LI Counties
 - 2015- cut by 26% for NYC
 - 2016- repealed for all Hudson Valley and LI Counties
 - 2016- cut by 44% for NYC
 - 2017- cut by 71% for NYC
 - 2018- repealed for NYC

MTA Tax and Fare Relief Overview

- **Eliminate the Supplemental License Fee and Supplemental Registration Fee**
 - 2013- cut by 75% for all Hudson Valley and LI Counties
 - 2013- cut by 30% for NYC
 - 2014- repealed for all Hudson Valley and LI Counties
 - 2014- cut by 65% for NYC
 - 2015-repealed for NYC
- **Reduce the 2013 Fare Increase**
 - Reduces the planned 2013 7.5% fare increase for the MTA Region to 5.5%

MTA Tax and Fare Relief Overview

- **Funding Mechanism**

- **Caps the growth** in the MTA's operating budget over prior year levels to the lesser of 120% of inflation or 2% growth
- **Defines the MTA's operating budget** for the purposes of the cap to mean the MTA's total operating expenses before: depreciation, subsidies, debt service; pensions, other post employment benefits, retroactive arbitration agreements and operating expenses related to expansion which are not offset by a corresponding increase in system revenue

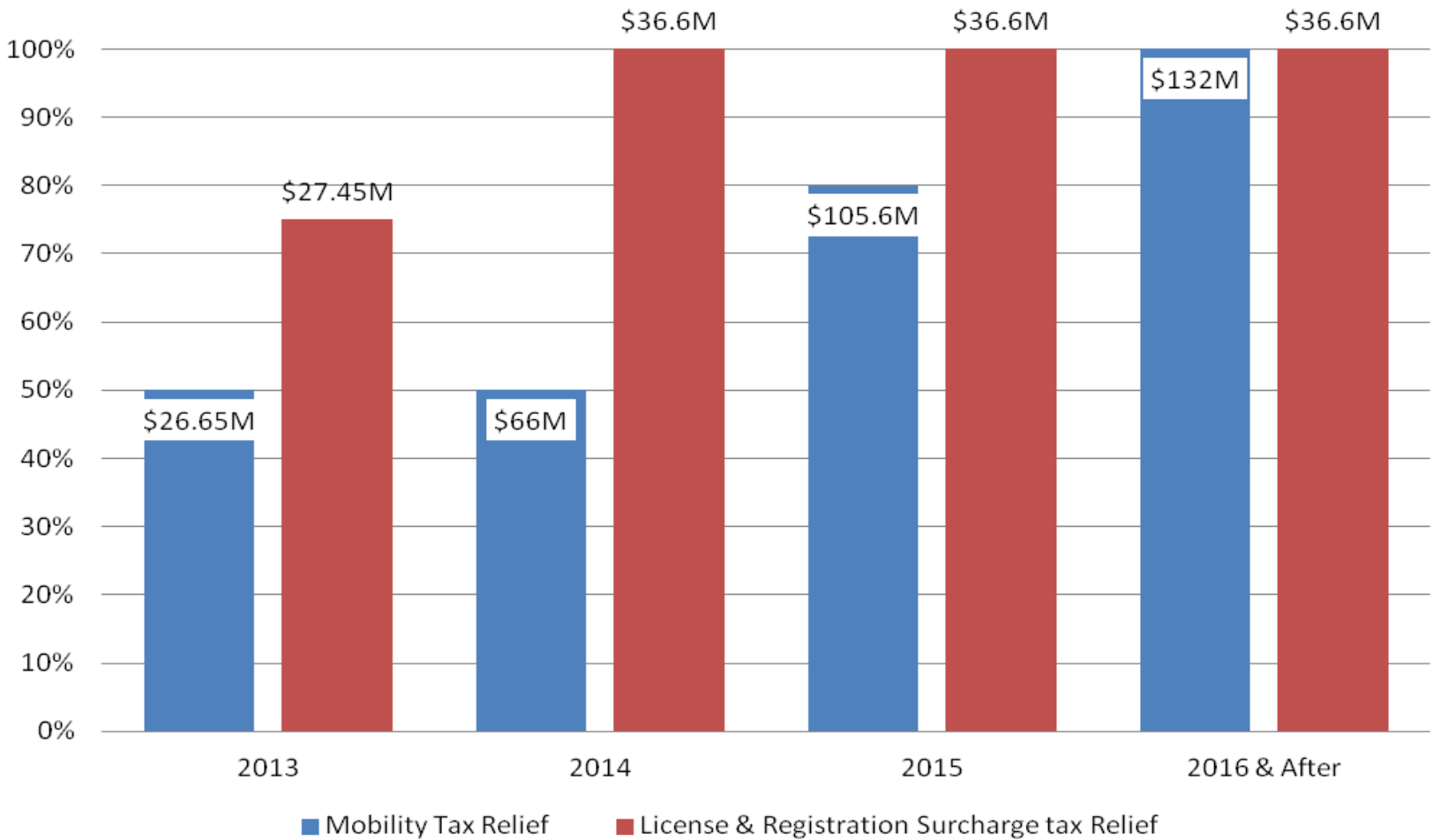
Funding Mechanism Continued. . .

- **Utilizes the surplus revenue** available from the limitation on spending growth to offset the reduction in transit aid from reduced tax and fees and to reduce the 2013 planned fare increase from 7.5% to 5.5%.
- **Locks the surplus revenue** related to savings within MTA's finance fund to ensure the integrity of the MTA's operating and capital budgets as well as the 2013 fare reduction.

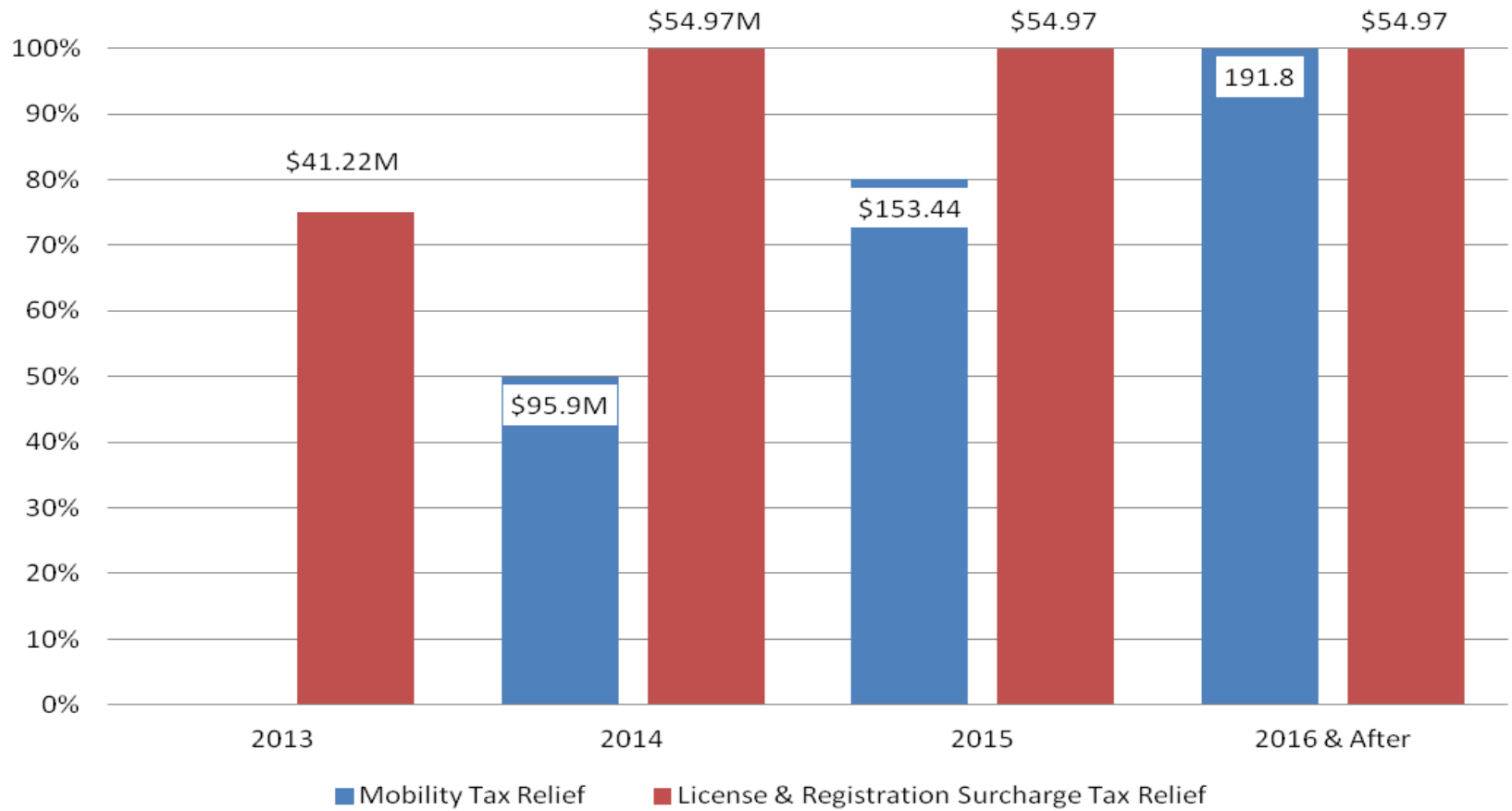
Total Value of MTA Spending Cap Relief- \$5.3 Billion

(Millions)	2013	2014	2015	2016	2017	2018	Total Tax and Fare Relief 2013 to 2018
New York City	\$ 26.83	\$ 58.13	\$ 314.43	\$ 470.21	\$ 703.86	\$ 954.83	\$ 2,528.29
Bronx	3.37	7.31	19.59	25.37	34.03	43.34	133.01
Kings	7.04	15.26	39.18	50.06	66.36	83.88	261.79
New York	5.71	12.37	199.29	324.08	511.27	712.33	1765.06
Queens	8.36	18.12	45.56	57.80	76.16	95.88	301.88
Richmond	2.34	5.07	10.81	12.90	16.03	19.40	66.55
Long Island	\$ 41.22	\$ 150.87	\$ 208.41	\$ 246.77	\$ 246.77	\$ 246.77	\$ 1,140.80
Nassau	19.65	74.00	102.68	121.80	121.80	121.80	561.75
Suffolk	21.57	76.86	105.72	124.96	124.96	124.96	579.05
Hudson Valley	\$ 54.10	\$ 102.60	\$ 142.20	\$ 168.60	\$ 168.60	\$ 168.60	\$ 804.73
Dutchess	12.29	13.68	18.54	21.78	21.78	21.78	109.85
Orange	12.96	14.61	19.41	22.61	22.61	22.61	114.80
Putnam	3.32	3.83	4.91	5.63	5.63	5.63	28.94
Rockland	12.83	14.19	19.44	22.94	22.94	22.94	115.28
Westchester	12.71	56.30	79.91	95.65	95.65	95.65	435.85
Total Tax Relief	\$ 122.16	\$ 311.60	\$ 665.04	\$ 885.58	\$1,119.23	\$ 1,370.20	\$ 4,473.81
Total Fare Relief- Region wide	\$ 119.73	\$ 124.27	\$ 125.87	\$ 125.87	\$ 125.87	\$ 125.87	\$ 873.33
Grand Total Tax & Fare Relief	\$ 241.89	\$ 435.87	\$ 790.91	\$ 1,011.44	\$1,245.10	\$ 1,496.07	\$ 5,347.14
Tax & Fare Relief Proposed	<i>50% Remaining Mobility Qtr Pd counties / 75% Lic/Regs HV & LI; 30% Lic/Regis NYC / Reduce 7.5% Fare Increase to 5.5%</i>	<i>50% Remaining Mobility all HV & LI Counties / 100% Lic/Regs HV & LI; 65% Lic/Regis NYC / Reduce 7.5% fare Increase to 5.5%</i>	<i>80% Remaining Mobility all HV & LI Counties; 26% Remaining Mobility NYC / 100% Lic/Regs HV, LI & NYC / Reduce 7.5% fare Increase to 5.5%</i>	<i>100% Remaining Mobility all HV & LI Counties; 44% Remaining Mobility NYC / 100% Lic/Regs HV, LI & NYC / Reduce 7.5% fare Increase to 5.5%</i>	<i>100% Remaining Mobility all HV & LI Counties; 71% Remaining Mobility NYC / 100% Lic/Regs HV, LI & NYC / Reduce 7.5% fare Increase to 5.5%</i>	<i>100% Remaining Mobility all HV & LI Counties & NYC / 100% Lic/Regs HV, LI & NYC / Reduce 7.5% fare Increase to 5.5%</i>	<i>100% Remaining Mobility all HV & LI Counties & NYC / 100% Lic/Regs HV, LI & NYC / Reduce 7.5% fare Increase to 5.5%</i>
MTA Spending Cap Savings and Resultant Revenue Offset - lesser of 120% inflation or 2 %	\$ 245.34	\$ 437.75	\$ 791.16	\$ 1,013.82	\$ 1,249.44	\$ 1,498.62	\$ 5,236.13

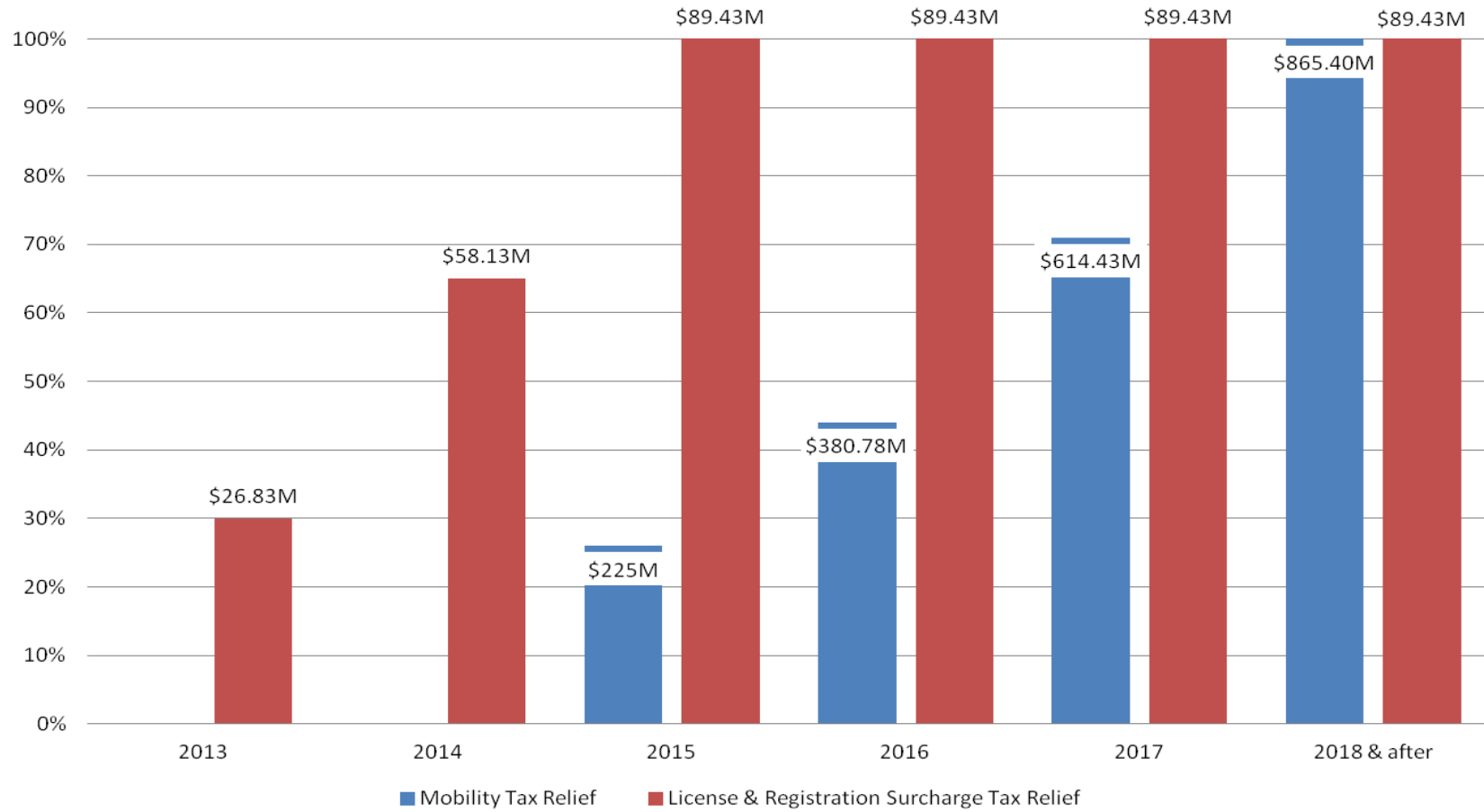
Hudson Valley Tax Relief



Long Island Tax Relief

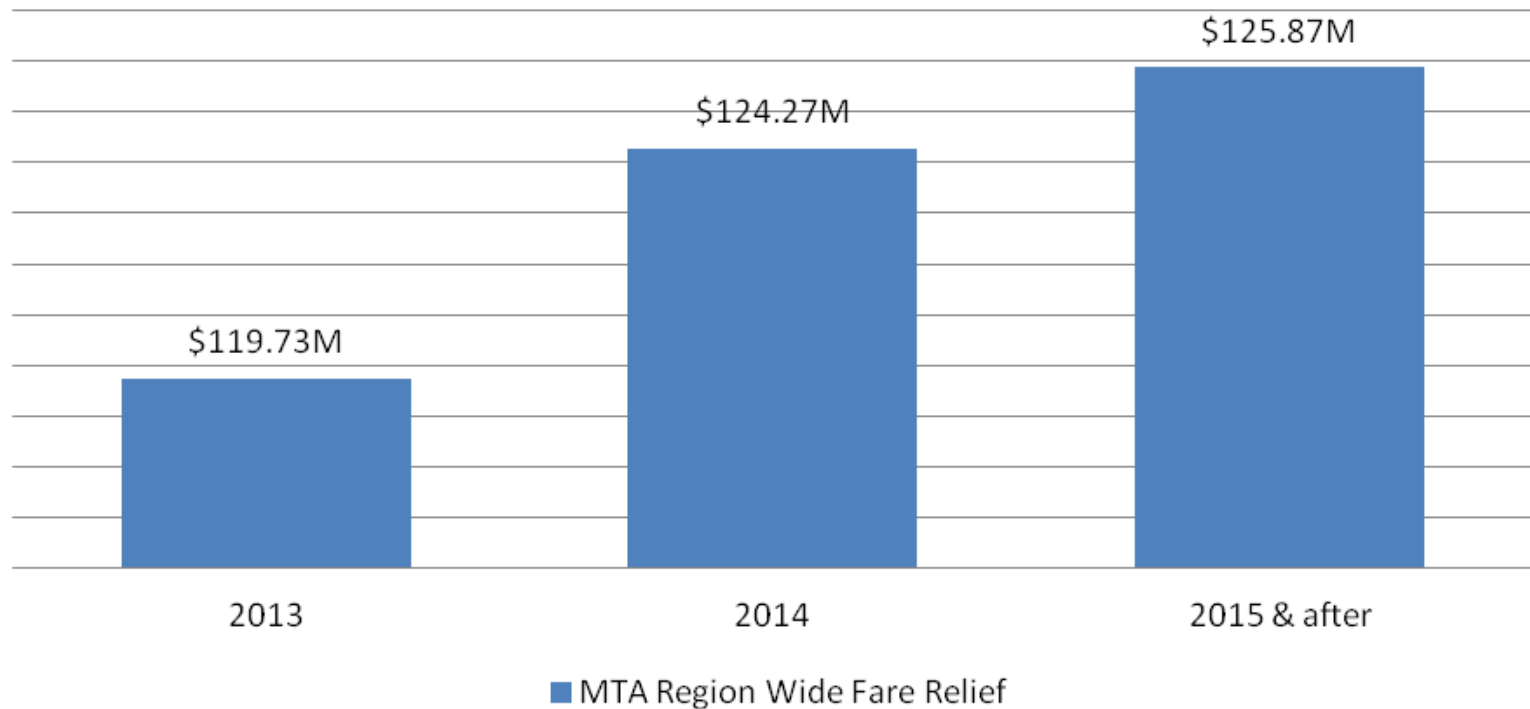


NYC Tax Relief



MTA Region Wide Fare Relief

Reduce 2013 fare Increase from 7.5% to 5.5%



The MTA's Historical Inability to Manage: The Case for Spending Control

- **If the spending limitation** called for in this plan had been in place beginning in 2006, the MTA would have already saved New Yorkers **over \$ 6.6 billion**.
- As documented in the New York Times articles to follow -- the MTA's inability to manage and subsequent **call to crisis** **has been an annual event** since its creation in 1965.

The MTA's Historical Inability to Manage: The Case for Spending Control

TRANSIT TALKS: 50-CENT FARE AT STAKE
UNION SEES PAIN
TRANSIT STRIKE
M.T.A. MAY FACE DEFICIT
NEXT YEAR OF \$200 MILLION
M.T.A. AT THE
YUNICH SEES
UNLESS 4
50-CENT FARE UNTIL '79 EXPECTED
FARE INCREASE;
EXPECTED;
FARE RISE
OFFER
RAIL FARES
VERTED
INCREASE;
MET
SUBSIDY
GETS SUBSIDY

- 1980 NYT
 - **RAVITCH PREDICTS 75 ¢ TRANSIT FARE IF LEGISLATURE DOESN'T ACT BY JULY**
- 1981 NYT
 - **RAVITCH SAYS FARE WILL GO UP TO 75; BY THIS WEEKEND**
- 1981 NYT
 - **RAVITCH WARNS OF A \$1 FARE WITHOUT RISE IN TRANSIT AID**
- 1982 NYT
 - **LEGISLATORS TOLD OF A TRANSIT GAP UP TO \$400 MILLION**
- 1982 NYT
 - **M.T.A. FARES SAVED WITH A SURCHARGE ON TAX ON PROFITS**

- 1983 NYT
 - **MTA EXPECTS TO RAISE FARES BY THE END OF THE YEAR**
- 1984 NYT
 - **MTA CHIEF IS PLANNING TO SEEK INCREASE IN FARE TO 90¢ FOR 1984**
- 1985 NYT
 - **ROHATYN SEES BIG TRANSIT DEFICIT, PREDICTS 'CATASTROPHE' FOR SYSTEM**
- 1985 NYT
 - **THE REGION; HOW TRANSIT LOST \$100 MILLION**
- 1986 NYT
 - **TRANSIT AUTHORITY IS FACING DEFICIT DESPITE FARE RAISE**
- 1986 NYT
 - **M.T.A., WITH EYE ON ALBANY, ACTS TO RAISE FARES**
- 1987 NYT
 - **CITY TRANSIT OFFICIALS LOOK TO ALBANY FOR YET ANOTHER PUSH**

- 1988 NYT

New York Transit Chief Wary of Budget Cuts

- 1989 NYT

Kiley Says Fares Could Increase Beyond \$1.15 Planned for 1990

Transit Leader Asks \$1.25 Fare With a Discount

- 1990 NYT

Rising Deficits Could Force Fare Increase or Cuts in Transit

- 1991 NYT

Transit Deficit Has Tripled in 7 Weeks

Transit Agency Asks \$1.40 Fare Or a Rise in Subway and Bus Aid

- 1992 NYT

TOKEN PRICE RISES 10 CENTS, TO \$1.25, IN NEW YORK CITY

M.T.A. Facing Deficit of \$260 Million

- 1993 NYT

Fare Increase Fading, at Least for Now, Transit Officials Say

- 1994 NYT

M.T.A. Board Votes Plan Calling for 10 cent Fare Rise

- 1995 NYT

M.T.A.'S CHAIRMAN SEEKS TO INCREASE TOLLS AND FARES

Subway Fares and Tempers Rise, And Riders Brace for Bedlam

- 1996 NYT

State Comptroller Urges Albany To Reject M.T.A. Spending Plan

- 1997 NYT

Riders, Wary and Skeptical, Envision Coming Fare Cut

- 1998 NYT

Transit Agency Has an Envious Problem: Too Much Cash

- 1999 NYT

M.T.A. Chief Won't Rule Out Higher Fare to Pay for Expansion Plan

M.T.A.'s Plan Spawns Warnings Of a Debt Crisis and Higher Fares

M.T.A. May Have to Raise Fares 50 Cents in 2003, McCall Says

NYC; As Inevitable As Pepperoni: Higher Fares

M.T.A. Executive Clarifies Budget Deficit

Transit Fare Increase Goes Into Effect, and Suddenly 50 Cents Buys Lots of Complaints

M.T.A. Proposes Increase in Fares and Tolls

Barreling Implacably Down the Tracks, a Fare Increase

M.T.A., With a Budget Surplus, Postpones a 5% Fare Increase

M.T.A. Plan Would Raise Tolls and Subway Fare

As Revenue Falls, M.T.A. May Raise Fares Again in '09

Ravitch Unveils M.T.A. Rescue Plan

M.T.A. Rescue Passes, but Impact Is Questioned

