

Testimony of

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(NYPTA)

For the Public Hearing of the

Assembly Standing Committee on Transportation

Impact of the NYSDOT Capital Program

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Thank you, Chairman Magnarelli and members of the Transportation Committee, for giving the New York Public Transit Association (NYPTA) the opportunity to testify today.

I would like to highlight the impact of the coronavirus pandemic on the operating and capital needs of transit systems in upstate New York and in the downstate suburbs.

## **Background**

The 2020-21 state budget passed in early April, with great promise for transit systems across the state, containing:

- A 4% increase in STOA for upstate transit
- A 16% increase in STOA for downstate transit
- And \$130 million in non-MTA capital funding, including \$20 million to help transit systems begin the conversion to electric vehicles

Then the world changed – as the coronavirus pandemic spread, forcing stay at home orders, business closings and severely reducing travel.

Today transit systems face a different reality, and the loss of dedicated revenues has the potential for long-term negative consequences to transit and the communities they serve.

## **Transit Responds During COVID-19 Crisis**

But there is a lot of good news and so many examples of transit providing critical links for New Yorkers during the COVID-19 crisis. Links that kept people and the economy moving.

Simply put, as the state closed, we went to work, providing transportation for essential workers and a lifeline to access jobs, food, and healthcare. With safety paramount, transit providers rapidly implemented new cleaning and disinfecting protocols and operational changes to protect the health and safety of customers and employees.

Transit systems stepped up during the pandemic under stressful conditions to maintain service, provide a safety net to support their communities and help the economy recover.

To help our systems deal with the pandemic, NYPTA created a Recovery and Restoration Task Force to develop guidelines and best practices for transit operations. NYPTA members are educating the public that transit is safe to use, and we highlight local examples in our weekly newsletter. NYPTA distributes best practices for public transportation and we developed a “Mask Transit” campaign to promote facial coverings when using transit vehicles.

## **Fiscal Impacts of COVID-19**

The fiscal impact of the coronavirus crisis has been devastating to everyone, including public transit. Almost immediately, there was a dramatic loss of riders and revenue. For example, in Rochester, our ridership plummeted to 47% of prior year levels. The revenue loss continued through the summer as most systems stopped collecting fares and boarded buses from the rear door to protect employees and customers.

Reduced state tax revenues led to a 27% reduction in STOA payments, which has a significant impact on our finances, as STOA funds 50% of most transit system operating budgets. Revenue sources dedicated

to transit, including fuel taxes and the new upstate auto rental fee, have been hit hard and the return to normal levels could take years.

In addition to lost revenues, operating budgets absorbed the costs of PPE for employees and enhanced cleaning and disinfecting of vehicles and facilities.

The federal CARES Act has saved transit in the short term, providing a temporary stopgap to allow service to be maintained as other revenues lag. CARES funding allowed transit systems to keep communities connected to jobs and essential services, but these funds will be depleted by early 2021.

Without federal or state relief, the loss of revenues caused by the pandemic will force upstate transit systems to reduce service to balance their budgets. Capital projects will be deferred, which will slow the economic recovery.

The very people who we kept connected to jobs and vital services risk being disenfranchised, and those looking to re-enter the workforce will need our reliability to find jobs and get to work every day.

### **Investment in Transit is Vital to Recovery**

The connections that transit provides are more important than ever before. Ridership is returning slowly, as workers return to job locations, but is still well below pre-pandemic levels. As reopening continues, meeting state and federal guidelines for social distancing on transit vehicles will require full or even expanded service levels.

Working together, we can address the critical fiscal situation facing transit systems, which are vital to a successful recovery. We need to address the long-standing revenue shortfall for Upstate Transit by dedicating more revenue to the Upstate Transit (PTOA) account.

The PTOA account is funded primarily from the petroleum business tax, which has been flat for years; and the new auto rental fee is severely constrained by the travel impacts of the pandemic. This lack of revenue growth has caused transit systems to divert capital funds to cover operational expenses, which is an unsustainable strategy.

We have attached a list of revenue options for additional transit funding and urge you to consider these and other ideas in upcoming discussions on the State Budget.

### **NYSDOT Capital Program**

Capital investment must continue – to replace over-age vehicles, repair outdated facilities and keep transit safe. In 2019, NYPTA documented the need for \$1.7 billion in infrastructure investments over the next 5 years for non-MTA transit, but only \$700 million in available revenue, leaving an unfunded gap of \$1 billion.

Non-MTA transit does not have a state multiyear capital program but must still plan capital projects into the future. The 2020-21 state budget held our capital funding flat. The only increase was \$20 million to begin the transition to electric vehicles. We are programming these capital funds and those systems implementing electric buses look forward to accessing those new funds. But without adequate funding, infrastructure conditions will worsen, and the backlog of unmet needs will grow.

**Conclusion**

Our transit systems understand that upcoming state budgets are challenging. We also know that investments in transit service provide the mobility needed for the state to recover and the economy to reopen. Transit capital funding equals economic stimulus and jobs.

Please consider the benefits of investing in transit and the important role we play in the recovery of the New York economy.

Thank you.

## TRANSIT REVENUE OPTIONS TO INCREASE STOA

### Redirect Existing State Revenues:

- **State Sales Tax:** Direct a portion of the existing 4% state sales tax to transit.
- **State Sales Tax on Auto/Truck Parts and Services:** Direct existing sales tax revenues on auto/truck related purchases to fund transit.
- **State Personal Income Tax:** Direct a portion of the existing state PIT revenues to fund transit.
- **Bank Settlement Funds:** Direct a portion of settlement funds received by NYS to transit.
- **RGGI Proceeds:** Direct a portion of state's RGGI proceeds to transit.
- **MMTOA/PTOA Account Balances:** Use existing cash balances in upstate and downstate transit accounts.

### Revise Existing Fees:

#### Extend MTA Region Fees:

- **Mortgage Recording Tax:** Raise the ¼% Mortgage Recording Tax (MRT) in counties served by Regional Transportation Authorities to ½%; allow non-Authority counties the local option to impose a ¼% MRT for transit (Tompkins County currently has this authority).
- **Taxi Surcharge:** Extend the 50 cent per trip taxi surcharge to upstate counties.
- **Motor Vehicle Fee:** Extend the MTA region special motor vehicle fee (\$25) to upstate counties.

#### Other State Taxes/Fees:

- **State Sales Tax on Motor Fuel:** Remove the current \$2.00 cap on the state's 4% sales tax on gasoline.
- **Gas Tax/PBT:** Raise current 8 cent gas tax or 17 cents per gallon PBT (1 cent raises \$65 m.).

### Other Possible Revenue Sources:

- **TNC Fee:** \$1.00 fee on any TNC trip in NYS.
- **Proceeds from Transportation and Climate Initiative Proposed Regional Cap and Invest Program** (Potential future revenue source).