




Finance SAWG #3 08/20/09 Central Nyack



 New York State Department of Transportation  Metro-North Railroad  New York State Thruway Authority

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08/20/09 Finance SAWG

What we will explore tonight
and at 09/10/09 meeting:


“What is the smartest way to pay for
this Project?”

(We do not have that answer yet.)

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Prioritized "Wish List"


- 1) Somebody else should pay for it
 - Federal Aid – special earmark
 - Tax over a broad area (*all NYS, parts of NJ or CT...?*)
- 2) Users of the bridge / corridor / transit
 - Especially those passing through
- 3) More needed? Who pays what and how?



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Tonight's Outline

Define topics - tonight vs. 9/10 SAWG


Current funding of transportation services

How this project may fit into or augment that plan


There are no obvious "answers" –
we are looking together at possibilities



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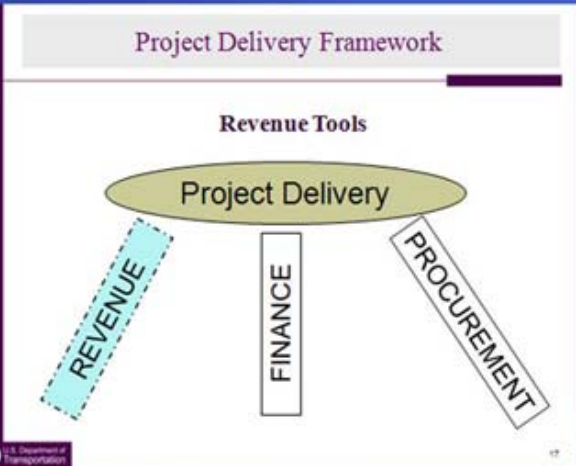
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Two Part Discussion

From FHWA presentation at Finance SAWG #2 on 07/22/09



The diagram illustrates the Project Delivery Framework. At the top is a grey box labeled 'Project Delivery Framework'. Below it is a white box labeled 'Revenue Tools'. Inside the 'Revenue Tools' box is a central green oval labeled 'Project Delivery'. Three arrows point towards this central oval: a dashed blue arrow from the left labeled 'REVENUE', a solid black arrow from the bottom labeled 'FINANCE', and a solid black arrow from the right labeled 'PROCUREMENT'. At the bottom of the slide are logos for the New York State Department of Transportation, Metro-North Railroad, and New York State Thruway Authority.

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Two Parts (another way)

- 1) Where will the \$ come from? ← TONIGHT
- 2) What could limit need for \$? ← NEXT SAWG
 - Aside from construction costs, minimize cost to finance or procure what is necessary
 - Long term commitment of revenues:
 - Operations & maintenance, paying off debt, etc.
- 3) How do we balance policy, finance and common sense? (BOTH SESSIONS)

At the bottom of the slide are logos for the New York State Department of Transportation, Metro-North Railroad, and New York State Thruway Authority.

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Straight Look At Revenues

How have transportation services been paid for?




- Tolls - aka "User fees"
- Non-Toll Revenue Sources

Are there new opportunities?


- Private sector investors (PPP's)? **Not a revenue**
(they are a financing vehicle requiring repayment)

Key questions to consider:

- Who pays and when do they start paying?
- How reliable is the revenue projection?




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What Are We Paying For?

- An extensive statewide transportation system of fixed structures, people moving equipment, and services
- Successfully supported by a mix of dedicated taxes, fees and tolls
- Federal Aid comes from Federal Gas Tax; fully committed thru annual State transportation budgets
- Federal Programs being reauthorized


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“Base Budgets” & TZB

- MTA and NYSDOT programs require additional revenues (State, Federal, local, regional) to maintain same level of services for next five years
- TZB/I 287 Project is essentially a third major program
- To utilize any existing budget plan (NYSDOT, MTA, TA) to fund a portion of the Project cost would reduce planned investments in existing system



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NYS Highway Infrastructure



7,600 State bridges



**9,800 Local/
Authority Bridges**



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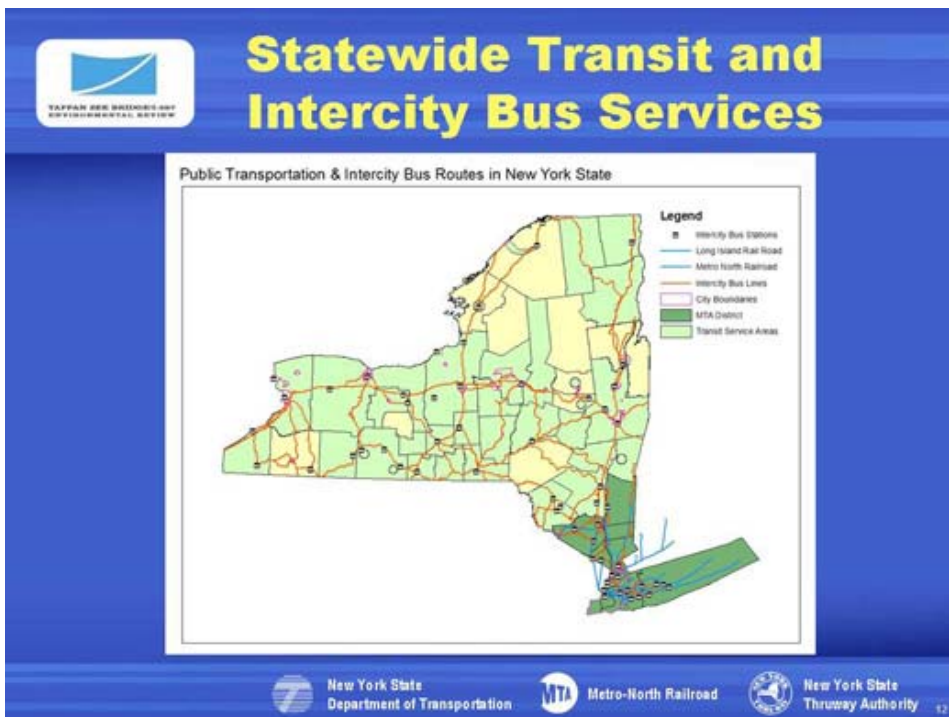


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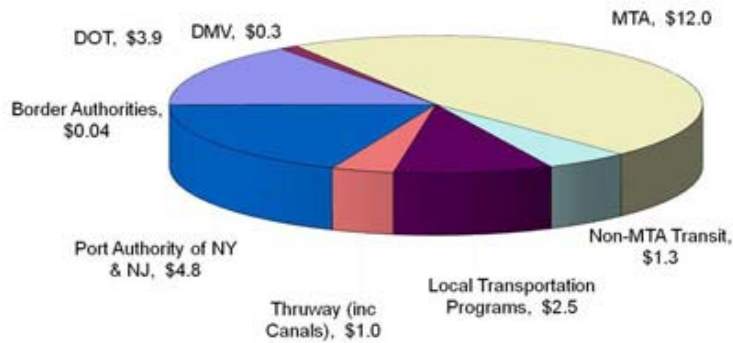
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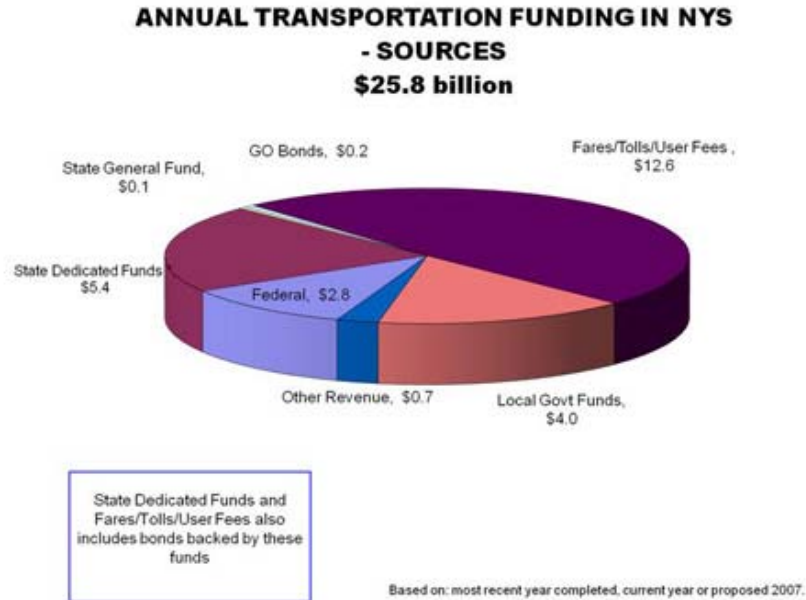
**ANNUAL TRANSPORTATION SPENDING IN NYS
- BY OPERATOR
\$25.8 billion**




Based on: most recent year completed, current year or proposed

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Questions?


Any questions
about how existing
transportation services
are paid for?

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Future Possibilities

- Take a closer look at non-tolling possibilities
- And work through ways of looking at tolling options


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Possibilities - “Who should pay”?

| | |
|------------------------------|----------------------------------------------|
| Residents | Out-of-State Drivers |
| Cars | Trucks & Commercial |
| State/Federal Taxes & Fees | Regional Taxes & Fees |
| System Users (Direct) | System Beneficiaries (Indirect) |
| Transportation Related Taxes | Other – Real Property, Mortgages, Income Tax |


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Dedicated Taxes Statewide


| | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Petroleum Business Tax | <u>Paid by:</u> <ul style="list-style-type: none">• In-State/Out of State• Mainly transportation users• Cars and Trucks/ Commercial |
| Gas Tax, Diesel Tax | |
| Motor Vehicle Fees | |
| Highway Use Tax | |
| Auto Rental Tax | |

Funds Highway & Transit services

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Existing Tax District


- “MCTD District”
- 12 County:
 - NYC (5), Nassau, Suffolk, Westchester, Putnam, Rockland, Dutchess, Orange
- I-287 Corridor – same as MCTD or not?

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Regional & Local Support


| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Subsidies - Connecticut & NYC</p> <p>District Sales & Use Tax</p> <p>"Urban Tax" (Mortgage Recording Taxes + Real Estate Transfer Taxes in NYC)</p> <p>Mortgage Recording Tax – "MRT 1 & MRT 2"</p> <p>Corporation Franchise Taxes (Corporations, Banks, Insurance)</p> <p>Mobility Tax (Payroll) *</p> <p>Taxi Cab Surcharge *</p> <p>Auto Rental Surcharge *</p> <p>DMV Surcharges *</p> | <p>Funds Transit Services only</p> <p><u>Paid by:</u></p> <ul style="list-style-type: none"> • In-State/Out of State • Direct & Indirect beneficiaries of the transportation system <p><small>* Enacted June 2009</small></p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



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Traditional Options (aside from tolling)

Additional State or Regional Taxes?

- Increments to existing taxes on a statewide or regional basis?
- Form a new regional Transportation district – like twelve county MCTD?



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Possible Taxes/Fees

- Tax Increment Financing Districts
(relies on growth in property value)
- Special Assessments (Property Tax)
- Personal Income Tax/Commuter PIT
- Parking Fees (encouraging use of transit)
- Transit Oriented Development
(\$'s related to commercial growth)



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Innovative Ideas

- Private investors in public transportation
 - PPP's ... a wide range of options
Many complex concerns to address
 - Provides up front financial resources
For long term return on investment
- A financing approach (not a revenue source)
To be discussed at next SAWG



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Questions? Comments?


Any questions or comments
about being smart
in supporting the Project
through statewide
and regional taxes and fees?



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“User fees”

- Transit = fares
- Highway = tolls
- Different geographic considerations
- Transit is all local travel / commuters



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Tolling (Bridge/Highways)

Obvious initial questions to consider:

- Who will be using the bridge/corridor?
- Who pays and how much?
 - Rates for cars, trucks, commuters, etc.
- How reliable is the projected revenue?
 - How will higher tolls influence travel patterns?

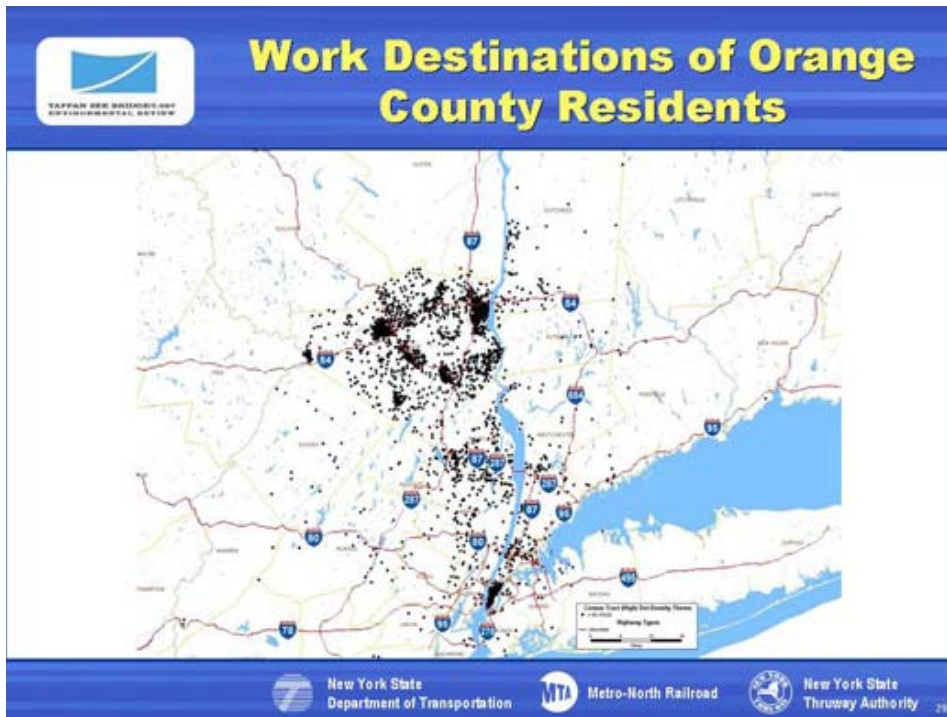
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Next Tolling Questions

Use congestion pricing? (lower “off peak” rates)

“HOT lanes?” (Pay a premium for uncongested lanes)

When would new tolls start?

- When bridge opens? Before construction?

How will tolls change over time?

- Assume what for 99 yrs?

The slide features a blue background with white text. It includes the same logos as Slide 29 at the bottom.



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System Tolling

- Combined revenues, combined infrastructure
- Problems on one part can disrupt system
- Relieves pressure points (of tolling bridge alone)
- Consistency in policy
- How do you define the limits?
- What about currently un-tolled highways in that system?

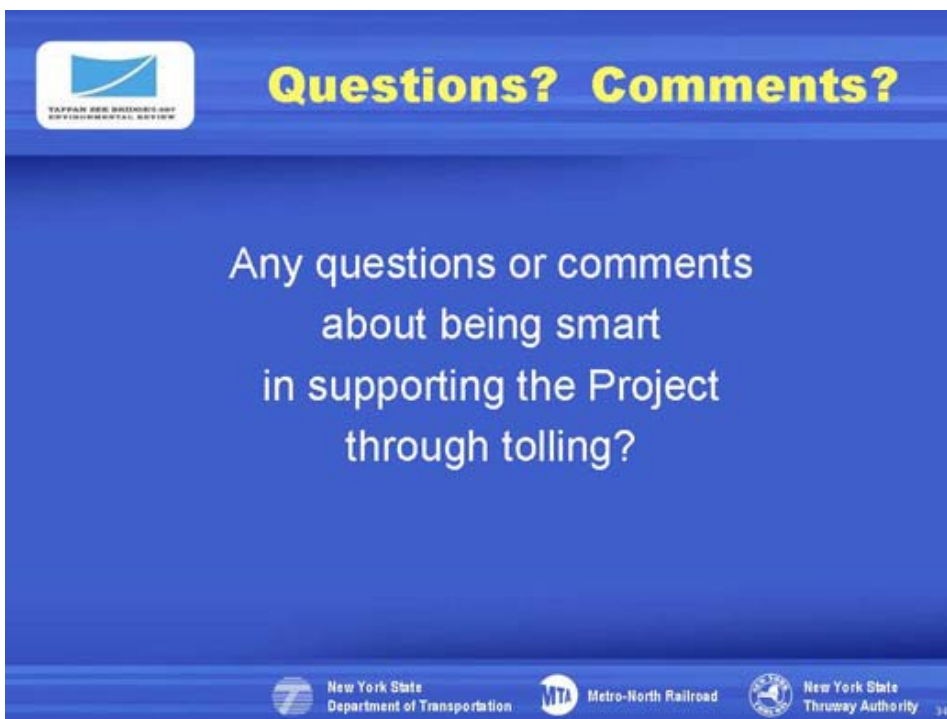
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Finance SAWG #4

- Thursday 9/10 6pm
Palisades Center Mall, Central Nyack
- Exploring how to minimize need for \$
 - Financing mechanisms
 - Procurement techniques

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