



Finance Subcommittee Update

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Possible Funding Packages



Short-Term

- CMAQ, STP
- Formula Funds
- Local Sources
- Bus Network Optimization

Mid-Term

- CMAQ, STP
- Formula Funds
- New Starts
- TIGER
- Gas Taxes
- Local Sources

Long-Term

- CMAQ, STP
- Formula Funds
- New Starts
- TIGER
- Gas Taxes
- Public Private Partnerships
- Local Sources

Local Funding Benefits



- Can be controlled and dedicated to specific projects
- Can be used as match to leverage federal/state funds
- 100% local funding can streamline project implementation by circumventing federal NEPA process

Local Funding Options



- Local Option Taxes
- Special Assessments
- Parking Fees
- Development Fees
- Right-of-way and Property Contributions
- Real Estate Transfer Taxes
- Fuel Taxes
- Tolls
- Congestion charging

Local Option Taxes



Voter-approved tax proceeds dedicated to a specific purpose or project

PROS

- Less politically volatile because voter approval required
- High revenue potential for low tax rate (e.g., ¼% sales tax)
- 70% average voter approval rate over past 10 years in US
- Voters can track dollars through project lists

CONS

- Voter approval required
- Increased tax burden
- Potential to be regressive
- Sensitive to economic downturns
- May run counter to State policy of no new taxes

Special Assessments

Special tax or fee on properties within a defined zone to fund improvements within the zone

PROS

- Revenues benefit those living in the assessment zone (clear connection between investment and benefit)
- Flexible – fees, timing can be set as needed

CONS

- Taxes/fees limited to those in the assessment zone
- May be difficult to define assessment zone

Parking Fees

User fee charged at parking facilities (often transit-related parking facilities)

PROS

- Directly linked to transportation
- Revenues would directly benefit those parking to take transit
- Can contribute to transit mode shift

CONS

- Burden may fall on Rockland County where parking is currently free
- Removes transit incentive

Development Fees

Land donations, in-kind donations or one-time fees paid by developers

PROS

- Does not add to residents' tax burden
- Links transportation and land use
- Not encumbered by regulations
- Can be dedicated to multiple purposes

CONS

- Development must occur
- Will only happen if developers recognize direct benefit from transit
- Costs passed to purchaser

Right-of-way and Property Contributions



Donated property (often government-owned), that can be used as an in-kind match

PROS	CONS
<ul style="list-style-type: none">• Does not add to residents' tax burden• Local governments could contribute• Reduces capital costs associated with new transit	<ul style="list-style-type: none">• May not be practical given existing zoning/land use patterns• Will only happen if land owners recognize direct benefit from transit

Real Estate Transfer Taxes

Taxes paid when the title of a property is transferred from one entity to another

PROS

- Captures the appreciation in property value
- Can be linked to transportation projects
- Emphasizes the interconnectivity of transportation and land use

CONS

- Could be negatively associated with already-high property values and taxes

Fuel Taxes



Taxes imposed on the sale of gasoline to fund transportation projects

PROS

- High revenue potential for low tax rate
- Directly linked to transportation
- May encourage transit use
- Dedicates long-term funding stream

CONS

- May run counter to State policy of no new taxes
- NYS already has the highest gas tax in country
- Recent volatility of gas prices may make this option less politically palatable
- As fuel efficiency improves and VMT decreases, revenue is reduced

Dedicating portion of Tappan Zee Bridge toll revenue to transit

PROS	CONS
<ul style="list-style-type: none">• Improves bridge efficiency• Reduces travel time and increases toll revenue by increasing throughput• Can be used to mitigate congestion• Very small % of toll can generate significant revenue	<ul style="list-style-type: none">• Dependent on federal loan stipulations*• Increases financial burden on bi-county travel by increasing toll

* Federal law allows tolls to support transit with excess toll revenues after debt service, operations and maintenance have been covered.

Congestion Charging

Fee charged on vehicles traveling within a designated zone and/or time period

PROS	CONS
<ul style="list-style-type: none">• High revenue potential that could directly support transit• Directly linked to transportation• Could encourage drivers to use transit	<ul style="list-style-type: none">• Defining congestion zone• Albany did not support in 2008• Enforcement relies on supportive infrastructure (cameras, etc.)*• Drivers could divert to local roads to avoid I-287

* Unless levied at toll booth

Local Financing Options



- General Obligation (GO) Bonds
- Revenue Bonds
- Tax Increment Bonds
- State Lottery Bonds
- Public-Private Partnerships*

* Not yet viable in NYS

General Obligation Bonds



Bonds that are secured by and repaid from general tax revenues

PROS

- Government backing results in low interest rates
- Residents do not directly perceive tax burden
- Correlation between local need and local financing

CONS

- Bond rating influences ability to issue bonds
- Municipalities may not want to bond at the local level to support regional transit
- Inherent risk in repaying bondholders
- Opportunity cost for other government services

Revenue Bonds

Bonds that are repaid from specific revenue sources such as user fees, sales taxes, property taxes or gas taxes

PROS

- Debt paid with specific revenue source(s); General funds untouched

CONS

- Must ID revenue source
 - e.g., sales taxes, property taxes, user fees
- Higher interest rate than GO Bonds

Tax Increment Bonds



Bonds that are repaid by the increase in property tax revenues within a designated district

PROS

- Future investment leveraged
- Existing revenue streams not diverted
- Clear linkage between investment and benefit

CONS

- Usually used in a single municipality or district
- May be difficult to adapt regionally
- Must meet state requirements re: establishment of TIF district and use of bonds
- Revenues highly dependent on development and increased land values

State Lottery Bonds



Bonds that are repaid by revenue from lottery ticket sales

PROS

- Does not add to residents' tax burden

CONS

- Requires state approval
- 100% of lottery profit currently supports K-12 education

Public-Private Partnerships



Capital and/or operating funds provided through a partnership agreement between public and private sectors

PROS

- Can generate large sums of money
- Have been used successfully with new transit projects across the country
- Can fund both capital and operations
- Reduces risks for government and public agencies

CONS

- NYS legislation required
- Requires strong ridership base and/or high-value real estate development opportunities



Discussion