



MEMO OF SUPPORT

S2872 (Comrie)

Exempts the MTA from State Bond Issuance Charges

February 2023

TITLE OF BILL

An act to amend the public authorities law, in relation to exempting certain public authorities from bond issuance charges.

SUMMARY OF PROVISIONS

Section 1 amends subdivision 4 of section 2976 of the Public Authorities Law to exempt the Metropolitan Transportation Authority (MTA), the New York City Transit Authority, and the Triborough Bridge and Tunnel Authority from the state bond issuance charge.

Section 2 sets the effective date as immediate.

STATEMENT OF SUPPORT

The MTA is facing an operating budget crisis due to ridership declines post COVID-19 (see our report, [Ridership Down](#), for more information), with deficits of \$600 million for 2023, and \$1.2 billion in 2024 and beyond.

As a state authority, the MTA is currently subject to a NYS “cost recovery” charge for bonds that it issues pursuant to Public Authorities Law, as changed by the 1989 “Cost Recovery Act.” According to the NYS Comptroller report, [Public Authorities by the Numbers 2022](#), the State collected only \$133.2 million in SFY 2021-22 from sixteen different authorities paying the charge. Authorities like the MTA pay the charge by building the fee into the bond sale and paying for it over time with interest. The Comptroller says the charges “increase the State’s and the authorities’ annual debt service requirements – and thus the costs paid by taxpayers and users of authority services.”

Reinvent Albany supports this bill because it eliminates a decades-old NYS cash grab that hurts MTA riders by increasing the cost of MTA debt service payments, which are already sky-high at 20 percent of its operating revenue. The MTA is in desperate need of new state operating revenues, and should not be subject to unnecessary NYS fees. We urge the Legislature to consider eliminating the recovery charge for all state authorities.