

**Reinvent Albany • Common Cause NY  
Environmental Advocates of New York • League of Women Voters NYS  
New York League of Conservation Voters  
NYPIRG Straphangers Campaign  
Permanent Citizens Advisory Committee to the MTA  
Riders Alliance • StreetsPAC • Transportation Alternatives  
Tri-State Transportation Campaign**

April 28, 2020

Via email

Governor Andrew Cuomo

Assembly Speaker Carl Heastie

Senate Majority Leader Andrea-Stewart  
Cousins

**Re: Please Do Not Raid MTA Dedicated Funds in Upcoming Budget Adjustments**

Dear Governor Cuomo, Majority Leader Stewart-Cousins and Speaker Heastie:

You will soon have the unenviable task of needing to make tough choices about the state's budget because of huge revenue losses from the COVID-19 emergency. During this difficult time, we ask you to respect that the Metropolitan Transportation Authority's dedicated taxes were explicitly created to provide "a stable and reliable dedicated funding source" for subway, bus and commuter rail and transit capital projects.

The COVID-19 emergency has destroyed the MTA's finances. We believe the MTA is currently spending roughly \$350m to \$400m a week more than it is bringing in. A functional MTA is absolutely crucial to the future recovery of the metropolitan region's economy, which provides the bulk of the state's revenue and jobs. A crippled and debt-burdened MTA will delay, not spur, the return of normal life in New York.

**We ask you to ensure that the MTA keeps every dollar of dedicated tax revenue that comes in, with no MTA funds used to prop up the state's general fund shortfall during the upcoming adjustments of the state budget.**

From what we understand, there are three "adjustment periods" during which changes to the MTA's funds could be made, which will look at receipts from the following intervals this year: April 1 to April 30th; May 1 to June 30; and July 1 to December 31. Therefore, the first adjustments will be made as soon as May 2020, after the Office of the State Comptroller releases its "Cash Basis" report for April 2020 on May 15, 2020.<sup>1</sup>

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<sup>1</sup> Office of the New York State Comptroller. Monthly Cash Basis Reports Available at: <https://www.osc.state.ny.us/finance/cbr.htm>

The MTA has received \$3.8B in federal CARES Act funds, and is asking for an additional \$3.9B in emergency funding from Congress. This federal rescue aid is intended to make up for plummeting revenue due to the COVID-19 emergency, not provide the state with a backdoor opportunity to transfer dedicated transit taxes to its general fund, creating an even greater deficit for the MTA. Using MTA funds for general purposes also diminishes the MTA's argument that it needs additional funding in order to be able to provide service and balance its books for the year.

As you know, the MTA is highly reliant on state mandated dedicated taxes, or special revenue funds. Because of the COVID-19 emergency, experts believe the MTA will see large declines in its dedicated funds like Metropolitan Mass Transportation Operating Assistance, which brought in \$1.8B in 2019. MMTOA is made up of taxes sensitive to the effects of the Governor's PAUSE order, like sales, petroleum and corporate franchise taxes, and other fees. Additionally, real estate revenue from the Urban and Mortgage Recording taxes are likely to see similar decreases due to the PAUSE order and the impending economic recession.

While some MTA dedicated funds are transferred directly to the authority without appropriation, such as the Payroll Mobility Tax and For-Hire Vehicle fee, many of the MTA's special revenue funds like MMTOA are subject to appropriation through the budget process. This means that under the recently adopted budget modification process, they could be reduced should the state's general fund be found to be "imbalanced." The new process allows for either "across-the-board" cuts, or cuts to specific appropriations, and does not require funds to be reduced in proportion to their own revenue losses. This means that these crucial MTA funds could be reduced by *more* than their tax receipt losses, to essentially subsidize general fund reductions; this could occur through transfers to the state general fund, or temporary borrowing.

**The MTA simply cannot afford to have its dedicated funds raided to make up for the state's general shortfalls. We ask that every dollar of tax receipts coming in for the MTA's dedicated funds be given to the MTA.**

We thank you for your attention to this matter. Please direct any questions to Rachael Fauss, Senior Research Analyst at Reinvent Albany, rachael@reinventalbany.org or 518-859-5307.

Sincerely,

John Kaehny  
Executive Director  
Reinvent Albany

Susan Lerner  
Executive Director  
Common Cause NY

Peter Iwanowicz  
Executive Director  
Environmental Advocates of New York

Laura Ladd Bierman  
Executive Director  
League of Women Voters of NYS

Julie Tighe  
President  
New York League of Conservation Voters

Jaqi Cohen  
Campaign Director  
NYPIRG Straphangers Campaign

Cc. Comptroller Tom DiNapoli  
MTA Chairman/CEO Pat Foye  
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Senator Leroy Comrie  
Senator Tim Kennedy  
Assemblymember Helene Weinstein  
Assemblymember Amy Paulin

Lisa Daglian  
Executive Director  
Permanent Citizens Advisory Committee  
to the MTA

Betsy Plum  
Executive Director  
Riders Alliance

Eric McClure  
Executive Director  
StreetsPAC

Danny Harris  
Executive Director  
Transportation Alternatives

Nick Sifuentes  
Executive Director  
Tri-State Transportation Campaign