



Skipping Out

*NYS Not Making \$375 Million a Year
in Payments Promised to MTA*

Introduction and Summary



The Metropolitan Transportation Authority (MTA) faces a “fiscal cliff” as federal aid from the COVID-19 emergency runs dry. MTA ridership remains stagnant at [65 percent of pre-COVID, 2019 levels](#) (see our November 2022 report, [Ridership Down](#)).

By ending budget scams, Gov. Hochul can immediately restore \$375 million in MTA funds. In her FY 2023-24 Executive Budget, Governor Hochul can make good on the state’s existing commitments to the MTA and reduce the amount of new taxes and fees that are needed by restoring two important funding sources for transit riders:

1. **\$175 million:** 18-b “matching fund” commitments to the MTA should come from the General Fund, NOT by raiding dedicated transit funds and claiming them as the state’s match, essentially “robbing Peter to pay Peter”. (New York City meets its 18-b commitment to the MTA from its General Fund.)
2. **\$200 million:** Payroll Mobility Tax (PMT) “replacement funds” must be adjusted for inflation, truly making the MTA whole for [exemptions to the tax created in 2011 and 2016](#).

NYS Must Make 18-B Commitments With Its Own Resources, NOT Dedicated Transit Funds

The NYS 18-B program was created in 1975 to fund transit systems across the state, and requires a local match.

Instead of making payments from the General Fund, the state in 2002 began to use the Mass Transportation Operating Assistance Fund (MTOA), a crucial dedicated transit fund – essentially robbing Peter to pay Peter.

Since 2002, this has resulted in a \$4B loss in revenue for transit agencies across the downstate region, and \$3.4B less for New York City Transit alone, while NYC is still obligated to pay with its own resources under the program.

MTA taxes are already largely paid by NYC residents. (See Citizens Budget Commission report).

Year	18-B Raid on MTOA (Downstate Systems)	NYCT Loss	Commuter Railroads/ MTA HQ Loss	Long Island Bus Loss	Other Downstate Systems Loss
2002	\$174,755,000	\$155,894,000	\$10,920,000	\$1,105,000	\$6,836,000
2003	\$161,093,000	\$146,395,000	\$8,736,000	\$884,000	\$5,078,000
2004	\$174,645,000	\$149,950,000	\$14,678,000	\$1,485,000	\$8,532,000
2005	\$182,500,000	\$152,000,000	\$18,100,000	\$1,800,000	\$10,600,000
2006	\$182,500,000	\$152,000,000	\$18,100,000	\$1,800,000	\$10,600,000
2007	\$186,500,000	\$153,100,000	\$19,900,000	\$2,000,000	\$11,500,000
2008	\$189,500,000	\$153,900,000	\$21,200,000	\$2,100,000	\$12,300,000
2009	\$189,500,000	\$153,900,000	\$21,200,000	\$2,100,000	\$12,300,000
2010	\$189,500,000	\$153,900,000	\$21,200,000	\$2,100,000	\$12,300,000
2011	\$189,500,000	\$153,900,000	\$21,200,000	\$2,100,000	\$12,300,000
2012	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2013	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2014	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2015	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2016	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2017	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2018	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2019	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2020	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2021	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2022	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
2023*	\$189,500,000	\$153,900,000	\$21,200,000	N/A	\$14,400,000
Total	\$4,093,993,000	\$3,371,739,000	\$429,634,000	\$17,474,000	\$275,146,000

*Projected from MTA November 2022 Financial Plan. All data from MTA financial plans, 2002 to present, available at: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements> 3

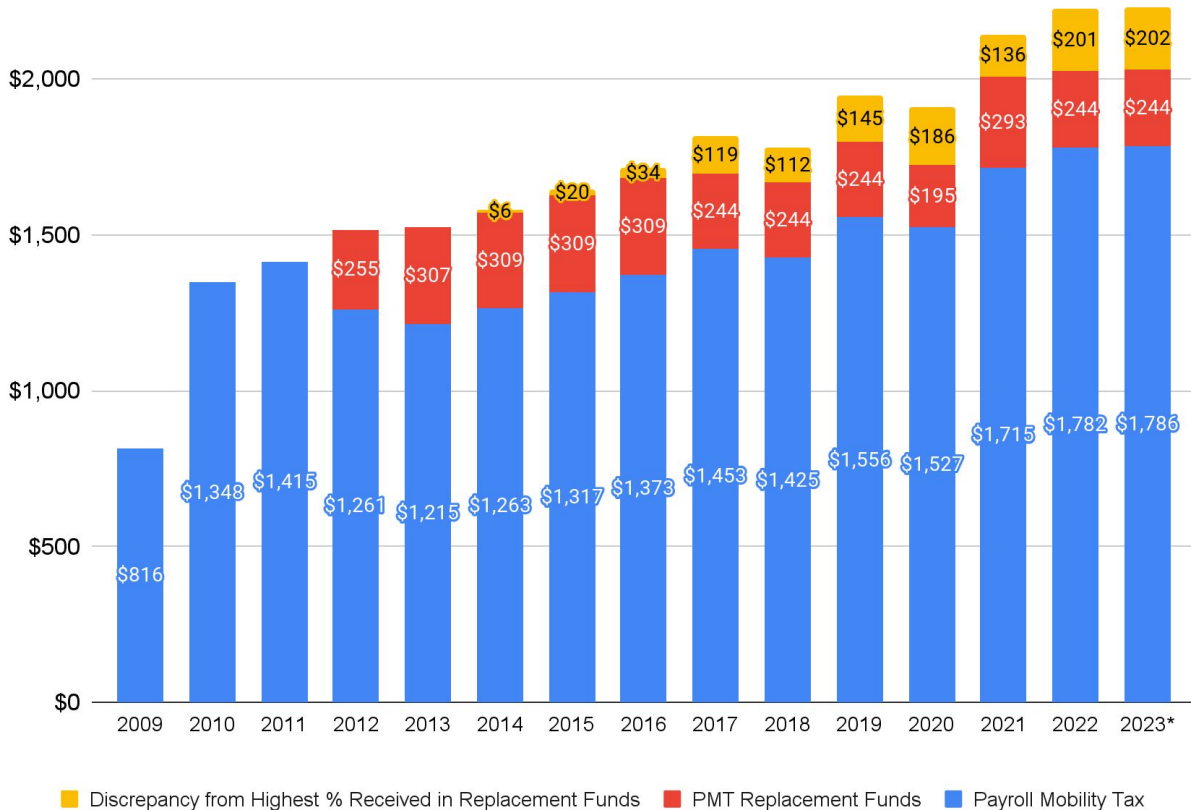
Payroll Mobility Tax Replacement Funds Have Decreased, Failing to Keep Up with Inflation

The [payroll mobility tax](#) (PMT) was created in 2009 to address the financial hit the MTA took during the Great Recession, providing it with a new, reliable funding source.

[Legislation](#) signed in 2011 by Governor Cuomo exempted schools and small employers from the PMT. **The new law promised losses would be “offset through alternative sources that will be included in the state budget.”** Another exemption was added for libraries in [2015](#).

In 2013, PMT “Replacement Funds” were 25% percent of PMT receipts, or \$307M. Despite the large growth in PMT receipts, NYS gives *even less* to the MTA today: replacement funds total only \$244M, or 14% of PMT receipts. **If the MTA received 25% of total PMT receipts in 2023, it would get \$202M more.**

Reinvent Albany Analysis: Payroll Mobility Tax (PMT) Receipts, PMT Replacement Funds, and Discrepancy in Funding, 2009 - 2023, in millions (*projected)



The MTA Needs New State Dedicated Revenues. To Reduce the Amount Needed in New Taxes or Fees, the Governor Should Make Good on Historical Funding Promises.

1. **\$175 million:** Use general fund resources to pay for NYS's 18-b commitment, NOT raid dedicated transit funds and claiming them as the state's payment, essentially "robbing Peter to pay Peter".
2. **\$200 million:** Increase Payroll Mobility Tax (PMT) "replacement funds" to adjust for inflation, truly making the MTA whole for exemptions to the tax created in 2011 and 2016.

Other NYS budget recommendations from our November 2022 report, Ridership Down:

3. The Legislature should use the \$50 million Outer Borough Transit Fund to improve bus, subway, and commuter rail service, rather than provide toll discounts.
4. The Governor and Legislature should reject any attempts to continue the gas tax holiday, which disproportionately benefited high-income individuals and gas companies.
5. Any new dedicated taxes should be remitted directly to the MTA, as well as current dedicated funds like the Internet Sales Tax. (All MTA contracts and bond issuances should be subject to State Comptroller oversight regardless of how funding is delivered to the MTA.)