

WHERE DO WE DRAW THE LINE?

Restoring the Mid-Hudson's Trust
in the MTA



DISCUSSION BRIEF
December 2009

PATTERN FOR PROGRESS

Improving the Quality of Life Through Regional Solutions Since 1965
Serving the Counties of Columbia, Dutchess, Greene, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester

Out of Balance: Mid-Hudson's Payments vs. Service

Once again in 2008, the Metropolitan Transportation Authority (MTA), facing enormous deficits, turned to Albany. The Ravitch Commission made recommendations to close the \$1.2 billion gap. While the Commission sought solutions that would allow "everyone to share the pain," the legislation enacted on May 7, 2009 placed an inequitable share of the burden on the four northern counties of Dutchess, Orange, Putnam and Rockland.

Pattern for Progress supports a strong regional transit system as do many in our region. However, the four northern counties in the Metropolitan Commuter Transportation District "contributed" approximately \$275 million to MTA in 2008 via ten revenue streams:

- Mortgage Tax (MRT-1) .3% on mortgages (with less than half of the payment eligible to go to Metro-North RR)
- Mortgage Tax (MRT-2) .25% tax on institutional lenders
- Sales and Use Tax -- .375%
- Franchise Tax

- Corporate Surcharge Tax
- Petroleum Business Tax
- Local Operating Assistance (18-b Match to State aid)
- Station Maintenance Payments
- Bridge Tolls
- Rider Fares

By most accounts, **only a fraction of our counties' population use Metro-North** – which is the only MTA service that extends into the Mid-Hudson region. This imbalance between limited service and over-payments worsened dramatically this year with **five new taxes and fees**:

- Auto Registration Fees -- \$25 annually
- License Fee -- \$1/every six months
- Taxi Cab Fee -- \$.50 per ride
- Car Rental -- 5%
- And "The Mobility Tax" – a payroll tax of .34% on all payroll expenses including businesses, not for profit organizations, school districts, and local government.

According to statistics released in relation to NYS Senate Bill S6267, these new taxes may take another \$100 million out of the Mid-Hudson. Legislation sponsored by Senator Steve Saland and other Hudson Valley State Senators proposes to eliminate the Payroll Tax on our region and to keep MTA's revenue intact by requiring Connecticut to pay its fair share for the New Haven line and by increasing fares.

In accompanying statistical data, Dutchess, Putnam, Orange and Rockland are shown to pay MTA an average of \$32,000 per transit rider while the State of Connecticut pays only \$4,000.

It is not just decisions of the MTA but also those of the Governor and Legislature that have led to this imbalance. Multiple taxes and fees have been imposed by Albany with the MTA as beneficiary.



MTA RIDERSHIP ESTIMATES 2007 BASED ON 2007 MTA ORIGIN/DESTINATION STUDY AND 2007 ON/OFF COUNTS

COUNTY	POPULATION	WEEKDAY RIDERSHIP	% OF POP
DUTCHESS	292,878	4,758	1.6%
ORANGE	379,647	3,563	0.9%
PUTNAM	99,244	3,549	3.5%
ROCKLAND	298,545	1,945	0.7%

Orange and Rockland totals include those using both East and West of Hudson Services.

At the February 19 NY Senate Public Hearing, Pattern called the payroll tax, “one tax too many.”

“The Mobility Tax,” while producing \$61 million from the region, has done nothing to increase our residents’ mobility. In fact, scheduled plans to extend service to some parts of the region have been postponed or eliminated ⁽¹⁾, making the Mid-Hudson that much more dependent upon the car for commutation.

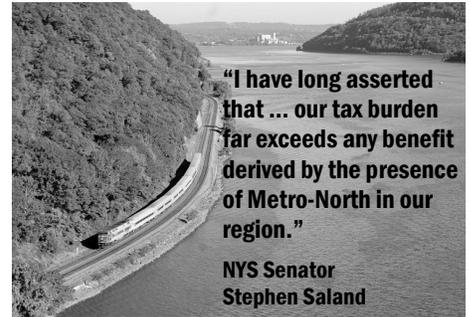
Moreover, in the 2010 MTA Budget draft, \$10 million in cost savings will come out of Metro-North Rail-

road with \$9 million earmarked in each of the out-years to 2013. Compare this to only \$4 million saved in the Long Island Railroad (LIRR) budget for 2010 and only \$400,000 per year through 2013.

Additional evidence of the difference in status our region suffers is the quarter vote each of our four counties receives on the MTA Board – earning our counties the nickname of “Quarter Pounders.” The rationale for the fractional vote is based on less service, limited access, fewer commuters, and other political considerations.

MTA cannot justify providing such a small fraction of overall service to a region while saddling that population with the same tax rate as NYC and Staten Island.

(1) East of Hudson Metro-North will save \$2.3 million by scaling back plans for two roundtrip upper Hudson peak trains and an off peak outbound train. Additional service on the Port Jervis (West of Hudson) Line scheduled to start in '09 and deferred has now been eliminated from 2010. Source: MTA MNR 2010 Program to Eliminate the Gap (PEGs) Worksheet. This deals with the gap between MTA revenue and expenses for 2009-13.



Jay Walder brings new leadership to MTA



Raised in Queens, Jay Walder earned his Masters degree in Public Policy from Harvard and worked for the MTA for 12 years.

He then moved overseas as managing director for finance and development at Transport for London, where he was credited with the success of the Oyster card, now the largest contactless smartcard in Europe, and with drafting London’s successful bid for the 2012 Summer Olympics.

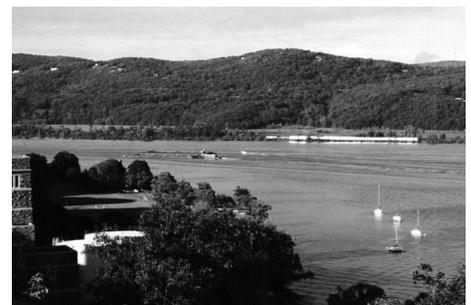
According to *The New York Times*, “He was instrumental in starting the program to charge drivers in central London, where it initially incensed many but eventually was welcomed as a way to reduce congestion. A similar plan, advanced by Mayor Michael R. Bloomberg, was scuttled by the State Legislature in 2008.”

Most recently he was a partner in McKinsey’s London office, where he was global leader of their infrastructure practice. He was appointed head of the MTA in September.

At the November 16 meeting of the MTA Board, Walder said the most consistent message expressed to him has been that **“taxpayers and riders want greater value for their investment and improved transparency and credibility from the MTA.”** By the end of that week, minutes from the MTA Board meeting had been posted on the MTA website.... a step in the right direction!

“ **The fiscal reality demands that we permanently overhaul the way the MTA does business... We must restore the public trust and confidence in this organization.** ”

Jay Walder, MTA Chairman



Orange County

2009 Funding Highlights

Mortgage Recording Tax Paid to MTA	\$ 11,039,903
Sales Tax going to MTA	\$ 22,372,552
Railroad Station Maintenance	\$ 434,585
Railroad Rapid Transport/MTA Paymt	\$ 146,260
Tax on <i>County Government</i> Payroll	\$ 483,338 (estimate)



Edward A. Diana
County Executive

“ Orange County understands fully the complex challenges confronting the MTA and recognizes the important service that this agency provides. However, the long term fiscal issues associated with this agency cannot be borne by the residents who receive the least amount of services. We are pleased that the new administration is reaching out and listening to the concerns being expressed by the members of the region and we look forward to truly productive dialogue as we all address the present economic realities facing our counties, states and nation.”

Public Sector Double Taxation*

Total Wages: \$ 1.07 B
Payroll Tax: \$ 3.64 M



Rockland County

Benefit vs. Cost

Rockland has contributed \$44 million more in annual taxes and fees to the MTA than it has received in services.

Add to that overpayment an estimated \$18.5 million in 2010 from Rockland employers' payroll tax.



C. Scott Vanderhoef
County Executive

“ An alternative to the inequitable MTA Payroll Tax must be identified and implemented before more jobs are lost, and we must move to redress the deficit that Rockland faces.

No other county provides more and gets less.... ”

Public Sector Double Taxation*

Total Wages: \$ 1.09 B
Payroll Tax: \$ 3.71 M

*Government and school employees are paid with tax dollars—making the MTA Mobility Tax a “tax on a tax” for this segment of employment. Updated to reflect .34% payroll tax rate from data originally supplied by NYS Senator Stephen Saland

Dutchess County

Stressing Resources

Dutchess County must pay its sales tax share to the MTA on clothing even though it doesn't collect sales tax on these purchases.

The county owes \$324,000 on its MTA payroll tax that was due the beginning of November. The County Legislature has yet to authorize a transfer from contingency to pay the bill.



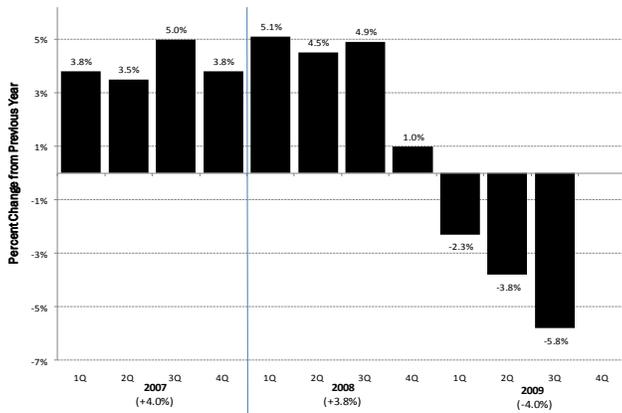
William R. Steinhaus
County Executive

“

The MTA mobility payroll tax was a quick fix unfairly imposed on Hudson Valley counties by state elected officials from Albany but dominated by New York City politicians. Rather than working to find solutions to the fiscal challenges to sustain quality rail service, state officials wrongly passed the buck onto local businesses and taxpayers during one of the worst economic periods in our history. Rail service is a vital component in the economic strength of our community, so balanced financial solutions need to be found to ensure long term viability of transportation infrastructure.

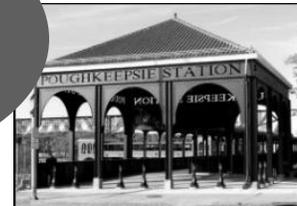
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East of Hudson Ridership Quarterly Report 2007 to 2009



Public Sector Double Taxation*

Total Wages: \$ 993.5 M
Payroll Tax: \$ 3.4 M



Putnam County

“ While we recognize the need for funding to provide the essential services that are provided by the MTA, the tax levied on payrolls in the Hudson Valley is unfair and inappropriate given the economic conditions and unemployment statistics”

”



Robert J. Bondi
County Executive



Forecast 2010 MTA Payments

Sales Tax (Sales Tax (.375%))	\$ 4,454,000
Railroad Station Maintenance	\$ 917,578
Subsidy	\$ 380,276
Payroll Tax	\$ 156,000
TOTAL	\$ 5,907,854

Public Sector Double Taxation*

Total Wages: \$ 256.3 M
Payroll Tax: \$.9 M

Working toward a more equitable solution

15 Ways to Balance the Fairness Gap

1. Call upon Albany to eliminate the Mobility Tax, or apply a “sunset date” to limit its use.
2. Call upon the Governor and Legislature to determine a rational system based on usage to make the MTA self-sustaining.

How to more equitably implement the Ravitch Plan’s goal to “share the pain”

3. Restore financial credibility: Start with a repeal of the 4% wage increases when the cost of living is flat; sell the new MTA employee lounge paid for by stimulus money; end the LIRR disability insurance “retirement plan” until it can be revised.
4. Place tolls on the East River bridges, with potential side effect of reduced traffic congestion and other benefits of increased public transit use.
5. Move to a zoned NYC transit system, similar to many other cities, that creates the relative value of a longer ride costing more...as it does on Metro-North.
6. Revisit congestion pricing as a means of augmenting MTA revenues by charging single-occupancy vehicles to commute to Manhattan.
7. Renegotiate the joint service operating agreement with the state of Connecticut relating to revenues collected, higher fares, or reduced services on the Metro-North New Haven line.

How the MTA could give the Mid-Hudson more for their money

8. Increase program for Transit Oriented Development. Use TODs to spur job creation and housing (see back cover).
9. Increase the number of rail yards sited in the Mid-Hudson Valley in order to enlarge the capacity for train service.
10. Fund Mid-Hudson bus service systems at an equivalent level to other counties’ service.
11. Create greater connectivity in the Mid-Hudson, such as Bus Rapid Transit and shuttles to Stewart as demand increases.
12. Fund a tourism marketing campaign to motivate more city riders to explore the Hudson Valley’s attractions, enhancing weekend ridership.
13. Use period of decline in ridership to identify greater parking options for future riders, including more shuttles from remote parking areas.
14. Accelerate plans to incorporate transit on the future Tappan Zee Bridge.
15. Provide transparency and access to data as to where counties’ money is going. Provide ridership by station rather than aggregated by rail line, and publish fees and taxes collected by line item for each county.



to the MTA's long-term financial viability

The Mid-Hudson's Voice on the MTA Board: The "Quarter Pounders"

Unlike representatives of other counties in the MTA service area, board members from the four counties of the Mid-Hudson Valley cast one collective vote, and are therefore called the "quarter pounders".



DUTCHESS

Jim Sedore

*Chairs Audit & Metro-North Committees
Sedore, O'Sullivan, Letterio & Barschi*



ORANGE

Susan Metzger

*Chairs Diversity Committee
Lawler, Matusky & Skelly Engineers*



PUTNAM

Robert Bickford

*Retired Attorney and
Chair, Putnam County Board of Ethics*



ROCKLAND

Carl Wortendyke

*President
Cal Mart Enterprises Inc.*

MTA CONTACT INFORMATION

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PATTERN FOR PROGRESS PARTNERS WITH 8 HUDSON VALLEY BUSINESS ORGANIZATIONS FOR OPEN DISCOURSE ON MTA FUNDING ISSUES

*The following were awarded Pattern's
2009 Regional Achievement Award for this collaboration:*

Greater Southern Dutchess Chamber of Commerce
Ann Meagher, President (845) 296-0001

Dutchess County Regional Chamber of Commerce
Charles North, President (845) 454-1700

Orange County Chamber of Commerce
Dr. John D'Ambrosio, President (845) 457-9700

Orange County Partnership
Maureen Halahan, President (845) 294-2323

Rockland Business Association
Al Samuels, President (845) 735-2100

Rockland Economic Development Corporation
Ronald Hicks, President (845) 735-7040

The Business Council of Westchester
Dr. Marsha Gordon, President (914) 948-2110

The Business Council of New York State
Margaret Moree, Director of Federal Affairs (518) 465-7511



***"In lieu of a rational way to fund the transit system,
the State has turned to a series of Band-aids. The
latest will add to our competitive disadvantage as
the Hudson Valley's counties compete for jobs with
states such as New Jersey and Connecticut."***

Jonathan Drapkin, NY Senate Testimony, February 19, 2009

PATTERN FOR PROGRESS IMPROVING THE QUALITY OF LIFE THROUGH REGIONAL SOLUTIONS

Looking to the Future

Building better relationships with communities through Transit Oriented Development

“ Today’s economy provides a perfect storm of opportunity for changing the way we think about smart regional growth for the Hudson Valley.

One way to address our financial, housing and energy crises is to put resources into Transit Oriented Development and “walkable communities”. This one strategy can inspire economic development, expand housing choices, cut greenhouse gas emissions, reduce traffic congestion, and respond to the needs of our changing population.

”

Charlie Murphy
Vice President, Pattern for Progress

Your thoughts?
Contact Pattern for Progress at (845) 565-4900 or email cmurphy@pforprogress.org



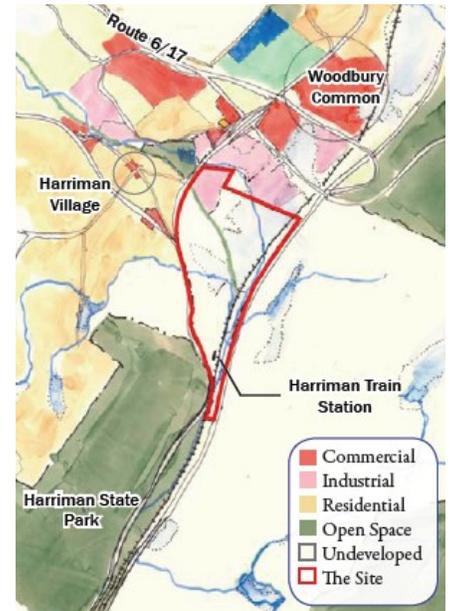
Beacon is Bright Light in TOD Plans

18 acres at the MNR station (above) are envisioned as a catalyst for development linking riverfront, transit and downtown. In Dutchess County, TOD planning also is in the formative stages in proximity to the Poughkeepsie station.

TOD West of Hudson

Planners for the Harriman Station (upper right) agree that it represents the best opportunity in SE Orange County to capture a significant share of the region’s growth in a neighborhood connected by transit to major job centers. With the construction of the Secaucus Transfer in NJ, riders boarding at Harriman can now reach NYC more easily.

“Building Quality Communities around Transit and the Bridge.” NYS DOT, the Thruway Authority and Metro-North have launched a TOD technical assistance initiative for the Tappan Zee Bridge/I-287 Corridor Project in Rockland County. The Corridor Project anticipates Bus Rapid Transit and Commuter Rail for the future Hudson River crossing.



Pattern for Progress is the Hudson Valley’s public policy, planning and advocacy organization that creates regional solutions to quality-of-life issues by bringing together business, nonprofit, academic and government leaders from across nine counties to collaborate on regional approaches to affordable/workforce housing, municipal sharing and local government efficiency, land use policy, transportation and other infrastructure issues that most impact the growth and vitality of the regional economy.

Join Pattern and be part of the solution!

PATTERN FOR PROGRESS

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