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Issue Brief

Transportation and Transit: Back to Basics

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From Buffalo to Brooklyn, New Yorkers have inherited well-planned, well-built transportation infrastructure, from New York City's subway to the state Thruway. These assets are the backbone of New York's economy, with mass transit enabling New York City's density and the downstate region's commuting wealth, and with highways enabling major industry such as manufacturing, farming, and modern-day research and development.

Yet over the past two decades, New York State has lost its way in managing these assets. The state has diverted scarce funding to multi-billion-dollar signature megaprojects at the expense of safeguarding the long-term condition of existing transportation and transit properties. Even as the state has lost sight of prioritizing maintenance and repairs, it gets less return on each dollar deployed, due to the increasing cost of constructing, maintaining, and operating transportation and transit projects, already higher in New York State than elsewhere in the country and the developed world.

Beyond re-establishing sound transportation management, New York faces new challenges. The proliferation of electric vehicles (EVs), encouraged by federal and state subsidies, presages a long-term decline in fuel-tax revenues, following years of erosion due to greater fuel efficiency. The persistence of the work-from-home phenomenon heralds a long-term decline in transit-fare revenues. Lastly, if the state does not soon either implement a long-delayed congestion-pricing program to support the Metropolitan Transportation Authority's capital-improvement budget, it must find an equivalent source of revenue.

Looking ahead from 2023 to the mid-decade, the governor and state lawmakers should reassert key principles:

- First, major new transportation and transit new-construction projects should pay for themselves (after federal grant money), if not entirely through direct user revenues such as tolls or fares, then through bonds approved by voters and/or through dedicated tax revenues.

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- Second, revenues derived from transportation infrastructure should not pay for non-transportation projects, and vice versa. General state tax revenues should not subsidize large-scale transportation construction, and transportation-related revenues should not support unrelated projects.

- Third, the state must prioritize repair and maintenance of existing assets over new construction.

- Fourth, the state must control construction costs, and, in the case of mass transit, operational costs.

- Fifth and finally, New York's governor should recognize that the state eventually must replace fuel-tax revenues. The state should consider a voluntary pilot to test a vehicle-miles-traveled fee.

The Status Quo

Before the current era, New York's modern transportation history falls into three periods. The first, between the turn of the 20th century and the late 1950s, was a period of major construction, initially of mass-transit projects such as the New York City subway, and later of limited-access highways such as the Thruway. Though the city raised municipal bonds to fund subway construction in the early 1900s, the state generally funded other such projects through debt repaid by a mix of state and federal tax revenues (including, after 1929, the two-cents-a-gallon state gas tax)[1] and by direct project-derived revenues (such as tolls on the Thruway). When the state borrowed money for a large-scale project whose expected future user fees wouldn't fully fund its construction, as in the case of the Thruway, the state secured voter approval for such debt, as its constitution requires.

The second, from the 1960s through the mid-1980s, was a period of relative inactivity. The state and its cities cancelled several planned highways. The state neglected mass-transit assets and, to a lesser extent, existing highway assets.[2]

The third period dates roughly to the early 1980s, when the state, under Governors Hugh Carey and, later, Mario M. Cuomo, formalized a fiscal regime to put both transit and transportation funding on a long-term sturdy footing.

Dedicated transportation revenues

Starting in 1980, the state legislature approved a series of dedicated taxes for the state-controlled Metropolitan Transportation Authority, which runs New York City's subway, bus, and commuter-rail networks. The most substantial package was the "mass transportation operating assistance" bundle of taxes reserved for the MTA, including a ¼-of-one % sales tax in the downstate region served by the authority, a regional franchise-tax surcharge, a transportation and transmission business tax, and a petroleum-business tax. The taxes were designed to meet the MTA's capital-infrastructure and operating-subsidy needs.

As the initial tax package proved insufficient in light of the MTA's growing costs, though, the legislature has approved added taxes and fees roughly every decade to supplement it. The most recent series of MTA-dedicated revenues include 2018's congestion charge on for-hire vehicles within core Manhattan, which raised more than $300 million in the year after its enactment. This was preceded in 2009 by the MTA's biggest new revenue source since the 1980s—the payroll-mobility tax, a 0.34% levy on most downstate payrolls, which was generating $1.6 billion annually by 2019. (See **Table 1** on next page.)

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Along with new revenues came a requirement for long-term planning. In the early 1980s, the legislature directed the MTA to devise five-year, multi-billion-dollar "capital plans" to prioritize investments in repair, replacement, and, starting in the 2000s, new construction.

Table 1

Metropolitan Transportation Authority Dedicated Taxes & Fees, 2019
(in millions)

Metro mass transit operating assistance (MMTOA)[a]	$1,824
Payroll mobility tax	$1,561
Petroleum business tax (separate from MMTOA)	$649
For-hire-vehicle congestion-pricing fee	$336
MTA aid package[b]	$311
Mortgage recording tax	$462
Urban tax[c]	$668
Total MTA 2019 revenues from dedicated taxes	**$5,810**

Source: author's calculations based on MTA BudgetWatch report
[a] Sales, regional franchise, transportation/transmission, petroleum business taxes
[b] License, vehicle registration, taxi, and automobile rental fees
[c] NYC-only mortgage recording tax, property transfer tax

In the early 1990s, the state legislature took a similar approach to highways and bridges: enacting dedicated taxes to fund transportation infrastructure that could not pay for its capital costs through toll revenues (**Table 2**, below). In 1991, the state created its dedicated highway and bridge trust fund. The goal, as state comptroller Thomas P. DiNapoli puts it, was to fund "critical transportation infrastructure" on a "consistent, reliable basis." The trust fund takes in revenues from six taxes, namely the petroleum-business tax, motor-vehicle registration fees, the motor-fuel tax (now eight cents a gallon), highway and fuel use taxes (including a mileage fee on trucks), the auto-rental tax, and transportation and transmission business taxes.[3]

Unlike with mass transit, the state legislature chose not to create a dedicated tax to support operating costs for highways and bridges. One reason is that operating costs are much lower, as highway transportation is far less labor-intensive than mass transit. The state's Department of Transportation (DOT), for instance, employs 8,147 full-time employees, and spends just $2 billion in operating costs.

Table 2

NY State Highway & Bridge Trust Fund Dedicated Taxes, FY2020
(dollars in millions)

Petroleum business tax	$644
Motor-vehicle registation fees	$638
Motor-fuel tax	$386
Highway use tax	$140
Auto-rental tax	$74
Transportation/transmission tax	$10
Total highway & bridge trust revenues from dedicated taxes	**$1,892**

Source: Office of the State Comptroller

By contrast, the MTA employs nearly 70,000 full-time workers, and, not including debt service, has a $15.5 billion annual budget.[4]

By the turn of the 21st century, the state enjoyed dedicated tax streams for construction, repair, and maintenance of mass-transit and highway-transportation assets and enjoyed such streams for mass-transit operating costs, as well.

The dedicated funding stream for mass transit has, in the aggregate, more than kept up with general cost inflation over the broad time frame. Due to economic growth (as well as the gradual addition of new dedicated taxes), dedicated taxes brought in nearly $6 billion annually to the MTA by 2019, the year before the Covid-19 pandemic hit New York State, compared to $500 million in 1985 (the equivalent of $1.2 billion in 2019 dollars). In the highway and bridge trust fund, revenues reached more than $2 billion by 2019, although the taxes have not kept pace with inflation over the past decade, due to greater fuel efficiency. [5]

Distracted driving

Despite these dedicated taxes, the state's highway and bridge transportation funding is increasingly strained and must rely on general state revenues for major capital projects as well as for maintenance and repairs. The state's transportation trust fund long ago stopped fulfilling its purpose, to fund transportation repair and replacement from its dedicated taxes. In recent years, estimated spending has recently begun to fall short of estimated needs, especially on bridges.

The biggest problem is an overreliance on borrowing not envisioned in the original legislation. As the state comptroller has noted, a 1993 amendment to state law allowed for borrowing against the highway and bridge trust fund's dedicated revenues, marking "a shift in the state's transportation capital program from being a self-funded system … to one that has become substantially debt-financed."

That is, rather than using the dedicated tax revenues to fund capital projects on a pay-as-you-go basis, the state borrowed against those future revenues. By 2019, debt service was consuming $1.4 billion annually, or nearly three-quarters of the highway and bridge's trust fund's dedicated-tax revenues.

A smaller problem is that, though the initial plan for the trust fund was for the money solely to fund large-scale capital projects, the state further amended the law in 2001 to allow the trust fund to subsidize transportation operating costs, just as dedicated taxes subsidize such deficits at the MTA. By 2019, the trust fund was spending nearly $1.3 billion annually on state transportation-related operations costs, rivaling the amount spent on debt service.

Because payments on debt service and payments for operations now exceed dedicated-tax revenues, the trust fund must rely on $800 million in annual transfers from the state's general fund, paid for by general tax revenues.

Because of these strains, the trust fund has not increased its investment in infrastructure. Over the past half-decade, the trust fund has spent just $560 million annually, or fewer than 30% of its dedicated tax revenues, on the purpose for which the trust fund was created: direct capital expenditures. Even as construction-cost inflation has soared, the trust fund's capital expenditures have remained steady, meaning each dollar buys less capital.

Running into potholes

The result is that, despite the existence of the highway and bridge trust fund, the physical state of highway and bridge infrastructure has not improved much over the past two decades.

The state's goal is to maintain pavement conditions on its 42,742 lane miles of roads between a federally recognized rating of 6.7 and 7.2 on a scale of 1 (very poor) to 10 (excellent). Though New York has indeed achieved that goal, it has not significantly improved road conditions in two decades, as shown in **Figure 1**. The state has also achieved its goal of keeping structurally deficient bridges below 15% of the total 7,700 highway bridges. However, it has improved bridge conditions slowly, reducing the percentage of structurally deficient bridges from just under 8% to just above 7% over a half-decade.

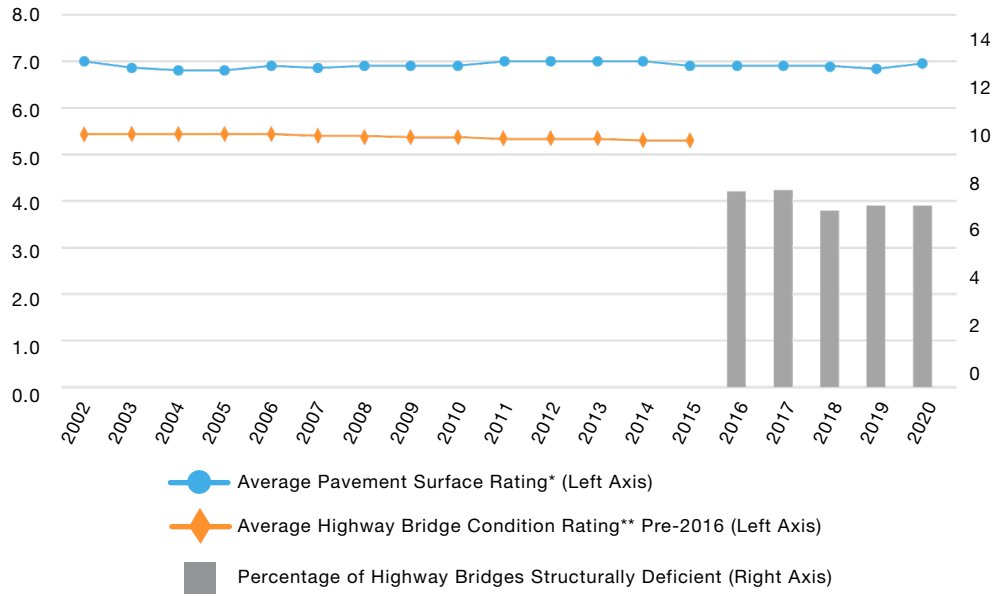
These ratings may grow worse. Thanks to borrowing against the trust fund and federal grants under Obama-era stimulus, the state's highways and roads enjoyed a decade and a half of robust investments until 2017.

Yet since then, from fiscal years 2018 through 2020, despite a $23.4 billion, five-year transportation capital plan during that period, the state has failed to spend enough money to keep up with the estimated amount needed to maintain highways, roads, and bridges in their current state, as shown in Figures 3 and 4 on the following page. In 2019, the state DOT warned that "to achieve a state of good repair … in ten years, [the agency] would require approximately $2.5 billion per year for pavements and bridges from all levels of government, as compared to the current annual funding level for these assets of $875 million."[6]

The state's latest, $32.8 billion, five-year transportation capital plan, enacted in April 2022 as part of FY 2023 state budget,[7] relies disproportionately on borrowing (see **Table 3** below). It contemplates $16.5 billion in new transportation-related debt, nearly all of it issued through public authorities and underwritten by personal income-tax collections—a form of "backdoor borrowing" designed to avoid the constitutional requirement for voter approval of general obligation debt.

Figure 1

NY State Pavement & Bridge Conditions Assessment (2002–2020)



*1 = very poor; 10 = excellent
**1 = minimum; 7 = maximum; >5.8 = good; <4.4 = poor

Table 3

Department of Transportation Capital Plan Funding, FY2020–27
(dollars in millions)

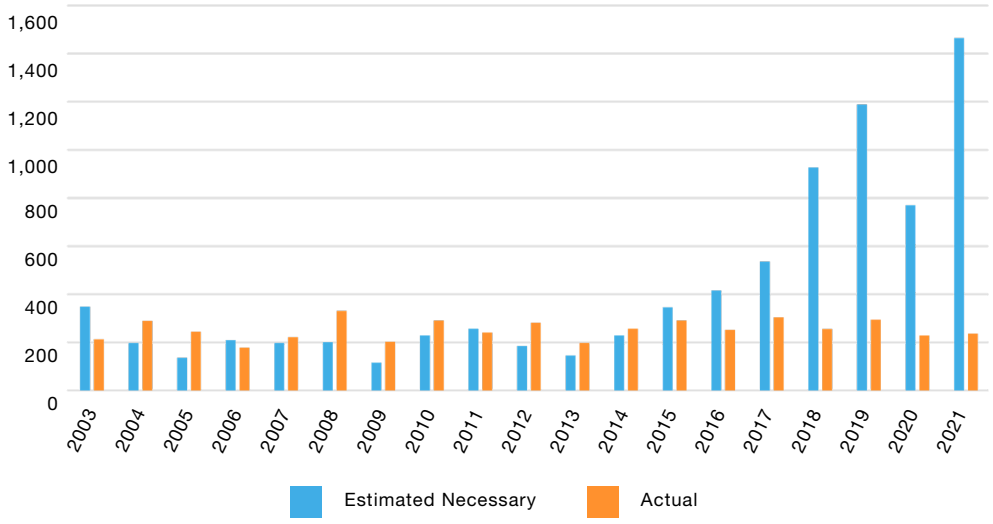
	2022	2023	2024	2025	2026	2027
Public authority bonds[a]	1,894	3,105	3,297	3,180	3,438	3,447
Federal grants	1,988	2,424	2,706	2,907	2,949	2,946
State pay-go grants	1,018	858	1,317	1,377	927	953
Potential debt share	38.7%	48.6%	45.0%	42.6%	47.0%	46.9%

Source: FY 2023 Capital Program and Financing Plan, State of New York
[a] Classified as "Personal Income Tax Revenue Bonds" generally issued by the Thruway Authority

Figure 2

Estimated Necessary vs. Actual Roads Spending

FY2003–2021 ($ millions)

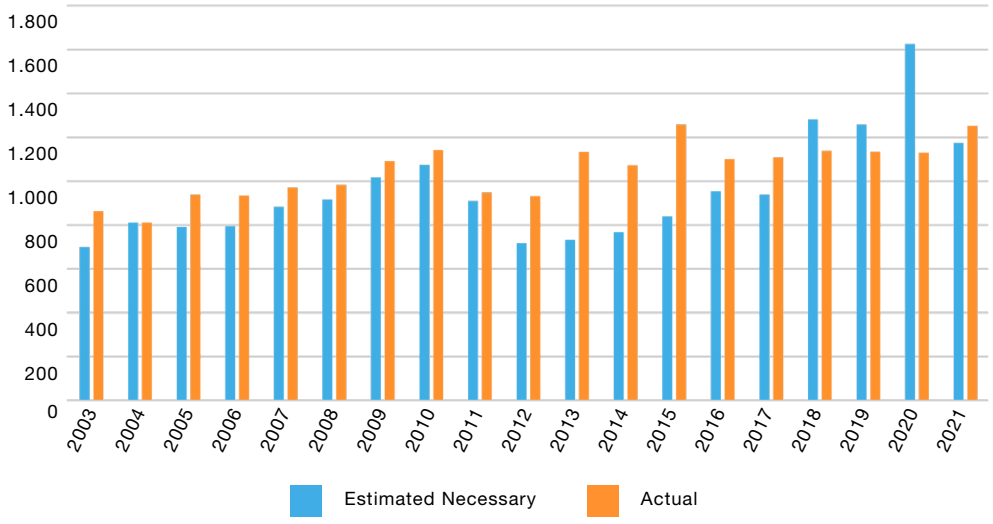


Source: Author's calculation based on FY2023 Enacted Capital Program and Financing plan, State of New York

Figure 3

Estimated Necessary vs. Actual Bridge Spending

FY2003–2021 ($ millions)



Source: Author's calculation based on FY2023 Enacted Capital Program and Financing plan, State of New York

The projected debt from the DOT capital plan alone would increase the state's outstanding total debt, which was $66.5 billion as of FY 2021, by 25%. The state risks a future in which day-to-day maintenance and repair work falls further behind as more future resources, both general revenues and dedicated taxes, goes toward servicing past debt.

The state plans to increase its transportation-related debt even as a key source of transportation revenue, the motor-fuel tax, has stagnated, thanks to better fuel efficiency.

Case study: the New York State Thruway

The New York State Thruway is a case study of how New York State has lost its way. In the fall of 1951, then-Governor Thomas Dewey presented the proposed New York State Thruway Authority as "self-liquidating," modeled on Robert Moses's Triborough Bridge and Tunnel Authority. That is, the toll revenues the Thruway would produce would fund the costs of both operations and, over time, the $500 million capital construction cost. Voters approved $500 million in state-guaranteed debt for the project based on this prospect.[8]

Yet as the state began Thruway construction, the cost of the project nearly doubled, to almost $1 billion, and the Thruway's revenues fell short.[9] In the mid-1950s, the Thruway thus had to borrow $472 million in revenue-backed bonds in addition to its state-guaranteed debt.[10]

Nevertheless, the state turned the situation around. By 1969, thanks to toll increases as well as increased volume, the Thruway was funding itself.[11] By the early 1980s, the Thruway was taking in $155 million annually, and expected that it could retire its debt within a decade-and-a-half.[12] By 1996, the Thruway still "receive[d] no state tax dollars and depend[end] entirely on toll revenues," even after an eight-year toll freeze.[13]

By the new century, however, the state government was taking advantage of the Thruway's self-sufficiency, using it to subsidize non-related costs that should have been borne by the general New York State budget. In 1992, then-Governor Mario Cuomo had forced the authority to take on the state's money-losing canal network.[14] By 2002, the canals comprised a $39 million operating expense, rising to $64 million by 2017.

Though forcing the Thruway to subsidize non-Thruway costs was bad policy, in the mid-2000s, Governors George Pataki, Eliot Spitzer, and David Paterson did at least allow the nominally independent Thruway enough freedom from politics to maintain its finances to absorb these non-related costs. In 2005, for example, the Thruway raised tolls in different segments by 25%–35%. In 2009 and 2010, the Thruway once again raised tolls, by 10%.

Yet toll hikes were not sufficient. "From 2002 through 2011, Thruway-generated revenues grew by 4.0% on average annually, while [annual] expenses grew by 5.0%," the state comptroller reported. [15] Between 2010 and 2020, tolls remained stagnant, with the passenger toll on the Tappan Zee Bridge remaining at $4.75.[16]

The Thruway might have been able to withstand a stagnant toll for some time, as its budget is lean. Between 2011 and 2021, its operating costs (excluding asset deprecation) rose from $482 million to $511 million, a cut in real (inflation-adjusted) terms, thanks in part to the conversion to automatic tolling.

A bridge to more borrowing

But as operating costs were dropping, Governor Andrew Cuomo saddled the Thruway with a substantial added expense: most of the $3.9 billion cost of replacing the outmoded original Tappan Zee Bridge (opened in 1955) with a twin-span structure named after former Governor Mario M. Cuomo. The authority has borrowed $2.5 billion to fund its portion of the project, substantially increasing its debt.[17] As of year-end 2021, the Thruway owed $6.8 billion,[18] well more than double the $3.2 billion that it owed a decade earlier.[19]

The Thruway Authority's annual debt costs rose from $116 million in 2012 to $195 million by 2021, or 24% of revenues. Its debt-service costs are set to jump again significantly, to $308 million, a more than 50% increase, in 2022, and to $362 million by 2023, peaking at $419 million by 2031.[20]

Despite shedding the Canal Corporation in 2017, receiving state cash infusions under a Cuomo-era "stabilization" plan, and approving two recent toll increases,[21] to a base rate of $5.75 on the new bridge in 2021, the Thruway is unable to cover projected cost increases. In its financial plan, it estimates an "additional [annual] revenue need" of $82 million.[22]

The construction of the new Tappan Zee crossing, moreover, diverted resources from other capital spending. The Thruway's figures show a decrease in pavement conditions since 2018.

A pile of mass-transit "priorities"

Unlike the Thruway Authority, the MTA has not enjoyed two decades of flat operating costs, relative to inflation. In nominal terms, operating costs doubled between 2003 and 2019, before the pandemic, far outpacing inflation (39% growth), growth in fares and tolls (99%) and growth in tax subsidies (200%). Payroll costs have risen from $3.3 billion in 2003 to $5.6 billion in 2022, growth of nearly 70%.

With growth in operating costs outpacing revenues, the MTA has also seen escalation in its capital budget for infrastructure. As the Permanent Citizens Advisory Committee to the MTA has written, the authority's first capital plan, beginning in 1981, totaled nearly $8 billion,[23] or $24 billion in today's dollars; the current five-year capital plan, which runs through 2024, projects to spend $52 billion, more than twice as much in real terms.[24]

The MTA's capital plans have increased in both ambition and cost per unit since the early 1980s—graduating from a repair and replacement phase from the early 1980s until the early 2000s, to a greater concentration on substantial new projects, including the $12 billion East Side Access project, the $5 billion first phase of the Second Avenue Subway, and the $1.4 billion Fulton Street subway station in lower Manhattan. Though the MTA received partial federal grants for such projects, escalating costs after those grant awards forced the authority to bear a far greater share of the burden.

This escalation has forced the MTA to rely increasingly on debt. During its first decade, the MTA funded 29% of its capital plans with debt and 33% with federal grants, the remainder coming from state and city support, according to the Permanent Citizens Advisory Committee. By 2004, the capital funding mix was 47% with debt and 27% federal support.[25] The current capital plan projects $12 billion in federal grants, up from $7.6 billion in the previous plan. But because of the growth in the capital plan, federal revenues would comprise just 21% of resources; the plan would depend on a record 63% debt (the remainder would come from state and local contributions).[26]

Because of this trend, the MTA's debt has risen from $32.7 billion in 2012 to $47.8 billion.[27] Annual debt costs, just under $650 million in 2003, have escalated to $3.1 billion, or 20% of revenues (including COVID federal rescue aid to replace fare revenues), and are projected to increase to $3.5 billion by 2026.[28]

The Covid-19 pandemic has exacerbated the MTA's financial problems, with fare and toll revenues down 36% from 2019 levels. Nearly 40% of pre-2020 weekday subway and commuter-rail riders have yet to return. The MTA faces indefinite annual deficits above $2.5 billion, papered over until 2025 by $14.5 billion in federal rescue funds.

An extra challenge: high construction costs

By any standard, the cost of building new transportation infrastructure in New York State exceeds national averages. As the *Engineering News Record* (ENR) reports, New York City's construction-cost index is 67% above the 20-city national average.[29] A 2018 study put the state's highway-construction costs at $65,712 per mile, fifth highest in the nation, and nearly twice the national average.[30] New York subway costs are multiples of those in the rest of the developed world.[31]

Costs are high due to a variety of factors, including:

- the state's "prevailing-wage" law (mandating union-scale hourly benefits as well as wages) adds 13%–25% to a project's cost, and effectively mandates expensive union work rules as part of the deal;[32]
- New York State's longstanding contractual set-aside preferences for minority- and women-owned contractors and subcontractors;
- a shallow bidding pool for large projects; and
- expensive, politically-driven "change orders" to design and engineering specifications after a contract is awarded, such on the Tappan Zee Bridge replacement project.

Inflation is making the problem worse. As of September 2022, New York's construction costs were up 12.4% above 2019 levels, according to ENR. Though materials costs are abating as global demand slows, construction workers will likely request double-digit raises to account for increases in the cost of living, and to cover investment shortfalls in their pension funds.

Moving Forward

The complex issues described here won't be fixed overnight. To begin addressing them, priority reforms include the following:

- **Reconsider priorities for highway spending.** Though most of the state's five-year, $32.8 billion highway- and road-transportation capital plan is devoted to repairing and replacing existing assets, it also contains a list of new "signature" projects worth $4.4 billion. And many of the priorities outlined in the capital plan, such as decking over sections of the Cross-Bronx Expressway come without cost estimates. Under the 2021 federal Infrastructure Investment and Jobs Act, New York will receive an additional $4.6 billion in federal aid highway money over a half decade. Yet absent clear prioritization and full cost estimations, federal grant money will fall short of covering costs, and the projects will consume money earmarked for repair and replacement, when such planned spending is already flat. To ensure rational

signature-project prioritization, the governor should pause such projects and instead fast-track development of a 20-year "needs assessment."[33] As with the initial MTA mass-transit capital plans of the early 1980s, this review should prioritize projects based on the need to ensure existing assets are in good condition before embarking on new projects. The assessment also should feature a trade-off analysis; e.g., for every large-scale new-construction capital project moved forward, include an estimate how many miles of existing road repairs that must be delayed.

- **Identify highway funding sources before spending.** Before launching new-construction projects, the state should outline a clear revenue stream to repay their construction costs (after federal grants), whether it be direct user revenues (tolls), indirect revenues (dedicated taxes), or general state revenues. For projects to be funded out of borrowing, the state should refrain from its current practice of raising bonds backed by personal income taxes, and should put such proposed borrowing to general voter approval.

- **Link tolls to reasonable costs.** The governor should give the Thruway the political freedom it needs to raise its identified $82 million in annual "revenue needs." In practice, this means additional toll increases. The Thruway should consider indexing tolls automatically to general cost inflation, with an annual cap of 3%.

- **Reset dedicated taxes.** The highway and bridge trust fund should significantly increase its pay-as-you-go capital spending rather than embark upon the full new borrowing proposed in the new capital plan. The trust fund could more than double the current $560 million it is spending on pay-as-you-go projects were the state to transfer even a portion of the responsibility for state transportation operations, as opposed to capital, back to the state budget and away from the trust fund. At least a portion of any surplus funds should be transferred to the trust fund to make up for the past funding of state operations cost, thus allowing the trust fund to build a reserve for future capital expenditures. This would not eliminate the need to borrow, but the state would be on its way to returning to the trust fund's original purpose: paying for repairs and maintenance. The state gradually could reserve new debt for large-scale projects that create new assets or extend the life of existing assets.

- **Adopt a more realistic MTA capital plan.** The current five-year capital plan, running until 2024, contemplates fewer new big-ticket capacity projects than previous plans since 2000. Just as with the state's highway-transportation capital plan, 82% of the new plan's resources, or $42.7 billion, go toward investments in existing core assets. Two of the capital project's most ambitious commitments are $9.2 billion for elevator and escalator construction and replacement, and $7.1 billion to modernize subway signaling. The biggest single-ticket expansion item is phase two of the Second Avenue Subway to Harlem ($6.3 billion). Though its mix of projects is sound, the MTA has not proven itself capable of committing such a large amount of funding, 53% larger than its previous five-year capital program, by 2024. The new governor can buy some time for the MTA in asking it to make a more realistic schedule of capital commitments.

- **Rethink the Penn Station project.** New York State has a role in two major projects related to Penn Station: renovating the station itself and expanding train capacity. On the first project, the MTA has not produced a firm cost estimate to renovate Penn Station, a cost to be paid for (in part) by large-scale commercial-real-estate development on the West Side, subsidized by city tax incentives. The current capital plan includes only design funding, but no formal cost estimate, although informal estimates put the figure at $7 billion.[33] This project must be reconsidered before it goes any further. By allowing light and air into the existing train station below Madison Square Garden, the changes it makes may be beneficial from a cosmetic perspective—but they do not add train capacity.[34]

The state should also reconsider its role in funding part of the cost of the second, related multi-billion-dollar Penn South project to increase commuter-track capacity under Penn Station, managed by the Amtrak federal railroad. Before investing in track capacity, the state should conduct a full assessment of the MTA's expected commuter-train schedules into Penn Station after the scheduled late 2022 opening of the Long Island Rail Road (LIRR) East Side Access terminal underneath Grand Central. ESA should redirect at least half of the LIRR's trains away from Penn Station, thus freeing up track space. The new governor also should explore whether smaller-scale changes that could be made by other government agencies, including Amtrak's redirecting Albany trains to and from Grand Central Terminal using existing infrastructure, would reduce the need for track capacity under Penn Station. New York needs a full mock-up timetable of train arrivals and departures circa 2030.

- **Control transit and commuter rail labor costs.** The MTA's subway and bus division's contract with its biggest bargaining unit, Local 100 of the Transport Workers Union, expires next year. The stakes are enormous; for example, raises linked to inflation over the past two years would add more than $500 million to the MTA's annual payroll costs. Any such increases across the MTA's workforce must be in return for productivity enhancements.[35] The MTA also should assert state jurisdiction over LIRR labor agreements, which anachronistically are still treated as subject to federal railway law. Since the LIRR is not an interstate railroad, its workers should fall under the state Taylor Law—which, unlike federal railroad law, prohibits strikes by public employees and thus removes a point of leverage from unions during contract negotiations.

- **Push for more transparent, productive capital contracts.** The legislature should mandate that all contracts subject to the so-called prevailing wage law be made public, with such transparency facilitating ideas for productivity enhancements. Similarly, the state should compile performance statistics on contractors and subcontractors participating in minority- and women-contractor set-aside programs. The state should also require all contractors to provide bonded long-term warranties for work quality, common in Europe.[36] Finally, the state should consider modifying the requirement that contracts go to the lowest responsible bidder, allowing for a full value and past-performance assessment.[37]

- **Find substitutes for fuel taxes.** As autos and trucks have become more fuel-efficient, the amount of money that the state collects from motor-fuel taxes has stagnated. Electric vehicles will exacerbate this stagnation. New York should decide how it might replace, or significantly supplement, motor-fuel taxes. In doing so, the state can take advantage of federal grant funds for pilot projects to test a mileage-based user fee. The Eastern Transportation Coalition, which includes New York as a member state, has worked with four states–Delaware, New Jersey, North Carolina, and Pennsylvania—in testing such pilots, with programs designed for heavy trucks and for passenger vehicles.[38] A pilot program goal would not be immediately to raise money; rather, it would be to assess voluntary participants' experience of the pilots for improvement. The state also might consider whether, over the long term, it could devote some vehicle-miles traveled revenues to create a dedicated tax to fund transportation operations.

- **Make a fast, final decision on congestion pricing.** New York State's congestion-pricing program, enacted by the state legislature in 2019, faces potential pitfalls. Expected to raise $1 billion for the MTA's future capital-program debt service via a $9 to $23 cordon toll for cars and trucks below Manhattan's 60th Street, the program would create a burden on both the Bronx and Staten Island in terms of additional "vehicle miles travelled," including hundreds of additional trucks daily to the Cross-Bronx Expressway.[39] If New York does not go forward with congestion pricing, however, it will need $1 billion in revenue replacement for the MTA, even assuming cost reforms. A large-scale rethink might include a vehicle-miles-travelled-fee surcharge within Manhattan below 60th Street, or a pilot test of fees for loading and parking within core Manhattan, with the money to be shared between the MTA and the city.

- **Appoint independent experts to the MTA board.** The governor controls the plurality of the MTA's board via seven appointments, including the chairperson. The governor's goal in appointing members should be independence, to further the principle of checks and balance. Gubernatorial MTA board appointees should not hold agency jobs reporting to the governor's office, but should have experience in the transportation, project management, or financial sectors.

Endnotes

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