

14. TRANSPORTATION

The FY 2017 Executive Budget makes new capital investments to improve the State's transportation system, increase mobility, and support economic growth. The Budget reflects the Governor's commitment of \$8.3 billion in State resources toward the Metropolitan Transportation Authority's (MTA's) \$26.1 billion 2015-2019 transit capital plan that will renew, enhance and expand the MTA network. The Budget also funds an unprecedented \$22.1 billion 5-year State Transportation Capital Plan. This Plan will improve roads, bridges, airports, rail facilities, ports and transit systems funded through the Department of Transportation (DOT) budget and make State-funded investments in the Thruway to lessen the capital burden on toll payers. The State Plan covers the same period as the MTA plan (SFY 2016 through SFY 2020) and builds on \$18.3 billion in core DOT funding and \$1.3 billion in SFY 2016 Thruway Stabilization funds by adding \$1.8 billion in new State and Federal resources and \$700 million of new Thruway Stabilization funding.

As the result of investments in this Budget, tolls on all Thruway facilities, including the existing Tappan Zee Bridge and the New NY Bridge that will replace it, will be held at current levels until at least 2020. The Budget also includes \$340 million to fund a tax credit that will defray Thruway toll expenses for business and passenger electronic pass account holders that meet certain use thresholds.

Legislation included with the Budget will transfer the New York State Canal Corporation from the Thruway Authority to the New York Power Authority.

Overview

The State's transportation system is operated, maintained and administered by a network of State and local agencies and public authorities. The Department of Transportation (DOT) is responsible for construction, reconstruction, maintenance, and snow and ice removal for more than 43,000 State highway lane miles and more than 7,800 bridges. In addition, DOT provides funding for rail, airport, bicycle, pedestrian, and canal programs as well as local government highway and bridge construction.

The Department also provides coordination and funding for more than 130 public transportation operators including the Metropolitan Transportation Authority (MTA), the four Upstate regional transportation authorities, and other (usually county-sponsored) transit systems. These systems provide bus, subway, commuter rail and light rail services as well as “paratransit” services designed to meet the needs of the disabled. The MTA provides transit and commuter services in the New York City region to over two and a half billion passengers who ride the subways, buses and commuter rail systems each year.

The State’s transportation programs also include the Department of Motor Vehicles (DMV), which operates 27 district and branch offices and provides services via county clerk offices acting as DMV agents at 102 locations throughout the State. DMV issues licenses, non-driver identification cards and vehicle registrations, conducts road tests, monitors driver training, and performs enforcement activities. DMV conducts more than 20 million customer transactions annually, and is projected to collect more than \$1.8 billion in revenue for the State and localities in FY 2017. New Yorkers rely on credentialing and identification

documents issued by DMV to conduct financial transactions, obtain employment, and board aircraft, among other uses.

The Thruway Authority operates a 570-mile highway system, including the 426-mile mainline from Buffalo to New York City. Its subsidiary, the New York State Canal Corporation, which operates the 524-mile navigable waterway, will be transferred to the New York Power Authority under legislation proposed in the FY 2017 Executive Budget.

The New York State Bridge Authority is responsible for five bridges spanning the Hudson River. These and other transportation-related authorities are primarily financed through toll revenue.

Investing in a Safe, Reliable Transportation System

Department of Transportation

For the transportation plan period that began in FY 2016, the Executive Budget provides 5-year funding for a DOT capital program of over \$22.1 billion, including State-funded investments in the Thruway. The DOT total reflects previously planned core funding of \$18.3

billion, increased by \$1.1 billion of new State funds and \$700 million of new Federal funds anticipated under the Fixing America's Surface Transportation Act, or "FAST Act." These increases will help facilitate the capital improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities.

Included within DOT's Capital Plan is funding to complete the initial phase of the Hudson Links Bus Rapid Transit project. This funding fulfills the Governor's commitment to ensure that the infrastructure is in place to deploy and operate the new service in time for the opening of the New NY Bridge.

A new \$200 million Upstate Airport Economic Development and Revitalization Competition is also included in the increased funding.

Funding for local highway and bridge projects under the Consolidated Highway Improvement Program (CHIPS) and Marchiselli program is maintained at last year's level of \$477.8 million.

The new plan also includes the launch of three new initiatives – BRIDGE NY, PAVE NY, and the Extreme Weather Infrastructure Hardening Program. These initiatives will further improve conditions on State and local roads and bridges, as well as provide resiliency to

roadways that are particularly susceptible to weather events. Over the plan period, \$2.5 billion is associated with these programs.

DOT's capital program is supported by Federal aid, State capital projects funds, financial settlement funds, dedicated taxes and fees deposited in the Dedicated Highway and Bridge Trust Fund, and a significant subsidy that the Trust Fund receives from the General Fund.

Mass Transit

Since 1975, New York State has provided transit system operating assistance through the Statewide Mass Transportation Operating Assistance (STOA) program. Today this multi-billion dollar aid program reflects the importance of the services provided by transit systems that provide an estimated 3.8 billion rides annually. In FY 2016, State transit aid accounted for approximately 35 percent of the operating resources used to support the State's transit systems.

The FY 2017 Executive Budget provides operating support totaling \$5.0 billion to transit systems. The MTA will receive \$4.5 billion, an increase of \$201

million over current FY 2016 estimates. This includes a \$309 million contribution from the General Fund to offset the revenue losses incurred by the MTA from elimination of the payroll tax for small businesses. The Budget provides \$194 million in operating support for upstate transit systems, an increase of \$5 million or 2.6%, over FY 2016. The Executive Budget also provides \$20 million in capital support for Upstate systems, an increase of \$5 million over FY 2016 capital funding.

The Budget reflects the Governor's commitment of \$8.3 billion in State resources toward funding the MTA's \$26.1 billion 2015-2019 transit capital plan. The Budget includes legislation to authorize the remaining \$7.3 billion of this commitment, and spending will continue from the \$1 billion FY 2016 appropriation, including \$750 million to support the MTA's 2015-2019 core capital program and \$250 million to advance the MTA's Penn Station Access project.

Department of Motor Vehicles

Accounting for the steady increase in the volume and complexity of its transactions, DMV has utilized electronic and internet-based services to increase the

efficiency of transaction processing. These services also provide customers with a faster and more convenient alternative to visiting DMV offices. Currently, more than four million transactions per year are processed through the DMV website, and this number is expected to continue to rise as customers take advantage of online transactions. Building on the success of previous customer service initiatives, DMV will continue to enhance the customer experience, employing office kiosks, an improved queuing system, and the use of greeters to answer questions, review paperwork, and direct customers to the most expedient means of completing their transaction. DMV's website has also been substantially improved to provide a more responsive design.

Thruway Authority

The Thruway is a vital transportation artery that connects people to their jobs and their families and moves billions of dollars of products to market. The FY 2017 Executive Budget includes a new appropriation of \$700 million from the Special Infrastructure Account for the Thruway Stabilization program. This money will

support capital investment on the Thruway system, complementing the \$1.285 billion appropriated for this program in FY 2016. Together, this State support will allow the Authority to avoid raising tolls on any of its facilities until at least 2020.

In 2012, the Thruway awarded a \$3.9 billion design-build contract for the replacement of the Tappan Zee Bridge. The New NY Bridge will form the centerpiece of the region's transportation system, ensuring the connection of communities and economic centers across the Hudson River for generations to come. In addition to resources from the Thruway Stabilization program, funding sources for the Bridge project include a \$1.6 billion Federal TIFIA loan, the largest in TIFIA program history. Construction began in the spring of 2013 and is expected to take approximately five years. The Bridge is on-budget and on-schedule for completion in 2018.

The Executive Budget also includes legislation to transfer the New York State Canal Corporation from the Thruway Authority to the New York Power Authority. The transfer allows the Budget to eliminate annual operating subsidies to the Thruway Authority. The subsidies, which began in FY 2014 to offset the need for

a commercial toll increase, has totaled \$85 million annually, including the State takeover of personnel costs of the Division of State Police Troop T which patrols the Thruway, a direct appropriation, and the waiver of certain annual billings due from the Authority to the State.

Summary of State Funds Spending

Category	FY 2016 (millions)	FY 2017 (millions)	Change	
			Dollar (millions)	Percent
Transportation Spending	8,429	8,663	234	2.8
Department of Transportation	3,220	3,402	182	5.7
Metropolitan Transportation Authority	4,908	4,986	78	1.6
Department of Motor Vehicles	278	275	(3)	(1.1)
Thruway Authority	23	0	(23)	(100)

Proposed FY 2017 Budget Actions

The Executive Budget provides capital funding to restore and improve the State’s transportation infrastructure, increases transit aid to support the vital role that transit systems play in the State’s economy and continues investments that will support DMV’s efforts to better serve its customers.

DOT Capital Highlights

- **Airport Economic Development and Revitalization Competition Program.** The Budget provides \$200 million for an Upstate competition to accelerate investments in commercial passenger and cargo service airports, creating thousands of well-paying jobs and promoting economic development. The State will award grants to five airports of approximately \$40 million each. Grants will fund projects that enhance safety, improve operations and access, reduce environmental impact, and create better passenger experiences. Successful proposals will create jobs, incorporate sustainable “green” building techniques, use renewable energy, demonstrate support from airlines and the community, leverage private investments, and demonstrate cost effectiveness.
- **BRIDGE NY Program.** The 5-year transportation program includes \$1 billion to replace, rehabilitate and maintain vital State and local bridges. By addressing the needs of at least 200 bridges across New York, this multi-year initiative will protect public safety and support economic growth and commercial activities.
- **PAVE NY Program.** The 5-year program includes \$1 billion for State and local paving projects that will ensure smoother rides for passenger and commercial traffic and result in fewer costly delays and slowdowns. Up to 1,300 lane miles of paving will be addressed over the plan period.

- **Extreme Weather Infrastructure Hardening Program.** The plan includes \$500 million over the 5-year program period to improve roadways that have proven susceptible to flooding and other extreme weather related events so that they remain safe and passable.
- **Preserve Local Capital Aid.** Capital aid to local governments for highway and bridge projects is preserved, with \$438.1 million provided for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program.

Transit

- **Increase Transit Aid Levels.** The Budget proposes \$5.0 billion in transit operating aid for systems throughout the State. The MTA will receive \$4.5 billion, an increase of \$201 million from current FY 2016 estimates. Other transit systems will receive \$497 million, an increase of \$22 million from prior year operating aid levels despite the deterioration of dedicated transit tax revenue.
- **Verrazano Bridge Rebate Programs.** The MTA operating aid budget includes \$10.3 million for continuation of the commercial and Staten Island resident rebate programs, fully funding the State's contribution.

- **Debt Service Costs.** The Budget ends the annual use of \$20 million in mass transportation operating assistance funds to pay for a portion of State debt service associated with previously issued MTA service contract bonds.
- **Upstate Transit.** The Budget increases Upstate operating aid by \$5 million and capital aid for Upstate is increased by \$5 million.

Thruway Authority

- **Invest in Infrastructure and Freeze Tolls Until at Least 2020.** The Executive Budget includes a new capital appropriation of \$700 million, on top of last year's commitment of \$1.285 billion, to support capital projects throughout the Thruway system. This State investment in Thruway infrastructure will allow for tolls to be held at current rates until at least 2020.
- **Reduce Tolls for Frequent Thruway Users.** To lower the cost of traveling the New York State Thruway for commuters and other heavy users, and to lower the cost for businesses of bringing products to market, the Budget provides a nonrefundable credit for Thruway tolls paid electronically. Drivers of passenger vehicles who spend at least \$50, annually, and businesses and commercial account holders who spend between \$100 and \$9,999, annually, in Thruway tolls would receive a tax credit worth 50 percent of tolls paid. For farmers, the Budget provides a 100 percent nonrefundable credit, regardless of

usage, for farm vehicle use on the Thruway. The program would begin on January 1, 2016 and sunset December 31, 2018. Over the three years, drivers will save \$340 million.

- **Transfer the Canal Corporation to the Power Authority and Eliminate State Subsidies to the Thruway Authority.** Legislation in the Budget transfers the New York State Canal Corporation from the Thruway Authority to the New York Power Authority, allowing for the elimination of \$85 million in annual State operating subsidies to the Thruway.