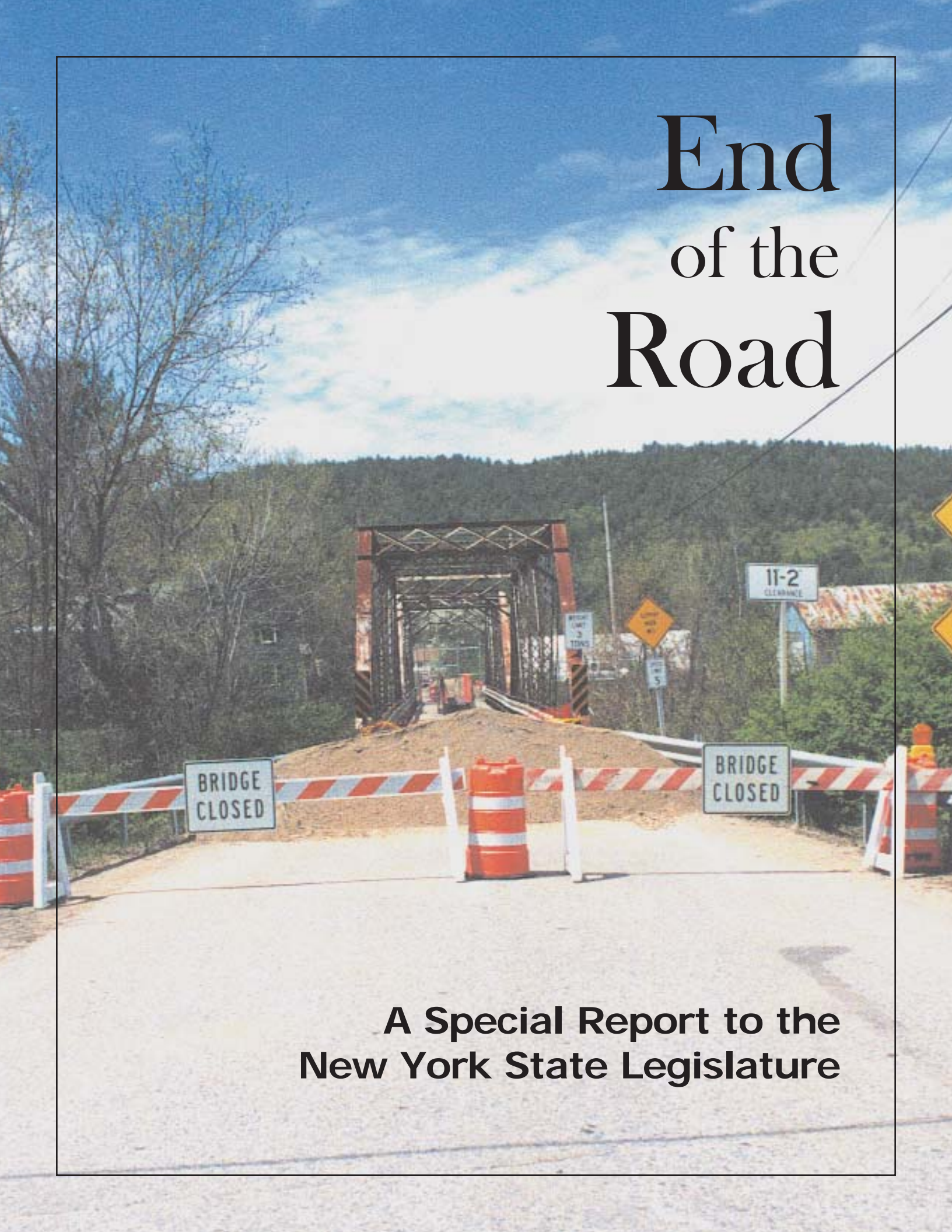


# End of the Road



**A Special Report to the  
New York State Legislature**

*This Legislative session, bold leadership from the Administration and the Legislature is imperative in order to develop a strategic road and bridge funding plan that is substantial, sustainable, predictable and flexible in order to meet the needs of New York State's citizens and its future generations. The consequences of not acting is not an option for the decision-makers.*

- ◆ We, as a state, are at the END OF THE ROAD.
- ◆ Our Dedicated Highway & Bridge Trust Fund is broken and broke. It is, to use an FHWA term, “functionally obsolete and structurally deficient.”
- ◆ We, as a state, have abandoned the concept of “pay as you go” revenue sources and opted for borrowing schemes.
- ◆ The debt load is so high it will soon consume the entire road program.
- ◆ We, as a state, have been increasingly subsidized by the federal government and that subsidy is about to be severely curtailed.
- ◆ The practice of diverting pay-as-you-go highway monies from the dedicated fund into the general fund is out of control.
- ◆ Those few dollars in the Dedicated Fund, which should be used for capital programs, are paying off non-capital operational agency expenses.
- ◆ Transportation is just as vital a governmental function as education, health care and welfare, but it does not always get the attention it deserves. Investments in transportation pay for themselves.
- ◆ We, as a state, must address this disaster NOW. Many feel that the state is spending half of what its needs are. We need to demand what the financial needs are from NYSDOT and, as a state, raise the revenue to bridge the financial needs gap.

*We ask the state leadership to ask themselves, “When the kids are ready for the road, will the road be ready for the kids?”*

AJ Castelbuono  
President & CEO  
Associated General Contractors  
New York State Chapter, Inc.

**FACE IT. FUND IT. FIX IT.**



# New York's Economic Life Line

It is critical to our state's economy that we continue to invest in maintaining and improving New York's transportation system — particularly our highways. Just how dependent is New York on its highways?

Our state's core industries of agriculture, finance, manufacturing, wholesale and retail trade are dependent on our highway system.

- *Ninety-two percent (92%) of the \$290 billion in products shipped to and from sites in the state annually are transported on highways;*

- *From 1990 to 2002 vehicle travel increased three times as fast as our population grew; and*

- *Keeping our state's roads and bridges safe means jobs — over 150,000 jobs across this state. And these aren't just construction jobs, but good-paying positions throughout the work force.*

## Funding Short Falls For New York

Washington is struggling in its effort to approve a new six-year transportation program for the United States. When a new plan is adopted, there seems to be no good scenario for New York. Yet our state has

allowed itself to become increasingly dependent on Washington to take care of our roads.

For example, in 1995 New York State received 7.4% of the federal transportation aid for the United States as a whole. By 2002, our share fell below 5.6 percent nationally and in just about every proposal currently being considered in Washington, we fall below 5%.

To compound our problem of a “shrinking piece of the Washington pie,” New York has reduced the amount of state funds being spent on its transportation system:

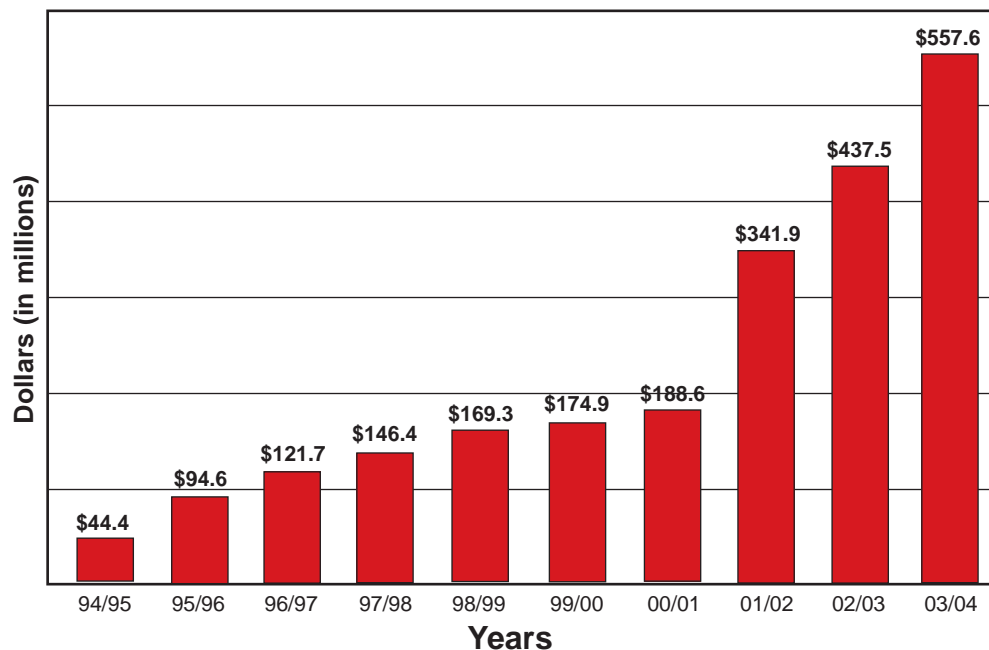
- *From 1995 to 2002, New York cut state funds being spent for state highways by 11.3%; and*

- *In 1995, the highway capital program was paid through 57% state funds and 43% federal. In 2004, that split is 65% federal and 35% state funds.*

## The State-Directed Transportation Fund Is Broke

Why isn't New York making the investments in its system like other states? Because the state has exploited the *Dedicated Highway and Bridge Trust Fund*, which

**General Fund Expenses Shifted to the Dedicated Highway Fund**



was intended to fund New York's capital construction needs, but is now beyond repair, both financially and administratively.

At the same time that the state has shifted expenses into the fund, many of the revenue sources have actually been cut! Of the dedicated fund's major state revenue sources, all but one declined between 1995 and 2002. *Since 1995, the fund has lost revenues in excess of \$1.8 billion because of reductions in various transportation fees.*

Faced with increased expenses and reduced revenues, we get the classic New York answer — borrow. *In 2002, New York spent 30 cents of every dollar spent on state highways on debt service — double the national average.*

The effects of this fiscal policy are chilling:

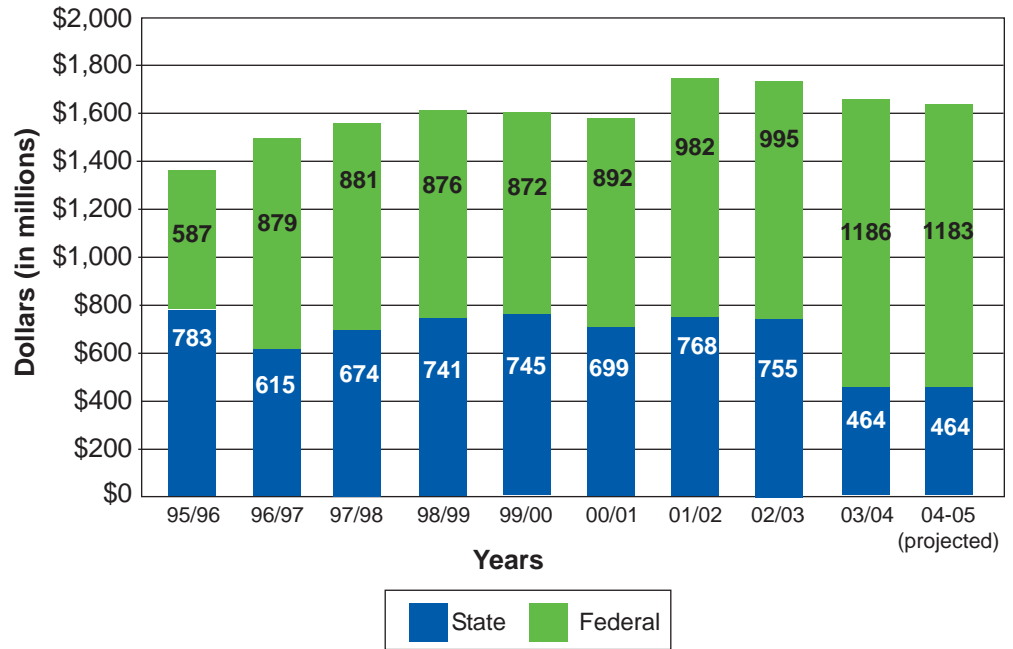
- *New York's dependence on bonding is strangling its road program, and hurting our ability to compete economically against other states and nations;*

- *In 1995, the state paid \$73.7 million for highway debt service; by 2004 this number topped \$1 billion; and*

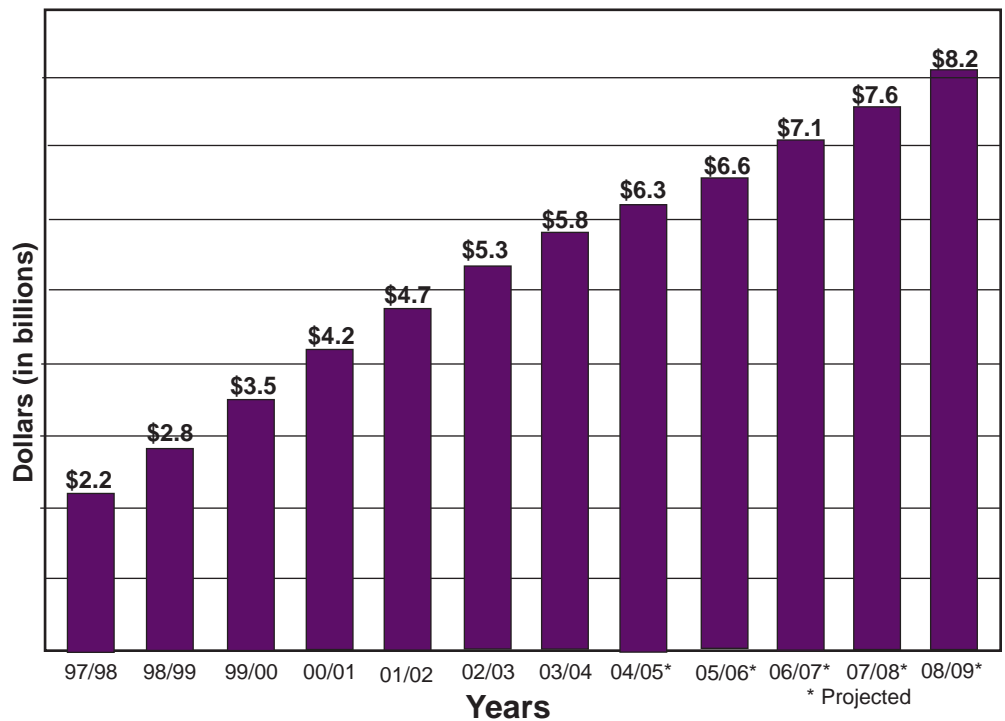
- *Currently, the dedicated fund is strapped with over \$6 billion in debt. Without new revenue streams, the debt load will top \$8 billion by 2008.*

Washington isn't going to bail us out. We have to move to restructure the *Dedicated Highway and Bridge Trust Fund* immediately.

**New York's Growing Dependence on Federal Funding for its Highway Program**



**Growth in the Dedicated Highway Fund, Debt Load**

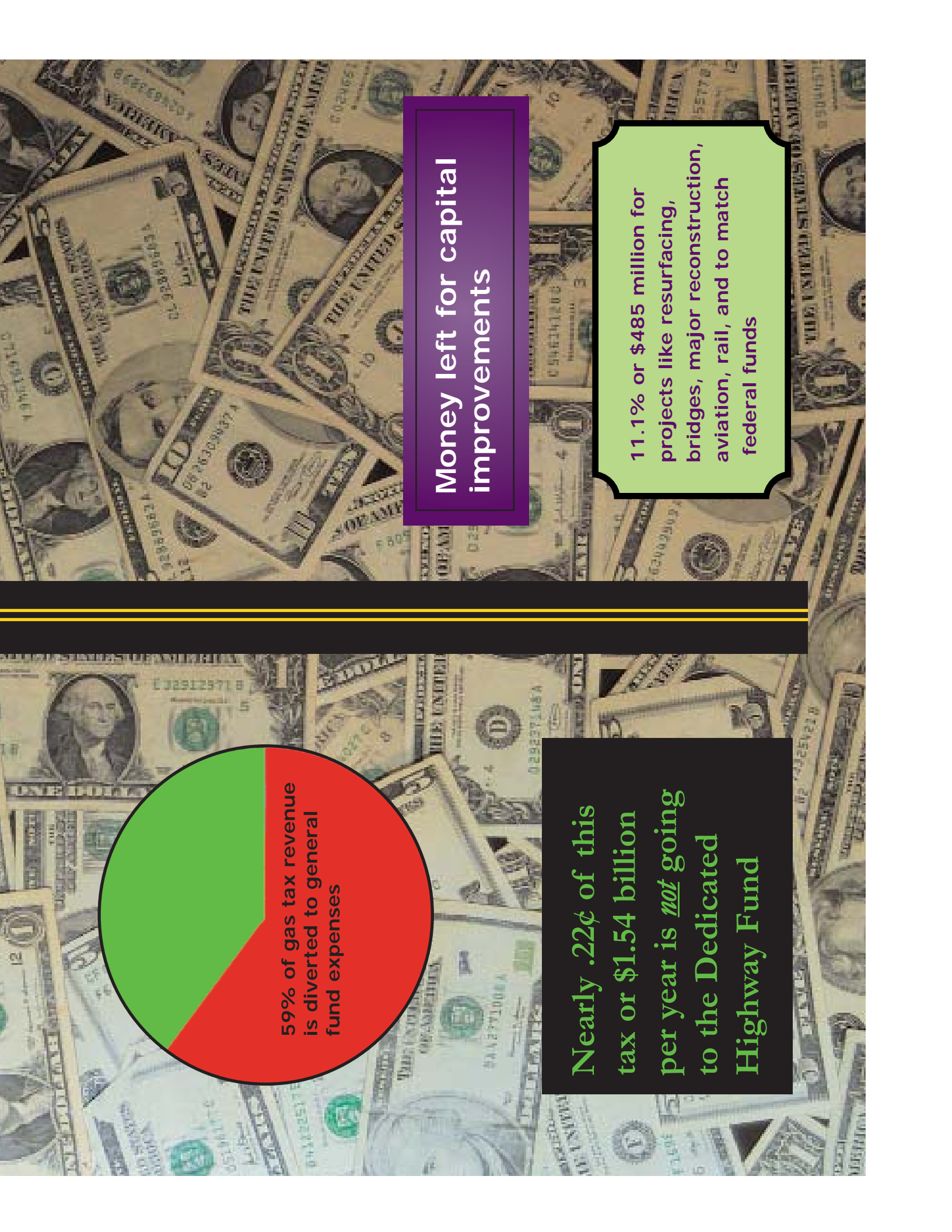


# TRACKING NEW YORK'S GAS TAX AND MOTOR VEHICLE FEES

04/05 Fiscal Year

New York State's Gas Tax  
is .37¢ per gallon,  
yielding  
\$2.59 billion per year.

- ◆ 23% or \$1 billion goes to State General Fund and Local Governments (NYSDOT gets no money from the State General Fund)
- ◆ 13.6% or \$588 million goes to the MTA
- ◆ 3% or \$133 million goes to non-MTA transit services
- ◆ 3.2% or \$140 million goes to DMV expenses
- ◆ 23.9% or \$1.035 billion goes to debt service
- ◆ 18.5% or \$800 million goes for basic operations at NYSDOT



## Money left for capital improvements

11.1% or \$485 million for projects like resurfacing, bridges, major reconstruction, aviation, rail, and to match federal funds

59% of gas tax revenue is diverted to general fund expenses

Nearly .22¢ of this tax or \$1.54 billion per year is *not* going to the Dedicated Highway Fund

# The Tale of Two Systems

## DOT VS. MTA

### State Support to the MTA is Increasing

*In its last five-year program, \$2.2 billion in new state funds were committed to the MTA. The vast majority of those funds are coming from highway user fees.*

In the 2003-04 fiscal year, the MTA received \$97 million from the motor fuel tax, \$312 million from the Petroleum Business Tax, and \$86 million from DMV fees, totaling nearly \$500 million. These funds are paying off as the MTA has moved from a stage of “catch up” to expanding the system:

- From 1982-91, there was no system expansion;
- From 1992-99, there was a 1% system expansion; and
- From 2000-04, there was an 18% expansion.

We have seen other improvements as well:

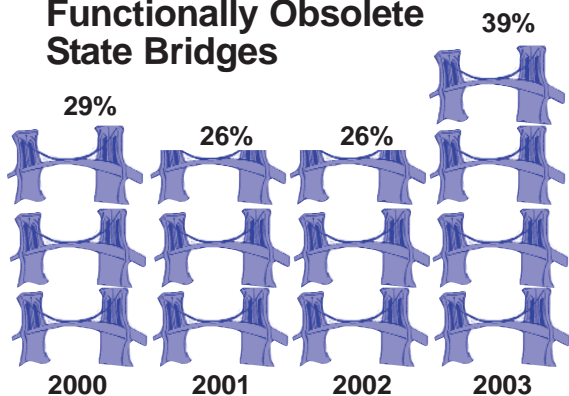
- On-time performance has improved from 81% in 1986 to 97% in 2003, with the frequency of late trains declining from twice a week to once a month; and
- Trains only break down once every 75 days, compared to every six days in 1986.

### The State has Stopped Funding DOT

Nearly \$550 million in annual DOT expenses that were once paid by the State General Fund have been shifted to the Dedicated Fund. This lack of state funding has caused *the percentage of state roads in “fair” and “poor” condition to increase in each of the past four years:*

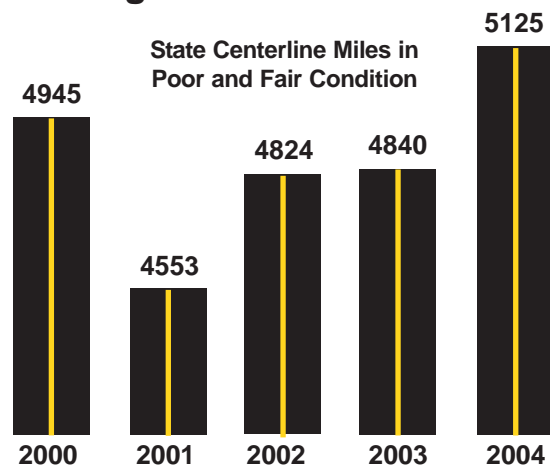
- In 2001, there were 4,554 state centerline miles in “fair” or “poor” condition;
- In 2002, the number increased to 4,824 miles;
- In 2003, it increased to 4,840 miles; and
- This year, it has jumped to 5,125 miles.
- This year, for the first time in over a decade, the number of state bridges classified as “structurally deficient” increased. In 2004, the state has 2,428 bridges that are structurally deficient. The FHWA defines a “structurally deficient” bridge as one that: (1) has been restricted to light vehicles only; (2) is closed; or (3) requires immediate rehabilitation to remain open.

### Structurally Deficient or Functionally Obsolete State Bridges



Source: Better Roads Magazine

### Highway & Bridge Conditions Getting Worse ...



Source: NYSDOT



# New Yorkers Pay the Price for Poor Roads

## The Cost to Motorists of Congested Roadways

Congested roadways increase trip length and fuel consumption. Slower traffic, particularly during the morning and evening week-day rush hours, results in workers taking longer to reach work or to get home, and slows the movement of products and services.

Traffic congestion is a growing burden in New York's key urban areas and threatens to impede the state's economic development. Congestion on New York's urban highways is increasing as a result of steady increases in vehicle travel. In 2002, 32% of New York's urban highways were congested.

Growing urban traffic congestion is also contributing to longer commute times in New York. The average daily one-way commute in New York increased from 28.6 minutes in 1990 to 31.7 minutes in 2000 — the longest commute time of any state. As a result, the typical commuter in New York now spends an average 26 extra hours a year — the equivalent of more than three working days — in traffic from what they spent 10 years ago.

## The Cost to Motorists of Roads in Inadequate Condition

When roads are in poor condition, which may include potholes, rutting or rough surfaces, the cost to operate and maintain a vehicle increases. These additional vehicle operation costs include accelerated vehicle depreciation, increased vehicle repair costs, additional fuel consumption, and more rapid tire wear.

## Total Cost of New York's Inadequate Roads

Inadequate highways and roads cost New York's motorists more than \$15.7 billion every year because of additional traffic accidents, lost time and increased wear and tear on their vehicles.

## Annual Costs per Driver Due to Driving on New York's Inadequate Roads

Costs per driver	New York City	Buffalo	Rochester	Albany	Syracuse	Other New York Urban Areas
Safety	\$342	\$342	\$342	\$342	\$342	\$342
Congestion	\$817	\$167	\$104	\$169	\$77	\$70
VOC	\$390	\$337	\$393	\$362	\$272	\$289
Total	\$1,549	\$846	\$839	\$873	\$691	\$701



# The Road to Recovery

With each passing day, New York gets closer to a dire highway funding situation. By April 2005, there will be no state money available for new road construction. A funding system that has grown too dependent on bonding, and an expansion of non-highway expenses being paid from the Dedicated Transportation Fund, has essentially dried up New York's highway revenue stream. Yet hundreds of projects already on the books need these dollars to alleviate traffic congestion and replace aging bridges and roads throughout the Empire State.

Governor Pataki and the state Legislature need to move quickly and establish a secure funding source for years to come so New York can maintain its highways, keep its economy strong, and its citizens safe.

## **The Associated General Contractors of New York State makes the following recommendations:**

1. Stop diverting dedicated funds to non-capital spending. This year, over \$550 million in spending will be shifted from general fund expenses to the dedicated highway fund. By reconstituting the fund and limiting its use to capital spending on our roads and bridges, we can stop falling behind the rest of the nation in transportation system investments.

2. Raise the necessary revenue to pay off existing bonds and make the necessary investments in the state's system through the following sources:

### **Toll Roads**

- **Tolls have not been increased on the NYS Thruway since 1988. Name one other product for which cost has not increased in 16 years. A 50% increase in fares will generate over \$200 million annually. The Thruway was built over 50 years ago, it's time to rebuild the system, increase capacity and improve its structural integrity.**

- **Study the feasibility of high occupancy/toll (HOT) lanes, which allow solo drivers to pay for the privilege of driving in high occupancy vehicle (HOV) lanes. North Carolina and Virginia are studying the concept, and California and Texas already have implemented HOT lanes.**

### **Gas Tax**

- **A penny increase in the gas tax is equal to about \$60 million. What would a nickel do? It would give us an extra \$300 million. Gas taxes, which have not increased since 1991, truly are a user fee. At the same time, we must be mindful that gas tax revenues may actually decline as the new breed of hybrid autos and new alternative fuels, like ethanol, may reduce consumption.**

### **Registration and License Fees**

- **The average New Yorker is paying about \$41 every two years to register their auto — these fees are at the same level they were in 1965. New York has 10.7 million registered vehicles. Increasing the vehicle registration fee to \$150 per year would bring in over \$1 billion annually in new revenue.**

- **Most of New York's 10.8 million licensed drivers are paying \$45 for an eight-year license or under \$6 a year. Even more amazing is New York will give you a partial refund, if in the first four years of having a license you decide you don't want it any more.**

### **Sales Tax**

- **In 2003 the state increased the sales tax by one-quarter of a percent. This increase is expected to sunset — but if permanent and directed to the dedicated fund, it would generate an additional \$450 million annually.**

- **New York already adds an 8.25% sales tax on gasoline and diesel fuel that generated \$689 million last year, when fuel prices were about 30% less. Unfortunately not one penny of the monies went into the dedicated highway fund.**



This report was produced by  
The CRISIS Program.  
Albany, NY

Founded in 1988, The CRISIS Program is a coalition of statewide businesses and organizations whose mission is to serve as a central voice of the business community who work to create public awareness of New York State's transportation systems. TCP's goal is to ensure there is adequate funding for highway and bridge repair programs in New York State.