



## **Citizens Budget Commission**

### **Statement of Opposition to the New York State Transportation Infrastructure Bond Act**

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In deciding to oppose the \$3.8 billion Transportation Infrastructure Bond Act, the Citizens Budget Commission (CBC) weighed carefully two important goals.

On the one hand, New York State's transportation infrastructure requires renovation and expansion. Statewide roads and bridges are in bad condition, and money should be allocated to upgrade them. The mass transit facilities operated by the Metropolitan Transportation Authority (MTA) also need additional funding to bring them to a state of good repair and to plan any needed new routes. The Bond Act would help this cause by providing \$2.2 billion to support the State Department of Transportation's (DOT) \$17.1 billion five-year capital plan. (The remainder comes from federal aid, backdoor borrowing by public authorities, and other sources.) The Bond Act would also provide \$1.6 billion to support the MTA's \$17.1 billion five-year plan. (The remainder would come from the MTA's own revenue bonds, federal aid and other sources.) Clearly, the Bond Act would help fund needed infrastructure improvements.

On the other hand, New York already has too much debt. The State has \$36.8 billion in State-supported debt outstanding. A new CBC analysis of debt burdens among the 50 states suggests that New York exceeds a "danger zone" threshold by \$3.0 billion; it is at risk of losing jobs and residents because of the excessive tax burden related to supporting high debt levels. Yet the State's current capital plan, which includes the Bond Act, will leave New York still in a debt danger zone when it is completed in five years. Although the Bond Act authorizes general obligation debt, which is preferable to the State's more common practice of backdoor borrowing, the overall State plan relies even more on backdoor borrowing. In brief, the Bond Act is part of a State financial plan that relies too heavily on borrowing. A better plan would have more pay-as-you-go support (particularly through the use of the State's surplus), a greater reliance on user fees for highway projects, and perhaps *more* general obligation debt and less backdoor borrowing.

The intended message to the elected officials who placed the Bond Act before the voters is not that transportation infrastructure should be neglected. Rather, the message is that the DOT and MTA capital plans that the Bond Act would partially support are not good ways to attack this important problem. Not only should they rely less on borrowing, they also should make more progress in upgrading transportation infrastructure. Enhanced versions of the plans, with less "pork" and more systematic assessment of needs, should be developed.

In the final analysis, therefore, CBC opposes the Bond Act and urges the Governor and the Legislature to go back to the drawing board. We hope that we can endorse enthusiastically an improved act, supporting more meritorious capital plans in a fiscally responsible way, next year.

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