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N.Y. Tax Revenue in Trouble Thanks to Old Policies and New Uber, Report Says

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A new policy brief from a New York nonprofit calls out Uber and Lyft for offsetting the city's tax income.

According to the **Citizens Budget Commission (CBC)**, a civic organization based in Midtown, taxis are used less frequently thanks to the rise of ride-sharing services that have become more common on city streets. As we've previously reported, more of N.Y.C.'s yellow taxis are remaining idle and losing out on customers. This, the CBC says, is offsetting tax revenue.

The group now proposes reforming taxes as a potential source of filling the \$2.6 billion gap in the MTA's proposed four-year capital plan. It suggests that a good start would be to reassess the taxes placed on any service regulated by the city's Taxi and Limousine Commission.

These services encompass yellow taxicabs, liveries, community cars, and dispatch service providers, including Uber and Lyft.

Commuters pay a flat 50-cent per-ride tax on yellow and green cab rides and an 8.875 sales tax on black car rides, all of which generates roughly \$250 million a year. That amount goes toward New York State, the City and the Metropolitan Transportation Authority (MTA). If trips made by yellow taxicabs continue to decline, MTA revenues will also slump, the CBC said.

No doubt, for-hire car usage has increased a lot in recent years. Uber and its ride-sharing rivals Lyft, Gett and Via are becoming more popular with a populace that favors on-demand e-services.

But the MTA, an agency that runs New York City's subways and buses, had a long list of problems even before folks began hailing cabs on their smartphones.

New York state Controller Thomas DiNapoli recently blamed the MTA for failing to improve its services, citing the dramatic delays for riders across the five boroughs.

In an audit released earlier this month by his office, DiNapoli addresses the City's shoddy transportation and the large uptick in MTA delays between March 2013 and 2014, DiNapoli said he believes "the city is going backwards," citing how the on-time performance record went from a 92 percent expectation to 75 percent.



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Now, the MTA has the CBC on its side. The report concludes that the \$94 million the MTA gets from the taxi industry (thanks to part of that the 50-cent surcharge on yellow taxis and green taxis) isn't enough. With the impact of Uber, that number could dip to \$91 million.

Maria Doulis, vice president of the commission, said "if yellow cab trips decrease, MTA revenues will decrease as well."

It's worth noting that New York City contributes just \$125 million a year to the MTA's capital plan, while the state's contributions hover around \$8 billion. Also, according to the Straphangers Campaign and Riders Alliance, the MTA has had trouble with savings, and often relies on cuts to make up for its debt, which is currently around \$34 billion — "more than the national debt of dozens of foreign countries."