

New York stands apart in its use of local transportation taxes in several respects. First, it has adopted taxes found in few other places, including a mortgage recording tax, and a corporate tax on businesses in the transportation industry. These taxes both play central roles in funding public transit across the state.

Another distinction is that New York is home to the nation's largest transportation taxing district, the Metropolitan Commuter Transportation District. This district serves nearly 12 million residents in the region surrounding New York City, and relies on dedicated sales, mortgage recording, and corporate franchise taxes. It derives over \$1.1 billion in revenues from these taxes annually (\$94 per capita in the district), which it uses to fund the operating and capital expenses of New York City's buses and subways, two commuter rail systems, and numerous suburban bus systems.

Finally, it should be noted that as in other Mid-Atlantic states, transportation planning and finance tend to be highly centralized in New York State. The state legislature itself imposes many of the "local" taxes that fund public transit, directly establishes the state's various user fee-financed transportation authorities, and periodically assembles packages of transportation projects to be financed by voter-approved statewide general revenue bonds. The actual degree of local control over transportation tax revenues is limited.

The use of local option taxes in New York State has been relatively stable over time. The only significant recent trend has been an increase in towns' use of property taxes and impact fees to fund road projects, but these remain small compared with other revenue sources.

Our research on New York included surveying the 20 largest cities, all 57 counties, and all five regional transportation authorities in the state. We received valid responses from three cities (15% response rate), 18 counties (30% response rate), and all five transportation authorities.¹ We were not able to obtain local highway finance data from the state government.

1. Fuel and Vehicle Taxes

New York's only local option fuel tax authorization is an obsolete provision for a 1¢ per gallon tax on leaded fuel in New York City.² Motor vehicle registration taxes are used for transportation purposes, but are imposed uniformly across the state.

Under their home rule powers, some local areas can adopt vehicle taxes and fees. In 1991, Suffolk County adopted a "use fee" on vehicle registrations. This fee was set at \$4 for passenger vehicles weighing less than 3,500 lbs., \$7 for vehicles over 3,500 lbs., and \$8 for trucks and buses. Revenues are earmarked for road maintenance.³

2. Property taxes and Assessments

New York State requires that all counties impose a 3/4% mortgage recording tax. In addition, counties lying within one of the state's five regional transportation districts must impose an additional 1/4% tax to support transit capital and operating costs.⁴ These districts include the Capital District Transportation District (in the Albany metropolitan area), the Niagara Frontier Transportation District (Buffalo), the Central New York Transportation District (Syracuse), the Rochester-Genesee Transportation District (Rochester), and the Metropolitan Commuter Transportation District (New York City). In all, the areas

¹ Respondents included the cities of Freeport, Yonkers, and White Plains; and the counties of Albany, Cortland, Franklin, Fulton, Hamilton, Herkimer, Livingston, Montgomery, Nassau, Onandaga, Oneida, Orange, Otsego, Rockland, Saratoga, Tompkins, Ulster, and Yates.

² New York Consolidated Laws Service, Tax § 284B.

³ Laws of Suffolk County, New York, § 363-2.

⁴ New York Consolidated Laws Service, Tax §§ 253(2), 261.

imposing this tax cover 21 counties plus New York City, and include 85% of the state's population. Together, these taxes generate \$231 million per year (\$13 per capita statewide).⁵

Property taxes used for transportation purposes tend to be built into general-purpose local levies on an annual basis, so aren't generally reported as earmarked special levies. However, a few local governments did report in their survey responses that they have enacted dedicated property tax levies, including 0.97 mills in Freeport for local streets, and 4.5 mills in Otsego County for highway and bridge maintenance, 0.6 mills and 0.5 mills for transit operation and highway maintenance respectively in Livingston County.

Townships have increasingly been adopting dedicated property taxes, special assessments, and development mitigation fees to fund street or highway projects, although the total contribution of these taxes is believed to remain small. These taxes often support projects that serve broader local policy objectives, including economic development and the mitigation of quality-of-life conflicts.⁶ We did not survey towns, and could not find a centralized source of data for the taxes they impose.

3. Sales and other taxes

Cities and counties generally have the authority to adopt general local option sales taxes up to three percent (four percent in New York City), but may exceed this limit on a temporary basis.⁷ Every county in the state has adopted a sales tax, with rates ranging from Westchester's 2.5% to Nassau's 4.25%. Other than New York City, 24 cities have also adopted sales taxes, ranging from 1 to 3%.⁸ These governments are not required to designate a purpose for the revenues from these taxes, and most have chosen to keep it a general revenue source or share the revenues with local municipalities or school districts. However, a few do use this tax as a revenue source for transportation. In 1991, Erie County adopted a dedicated 1/8% sales tax that helps fund transit operations in the Niagara Frontier Regional Transportation District. In addition, Herkimer County annually sets aside \$1 million from its sales tax revenues for highway maintenance and equipment.

In addition to these taxes, in 1981 the state imposed a 0.25% sales tax on seven counties plus the five boroughs of New York City to fund the Metropolitan Commuter Transportation District.⁹ In 1997, this tax raised nearly \$308 million (\$26 per resident of the district).¹⁰

Transportation and transmission companies (including trucking and local telephone companies) operating in the Metropolitan Commuter Transportation District must also pay a surcharge on their state franchise tax to support transit operations.¹¹ In the 1997-98 fiscal year, this tax generated \$601 million (\$50 per resident of this district).¹² A similar tax was authorized for Erie County, but has not been adopted.

Some local ordinances authorize income taxes. The City of Yonkers levies an income tax of 15% of the state tax. New York City levies graduated income taxes according to its own schedule.¹³ Neither of these taxes are earmarked for transportation-related purposes.

⁵ Data on revenues gathered from correspondence with individual regional transit authorities. Data for Metropolitan Commuter Transportation District from Metropolitan Transit Authority, "MTA 2000 Combined Amended Continuing Disclosure Filings, Vol. 1," (May 24, 2000), p. "TBTA 1991 Attachment 3-4."

⁶ Letter from New York State Department of Transportation (November 20, 2000).

⁷ New York Consolidated Laws Service, Tax §§ 1107 and 1108.

⁸ New York State, Department of Taxation and Finance, "Enactment and Effective Dates of Sales and Use Tax Rates," PUB-178A, (2000); New York State, Office of the State Comptroller, "Local Governments and Their Use of Sales Tax in New York State," (March 1998).

⁹ New York Consolidated Laws Service, Tax § 1109.

¹⁰ Estimate based on taxable sales data from New York State, Department of Taxation and Finance, Office of Tax Policy Analysis, "Taxable Sales and Purchases: 3/98 - 8/98" (2000).

¹¹ New York Consolidated Laws Service, Tax §§ 183-a and 184-a.

¹² Metropolitan Transit Authority, "MTA Dedicated Tax Fund Series 2000A Official Statement," (Feb. 10, 2000).

¹³ New York State Unconsolidated Laws § 92-81; New York Consolidated Laws Service, Tax § 1321.

NEW YORK Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Max. Duration	Purposes	Adoption Process
Sales	NYCLS Tax/1107	Sales Tax	New York City	1975	4%	-	Municipal services	B
	NYCLS Tax/1108	Sales Tax	Cities (Pop < 1 million)	1975	3%	-	Municipal services	B
	NYCLS Tax/1109	Sales Tax	Metropolitan Commuter Transportation District*	1981	0.25%	-	Transit	A
Income	NYCLS Tax/1301 NYCLS Gen City/25-a	City Personal Income Tax	New York City	1975	Graduated rates	-	General Revenues	B
	NYCLS Tax/1321	City Income Tax Surcharge**	Yonkers	1984	Up to 19.5% of state income tax	-	General Revenues	B
Fuel	NYCLS Tax/284B	Leaded Fuel Tax	New York City	1971	1¢/gal on lead fuel	-	General Revenues	B
Property	NYCLS Tax/253(2)	Mortgage Recording Tax	Counties in regional transport. authorities	1969	0.25%	-	Mostly transit operations	A ***
	NYCLS Towns/292	Special Assessments for Street Improvements	Towns	1932		-	Street improvements	C ****
	NYCLS Highways/292	Property Tax	Towns	1936	0.33%	Annual	Maintenance and improvement of town highways	C
Other	NYCLS Tax//183-a, NYCLS Tax//184-a	Business Tax Surcharge on Transportation and Transmission Corporations	Metropolitan Commuter Transportation District*	1982	18% of the statewide tax on these corporations	Until 2001	Transit	A
	NYCLS Tax//186-d	Business Tax Surcharge on Transportation Corporations	Erie County	1990	Up to 3/4% of gross receipts in the county		Transit	B

* The Metropolitan Commuter Transportation District includes New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester counties.

** See NYSUL 92-81 for the implementation of this tax in Yonkers

*** May be repealed in some counties by ordinance

**** Requires signatures of resident landowners representing 50% of frontage, or all landowners representing 80% of frontage

A = State Law
B = County/Local Law
C = Popular Vote

NEW YORK
Adopted County, District, and Local Transportation Taxes

Jurisdictions	Population 1997	Sales Taxes				Mortgage Recording & Property Taxes				
		Rate (%)	1997 Taxable	Revenues (\$1,000's)	Revs per capita	Notes	Rate (%)	Type	Revenues (\$1,000's)	Revs per capita
Transit Districts:										
NYMCTD [1]	11,899,713	0.25%	123,126.2	307,815.5	\$25.87					
NFTA [2]	1,162,332					0.25%	MRT	213,900.0	\$17.98	[9]
CDTA [3]	789,329					0.25%	MRT	5,074.2	\$4.37	
RGTA [4]	983,277					0.25%	MRT	4,004.6	\$5.07	
CNYRTA [5]	667,782					0.25%	MRT	5,500.0	\$5.59	
						0.25%	MRT	2,474.0	\$3.70	
Counties:										
ALBANY	294,525					0.25%	MRT			[3]
ALLEGANY	50,823									
BROOME	198,080									
CATTARAUGUS	85,123									
CAYUGA	82,415					0.25%	MRT			[5]
CHAUTAUQUA	139,373									
CHEMUNG	92,549									
CHENANGO	51,617									
CLINTON	80,064									
COLUMBIA	63,288									
CORTLAND	48,137									
DELAWARE	46,462									
DUTCHESS	263,624	0.25%	2,668.8			0.25%	MRT			[1]
ERIE	942,832	0.125%		12389.3	\$13.14	0.25%	MRT			[2]
ESSEX	37,692									
FRANKLIN	49,091									
FULTON	53,427									
GENESEE	60,990					0.25%	MRT			[4]
GREENE	47,658									
HAMILTON	5,182									
HERKIMER	65,003	-		1000.0	\$15.38					[6]
JEFFERSON	112,397									
LEWIS	27,584									
LIVINGSTON	65,712					0.25%	MRT			[4]
"						0.11%	Property	2,109.6	\$32.10	[7]
MADISON	70,857									
MONROE	717,611					0.25%	MRT			[4]
MONTGOMERY	51,238									
NASSAU	1,299,372	0.25%	16,152.2			0.25%	MRT			[1]
NIAGARA	219,500					0.25%	MRT			[2]
ONEIDA	232,483									
ONONDAGA	460,671					0.25%	MRT			[5]
ONTARIO	99,654									
ORANGE	326,586	0.25%	3,307.2			0.25%	MRT			[1]
ORLEANS	44,827									
OSWEGO	124,696					0.25%	MRT			[5]
OTSEGO	60,686					0.45%	Property	7,624.2	\$61.14	[8]
PUTNAM	92,199	0.25%	673.2			0.25%	MRT			[1]
RENSSELAER	152,912					0.25%	MRT			[3]
ROCKLAND	278,331	0.25%	2,643.7			0.25%	MRT			[1]
SARATOGA	195,661					0.25%	MRT			[3]
SCHENECTADY	146,231					0.25%	MRT			[3]
SCHOHARIE	32,256									
SCHUYLER	19,067									
SENECA	32,165									
ST. LAWRENCE	113,663									
STEUBEN	98,362									
SUFFOLK	1,360,075	0.25%	16,271.2			0.25%	MRT			[1]
SULLIVAN	69,581									
TIOGA	52,367									
TOMPKINS	97,287									
ULSTER	166,920									
WARREN	61,268									
WASHINGTON	60,355									
WAYNE	94,633					0.25%	MRT			[4]
WESTCHESTER	896,625	0.25%	11,823.0			0.25%	MRT			[1]
WYOMING	44,331					0.25%	MRT			[4]
YATES	24,165									
NEW YORK CITY	7,382,901	0.25%	69,586.9			0.25%	MRT			[1]
State Total	18,143,184	Transit:		320,204.8	\$17.65			232,103.5	\$12.79	
		Roads:		1000.0	\$0.06			8,583.1	\$0.47	

- [1] The New York Metropolitan Commuter District covers New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester counties. The 1/4% sales tax and the 1/4% mortgage recording tax cover the entire district.
- [2] The Niagara-Frontier Transportation Authority serves the Buffalo metro area, and consists of Erie and Niagara counties. The 1/8% sales tax covers only Erie County; the 1/4% mortgage recording tax covers the entire district.
- [3] The Capital District Transportation Authority serves the Albany metro area, and consists of Albany, Rensselaer, Saratoga, and Schenectady counties. The 1/4% mortgage recording tax covers the entire district.
- [4] The Rochester-Genesee Transportation Auth. serves the Rochester metro area, and consists of Genesee, Livingston, Monroe, Wayne, and Wyoming counties. The 1/4% mortgage recording tax covers the entire district.
- [5] The Central NY Regional Transportation Authority serves the Syracuse metro area, and consists of Cayuga, Onondaga, and Oswego counties. The 1/4% mortgage recording tax covers the entire district.
- [6] Herkimer County sets aside \$1 million annually from its sales tax; 75% goes toward highway & bridge maint., and 25% toward purchases of equipment. The 1/4% mortgage recording tax covers the entire district.

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