Statement of

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At the Joint Hearing of the

Senate Standing Committee on Finance
&
Assembly Standing Committee on Ways and Means

Concerning the SFY 2026-27 Executive Budget Proposal
Relating to Transportation

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9:30 AM

Thank you, Chairman Pretlow and Chairwoman Krueger, for your support of public transportation and for giving the New York Public Transit Association (NYPTA) the opportunity to testify today. And thank you Chairmen Cooney, Comrie, Magnarelli, and Braunstein for your leadership on transportation issues, especially transit. We appreciate the members in the Senate and Assembly who support public transit, the work we do, and the connections we make for people and communities across New York state.

My name is Miguel Velazquez; I am the CEO of the Rochester-Genesee Regional Transportation Authority (RGRTA) and President of NYPTA. Earlier you heard from our largest member, the MTA. Addressing their financial needs is critical to driving the state economy and we support their priorities. My testimony will focus on the needs of transit systems in upstate New York and in the downstate suburbs.

NYPTA represents more than 100 transit systems across our state - from the MTA in New York City, to Citibus in Watertown, to my system in Rochester, as well as hundreds of manufacturers, suppliers and contractors that employ thousands of New Yorkers.

Public Transit is Vital to Achieving Affordability and Economic Growth

As New York focuses on the important issue of affordability and stimulating our state's economy, one solution is already in front of us – investing more in public transit. Affordable, reliable, and convenient transportation is essential to helping New Yorkers manage rising costs while sustaining local economies throughout the state. This critical service works every day for hundreds of thousands of New Yorkers, almost always without delay, incident, or controversy. It saves them time and money and gets them to where they need to be.

Public transit connects people to jobs, education, and health care – without the high costs associated with owning and maintaining a car. The American Public Transportation Association estimates that you can save over $13,000 annually by using public transit instead of driving. For working families, seniors, students, and people with disabilities, transit is the most affordable way to get to work, school and medical appointments. Even for those who do not ride regularly, public transit keeps transportation costs down by reducing traffic congestion, improving air quality, and supporting livable communities. Think about a day when transit service is not operating in Syracuse, Buffalo, or Ithaca – people would not get to work, kids would not get to school, and traffic would be at a standstill in major downtowns and business centers.

Transit systems are the backbone of our local economies. Hospitals, supermarkets, banks, colleges and universities, school districts, and nonprofit organizations rely on transit to ensure employees, students, and volunteers arrive on time. Many businesses have negotiated arrangements with their local transit systems to ensure the connections that they need. These systems operate seven days a week – early mornings through late nights – supporting workers, employers, and customers alike while keeping transportation costs predictable and manageable. At the same time, New York transit system payrolls generate millions of dollars in spending annually and support tens of thousands of jobs across local economies.

Despite the clear economic and affordability benefits of public transit, state funding has not kept pace with the growing demand for more service and infrastructure investment. Aging buses, outdated facilities, and workforce pressures threaten reliable service at a time when more New Yorkers are turning to public transit to save money. A strong, sustained investment is needed to ensure transit systems can avoid reductions in service and continue providing more affordable travel options for riders.

Public transit is a critical affordability tool. It supports New York's goals to address the cost of living, expand access to affordable housing, reduce vehicle emissions, and drive economic growth. None of these state priorities can be achieved without a strong and well-funded network of transit services.

Our member systems need resources to operate services and compete for quality employees while making investments to replace vehicles and outdated facilities, including the high cost to accommodate zero-emission fleets. We need significant, ongoing investments to capitalize on our success and ensure that we continue to provide quality services to the public.

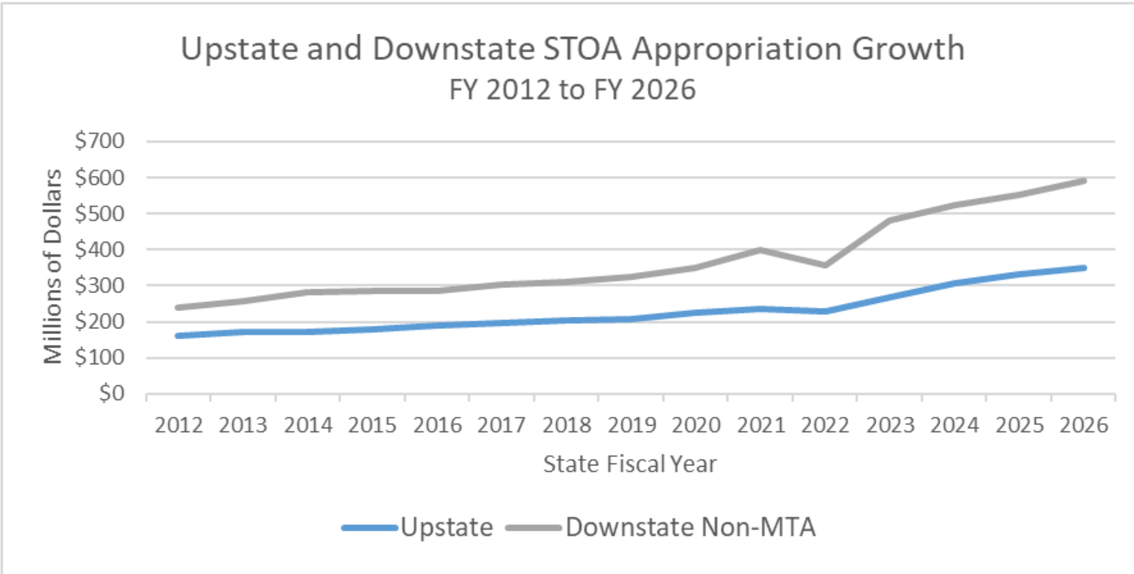
To achieve that goal, we ask the state to prioritize fixing how upstate and downstate suburban transit systems are funded because the conversation we have been having about this over the past few years has shifted. Our request for more funding is about fixing the structural deficits we face so we can stabilize our systems, and then focus on growing and improving the service we provide. Because of the lack of equitable investment in the non-MTA systems, we have missed tremendous opportunities to strengthen our local communities. These are missed economic opportunities, healthcare opportunities, socioeconomic opportunities, environmental opportunities, affordable housing opportunities, and accessibility opportunities. The Governor and Legislature have done an excellent job of addressing the MTA's funding needs over the past few years and now is the time for the state to focus on the non-MTA transit systems.

To achieve these priorities, NYPTA endorses the following recommendations.

<u>State Transit Operating Assistance (STOA)</u>

Transit agencies, their employees and customers thank Governor Hochul for recognizing the importance of public transportation in her FY 2026-27 Executive Budget. State operating aid to upstate systems is proposed to grow by 5.75% and downstate transit aid by 7.45%. This is a great first step, but more investment is needed to address the financial challenges facing all systems.

The STOA increase proposed for upstate transit highlights the inequity in how the state funds public transit. The difference in STOA increases between upstate and downstate is not related to financial need, but rather the lack of sustainable dedicated revenue to fund upstate transit. The result is that the growth in upstate STOA funding lags well behind the growth in downstate aid, with upstate aid growing by 115% over the past 15 years while downstate aid grew by almost 150%. And when looking at the difference in the state revenues that the MTA receives versus the revenues that all non-MTA systems receive, non-MTA systems revenue is 80% lower per resident. The MTA region needs this state investment to provide the services that move the NYC metro area. Residents throughout the rest of the state deserve increased investment as well.



NYPTA members have invested in improved services, better infrastructure, and strong partnerships in their communities. The result has been increased ridership and demand for more service options. Just 5 years ago, the pandemic decimated transit systems, their ridership, and their network of services. But they have climbed back with some systems seeing ridership that exceeds pre-pandemic levels. This rising demand requires more service, new travel options, and more funding. However, with federal covid relief funds exhausted, the need is urgent to secure funding that simply maintains existing transit services. We cannot turn our backs on customers who need our service more today than ever before.

NYPTA Recommendation: Increase STOA appropriations for non-MTA transit systems by at least 15% in FY 2026-27 and continue that rate of increase over the following two years.

Delaying increases in STOA come with a heavy cost – riders not served, businesses without access, and economic opportunities lost.

<u>State Transit Capital Aid</u>

Modernizing the infrastructure of public transit systems is critical for safe and reliable service across the state. This infrastructure includes vehicles, maintenance and administrative facilities, customer service centers, and mobility hubs. It also includes the transition to zero-emission vehicles, which are more costly to purchase and require expensive charging equipment and related upgrades.

The State provided $245.5 million in capital aid to non-MTA systems in FY 2025-26, which is appreciated. The Executive Budget proposes a reduction to $223.5 million. With aging assets and rising costs, investment must grow to avoid worsening infrastructure conditions.

The current non-MTA 5-year capital plan will expire at the end of this year and will need to be renewed. Increasing transit capital investment levels in FY 2026-27 is critical to continuing momentum until a new multi-year capital program can be approved.

NYPTA Recommendation: Increase the $223.5 million non-MTA capital funding proposed in the Executive Budget by $100 million and restore the $26 million in dedicated funding for NFTA's rail system, for a total of $349.5 million.

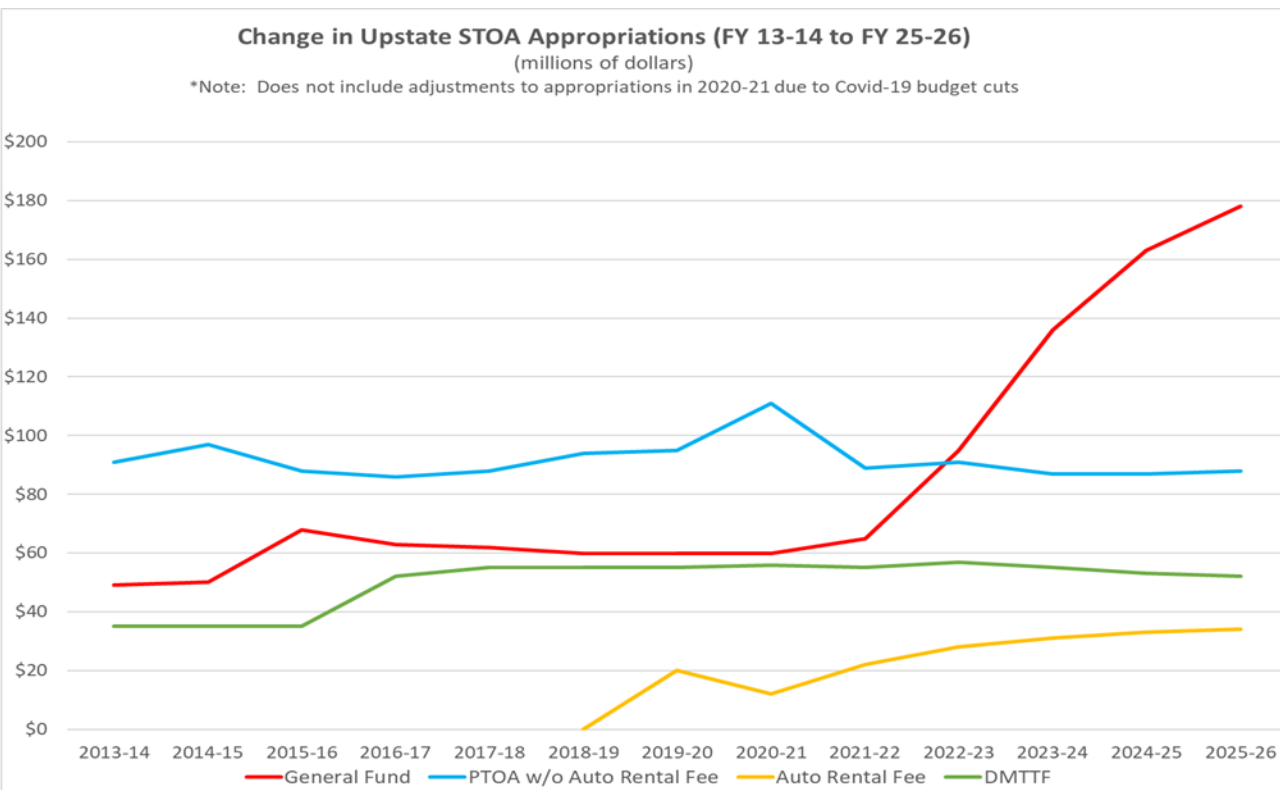
Rural Transit Assistance

A decade ago, the state changed its policy for non-emergency medical transportation resulting in a significant loss of riders and revenue to small city and rural transit systems. To offset some of this financial impact, the Department of Health provides $4 million annually to the affected systems to preserve service.

NYPTA Recommendation: Increase the $4 million in state aid from the DOH budget for small urban and rural transit systems to $6 million to account for inflation since this funding was initiated.

Upstate Transit Deserves Dedicated Funding

Transit systems across the state face financial challenges to keep pace with inflation, rising capital needs, and demand for more and better service. Upstate systems face a further hurdle in being reliant on state general funds, which comprise over 50% of transit aid. At the same time, only 1% of transit aid for downstate systems comes from the general fund; the remainder is from dedicated taxes. NYPTA has highlighted this broken funding system in past testimony, and it requires immediate attention. The following chart shows the lack of growth of the dedicated revenue sources that fund upstate transit (including PTOA, Auto Rental Fee, and Dedicated Mass Transportation Trust Fund), and the more recent rapid growth (and increased reliance) on the state general fund to achieve increased funding.



In the short term, Upstate systems need dedicated revenues to avoid service reductions, and in the long-term provide the expanded services their communities need and to support the state's initiatives for economic growth, affordable housing, and infrastructure development. Fixing the upstate transit funding problem will require new, growing dedicated revenues to replace or supplement underperforming dedicated sources such as motor fuels taxes.

NYPTA Recommendation: Provide sustainable and dedicated revenues to allow upstate transit systems to meet community demand for service. For example, extending the state enacted MTA region $25 annual supplemental vehicle registration fee to upstate counties or dedicating a small portion of state taxes on corporations would provide badly needed revenue to support upstate transit service.

Below is a list of the current state enacted dedicated revenues that fund upstate and downstate transit, including sources dedicated only to the MTA. Downstate transit enjoys many sustainable, growing sources of dedicated revenues; simply put - upstate transit does not have the benefit of these sources**.** The existence of state enacted revenue sources for downstate transit provides proven models for supplementing upstate transit funding, just as the MTA region auto rental fee was extended to fund upstate transit in 2018.

STATE ENACTED DEDICATED REVENUE SOURCES FOR PUBLIC TRANSIT

Upstate Transit	**Downstate Transit**
Petroleum Business Tax	Petroleum Business Tax
Corporate & Utilities Tax	Corporate & Utilities Tax
Portion of State Gas Tax & Vehicle Fees	Portion of State Gas Tax & Vehicle Fees
	Regional Corporate Franchise Tax Surcharge
	Regional Sales Tax (0.375%)
	Insurance Tax
	MTA Only
Auto Rental Fee (6%)	Auto Rental Fee (6%)
	Supplemental Veh Registration Fee ($25/yr)
	Supplemental Veh License Fee ($2.00/yr)
	Taxi Surcharge ($0.50)
	For Hire Vehicle Surcharge (variable)
	Payroll Mobility Tax (variable)
	Urban Tax (Real Property Transfer Tax)
	Mansion Tax
	Internet Marketplace Tax
	Central Business District Tolling
	Downstate Casino License Fee (One time)
	Downstate Casino Tax (Future)

Summary of FY 2026-27 State Budget Recommendations

- **Increase STOA appropriations for non-MTA transit systems by at least 15% in FY 2026-27 and continue that rate of increase over the following two years.**

- **Increase non-MTA capital funding to $349.5 million, which includes restoring the $26 million annual capital appropriation for NFTA rail infrastructure.**

- **Provide sustainable and dedicated revenues to allow upstate transit systems to meet community demands for better service and more mobility options.**

- **Increase the traditional $4 million from DOH for rural transit systems impacted by the state's Medicaid transportation changes to $6 million to adjust for inflation.**

- **Continue NYSDOT's STOA hold-harmless provision to avoid reductions in operating aid to small transit systems whose ridership has not returned to pre-pandemic levels.**

Increased investment in the FY 2026-27 budget supports the state's goals for economic development, affordable housing, downtown revitalization and access to health care and education. As you look for ways to make New York more affordable, we urge you to increase funding for public transit in the state budget as part of the solution. Transit and affordability go hand in hand!

Thank you.