

NY raids highway tax and fee fund

Joseph Spector, 7:13 p.m. EST February 5, 2014



(Photo: Jamie Germano)

ALBANY – The highway and gas taxes New Yorkers pay are supposed to fund road and bridge repairs. Increasingly, they are not.

Only 22 percent of the \$3.8 billion collected from highway taxes and fees each year goes to capital road projects, and the rest is diverted to cover state budget costs, a report released Wednesday found.

Using the money from the state's Dedicated Highway and Bridge Trust Fund leaves critical highway and bridge projects unfunded, Comptroller Thomas DiNapoli (<http://www.osc.state.ny.us/reports/trans/dhbtff020413.pdf>) said in releasing the report.

DiNapoli and state officials have long railed against the use of the fund, which was established in 1991 to collect fees and taxes and fund road projects. In 2009, DiNapoli said, 35 percent of the money (<http://polHUDSON.lohudblogs.com/2009/10/29/fund-for-road-and-bridges-raided-report/>) was used for road and bridge projects.

In 2012, DiNapoli estimated that New York (<https://www.osc.state.ny.us/press/releases/dec12/122012a.htm>) faces a shortfall of up to \$89 billion in funding for water, sewer and transportation infrastructure over the next two decades.

"Taxpayers have paid billions in taxes and fees into a fund that was created to keep our roads and bridges in good repair," DiNapoli said. "Now, more than three-quarters of this money is siphoned off to pay for borrowing and operating costs of state agencies, leaving fewer dollars for improving our infrastructure."

New York collects a gas tax, petroleum business tax, vehicle licensing fees and rental car tax that are funneled into the fund. But by 2002, debt payments had surpassed capital projects, and just 22.2 percent of \$3.8 billion disbursements in the last fiscal year went to construction projects.

Most of the money, \$1.6 billion, covered the cost of snow and ice removal by the state Department of Transportation and day-to-day staff expenses at the Department of Motor Vehicles, DiNapoli said. The rest paid for debt.

DiNapoli said it's problematic that staff expenses and snow-removal costs are being paid through a fund that is intended to pay for capital projects.

Even in the proposed budget for the fiscal year that starts April 1, capital disbursements would account for only 23.5 percent of all money collected.

Gov. Andrew Cuomo's budget office disputed DiNapoli's findings, saying it paints a misleading picture of the state's spending on infrastructure.

"The comptroller's report misrepresents reality, leaving out major investments in transportation infrastructure, including \$465 million through the New York Works program and \$470 million in annual spending through the CHIPs program," a federal program, said Morris Peters, a spokesman for the budget office.

"The state regularly uses debt-free general fund money when infrastructure need exceeds the capacity of the Dedicated Fund, and the Executive Budget includes \$600 million for that purpose," Peters continued. "The comptroller seems to prefer that the Dedicated Fund stand on its own, which would result in an increase in gas taxes, or a drastic cut to infrastructure spending."

Some lawmakers have proposed slowly restoring the fund. A bill sponsored by Assembly Majority Leader Joseph Morelle, D-Irondequoit, and Senate Deputy Republican Leader Thomas Libous, R-Binghamton, would replenish the fund over five years.

The bill calls for removing DOT snow and ice removal expenses totaling \$563 million and DMV operational expenses totaling \$199 million from the fund over the five years. The money would then be used for the highway fund.

A review by Gannett's Albany Bureau in 2011 (</article/20110925/NEWS01/109250353>) found that 37 percent of the state's bridges had a condition rating under 5 — the threshold that requires repair — and a similar percentage was deemed either structurally deficient or functionally obsolete.

Libous warned that the fund is being depleted of money for its original purpose.

"Very soon the fund will become a fund with no capital for road and bridge repair," he said. "It's just ridiculous."

Morelle said that as the state's fiscal condition improves, restoring the money would help the state's economic development. Cuomo has estimated that the state will have a \$2 billion surplus in three years.

"We are now starting to get to a point where we can rectify some of the things we have done," Morelle said.

Assembly Minority Leader Brian Kolb, R-Canandaigua, said the Legislature should act on the bill, which has sat dormant for years.

"When you're having a dedicated fund, that means it's supposed to be for a dedicated purpose, which is highway, bridge and road repair," Kolb said.

JSPECTOR@Gannett.com

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