



## **NYC's Congestion Tax Scheme: Too Many Questions; So Few Answers**

Statement to NYC Traffic Congestion Mitigation Commission

Wednesday, January 16, 2008

**Presented by Albert F. Pennisi, President, Queens Chamber of Commerce**

The Queens Chamber of Commerce represents thousands of businesses and firms of all sizes who do business from and/ or in our vibrant borough. My name is Albert F. Pennisi. I serve as the chamber's President. The Chamber early expressed its concerns with what appear know to be three congestion tax schemes before the commission. The congestion tax is a business killer and impacts unfairly on smaller businesses. A reduction in the number of people entering the CBD – and reduced spending by those who still come to the CBD, but shift to other transportation – would cause some \$1.89 billion less in spending each. This means an annual loss of \$2.7 billion in economic output, 23,100 jobs and \$235 million in City and State tax revenues each year. Why introduce a new tax scheme that threatens to decrease other revenues thereby negating its impact? And why seek to impose a new tax without guarantees that it actually would enhance rather than prove out as a mere substitute for revenues currently applied towards transit in our city?

The commission needs to understand the city of New York lies not west of the River, West of the Hudson River and south of 86<sup>th</sup> or 60<sup>th</sup> Streets! Its actions to date suggest the contrary.

The London's foreign model just ill fits New York City. Thus any New York City anti-congestion plan based on London starts out with inherent flaws. The NYC Traffic Mitigation Commission needs to drop its apparent fixation on fitting the geography of the proposed Manhattan zone, however large or small, into the same shoe designed for London. The Manhattan foot cannot squeeze into the London boot.

New York differs from London. New York's dynamism as a true 24-hour city, even in downtown and midtown, reflects the mixed use nature where residences lie within the financial district; New York's configuration and street grids differ greatly from London (See the map of the London zone below.).

The Transport for London report – carefully read – reveals many faults in its tax scheme:

- Excess delays (the official congestion measurement) in the zone almost doubled from 1.4 min/km in 2003 to 2.4 min/km in 2006.
- Congestion increased on virtually all the roads surrounding the zone. Neighborhoods outside Manhattan beware.
- TfL blames increased roadworks for the increase in congestion. TfL admits its policy of rephrasing traffic signals aims to “measurably reduce effective capacity of the road network for general traffic, thereby increasing congestion or traffic delays...” (p.52)
- Bus performance dipped significantly in 2006. Increased congestion directly caused a 28% increase in lost bus kilometers, and a 13% drop in the number of bus kilometers.(p. 57)
- TfL admits: “Reliability of bus services in and around the charging zone has seen some deterioration, with excess waiting time increasing by 2% from 2005.”(p.57)
- Average bus speeds in the zone decreased by 11% since 2003.(p.59)
- TfL only recovered 38% of fines from Foreign Registered Vehicles.(p.100)
- Despite increasing to £8 per day net revenue barely changed from 2005/06 to 2006/07, from £122 to £123 million – imagine if London did not expand the zone and revenue declined despite the additional £3 gouge. If not for enforcement income, London's net would only be \$68 million.

And with all the focus in New York on reducing rush hour traffic, note that nearly all of London's traffic reduction occurs off peak with peak-period traffic hardly depressed at all.

The Queens Chamber of Commerce urges the members of the NYC Traffic Mitigation Commission to throw out the tax schemes that many of its members appear poised to advance. Instead, the Chamber calls on the commission to revisit the traffic mitigation that makes sense for New York. These include the [measures](#) proposed by Keep NYC Congestion Tax Free with more than \$500 million in incidental revenues and the [revenue](#) measures proposed by our coalition partner, the Queens Civic Congress. This approach is consistent with the federal grant and frankly delivers the funding the MTA needs from its capital plan.

Thank you.

Respectfully submitted

Albert F. Pennisi, President

