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Regressive Toll Tax Not Best Way to Fund Transit or Reduce Congestion

Testimony at “EA Central Business District Tolling Program Public Hearing”
by Corey Bearak, Senior Policy Advisor, Keep NYC Free

By every measure the regressive, inequitable, unfair and unsustainable congestion tax fails on every level, and despite its name it achieves nothing of any consequence with relieving congestion; it even falls short of its claims concerning the environment. The finding of no significant environmental impact (“FONSI”) and reliance on an Environmental Assessment (“EA”) remains flawed.

Everyone should recognize the need to build and maintain an effective public transit system serving 22.2 million residents in the largest and most economically significant metropolitan region in the United States with more than 10.7 million jobs. The issue should be #1) resources and #2) impacts of any resource plan.

Here some misguided folks got into their heads a need to eliminate passenger cars in Manhattan, mostly south of 60th Street by imposing a tax on entry that effectively eliminates all but the uber-wealthy if this toll-tax scheme that requires a net revenue ultimately prevails.

Its first weakness: A total failure to consider alternative revenue sources that likely better meet the funding goals of the program, thus improve public transit and thus induce those relying on cars to opt to use transit.

Almost as important: From an Environmental Justice perspective the entire project fails to resource improvements in transit deserts. Additionally, the adverse effect on low-income drivers associated with the cost of any new toll-tax scheme would constitute a disproportionately high and adverse effect.

In NYC the tax scheme imposes displacement as drivers seek parking outside the zone in Manhattan’s upper west and east sides and neighborhoods near transit in Brooklyn, Queens and The Bronx; no capacity exists to absorb displaced cars or new transit riders at any of these locations. The parents of the congestion tax offer no improvements to transit deserts in Brooklyn and Queens; consumers in the zone who may opt not to drive outside the zone likely face increased costs of consumer goods they receive instead through delivery.

Further, the tax scheme proposes no measures that address asthma where it impacts most: air pollution hot spots including The South Bronx, East Harlem, South Jamaica and Bedford-Stuyvesant. Long Island working-class drivers and small businesses will get no benefit and will be burdened with yet another senseless cost, which would also reroute carbon-belching truck traffic into low-income communities. It ignores most congestion in the zone results from a predominance of app-based For Hire Vehicles (mostly from Uber and Lyft which both fund congestion pricing advocates).

So if the “Project” purpose as stated in the EA is to reduce traffic congestion in the Manhattan CBD in a manner that will generate revenue for future transportation improvements, pursuant to acceptance into the Federal Highway Administration’s (FHWA’s) Value Pricing Pilot Program (VPPP) and create a new local, recurring funding source for MTA’s capital projects – then why not consider other revenues?

As to traffic congestion, look more sternly at the impact of street closings due to construction, accept that bus and lanes replacing traffic lanes, total street closures — such as on Broadway, and street grid traffic policies that limit turns and access to some streets cause additional miles driven aka cruising not to mention any creation of taxi stands to create effective ways to pick up and drop off passengers. The EA wrongly implies the island configuration of Manhattan is at fault rather than devising and implementing better policies to effectively address roadway capacity.

Consider this list of of substantial alternative, equitable and sustainable resources:

- ▶ Adding 0.625% to current MTA Sales Tax within New York City raises \$1 billion annually which based on bonding raising the alleged \$15 billion claimed for by Congestion pricing (which it would not realize)
- ▶ Extending above (adding 0.625% to current MTA Sales Tax) to the MTA counties could raise even more for suburban transit.
- ▶ Non-resident income tax double old rate equitably splitting proceeds for transit needs across MTA region \$2 billion which means \$30 billion in borrowing.
- ▶ 1 percentage-point surcharge on the City’s hotel tax raises \$97 million
- ▶ An assessment equal to 5% of real property tax due on commercial property in Manhattan raises \$408 million
- ▶ \$1 per square foot surcharge on commercial and industrial property below 59th Street raises \$664 million
- ▶ Combining above 5% assessment and \$1 per square foot surcharge leverage more \$15 billion in borrowing.

The above revenues suggest resources that leverage more than cover \$60 billion in new borrowing.

- ▶ Market rate fees for street closures raises \$600 million which leverages another \$9 billion in borrowing.

▶ Restore NYS & NYC Stock Transfer Tax (end rebate); fully applied raises \$11 billion annually.

▶ *Pied-a-terre* tax \$650 million.

These additional 13 points all apply:

1) Congestion pricing is a handout to wealthy Uber and Lyft riders at the expense of outer-borough, lower income, and minority New Yorkers living in transit deserts.

2) A Congestion Pricing Tax will punish low- and middle-income New Yorkers for traffic problems created by Uber, Lyft, the MTA, and the New York City Department of Transportation that keeps adding obstacles to roadways. It would be New York's most regressive tax — in the middle of an inflation crisis.

3) Congestion is not caused by individual commuters. Trips by private automobiles into Manhattan's central business district have been declining for two decades, while Lyft and Uber rides have gone through the roof.

4) Congestion pricing will have a significant environmental and health impact on low-income communities already suffering high asthma rates, particularly in the Bronx, due to increased truck traffic on roads like the Cross Bronx Expressway.

5) A congestion tax could be a fatal blow to Manhattan's core business districts. We're living in a new era where people have the option to work anywhere. Why would we add an extra impediment to traveling into Manhattan's chief business districts when those districts are struggling to recover?

6) A congestion tax will hurt real estate values, Broadway's recovery, the restaurant industry below 60th Street, and retail businesses below 60th Street.

7) Circumstances around congestion pricing have changed: The MTA is receiving billions in Federal stimulus and infrastructure dollars. With proper money management, the MTA does not need to impose this new regressive tax.

8) Congestion pricing is not working in London. Fees have gone up while congestion has dramatically increased in other areas of London. Congestion pricing will shift congestion to other areas of New York City, not reduce it.

9) Commuters will exit the highways on the Upper East and Upper West Sides of Manhattan, causing detrimental environmental and health impacts, not to mention congestion and a strain on parking, in residential neighborhoods.

10) Nurses, office cleaners and others who work odd hours will be hit particularly hard. They have no safe and realistic way to travel below 60th Street in early morning hours.

11) \$300-400 million of the Congestion Pricing budget would go to administration of Congestion Pricing alone — and the administrative company is from outside New York State. Just a stupid use of the revenue.

12) Congestion Pricing will increase the cost of deliveries to merchants, who in turn will pass the hike along to the customers, and thus impose an additional de facto tax on the middle class who already face the congestion tax when they drive.

13) Distribution companies who will bear the cost of congestion pricing on the truck deliveries they receive and makes will not just pass the additional costs to Manhattan businesses and people but impose their additional costs on businesses and people throughout the entire region. That means folks in the other four boroughs and upper Manhattan – and Long Island will also be hit with increased costs of goods which especially will affect the middle and lower income families. In other words, Congestion Pricing will hurt individuals and families who never enter the CBD with additional costs in the midst of already increasing inflation and a weak economy.

So essentially this EA remains a study about a phony plan that irresponsibly uses falsehoods about congestion reduction to support tolling.

The “FONSI” remains flawed and a full Environmental Impact Statement must be undertaken. Doing so surely would make clear the toll-tax scheme’s flaws and the need to pursue sound alternatives that I outlined above.

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