New York Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

• Counties don’t directly tax property, but each county has authority over the assessment of real property and the establishment of property tax rates before they are imposed by municipalities. Once the total property tax levy is established, a county may issue warrants to its municipalities that outline the amount of the levy to be collected and then distributed to the appropriate units of government, including the county itself.

• Any county not wholly within a city receives revenues from general sales and use taxes administered by the state at a base rate of 3 percent. The county must share these revenues with municipalities within the county. On top of this base rate, a county may also levy a rate ranging from one-eighth of 1 percent to 1.75 percent, depending on the county. The revenues generated by this additional rate belong to the county, but the state might specify for what purposes the county must use the revenues.

## **Funding Sources for County Transportation Projects:**

Counties Receive:

• The Consolidated Local Street and Highway Improvement Program (CHIPS) and Marchiselli are the two main programs that help fund the majority of local projects.

• CHIPs funds are distributed in two distinct components including Operation and Maintenance (O&M) direct grant component which is funded from the State’s General Fund, and the Capital reimbursement component, funded from the sale of New York State Thruway Authority bonds. New York City and counties receive 41.4 percent of CHIPS funding by a statutory formula based on motor vehicle registration and highway mileage. Localities receive CHIPs payments made out of both the Transportation Improvement Fund (TIF) and the Local Assistance Fund (LAF)

• The Marchiselli Program is a highway improvement program financed by federal funds with a requirement for the State and local governments to share in the cost of approved projects. The projects are funded in shares of, either: 75 percent Federal, 19 percent State and 6 percent Local or 80 percent Federal, 15 percent State and 5 percent Local for non-Marchiselli programs. The projects are prioritized through agreements between the Department of Transportation (DOT) and regional Metropolitan Planning Organizations and then sent with estimated project costs to the State legislature for approval and inclusion in an appropriations bill.

## **Challenges in Funding and Financing Transportation Projects:**

• The public is reluctant to pay for repairing an aging transportation infrastructure making it difficult for politicians to vote to raise revenues or reallocate funding for these projects

• State and federal investment in the county transportation system has been flat and buying power has been eroded by inflation making it very difficult for counties to preserve the crumbling infrastructure. As a result much of the system has fallen beyond the threshold of preservation and needs costly rehabilitation or replacement.

• Federal aid available to counties via the Locally Administered Projects has been cut up to 40% depending on statewide region or Metropolitan Planning Organization. Additionally County projects are having to compete with State Projects for priority based an additional emphasis in Preventative Maintenance projects rather than traditional bridge replacements. The emphasis on the Interstate and NHS has also taken funding availability away from smaller, rural counties.

• Current Marchiselli (state share) funding is not adequate to cover past or current projects. Many Counties have completed projects and have not been reimbursed for Marchiselli (state) shares. Many County projects are not ranked high enough to receive any Marchiselli funding and receive no share on federal aid projects.

• Less than 25 percent of the State’s Dedicated Highway and Bridge Trust Fund (DHBTF) is available for transportation capital, most of the balance is going to the state operations and debt service. The DHBTF needs reform to ensure that the bulk of dedicated transportation revenues are actually invested in capital projects.

• All funding plans and budgets the state adopts are short-term, one or two year plans that don’t allow for the long-term planning that is necessary of most transportation projects.

• Up to 25 percent of a counties’ property tax levy is essentially loaned to the State at zero interest. The state often delays reimbursing counties for costs incurred to finance state programs and the reimbursements should include interest payments when the state is behind in paying its bills.

• The impact of federal regulations on locally administered projects is a major burden to small counties and severely impacts that actual number of bridges that are being replaced with these funds. The federal government should consider instituting a threshold or other graduated system that would allow smaller projects to move forward without the heavy burden or the FHWA rules, especially in regards to Construction Inspection. On many small projects, the CI/CA costs can exceed 30% of the total project costs. In some rural counties, the burden of federal aid is adding close to a 50% markup on the project as compare to what could be done with local funding—if local funding was available. A graduated approach based on size and scope of project would allow many more bridges to be repaired or replaced with the same amount of funding.

## **Innovative Solutions to Funding and Financing Challenges:**

• New State County Highway Superintendent’s Association is seeking support for a state funded Bridge/Large Culvert program that would help Counties move forward on replacing the deteriorated local bridge and culvert system.

• Recent plans have been short term (2 yr or less). New York State County Highway Superintendents Association is participating with NYSDOT working group to look at the potential for a new 5 year capital plan that would possibly include opening the current CHIPs formula for additional state aid to counties for transportation improvements. Also working with the State to try to get some flexibility to allow state and regions within state to meet certain standards on the NHS roads and then if met, allow the flexibility to fund bridges and other federally eligible roads not on the NHS but that have more need.

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