



A Regional Proposal to Increase Funding for Mass Transit, Promote Energy Efficiency, and Ease Parking Shortages

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Purpose: This plan is intended to create an additional source of dedicated operating funding for the Metropolitan Transit Authority (MTA) by imposing a new weight-based registration fee on private and commercial vehicles registered by residents of the Metropolitan Commuter Transportation District (MCTD). The fee could provide over \$1 billion annually for the MTA while promoting energy independence, mitigating global warming, and easing parking shortages in New York City neighborhoods and other high-density areas of the region.

Rationale: All commuters and motorists in the MCTD benefit from the availability of public transportation in the region. The region's extensive transportation network, including subways, commuter rail, and bus lines, ties its twelve counties into an integrated regional labor market that promotes job flexibility and economic security for over six million workers. Nearly two million workers in New York City and another 275,000 in the rest of the MCTD commute to their jobs using public transportation. Even residents of the MCTD who don't commute using public transportation benefit from its services through reduced traffic congestion and improved air quality, as well as from the MTA's contribution to the region's economic vitality.

In addition to the funding needs of the MTA, an energy policy that limits America's dependence on foreign oil supplies and the carbon emissions that cause global warming is urgently needed. It is projected that US oil imports will contribute over \$400 billion to the country's trade deficit in 2008, while global warming poses unique threats to a coastal city such as New York. With oil prices temporarily declining, and likely to stay relatively low as the present recession unfolds, now is the time for the region to establish policies that permanently incentivize fuel economy. This proposal will contribute to the region's energy efficiency both by stabilizing funding for mass transportation and by encouraging the use of lighter, more fuel-efficient automobiles.

Moreover, incentives to down-size the region's automotive fleet will help to ease parking shortages in New York City and other high-density areas by economizing on curbside and off-street parking space. Full-sized SUVs can require up to 20 percent more curbside space and 15 percent more lot space than compact cars to park.

Fee Structure: A plausible fee structure would be an additional \$100 for vehicles weighing 2,300 pounds or less, plus \$.09 for every pound of curb weight over 2,300. Under such a fee structure the additional annual registration fee for a Toyota Yaris (curb weight: 2,293 lbs), one of the lightest and most fuel-efficient cars on the road, would be \$100. For a Lincoln Navigator (curb weight: 5,963 lbs), one of the heaviest and least efficient non-commercial vehicles, the additional annual fee would be \$430.¹ A Chevrolet Malibu, a mid-size automobile of typical weight and efficiency, would cost an additional \$200 to register. Detailed data on MCTD vehicle registrations by make and model could be used to more precisely calibrate the fee schedule.

Revenue Potential: In 2007 there were 1,814,483 private and commercial vehicles registered to New York City addresses and another 3,465,199 registered in the seven other counties of the MCTD, excluding taxis, ambulances, and other specialty vehicles.

¹ All vehicle prices and specifications obtained from autos.yahoo.com.

New York State imposes a state fee on all vehicles registered, and every two years thereafter that the vehicle remains in use. State registration fees are weight-based and range between \$20.50 for vehicles weighing less than 1650 lbs to \$112.00 for vehicles weighing more than 6951 lbs. Existing vehicle use taxes in NYC and Nassau County are a flat \$30 every two years (paid when the vehicle is registered or a registration is renewed), and are weight-based but comparatively modest in Suffolk, Putnam and Westchester. There are no county vehicle use taxes in Rockland, Orange or Dutchess. Establishing a new vehicle use fee in the MCTD counties, averaging \$200 per vehicle, would generate an additional \$1.06 billion in annual revenue for public transportation.

Phase –In: Ideally the fee would be phased in over time, allowing residents to take the fee into account when making auto purchase decisions. The phase-in could, for example, apply only to newly registered vehicles and would gradually become universal as the fleet turned over. The imperatives of MTA budget shortfalls, however, might require the phase-in period to be shorter.

Progressivity: In general, automobile owners have higher incomes than households that don't own cars, so transit funds raised from higher auto registration fees will have a less regressive impact compared to an equivalent amount of funds raised through higher transit fares. A weight-based fee, moreover, would be progressive within the population of auto owners, as vehicle purchase price is also correlated with weight. The Toyota Yaris, for example, carries a MSRP of \$12,965, while the Lincoln Navigator has a MSRP of \$54,130. Although there are many exceptions to the weight/price relationship, the most income-constrained households already purchase less-expensive, lighter vehicles and would have an additional incentive to do so under this plan.

Economic Competitiveness: From an economic development viewpoint, raising local taxes or fees is never desirable. However, raising auto registration fees as discussed would not place our region among the most expensive areas in which to own a car. It would generally remain more expensive to register a private auto in cities such as Boston, Denver, Phoenix and Los Angeles. A number of states treat motor vehicles as real tangible property on which an annual property tax is levied. The tax is usually levied according to the value of the vehicle and the resources are typically distributed to counties or localities as general fund revenues. Colorado's auto ownership tax, for example, is 2.1 percent of the MSRP for the first year of a new automobile's operation, declining to .45 percent of value in years five through nine. In some cities and regions, such as the Seattle metropolitan area, value-based vehicle tax revenues are used to fund regional transportation authorities.

Energy Independence and Carbon Emissions: The fuel efficiency of motor vehicles is highly correlated with the weight of the vehicle. The Yaris, for example, is rated at 29 MPG for city driving while the Navigator is rated at 14 MPG. The mid-sized Malibu is rated at 22 MPG for city driving. A weight-based fee would thereby encourage fuel efficiency in the city's private fleet, by providing residents an additional incentive to purchase lighter, more efficient vehicles. Since carbon emissions vary proportionately with fuel economy, the fee would also help to mitigate global warming.

Parking Benefits: New York City and many other jurisdictions permit most private and many commercial vehicles to park at curbside on public streets, for the most part without charge. Even motorists who have private driveways or garages for overnight parking avail themselves of curbside parking during many of their work and personal trips. On-street parking is vastly under priced, however, contributing to severe parking shortages in many neighborhoods. By charging a registration fee that constitutes, in effect, a parking permit, those who utilize street parking can help fund better public transportation, thereby reducing auto ownership and parking demand.

Moreover, a weight-based fee would encourage smaller vehicles and thereby mitigate parking shortages, while charging motorists with large vehicles an appropriately larger amount for the curbside parking they require. A Lincoln Navigator is 223 inches in length, compared to the Malibu's 192 inches and the Yaris' 169 inches. Taking into account vehicle size and maneuvering room, the Navigator requires at least 3.5 curb feet more than the Malibu for parallel parking, and at least 6.5 curb feet more than the Yaris.

Additional Parking Enhancements in NYC: The new weight-based registration fee could be coupled with a program to establish restricted parking zones in residential neighborhoods, within which only NYC-registered private vehicles could park overnight. Out-of-town automobiles and commercial vehicles would still be able to park free of charge in the city, but only on commercial streets or in areas not otherwise designated as residential zones. Such a residential parking policy would increase the chances of city residents finding parking spots near to their homes. It would also provide a disincentive for residents to register vehicles out-of-state in order to evade higher insurance costs and/or the weight-based fee.