



**Governor Paterson's Remarks Announcing a Comprehensive Solution to the MTA's Worsening Financial Condition**

Red Room, State Capitol  
May 5, 2009

An agreement has just been reached on comprehensive solutions to the MTA's rapidly decreasing financial condition.

Today's agreement will allow commuters not to have to face the draconian service cuts that were imposed by a vote of the MTA Board earlier in the year. Nor will consumers have to grapple with increased fare and toll hikes, which would have gone into effect shortly had we not taken action today.

Equally as important, this agreement will allow the MTA to continue its critical infrastructure repair programs and will ensure also that they are able to do that through 2011 unimpeded.

Further, there are agreements that will strengthen the governance of the MTA, the transparency and accountability of the authority, and hopefully will renew public confidence.

Last week, when the MTA announced that there would be an additional \$600 million deficit that had to be addressed, it became clear to me that this situation was rapidly deteriorating and that we were facing a devastating situation if we did not act.

Meeting with Speaker Silver and Majority Leader Smith on Friday night, I discussed with them my idea of wanting to find ways to address the payroll mobility tax and its effects on the suburban residents as translated to us through their representatives.

When we were able to address those concerns, we had further discussion about the MTA Capital Plan, that if we could create an MTA Capital Plan for two years that is whole, it would be a great energizer for the construction industry and developers. It would make sure that all projects that are currently in use will continue. It will also make sure that there is a solid plan going forward for the next two years.

And so, through the increase in fees for vehicular registration and also for driver's licenses, through a 5 percent increase on vehicle rentals, and a 50 cent drop on taxi rides, we could generate \$260 million.

When combined with \$1.5 billion in the payroll mobility tax and a 10 percent increase in the fares, we then reached a place where we can now completely fund the MTA's operating

budget—including the \$600 million of new deficit that we became aware of last week—and the MTA’s capital program for the next two years. Additionally we will be able to stop the drastic service cuts that were proposed. And the fare hikes that were estimated anywhere from, now, 28 to over 30 percent would be dramatically reduced.

Our next project related to this transportation issue will be to have an effective statewide road and bridge plan later in the year, which we commit ourselves to here this evening.

So I can’t thank Majority Leader Smith and Speaker Silver enough for their cooperation in this process.

This has been very difficult on the commuters of the MTA region. They have suffered, feeling like there would be dramatic increases in fares and service cuts that would actually—in the catchment area in which some lived—almost prohibit them from getting to work without an hour-and-a-half delay round trip.

We can assure them this evening that there will be no surprises, that there will be no further cuts or fears about fare hikes or toll increases. We have resolved that issue this evening.

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