The Business Council

S.2508 / A.3008, Part G

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BILL
S.2508 / A.3008, Part G
SUBJECT
Metropolitan Transportation Authority Capital Projects and Utility Relocations
DATE
January 27, 2021
OPPOSE

The Business Council of New York State opposes Part G of S.2508 / A.3008, relating to transportation. Of particular concern to The Business Council is the provision contained in Part G, "to amend the public authorities law, in relation to metropolitan transportation authority capital projects and utility relocations." The Business Council strongly opposes the inclusion of this provision in the state budget for several reasons.

This provision would overturn sixty years of fair practice by amending the Public Authorities Law to require "public service corporations" to bear the cost of required alterations or relocations of their facilities when performed in connection with construction projects (or other similar improvements or rehabilitations) undertaken by the Metropolitan Transit Authority (MTA). Current practice requires a collaborative approach between the MTA and public utilities involving the alterations and movements of utility infrastructure in areas undergoing MTA construction. This this bill would add significant costs to utilities with estimates ranging into the hundreds of millions.

This proposal comes at a time when the Executive is seeking several significant new proposals impacting utility companies. Just two years ago, the FY 2019 state budget imposed new fees on private companies placing fiber optic cables on Department of Transportation right of ways. These fees, initially projected to raise an estimated $190 million over five years, are now estimated to be closer to $200 million in less than five years. Similarly, New York State's broadband companies are continuing their buildout to ensure universal access to all parts of New York State during a pandemic while facing proposals to legislate broadband fees.

If this proposal were enacted as part of the state budget, it would create a significant financial impact on utilities. It would allow the MTA to offload costs associated with its own projects while eliminating any incentive for the MTA to minimize the impact of its work on utilities. Instead, the work could be performed by the MTA and merely charged to the impacted utility. This scenario eliminates any joint planning, encourages inefficiency, and may lead to unnecessary work. These same issues led the Legislature to reject a similar proposal in 2016.

For the above-mentioned reasons, The Business Council respectfully requests the Legislature eliminate Part G of S.2508 / A.3008 from the proposed state budget.