

IV. Major Assumptions 2005-2008 Projections

Utilization
(Revenue, Ridership, Vehicle Traffic)

UTILIZATION

2004 Ridership, Traffic and Revenue

MTA consolidated ridership for the 2004 Final Estimate, unchanged from both the 2004 November and December Forecasts, is projected to total 2,361 million trips. MTA Agency ridership for the 2004 Final Estimate is also unchanged from the 2004 November and December Forecasts. The 2004 Final Estimate for vehicular crossings at Bridges and Tunnels facilities is also unchanged at 301 million crossings.

The MTA consolidated and Agency fare revenue projections for the 2004 Final Estimate have not changed from the 2004 November and December Forecasts. Toll revenue for the 2004 Final Estimate is also unchanged.

The 2004 Final Estimate is based on actual results through August 2004 for New York City Transit, Staten Island Railway, Metro-North Railroad and Bridges and Tunnels, and through September 2004 for Long Island Rail Road and Long Island Bus. These baseline estimates were prepared in October 2004.

2005 Ridership, Traffic and Revenue

Before factoring in the impacts from gap closing measures, 2005 ridership for each MTA service is expected to increase, as is vehicular traffic at MTA Bridges and Tunnels facilities. MTA consolidated ridership is projected to increase 1.1% in 2005, while traffic is expected to increase 0.6%. Ridership increases are projected to be 1.1% for New York City Transit, 0.7% for Metro-North Railroad's east-of-Hudson service, and 1.1% for Long Island Rail Road. MTA consolidated fare revenue is projected to increase 1.6% in 2005 over the 2004 projection, while toll revenue is expected to increase 0.5%. Fare revenue increases are projected to be 1.5% for New York City Transit, 1.5% for Long Island Rail Road, and 2.9% for Metro-North Railroad's east-of-Hudson service.

The only change from the ridership estimate presented in December 2004 pertains to New York City Transit ridership. Beginning with 2005, annual NYC Bus ridership has been restated downwards by 6.15 million trips to correct a double-counting of some student transfers. This adjustment does not affect fare and toll revenues, which are unchanged from the 2005 projections in the November and December plans.

The fare and toll revenues presented in the December Plan as gap closing measures have been incorporated into the 2005 Adopted Budget baseline. Fare increases are scheduled to be implemented at New York City Transit, Staten Island Railway and Long Island Bus on February 27, 2005, and at Metro-North Railroad and Long Island Rail Road on March 1, 2005. Toll increases at Bridges and Tunnels facilities are scheduled to go into effect on March 13, 2005.

As a result of the fare and toll increases, which are detailed below, MTA consolidated ridership is projected to decrease by 8.7 million trips in 2005 while B&T crossings are

projected to decline by 5.7 million crossings in 2005. MTA consolidated farebox revenue is expected to increase by \$226.8 million and toll revenue is expected to increase by \$97.8 million.

Fare revenue and ridership levels are also affected by 2005 PEG (Program to Eliminate the Gap) items. In 2005, farebox revenue is expected to be \$2.3 million less, and ridership is expected to be 1.3 million less, as the result of these PEGs, which are also detailed below.

Factoring in all gap closing actions – fare and toll increases and PEGs – MTA consolidated farebox revenue is projected to increase \$133.7 million and toll revenue is expected to increase \$97.8 million, while MTA consolidated ridership is projected to decline 10.2 million trips and B&T crossings is expected to decline by 5.7 million vehicles.

At **New York City Transit**, the basic two-dollar single-trip fare and the MetroCard pay-per-ride bonus of 20 percent with a \$10 minimum purchase (or six trips for the price of five trips) will not change. Also remaining unchanged is the seven-dollar price for the one-day unlimited-ride Fun Pass. The 30-day unlimited-ride MetroCard will increase in price from \$70 to \$76 and the 7-day unlimited-ride MetroCard will increase in price from \$21 to \$24. The implementation of these fare changes is estimated to result in 6.1 million fewer trips and increased farebox revenue of \$97.2 million in 2005.

The price of a single express bus ride will increase from \$4 to \$5, and the price of the 7-day express bus pass will increase from \$33 to \$41; these fare increases, which are classified as PEGs, are estimated to result in 0.2 million fewer express bus trips and increased express bus farebox revenue of \$6.7 million in 2005. The implementation of various other PEG items will result in a ridership reduction of 1.3 million and reduced farebox revenue of \$1.2 million in 2005.

As a result of the fare increases, the NYCT average non-student fare – the average fare excluding revenue and trips made with student passes – is expected to increase from \$1.25 to \$1.31, and increase of 4.8%.

As part of its Program to Eliminate the Gap, NYCT will change off-peak bus service by adjusting bus loading guidelines to allow for 100% of seat loads. At 100% of a seated load, the average off-peak customer load at the busiest point of a bus run is expected to increase from approximately 28 to 33 passengers on a standard bus, and the average frequency between buses is estimated to increase by approximately 2 to 3 minutes. In 2005, this change is expected to reduce farebox revenue by \$1.2 million, and the revenue reduction will reach \$9.0 million when this PEG is fully implemented in 2007. Ridership will also be affected by change in off-peak guidelines, declining by 1.3 million trips in 2005; when fully implemented in 2007, ridership is expected to decline 9.3 million trips as a result of the bus service guideline change.

Overall, gap closing actions – fare increases and PEG items – are projected to result in 7.6 million fewer trips and increased revenue of \$102.7 million in 2005.

At **Long Island Rail Road**, fares will increase by 5% across-the-board. Additionally, there are changes to three other fare components: the one-way off-peak discount, currently 30% of the one-way peak fare, will be reduced to 27.5%; the 9% discount provided to Mail-N-Ride customers, and applied to the LIRR portion of joint monthly LIRR-MetroCard, will be reduced to a 5% discount, and; those purchasing tickets on Long Island Rail Road trains will be subject to a higher on-board differential, increasing from three dollars to five dollars per ticket.

The impact of these fare increases is anticipated to result in LIRR ridership declining by 2.1 million trips and farebox revenue increasing by \$18.5 million in 2005.

As part of its Program to Eliminate the Gap, LIRR will be implementing service reductions that have minimal ridership impact. These service reductions result in the combination or cancellation of trains with low ridership trains, as well as providing less frequent service during off-peak periods on some trains. Implementing these service reductions is expected to reduce farebox revenue by \$0.1 million per year beginning in 2005, and ridership will be reduced by less than 0.1 million each year.

As with LIRR, the fare increase for the New York State portion of **Metro-North Railroad** includes an across-the-board 5% fare increase, an increase in the on-board differential from \$3 to \$5, and a reduction from 9% to 5% in discount on the Metro-North portion of the joint MNR-MetroCard pass. The Metro-North fare change, though, also includes a 1% commutation discount reduction in the outer-most fare zones, where the commutation discount is greater than 48 percent; other fare zones, currently at a 48 percent discount level, will remain unchanged by this component of the increase. Finally, reverse commute travel during the morning – outbound from 5:30 AM to 9:00 AM – will be subject to peak period fares.

The MNR fare increase is expected to reduce 2005 ridership by 0.4 million passengers, while revenue is projected to increase by \$12.2 million in MNR's East-of-Hudson service area (Hudson, Harlem and New Haven Lines); in MNR's West-of-Hudson service area (Port Jervis and Pascack Valley Lines), ridership is projected to decline by 0.2 million trips and revenue is expected to increase by \$0.4 million.

As part of its Program to Eliminate the Gap, MNR will not implement service changes that were to be implemented in conjunction with the completion of the Mid-Hudson Third Track Project. The service changes were to have provided more frequent service and reduced travel times for service markets on the Upper Harlem Line, Hartsdale, Scarsdale, Crestwood, Tuckahoe and Bronxville. Additionally, service changes would have provided one-seat peak period Intermediate service to the Bronx on the Mid-Hudson Line. Revenue is expected to be \$1.2 million lower, and ridership is expected to be 0.2 million lower, per year beginning with 2005 as the result of not implementing these service changes.

Bridges and Tunnels cash and E-ZPass tolls for passenger cars at major facilities – Bronx-Whitestone, Triborough and Throgs Neck Bridges and the Brooklyn-Battery and Queens Midtown Tunnels – are increasing by 50 cents, to \$4.50 per crossing for cash and to \$4 for E-ZPass; at the Verrazano-Narrows Bridge, where tolls are only collected in the westbound direction, the toll is increasing by one dollar to \$9 for cash tolls and to \$8 for E-ZPass. At the minor facilities – the Henry Hudson, Cross Bay and Marine Parkway Bridges – cash and E-ZPass tolls are increasing 25 cents to \$2.25 per crossing for cash transactions, and to \$1.75 for E-ZPass transactions at the Henry Hudson Bridge. At the Cross Bay and Marine Parkway Bridges, E-ZPass transactions are increasing from \$1.33 to \$1.50 per crossing. The base cash toll for commercial vehicles is increasing by one dollar at the major facilities and by fifty cents at the minor facilities, and the base E-ZPass toll for commercial vehicles is increasing by 80 cents at the major facilities and by 40 cents at the minor facilities. Additional charges for both passenger cars and commercial vehicles that are assessed for towed items and for multiple axles are also increasing. The 2005 impact from these toll changes is forecast to be 5.7 million fewer vehicle crossings at B&T facilities, while toll revenue is projected to increase by \$97.8 million.

Staten Island Railway fare increases are consistent with the fare increases for NYCT. The impact from the fare increase on ridership is projected to be a loss of less than 0.1 million, and revenue is expected to increase by less than \$0.1 million. Additionally, SIR is expected to realize a modest increase in ridership and revenue as a result of the increase in the NYCT express bus fares. For 2005, this on SIR operations is projected to be a ridership increase of 0.1 million and an associated revenue increase of \$0.2 million. The implementation of various other PEG items will result in a ridership increase of 0.2 million and increased farebox revenue of \$0.2 million in 2005.

As part of its Program to Eliminate the Gap, SIR will begin collecting fares at its Tompkinsville train station, which is a free entry/exit station located less than half a mile from the St. George Terminal. Consequently, a significant number of passengers can avoid the fare collection system in St. George by entering and exiting the system at Tompkinsville. It is expected that collecting fares at Tompkinsville will increase farebox revenue by \$0.2 million in 2005 and by \$0.3 million in subsequent years, and that ridership, which is only counted where fares are collected, will increase by 0.2 million in 2005 and by 0.3 million per year beginning in 2006.

Long Island Bus fares will also increase to levels consistent with NYCT fares. In 2005, ridership is expected to decline 0.1 million while farebox revenue is projected to increase by \$1.1 million.

2006 – 2008 Ridership, Traffic and Revenue

Before the incorporation of gap closing actions (notably fare and toll increases), MTA consolidated ridership is projected to increase 1.2% for 2006 and for 2007, and by 0.9% for 2008, while traffic is expected to increase by 0.6% in 2006, 0.4% in 2007 and 0.3%

in 2008. Annual MTA consolidated fare revenue growth is projected to be 1.3% in 2006 and in 2007, and be 1.0% in 2008, while annual toll revenue growth is projected to be 0.4% in 2006 and 0.2% in both 2007 and 2008. The only Agency change from December is for NYCT, where ridership levels for 2006 through 2008 have been restated downwards by 6.15 million trips to correct double-counting of some student transfers. This adjustment does not affect fare revenues, which are unchanged from December.

The 2005 fare increases are projected to reduce MTA consolidated ridership by 10.4 million trips in 2006 and by 10.5 million trips in both 2007 and 2008. The 2005 B&T toll increase is expected to reduce the number crossings by 7.4 million vehicles in both 2006 and 2007 and by 7.5 million vehicles in 2008. The impact of the 2005 fare and toll increases on MTA consolidated farebox revenue is projected to average \$158.2 million per year for 2006 through 2008, and toll revenue is expected to average \$125.6 million each year. The impact from the 2005 PEGs that affect farebox revenue is expected to reduce MTA consolidated ridership by 4.1 million in 2006, and by 9.4 million in both 2007 and 2008; MTA consolidated revenue is expected to increase \$3.2 million in 2006 and decline by \$1.9 million in both 2007 and 2008 due to the 2005 PEGs.

In 2007, the 2005 Adopted Budget anticipates additional fare and toll revenue based on a 5% increased revenue yield. MTA consolidated farebox revenue is projected to increase \$178.9 million in 2007 and \$180.6 million in 2008, and toll revenue is estimated to increase \$61.4 million in 2007 and \$61.5 million in 2008 as the result of implementing the 5% increase in revenue yield. These impacts are not included in the 2005 Adopted Budget baseline projections, but are listed as gap closing actions.

MTA Consolidated Utilization

Baseline MTA Agency Fare and Toll Revenue Projections, in millions

Including the Impact of the 2005 Fare and Toll Increases

			Financial Plan 2005-2008				
			2004	2005	2006	2007	2008
Toll Revenue							
Bridges & Tunnels	baseline		\$1,089.9	\$1,094.9	\$1,099.2	\$1,101.5	\$1,103.5
	toll increase		0.0	97.8	125.3	125.6	125.8
	PEG impacts		0.0	0.0	0.0	0.0	0.0
			\$1,089.9	\$1,192.7	\$1,224.5	\$1,227.1	\$1,229.3
Fare Revenue							
Long Island Bus ¹	baseline		\$36.0	\$36.2	\$36.3	\$36.5	\$36.7
	fare increase		0.0	1.1	1.1	1.1	1.1
	PEG impacts		0.0	0.0	0.0	0.0	0.0
			\$36.0	\$37.3	\$37.5	\$37.6	\$37.8
Long Island Rail Road	baseline		\$415.2	\$421.5	\$427.0	\$434.5	\$440.5
	fare increase		0.0	18.5	22.2	22.2	22.2
	PEG impacts		0.0	(0.1)	(0.1)	(0.1)	(0.1)
			\$415.2	\$439.9	\$449.1	\$456.6	\$462.6
Metro-North Railroad ²	baseline		\$406.7	\$418.5	\$426.0	\$431.0	\$435.3
	fare increase		0.0	12.2	14.5	14.5	14.5
	PEG impacts		0.0	(1.2)	(1.2)	(1.2)	(1.2)
			\$406.7	\$429.5	\$439.2	\$444.3	\$448.6
New York City Transit ^{1,3}	baseline		\$2,547.5	\$2,585.1	\$2,617.2	\$2,649.7	\$2,673.3
	fare increase		0.0	97.2	119.0	120.5	121.6
	PEG impacts		0.0	5.5	4.1	(1.1)	(1.1)
			\$2,547.5	\$2,687.8	\$2,740.2	\$2,769.1	\$2,793.8
Staten Island Railway	baseline		\$3.2	\$3.2	\$3.3	\$3.3	\$3.4
	fare increase		0.0	0.0	0.1	0.1	0.1
	PEG impacts		0.0	0.4	0.5	0.5	0.5
			\$3.2	\$3.7	\$3.8	\$3.9	\$3.9
Total Farebox Revenue	baseline		\$3,408.6	\$3,464.5	\$3,509.7	\$3,555.1	\$3,589.1
	fare increase		0.0	129.1	156.8	158.3	159.4
	PEG impacts		0.0	4.6	3.2	(1.9)	(1.9)
			\$3,408.6	\$3,598.2	\$3,669.8	\$3,711.5	\$3,746.6
TOTAL FARE & TOLL REVENUE							
	baseline		\$4,498.6	\$4,559.4	\$4,608.9	\$4,656.6	\$4,692.6
	fare/toll increase		0.0	226.8	282.2	283.9	285.2
	PEG impacts		0.0	4.6	3.2	(1.9)	(1.9)
			\$4,498.6	\$4,790.8	\$4,894.3	\$4,938.6	\$4,975.9

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

MTA Consolidated Utilization

Baseline MTA Agency Ridership and Traffic Projections, in millions

Including the Impact of the 2005 Fare and Toll Increases

		Financial Plan 2005-2008				
		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Traffic						
Bridges & Tunnels	baseline	300.5	302.4	304.1	305.2	306.3
	toll increase	0.0	(5.7)	(7.4)	(7.4)	(7.5)
	PEG impacts	0.0	0.0	0.0	0.0	0.0
		300.5	296.7	296.6	297.8	298.8
Ridership						
Long Island Bus ¹	baseline	30.0	30.1	30.2	30.4	30.5
	fare increase	0.0	(0.1)	(0.2)	(0.2)	(0.2)
	PEG impacts	0.0	0.0	0.0	0.0	0.0
		30.0	30.0	30.1	30.2	30.3
Long Island Rail Road	baseline	80.5	81.4	82.4	83.9	85.0
	fare increase	0.0	(2.1)	(2.5)	(2.5)	(2.5)
	PEG impacts	0.0	(0.0)	(0.0)	(0.0)	(0.0)
		80.5	79.2	79.9	81.3	82.5
Metro-North Railroad ²	baseline	71.3	71.8	73.0	73.7	74.5
	fare increase	0.0	(0.4)	(0.4)	(0.4)	(0.4)
	PEG impacts	0.0	(0.2)	(0.2)	(0.2)	(0.2)
		71.3	71.3	72.4	73.1	73.9
New York City Transit ^{1, 3, 4}	baseline	2,176.0	2,200.4	2,226.2	2,252.3	2,271.3
	fare increase	0.0	(6.1)	(7.3)	(7.4)	(7.4)
	PEG impacts	0.0	(1.5)	(4.3)	(9.6)	(9.6)
		2,176.0	2,192.8	2,214.7	2,235.3	2,254.2
Staten Island Railway	baseline	3.4	3.4	3.4	3.5	3.5
	fare increase	0.0	(0.0)	(0.0)	(0.0)	(0.0)
	PEG impacts	0.0	0.3	0.4	0.4	0.4
		3.4	3.7	3.8	3.9	3.9
<i>Total Ridership</i>	<i>baseline</i>	<i>2,361.2</i>	<i>2,387.2</i>	<i>2,415.3</i>	<i>2,443.8</i>	<i>2,464.8</i>
	<i>fare increase</i>	<i>0.0</i>	<i>(8.7)</i>	<i>(10.4)</i>	<i>(10.5)</i>	<i>(10.5)</i>
	<i>PEG impacts</i>	<i>0.0</i>	<i>(1.4)</i>	<i>(4.1)</i>	<i>(9.4)</i>	<i>(9.4)</i>
		<i>2,361.2</i>	<i>2,377.0</i>	<i>2,400.8</i>	<i>2,423.9</i>	<i>2,444.8</i>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

⁴ Starting in 2005, NYCT bus ridership includes a -6.150 million correction in student transfer ridership. This correction does not affect farebox revenue.

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Subsidies

SUBSIDIES – Major Assumptions

Overview

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Following these are additional tables detailing the changes between the February Plan and the December Plan.

Changes since December reflect technical adjustments related to incorporating below-the-line gap-closing actions into the baseline. The adjustments affected the following subsidies: MRT transfers to suburban counties and subsidy allocations to NYCT, SIR and the Commuter Railroads; Connecticut Department of Transportation (CDOT) subsidies; and Bridges and Tunnels (B&T) Operating Surplus Transfer. Details on these changes are described in the appropriate subsidy narrative in this section.

MTA Consolidated Subsidies
February Financial Plan 2005 - 2008
Accrual Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$768.9	\$867.2	\$905.3	\$937.6	\$972.5
Petroleum Business Tax (PBT) Receipts	554.6	551.6	552.8	556.5	559.3
Mortgage Recording Tax (MRT)	604.8	416.3	416.5	431.1	415.5
MRT Transfer to Suburban Counties	(61.8)	(16.6)	(19.2)	(21.0)	(15.7)
Use of MRT Prior Year Balances	81.2	38.7	0.0	0.0	0.0
Reimburse Agency Security Costs	(26.4)	(29.3)	(31.4)	(33.4)	(33.4)
Real Estate Stabilization Reserve	(200.0)	0.0	0.0	0.0	0.0
Urban Tax	301.2	232.6	247.5	274.4	278.5
Investment Income	4.9	9.8	12.0	12.0	13.2
	\$2,027.3	\$2,070.5	\$2,083.4	\$2,157.2	\$2,189.9
<i>State and Local Subsidies</i>					
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	7.4	10.5	10.5	10.5	10.5
CDOT Subsidy	53.1	57.3	60.4	68.2	74.4
Station Maintenance	127.9	129.7	132.0	134.7	137.7
	\$567.1	\$576.3	\$581.7	\$592.2	\$601.4
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,594.4	\$2,646.8	\$2,655.0	\$2,749.4	\$2,791.3
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$361.0	\$383.5	\$392.3	\$358.4	\$332.8
MTA Subsidy to Subsidiaries	43.8	35.9	31.2	33.1	33.9
	\$404.8	\$419.4	\$423.5	\$391.5	\$366.7
GROSS SUBSIDIES	\$2,999.2	\$3,066.1	\$3,078.6	\$3,140.9	\$3,158.0

MTA Consolidated Subsidies
February Financial Plan 2005 -2008
Summary of Changes Between February Plan and December Plan
Accrual Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	0.0	0.0	0.0	0.0
Petroleum Business Tax (PBT) Receipts	0.0	0.0	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	0.0	(0.9)	(3.5)	(4.7)	0.0
Use of MRT Prior Year Balances	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	(200.0)	0.0	0.0	0.0	0.0
Urban Tax	0.0	0.0	0.0	0.0	0.0
Investment Income	0.0	0.0	0.0	0.0	0.0
	(\$200.0)	(\$0.9)	(\$3.5)	(\$4.7)	\$0.0
<i>State and Local Subsidies</i>					
State Operating Assistance	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	(0.1)	(4.1)	(5.0)	(5.1)	(4.2)
Station Maintenance	0.0	0.0	0.0	0.0	0.0
	(\$0.1)	(\$4.1)	(\$5.0)	(\$5.1)	(\$4.2)
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0
Total Dedicated Taxes & State and Local Subsidies	(\$200.1)	(\$4.9)	(\$8.5)	(\$9.8)	(\$4.2)
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer - Effect of Fare Increase & PEGs	0.0	105.1	140.7	141.0	141.2
MTA Subsidy to Subsidiaries	0.0	0.0	0.0	0.0	0.0
	\$0.0	\$105.1	\$140.7	\$141.0	\$141.2
GROSS SUBSIDIES	(\$200.1)	\$100.2	\$132.2	\$131.2	\$137.0

MTA Consolidated Subsidies
February Financial Plan 2005 - 2008
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$765.8	\$866.1	\$909.6	\$941.2	\$972.5
Petroleum Business Tax (PBT) Receipts	554.6	551.6	552.8	556.5	559.3
Mortgage Recording Tax (MRT)	604.8	416.3	416.5	431.1	415.5
MRT Transfer to Suburban Counties	(61.8)	(16.6)	(19.2)	(21.0)	(15.7)
Use of MRT Prior Year Balances	81.2	38.7	0.0	0.0	0.0
Reimburse Agency Security Costs	(26.4)	(29.3)	(31.4)	(33.4)	(33.4)
Real Estate Stabilization Reserve	(200.0)	0.0	0.0	0.0	0.0
Urban Tax	294.0	231.5	245.1	274.0	279.6
Investment Income	4.9	9.8	12.0	12.0	13.2
	\$2,017.1	\$2,068.2	\$2,085.3	\$2,160.4	\$2,191.0
<i>State and Local Subsidies</i>					
State Operating Assistance	\$194.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	7.4	10.5	10.5	10.5	10.5
CDOT Subsidy	53.1	57.3	60.4	68.2	74.4
Station Maintenance	126.1	128.5	130.1	132.6	135.4
	\$569.4	\$575.1	\$579.8	\$590.1	\$599.1
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,586.4	\$2,643.3	\$2,655.1	\$2,750.5	\$2,790.2
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$384.9	\$381.2	\$391.4	\$361.8	\$335.4
MTA Subsidy to Subsidiaries	43.8	35.9	31.2	33.1	33.9
	\$428.7	\$417.1	\$422.6	\$394.9	\$369.3
GROSS SUBSIDIES	\$3,015.1	\$3,060.4	\$3,077.7	\$3,145.4	\$3,159.4

MTA Consolidated Subsidies
February Financial Plan 2005 - 2008
Summary of Changes Between February Plan and December Plan
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	0.0	0.0	0.0	0.0
Petroleum Business Tax (PBT) Receipts	0.0	0.0	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	0.0	(0.9)	(3.5)	(4.7)	0.0
Use of MRT Prior Year Balances	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	(200.0)	0.0	0.0	0.0	0.0
Urban Tax	0.0	0.0	0.0	0.0	0.0
Investment Income	0.0	0.0	0.0	0.0	0.0
	(\$200.0)	(\$0.9)	(\$3.5)	(\$4.7)	\$0.0
<i>State and Local Subsidies</i>					
State Operating Assistance	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	(0.1)	(4.1)	(5.0)	(5.1)	(4.2)
Station Maintenance	0.0	0.0	0.0	0.0	0.0
	(\$0.1)	(\$4.1)	(\$5.0)	(\$5.1)	(\$4.2)
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0
Total Dedicated Taxes & State and Local Subsidies	(\$200.1)	(\$4.9)	(\$8.5)	(\$9.8)	(\$4.2)
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer - Effect of Fare Increase & PEGs	0.0	94.6	137.2	141.0	141.2
MTA Subsidy to Subsidiaries	0.0	0.0	0.0	0.0	0.0
	\$0.0	\$94.6	\$137.2	\$141.0	\$141.2
GROSS SUBSIDIES	(\$200.1)	\$89.7	\$128.6	\$131.2	\$137.0

METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. It comprises the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax of one-quarter of one percent (1/4%) imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

The 2004 Final Estimate for MMTOA was based on estimated total Statewide MMTOA taxes for 2004 of approximately \$1,151.6 million, an increase of \$67.6 million over the 2003 level. An amount of \$1,086.6 million was allotted for Downstate transit properties, of which \$174.6 million was earmarked to fund the State's 18-b obligations. The remainder was payable to New York City Transit for the benefit of NYCT and SIR, and to MTA for the benefit of Long Island Rail Road and Metro-North Railroad at a rate based on the percentage of the State Legislature's appropriation of all amounts from the MMTOA Account to such entities. For 2003, that percentage was 61.12% to NYCT and 27.71% to Commuter Railroads. Long Island Bus, city private buses and other downstate transportation properties also received a portion of the MMTOA funds.

2004 Final Estimate

The 2004 Final Estimate forecasted MMTOA cash receipts of \$737.7 million for NYCT, SIR and the Commuter Railroads, a \$6.8 million increase over 2003 level. In addition, \$28.1 million were allocated to Long Island Bus, with a resulting increase of \$13.3 million over the 2003 level. On an accrual basis MTA was forecasted to earn \$768.9 million in 2004. These estimates were based on an assessment of actual results through September year-to-date.

In the 2004 Final Estimate, the allocation of MMTOA's downstate share that comes to the MTA for the benefit of NYCT/SIR and Commuter Railroads is as follows:

The proposed appropriation to NYCT/SIR's is \$464.2 million or 56.5%, which reflects a decline in the percentage share to NYCT/SIR from 61.1% in 2003.

The proposed appropriation to Commuter Railroads is \$273.6 or 26.5%, down from the 27.7% in the previous year.

The decline is due to the State's use of some MMTOA funds to ensure that each downstate transit property would receive the same level of State aid as was appropriated in 2003. Beginning in 2005, the MMTOA allocations are assumed to revert to previous levels.

2005 - 2008

In each of the years 2005, 2006, and 2007, MMTOA cash receipts are expected to be higher than the previous year's levels by \$100.3 million, \$43.5 million and \$31.6 million, respectively. On an accrual basis, 2005, 2006 and 2007 forecasts are \$98.4 million, \$38.0 million and \$32.3 million higher than the prior year.

The 2005 through 2008 forecasts assume the following tax growth rates:

	2005	2006	2007	2008
Sales Tax	3.7%	4.6%	4.4%	4.6%
Petroleum Business Tax	(1.5%)	0.5%	0.5%	0.5%
Corporate Franchise Tax	2.0%	0.0%	0.0%	0.0%
Corporate Tax Surcharge	4.2%	2.1%	2.7%	2.8%

It is also assumed that the allocation of the downstate share of MMTOA to NYCT/SIR and Commuter Railroads in calendar year 2005 is restored to 2003 appropriation levels for the period April 1 through December 31, and that full 2003 appropriation level is restored in 2006.

MMTOA STATE DEDICATED TAXES
February Financial Plan 2005 - 2008
Tax Yield Distribution 2003 - 2008
(\$ in millions)

	FORECAST				
	2004	2005	2006	2007	2008
<u>Forecast of MMTOA Gross Receipts:</u>					
Sales Tax	\$414.8	\$430.2	\$450.0	\$469.8	\$491.4
Gross Oil Company Receipts / PBT	144.2	142.1	142.8	143.5	144.2
Long-Lines Tax	69.6	71.0	71.0	71.0	71.0
1991 "Spin-Up" / 1995-1996 RAF Payment	0.0	0.0	0.0	0.0	0.0
Business Tax Surcharge	520.6	542.5	553.9	568.9	584.8
Investment Income	2.3	2.4	2.4	2.5	2.6
Total Gross Receipts Available for Allocation	\$1,151.6	\$1,188.1	\$1,220.1	\$1,255.7	\$1,294.0

Allocation of Total Gross Receipts to DownState:

Total Gross Receipts	\$1,151.6	\$1,188.1	\$1,220.1	\$1,255.7	\$1,294.0
Less: Upstate Share of Gross Oil Company Receipts / PBT	(64.9)	(63.9)	(64.2)	(64.6)	(64.9)
Upstate Percent Share of Investment Income	5.65%	5.39%	5.28%	5.15%	5.02%
Less: Upstate Share of Investment Income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total Net DownState Share Available for Allocation	\$1,086.6	\$1,124.1	\$1,155.7	\$1,191.0	\$1,229.0
Less: 18-B Adjustment	(174.6)	(161.1)	(161.1)	(161.1)	(161.1)
Adjusted Total Net DownState Share for Allocation	\$912.0	\$963.0	\$994.6	\$1,029.9	\$1,067.9

Allocation of Total Net DownState Share to NYCT/SIR:

NYCT/SIR Share	56.52%	60.57%	61.12%	61.12%	61.12%
From Total Net DownState Share	\$614.1	\$680.9	\$706.4	\$728.0	\$751.2
Less: 18-B Adjustment	(150.0)	(146.4)	(146.4)	(146.4)	(146.4)
Adjusted Total Net DownState Share	\$464.2	\$534.5	\$560.0	\$581.6	\$604.8
From Carryover	0.0	0.0	0.0	0.0	0.0
Total NYCT/SIR Share of Net DownState Share	\$464.2	\$534.5	\$560.0	\$581.6	\$604.8
Total SIR Share	1.4	1.7	1.7	1.8	1.9
Total NYCT Share of Net DownState Share	\$462.7	\$532.9	\$558.3	\$579.8	\$602.9

Allocation of Total Net DownState Share to MTA:

MTA Share	26.53%	27.46%	27.71%	27.71%	27.71%
From Total Net DownState Share	\$288.2	\$308.7	\$320.3	\$330.0	\$340.6
Less: 18-B Adjustment	(14.7)	(8.7)	(8.7)	(8.7)	(8.7)
Adjusted Total Net DownState Share	\$273.6	\$300.0	\$311.5	\$321.3	\$331.8
From Carryover	0.0	0.0	0.0	0.0	0.0
Total MTA Share of Net DownState Share	\$273.6	\$300.0	\$311.5	\$321.3	\$331.8

Allocation of Total Net DownState Share to LIB:

LI Bus Share	2.99%	2.99%	2.99%	2.99%	2.99%
Gross MTOA, MTOA Plus and Supplement	\$32.5	\$33.6	\$34.6	\$35.6	\$36.8
Less: Used for 18-B/other	(1.3)	(0.8)	(0.8)	(0.8)	(0.8)
Net MTOA, MTOA Plus and Supplement	\$31.2	\$32.8	\$33.7	\$34.8	\$35.9
From Carryover	(3.1)	(1.1)	4.4	3.6	0.0
Total LIB Share of Net DownState Share	\$28.1	\$31.6	\$38.1	\$38.4	\$35.9

PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)

The Statewide Dedicated Funds Pool is the repository for revenues from the following dedicated taxes and fees: petroleum business taxes, a business privilege tax imposed on petroleum businesses operating in New York State; motor fuel taxes, an excise tax levied with respect to gasoline and diesel motor fuels; and motor vehicle fees that are derived mainly from vehicle registration and driver license fees. Subject to statutory allocation under current State Law, thirty-four percent (34%) of the Dedicated Funds Pool is currently deposited in the Mass Transportation Trust Fund (MTTF) for MTA's benefit. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute MTTF Receipts. For the purposes of budget preparations MTTF Receipts are also referred to as PBT Receipts interchangeably. Eighty-five percent (85%) of the MTTF Receipts are payable to New York City Transit (NYCT) for the benefit of NYCT and SIR, and the remaining 15% to MTA for the benefit of LIRR and Metro-North.

MTA utilizes the MTTF Receipts (PBT) to pay debt service on MTA's Dedicated Tax Fund Bonds (DTF Bonds). Debt service on DTF Bonds is payable first from PBT Receipts and then, to the extent of any deficiency, from MMTOA Taxes. On an annual basis to date, PBT Receipts have been sufficient to meet all debt service commitments and no MMTOA Taxes have been used.

After debt obligations are satisfied, the remaining PBT funds are transferred for use by New York City Transit and the Commuter Railroads as a subsidy.

2004 Final Estimate

The 2004 Final Estimate is based on actual results through September year-to-date.

MTA 2004 PBT Receipts are estimated at \$554.6 million, an increase of \$88.9 million compared with the 2003 receipts. Of the MTA allocation, 85% or \$471.4 million is earmarked for New York City Transit and 15% or \$83.2 million for the Commuter Railroads.

2005 - 2008

The 2005 through 2008 forecasts inflate the 2004 level by the following growth rates:

	2005	2006	2007	2008
Base PBT	(1.7%)	0.5%	0.3%	0.5%
Supplemental PBT	1.3%	0.2%	1.2%	0.5%

SUMMARY OF DEDICATED TAX FUND PROJECTIONS
February Financial Plan 2005 - 2008
Tax Yield Distribution 2003 - 2008
(\$ in millions)

	FORECAST				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Base PBT Collections Available for Distribution	\$964.6	\$947.2	\$952.0	\$954.8	\$959.6
<i>Forecast of Supplemental PBT Collections for Distribution:</i>					
Supplemental PBT Collections	\$666.5	\$675.1	\$673.8	\$681.9	\$685.3
Month Cash Lag / DOT Special Programs	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Net Supplemental PBT Collections Available for Distribution	\$666.5	\$675.1	\$673.8	\$681.9	\$685.3
Total Net PBT Collections Available for Distribution	\$1,631.1	\$1,622.4	\$1,625.8	\$1,636.7	\$1,644.9
<i>Distribution Shares:</i>					
MTA Total	34.00%	34.00%	34.00%	34.00%	34.00%
Other Transit	3.00%	3.00%	3.00%	3.00%	3.00%
Highway Trust Fund	63.00%	63.00%	63.00%	63.00%	63.00%
General Fund	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Share Total	100.00%	100.00%	100.00%	100.00%	100.00%
<i>Amount of Total Net Collections Available for the MTA:</i>					
MTA Total	\$554.6	\$551.6	\$552.8	\$556.5	\$559.3
NYCT/SIR Share of MTA Total	\$471.4	\$468.9	\$469.8	\$473.0	\$475.4
Commuter Railroad Share of MTA Total	<u>\$83.2</u>	<u>\$82.7</u>	<u>\$82.9</u>	<u>\$83.5</u>	<u>\$83.9</u>
MTA Total of Net Collections	\$554.6	\$551.6	\$552.8	\$556.5	\$559.3

MORTGAGE RECORDING TAXES (MRT)

Mortgage Recording Taxes consist of two taxes: Mortgage Recording Tax-1 (MRT-1) and Mortgage Recording Tax-2 (MRT-2).

MRT-1 is imposed on the borrower for recorded mortgages of real property situated in New York State, subject to certain exclusions, and collected by New York City and the seven other counties within the MTA's service area, at the rate of one-quarter of one percent (1/4%) of the debt secured by certain real estate mortgages. It must be applied, first, to meet MTA Headquarters operating expenses and, second, to make deposits into the New York City Transit (NYCT) Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount).

Moneys in the NYCT Account are required to be used to pay operating and capital costs of the Transit Authority, its subsidiaries, and SIR. Moneys in the Commuter Railroad Account are required to be used first to pay up to \$20 million to the State Suburban Transportation Fund each year to finance certain types of highway capital projects in certain areas of the Transportation District. In the event the transfer would result in Commuter Railroad operating deficit, the amount of the deficit is appropriated to the MTA for Commuter Railroad operating purposes, and not transferred to the Suburban Fund. After first making the required transfers to the State Suburban Transportation Fund, the balance in the Commuter Railroad Account is required to be used to pay operating and capital costs of the commuter railroad operations of MTA, other than SIR.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages within New York State secured by real estate improved or to be improved by structures containing one to six dwelling units in the Authority's service area. MRT-2 Receipts are to be applied, first, to make deposits into the Payment Sub-accounts of Dutchess, Orange and Rockland counties and, second, to make deposits into the Corporate Purposes Sub-account for the purposes of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, the Transit Authority and their respective subsidiaries.

Each year, MTA is required to transfer in equal quarterly installments, from the Corporate Transportation Account to the Metropolitan Transportation Authority's Dutchess, Orange and Rockland Fund (DORF) an annual amount of \$5.0 million, of which \$1.5 million is for each of the counties of Dutchess and Orange, and \$2.0 million is for the county of Rockland. Additionally, MTA must transfer from that Account to such fund for each of these three counties, respectively, an amount equal to the product of (i) the percentage by which such county's mortgage recording tax payment to MTA in the preceding calendar year increased over such payment in calendar year 1989 and (ii) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

2004 Final Estimate

The 2004 Final Estimate is based on October year-to-date actual receipts. Mortgage Recording Tax cash receipts for October 2004 year-to-date were \$157.4 (42%) more than the same period in 2003. Much of the favorable collections in the early months of 2004 were due to processing delays from heavy volume of mortgage recordings stemming from low interest rates that have continued from 2003 through 2004. While mortgage recording activity was expected to slow down from a moderate increase in interest rates, 2004 mortgage recording activity remained robust as interest rates stayed lower than expected and homeowners continued to re-finance existing mortgages.

Compared to 2003, total MRT cash receipts in the 2004 Final Estimate were \$153.9 million higher. MRT-1 receipts were estimated at \$330.4 million, an increase of \$86.1 million over 2003, and MRT-2 receipts were estimated at \$274.3 million, an increase of \$67.8 million over the 2003 levels.

The MRT forecast for tax collections applied 16 models in total, with New York City and the seven suburban counties (8 jurisdictions) each having an MRT-1 model and an MRT-2 model. Models are time-series regression models, with a log-log specification. In the model, tax collections are a function of the ten-year U.S. Treasury Note rate and population of the county (or New York City).

Global Insight's projection for the 10-year U.S. Treasury Note called for a rate of 4.4% in 2004. Interest rates for personal mortgages consistently rise and fall as the T-Note rate changes. Population forecasts for each county vary; for 2004, population increases were projected to be 0.3% for New York City, 0.4% for Nassau and Suffolk, 0.3% for Westchester, 1.4% for Putnam, 0.9% for Dutchess, 0.4% for Rockland and 1.6% for Orange.

The 2004 Final Estimate is based on ten months of actual tax receipts. The last two months were derived from tax receipts for the last two months of 2003, adjusted by impacts projected from the models.

Research of MRT historical tax yields and historical interest rate levels indicated that when interest levels dropped, mortgage activity climbed and conversely, when interest levels increased, mortgage activity dropped. At the end of 2003, leading forecasters were predicting that interest rates would increase steadily during 2004. This has not been the case and the volume of mortgage recording remained high, resulting in robust mortgage taxes in 2004.

Of the total MRT-1 Receipts of \$330.4 million, \$232.0 million is expected to be applied to the MTA Headquarters operating deficit in 2004. The application of certain technical adjustments to the December Plan, such as the incorporation of PEGS into the baseline from below the line in the December Plan, and the corresponding adjustment in the MTA Headquarters deficit funded by MRT-1, resulted in the change in the MRT subsidy distribution in the February Plan.

In December, the MTA Board authorized the establishment of a \$200 million stabilization account, (the "Real Estate Tax Stabilization Account"), which was to be funded from the 2004 year-end MTA surplus MRT-2 receipts, to hedge against a downturn in MTA real estate subsidies. Assuming that the funds in this account are not needed to offset a shortfall in real estate taxes in 2005, the monies could be applied to the benefit of MTA's riders to offset severe service reductions in 2006. Of the remaining MRT-2 receipts, after all other required adjustments, NYCT/SIR share is estimated at \$90.4 million, and the Commuter Railroads share is estimated at \$15.9 million. These subsidy allocations include distribution of \$81.2 million of prior year MRT-2 collections.

In the December Plan, the funds earmarked for the stabilization account were shown below the baseline. The Final Estimate adjusts the MRT subsidy distribution to incorporate the monies in the fund into the baseline.

2005 - 2008

While refinancing activity is expected to fall off as interest rates increase, the fall off is not expected to materially impact receipts until around the middle of 2005. Therefore, 2005 MRT collections have been estimated using a two-step process. The first half of 2005 is based on MRT collection levels for the first half of 2004, as well as the models' impacts on this base. The second half of 2005 is based on the second half of 2003; this base, along with the model impacts, is used to develop a model-based estimate for the second half of 2004, which in turn is run through the model to come to an estimate for the second half of 2005. The annual 2005 forecast are then used as the basis for projections for 2006 through 2008.

Global Insight's projection for the 10-year U.S. Treasury Note calls for rates of 5.3% in 2005, 5.5% in 2006, 5.5% in 2007 and 6.0% in 2008. Annual population changes are consistent with the annual 2004 forecasts.

In 2005, 2006, 2007 and 2008, total MRT collections on a cash basis are projected at \$416.3 million, \$416.5 million, \$431.1, and \$415.5 million, respectively. The 2005 through 2008 forecasts of gross MRT receipts were unchanged from the December Plan. However, the impact of incorporating the PEGs from below the line and other MTAHQ technical adjustments into the MTAHQ baseline, and the corresponding impact on the MTAHQ's Deficit, resulted in an increase in the diversion of funds to the Suburban Counties. In 2005, 2006 and 2007, MRT transfers to the suburban counties are currently projected to be \$0.9 million, \$3.5 million and \$4.7 million higher than in the December Plan, respectively.

These MTAHQ adjustments also increased the distribution of MRT subsidy funds to New York City Transit and the Commuter Railroads. In 2005, 2006, 2007 and 2008, NYCT's share of MRT increased by \$7.0 million, \$7.5 million, \$7.1 million and \$10.7 million, respectively. The Commuter Railroad's share of MRT also increased in 2005, 2006, 2007 and 2008 by \$1.0 million, \$0.6 million, \$0.2 million and \$1.9 million, in the respective years.

Additional Assumptions

The MTA General Reserve is valued at \$40.0 million annually beginning in 2005 and is funded from MRT-2. Funding for the reserve is earmarked before the transfer to NYCT and Commuter Railroads subsidy accounts. Also, MRT-2 funds the Agency Security Costs, which reimburses the agencies for security expenses. MTA Police manages the fund.

SUMMARY OF MORTGAGE RECORDING TAX PROJECTIONS

February Financial Plan 2005 - 2008

Tax Yield Distribution 2003 - 2008

(\$ in millions)

	FORECAST				
	2004	2005	2006	2007	2008
MORTGAGE RECORDING TAX #261-1					

Receipts Available for Transfer to NYCT and CRs:

Total Gross Receipts	\$330.447	\$234.628	\$236.658	\$245.678	\$239.998
Less: MTAHQ Operating Deficit	(232.015)	(232.723)	(228.876)	(235.186)	(241.084)
Net Receipts Available for Transfer	\$98.432	\$1.905	\$7.782	\$10.492	(\$1.086)

Allocation of Net Receipts to NYCT/SIR Account:

NYCT/SIR Share	55%	55%	55%	55%	55%
From Net Receipts	\$54.138	\$1.048	\$4.280	\$5.771	(\$0.597)
Less: B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000
Transfers from MRT-2	0.000	0.000	0.000	0.000	0.597
Total NYCT/SIR Net Cash Share	\$54.138	\$1.048	\$4.280	\$5.771	\$0.000
Total SIR Net Cash Share	0.168	0.003	0.013	0.018	0.000
Total NYCT Net Cash Share	\$53.970	\$1.045	\$4.267	\$5.753	\$0.000

Allocation of Net Receipts to Commuter Railroad Account:

Commuter Railroad Share	45%	45%	45%	45%	45%
From Net Receipts	\$44.294	\$0.857	\$3.502	\$4.721	(\$0.489)
Less: B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000
Less: Suburban Debt Service	(38.935)	(0.857)	(3.502)	(4.721)	0.000
Transfers from MRT-2	0.000	0.000	0.000	0.000	0.489
Total Commuter Railroad Net Cash Share	\$5.359	\$0.000	\$0.000	\$0.000	\$0.000

MORTGAGE RECORDING TAX #261-2

Receipts Available for Transfer to NYCT and CRs:

Total Receipts to Corporate Account	\$274.313	\$181.662	\$179.794	\$185.461	\$175.505
Opening Fund Balance (starting in 1998)	119.950	38.747	0.000	0.000	0.000
Transfer (to)/from Agency Operating Accounts	(26.367)	(29.253)	(31.387)	(33.395)	(33.395)
Reserve for Following Year/Cash Flow Provision	(38.747)	0.000	0.000	0.000	0.000
General Reserve	0.000	(40.000)	(40.000)	(40.000)	(40.000)
Real Estate Tax Stabilization Account	(200.000)	0.000	0.000	0.000	0.000
Investment Income	0.000	0.000	0.000	0.000	0.000
Total Receipts Available for Transfer	\$129.149	\$151.156	\$108.407	\$112.066	\$102.110

Use of Total Receipts:

Less: Transfer to MTA DORF Account	(22.852)	(15.730)	(15.737)	(16.292)	(15.701)
Less: Transfer to MTAHQ Funds	0.000	0.000	0.000	0.000	(1.086)
Net Receipts Available for Debt Service	\$106.297	\$135.426	\$92.670	\$95.774	\$85.323

Allocation of Net Receipts to NYCT/SIR Corporate Account:

Projected NYCT/SIR Share	85.00%	85.00%	85.00%	85.00%	85.00%
From Net Receipts	\$90.352	\$115.112	\$78.770	\$81.408	\$72.525
B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000
Total NYCT/SIR Cash Share	\$90.352	\$115.112	\$78.770	\$81.408	\$72.525
Total SIR Cash Share	0.000	0.000	0.000	0.000	0.000
Total NYCT Cash Share	\$90.352	\$115.112	\$78.770	\$81.408	\$72.525

Allocation of Net Receipts to CRs Corporate Account:

Projected Commuter Railroad Share	15.00%	15.00%	15.00%	15.00%	15.00%
From Net Receipts	\$15.945	\$20.314	\$13.901	\$14.366	\$12.798
B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000

URBAN TAXES

Urban Taxes consist of two taxes: a Mortgage Recording Tax imposed on New York City commercial properties' mortgages that exceed \$500,000, and a Real Property Transfer Tax imposed on New York City commercial properties valued over \$500,000. It is available only for transit purposes in New York City. New York City Transit (NYCT) is entitled to 90% of the revenues collected for its general operations. In addition, NYCT receives 6% of the revenues collected for partial reimbursement of Paratransit costs. The remaining 4% is earmarked as subsidy for the City private buses. In 2005, the City will utilize these funds to reimburse MTA Bus.

2004 Final Estimate

In the 2004 Final Estimate, Urban Tax receipts on a cash basis are estimated at \$294.0 million. This represents an increase of \$128.3 million over the 2003 actuals.¹

In making the projections for 2004 and the out-years two models were applied, one for the Mortgage Recording Tax and one for the Real Property Transfer Tax (RPTT). Models are time-series regression models, with a log-log specification. In the model, tax collections are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment. The ninety-day T-Bill rate was forecasted to be 1.3 percent for 2004. New York City private-sector employment was expected to grow by 1.1 percent in 2004.

The 2004 projections include actual collections through October. During 2004, Urban Tax receipts were way above target due to the continued robust real estate market, particularly in commercial real estate, the primary source of the Urban Tax receipts. The Urban Tax projection for the final two months of 2004 was based on the average monthly collection for the first ten months of 2004, adjusted downwards (by \$2.9 million per month for RPTT and by \$0.3 million per month for MRT) to reflect unusually large transaction levels experienced during the year.

2005 - 2008

The MRT and RPTT projections for 2005 were based on adjusted 2004 projections. Downward adjustments of \$29.5 million for RPTT and \$3.2 million for MRT were made to take account of unusually large 2004 transaction levels. The ninety-day T-Bill rate is projected to be 2.7 percent for 2005. Stronger growth is expected in New York City private-sector employment, forecasted to be 1.8 percent.

¹ The 2004 Urban Tax improvement also increased Urban Tax revenues earmarked for Paratransit, which is included in NYCT's other operating revenues.

Cash projections for 2005 are \$62.03 million above the 2004 projections. In 2006, 2007 and 2008, projected receipts are \$13.6 million, \$28.9 million and \$5.6 million over the prior year's projections, respectively. In 2006, T-Bill rates are expected to reach 3.25 percent and rise to 3.57 percent by 2008.

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STATE AND LOCAL SUBSIDIES

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Nassau County Subsidy, Station Maintenance and Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad. In addition the Commuter Railroads' subsidies include an operating capital transfer in 2006.

New York State 18-b Operating Assistance is direct State aid to the MTA appropriated by the State Legislature on an annual basis. Each County in the MTA Transportation District is required by the transportation law to match the State amounts by making quarterly payments of Local 18-b Operating Assistance to the MTA. Beginning in 1994, the State earmarked a portion of the dedicated taxes to fund the State's obligations for 18-b payments.

Nassau County subsidies consist of Nassau County payments to Long Island Bus. The Long Island Bus Local 18-b match is also included in the Nassau County subsidy.

Connecticut Department of Transportation (CDOT) subsidy payments are made to Metro-North Railroad as reimbursement for expenses associated with commuter train operations by Metro-North in the State of Connecticut.

Station Maintenance subsidy is paid by the City and each of the seven counties in the MTA region for the operation, maintenance and use of Commuter System passenger stations within the City and each of the counties. Station Maintenance base amounts were established in 1999 and are subject to CPI (Consumer Price Index) adjustment each year thereafter.

2004 Final Estimate

The 2004 Final Estimate forecasts State and Local cash subsidy receipts of \$569.4 million. This is slightly higher than the December Plan forecast due to the incorporation of the PEGs, which were reported below the line in December, into the February Plan baseline. The resulting effect was a slight adjustment to the CDOT subsidy level.

- CDOT subsidies were \$0.1 million higher than the December projections due to a reforecast of Connecticut's share.
- State and Local 18-b Operating Assistance to MTA has not changed in the last 15 years. The 2004 Final Estimate keeps these collections flat for the remainder of the plan period.

2005 - 2008

In 2005, 2006, 2007 and 2008, state and local subsidy levels are \$575.1 million, \$579.8 million, \$590.1 million and \$599.1 million, respectively.

CDOT subsidies decreased slightly from the December Plan as a result of incorporating the effect of the fare increase and PEG reductions into Metro-North's baseline budget. Most of the lower CDOT subsidies were included in the December Plan projections for the fare increase and the PEG programs, which were below the line as gap closing actions. The net effect in the February Plan were CDOT reductions of \$1.6 million, \$1.9 million, \$2.1 million and \$2.1 million, respectively, in 2005 through 2008 after incorporating the gap closing actions into the baseline.

In January 2004, the MTA Board authorized the exercise of a M-7 car option to permit Metro-North to accelerate the purchase of 120 additional cars. Included in the action was a provision for the Metro-North Operating Budget to transfer savings of \$10 million to the capital program. Metro-North's financial plan includes the requisite \$10 million savings in 2004 – 2006. Since this will result in \$10 million in commuter rail subsidy savings, a commensurate operating capital transfer is included as a reduction to 2006 commuter rail subsidies. The car purchase payment schedule will require the transfer in that year.

MTA SUBSIDY TO SUBSIDIARIES

In the 2004 Final Estimate, total MTA subsidy payment to its subsidiaries was estimated at \$43.8 million, an increase of \$13.5 million over the 2003 level, due mainly to a \$13 million New York City Transit subsidy that was not applied in 2003. The allotments were \$19.5 million for Staten Island Railroad (SIR), \$11.3 million for Long Island Bus (LIB) and \$13 million for New York City Transit (NYCT).

Staten Island Railroad's share reflects amounts needed to cover the operating deficit after all other subsidies and operating revenues are allocated.

In each of the years 2005, 2006, 2007 and 2008, the MTA subsidies to Long Island Bus was estimated to total \$16.8 million, \$13.9 million, \$14.8 million and \$14.8 million in the respective years.

The 2004 Final Estimate forecast provided \$13.0 million in MTA subsidy to NYCT in order to cover the reduced NYCT share of MMTOA funds appropriated in 2004. Since it is assumed that NYCT's share will be increased in 2005 through 2008, this provision is not included in those years.

Subsidy revenues in the February Plan incorporate the effects of the 2005 toll increase and the B&T PEG program on the B&T Operating Surplus Transfer. These revenues were carried below the line as gap-closing actions in the December Plan. A technical correction was made in the February plan to properly reflect the cash transfer effect of these gap-closing actions on the surplus transfer. In the December Plan, it was assumed that all of the toll revenues and PEG actions would be transferable in the same year that the revenues/savings were achieved. In fact, only 90% of each year's surplus earnings are transferred in the current year, with the remainder carried over to the subsequent year after the year's results are certified by an independent auditor. The February Plan properly reflects the appropriate transfer formulas resulting in lower B&T Operating Surplus Transfers of \$10.5 million in 2005 and \$3.5 million in 2006. There is no net effect on 2007 and 2008 as these years' projections include the full annualized value of the 2005 gap-closing actions.

MTA New York City Transit Subsidy Allocation
2004-2008
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assist. (MMTOA)	462.7	532.9	558.3	579.8	602.9
Petroleum Business Tax (PBT) Receipts	471.4	468.9	469.8	473.0	475.4
Mortgage Recording Tax (MRT)	144.3	116.2	83.0	87.2	72.5
Urban Tax	294.0	231.5	245.1	274.0	279.6
	\$1,372.5	\$1,349.4	\$1,356.2	\$1,413.9	\$1,430.4
<i>State and Local Subsidies</i>					
State Operating Assistance	158.2	158.2	158.2	158.2	158.2
Local Operating Assistance	158.2	158.2	158.2	158.2	158.2
	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
Total Dedicated Taxes & State and Local Subsidies	\$1,688.8	\$1,665.7	\$1,672.6	\$1,730.2	\$1,746.8
<i>Inter-agency Subsidy Transactions</i>					
Bridges and Tunnels Operating Surplus Transfer	142.6	138.4	142.9	128.0	114.8
MTA Subsidy to Subsidiaries	13.0	0.0	0.0	0.0	0.0
	\$155.6	\$138.4	\$142.9	\$128.0	\$114.8
GROSS SUBSIDIES	\$1,844.4	\$1,804.1	\$1,815.5	\$1,858.2	\$1,861.6

MTA Commuter Railroad Subsidy Allocation
2004-2008
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	273.6	300.0	311.5	321.3	331.8
Petroleum Business Tax (PBT) Receipts	83.2	82.7	82.9	83.5	83.9
Mortgage Recording Tax (MRT)	21.3	20.3	13.9	14.4	12.8
Investment Income	4.9	9.8	12.0	12.0	13.2
	\$382.9	\$412.8	\$420.4	\$431.1	\$441.7
<i>State and Local Subsidies</i>					
State Operating Assistance	29.3	29.3	29.3	29.3	29.3
Local Operating Assistance	29.3	29.3	29.3	29.3	29.3
CDOT Subsidy	53.1	57.3	60.4	68.2	74.4
Station Maintenance	126.1	128.5	130.1	132.6	135.4
	\$237.6	\$244.3	\$249.0	\$259.3	\$268.3
Commuter Operating Capital Transfer - MNR M-7 Acceleration	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$620.6	\$657.1	\$659.3	\$690.4	\$710.0
<i>Inter-agency Subsidy Transactions</i>					
Bridges and Tunnels Operating Surplus Transfer	242.3	242.9	248.5	233.8	220.6
GROSS SUBSIDIES	\$862.8	\$900.0	\$907.9	\$924.2	\$930.6

MTA Staten Island Railway Subsidy Allocation
2004-2008
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	1.4	1.7	1.7	1.8	1.9
Mortgage Recording Tax (MRT)	0.2	0.0	0.0	0.0	0.0
	\$1.6	\$1.7	\$1.7	\$1.8	\$1.9
<i>State and Local Subsidies</i>					
State Operating Assistance	0.5	0.5	0.5	0.5	0.5
Local Operating Assistance	0.5	0.5	0.5	0.5	0.5
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$2.6	\$2.6	\$2.7	\$2.8	\$2.9
<i>Inter-agency Subsidy Transactions</i>					
MTA Subsidy to Subsidiaries	19.5	19.2	17.3	18.4	19.1
GROSS SUBSIDIES	\$22.1	\$21.8	\$20.1	\$21.2	\$22.0

MTA Long Island Bus Subsidy Allocation
2004-2008
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
MMTOA Allocation	28.1	31.6	38.1	38.4	35.9
	28.1	31.6	38.1	38.4	35.9
<i>State and Local Subsidies</i>					
State Operating Assistance	7.0	3.0	3.0	3.0	3.0
Nassau County Subsidy	7.4	10.5	10.5	10.5	10.5
	14.4	13.5	13.5	13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	42.4	45.1	51.5	51.8	49.4
<i>Inter-agency Subsidy Transactions</i>					
MTA Subsidy to Subsidiaries	11.3	16.8	13.9	14.8	14.8
GROSS SUBSIDIES	\$53.7	\$61.9	\$65.4	\$66.6	\$64.1

MTA Headquarters Subsidy Allocation
2004 - 2008
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
<u>Mortgage Recording Tax</u>					
Net Receipts After Agency Transfers	520.2	318.6	319.5	329.6	330.2
<i>Adjustments</i>					
Funding of General Reserve	0.0	(40.0)	(40.0)	(40.0)	(40.0)
Diversion of MRT to Suburban Counties	(61.8)	(16.6)	(19.2)	(21.0)	(15.7)
Agency Security Costs from MRT	(26.4)	(29.3)	(31.4)	(33.4)	(33.4)
<i>Total Adjustments</i>	<i>(88.2)</i>	<i>(85.8)</i>	<i>(90.6)</i>	<i>(94.4)</i>	<i>(89.1)</i>
Net Funding of MTA Headquarters	\$432.0	\$232.7	\$228.9	\$235.2	\$241.1