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New York City Independent Budget Office



MTA Requires Funding to Fix Aging Transit System, Who Pays?

February 13, 2025 – As 2025 unfolds, the Metropolitan Transportation Authority's (MTA) financial challenges remain a central issue, [with funding uncertainties at the Federal, State, and City levels](#) shaping the future of the transit system. While New York City residents and businesses contribute a large portion of its funding—[both for daily operations and long-term infrastructure projects, the MTA is directly controlled by the State.](#)

Over time, even after accounting for inflation, Albany has required the City to contribute more to the MTA's finances. Today, **the majority of the MTA's dedicated tax revenues are generated within the five boroughs and the surrounding region**, covering both operating and capital costs. While these taxes are not direct City spending, they largely come from New York City businesses and residents, reinforcing the City's central role in transit funding. [The 2025-2029 Capital Plan](#) contains \$68.4 billion in planned projects, focused primarily on replacements and upgrades to aging systems. The City will contribute at least \$4 billion, with the MTA capital budget gap currently being \$33.4 billion.

In addition to tax revenues, the City's direct contributions to the MTA—including operating subsidies and capital investments—**have grown in real terms in recent years**, according to IBO's analysis. Meanwhile, a **payroll tax increase in 2023, applied exclusively to New York City**, further expanded the City's financial commitments to the MTA.

While the transit system primarily serves New York City, **its impact extends far beyond the five boroughs**. As the economic hub of the state, New York City relies on a well-functioning transit network to keep workers, businesses, and industries moving. Funding decisions made in the coming year will help determine the MTA's ability to maintain and improve service while balancing long-term infrastructure needs.

Without full funding, the MTA may have to defer maintenance on aging infrastructure, affecting transit operations. These delays would likely lead to more breakdowns and slower service for riders.

[The full report](#) provides a detailed look at the MTA's funding structure, historical trends, and the financial landscape ahead.

[Read the report](#)



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