

Staff Summary

Subject Mortgage Recording Tax – Escalation Payments to Dutchess, Orange and Rockland Counties					
Department Chief Financial Officer / Treasury Department					
Department Head Name Kevin Willens , Chief Financial Officer					
Department Head Signature					
Division Head Name Scott Gerstner					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	2/26/2024		X	
2	Board	2/28/2024		X	

Date February 26, 2024			
Vendor Name			
Contract Number			
Contract Manager Name			
Table of Contents Ref #			
Internal Approvals			
Order	Approval	Order	Approval
1	Legal		

I. Purpose

To inform Finance Committee and MTA Board about the statutorily required MRT-2 escalator payments to Dutchess, Orange and Rockland counties totaling \$6,423,806.34 which are expected to be made in March 2024.

II. Discussion

The MTA statute requires that certain “mass transportation operating assistance” payments be made by the MTA to Dutchess, Orange and Rockland counties from MTA’s MRT-2 receipts. (These payments are made from funds established by PAL §1270-a, the Metropolitan Transportation Authority Special Assistance Fund, from which monies are transferred to the Metropolitan Transportation Authority Dutchess, Orange and Rockland Fund created by PAL §1270-b.) Under the statute, Dutchess and Orange Counties are each to receive no less than \$1.5 million annually, and Rockland County is to receive no less than \$2.0 million annually. The counties were paid these amounts in quarterly installments during 2023.

In addition to providing these minimum mass transportation operating assistance payments, the statute provides for an “escalator payment” based on the percentage by which total MRT-1 and MRT-2 receipts attributable to such county exceeds the receipts received in 1989 from such county. Pursuant to PAL §1270-a (4)(c), the MRT-1 increase is to be calculated as if the MRT-1 tax was 25 cents per \$100 of mortgage recorded and not the current 30 cents per \$100 of mortgage recorded. The escalator payment due each county based on the FY 2023 MRT receipts is determined as follows:

$$(FY2023 \text{ MRT Receipts} - FY1989 \text{ Base Year MRT Receipts}) / FY1989 \text{ Base Year MRT Receipts} = \text{Escalator Rate}$$

$$\text{Escalator Rate} \times \text{Minimum Mass Transit Operating Assistance Payment} = \text{Escalator Payment}$$

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The results of the above formulas for each county are:

<u>County</u>	<u>1989 Base Year MRT Receipt</u>	<u>2023 MRT Receipts Adj.¹</u>	<u>Escalator Rate</u>	<u>Escalator Payments</u>
Dutchess Cty	\$3,569,702.51	\$6,549,493.87	83.47%	\$1,252,117.52
Orange Cty	\$4,433,935.06	\$11,707,766.71	164.05%	\$2,460,736.87
Rockland Cty	\$4,524,064.27	\$10,656,324.70	135.55%	\$2,710,951.95
			Total	<u>\$6,423,806.34</u>

¹ The actual 2023 gross receipts for each of the counties was:

Dutchess Cty	\$7,352,160.04
Orange Cty	\$13,201,051.98
Rockland Cty	\$11,878,604.98