

May 13, 2020

Dear Members of the New York and New Jersey Congressional Delegations:

As you know, the Port Authority operates much of New York and New Jersey's essential infrastructure -- including three major airports; the PATH commuter train system; the seaport; the bus terminal; and numerous tunnels and bridges. The Port Authority is critical to the economy of a region that includes 20 million people and produces 15 percent of the national GDP.

Throughout the coronavirus crisis, the Port Authority has kept all of our facilities operating. To get necessary food, fuel, and medical supplies into the region -- and to get essential workers safely to their jobs and back home. But the crisis has been enormously damaging:

- Airport traffic is down 97%
- PATH commuter rail ridership is down 95%
- Bridge and tunnel traffic is down 50%

This collapse in traveler volume is producing enormous revenue declines. Current estimates show the Port Authority will have a reduction in revenue of approximately \$3 billion due to the coronavirus crisis over the next twenty-four months.

As a result of its revenue losses, the Port Authority is cutting costs across the board. But it is also being forced to urgently reconsider its capital plan -- including drastic cuts to critical infrastructure projects across the region. These projects, as currently planned, include public-private partnerships that leverage more than \$10 billion in committed private capital, while creating more than 100,000 good local jobs. Combining both public and private investment, the Port Authority capital construction plan, as it had been planned, would drive \$20 billion of capital spending in the next five years -- beginning this summer. But it is that capital plan that is now in very serious jeopardy.

Our region cannot afford, now, to walk away from these jobs or these billions of dollars of construction spending. They would drive the recovery. They should be kept, not drastically slashed or even entirely eliminated.

Congress should provide the Port Authority with direct financial assistance -- to soften the agency's very large revenue losses so as to protect the agency's capital plan -- and by doing so, to secure the region's recovery.

Our understanding is that federal funding is now being contemplated for three sets of governmental entities: 1) states, 2) counties, and 3) municipalities.

The Congress should add a fourth category -- and provide assistance to "multi-state agencies" that would include the Port Authority.

These entities take enormous pressure off the states by performing critical services the states would otherwise be forced to undertake. And they do so without relying on state taxpayers or state budgets. The Port Authority is a financially free-standing and independent entity.

The Port Authority does not rely on funding from New York or New Jersey. The Port Authority has no power to tax. It is subject to the discipline of the private market. The Port Authority earns money from customer user fees and from contractually-required payments from business partners. And it is these revenues that have so dramatically dried up.

A fourth “multi-state agencies” relief category builds directly on Congress’ recent coronavirus-related actions. Congress made a multi-state agency eligible for federal support in creating the bond purchase program in the CARES Act. And the Federal Reserve embraced this eligibility in its most recent Municipal Liquidity Facility, by including those multi-state agencies with investment-grade bond ratings that were created under the Constitution’s Compact Clause.

The Congress should now provide direct federal financial assistance to multi-state agencies that have suffered large revenue losses and that meet the eligibility criteria set out in both the Congress’ recent CARES Act and the Federal Reserve’s recent liquidity facility. This is a very tightly circumscribed set of entities, and it includes the Port Authority. Statutory language to this effect has been or will be provided to your staff. The Port Authority should receive from this fourth “multi-state agencies” fund an allocation equal to its estimated \$3 billion in revenue losses for the next twenty-four months.

This aid would be separate and apart from aid being provided to states, counties, or municipalities, and we urge you to support this very targeted fiscal assistance that will be critically important to building a strong regional and national recovery.

Sincerely,



Kevin O’Toole
Chairman
Port Authority of New York & New Jersey



Richard Cotton
Executive Director

Cc:

Governor Andrew M. Cuomo
Senator Charles E. Schumer
Senator Kristen E. Gillibrand
Representative Lee Zeldin
Representative Peter King
Representative Thomas Suozzi
Representative Kathleen M. Rice
Representative Gregory Meeks
Representative Grace Meng
Representative Nydia Velazquez
Representative Hakeem Jeffries
Representative Yvette D. Clarke
Representative Jerrold Nadler
Representative Max Rose
Representative Carolyn Maloney
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Representative Eliot Engel
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Representative Josh Gottheimer
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Representative Albio Sires
Representative Bill Pascrell
Representative Donald M. Payne Jr.
Representative Mikie Sherrill
Representative Bonnie Watson Coleman