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New York’s MTA Braces for Higher Borrowing Costs With Toll Halt.

- **Debt service may increase by $300 million without new funding**
- **MTA may need to sell farebox bonds sooner than anticipated**

While delaying New York City’s congestion pricing initiative blew a $15 billion hole in the Metropolitan Transportation Authority’s capital program, it also may strain the transit agency’s operating budget.

The MTA, which runs the city’s subways, buses and commuter rail lines, was counting on $1 billion of new revenue each year from motorists paying a new toll to drive into Manhattan’s central business district. The MTA would then issue new congestion pricing bonds to provide $15 billion to modernize the more than 100-year-old system.

Selling the congestion pricing bonds would have allowed the MTA to postpone issuing debt that’s repaid from its operating budget, giving that spending plan some breathing room as it works to increase ridership before taking on more debt. But without congestion pricing bonds or an alternative revenue source, the MTA says it will need to sell such debt earlier than planned. That means debt-service costs would increase sooner than anticipated by as much as $300 million a year, the MTA has warned.

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