New York State Conference of Mayors & Municipal Officials
2014 LEGISLATIVE PROGRAM
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The legislative priorities described in NYCOM’s 2014 Legislative Program were developed and approved by NYCOM’s Legislative Committee, which is comprised of city and village officials from throughout New York. The common goal of each proposal is to provide city and village officials with the resources and flexibility to deliver essential municipal services in the most cost effective manner for the taxpayers they serve.

This, of course, can only be accomplished through a true partnership between the state and its local governments. Municipalities are not a special interest group, but rather the providers of services that directly impact the daily lives of each and every resident and business of this state. One can certainly make the argument that our local officials represent the biggest special interest group of all - New York’s taxpayers.

Cities and villages throughout our state continue to face significant fiscal challenges. Even though the state’s economy is improving, the imbalance between the fiscal capacity of New York’s municipalities and the cost of providing essential services remains. New York’s local governments need the funding, the tools and a genuine commitment from the State to help break down the barriers to efficiency and community revitalization. NYCOM believes that this can be accomplished through a combination of growing and predictable state aid, real relief from state mandates, partnering with our not-for-profits, and increased flexibility in addressing downtown redevelopment. Together these initiatives offer a roadmap to real and sustainable property tax relief for all New Yorkers.
Increase AIM Funding

Aid and Incentives for Municipalities -- or AIM funding -- has the largely untapped potential to provide significant municipal property tax relief. For decades, the original “revenue sharing” formula -- intended to redistribute state tax revenues to municipalities that do not have the tax base or the taxing authority to generate these revenues on their own -- has been annually disregarded and various constraints have been imposed on the overall level of state aid to local governments.

Now that the State’s fiscal house is in order, it is time to focus on a strong and growing state-local fiscal partnership which is essential to preserving economic vitality at all levels of government. Additionally, to help foster the ability of our local governments to stay within the 2% cap on property tax levies, growth in AIM funding is critical. Municipalities cannot rely on the inconsistent and unpredictable revenue streams currently available to them via regional economic development councils, grant programs and the like as their only source of additional state assistance. NYCOM, therefore, supports an increase in AIM funding in 2014-15 and beyond that is predictable, based upon a statutorily defined formula that reflects the rising costs of providing essential municipal services, and considers the types and levels of services each municipality provides. The formula should also consider the amount of tax-exempt property a municipality has within its boundaries, as this has a significant effect on a community’s ability to raise revenue.

The 2014-15 Executive Budget proposes that AIM funding be preserved at current year levels.
ADDITIONAL PRIORITIES

**Increase CHIPS Funding**
The Consolidated Highway Improvement Program (CHIPS) assists local governments with the cost of construction, reconstruction and improvement of local highways, bridges and highway-railroad crossings. The funding is distributed based on local highway mileage and vehicle travel. While the CHIPS program was increased by $75 million in the 2013-14 State Budget, locally-owned roads remain in need of substantial near-term improvements. Increasing this vital revenue source is essential to ensuring these improvements occur, while fostering job growth and economic development in our communities.

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The 2014-15 Executive Budget proposes that CHIPS funding be preserved at current year levels.

**Prohibit Unfunded State Mandates**
Although in recent years there appears to have been an increasing reluctance to shift or impose additional costs on local governments, there is still nothing that prohibits the State Legislature from enacting unfunded mandates. NYCOM supports legislation to constitutionally prohibit the enactment of statutory or regulatory mandates which would impose a direct or indirect fiscal burden on local governments unless an estimate of such fiscal burden is computed – with input from the State’s local government associations, including NYCOM – printed on the bill, and an appropriation is made sufficient to hold each local government harmless from any part of such fiscal burden.
Amend the Property Tax Cap
The property tax cap contains limited exclusions for a small portion of local pension costs and settlement expenses arising out of tort actions. The list of exclusions must be expanded to include, at a minimum, unanticipated expenditures related to the destruction of or damage to municipal infrastructure or equipment as a result of a natural disaster or emergency, as well as expenses related to capital costs. In addition, the tax cap should be amended to ensure that localities are not penalized when they consolidate services.

Authorize Municipalities to Charge for Services Provided to Tax Exempt Properties
According to a report issued by the Office of the State Comptroller in October 2013, $680 billion in full market value of all real property in New York State (27%) is exempt from municipal taxes – which equates to approximately $17 billion in foregone property tax revenue. Unfortunately, most local governments with property owned by non-profit entities or by governmental entities have no choice in the matter of granting property tax exemptions. Nevertheless, being exempt from property taxes does not mean you are exempt from receiving essential municipal services. While local governments currently have the ability to impose user fees to cover some of the costs associated with providing these services, they are prohibited from doing so for some of the most costly services, including police and fire protection.

In 1971, a “service charge” law was enacted in New York but it was never implemented, and was ultimately repealed. Since that time, there has been significant discussion but little action on this issue. Local governments must be given the ability to recoup at least a portion of the expenses they incur servicing larger tax exempt institutions.
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municipalities, at local option, to impose charges on
tax exempt properties to defray a portion of the cost
of services local governments provide, such as police
protection, fire protection, street and highway con-
struction, maintenance and lighting, and sanitation
and water supply.

**Pension Reform**

Over the years, as pension benefit outlays have in-
creased and pension fund assets have declined, pen-
sion costs have become increasingly more difficult to
sustain. When combined with other mounting fiscal
pressures on local governments, these increases in
pension costs have led, and will continue to lead, to
further increases in property taxes and cutbacks in es-
sential municipal services.

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Although local government employers will experi-
ence a slight decrease in contribution rates in 2015,
these rates are still 7% higher than 2013 rates, and 90%
(ERS) and 45% (PFRS) higher than average rates over
the past 40 years. Additionally, while the less expen-
sive Tier 6 will bring about long-term savings, some-
thing needs to be done to equitably provide relief in
the near-term. Consequently, the State must reinstate
the 3% employee pension contribution that was elimi-
nated in 2000 for Tier 3 and Tier 4 members of the
state Employee Retirement System upon completion
of 10 years of service. The State must also prohibit the
enactment of new public employee benefit mandates
or pension sweeteners unless there is a dedicated state
revenue source that will finance such actions.
Create and Enhance Tools to Address Abandoned Property and Downtown Redevelopment

Many communities in New York are littered with abandoned properties, the result of the decades-long economic decline in upstate New York. Adding to the number of abandoned properties is the recent subprime market meltdown. Local officials need a comprehensive and effective tool-kit to address this increasing problem and successfully revitalize their downtowns. NYCOM supports the following legislative proposals:

- **Allow Municipalities to Take Title to Abandoned Commercial Property** -- Currently, Real Property Actions and Proceedings Law Article 19-A provides a relatively quick and easy method for local governments to take title to residential property that is “abandoned” within their jurisdictions. However, Article 19-A does not apply to commercial property. This statute should be amended to allow municipalities to take title to all real property that is “abandoned” so that the properties’ negative effects on the surrounding community can be promptly and effectively addressed by the municipality. (A.1920 (Schimel)/S.900 (Martins))

- **Permit Claims Against Fire Insurance Proceeds** -- Currently, a municipality has the authority to enforce a lien for unpaid property taxes against the proceeds of a fire insurance policy on all real property, except property containing a one- or two-family structure. Allowing other lienors to place liens against such proceeds on these properties unfairly burdens the local government and significantly inhibits their ability to recover delinquent taxes. NYCOM supports legislation that would permit a municipality to place a lien for unpaid property taxes against the proceeds of a fire insurance policy on any real property located within a municipality. In enacting this legislation, municipalities would then be treated in the same manner as any other lienor who has made a claim to the insurance proceeds.
• Allow Municipalities to Pierce the Corporate Veil of Shell Corporations that Abandon Properties -- Many neglected and vacant properties are owned by corporations, limited liability companies, or limited liability partnership that abandon those properties when they become economically unviable. These corporations, LLCs, and LLPs leave local governments (and local taxpayers) having to deal with the cost of abating nuisance conditions and demolishing unsafe buildings. State law should be amended to allow local governments to pierce the corporate veil of limited liability entities to hold their parent corporations and their individual owners responsible for nuisance abatement and demolition costs that exceed the property’s value.

• Require Annual Registration of Corporations, Limited Liability Companies and Limited Liability Partnerships -- One challenge with enforcing New York’s building and zoning codes is properties owned by corporations, LLCs and LLPs. Contacting or serving the owners of these entities can be near impossible because the entities do not maintain their current business address with the Secretary of State. State law should be amended to require corporations, LLCs and LLPs to register their business address with the Secretary of State on an annual basis.

Many communities in New York are littered with abandoned properties, the result of the decades-long economic decline in upstate New York.
Increase the Rate and Expand the Scope of the Utility Gross Receipts Tax

Under current law, cities and villages have the option of imposing a gross receipts tax (GRT) on the gross operating income of utility companies located within their boundaries, at a rate of 1%. NYCOM supports legislation that would permit municipalities, at local option, to impose this tax at a rate of up to 3%. The cities of Buffalo, Rochester and Yonkers already have this ability and do impose the tax at the higher 3% rate. NYCOM also supports amendments to the statute to clarify when and what types of gas and electricity transactions are subject to the GRT.

Additionally, in recognition of the predominance of wireless technology and to promote equity in the tax treatment of various types of telecommunications providers, both the state and the City of New York have made changes to their respective statutes to include cellular services as taxable for purposes of the state’s excise tax and the city’s gross receipts tax. NYCOM supports amendments to current state law to ensure that cellular telephone services are subject to the local GRT.

Limit Payments under General Municipal Law § 207-a and § 207-c

Paid firefighters and police officers are potentially eligible for generous municipal disability benefits if an injury or illness is incurred in the performance of duty under General Municipal Law § 207-a and § 207-c. In the event of an injury in the performance of duties, the individual is entitled to all necessary medical treatment and receipt of a municipal disability benefit equal to the full amount of regular salary or wages until retirement. Between 1999 and 2003, public employers were permitted to utilize a “heightened risk” standard to determine whether claimants were entitled to benefits. Under this standard, an injury in-
occurred while performing a work duty which did not involve a hazardous activity would not be eligible for the municipal disability benefit available under General Municipal Law § 207-a and § 207-c. A police officer or firefighter who might be injured while involved with a nonhazardous work duty would instead file a claim for workers’ compensation benefits. These sections of the General Municipal Law should be amended to statutorily reinstate a permanent “heightened risk” standard for the granting of these benefits.

In addition, 207-a and 207-c benefits should be available to an individual for no more than two years. This would not only relieve some of the financial burden for municipalities, but could also accelerate the process for determining when an individual is eligible for disability retirement – a process that has been criticized as taking much longer than necessary.

**Increase Opportunities for Small Projects in the Consolidated Funding Application Process**

New York State’s Consolidated Funding Application (CFA) process gives preference to large projects. Unfortunately, this preference is severely limiting the opportunities for communities to receive State funding for their smaller projects. Relatively “small” projects can be vital to many communities, reaping significant benefits for a minimal outlay of funding. While the funding and projects may be smaller than most of those chosen through the CFA process, for many of New York’s communities, the funding is essential to undertake the projects. Consequently, the CFA process should be amended to insure that small projects are eligible for State funding.
Establish Minimum Health Insurance Contribution Levels for Employees and Retirees

Health insurance costs continue to place a significant strain on municipal budgets. It is rare for a private sector company to provide health insurance to an employee “free of charge” or to offer retiree health insurance at all. Despite this, the cost of local government employee and retiree health insurance is often covered entirely by the local government – due to the fact that it is usually subject to negotiation, and with public safety employees, it is subject to binding arbitration. This proposal would require that local government employers cover no more than 85% of a single healthcare premium or 75% of a healthcare premium for families or retirees. This would be phased in over a 3-year period. Not only would this initiative reduce health insurance costs for local governments, it would also change the dynamic at the collective bargaining table since both employers and employees will have a vested interest in ensuring that health benefits and premiums are reasonable and affordable.

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The New York State Conference of Mayors and Municipal Officials is an association of, and for, cities and villages in New York. Since 1910, NYCOM has united local government officials in an active statewide network, advocating for city and village interests to the executive, legislative and judicial branches of state government. We are a readily accessible source of practical information touching upon every area of municipal activity. NYCOM is also a leader in the ongoing training and education of local officials. From legislative advocacy to training programs to legal and technical assistance, NYCOM helps city and village officials provide essential public services in the most cost effective manner.

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