



NEW YORK STATE CONFERENCE OF MAYORS AND MUNICIPAL OFFICIALS

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## **Property Tax Cap and State Budget Update**

As NYCOM has previously informed you, Governor Cuomo's property tax cap proposal that would limit annual levy growth to 2%, was introduced in the Senate as S. 2706 (by Senator Skelos) and in the Assembly as A. 3982 (by Speaker Silver) at the end of January. The Senate passed the bill by a vote of 45-17 on January 31. Since that time, NYCOM has continued to publicly convey its strong opposition to any legislative action on a property tax cap that does not simultaneously address the state mandates that are the real cause of New York's overwhelming property tax burden. We have also shared with the Legislature our concerns relating to specific provisions of the tax cap bill that was passed by the Senate including those pertaining to an override of the cap, the limited nature of the capital expenditure exclusion, and the negative impact this particular tax cap proposal would have on local growth and development.

Although Assembly leadership had suggested it would likely not address the property tax cap until after the state budget was finalized, there are now some indications that it may be done as part of the state budget. At this time, it is impossible for NYCOM to determine what the tax cap that the Assembly might agree to would look like, or whether it will be accompanied by any significant mandate relief. However, we urge those of you that have not already done so, to reach out to your state representatives in both houses and let them know – utilizing specific examples – how a tax cap without real relief from the state mandates that are driving up local costs will devastate your communities. NYCOM will continue to update you on any developments on this important issue.

### ***State Budget Update***

Earlier this week, both the Senate and the Assembly released their own one-house budget bills. The following compares the current positions of the Governor, Senate and Assembly on key budgetary issues of particular interest to cities and villages.

#### **AIM Funding**

The Executive Budget proposed to eliminate AIM funding for New York City and reduce AIM payments to other local governments by 2% of their 2010-11 levels. The Senate accepts these reductions in 2011-12 but would restore them in 2012-13. The Assembly accepts the Governor's proposal.

#### **Transportation Aid**

The Executive Budget would fund CHIPS and Marchiselli aid at current year levels of \$363 million and \$39.7 million, respectively. Both the Senate and Assembly accept this proposal.

## **Aid for Consolidation and Efficiency Improvements**

The Executive Budget contains a total of \$79 million to encourage and reward local governments that consolidate or achieve efficiencies and performance improvements. Of this amount, \$35 million would be for Citizen Empowerment Tax Credits and Citizens Reorganization Empowerment Grants.

- Citizen Empowerment Tax Credits – Funding would be available to incentivize local government consolidation or dissolution, providing a bonus equal to 15% of the newly combined local government's tax levy. At least 50% of such amount must be used for direct relief to property taxpayers.
- Citizens Reorganization Empowerment Grants – Funding would be available for grants up to \$100,000 for local governments to cover costs associated with studies, plans and implementation efforts related to local government reorganization activities.

The remaining \$44 million would be allocated as follows:

- Local Government Performance and Efficiency Program – Funding totaling \$40 million would be available for competitive one-time awards of up to \$25 per capita, capped at \$5 million, that recognize local governments that have achieved efficiencies and performance improvements.
- Local Government Efficiency Grants – Funding of \$4 million would continue to cover costs associated with local government efficiency projects, such as planning for and/or implementation of a functional consolidation, shared or cooperative services, and regionalized delivery of services. The maximum grant award for a project is \$200,000 per municipality or \$1 million total.

The Assembly has accepted the Executive Budget proposal while the Senate increases, from 50% to 70%, the amount of the Citizen Empowerment Tax Credits that must be used for direct property tax relief, and also makes school districts eligible for such credits.

## **Aid for Municipalities with Video Lottery Terminals (VLTs)**

Under current law, 16 municipalities receive state aid to help offset a portion of the costs associated with being a "host community" for video lottery gaming operations. Except for the \$19.6 million that is allocated to the City of Yonkers, the Executive Budget would eliminate this aid for the remaining 15 communities including the city of Batavia and the villages of Monticello and Vernon.

The Assembly accepts the Executive Budget proposal. The Senate bill would reduce the allocation for the City of Yonkers to \$4.4 million and would restore 50% of the funding received in 2009-10 by the other communities, including the City of Saratoga Springs which was eliminated from the program last year.

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## **NYCOM's New Officials' Workshops**

**April 28 – Long Island – Huntington Hilton**  
**May 5 – Central NY – Craftsman Inn (Fayetteville)**

The one-day workshop is an excellent opportunity for new and veteran municipal officials to learn the "nuts and bolts" of local government administration and meet mayors, board/council members, and appointed local officials who face similar challenges. For additional information, and to register for this event, visit our web site at [www.nycom.org](http://www.nycom.org).