

3

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CITY OF BUFFALO, NEW YORK**

**TESTIMONY BEFORE
NEW YORK STATE JOINT
LEGISLATIVE FISCAL COMMITTEES
REGARDING
GOVERNOR'S 2017/18 RECOMMENDED STATE BUDGET**

**SUBMITTED
MONDAY, JANUARY 30, 2017
ALBANY, NEW YORK**



Good afternoon Senate Finance Committee Chair Catharine M. Young, Assembly Ways and Means Committee Chair Herman Denny Farrell, and members of the legislature: thank you for the opportunity to address you regarding New York State's 2017/18 executive budget proposal, and its impact on New York State's second largest city, Buffalo, New York.

Buffalo's continuously improving fiscal outlook, which has created a strong business environment and continues to attract investment and to create jobs, as well as the establishment of a more efficient government, has led to a truly remarkable revival in The City of Buffalo. While there is still much we need to accomplish, our efforts have produced incredible results. For example:

- We've delivered eleven balanced budgets;
- It's been five years since Buffalo's "hard" control board shifted to a "soft" advisory panel;
- Overall, the crime rate has dropped thirty-two percent and violent crime is down twenty-seven percent;

- The City of Buffalo has added 1,400 Affordable Housing units since 2006; and
- The City of Buffalo has improved its bond ratings with the “Big 3” credit rating agencies, receiving an A+ from Standard & Poor’s, an AA- from Fitch Ratings, and an A1 from Moody’s Investor Services.

We are continuing to keep costs down and create a more open and efficient government:

- We’ve reduced our costs by switching over to a VOIP telecommunications system;
- Implemented a fuel monitoring system and installed GPS in much of our municipal fleet to reduce waste;
- The City of Buffalo recently acquired a downtown federal building to consolidate police and fire administrative offices into one location. We expect that this will create

efficiencies and save money in both operations. This will also enable the city to sell the police building on Franklin Street, which is considered valuable real estate in the current downtown market;

- We created and implemented the BPD21C Police Academy Pre-Employment Scholarship Program, which has put new police officers on the streets more quickly and saved the city millions, while developing a community police force that better reflects the demographics of our diverse city;
- After 242 public meetings to assess and consider input from residents across the City of Buffalo, I signed a new Unified Development Ordinance into law earlier this month. The “Green Code” is the first major overhaul to Buffalo’s zoning laws since 1953 and will serve as the blueprint for zoning and development in the 21st Century;
- The City of Buffalo is working with the Sunlight Foundation and Johns Hopkins University’s Center for Government Excellence to improve the use of data-driven

decision making and analysis. I drafted an executive order to create an open data policy and will soon release an RFP to procure an open data portal that will be a central repository for city data and will enhance transparency in city government;

- Last year, you passed and the Governor signed legislation which enabled the City of Buffalo to partner with the Buffalo Erie Niagara Land Improvement Corporation to use the land bank's "superbid" power to acquire more properties at the annual in rem foreclosure auction. This enabled the city to break the cycle of foreclosed properties being purchased by absentee owners who seldom invest in them; and to create homeownership opportunities for residents to contribute to the stabilization of our neighborhoods. These owner-occupants will have access to affordable housing options that would otherwise be unobtainable;

Today:

- I am proud to report that the City of Buffalo is in sound financial condition.

Governor Cuomo and the New York State Legislature have been instrumental in Buffalo's renaissance. This year's executive budget proposal makes important investments that will ensure Buffalo's continued prosperity. I am grateful for the faith and commitment that Governor Cuomo has shown in the potential of our city with the "Buffalo Billion 2". The focus on job creation and providing support to businesses and entities that enhance economic development will continue the tremendous progress that has been made under the original Buffalo Billion program. This commitment to the City of Buffalo has been and will continue to achieve incredible results.

I'd like to thank Governor Cuomo for including \$10 million for the Better Buffalo Fund in this year's budget. The Better Buffalo Fund has supported projects that have boosted the growth of small businesses, and increased employment and housing options along corridors served by public transportation in communities that have been positively impacted by these incentives. This type of investment has built stronger

neighborhoods and enhanced quality of life. Jobs alone cannot stabilize low to moderate-income neighborhoods; physical improvements must also be made, especially in areas that have suffered from long-term disinvestment.

50 years of deindustrialization and disinvestment has impaired the ability for rapid progress on the East Side of Buffalo more than in any other neighborhood. The rapid population loss from the 1970s through the 2000s, coupled with the high concentration of poverty has led to an abundance of abandoned and dilapidated housing. The Governor's proposal to invest \$10 million to help eliminate zombie properties and revive and reinvent blighted areas on the East Side and in Cheektowaga will have a profound impact on the quality of life in these neighborhoods.

Buffalo Manufacturing Works began as a component of the original Buffalo Billion Investment. This initiative provided Buffalo Manufacturing Works with an investment of \$45 million toward building a state-of-the-art facility to support the growth of the region's manufacturing sector. The next phase of funding will be used to build on this momentum and move Buffalo Manufacturing Works to the Northland Advanced Manufacturing Hub on

Buffalo's East Side. This will surely enable an even greater impact, while expanding capacity.

To guide unemployed or underemployed individuals (over 130,000 in the Buffalo metro area) into the advanced manufacturing and energy industries, Governor Cuomo allocated \$10 million for a workforce development plan to support job growth and ensure that Buffalo has a workforce with skills that can meet the requirements of the jobs of the future.

Approximately \$60 million of the proposed Buffalo Billion 2 funding is currently targeted for East Side revitalization projects. I applaud the Governor for this much needed investment.

The new funding for the Buffalo Niagara Medical Campus, as part of the Buffalo Billion 2, will support the region's growth of medical startups. Specifically, the new Innovation Hub at the Buffalo Niagara Medical Campus will accelerate the entrepreneurial activities already taking place at University at Buffalo, the Buffalo Niagara Medical Campus, 43 North, and Roswell Park Cancer Institute. Buffalo has increasingly become a leader

in life sciences and bioinformatics. The Governor's investments will help our region maintain its edge in these very competitive and important industries.

I'm also enthusiastic about the Governor's budget proposal to make college tuition free for middle-class families at SUNY and CUNY. Many of Buffalo's top-performing high school students never apply to college even though they have displayed the ability to succeed academically. A majority of these students come from low-income households. The often insurmountable cost of higher education and inadequate financial aid sustains the gap between wealthier families and those that are less affluent. In order for New York State to prosper and continue to attract the industries and jobs of the future, we need to ensure that everyone has equal access to higher education. Now more than ever before, a college degree means a brighter future and a pathway for upward economic mobility.

The City of Buffalo has made modernizing our municipal infrastructure a top priority. Buffalo has invested over \$217 million - \$95.2 million in drinking water and \$122.5 in sewer improvements since 2006. I applaud

the governor for including over \$2 billion for Clean Water Infrastructure projects in the 2017/18 budget proposal.

Buffalo is looking to protect the progress it has made, and to add tools that will allow the City of Buffalo to reach its full potential. We continue to need assistance to continue our fiscally responsible growth strategy; for example:

Public Works Campus

As I discussed at last year's budget hearing, the City of Buffalo has undertaken a study of six existing Department of Public Works (DPW) facilities with the intent of building a combined DPW Campus. The campus would house Buffalo's municipal snow plowing, garbage collection, paving, and construction vehicles, as well as administrative offices, the animal shelter, and auto impound. Consolidating these functions into one facility will reduce maintenance and staffing costs. The buildings will be LEED certified and incorporate solar panels and compressed natural gas filling stations. Construction of the Public Works Campus will allow the city to sell

six buildings which are in prime locations for investment. Phase One of the Public Works Campus is estimated to cost \$30 million.

The proposed new DPW facility will assist Buffalo's growth by adding to our city's adaptability and resiliency. It will be a tool for improving the quality of life for residents, and it will help make the City of Buffalo more self-sufficient during major storm events, therefore allowing New York State to direct more resources to surrounding municipalities. Once the campus is up and running, we will be able to examine, in cooperation with New York State and local transportation entities, cost saving measures such as shared resources and staging in emergencies, long-term storage needs and utilization of other shared services. These include: Buffalo's state-of-the-art sign shop, the repair and maintenance garage, and fueling infrastructure which can then be utilized by New York State, Erie County and surrounding local governments.

The DPW campus represents the City of Buffalo's effort to grow, to attract new business, to improve and expand services for residents regionally, and to optimize operations in order to increase efficiency. The Combined Public Works Campus remains the City of Buffalo's top new funding priority.

Cars Sharing Main Street Funding

As part of the second phase of the Buffalo Billion, Governor Cuomo has made extending Buffalo's light rail system a priority. I am in support of this project and I believe that it will be a benefit to Main Street and the Downtown Business District. A project that would complement this investment is the Cars Sharing Main Street Project.

Automobiles were removed from Main Street over thirty three years ago when the light rail transit system was built. Metro Rail has been a benefit to Buffalo, but closing the premier downtown street to automobiles resulted in building vacancies, blight, lost property and tax value, and it really harmed the image of Buffalo. The Cars Sharing Main Street project has begun to reverse these effects, generating significant economic benefit and transforming the heart of downtown Buffalo back into a thriving and vibrant destination. Funding is being requested for the next phase of the Cars Sharing Main Street Project - the 400 block (Mohawk to Court Street) -at a cost of \$17 million and the Seneca One Tower block (Seneca to Exchange Street) -at a combined cost of \$30 million.

This project is a continuation of successful public works projects implemented on Main Street, totaling almost \$60 million in improvements, using a combination of funding from a 2011 U.S. Department of Transportation TIGER grant, the State of New York, and the City of Buffalo. In addition, \$22.5 million was recently awarded to Buffalo through another TIGER grant and the Dormitory Authority of the State of New York for the lower Main Street/ Canalside block.

Further, since 2012, significant private sector investment of close to \$500 million has been made in the area between the 700 block of Main Street and the edge of the waterfront at Canalside. Main Street is re-emerging into a healthy, modern, urban neighborhood and is attracting thousands of people who want to live and work in downtown Buffalo.

Creation of a Tax Reduction Incentive Program (“TRIP”)

The City of Buffalo proposes a competitive program to encourage urban centers to cut real property taxes and follow the “Buffalo Model.” Such a program would continue the Governor’s initiative to reduce oppressive

property tax by incentivizing municipalities to cut real property taxes, particularly the Upstate Urban Centers of Buffalo, Rochester, Syracuse and Albany that have experienced the most profound population loss over the past four decades and serve as the economic engines for Upstate New York.

This Tax Reduction Incentive Program (“TRIP”) would reward these municipalities with grant funding for successfully reducing the property taxes that have forced so many people, businesses, and jobs to leave New York State, and move away from our urban centers. It would also ensure that the momentum created by the Governor’s Buffalo Billion initiatives continue to pay dividends in the form of jobs, private investment and resident relocation into our cities.

Specifically, New York State could incentivize real property tax cuts by providing grant funding in the amount of \$2 million for every 1% of combined real property tax rate reduction, provided that the cuts continue for five consecutive years. The clear and unmistakable message would be that New York State is investing money to reward and incentivize the good

behavior that promotes growth and new development, namely, property tax relief.

Accomplishing the optimal result of not only capping, but also cutting real property taxes requires a partnership between state government and its urban centers. We believe this partnership could be created through such a Tax Reduction Incentive Program that rewards growth and encourages efficiency and sound fiscal management, when those changes result in decreasing property taxes on residents and businesses. The City of Buffalo would volunteer to serve as the pilot location for such a program. If successful, this could be replicated in other municipalities in New York State.

Closing the Utility Services Tax Loophole

For decades, the cities of Buffalo, Rochester, and Yonkers have had the ability to collect a 3% tax on the gross receipts of local services provided by all utility companies subject to the supervision of the New York State Public Service Commission, including phone companies. Technological improvements have resulted in widespread reliance on wireless

communication, while wireless telecommunication service providers have successfully argued that they do not fall within the definition of a utility as prescribed in the New York State Tax Law.

New York State subsequently adopted Tax Law §186-e to impose an excise tax on the sale of telecommunication services by all providers, thereby maintaining this significant revenue stream originally provided by the tax on utility services. However, the telecommunications tax was not expanded to the local level, except in the case of New York City and its surrounding counties.

The City of Buffalo requests that New York State authorize municipalities to tax telecommunication service providers at the same rates that municipalities are already permitted to tax the gross receipts of utility companies.

Finally, AIM funding is the life blood of municipal governments; any decrease or disruption in this funding jeopardizes essential services. In 2010, the AIM program was cut by 7.6% and has not been fully restored since. As the operating cost of running a municipality (for example: health

care, pension, cost of living adjustments, maintenance and repairs of municipal buildings and infrastructure, and essential services) has increased at an almost unsustainable pace over the last seven years, AIM funding has remained flat. My request is that AIM funding be increased to coincide with the rate of inflation.

Through hard work and careful planning, significant progress has been made in the City of Buffalo. We have worked to build a foundation for future growth and investment. I am grateful for your role in this important process and I look forward to our continuing collaborative partnership. Thank you for your time, and I wish you success in the budget deliberations ahead.