



City of Saratoga Springs

CITY HALL

474 Broadway
Saratoga Springs, NY 12866
Telephone 518-587-3550

Meg Kelly
Mayor

Michele Madigan
Commissioner of Finance

Anthony J. Scirocco
Commissioner of Public Works

Robin Dalton
Commissioner of Public Safety

John P. Franck
Commissioner of Accounts

Testimony

Meg Kelly, Mayor of the City of Saratoga Springs, City Council Member

Michele Madigan, Commissioner of Finance of the City of Saratoga Springs, City Council Member

Governor's Executive Budget 2020-2021: Video Lottery Terminal (VLT) Aid

February 10, 2020

Senate Finance Committee Chair Krueger, Assembly Ways and Means Chair Weinstein, Senate Local Government Chair Gaughran, Assembly Local Government Chair Thiele, and distinguished members of the Legislature:

Thank you for the opportunity to speak at today's Joint Legislative Hearing on the 2020-2021 Executive Budget Proposal. My name is Meg Kelly and I am the Mayor of the City of the Saratoga Springs (the "City"). I am here today, along with the City's Commissioner of Finance Michele Madigan, to speak about an issue that is critical to the health, safety, and welfare of the City.

Part KK of the Executive Budget Proposal's Public Protection and General Government Article VII legislation eliminates Video Lottery Terminal ("VLT") aid for all municipalities **hosting a VLT facility**, with the exception of Yonkers. As a host municipality, the City stands to lose \$2,325,592.00 if this proposal is ultimately adopted as part of the 2020-2021 budget. Such an abrupt elimination would strike a significant blow to the City's operating budget as it represents 5% of the City's \$48,715,917.81 overall operating budget. This sudden cut to the City's 2020 budget, which was adopted in late 2019, is essentially equivalent to nearly wiping out the entire 2020 budget of the Mayor's Department (at \$2,916,455.40) or the Department of Recreation (at \$2,489,809.75) or the Accounts Department - twofold (at \$1,262,675.70).

By way of background, VLT aid was originally established in the 2006-2007 New York State Budget to help "defray local costs associated with a video lottery gaming facility" and/or "minimize or reduce real property taxes." Since that time, the City has received between \$2-\$3 million per year and the funds have, in fact, been used to assist in the myriad of costs associated with hosting a VLT facility and to reduce real property taxes.

With regard to costs associated with hosting a VLT facility, due to the popularity of the VLT facility and other premier destination venues in the expansive City (at 28.4 sq. miles it is the fourth largest in the State outside of New York City), the City's population can swell to 100,000 per day in the summer alone – more than three times the overall City population of approximately 28,000. As you can imagine, this influx of visitors during the summer months causes a strain on City services, resulting in substantial public safety, public works and infrastructure expenditures. The City has put the VLT aid funds to good use, continually providing outstanding City services to the hundreds of thousands of visitors who not only utilize the VLT facility, but also take advantage of the City's restaurants, other entertainment venues and 60+ downtown events throughout the year. If the VLT aid were discontinued, these public safety, public works and infrastructure expenditures would have to be reconsidered, despite the great need.



City of Saratoga Springs

CITY HALL

474 Broadway
Saratoga Springs, NY 12866
Telephone 518-587-3550

Meg Kelly
Mayor

Michele Madigan
Commissioner of Finance

Anthony J. Scirocco
Commissioner of Public Works

Robin Dalton
Commissioner of Public Safety

John P. Franck
Commissioner of Accounts

As for real property taxes, the City has been able to maintain stable real property taxes for the last eight years. For 2020 alone, the City's tax levy is \$19,851,958. This falls within the State's two percent property tax cap, and results in an average decrease in real property taxes from 2019 of \$0.05%. This unexpected loss of VLT aid, a large, recurring revenue, would force the City to consider an immediate tax levy increase of 10-12%; 5-6 times the State's property tax cap. It would be a shame for the City, which has maintained an AA+ bond rating from S&P, stable property taxes within the property tax cap and remained one of the safest municipalities in New York State, to face such a predicament.

Unfortunately, this is not the first time the City has faced this issue. In 2009, VLT aid funds were reduced and, as a result, the City was forced to cut numerous police officers, firefighters and related services which have taken years to re-build. The City was unable to offset the reduction of VLT aid then, and it would face the same situation if VLT aid was wholly eliminated in this year's budget.

In sum, it is our position that now is not the time for the State to be forcing the City to cut its operating budget and city services. Rather, it should be a time for the State to tout the City's growth and stable real property taxes, and be held up by the State as an example of municipal success. In the 2020 budget, the City invested in important operating initiatives such as cybersecurity, recreation and trails, public safety improvements, and Code Blue/homeless solutions for its growing poor and homeless population. The State and the City should be investing in, not cutting, these critical services and infrastructure, so that the City's success is sustainable for the long-term.

For these reasons, the City respectfully requests that the Legislature fully restore VLT aid to the City of Saratoga Springs in the 2020-2021 New York State budget.

Respectfully submitted,

Meg Kelly, Mayor of the City of Saratoga Springs, City Council Member,

Michele Madigan, Commissioner of Finance of the City of Saratoga Springs, City Council Member