



## New York State Conference of Mayors and Municipal Officials

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119 Washington Avenue, Albany, New York 12210 • Ph (518) 463-1185 • Fx (518) 463-1190  
Toll free number for NYCOM members 1-800-446-9266  
[www.nycom.org](http://www.nycom.org)

The 2021-22 Executive Budget

Testimony of the New York State Conference of Mayors

Mayor Richard C. David, City of Binghamton

NYCOM President

and

Peter A. Baynes, NYCOM Executive Director

Before the

Joint Fiscal Committees' Hearing on the Executive Budget

Senate Finance Committee

Hon. Liz Krueger, Chair

Assembly Ways and Means Committee

Hon. Helene E. Weinstein, Chair

February 11, 2021

Albany, New York

Thank you for affording NYCOM the opportunity to express the views of our 580 member cities and villages regarding the 2021-22 Executive Budget. The State Budget, and the State Legislature's contributions to its ultimate form, play an integral role in determining the capacity and overall effectiveness of local leaders throughout New York. This year, more than ever before, we feel it is essential that you hear NYCOM's views directly from a mayor confronting the fiscal challenges caused by COVID and its related economic slowdown. To do this, allow me to introduce and turn over the presentation to NYCOM's President, Mayor Rich David of the City of Binghamton.

### AIM Funding and the State's Intercepting of Local Sales Tax Revenue

COVID-19 has had a devastating impact on municipal budgets, particularly with respect to revenue losses. In addition to the slowing down of sales tax receipts, local governments have experienced significant declines in payments related to municipally operated utilities and sanitation services, court operations, parking meters and garages, and public parks and recreation programs, just to name a few. On top of this, since June 2020 the State has been withholding 20% of local assistance payments, including AIM, CHIPS and various grant programs. While mayors appreciate the fact that this withholding has been reduced to 5% and 15% will be released to local governments by the end of March, this withholding is still exacerbating our fiscal pain. For Binghamton it means \$462,000 in lost revenue; for Buffalo, \$8.3 million; for Yonkers, \$5.5 million; for Rochester, \$4.7 million; for Syracuse, \$3.8 million. In total, this ongoing withholding is taking \$33 million from cities and villages in your districts and throughout New York. NYCOM continues to call for the full release of this withheld aid and for municipal governments to be protected from future withholdings – as the Governor proposes schools should be – in any budgetary powers language included in the upcoming state budget.

On top of this, the FY 22 Executive Budget's AIM funding for cities would be cut by a total of \$34.6 million with reductions for every city of either 2.5%, 10%, 15% or 20% based on AIM reliance – the greater the reliance the lower the percentage reduction.

Furthermore, all villages and towns would suffer across-the-board cuts of 20% in their AIM funding, an additional \$13.5 million in pressure being placed on local property taxpayers. To add insult to injury, these reduced aid payments to villages and towns would be paid for via a state intercept of local sales taxes. In a warped version of intergovernmental relations, our municipalities are actually paying for their own state aid. NYCOM is strongly opposed to these proposed cuts and we urge the Senate and Assembly to ensure full restoration in the adopted state budget. NYCOM also asks that you halt this practice of intercepting local tax revenues for state purposes, including the \$500 million in local sales tax that the state began intercepting last month to pay for fiscally distressed hospitals and nursing homes. Once again, this type of irresponsible policy represents the state shirking its financial obligations and shifting them onto local property taxpayers, and it should not be utilized by New York State.

#### State Investment in Municipal Infrastructure

Annual local highway infrastructure needs continue to far outpace the amount of resources currently available. The Consolidated Highway Improvement Program (CHIPS) – which would again be funded at \$438 million, as it has since 2013 – assists local governments with the cost of construction, reconstruction and improvement of local highways, bridges and highway-railroad crossings. NYCOM requests that the Legislature once again come through and restore the \$65 million in Extreme Winter Recovery aid that is analogous to CHIPS aid but has been left out of the Executive Budget.

Local governments are also incurring significant costs as a result of the ADA requirements to provide curb ramps whenever streets, roads or highways are altered through resurfacing. In fact, some municipalities have indicated that the added expense associated with this requirement now consumes a majority of their CHIPS allocations. This fact points to the need for a long overdue increase in CHIPS funding, along with an amendment to the CHIPS formula to provide such additional aid based on sidewalk miles in a municipality, as New York continues to recognize the benefits of walkable communities. NYCOM also supports the continuation of the PAVE-NY and BRIDGE-NY programs as reflected in the Executive Budget.

In addition to CHIPS funding, there are currently 38 cities that have arterial maintenance agreements with the State. Pursuant to these agreements, the cities maintain certain designated State-owned arterial highways and the State compensates those cities for this service. The reimbursement rate of \$.85 per square yard paid to cities for maintenance of State arterial highways has not been increased since 1987. A proposed inflationary adjustment to \$1.87 per square yard would provide a much-needed increase for the 38 cities participating in this State-local shared services program, and would represent an additional State expenditure of approximately \$12.7 million. If the State had to maintain these highways, its fiscal exposure would far exceed the reimbursements that would be paid to cities under this proposal.

Since 2017-18, the State has appropriated \$3.5 billion to address water emergencies, pay for infrastructure projects, facilitate source water protection, and investigate and mitigate water contamination. While this is clearly a significant investment, it is being phased-in over multiple years and is designed to also support a variety of initiatives. In addition, local officials have found that this funding is not readily available for non-emergency but necessary system upgrades. NYCOM supports establishing an annual funding stream dedicated to the capital needs of local water and sewer systems. This program could be similar to – or in conjunction with – the CHIPS program where every municipality would receive an allocation based on the amount of pipelines and mains owned and operated by the municipality. This would help local governments manage and invest in the replacement and rehabilitation of existing municipally owned and funded drinking water, storm water, and sanitary sewer systems, and allow for better coordination with local road reconstruction projects.

It is widely recognized that in the 21<sup>st</sup> century economic opportunity depends upon access to reliable broadband service. Robust and consistent internet access has never been more important and the COVID-19 pandemic has only amplified the digital divide and accentuated the need for broadband development. Despite the efforts of the private sector telecommunications industry, many communities throughout New York State do not have meaningful access to high-speed internet,

which continues to dramatically disadvantage residents and thwart economic development in these localities. Municipal broadband programs may help diminish the opportunity gap by providing the infrastructure necessary for internet service providers to finally extend service to areas that remain unserved by the industry. Legislation that promotes and fosters the creation of municipal broadband systems through public partnerships with internet service providers, as well as greater municipal access to the State's \$500 million New NY Broadband Program, will help fulfill the promise of the State's "Broadband for All" campaign.

### Adult-Use Cannabis: Local Control and Local Revenue

As the State Legislature once again considers taking action on the legalization of adult-use cannabis, NYCOM's membership continues to have a variety of views on the question of legalization. Nonetheless, there is absolute agreement among cities and villages on the issue of local control and local revenue if adult-use cannabis is, in fact, legalized. Specifically, any legalization scheme must 1) allow cities and villages, regardless of population size, to opt-out of allowing cultivators, processors, distributors, dispensaries, and on-site consumption establishments to operate within their jurisdictions; 2) clearly establish that cities and villages that don't opt out will still have the authority to regulate the "time, place and manner" of dispensaries and apply local zoning regulations to cultivators, processors, distributors and on-site consumption establishments; and 3) provide appropriate levels of revenue to all local governments to help offset the costs of hosting adult-use cannabis businesses and dealing with the repercussions of cannabis use. The Governor's proposal needs to be improved as it relates to local control and local revenue, since under his plan only counties and large cities would be allowed to opt out and the applicability of the local sales tax would mean any local government that is not part of a county sales tax sharing agreement would receive no cannabis-related revenue. NYCOM stands ready to work with both houses of the Legislature to ensure these important protections are included in any bill being given final consideration.

## Conclusion

Cities and villages are doing all we can to do what we do best: provide the most essential of services while maintaining fiscal prudence. Yet the economic fallout from the pandemic has placed us all in precarious budgetary positions for which we bear no responsibility. Because of this, we will continue to work with state leaders in our campaign for direct federal funding to all state and local governments. Meanwhile, we urge you to protect your local government counterparts from any state-inflicted harm and make municipal governments a greater state priority. NYCOM stands ready to work with you in partnership as we all strive to restore New York's economy.