

TIMBER | BUDGET TESTIMONY

For the Joint Legislative Hearing on Environmental Conservation for FY25 (02/07/24)

TIMBER is a non-partisan and all-volunteer community organization advocating on behalf of working people in Troy. Our top priorities in the FY25 budget are as follows:

1. **Allocate \$600 million for Clean Water Infrastructure with \$100 million dedicated to lead service line replacement programs.**
2. **Clarify the constitutionality of bonding for the *full* replacement of lead service lines.**
3. **Prohibit county and municipal IDAs from operating in the same boundaries.**
4. **Improve the Local Government Efficiency grant program.**

Clean Water Infrastructure Funding

The 2017 Clean Water Infrastructure Act established core programs that fund major local water infrastructure projects in New York State. When the act was conceptualized, funds were originally dedicated to specifically support lead service line replacement programs. In subsequent budgets, lines were collapsed into a single line funding the Environmental Facilities Corporation's Intermunicipal Grants (IMG) and Water Infrastructure Improvement (WIIA) programs. In every state budget since 2019, New York State has appropriated \$500 million for clean water infrastructure. **This year's executive budget halves New York's investment in local clean water infrastructure to \$250 million. TIMBER's top priority in this year's budget is to restore the traditional \$500 million for Clean Water Infrastructure funding, and to add \$100 million lined out for lead service line replacement.**

In Rensselaer County alone, WIIA and IMG grants have provided over \$53 million in financial assistance to critical repairs and upgrades for water infrastructure projects that include Troy's water main transmission replacement and the Albany Pool Communities plan. **In Troy, many of the projects WIIA & IMG can or do support are not just urgent, they are legally mandatory:** the US EPA has issued administrative orders relating to sewage outfalls, lead service line replacement programs, and a host of other issues. For not just Troy but all cities in the US, the EPA has proposed new regulations that will require every city in the country to fully replace 100% of their lead service lines by 2037. We strongly support that proposal, so we must also support the programs that make its implementation financially feasible. WIIA & IMG funds are a necessary component of the plan, and the need for those grants is not diminished in the slightest by the *financing* expected from the Bipartisan Infrastructure Law. Even outside of lead service line replacement, the need for WIIA & IMG is self-evident: of the almost 500 applications submitted in 2023, only 156 were at least partially funded by EFC.

Bonding To Fully Replace Lead Service Lines

In most of New York State, lead service lines become private property beginning at the curb stop. Because local governments cannot borrow money to give gifts, several local water authorities have shared concerns that they may be sued if they bond to fully replace lead service lines. While we are confident that state agencies consider any private benefit to be incidental to the public health crisis that lead service line replacement programs are obviously intended to address, local governments are stuck in a holding pattern until the state clarifies the matter. Like many other concerned and disadvantaged communities around the state, Troy does not have the liquidity to fully replace its lead service lines without bonding. This is a procedural and ethical dilemma that is morphing into a legal one, and it has not been resolved with the language from Part UU of last year's TED bill. **We are requesting that the**

state please formally, publicly, and explicitly opine on the constitutionality of bonding for lead pipe replacement programs so that local governments can plan accordingly.

Mutual Exclusivity for Industrial Development Agencies & Authorities

The public's imagination holds space to hold two Troys. One is a historically disadvantaged city blessed with a vibrant, innovative, and growing community of artists and entrepreneurs breathing new life into the local economy. While we do not expect everybody to share our skepticism about the efficacy of PILOT agreements, we do expect everybody to agree that tax breaks do not help the other version of Troy that many of you know: a cascading and absurd series of sinkholes that swallow up our roads, bridges, houses, and buses. As of the 2022 assessment roll, 46% of the municipal equalized value of properties in Troy are tax exempt, and the median household income is not very high. We do not have many tax dollars to spare.

The City of Troy's Industrial Development Authority and Rensselaer County's Industrial Development Agency are both permitted to operate within the City of Troy, and both IDAs have incentives to be the party negotiating and managing PILOT agreements with prospective projects. Because of that, developers often pit offers from one IDA against the other to get the best possible deal. Because this cycle does not serve our community's interests, we are **requesting Article VII legislation to prohibit county IDAs from operating within communities that are already supported by municipal IDAs.**

Local Government Efficiency Grants

As proposed, Part W of FY25's Public Protection and General Government bill increases the maximum awards for planning (\$20,000 per municipality, \$100,000 total) and implementation (\$250,000 per municipality, \$1.25 million total) grants. **TIMBER is enormously supportive of the Local Government Efficiency grant program, and we strongly endorse these proposed changes.** To make the grant program even stronger, we are requesting that the local matching fund requirement be waived for planning grants that either:

1. Predominantly support disadvantaged communities; or,
2. Support a total population of more than 30,000 and less than 200,000.

Local governments need the planning grant to fully assess the potential fiscal impact of a consolidation. Without the planning grant, they are betting up to \$10,000 that there will be a return on their investment. For New York State, this may sound like a negligible amount of money – and for New York State, it is! But for local governments with acute staffing and/or liquidity crises, \$10,000 from the general fund could go to any number of urgent needs for which the return on investment requires no imagination at all. Ironically, the matching fund requirement can often be a prohibitive obstacle for the very communities that LGE grants are intended to support. *We do not support a similar waiver for implementation grants.*

