



## New York State Conference of Mayors and Municipal Officials

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### The 2026-27 Executive Budget

#### Testimony of the New York State Conference of Mayors and Municipal Officials

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Before the

Joint Fiscal Committees' Hearing on the Executive Budget

Senate Finance Committee

Hon. Liz Krueger, Chair

Assembly Ways and Means Committee

Hon. J. Gary Pretlow, Chair

February 11, 2026

Hearing Room B

Legislative Office Building

Albany, New York

Thank you for allowing NYCOM to express the views of our 576 member cities and villages regarding the 2026-27 Executive Budget. The State Budget, and the State Legislature's contributions to its final form, play an integral role in determining the capacity and ultimate effectiveness of local leaders in providing the services and quality of life that will ensure our residents stay in New York.

After 15 years of flat funding and amid mounting fiscal pressures on local governments, the 2024-25 State Budget finally included a \$50 million increase in unrestricted aid for cities, villages, and towns (referred to as Temporary Municipal Assistance). This increase, which was again included in the 2025-26 State Budget represents meaningful progress and signals a stronger, more collaborative state-local partnership – and for that, NYCOM and its members are truly grateful. However, because this increase remains temporary, it is essential that the State not only maintain this \$50 million but make it permanent and build upon it going forward – ensuring stable, predictable support that strengthens our communities and eases the property tax burden on residents.

Many years ago, the State acknowledged the need to share revenue with its local governments. Revenue sharing (the precursor to the AIM program) was established as financial recognition of the essential role played by municipalities. And this program made sense because clearly there was a need, and the source of funding was to be based upon a progressive tax – the personal income tax, as opposed to a regressive tax like the property or sales tax.

The AIM program, which was established in 2006, is the latest iteration of this concept of revenue sharing – but it isn't really revenue sharing at all. There is no formula, there is no percentage of state revenue, and there is no maximum amount. And until 2 years ago, what we were left with was a \$715 million aid program for every city, town and village in the State. Not surprisingly, 15 years of level funding resulted in rising municipal tax burdens and harmful disinvestment in essential municipal services and staff. Unfortunately, a temporary \$50 million boost in aid is not sufficient to fully address this damage or the long-term challenges that we face. To truly empower local governments to make their communities safer and more affordable, we urge you to build upon this investment by committing to consistent and predictable annual increases in funding.

## **Funding for Local Roads and Bridges**

The CHIPS Program assists local governments with the cost of construction, reconstruction and improvement of local highways, bridges and highway-railroad crossings. While we appreciate the fact that transportation funding for local governments is maintained at current year levels in the Executive Budget, annual local highway infrastructure needs continue to far outpace the amount of resources currently available. Unfortunately, the current funding levels for CHIPS (and other ancillary sources of local transportation aid) only scratch the surface of addressing local needs. In addition to traditional road and bridge work, local governments are incurring additional costs as a result of the federal ADA requirements to provide curb ramps whenever streets, roads or highways are altered to ensure access to sidewalks or other pedestrian walkways. These required modifications disproportionately impact the more densely populated municipalities – such as cities and villages – that have sidewalks and crosswalks throughout their communities, especially in their downtowns. In fact, some local governments have indicated that the added expense associated with this requirement consumes almost all of their CHIPS allocation.

Given the rising costs of labor and materials, combined with the extreme weather events New York has been experiencing, the situation is creating a perfect storm for the deterioration of roads, bridges and highways. Without additional support, we risk further damage to our critical infrastructure, putting both safety and efficiency at serious risk. The Governor and the State Legislature acknowledged this issue last year by agreeing to a two-year commitment of \$50 million in 2025-26 and 2026-27 for local roads and bridges to address these growing challenges. NYCOM urges the Governor and State Legislature to increase bonded pay-as-you-go transportation funding to ensure our communities have the stable, reliable infrastructure residents depend on every day.

In addition to statewide highway funding, there are currently 37 cities that have arterial maintenance agreements with the State. Under 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 these cities for maintenance of state arterial highways has not been increased since 1987. A proposed inflationary adjustment to \$2.54 per square yard would provide a much-needed increase for the 37 cities participating in this state-local shared services

program and would require an additional state investment of approximately \$20.9 million (A.4612-A – McDonald/S.6732-A – May). If the State had to maintain these highways, the fiscal exposure would far exceed the reimbursements that would be paid under this proposal. While many of these cities are receiving assistance through the newly established State Touring Routes program, those resources cannot be used to offset the costs associated with maintaining these state arterials.

### **Lead Service Line Replacement & Formulaic Aid for Municipal Water and Sewer Systems**

NYCOM staff recently met with officials from the New York State Environmental Facilities Corporation (EFC) to receive an update on the State's efforts to remove lead from public drinking water systems. During that conversation, NYCOM emphasized the challenges cities and villages face when addressing privately owned lead service lines, including the critical need for clear statutory language authorizing local governments to use taxpayer and/or ratepayer funds for these replacements. NYCOM is pleased to report that we are actively working with legislative sponsors on a proposal to provide this necessary clarity, as New York's cities and villages remain robustly committed to ensuring we truly "get the lead out" of our communities.

That conversation also revealed a broader concern: while dozens of municipalities have been awarded grants through the Clean Water Improvement Act, many still have not received their funding due to burdensome post-award requirements that must be completed before dollars are released. This highlights a persistent flaw in grant-based programs – many smaller communities simply do not have the staffing capacity or technical resources to navigate complex administrative processes, delaying critical projects.

Let me be clear for the record: the Clean Water grant program is truly transformational and enables municipalities to undertake major infrastructure investments. We are not advocating for its elimination or replacement. However, since the Executive Budget once again funds the Clean Water program at the current level of \$500 million and includes an additional \$250 million in new water and sewer infrastructure funding, NYCOM respectfully requests that a portion of that new investment be used to seed a dedicated, formula-driven water infrastructure fund for municipalities.

To that end, we urge the State Legislature and Governor to allocate at least \$100 million for the Safe Water Infrastructure Action Program – affectionately known as SWAP (S.1850-A / A.6012-A), which is sponsored by Senator Hinchey and Assemblywoman Kelles. SWAP would establish a predictable funding stream to help local governments manage and invest in the rehabilitation of municipally owned drinking water, stormwater, and sanitary sewer systems – reducing the likelihood of more serious and costly emergencies and repairs. It would also support scheduled capital improvement planning, allowing communities to coordinate utility work with local road reconstruction projects. This alignment would save municipalities both time and money, would stretch limited resources further, and would ensure infrastructure investments are made strategically rather than reactively.

### **Housing Construction and State Environmental Quality Review Reform**

NYCOM commends the Governor for continuing to build upon her incentive-based approach to housing development as opposed to a one-size-fits-all mandate. Our members are working every day to expand housing opportunities in their communities, and we support the state funding and tax incentives necessary to remove the barriers to housing growth. We believe there is much that can be done to assist local governments in being partners in the pursuit of the housing goals we share at both the local and state levels. While local governments alone can't solve the housing challenges facing New York, there are city and village leaders in all regions of New York who are already doing their part – and want to do much more.

NYCOM has emphasized the need to build on the Pro-Housing Communities initiative by providing the tools, removing the barriers, and finding the resources to make the State's much-needed housing development a reality. In that vein, we support the Governor's ongoing commitment to the Pro-Housing Supply Fund, including an additional \$5.25 million available for technical assistance grants, \$50 million in new local assistance to enhance the Housing Access Voucher Pilot Program, and by increasing the cap on the number of land banks that can be established from 35 to 45.

NYCOM also commends and supports the Governor's proposal to reform the State Environmental Quality Review process. That support is predicated on the fact that nothing in the proposed amendments would preclude local governments from subjecting such projects to their own local environmental review. While SEQRA was intended to be

used as a shield, protecting the environment from the development of projects that did not fully consider the consequences of such agency actions, SEQRA has too often been used as a sword to prevent projects that would be good for the environment or that would be overwhelmingly beneficial for the community or the State. The Governor's proposed SEQRA reforms are targeted to facilitate projects that, by their very nature, will have minimal negative impacts to the natural environment while providing substantial benefit to the natural and built human environment in the form of housing, parks, childcare facilities, water and wastewater facilities, and green infrastructure.

### **Municipal Procurement Modernization and Parity**

While the Governor's Executive Budget includes limited procurement reforms focused on state agencies, NYCOM urges the State Legislature to also address municipal procurement. Targeted statutory updates would streamline local purchasing, reduce administrative burdens, and provide municipalities with greater flexibility to operate efficiently.

- *Increase the Monetary Thresholds for Competitive Bidding*

Current competitive bidding thresholds for local governments – \$20,000 for purchase contracts and \$35,000 for public works – have not been updated in over 15 years, despite sustained inflation. As a result, nearly all municipal procurements trigger formal bidding requirements, creating delays, limiting negotiation, and increasing administrative costs.

NYCOM recommends raising the purchase contract threshold to \$75,000 and the public works threshold to \$125,000 for local governments. These adjustments would better reflect today's costs, reduce unnecessary delays for routine projects, and allow municipalities to complete work more efficiently while preserving transparency and competition.

- *Strengthen and Clarify the Cooperative Purchasing Statute*

Cooperative purchasing under GML §103(16) is a proven, cost-effective tool that allows municipalities to access competitively awarded contracts from other governmental entities, reducing procurement time and expense. To ensure consistency statewide, NYCOM urges clarification of the statute to: confirm cooperative purchasing does not apply to public works; reaffirm the validity of qualifying cooperative contracts; allow multiple awardees under best value; and encourage the use of intermunicipal

agreements for shared services or joint bidding. NYCOM also supports making GML §103(16) permanent to enable multiyear planning and long-term capital investment.

Municipal procurement is burdened by outdated and unfunded mandates that drive up costs, limit local discretion, and ultimately impact property taxpayers. Providing mandate relief by modernizing procurement requirements would help municipalities deliver essential services more efficiently, reduce expenses, and strengthen local fiscal stability.

### **Cannabis Excise Tax Remittance Reform**

Under the Marihuana Regulation and Taxation Act (MRTA) enacted in 2021, counties are required to distribute 75 percent of the local four percent cannabis excise tax to the cities, towns, and villages in which licensed dispensaries operate. However, this statutory framework is not functioning as intended.

Pursuant to MRTA, counties must distribute cannabis tax revenues within 30 days of receipt from the State Comptroller. However, counties are frequently unable to distribute these revenues to the appropriate municipalities due to inconsistencies between the monies provided to them from the State and the sales information reported from the Office of Cannabis Management (OCM).

The tax distribution process is designed to operate sequentially: dispensaries report revenues to the Department of Taxation and Finance; the Office of the State Comptroller disburses funds to counties; OCM provides location-specific sales data; and counties then allocate payments to municipalities. Frequently, this process does not work as envisioned in the law, with fund disbursement and sales data being reported at different times. Adding to the difficulties is the fact that OCM's sales data, upon which the tax distribution is supposed to be calculated, does not align with the funds provided to the county because the dispensaries sometimes make late payments, which may include penalties and interest.

NYCOM respectfully urges the Governor and State Legislature to include a statutory remedy in the state budget requiring the Department of Taxation and Finance to report how the tax should be distributed. This correction is necessary to restore the integrity of the distribution process, realize the original intent of the legislation, and fulfill

the State's promise to those communities that partnered with New York to allow adult-use cannabis dispensaries to operate within their jurisdictions.

### **Emergency Medical Services (EMS)**

NYCOM is grateful to the State Legislature and the Governor for reaching an agreement on chapter amendments to the Statewide EMS Assessment legislation championed by Senator Shelley Mayer and Assemblymember Steven Otis. This important measure establishes a collaborative local planning process requiring counties, cities, towns, and villages to develop a comprehensive EMS plan within six months of enactment. Led by counties, this coordinated approach will help identify gaps in coverage as well as the most effective strategies to ensure reliable emergency medical services across New York State. NYCOM appreciates this thoughtful framework and the State Legislature's commitment to engaging local governments as partners in addressing the EMS crisis.

However, planning alone will not resolve the challenges facing EMS providers. Sustainable financial resources are essential to recruit and retain frontline personnel and to support training, address burnout, and respond to the mental health impacts inherent in this profession. As this assessment moves forward over the coming year, NYCOM looks forward to gaining a comprehensive understanding of EMS needs across the State, which will allow local governments to work with state leaders to quantify a meaningful fiscal request during next year's budget process.

### **Municipal Workforce Challenges**

From Long Island to Western New York, local governments are confronted with significant challenges in recruiting and retaining qualified employees who are genuinely interested in local government. The ability to offer competitive salaries often pales in comparison to the private sector, making it difficult to attract top talent. Additionally, the nature of essential public services doesn't lend itself to hybrid or remote work, both of which have become increasingly popular since the COVID pandemic. To address these challenges, the Civil Service Law and other restrictive statutes must be amended to grant local officials an appropriate level of flexibility in hiring and workforce management. Additionally, our members need the necessary tools and resources to make their cities and villages "great places to work" and to better market employment



opportunities in municipal government. While the following recommendations are technically policy initiatives, they nonetheless have municipal budgetary implications.

Current law prohibits a New York State retiree receiving a public pension from earning more than \$35,000 per year in public employment while under the age of 65 without incurring a potential reduction of their pension benefits. The \$35,000 cap makes it difficult for some municipalities to find qualified and experienced public sector retirees who are willing to accept employment at that salary level. The cap should be increased to at least \$50,000 (as proposed in A.8720-A – Stirpe/S.6956-B – Ryan, C.), which will make it easier for a municipality to hire public sector retirees without the added expense of paying for costly fringe benefits that are frequently associated with non-retiree employment positions.

Additionally, NYCOM respectfully requests that the Governor and State Legislature expand the list of titles eligible for appointment without examination for professional, scientific, technical, information technology, and other specialized positions, including water and wastewater operators and engineers. Many of these roles already require state-approved licensure or certification, making an additional civil service examination duplicative and unnecessary. Updating the statute would help municipalities fill critical positions more quickly, strengthen essential services, and better meet the evolving workforce needs of their communities.

### **Federal Funding Uncertainties**

Given the very real threat of federal funding cuts to New York, the State must not pass that burden onto local governments, which are already operating under significant fiscal pressures. We must work collaboratively to navigate these challenges and manage any resulting consequences to ensure the continued success and stability of our communities and our State.

Maintaining state assistance is essential to helping cities and villages navigate this financial uncertainty and maintain the infrastructure and services that are the foundation of strong, vibrant communities. By providing increased state aid, technical guidance and targeted infrastructure opportunities, New York can help municipalities bridge the gap that might result from declining federal funds. Investments in public works projects, sustainability initiatives and economic development will ensure continued growth and resilience across the State, regardless of what happens in

Washington. NYCOM urges the Governor and State Legislature to support our municipalities as they navigate these uncertain financial times.

## **Conclusion**

The Governor and State Legislature have rightly identified affordability as the single biggest challenge facing New York today. Just like families sitting around the kitchen table trying to put together a household budget amid the rising cost of living, local officials are gathered in our city and village halls, working to craft budgets that meet the needs of their residents while continuing to deliver the essential services communities rely on. Cities and villages are doing everything they can to manage spending, but the financial trajectory they're on – without adequate state support – is simply not sustainable. With potential federal funding cuts on the horizon, ARPA funds now depleted, and the rising costs of labor and materials, local governments in New York urgently need funding, resources and a genuine commitment from the State to overcome the obstacles to efficiency and community renewal. And we need to ensure that efforts to address the State's affordability crisis do not come at the expense of keeping our local governments affordable as well. We call on you to be partners in reversing these challenges and restoring strength to our cities, villages, and our State. NYCOM stands ready to assist you in that critically important effort.