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Submitted to: New York State Assembly Committee on Ways and Means

New York State Senate Finance Committee

Joint Legislative Budget Hearing on Local Government

February 11, 2026

I. Introduction

Leading local governments has always been difficult and multi-faceted. The task has always been tall: ensuring public safety, providing for parks and open spaces, maintaining infrastructure are demanding and around the clock jobs. In recent years, the assignment has become even bigger: we have to become a competitive employer of choice, mitigate the threat of climate change, and build a new generation of housing while protecting our most vulnerable tenants.

This is a difficult portfolio to undertake, even with the best of circumstances. This is amplified by the impact of the structural fiscal challenges Syracuse faces. With a tax-exempt property crisis and state aid still lagging behind, we urgently need assistance to meet the moment.

II. The Tax-Exempt Property Crisis

The largest fiscal burden faced by the City of Syracuse stems from the vast amount of tax-exempt property in our community.

By far, the largest private landowner in the City of Syracuse is Syracuse University. With nearly \$1 billion in real estate holdings, the tax-exempt University pays about \$2 million per year in various taxes and fees, substantially less than the nearly \$30 million they would pay annually in taxes if their property was fully taxable. In addition, the University does pay about \$2 million per year to the City through a service agreement. This agreement and that gap in revenue is the subject of a forthcoming report from my office.

The State of New York is a major driver of this fiscal burden, owning approximately \$400 million in property across the City of Syracuse. New York State owns property through SUNY Upstate Medical University, SUNY College of Environmental Science and Forestry, other state facilities, and a growing tax-exempt footprint around Interstate 81. This is not a criticism of the missions of our SUNY neighbors; in fact, New York's continued support for these institutions is vital. Both SUNY ESF and SUNY Upstate have struggled financially themselves and require the continued investment of our state.

These institutions require a thriving City around them to continue their successful trajectory. Our SUNYs have thousands of employees who need reliable water infrastructure, trustworthy public safety, and the roads to and from these campuses must be plowed – always a top priority in Syracuse. Their fates are inextricably linked to that of the City of Syracuse, making state investment in our City’s operations even more critical.

III. AIM Funding

Aid and Incentives for Municipalities began in 2006 as a way to consolidate several different municipal funding programs. It was supposed to include annual increases between 2.5% and 7.5% as an incentive for various policy initiatives, including keeping property taxes low. That program was frozen and then cut by Governor Andrew Cuomo in 2012.

Had AIM funding continued on that trajectory, the City of Syracuse would be receiving \$106 million in state aid this year. That would cover our projected budget deficit with even more additional resources. It would also have eliminated the need for four proposed (three enacted) property tax hikes in the last decade.

Instead, we have received a flat \$71,758,584 each year since 2012. The difference between AIM funding we have received and what we could have received adds up to over \$276 million. Those are funds that could have been used to proactively improve aging infrastructure, strengthen public safety forces, build housing, and meet the myriad challenges we face at this time.

I want to commend Governor Kathy Hochul and the legislature for the inclusion of “Temporary Aid to Municipalities” in this year’s budget proposal and the last two years. That will total \$15 million in additional funding – a down payment on the future relationship between cities and New York State. This additional funding is a good start, but we ultimately need a longer-term vision for the needs local governments.

IV. Conclusion

I urge the Governor and Legislature to begin righting this historic wrong by moving towards a 30% increase in AIM funding for all local governments. This would be an increase of just over \$200 million in the state budget – less than 1% of the total – but a major boon to our ability to provide essential services every day. This would result in still less than \$1 billion in funding for the AIM program.

This investment is possible. According to Governor Hochul’s own budget book, current state reserves are six times larger than when she took office and revenues are exceeding projections. Additionally, I support the “Invest in Our New York” slate of proposals to increase taxes on the wealthiest people in our state to find additional funding for essential services.

Increasing funding for local services ensures that cities can continue providing the essential services and investing in the future our communities deserve.