Executive 2019-20 State Budget

30 Day Budget Amendment Requests

NYSAC
NEW YORK STATE ASSOCIATION OF COUNTIES

February 8, 2019

Charles H. Nesbitt, President
Stephen J. Acquario, Executive Director

Dear Governor Andrew M. Cuomo,

The recent developments of a budget revenue shortfall of $2.3 b in SFY 2018-19, will present immediate challenges to the state and its people. On behalf of the county governments of the state, we pledge our support and partnership to maximize efficiencies and cost savings in state-level programs.

The counties of New York want to express support for many aspects of your Executive Budget recommendation for State Fiscal Year 2020. Counties continue to support sales tax conformity and fairness in relation to internet transactions, as well as periodically reviewing sales tax exemptions, including the one provided to energy service companies to see if their original purpose has been accomplished and whether the exemption should sunset. Sales tax is a key revenue source for counties, cities, towns and villages and it helps reduce reliance on the regressive property taxes.

Counties also support many of the policy goals of voting reforms being considered in your Budget and acted upon by the Legislature, as well as many of the criminal justice bail reforms and environmental initiative. However, counties would also like you to consider the following as you contemplate a package of 30-day amendments to the Budget.

Election Reforms

Counties support many of the election reforms and believe they can help improve voter engagement and turnout; however, it is necessary for the state to provide funding to help cover the implementation costs of these reforms.

Counties request that you consider providing, as part of your 30-day amendment package, funding for early voting and the capital expense of e-poll books. Counties do not have the capacity to pay for this initial capital expense. In some cases, the cost for purchasing e-poll books will exceed the county's allowable tax cap growth. We also believe it would be prudent to form a statewide taskforce of key election experts, including county officials, to study the local government cost implications of the many voting reforms and to have this taskforce make recommendations to you and the Legislature on future funding needs.

Bail Reform

Counties support many of the goals included in your bail reform proposal, but we have concerns about implementation costs. We anticipate significant costs related to supervision and monitoring under the reforms. There will be higher staffing costs, as well as costs related to electronic monitoring equipment, training, ensuring appropriate services are available in the community, transportation and technology support. While we cannot directly identify the total new costs under the proposal, we believe they could exceed the property tax cap for some counties, depending on what the final language includes. We will also need to address the process the State Commission on Corrections uses when it requires counties to build or expand jails or modify staffing levels, especially if the jail census declines significantly as a result of these reforms, in conjunction with marijuana legalization, Raise the Age implementation and indigent defense reforms.

As with the election reform proposals, we strongly encourage you to consider, as part of any 30-day amendment package, new language that creates a statewide task force of experts, including county officials, to study the cost implications of these reforms for counties and to make recommendations to you and the Legislature on future funding needs.

Indigent Legal Services

Counties strongly support your Budget proposal to provide $100 million to fully fund, with state resources, the expansion of the *Hurrell-Herring* settlement to the remaining 52 counties. Fully funding this important initiative protects local property taxpayers from further tax hikes and fulfills a key promise you made for this historic initiative.

Counties seek clarification in any 30-day amendment package on how the 12-month reimbursement language included in the Executive Budget would work for existing claims and how this would work in the future to ensure county costs are fully reimbursed.

Adult-Use of Marijuana

This Executive Budget proposes to impose three taxes on recreational marijuana. The first tax is imposed on the cultivation of cannabis at the rate of $1 per dry weight gram of cannabis flower and $0.25 per dry weight gram of cannabis trim. The second tax is imposed on the sale by a wholesaler to a retail dispensary at the rate of 20 percent of the invoice price. The third tax is imposed on the same sale by a wholesaler to a retail dispensary at the rate of two percent of the invoice price, but it is collected in trust for and on account of the county in which the retail dispensary is located.

Counties will require additional revenue to ensure adequate public safety (including training and staffing costs for drug recognition experts) and ensure public health needs are met. We urge the state to change the retail tax from this new model that is to be held in trust for and on the account of the county to the traditional sales tax arrangement of four percent. Marijuana retail sales should be treated in a similar way as alcohol beverage and tobacco sales.

Restore Targeted Funding Cuts to New York City

NYSAC is requesting the Governor reconsider proposed funding cuts targeted at New York City. Expanding New York City's fiscal responsibility for placements to Family Assistance will cost City taxpayers over $72 million in 2020, according to estimates from the Division of Budget. NYSAC also opposes state reimbursement cuts to New York City public health programs and asks that they be reversed in any 30-day budget amendment period. These funding cuts are estimated to reduce state funding to New York City by nearly $27 million in 2020, according to state budget estimates, growing to over $50 million.

Early Intervention

NYSAC supports the proposed five percent rate increase for targeted service providers. Though it remains to be proven whether or not this rate increase will improve provider capacity, we believe this increase may prevent further erosion of existing capacity. However, this rate increase places an increased cost mandate on counties. County budgets for 2019 have already been adopted without consideration of this rate increase. We respectively ask that you include funds as part of your 30-day budget amendment to offset the county share of these increased rates.

Making the Property Tax Cap Permanent
Counties support making the property tax cap permanent. Counties would strongly support amendments to your budget to provide some additional safeguards, including:

- *Making local sales tax authority permanent at existing levels to help ensure stability of this key revenue source for counties, cities, towns and villages*. A consistent and reliable sales tax is the foremost revenue option to keep downward pressure on property taxes. New York City was provided permanent authority to maintain their 4.5 percent local sales tax rate in 2009. Counties were encouraged by your support of this permanent authority in the past and hope it can be achieved as part of your amended budget. Senate Bill 3162 (Amedore) provides the necessary language.
- *Reducing the cost of existing mandates and avoiding the implementation of new ones*. Making the property tax cap permanent helps no one if future governors and legislatures can simply place new cost burdens on counties and other municipalities. Your record in this regard has been far better than previous governors, but, to ensure this does not happen in the future, "no new unfunded mandates" legislation should be included as part of your 30-day amendment package to lock in this protection for local property taxpayers.

Provide Design Build Authority to Local Governments
The State has used design-build authority to build major infrastructure projects in recent years with great success. Projects have come in at lower costs and on time. This authority has also been granted to New York City on select projects. NYSAC supports providing design build authority to New York City and other localities subject to agreed upon population and project cost thresholds. Local taxpayers can benefit from lower costs and fewer construction days.

Health Insurance Consortiums/Shared Services
More than 20 counties, and dozens of municipalities, want to form health insurance consortiums to help reduce costs for property taxpayers. Unfortunately, New York State health insurance law continues to be a major barrier to establishing these consortiums. Counties encourage reforms to Article 44 and 47 to help facilitate the creation of these major cost containment proposals. Counties support the reforms found in Senate Bill 1408 (Breslin), which would lower the number of required lives, reduce reserves, and expand types of entities that could join municipal health consortiums. We encourage the inclusion of these reforms in any 30-day amendment package you submit.

Establish a Statewide Paint Stewardship Program
Nearly four million gallons of leftover paint are generated annually in New York State. Local governments would need to spend $31 million to properly manage this waste stream. Enacting a statewide paint stewardship program would relieve financial burdens on municipalities, establish new convenient locations for residents to drop off their paint, increase paint reuse and recycling, and create recycling-sector jobs.

Today's reality, without a paint stewardship program, is that municipalities spend about 50 percent of their Household Hazardous Waste budgets to manage a small fraction of leftover paint. Despite the efforts of local government, which spend an estimated $3.1 million each year to manage paint, most leftover paint is disposed of in the garbage. Paint stewardship programs are supported by local government agencies, paint recyclers, the paint industry, environmental groups and the Environmental Protection Agency.

We request the State Budget be amended to establish a statewide paint stewardship program. Senate Bill 881 (O'Mara) of the 2017-2018 legislative session would accomplish this goal.

Bottle Bill Expansion

Counties oppose the limited proposed Bottle Bill expansion, as it is projected to result in a $10 million loss of curbside bin value statewide. This comes at a time when declining paper values have already cost local recycling programs more than $40 million. Instead of adding non-alcoholic beverage containers to the Bottle Bill, we urge the State to add a deposit to all glass beverage containers, including wine and liquor bottles, glass hard cider bottles, and non-alcoholic glass beverage containers in order to increase glass recycling, reduce municipal recycling costs, and reduce glass contamination in the curbside recycling stream.

Sports Gaming

The current regulatory proposal by the New York Gaming Commission will allow for sports wagering exclusively onsite to the four commercial casinos and within the Native American casinos. These regulations will not permit online sports betting nor offer sports betting to a licensed off-site non-casino entity such as an OTB or racino.

Under this proposal and without future state legislative action more than half of all New York counties will not be provided any revenue share to offset the public service needs that come with legalized sports gaming. This is because under current law while commercial casinos are required to share revenue on any type of gaming, Native American casinos only need to share revenue from VLT spending.

Sports gaming will require an increase of county services including, but not limited to, departments impacted by increased gamble addition rates (Health, Social Services), increased by public safety needs (Sheriff, Road Patrol, District Attorney, Public Defender) and increased infrastructure needs (Highway).

The solution is New York State needs to distribute a portion of revenue the State obtains from sports gaming to the counties in the Native American gaming zones. This State revenue cannot be taken from the portion dedicated to the counties in commercial zones as this revenue is already needed to offset their local government increased services.

Community College Funding

Counties have raised concerns over the years regarding the State's funding commitment to community colleges. At one time, the state funding commitment was 40 percent, but today it hovers below 25 percent, leaving students and counties to pay more. The state financing mechanism linked to the number of full-time equivalent students (FTEs) on each campus creates a roller coaster state funding impact for students and counties. In addition, over the last decade state support has fallen far short of the rate of inflation.

To help alleviate this problem and stabilize the community college system, the SUNY Chancellor is proposing a new methodology that would create a state maintenance of effort for the funding of community college campuses. The new formula would prevent cuts in base aid and create a state funding floor for each campus. In addition, the Chancellor is calling for a $125 increase in state funding for FTE students from $2,847 to $2,972 per student. Even at this proposed rate, the state FTE support would still lag behind the inflation adjusted rate since 2008 (which would amount to $3,184). New York's counties support the Chancellor's proposal, as well as the community college presidents and faculty and we ask that the Chancellor's proposal be included in the amended state budget.

I know the challenges of governing are difficult, especially with uncertain federal relations. We pledge full partnership with you as you continue to govern the great State of New York.

Thank you for your consideration.

Sincerely,

Stephen J. Acquario

Stephen J. Acquario
Executive Director