Interim

Executive 2020-21 State Budget

County Impact Report

January 23, 2020

Hon. John F. Marren, President
Stephen J. Acquario, Executive Director
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Introductions
New York State Governor Andrew Cuomo released his 2020-21 Executive State Budget proposal on Tuesday, January 21, 2020. Below please find NYSAC’s initial analysis for how some of the budget proposals could impact county governments. Please note that this is not a final document as there remain some areas of uncertainty that need to be clarified and there may be other budget proposals that have not yet been identified that could impact counties. We will update this report as more information becomes available.

Closing the Fiscal Gap
Balancing the State Financial Plan. The key elements of the FY 2021 gap-closing plan include:

- **Tax Receipt Revisions ($2.1 billion)** – The Budget increases expected revenues based on year-to-date performance of state tax receipts, which are $1.5 billion (2.7 percent) above the initial estimate of which personal income tax (PIT) receipts were $1.3 billion higher.

- **The Medicaid Redesign Team ($2.5 billion)** - The Budget proposes reformulating the Medicaid Redesign Team and requiring it to find $2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate. The Team’s recommendations are due prior to the Enacted Budget.

- **Cut Local Assistance ($1.8 billion)** – A wide variety of spending reductions across the Local Assistance budget. This includes
  - $150 million in state savings from modifying the local Medicaid cap by requiring counties to stay within their two percent property tax cap and also limit local Medicaid cost increases to no more than three percent. The budget assumes that some counties will fail to satisfy these targets.
  - $275 million by providing less School Aid funding than the existing formula requires (funding is increased by 3 percent rather than 4 percent).
  - The budget also increases the local share for New York City to support TANF and other federal social services programs raising the share from 10 percent to 15 percent. The state estimates $51 million in new costs to the City in the first year.
  - $30 million reduction in state support for community colleges.
  - $25 million from ending state support for early voting and other election laws.

- **Flatlining State Agency Spending for Operations ($360 million)** – There will be a $359 million reduction in baseline funding that will come from agency operations, including fringe benefits. The Executive Budget holds agency operations spending flat at $10.7 billion on a State Operating Funds basis. In addition, sensible reforms are again advanced to achieve savings in health insurance and judgments against the State.

- **Other Actions ($252 million)** - This includes debt service savings from refunding’s, prepayment of expenses, and other portfolio management; an increase in hard dollar capital resources to ensure the State remains within the statutory debt limit; and a range of administrative actions to manage costs.
Executive Budget Reduction Authority
The budget maintains the Governor’s ability to trigger automatic spending cuts of up to 1 percent of the state operating fund if Financial Plan revenues are more than $500 million out of balance. This 1 percent equals about $1 billion in actual cuts.

The Budget also proposes to continue the Governor’s administrative authority to cut Medicaid spending if federal Medicaid funding is reduced by more than $850 million, or he can cut other spending if federal budget changes reduce federal support by more than $850 million outside of Medicaid.

Changes in Taxation
Major Revenue Proposals
There are 28 new revenue actions proposed in the Governor’s Budget that will raise about $78 million annually after full implementation by 2023. Some of the major provisions include:

- Making warrantless state tax debt collection permanent – increases receipts by $40 million
- Reducing taxes on small business – would reduce state revenues by about $40 million annually upon full implementation
- Cap the tax credit and income threshold on long term care insurance – increases state revenue by $28 million
- Enhance the Empire State Child Credit for families with children under 4 – reduces state revenues by $157 million upon full implementation
- Eliminate Quick Draw minimum size restrictions – increases state revenue by $30 million
- Shift the Basic STAR exemptions to a STAR tax credit – reduces general fund spending by $74 million
- Enact a Cannabis Regulation and Taxation Act – increases 2021 revenue by $20 million rising to $188 million by 2025

State Spending by Functional Areas
Below is an interim analysis of Governor Andrew M. Cuomo’s Fiscal Year 2020 Executive Budget Proposals that impact counties. NYSAC will continues to review the specifics of the proposals.

Aid and Incentives to Municipalities (AIM)
The Executive Budget maintains the existing law requiring counties to pay AIM costs to towns and villages.

Clarify Administration of AIM-Related Sales Tax Payments. Legislation submitted with the Budget clarifies the administration of AIM-related sales tax payments for municipalities in counties with a control board (Erie and Nassau) to reflect the statutory intent of changes made in the SFY 2020 Enacted Budget. There is no change to associated funding levels.
Aging

**Expanded EISEP Services.** The Executive Budget proposes to include a $15 million for EISEP services through local Offices for the Aging. This funding was included in the SFY 20 Enacted Budget. Furthermore, the typical 25% local maintenance of effort match is exempt from this funding. The funds must be used to address the unmet needs of the elderly as reported to NYSOFA.

Agriculture

**Provides Agriculture and Markets Local Assistance Funding.** The Executive Budget provides $27.4 million in Ag & Markets local assistance appropriations. The briefing book states that the appropriation decrease is a result of the Taste NY program being consolidated at ESD and a right-sizing of the Grow NY appropriation.

<table>
<thead>
<tr>
<th>Agriculture Grant Programs</th>
<th>2019/20 Enacted Budget</th>
<th>2020/21 Executive Budget</th>
</tr>
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<tbody>
<tr>
<td>Ag. Child Care (Migrant) (10913)</td>
<td>$9,275,000</td>
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<td>Rabies Prevention (10925)</td>
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<td>Avian Disease (10924)</td>
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<td>Cornell - Pro Dairy (11470)</td>
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<td>School Local Food Prog. Compet. Fund (11405)</td>
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<td>Maple Producers Association (10945)</td>
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<td>NY Corn and Soybean Growers (11454)</td>
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<table>
<thead>
<tr>
<th>Project Name</th>
<th>FY 21 Total</th>
<th>FY 20 Total</th>
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<tr>
<td>Cornell Onion Research (10948)</td>
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<td>Cornell Vegetable Research (11401)</td>
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<td>Cornell Hard Cider Research (11441)</td>
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<td>Cornell Concord Grape Research (11444)</td>
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<td>Geneva Experiment Station–Hop Testing (11466)</td>
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<td>Cornell Veterans to Farms (11417)</td>
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<td>NYS Turfgrass Assn.</td>
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<td>Farmers Market Federation (11412)</td>
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<td>State Brewers Association (11428)</td>
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<td>NY Cider Association (11429)</td>
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<td>State Distillers Guild (11430)</td>
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<td>American Farmland Trust</td>
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<td>Cornell - Salmonella Dublin Bacteria</td>
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<td>Teens for Food Justice</td>
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<td>Red Hook Farms Initiative</td>
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<td>Met Council Kosher Food Network</td>
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<td>Harvest NY</td>
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<td>Agricultural economic development (10902)</td>
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<td>On-farm health and safety program administered by Mary Imogene Basset hospital</td>
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<td><strong>Total</strong></td>
<td><strong>$33,243,000</strong></td>
<td><strong>$27,408,000</strong></td>
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*Expand Access to New York Grown Agricultural Products.* The Executive Budget continues funding for agricultural initiatives, including $28.9 million for the New York State Grown and Certified program. Beginning in FY 2021, appropriations and spending for the Taste NY program will be consolidated at the Empire State Development Corporation.

*Enhance Dairy Products Inspections.* The Executive Budget includes funding for eight new dairy products inspectors and associated lab staff at Ag & Markets to meet increased need and reduce public health risks.

*Extending and Expanding the New York State Fair.* The Executive Budget includes $15 million in capital appropriations, an increase of $10 million from FY 2020, to make continued improvements to the State Fairgrounds and to make electrical upgrades to temporary structures. Ag & Markets will continue repair and rehabilitation of the Fair’s facilities to allow for year-round operation of the Fairgrounds, including the Expo Center. The Executive Budget also includes an additional $4.9 million in appropriations to extend the State Fair by five days, which will include an additional weekend and new programming.

*Address the Growth in the State’s Hemp Industry.* The Executive Budget includes $1.1 million in resources to support nine additional hemp oversight and inspection related...
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staff. Hemp legislation was signed into law in December 2019 to establish a regulatory framework for the production and sale of hemp and grants the Ag & Markets supervision over hemp growers.

*Expand the Definition of "Immediate Family Member" in Farm Labor Statute.* Current definitions of "employee" and "farm laborer" in farm labor statute include the "employer's immediate family," which includes the spouse, parent or child of the farm owner. The definition does not include extended family members such as nieces, nephews, cousins, and siblings of the farm owner. The Executive Budget would amend Labor Law to expand the definition of "immediate family member" in farm labor statute to include family related to the third degree of consanguinity or affinity.

*Apply Federal Procurement Procedures and Discretionary Limits to Child Nutrition Programs to Increase the Purchase of Locally Produced Foods in New York Schools.* This bill would amend the General Municipal Law to streamline procurement processes and increase the discretionary spending threshold to encourage school districts to purchase more New York state food products.

**Community Colleges**
The Executive Budget reduces aid for community colleges by $31 million.

**Table 10: Higher Education General Fund Spending**

<table>
<thead>
<tr>
<th>Category</th>
<th>Academic FY 2020 (millions)</th>
<th>Academic FY 2021 (millions)</th>
<th>Change Dollars (millions)</th>
<th>Change Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUNY State-Operated Campuses (a)</td>
<td>3,025</td>
<td>3,122</td>
<td>97</td>
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<tr>
<td>CUNY Senior Colleges (a)</td>
<td>1,371</td>
<td>1,394</td>
<td>23</td>
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<tr>
<td>SUNY and CUNY Debt Service</td>
<td>1,186</td>
<td>1,320</td>
<td>134</td>
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<td>HESC Financial Aid Programs</td>
<td>1,063</td>
<td>1,097</td>
<td>34</td>
<td>3.2</td>
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<tr>
<td>Community Colleges (b)</td>
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<td>702</td>
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<td>(4.2)</td>
</tr>
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<td>SED Programs</td>
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<td>General Fund Total</td>
<td>7,505</td>
<td>7,762</td>
<td>257</td>
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</table>

Includes funding for campus operations and employee fringe benefits. Decrease is largely attributable to changes in enrollment.

**Early Childhood Development and Children with Special Needs**

*Early Intervention.* While 42 percent of children receiving early intervention services have commercial health insurance, only 2 percent of early intervention services are paid for by commercial health insurance. As a result, the State and localities are paying for medical services that should otherwise be covered under the recipient’s private health insurance. The Executive Budget includes a series of reforms, including:

- Amending Insurance Law as necessary to create a pay and pursue model for the program that stipulates insurers must pay an early intervention program service claim...
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to a provider that participates in the insurer’s provider network where the insurer’s obligation to pay is reasonably clear, even though there may be a disagreement about whether the early intervention program service was medically necessary. Section one also allows insurers to initiate a non-expedited external appeal following payment of the early intervention program service claim to determine whether the early intervention program service was medically necessary. Finally, section one also provides that none of the Pay and Pursue changes prohibit an insurer from requiring pre-authorization for EI services. Commercial insurance funds less than 2 percent of total EI costs, although 42 percent of children have commercial insurance (around 25,400 children). This suggests that commercial insurers are approving 15 percent of provider claims. This proposal seeks to increase the percentage of total EI costs that commercial insurance funds.

- Requiring market conduct examinations led jointly by DOH and DFS to ensure insurers are enforcing current rules and regulations and that providers are complying with current requirements.
- Clarifying benefit coverage that specifies coverage rules, including that insurers cannot offset coverage limits for therapies.
- Creating new regulations on network adequacy to specify that plans that have an adequate network must also have an adequate early intervention network.
- Updating billing codes to allow for more accurate billing.
- Streamlining provider agreement process to accept existing Insurance Plan credentialed/approved practitioners as approved EIP.
- Deferring the Cost of Living Adjustment (COLA) Payment. The Budget defers FY 2021 SOFA COLA payment, saving $3.6 million in FY 2021.

Align Fiscal Responsibility for Committee on Special Education Placements. The room and board costs for children with severe disabilities placed by Committees on Special Education are shared between local social services districts, school districts and, for placements made by committees outside of New York City, by the State. This proposal would eliminate the 18.424% State share for placement by districts outside of New York City, and increase the school district’s share by an equal amount from 38.424% to 56.848%.

Economic Development
Regional Economic Development Councils. The Executive Budget includes core capital and tax-credit funding that will be combined with a wide range of existing agency programs for a tenth round of REDC awards totaling $750 million. The core funding includes $225 million in grants and tax credits to fund high value regional priority projects. The Budget also makes $525 million in resources from State agencies available to support community revitalization and business growth consistent with the existing Regional Council plans through the Consolidated Funding Application process.

Downtown Revitalization. The Executive Budget proposal provides $100 million for a fifth round of the Downtown Revitalization Initiative.

Removing Unnecessary Barriers to Obtaining Occupational Licensing. The Executive Budget amends General Business Law, Executive Law and Real Property Law to
remove the requirement that prospective occupational licensees – including licensing for jobs such as security guards, notaries, and real estate brokers be either U.S. citizens or green card holders.

*Establish Internet Neutrality Principles, Enforcement and Compliance Provisions in Public Service Law and Incorporate Internet Neutrality Principles into the State's Procurement Process.* Net neutrality is the principle that Internet service providers should enable access to all content and applications regardless of the source and without favoring or blocking particular products or websites. The Executive Budget would establish internet neutrality principles for all broadband, fixed and mobile service providers in Public Service Law and would require all state entities to contract only with internet service providers (ISPs) that adhere to net neutrality principles.

*Small Wireless Facilities Deployment.* The Executive Budget would establish a uniform process for the statewide siting of small cell wireless facilities by authorizing municipal corporations to impose fees on wireless providers for the use of municipally owned rights of way and for the installation of small cell wireless facilities on municipally owned utility poles.

*Extend and Expand the Infrastructure Investment Act.* The Executive Budget would expand the provisions of the Act to enable DASNY, UDC, OGS, the State University Construction Fund, the Battery Park City Authority, and ORDA to be added to the list of entities that are currently authorized to use design-build in order to optimize quality, cost and efficiency. The legislation also extends the Act’s authorization until July 1, 2023.

*Amend Economic Transformation Program Eligibility.* Chapter 61 of the Laws of 2011 established that communities affected by prison closure between April 1, 2011 and March 31, 2012 would qualify for economic development assistance funding under the Economic Transformation Program. The Executive Budget would eliminate the March 31, 2012 deadline to allow all communities affected by prison closures since April 1, 2011 to qualify for the program.

*Make Permanent the New York Buy American Act.* The New York Buy American Act requires that certain surface roads and bridges be constructed with American made iron and steel. This bill would make the Act permanent by removing the expiration date.

*Require Prevailing Wage to be Paid on Certain Private Construction Projects.* This Executive Budget would add a new section of the Labor Law, §224-a, to require prevailing wage to be paid on certain construction projects that are funded with public funds. This includes projects that are paid for with at least 30 percent public funds with project costs that exceed $5 million. A stop work order may be issued for failure to comply with or intentionally evade the provisions of the prevailing wage requirements. A public subsidy board would be empowered to examine and make any necessary adjustments to thresholds included in the bill, as well as determinations related to applicability of this section to projects undertaken with benefits stemming from certain programs. This bill would be effective July 1, 2021 and would not apply to any appropriations of public funds made prior to such date or any projects commenced prior to such date.
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Establish the New York Digital Marketplace Worker Classification Task Force. xxii This Executive Budget would establish the New York Digital Marketplace Worker Classification Task Force to issue recommendations related to wages, classification, employment criteria, safety and health regulations, collective bargaining, and anti-discrimination protections for on-demand workers. The Commissioner of Labor is authorized to promulgate regulations related to the classification of workers in the on-demand economy.

Expand Free College Tuition to More Middle-Class Families. xxiii The Executive Budget would expand free college tuition to more middle-class families by raising the Excelsior eligibility threshold from $125,000 to $150,000. The income eligibility threshold will increase to $135,000 in academic year 2021 and fully phase in to $150,000 in academic year 2022. By increasing this threshold, more than 230,000 New York residents can attend SUNY or CUNY tuition free.

Expand the Enhanced Tuition Awards Program. xxiv The Executive Budget would expand college financial aid to more middle-class families by raising the Enhanced Tuition Awards eligibility threshold from $125,000 to $150,000. In academic year 2021, the income eligibility threshold will increase to $135,000 and fully phase in to $150,000 in academic year 2022. The program provides recipients $6,000 in annual tuition assistance through a combination of their Enhanced Tuition Award and a match from their private college.

Regional Economic Development

Syracuse Comprehensive Education and Workforce Training Center. xxv The Executive Budget would establish the Syracuse Comprehensive Education and Workforce Training Center to focus on science, technology, engineering, arts, and math. The intent of the school is to provide instruction for students in grades 9-12 that reside within the Onondaga, Cortland, and Madison county Boards of Cooperative Educational Services (“BOCES”) region and central New York, as well as provide workforce training for residents of the area.

Elections

Early Voting. xxvi The Executive Budget does not include funding for early voting implementation. The Governor’s proposal states, “Early voting and the elimination of one primary election by combining Federal and State primary dates will also reduce the need for election day poll staffing. Through these actions, local boards of election will save an estimated $25 million in 2020 alone.”

Environment

$3 Billion Restore Mother Nature Bond Act. xxvii The Executive Budget includes the "Restore Mother Nature Bond Act", which would authorize the issuance of $3 billion of bonds to finance environmental improvements that preserve, enhance, and restore New York’s natural resources and reduce the impact of climate change. This includes capital projects to restore habitats and reduce flood risk; improve water quality; protect open space and invest in recreational infrastructure; expand the use of renewable energy to mitigate climate change; and other such projects that preserve, enhance, and restore the quality of the state’s
environment. The bill does not take effect until it is approved by voters at the November 2020 general election.

**Continue Investment in Clean Water Infrastructure.**

Through the Clean Water Infrastructure Act of 2017, New York State committed to invest $2.5 billion in drinking water infrastructure, wastewater infrastructure, and water quality protection over five years. Last year, the State doubled this investment. The Executive Budget proposal includes the additional $500 million appropriation from last year’s financial plan, bringing the total investment to $3.5 billion.

**Ban Single-Use and Packaging Styrofoam Products.**

The Executive Budget would prohibit the distribution and use of expanded polystyrene (Styrofoam) single-use food containers and packaging materials by January 1, 2022. This proposal would ban the distribution and use of Styrofoam foam containers used for prepared foods or beverages served by food service establishments, including restaurants, caterers, food trucks, retail food stores, delis and grocery stores. It would also ban the sale of packing peanuts. The proposal would preempt local laws which are inconsistent with the act but would not preempt local laws or ordinances that are at least as comprehensive as the provisions set forth in this proposal.

**Expand Extended Producer Responsibility Programs.**

The Executive Budget would create a new Product Stewardship Program for the recycling of carpets and mattresses, as well as develop the framework for future stewardship programs. Currently, NYS administers EPR programs for e-waste, mercury thermostats, and rechargeable batteries.

**Renew Funding for the Environmental Protection Fund.**

The Executive Budget proposes to continue Environmental Protection Fund (EPF) funding at $300 million. Appropriations include $39 million for solid waste programs, $89 million for parks and recreation, $152 million for open space programs, and $20 million for the climate change mitigation and adaptation program. This investment will provide funding for land acquisition, farmland protection, invasive species prevention and eradication, enhanced recreational access, water quality improvement, an environmental justice agenda, and other environmental programs.

**Support DEC Capital Projects through NY Works.**

The Executive Budget includes $55 million for the Department of Environmental Conservation (DEC) to address a variety of capital needs to improve access to State lands, rehabilitate campgrounds, and upgrade its recreational facilities under the Adventure NY program. This funding will also provide for health and safety repairs to State infrastructure, including dams, wetland restoration, State lands, and fish hatcheries.

**Continue Capital Investments in NY Parks.**

The Executive Budget allocates $110 million in New York Works capital funding for the Office of Parks, Recreation and Historic Preservation (OPRHP) to support projects underway at the State’s flagship parks and other critical infrastructure projects.
**Green Economy Tax Credit.** The Executive Budget creates a new refundable, discretionary Green Jobs Tax Credit totaling up to 7.5 percent of wages for each net new job created to foster the expansion of green economy businesses. The State will also create a refundable, discretionary Green Investment Tax Credit totaling up to 5 percent of qualifying new capital investments in connection with qualifying green economy projects and increasing to up to 8 percent of eligible investment for research and development in qualifying green economy projects.

**Allow Alcohol in Movie Theatres.** The Executive Budget proposes to make alcoholic beverages available for consumption at all theatres for movies with ratings of PG-13, R, or NC-17, removing the full restaurant facilities requirements under current Alcoholic Beverage Control Law.

**Allow Craft Beverage Brewers and Distillers to Sell Their Products on Their Premises Without Needing Legislative Approval for Each License.** The Executive Budget proposes to amend Alcoholic Beverage Control Law to remove barriers that restrict growth in the craft beverage industry. Current laws do not allow a manufacturer or wholesaler to have any interest in a retail establishment where the party has either direct or indirect control in any other licensed alcohol-related business in or outside the state.

**Authorize a Special Assessment on Gas and Electric Corporations.** The Executive Budget would authorize NYSERDA to finance its energy research, development and demonstration program, its energy policy and planning program, climate change related expenses of the Department of Environmental Conservation (DEC) and the Department of Agriculture and Markets’ (AGM) Fuel NY program, from a special assessment on gas and electric corporations. Without this authorization, NYSERDA, DEC and AGM would not be able to continue to implement necessary programs in the 2021 State Fiscal Year.

**Assist Low-Income Communities with Financing Water Infrastructure Improvements.** The Executive Budget would allow the Environmental Facilities Corporation (EFC) to offer municipalities 40-year financing through the Clean Water State Revolving Fund and/or Drinking Water State Revolving Fund for projects that qualify for zero-percent interest rates due to financial hardship. This would lower the annual debt service costs to municipalities and make infrastructure projects more affordable for local governments and their ratepayers.

**Improvements to the Freshwater Wetlands Regulatory Program.** The Executive Budget proposes to facilitate implementation of the Governor’s Restore Mother Nature initiative by updating and improving New York’s Freshwater Wetlands Act. A central piece of this proposal is to reform wetland maps, which would allow for greater and more efficient protection of wetlands.
Permanently Ban Fracking in New York. The Executive Budget would permanently ban fracking by amending environmental conservation law to restrict the Department of Environmental Conservation (DEC) from approving permits that would authorize an applicant to drill, deepen, plug back, or convert wells that use high-volume hydraulic fracturing to complete or recomplete natural gas resources.

Regional Environmental Projects

Create Two New State Parks. The Restore Mother Nature Bond Act, if approved by voters in November, will dedicate funding for the creation of two new state parks along the Hudson River: a new 508-acre park in Kingston and the Hudson Eagles State Recreation Area.

Establish the Hours During Which Alcoholic Beverages may be Sold on Certain International Airport Property. The Executive Budget changes the hours during which alcoholic beverages can be served at LaGuardia, JFK and Stewart International Airports to Monday-Saturday at all hours, except between 3 AM and 6 AM. This would make the hours of service consistent between airports owned or operated by the Port Authority of NY and NJ.

Statutory Changes Necessary to Complete the Bay Park Conveyance Project. The Executive Budget would authorize the establishment of temporary and permanent easements to construct a sewer main beneath certain parklands owned by Nassau County, East Rockaway, and the Village of Rockville Centre.

Gaming and VLT Revenue Sharing

Eliminate Video Lottery Terminal (VLT) Aid. The Executive Budget eliminates VLT Aid outside of Yonkers. In FY 2020, the State provided approximately $28.9 million of annual aid to the municipalities that host VLT facilities across the State. Of this amount, $19.6 million is distributed to the City of Yonkers. The other $9.3 million is what is eliminated in this proposal which is split among 15 different municipalities including 8 counties.

Amend Sports Betting Lounge Restrictions. Under current law, a sports pool can only be operated in a sports wagering lounge at a casino. A sports pool is defined as the business of accepting wagers on any sports event by any system or method of wagering. The Executive Budget proposal would amend current law by stating that a sports pool shall be primarily operated in a sports wagering lounge at a casino, which would allow wagers to be made from other locations inside the casino, pursuant to regulation.

Human Services

Code Blue Investment. In 2016, Governor Cuomo issued an Executive Order to direct local social services districts, working in consultation with State and local law enforcement and community-based organizations, to protect individuals experiencing homelessness from inclement winter weather when temperatures, including wind chill, decline to 32 degrees or below. To support continued implementation of Code Blue efforts across the State, the FY 2021 Executive Budget memorializes the Governor's directive with a $13 million stand-alone appropriation.
Increase Funding for the Summer Youth Employment Program. The Budget increases funding for the Summer Youth Employment Program by $1 million, to $45 million. In 2019, approximately 19,000 youths were employed through the program.

Increase Use of Federal Grant for Child Welfare Services. The State currently requires at least $342 million of the $964 million Federal Temporary Assistance for Needy Families (TANF) Flexible Fund for Family Services (FFFS) grant be spent on child welfare services. The Budget increases that threshold by $40 million to $382 million. NYSAC estimates this will reduce state reimbursements to counties by $25 million.

Change Reimbursement of Family Assistance Programs for New York City. The State provides open-ended 90 percent reimbursement to New York City for eligible spending on Family Assistance and Emergency Assistance for Needy Families benefits. Under the Executive Budget, the reimbursement would change to 85 percent. The state estimates this will cost New York City $51 million in the first year.

Judiciary and Court Related Matters

Continue Phase-in of Hurrell-Harring Settlement (HHS) Statewide Implementation. The FY 2021 Executive Budget provides $150M in Local Assistance funding for increased support for the Office of Indigent Legal Services. This funding provides for the continued expansion of the Hurrell-Harring Settlement reforms to every county in order to improve the quality of indigent criminal defense statewide through three initiatives: counsel at arraignment, caseload relief, and quality improvement.

<table>
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<th></th>
<th>Final FY 2019-20 ILS Budget</th>
<th>FY 2020-21 ILS Budget Request</th>
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<th>FY 2020-21 Executive Budget Proposal</th>
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State Operations (A.9500/S.7500)

- Office Operations:
  - Of the Executive’s proposed $6,463,000 State Operations appropriation ($370,000 increase over FY 2019-20 funding), $3,681,000 is allocated for general office operations; $1,389,000 is allocated for implementation of the Hurrell-Harring settlement; and $1,393,000 is allocated for implementation of the statewide extension of Hurrell-Harring reforms.

Aid to Localities (A.9503/S.7503):
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- **ILS Distributions and Grants; Implementation of Hurrell-Harring Settlement; Extension of Hurrell-Harring Reforms statewide:**
  - The Executive’s proposed $254.81 million in Local Aid appropriation would be allocated as follows:
    1. **Statewide Expansion of Hurrell-Harring Reforms.** $150.0 million to finance the third year of the five-year statewide implementation of Hurrell-Harring reforms, pursuant to plans filed by ILS on December 1, 2017 (counsel at arraignment; caseload relief, and quality improvement). This funding amount represents an increase of $50 million over FY 2019-20 funding levels. The budgetary language includes the same annual reporting requirement that was in last year’s final budget.
    2. **ILS Distributions and Grants.** $81.0 million is allocated for ILS distributions and grants. This funding amount continues current funding levels for ILS programs.
    3. **Hurrell-Harring Settlement.** $23.8 million is allocated for implementation of the Hurrell-Harring settlement. This funding continues current funding levels for HHS programs (counsel at arraignment; caseload relief, and quality improvement)

**Legislature and Judiciary (A.9501/S.7501)**

- **$47 million judiciary sub-allocation to ILS**
  $47 million sub-allocation to ILS for payment to NYC for caseload standard implementation in accordance with 22 NYCRR §127.7

**Continue Implementation of Raise the Age.** The age of criminal responsibility was increased from 16 to 17 on October 1, 2018 and from 17 to 18 on October 1, 2019. The Budget continues support for implementation, including comprehensive diversion, probation, and programming services for 16- and 17-year old youth in the juvenile justice system. The Executive Budget includes $250 million in appropriations along with $221 million in re-appropriations to fully fund the implementation of raise the age.

**Establish the District Attorney Discovery Compensation Fund.** The Executive Budget proposal will create a District Attorney Discovery Compensation Fund. This proposal creates the District Attorney Discovery Compensation Fund in State Finance Law to support expenses related to digital evidence transmission technology. It also provides for additional reporting requirements related to pre-criminal proceeding settlement receipts and disbursements. This law would require the Office of the Manhattan District Attorney to annually transfer two million dollars of revenue from deferred prosecution agreements to the District Attorney Discovery Compensation Fund to support local assistance services and expenses related to digital evidence transmission technology. This proposal would also require District Attorneys in a county located in a city of one million or more to provide additional reporting information related to pre-criminal proceeding settlement funds.
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Provide a Market-Rate of Interest on Court Judgments.\textsuperscript{liii} The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which the state estimates will provide $6 million in savings for local governments. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system.

A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.

Legalize Adult-Use Recreational Marijuana

Enact the Cannabis Regulation and Taxation Act.\textsuperscript{liv} The Executive Budget establishes a regulatory framework (modeled after the Governor’s proposal last year) that controls the production, distribution, transportation, and sale of cannabis, cannabis-related products, and medical cannabis within the state. NYS would establish the Office of Cannabis Management (OCM) within the Division of Alcohol Beverage Control, governed by a five-member Cannabis Control Board, to oversee the adult-use, medical and cannabinoind hemp industries. The FY Executive Budget includes $13 million in new funding to support the operations of this new office.

The Governor proposes to impose three taxes on adult-use of cannabis:

- The cultivation of cannabis is taxed at the rate of $1 per dry weight gram of cannabis flower, $0.25 per dry weight gram of cannabis trim, and $0.14 per gram of wet cannabis;
- The sale by any entity to a retail dispensary is taxed at a rate of 20 percent of the invoice price; and
- The same sale by any entity to a retail dispensary is taxed at a rate of two percent of the invoice price but collected in trust for and on account of a city having a population of one million or more (i.e. New York City), or a county, other than a county wholly within such a city, in which the retail dispensary is located.

The State projects $20 million in revenue in FY 2021, $63 million in FY 2022, $85 million in FY 2023, $141 million in FY 2024, and $188 million in FY 2025. State revenues from the cannabis taxes will be deposited in the NYS Cannabis Revenue Fund and used for the following purposes: administration of the regulated cannabis program, data gathering, monitoring and reporting, the Governor’s traffic safety committee, social and economic equity plan of the OCM, substance abuse, harm reduction and mental health treatment and prevention, public health education and intervention, research on cannabis uses and applications, program evaluation and improvements, and any other identified purpose recommended by the director of the OCM and approved by the Director of the Budget.

Counties, or cities with a population of one hundred thousand or more, would have the opportunity to opt-out of the provisions of the cultivation, processing, manufacturing, distribution and sale of cannabis products to adults over 21 years of age with the passage of a local law, ordinance or resolution by a majority vote of their governing body. Counties, cities,
towns, and villages will be able to dictate the hours of operation and location of licensed adult-use cannabis retail dispensaries within their jurisdiction through local zoning powers.

The Governor also proposes a social and economic equity plan to encourage members of communities who have been disproportionally impacted by the policies of cannabis prohibition to participate in the new industry. This would include providing technical assistance, training, loans and mentoring to qualified social and economic equity applicants.

Medicaid

The Executive Budget proposal includes three separate initiatives that would impact the Medicaid local share counties pay in support of the state Medicaid program. The Governor’s budget proposes a series of “Medicaid Local District Spending Reforms.” As proposed, it appears that all three spending reforms could be applied against any one county or New York City at the same time.

1. **Capping eFMAP Federal Fiscal Benefits to Counties**—Under this proposal the Budget proposes to cap the amount of federal savings that can accrue to counties and New York City from the Affordable Care Act but does not cap the federal savings that can accrue to the state. As proposed, the county federal fiscal benefit would be capped, and those savings would effectively be transferred to the benefit of the state financial plan. While we are still trying to clarify how the budget language would be implemented, it appears that the county/NYC federal savings would be capped at the aggregate share of local costs in 2009 compared to the total spend for the program in that year. This provision is effective April 1, 2020, but no fiscal impact amount is provided in the budget for this proposal.

2. **Require Counties and New York City to Adhere to the 2 Percent Property Tax Cap or Lose the Benefits of the State Funded Local Medicaid Growth Cap**—This proposal requires that counties must adhere to the 2 percent property tax cap in order to continue receiving the fiscal benefits of the state cap on local Medicaid costs. If a county fails to stay under the tax cap, or if New York City’s property tax levy grows more than the county property tax cap allows, then the jurisdiction would lose the benefit of the combined state value of the state funded Medicaid caps. A county may seek a hardship waiver from the tax cap penalty. This provision is effective April 1, 2020.

3. **Adhere to a Local Share Medicaid Costs Increase of No More than 3 Percent**—NYSAC is seeking clarity on how these local share costs will be calculated, but it appears that if a county’s local share cost and associated savings exceeds three percent in any given year, the county is required to refund any excess benefit over three percent back to the state. This provision is effective for state fiscal year 2022 and beyond.

NYSAC is also seeking clarification on how these penalties will be assessed and whether they are applied cumulatively if targets are missed. There is a $150 million in annual fiscal savings for the state attached to these combined proposals for both 2021 and 2022.

Additionally, the Commissioner and the Director of the Division of the Budget is empowered to access any data necessary to manage the Medicaid program that may be held by county government and or any provider that receives funding under the Medicaid program.
Counties will be required to certify tax cap compliance or show fiscal hardship for purposes of determining continued eligibility for the full State takeover of all local Medicaid spending growth.

Public Health

Implement Various Tobacco Control Policies. The Executive Budget would effectuate the following:

- Prohibition of the sale of any flavored electronic cigarettes, liquid nicotine, or vapor products, except for tobacco flavored;
- Clarification that the Clean Indoor Air Act’s prohibition on smoking in places of employments covers all roofed areas;
- Prohibition of the sale of tobacco products, herbal cigarettes, vapor product or electronic cigarettes in a pharmacy or in a retail establishment that contains a pharmacy;
- Prohibition of the acceptance of price reduction instruments for both tobacco products and e-cigarette;
- Prohibition on vapor products from being shipped to anyone in the state other than a registered vapor products dealer;
- Clarification that the Department has the authority to promulgate regulations that prohibit or restrict the sale or distribution carrier oils;
- Prohibition of the display of tobacco products or electronic cigarettes in stores;
- Prohibition of vapor product advertisements targeted at youth; and
- Require manufacturers of vapor products to submit a list of ingredients to the Commissioner for publication.

- Increase the penalties that may be assessed against retailers selling tobacco products to minors. Also, increases the penalties for retailers facing suspension to one year, increased from a current suspension period of six months.

Prescription Drug Pricing and Accountability Board. The Executive Budget would add a new section to Insurance Law to allow the Superintendent of Financial Services to investigate when the price of a prescription drug has increased by more than 100 percent within a one-year time period. It also provides the Superintendent with the power of subpoena, as well as a means of imposing a civil penalty and injunction to restrain violations. The bill would new section to Insurance Law to create a drug accountability board within the Department to aid in prescription drug investigations.

Lower Prescription Drug Costs. The Executive Budget includes a three-part plan to lower prescription drug costs:

1. Cap insulin co-payments at $100 per month for insured patients to help address the rising cost of insulin;
2. Empower the State Department of Financial Services to investigate and hold drug manufacturers accountable for unjustifiable increases in drug prices; and
3. Establish a commission of experts to study the feasibility and benefits of a Canadian drug importation program and submit a plan to the U.S. Department of Health and Human Services for review.
Pharmacy Benefit Managers (PBMs).PBMs act as the middleman between health insurers and pharmacies. Currently, PBMs do not have to disclose to insurers how much they pass on to pharmacies or disclose to pharmacies how much they collect from insurers. The Executive Budget would amend the Insurance Law to regulate PBMs through registration, licensure, examination and disclosure requirements with the goal of preventing PBMs from contributing to the rising costs of health insurance and prescription drugs through unfair business practices.

Centralize Medical Cannabis Supervision. The Executive Budget proposes a comprehensive cannabis regulatory framework administered by the newly established Office of Cannabis Management (OCM) that centralizes all the licensing, enforcement and economic development functions in one entity. The OCM will administer all licensing, production, and distribution of cannabis products in the adult-use, industrial, and medical cannabis markets. In the medical cannabis market, the OCM will supervise the continued expansion of the current medical cannabis program and institute reforms that expand patient access and product affordability while also encouraging research opportunities among medical cannabis providers, health care providers, and medical insurers.

Study Water Supply Regionalization on Long Island. The Executive Budget includes funding for the Department of Health (DOH) and the Department of Environmental Conservation (DEC) to conduct a feasibility study that will evaluate using New York City’s water supply to provide Nassau County with an additional source of drinking water. The study will evaluate several factors, including: the cost of connecting Nassau County to New York City’s water supply and potential funding mechanisms; the capacity of the New York City system to supply water; and technical issues, necessary infrastructure improvements, or other limitations.

Create a Website for Healthcare Cost Transparency. The Executive Budget supports the development of a “NY Health Care Compare” website that will allow New Yorkers to look up charges for medical services, the quality of services provided, and access information about financial assistance programs. Additionally, the website will include information about what to do about a surprise medical bill.

Replace the Mid-Hudson Forensic Psychiatric Center. The SFY 2019-2020 Budget included $100 million in appropriation authority to support the replacement of the Mid-Hudson Forensic Psychiatric Center in Orange County. The Executive Budget provides a second $100 million appropriation for this purpose, as well as $60 million to maintain and preserve community-based residential facilities for people with mental illness.

Address the Opioid Crisis. The Executive Budget:

- Continues support for expanding access to residential addiction treatment services through a combination of capital investments and operating support to community organizations;
- Establishes the Behavioral Health Parity Compliance Fund for the collection of penalties imposed on insurance carriers who violate New York’s Behavioral Health Parity laws,
which will be used to support the Substance Use Disorder and Mental Health Ombudsman program

- Continues $1.5 million in funding to support the behavioral health ombudsman program, which helps individuals and their families navigate the behavioral health care system and helps resolve issues when care has been delayed or denied.

Public Safety

Authorize Shared County Jails. Legislation submitted with the Budget provides local flexibility to share jails and/or jail services. Existing approvals and oversight for local jails would not change, but the requirement that each county maintain a jail would be removed. This change allows counties to pursue shared services and capture savings for taxpayers made possible by declining jail populations.

Bail Reform. The Executive Budget states, “by dramatically reforming New York’s bail system beginning January 1, 2020, and thereby significantly reducing the number of people held in jail prior to their trial, local governments across the State are expected to save more than $200 million in short and long-term avoided costs. Short-term local savings will come from avoiding variable costs such as overtime staffing, food, and laundry. In the longer-term, local jails should be able to reduce staffing and potentially close housing units.”

Jail-Based Restoration Programs for County Jails. The Executive Budget authorizes volunteering counties to develop residential mental health units within their local jails to house, treat and restore felony level defendants to competency as they await trial. OMH will work with counties on a voluntary basis to develop specialized residential treatment units within their jails, ultimately reducing the time individuals with mental illness spend in jail awaiting court proceedings. This program has been identified as a best practice by the National Judicial College and has been implemented successfully in nine other states including California, Colorado, and Virginia.

Suspend Subsidy to Revolving Loan Fund from Cell Surcharge Revenue. The Executive Budget extends the existing suspension of the annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for two fiscal years. This proposal suspends an annual transfer of $1.5 million from the Public Safety Communications Account to the Emergency Services Revolving Loan Fund for two fiscal years. This transfer was previously suspended for SFY 2019 and SFY 2020 by Section 1 of Part M of Chapter 55 of the laws of 2018.

Real Property Services

Allow for the Appointment of Acting County Directors of Real Property Tax Services. As the property tax cycle can be time-sensitive, the Budget allows counties to appoint an Acting County Director of Real Property Tax Services. An authorized Acting County Director of Real Property Tax Services can provide the necessary service coverage until a new director is appointed.
Shared Services

**Enhance Flexibility Within the County-Wide Shared Services Initiative.** The Executive Budget re-appropriates over $200 million in funding for the state match of first-year savings from county-wide shared services plans. Counties that implemented shared services plans in 2019 are eligible to receive matching funds from the State in calendar year 2020.

Additionally, legislation submitted with the Budget will allow projects included in previous shared services plans that are not yet implemented to be eligible for State matching funds when they are implemented. While the Executive Budget maintains the requirement that all projects in a plan be implemented during the same 12-month period to receive matching funds, local governments may now decide whether to implement project beginning on either January 1 or July 1.

**Local Government Efficiency Grants.** These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as consolidation or shared services. The maximum implementation grant award is $200,000 per municipality/$1 million per grant consortium, and the maximum planning grant award is $12,500 per municipality/$100,000 per grant consortium.

Transportation

**Increase the Consolidated Local Street and Highway Improvement Program (CHIPS) Competitive-Bid Threshold.** The Budget would increase the CHIPS competitive-bid threshold from $250,000 to $750,000, allowing municipalities the option to perform any projects at or under the $750,000 threshold with their own workforce rather than bidding out the contract competitively. Last adjusted in 2011, the increase in the threshold is intended to mitigate the inflationary impacts of materials, labor, equipment and other construction-related costs. This proposal would allow municipalities more flexibility and control in the way they complete local street, highway, and bridge projects.

**DOT Capital Plan.** The Executive Budget provides $11.9 billion for a new, 2-Year DOT Capital Plan which will facilitate the improvement of highways, bridges, rail, aviation infrastructure, non-MTA transit, and DOT facilities. Compared to the final two years of the last DOT Capital Plan, this is an increase of $3.0 billion, or 33 percent.

**Highways and Bridges.** The Executive Budget continues Governor Cuomo’s record commitment to funding local highway and bridge projects. Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year’s level of $477.8 million. The Budget also continues $100 million in highway aid through the PAVE NY program, and $100 million to fund local bridge projects from the BRIDGE NY program. These programs are further improving conditions on State and local roads and bridges. **NYSAC does not believe the $65 million for extreme winter funding is included as part of the Executive Budget proposal.**
**Executive Budget**

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**Airports.** The Executive Budget provides up to $100 million for a second round of funding for the Upstate Airport Economic Development and Revitalization. This funding supports enhancements to safety and economic development, improves airport operations and access, reduces environmental impact, and creates better passenger experiences.

**Authority Merger.** The FY 2021 Budget merges the Bridge Authority into the Thruway Authority.

**Non-MTA Transit Systems.** The Executive Budget provides $236 million in operating support for Upstate transit, for a 4 percent increase year over year, and $394 million for downstate systems, representing a year over year increase of 16 percent. Other downstate transit aid includes $11 million to continue to fund the Lower Hudson Transit Link serving the Mario M. Cuomo Bridge and parts of Rockland and Westchester counties.

The Executive Budget also provides non-MTA transit systems with an additional $20 million in capital assistance this year, the first year of a $100 million five-year program to aid local transit agencies in the transition to electric buses. Under this program, five of the largest upstate and suburban transit authorities will electrify 25 percent of their fleets by 2025 and 100 percent by 2035. The MTA has already committed to purchase only electric buses after 2029 and to fully electrify its fleet by 2040. Total non-MTA transit capital assistance is proposed at $124.5 million.

**Veterans**

**Expand Affordable Housing and Support Services for Homeless Veterans.** The Executive Budget directs $5 million to expanding permanent supportive housing for homeless veterans through the Homeless Housing Assistance Program (HHAP). Homes and Community Renewal (HCR) will also designate housing opportunities within their affordable housing developments so that homeless veterans in receipt of rental subsidies and Federal vouchers can more readily access affordable housing. Additionally, OTDA will work with DVS and localities to ensure temporary housing and services are provided to veterans experiencing homelessness and help provide them with permanent housing within 90 days of becoming homeless.

**Extension of Hire-A-Vet Credit.** The Executive Budget would extend the tax credit received for hiring a veteran for an additional two years, through tax years beginning before 2023.

**Budget References**

1. PPGG, Part NN
2. Page 4, Aid to Localities
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iii Aid to Localities, p. 20
iv Briefing book, p. 60
v Briefing book, pg. 60
vi Page 16, State Operations
vii Briefing book, p. 60
viii TED, Part II
ix TED, Part JJ
x Page 734, Aid to Localities
xi ELFA, Part N
xii ELFA, Part N
xiii Page 41, Governor’s Budget Briefing Book
xiv Page 487, Capital Projects
xv TED, Part V
xvi TED, Part AA
xvii TED, Part BB
xviii TED, Part DD
xix TED, Part GG
xx TED, Part EEE
xxi TED, Part FFF
xxii TED, Part GGG
xxiii ELFA, Part E
xxiv ELFA, Part F
xxv ELFA, Part B
xxvi Page 248, Aid to Localities
xxvii TED, Part QQ and RR, Page 117, Capital Projects
xxviii Page 123, Capital Projects
xxix TED, Part PP
xxx TED, Part SS
xxxi Page 104, Capital Projects
xxxii Page 60, Governor’s Budget Briefing Book
xxxiii Page 60, Governor’s Budget Briefing Book
xxxiv Page 60, Governor’s Budget Briefing Book
xxxv PPGG, Part DD
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xxxvii TED, Part HH
xxxviii TED, Part KK
xxxix TED, Part TT
xl TED, Part WW
xli Page 60, Governor’s Budget Briefing Book
xlii PPGG, Part FF
xliii TED, Part UU
xliv PPGG, Part KK
xlv Rev, Part X
xlvi Page 433, Aid to Localities
xlvii Page 428, Aid to Localities
xlviii Page 86, Governor’s Budget Briefing Book
xlix Page 421, Aid to Localities
l Page 643, Aid to Localities
li Page 812, Aid to Localities
lii Page 56, Aid to Localities & PPGG, Part E

New York State Association of Counties