



Budget Priority

AIM RESTORATION MANDATE

PROBLEM: AIM CUTS IN 2019-20 EXECUTIVE STATE BUDGET

As part of the 2019-20 Executive State Budget, the Governor proposed cutting \$60 million from the Assistance and Incentives for Municipalities (AIM) program, cutting state aid from about 1300 towns and villages. In his 30-day amendments, the Governor proposed that counties backfill the state's \$60 million AIM cuts with sales tax revenues.

For county property taxpayers, this is nothing more than a new \$60 million state mandate that homeowners and small businesses will have to finance, while not improving the finances of cities, towns, and villages across the state. Local governments, including counties, cities, towns, and villages, are unified in their opposition to both of these proposals.

While the Governor has estimated that local governments will gain \$390 million in new sales tax revenues from Internet sales tax changes, NYSAC's projected new revenue accruing to counties is about \$185 million on a full annual basis. *This is before sales tax is shared* with cities, towns, villages and even school districts in some cases. In 2018, counties on their own shared about \$1.9 billion in sales tax revenues with municipalities and school districts.

The Governor's proposal would be a net negative for 35 counties 2019. This is because the budget requires a full year AIM payment, but only provides six months of new sales tax revenues. Four counties would spend more on AIM restorations than they would ever retain from new Internet sales tax because of existing local sales tax sharing arrangements.

On a full annual basis, the Governor's 30-day amendment, will reduce the estimated Internet sales tax benefit by over 60 percent for a typical county. The range of loss is 20% to 122%, depending on each county's sharing arrangement and the number of local governments within the county. The loss of this revenue leaves counties shortchanged to pay for dozens of state mandates that they are required to finance with local tax dollars.

COUNTY RECOMMENDATIONS

NYSAC urges the Legislature to reject the Governor's new mandate on counties and to restore the AIM funding cuts with state funding.

For more information on the county position regarding this issue, visit www.nysac.org or call 518-465-1473 to speak to Ryan Gregoire, NYSAC Legislative Coordinator.