

# NYSAC Albany Update

Presented by

**Elliott Auerbach, Deputy Comptroller**



NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

---

Stephen J. Acquario

Executive Director

NYSAC



Today's Webinar is Sponsored by:



***Reduce Your 2021 Medical Plan Costs.***

The Municipal Healthcare Financing Collective is a collaborative stop-loss program enabling municipalities working together to get back unused premium dollars, reduce high cost claimant volatility and prevent future cost increases. The MHFC may also be eligible for funds as a Shared Services Initiative.

Contact Eric Lintala at Alera Group.

Email: [eric.lintala@aleragroup.com](mailto:eric.lintala@aleragroup.com)

Call: 585-248-8720, x320



# Elliott Auerbach

Deputy Comptroller

Division of Local Government and  
School Accountability

Office of the State  
Comptroller

# Roadmap

- COVID-19 and Related Impacts
  - OSC Research Report
- Enacted State Budget and Mid-Year Adjustments
- OSC Legislative Activity
- OSC Resources



# COVID-19 and Related Impacts

- The whale in the bathtub
- Impacts everyone in nearly every facet of life
- Short-term impacts are somewhat clear
- Longer-term impacts more difficult to assess



# COVID-19 Report

- OSC research brief
- Local Governments and School Districts
- Research Brief discusses the following:
  - Various revenue impacts on local governments and school districts
  - New York State Budget actions
  - Federal Aid programs



# COVID-19 Revenue Impacts - Sales Tax

Figure 1

## Local Sales and Use Tax Revenue as a Share of Total Revenue, Fiscal Year Ending (FYE) 2018

Class	Amount (In Millions)	Share of Total Revenue
Counties	\$6,492.9	26.1%
Cities	\$931.7	18.9%
Towns	\$742.0	9.5%
Villages	\$173.2	5.9%
School Districts	\$290.7	0.7%
Total Excluding NYC	\$8,630.5	10.5%
New York City	\$7,601.0	8.6%
All Classes	\$16,231.5	9.5%

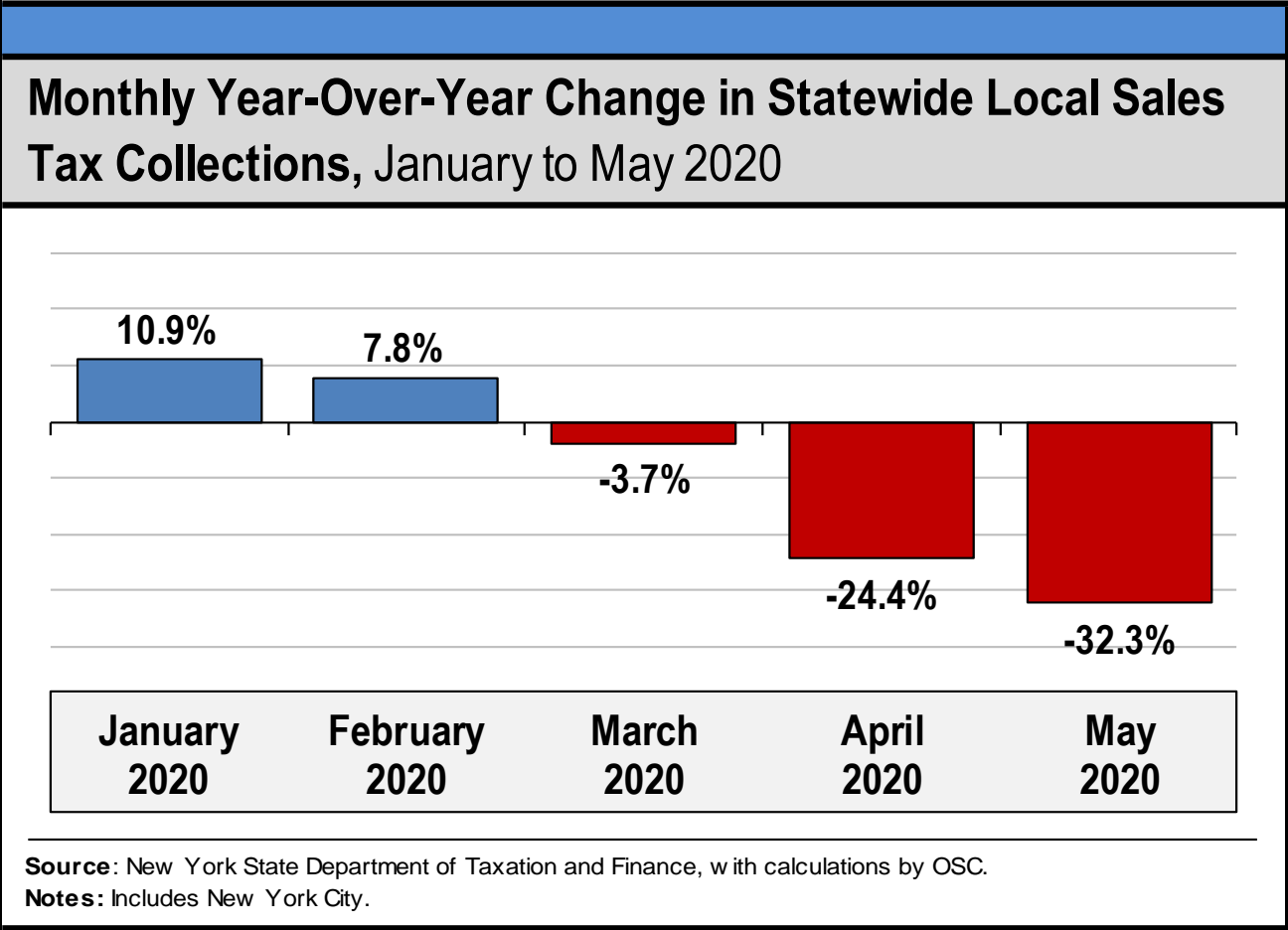
**Source:** Office of the New York State Comptroller (OSC); and New York City's Comprehensive Annual Financial Report.

**Notes:** In this table, cities and school districts do not include New York City or its school district. County sales tax revenue does not include sales tax distributions made to other local governments. The sales taxes received by towns, villages, school districts and most cities are from county distributions.





# COVID-19 Revenue Impacts - Sales Tax



# COVID-19 Revenue Impacts

## Sales Tax Withholdings

- AIM-Related payments to 1,325 towns and villages
  - \$59 million, annually, split between May and December each year
  - Began in December 2019
- Distressed Provider Assistance for hospitals and nursing homes
  - New program this year



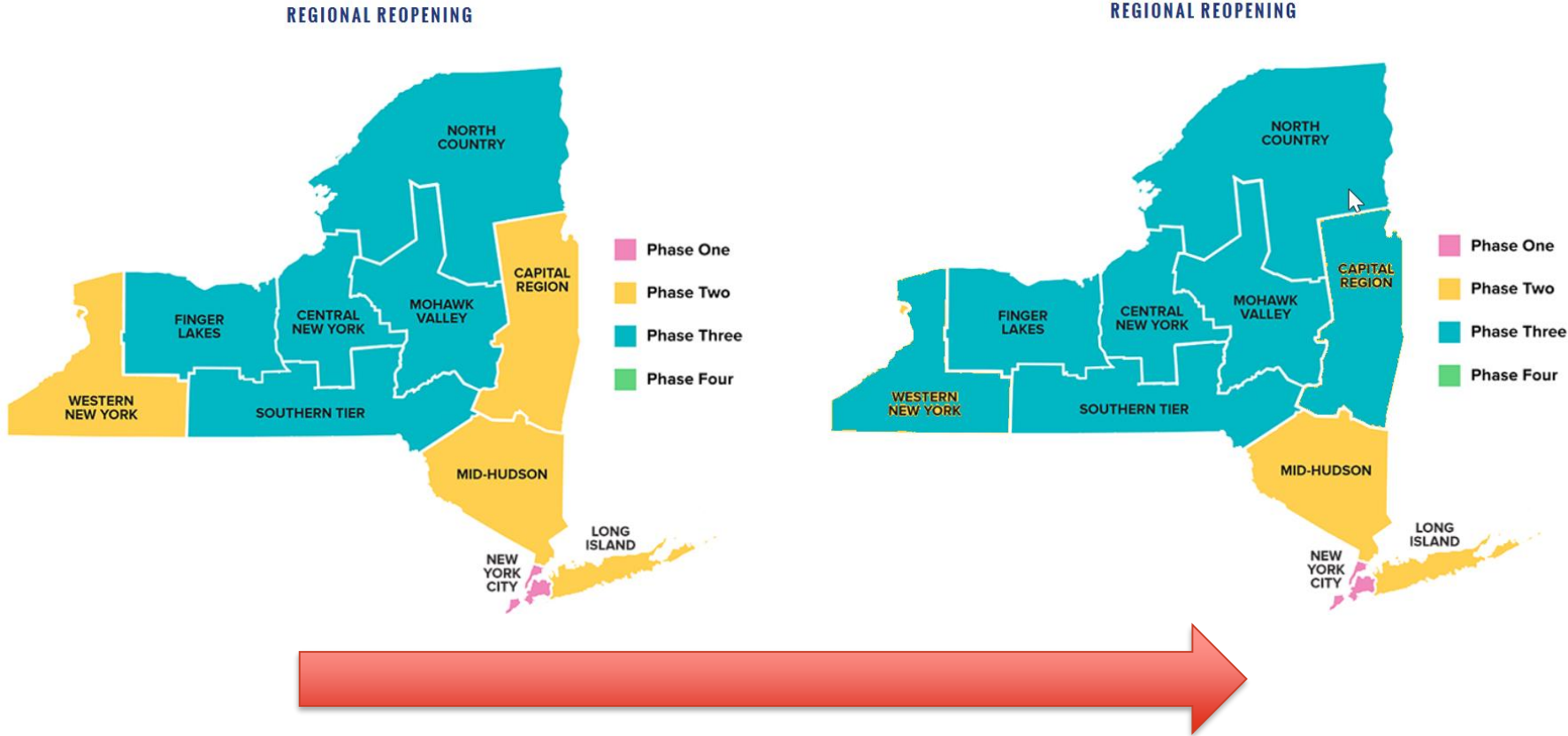
# Sales Tax Withholding

## Distressed Provider Assistance

- Supports hospitals and nursing homes under stress from pandemic
- Like AIM-Related payments, relies on withholding of county sales tax revenues
  - OSC must withhold sales tax collections in the annual aggregate amount of \$50 million from counties outside of New York City
  - \$200 million will be withheld from New York City



# COVID-19 Revenue Impacts - Sales Tax



# COVID-19 Revenue Impacts - Sales Tax

- It will take time for local economies to rebuild
- The Enacted State Budget Financial Plan anticipates a 15.5% drop in State sales tax collections.
- Internet Sales Tax collections help, but no data or detail is currently available
- Budget conservatively during recovery



# COVID-19 Revenue Impacts

## Property Tax

Figure 3

### Property Tax as a Share of Total Revenue by Class of Government, FYE 2018

Class	Amount (in Millions)	Share of Total Revenue
Counties	\$5,752.8	23.2%
Cities	\$1,284.3	26.0%
Towns	\$4,224.1	53.9%
Villages	\$1,402.1	48.0%
School Districts	\$22,401.0	53.7%
Fire Districts	\$808.3	93.3%
All Classes	\$35,872.7	43.2%

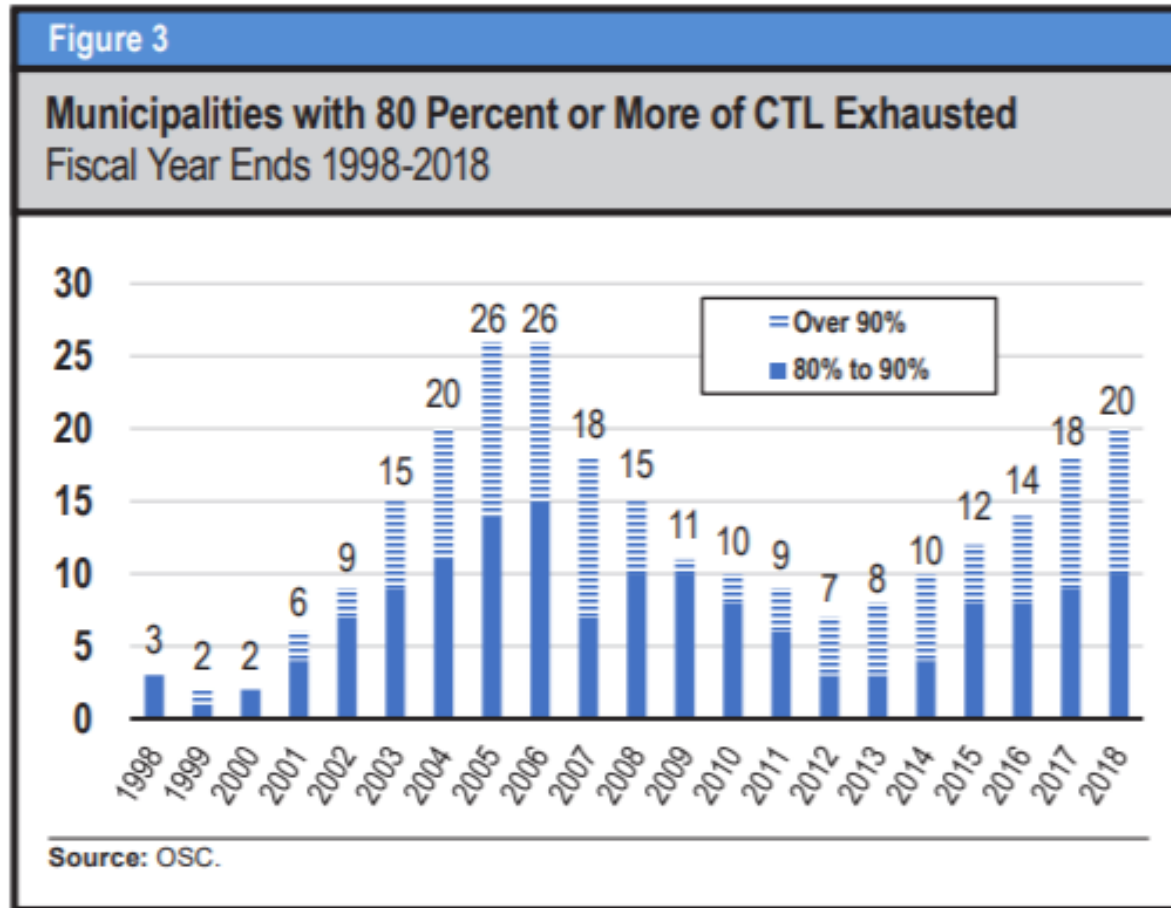
Source: OSC.

Note: Does not include New York City or its school district.



# Property Tax

## Tax Cap and Constitutional Tax Limit



# State Budget

## Mid-Year Adjustments to State Aid

- Aid to Municipalities with Video Lottery Gaming Facilities (VLT Aid)
- Miscellaneous Financial Assistance
- Small Government Assistance
- Funding programs for local roads and highways





# Federal Aid – CARES Act

Coronavirus Relief Fund Payments	
New York State and Eligible Local Governments	Amount (In Millions)
New York State	\$5,135.6
New York City	\$1,454.7
Suffolk County	\$257.7
Westchester County	\$168.8
Erie County	\$160.3
Monroe County	\$129.4
Nassau County	\$102.9
Town of Hempstead	\$133.8
<b>Total</b>	<b>\$7,543.3</b>

Source: U.S. Department of the Treasury.

**Amount distributed  
to NYS counties:  
\$819.1 million**



# OSC Legislative Activity

## Local Government Flexibility Bill

- S8417 (Kreuger)/A10492 (Abbate)
- Title of Bill: Local Government Flexibility during the State Disaster Emergency Declared Pursuant to Executive Order 202 of 2020
- Part of Comptroller's 2020 legislative program
- Passed Senate and Assembly in May
- Waiting for Governor Action



# OSC Legislative Activity

## Local Government Flexibility Bill

- Extend “rollover” period for BANs issued in 2015-2021
- Authorize local governments and school districts to transfer money from reserve funds
- Delay required repayment of inter-fund advances to end of next fiscal year



# Executive Order 203

## New York State Police Reform and Reinvention Collaborative

- Local governments with police agencies with officers must perform a comprehensive review and develop a plan to improve their police agencies.
- LG must certify plan to DOB or risk losing appropriated state or federal funds.
- DCJS and DOB will distribute guidance to LGs.



# OSC Resources

- Local Government Data
- Fiscal Stress Monitoring System (FSMS)
- Audits
- Training
- Other tools



# Local Government Interactive Data

Revenues | Expenditures by Object | Expenditures by Function

### Revenues by Source

Counties, Cities, Towns, Villages and School Districts

Fiscal Year 2018  
(Use arrows or slider to change the fiscal year)

**\$647.1**  
Million

Revenues by Source Over Time  
Trend (in millions)

Debt Outstanding & Service  
Counties, Cities, Towns, Villages and School Districts

Debt Outstanding Over Time  
Trend (in millions)

Debt Service Over Time  
Trend (in exact dollars)

**\$52.0M**  
Debt Service as a Percentage of Revenues  
**5.0%**

Revenues | Expenditures by Object | Expenditures by Function | Debt | Notes

### Expenditures by Function

Counties, Cities, Towns, Villages and School Districts

Choose a local government or school district:  
Albany (County)

Fiscal Year 2018  
(Use arrows or slider to change the fiscal year)

**\$648.9**  
Million

Select a Function  
(Click on a function to highlight)

- General Government
- Education
- Public Safety
- Transportation
- Social Services
- Other Expenditures
- Employee Benefits
- Debt Service

**Albany (County)**  
County: Albany  
Region: Capital District  
Population: 307,117

Data as of October 31, 2019

Annual Growth Rates  
(Fiscal Year 2008-2018)

Total Expenditures  
**1.1%**

General Government  
**0.9%**

Expenditures by Function Over Time  
Trend (in millions)

**2.8%**



NYS COMPTROLLER  
**THOMAS P. DiNAPOLI**

# Fiscal Stress Monitoring System

- Most recent final data – 2018
- Eight counties in fiscal stress
  - Significant – 3
  - Moderate – 1
  - Susceptible to fiscal stress – 4
  - Not filed – 1

Office of the New York State Comptroller  
Thomas P. DiNapoli • State Comptroller

**Fiscal Stress Monitoring System®**  
Municipalities in Stress Fiscal Years Ending 2018  
September 26, 2019

The Fiscal Stress Monitoring System and resulting fiscal stress designations rely on data from annual financial reports submitted by local governments to the Office of the State Comptroller. This list includes municipalities for the 2018 fiscal year, updated to reflect municipalities with a December 31, 2018 fiscal year end (in bold).

Significant Stress			
Total points of 65 or Greater			
Name	Class	County	Fiscal Score
Amsterdam	City	Montgomery	85.0
German Flatts	Town	Herkimer	81.7
Long Beach	City	Nassau	80.8
Suffolk	County	Suffolk	76.7
Niagara Falls	City	Niagara	75.4
Nassau	County	Nassau	72.1
Poughkeepsie	City	Dutchess	71.7
Islandia	Village	Suffolk	70.8
Oyster Bay	Town	Nassau	70.0
Westchester	County	Westchester	69.6
Elmira	City	Chemung	68.3
Parish	Town	Oswego	66.7

Moderate Stress			
Total points of 55 or Greater			
Name	Class	County	Fiscal Score
Monroe	County	Monroe	64.2
Clarkstown	Town	Rockland	63.8
Valley Stream	Village	Nassau	63.3
Yonkers	City	Westchester	59.6
Island Park	Village	Nassau	55.8
Maybrook	Village	Orange	55.8

Bold municipalities are calendar fiscal year end entities that were added to this list in September 2019.

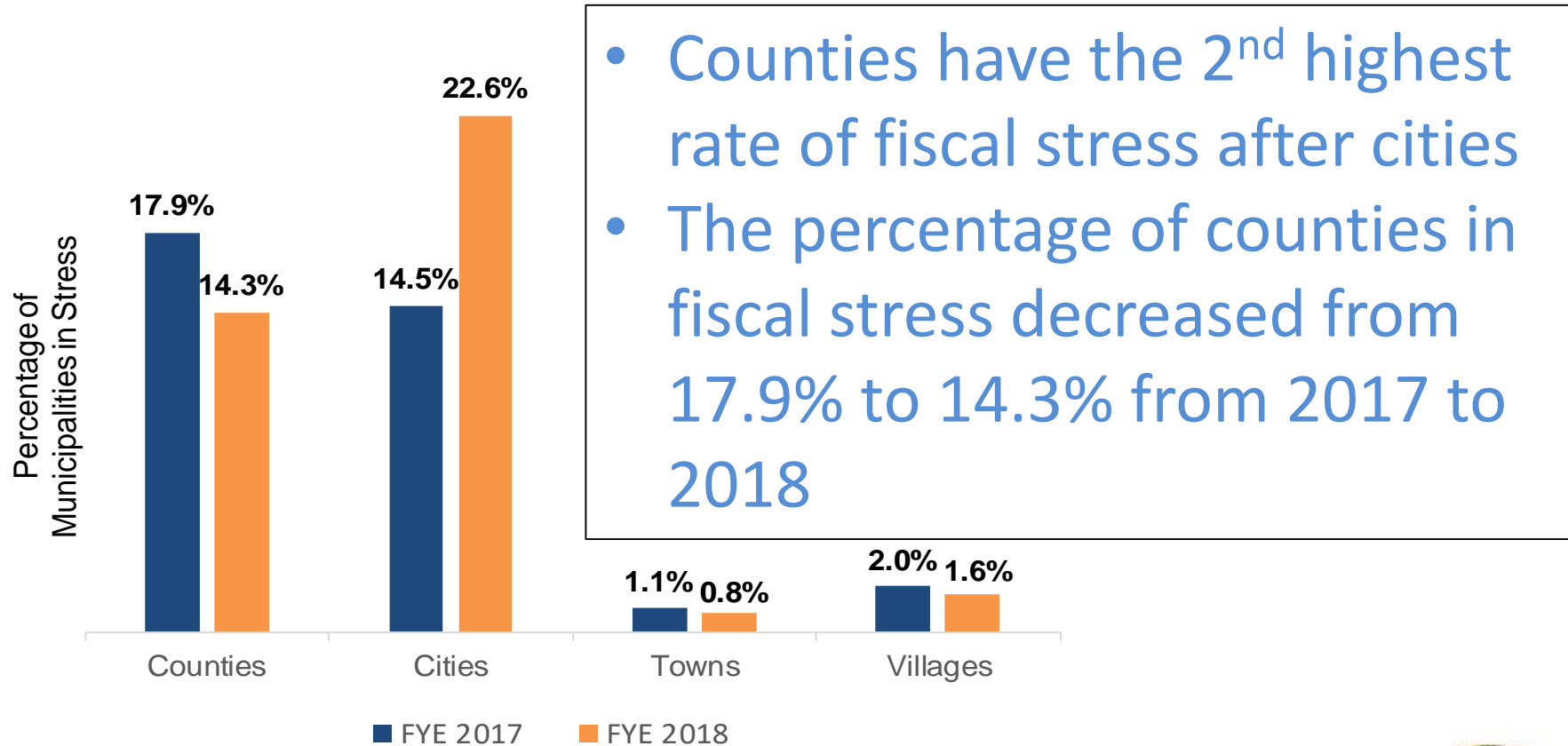
If a municipality is not shown on this list, it may [not have filed its annual financial report](#), [may have data that is inconclusive](#) for FSMS or may have no designation. [Check the status of an individual municipality.](#)

[Learn more about the System and Scoring](#)

Copyright © 2013 The New York State Office of the State Comptroller  
Division of Local Government and School Accountability

# Fiscal Stress Monitoring System

Local Governments in a Fiscal Stress Category, by Class,  
FYE 2017 and 2018





# Fiscal Stress Monitoring System

- FYE 2019 county scores to be released in September 2020
- 13 counties not yet filed – time is running out.
  - Contact us for help



# OSC Audits

## Facts and Figures

- OSC audit reports in 2019: 354
- Total County Reports: 13
- Auditing during COVID
  - Personal engagement is difficult
  - Examining and modifying procedures for this “new normal”



# OSC Training

- Of course, COVID has forced us to change
  - More webinars
  - Working on shorter YouTube videos to provide timely instruction that local officials need
  - Moving accounting schools into virtual environment
  - Keep checking the website for updates
- We continue to partner with LG Associations



# Tools and Resources

[www.osc.state.ny.us/localgov](http://www.osc.state.ny.us/localgov)

- Dedicated FSMS and Tax Cap pages
- Assessment and Financial Planning Tools
- Research/policy reports
- Data, data, data
- Management guides
- Accounting Releases: Advisories and Bulletins



# Contact Us

**Web:** [www.osc.state.ny.us/localgov](http://www.osc.state.ny.us/localgov)

**Email:** [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

**Phone:** 866-321-8503 or 518-408-4934



Albany Update • June 18, 2020

# Albany Update

---

## Issues of County Concern



540 Broadway

Albany, 12207

[www.nysac.org](http://www.nysac.org)

518-465-1473

## Agenda

- **Uncertain Fiscal Times**
- **State Budget Outcomes**
  - ✓ Review of Major Statewide Policies
  - ✓ Issues of Importance for Counties
- **End of Session Highlights**
- **COVID-19 Economic Impact on Counties**
  - ✓ County Revenue Impacts
    - Local Revenues & State Aid
- **Property Tax Cap for 2021 – NYSAC Estimates**
- **Pension Costs for 2021 – NYSAC Estimates**
- **Federal Stimulus Proposals – State & Local Government Aid**

## Unprecedented Times Creates Uncertainty

- The unknown duration of the economic shutdown will lead to expansive revenue losses for the state and counties. The State is estimating revenue losses of about \$13.3B and \$60B over the next 4 years. This is after closing a \$6 billion gap in the 2021 budget.
- Counties will face significant local revenue losses as well, potentially as high as \$2 billion.



## County Revenue Losses Are Just the Beginning

**Counties will face mid-year state aid cuts and state aid reimbursement delays**

**Many counties experienced immediate and lasting increased spending needs to address the public health and social welfare emergency.**

*Cash flow will be tight as revenues and emergency federal assistance will take many months to catch up*

**Higher costs will carry over into future years. The loss of investment returns in the state retirement fund and state aid cuts will lead to increased counties costs for years.**

*While the Great Recession was a different economic shock, county retirement costs nearly tripled in the years that followed due to losses in the retirement fund. State aid cuts were made permanent*

## New Executive Authority to Cut Spending

- If revenues or spending are out of balance by more than 1% during any one of three measurement periods, the Executive can cut state aid to localities as necessary to achieve balance
- The reductions “...shall be done uniformly across-the-board to the extent practicable or by specific appropriations as needed.”
- The Governor has indicated all local assistance would need to be cut by at least 20 percent to help balance the state budget
  - State reimbursements have slowed significantly since April 1<sup>st</sup>.
  - Reimbursements for social services are being held for more intensive scrutiny as of May 1<sup>st</sup>.
    - CHIPS & other highway funds were released (months late), but with a caveat that they could be cut by up to 20%.

## New Executive Authority to Cut Spending

- In 2018, counties received about \$3.1 billion in state reimbursements, or aid
- This was about 12.4 percent of total county revenues in that year
  - This averaged about 14.9 percent per county, with a range of 7.1% to 26.4%
- If the Executive reduces aid to localities as described earlier (20% to 50%), it will cost county taxpayers between \$600 million and \$1.5 billion in lost state reimbursement and direct aid

# New Executive Authority to Cut Spending

**Cuts could be fully or partially restored under the following circumstances:**

Actual tax receipts in State Operating Funds is 98% of the budgeted amount thru February 2021;

**or**

The federal government provides aid sufficient to reduce or eliminate the imbalance in the General Fund for fiscal year 2020-21 and does not adversely impact the budget gap in fiscal year 2021-22.



Restorations will only occur if the Executive also certifies that all required payments for state fiscal year 2020-21 will be made (including tax refunds), and state reserves are equal to what they were at the start of the state fiscal year.

# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Office for the Aging

- Funding of \$15 million is appropriated to support another round of enhanced EISEP services that are provided by county Aging programs
  - The typical 25% local maintenance of effort match is exempt
  - Funds must be used to address the unmet needs of the elderly as reported to NYSOFA

## Agriculture

- \$31.2 million in local agricultural assistance (\$2M reduction).
- Amends the Farm Laborer Fair Labor Practices Act to expand the definition of immediate family members, who are exempted from the required day of rest.
- Extending and Expanding the New York State Fair - The Budget includes \$26.6 million for the State Fair, an increase of \$5.3 million over last year to support an additional 5 days of operation.

# Albany Update • June 18, 2020

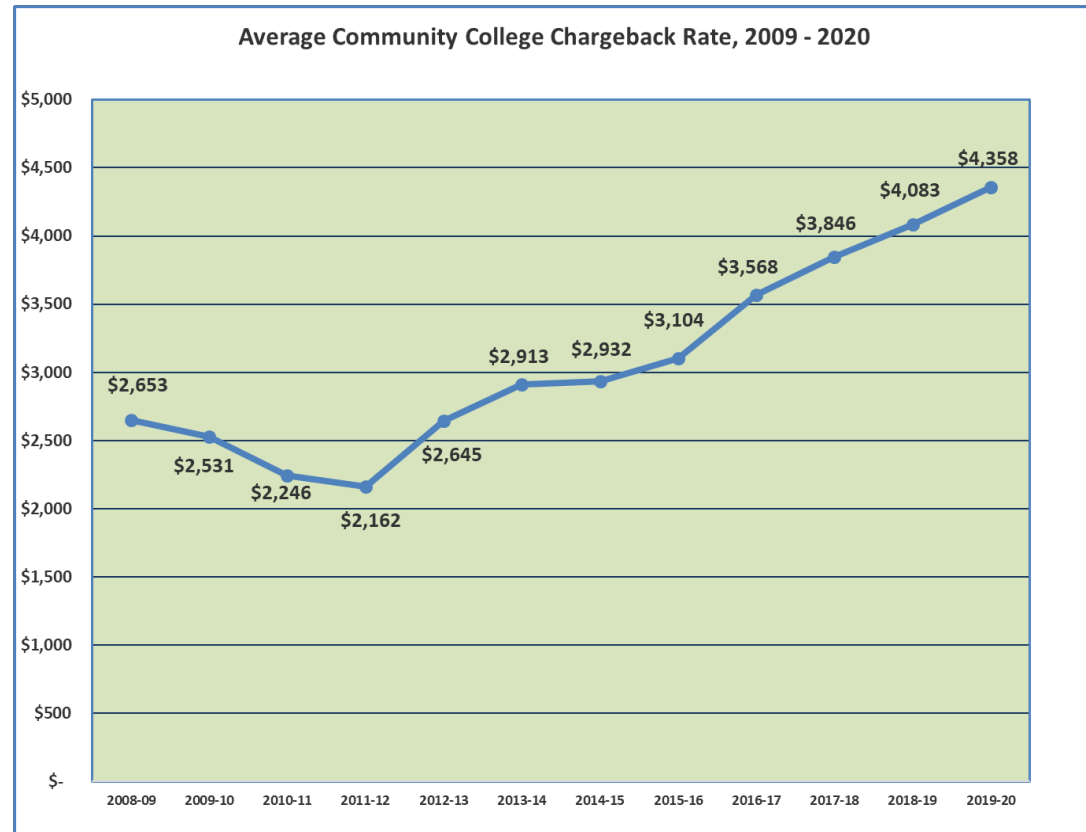
*All State Aid is subject to reduction*

## Children with Special Needs

- Early Intervention Program reforms – NOT included.
- State shifts ~\$22 million in CPSE placement costs to school districts.

## Community Colleges

- The SFY 2020-21 Enacted Budget reduces aid for community colleges by \$31 million. Reductions can lead to higher chargebacks over time.



# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Economic Development

- \$750 million available for a 10th round of REDC awards.
- \$100 million available for a 5th round of the Downtown Revitalization Initiative.
- Requires that prevailing wage be paid on certain private construction projects (effective January 1, 2022).
  - Includes projects that are paid for with at least 30 percent public funds with project costs that exceed \$5 million (with exemptions).
  - Does not preempt any existing contract nor apply to any appropriations of public funds first appropriated prior to the effective date.

## Elections

### **Early Voting – no new additional money**

- The Budget does re-appropriate remaining funds from capital and operating assistance.

### **Time Off to Vote Clarification**

- Currently, employers are required to give their employees up to 3 hours of paid time off either at the beginning or end of the employee's shift to vote on Election Day. This part would reduce the paid time off from 3 hours to 2 hours.
- If an employee has 4 consecutive hours at either end of his/her shift, that is sufficient time to vote.

### **Campaign Finance Reform**

- This proposal allows for the creation of public financing of campaigns for statewide offices (including the Assembly and Senate). Takes effect on 11/9/2022 for participants in primary and general elections being held in 2024.



# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Environment & Energy

### Environment

- \$3 billion *Restore Mother Nature Bond Act* (subject to voter approval).
- \$500 million for clean water infrastructure.
- \$300 million for the (EPF).
- Bans on most Styrofoam products (single-use and packaging).

### Energy

Creates a new renewable energy siting process:

- Intends to "ensure that renewable energy generation projects be sited in a timely and cost-effective manner that includes consideration of local laws..."
- Creates an Office of Renewable Energy Siting within DOS. The Office must make a final decision on a siting permit within 1 year.
- Requires that a permittee provide a host community benefit.
- PILOTS to be negotiated by localities

# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Gaming and VLT Aid

**Amend Sports Betting Lounge Restrictions** - Under current law, a sports pool, and sporting bets, 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 SFY 2020-21 enacted budget amends current law to allow a sports bet to be made from anywhere in the casino

**Maintains Video Lottery Terminal (VLT) Aid** - The adopted budget maintains VLT Aid to all municipalities and counties outside of Yonkers. The Executive Budget proposed the elimination of \$9.3 VLT aid outside of Yonkers which is split among 15 different municipalities including 8 counties.

# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Human Services

- *Child Care* - Additional \$200 million in federal COVID stimulus funding
- *Code Blue Investment* - \$13 million to aid with costs incurred with this E.O.
- *Summer Youth Employment* – Additional \$1 million.
- *TANF Cost Shift to Counties* - Reduces county reimbursement by \$25 million.
- *Family Assistance Cost Shift to NYC* - Reduces NYC reimbursement by \$51 million by changing the required local share.
- *Family First Prevention Services Act* - Additional \$75 million
  - \$25 million will assist with statewide FFPSA compliance.
  - \$50 million will provide temporary grants to New York City, which has an expired demonstration project.



## Indigent Legal Services

- The enacted budget provides \$150M in Local Assistance funding for increased support for the Office of Indigent Legal Services – a \$50 million increase. 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
- We believe this appropriation is protected from across-the-board Executive Budget cuts because it is related to a judicial settlement



## Medicaid

- The Governor's budget proposed counties to pay more for Medicaid if they did not stay under the 2% property tax cap, or limit the growth in local Medicaid share costs to less than 3%. The budget proposal also authorized the Governor to intercept enhanced federal Medicaid matching funds provided to New York counties under the Affordable Care Act. These were all rejected.
  - *NYSAC estimated that counties and NYC could have lost more than \$1 billion annually from these proposals over time.*
  - *Defeating these proposals preserved current Medicaid cost growth caps from 2005 and 2012.*



## Medicaid

- The Budget does enact a new diversion of county and NYC sales tax in the amount of \$250 million annually for the next two years (county \$50M and NYC \$200M). The diverted sales tax would be used to fund a State Distressed Hospital and Nursing Home Pool. The distribution is not yet defined – the state can keep any funds not distributed in any given year for general fund purposes.
- The funds are to be diverted on a quarterly basis around the 15<sup>th</sup> of the month. For SFY 2020-21, all funds will be diverted in January 2021.



# Albany Update • June 18, 2020

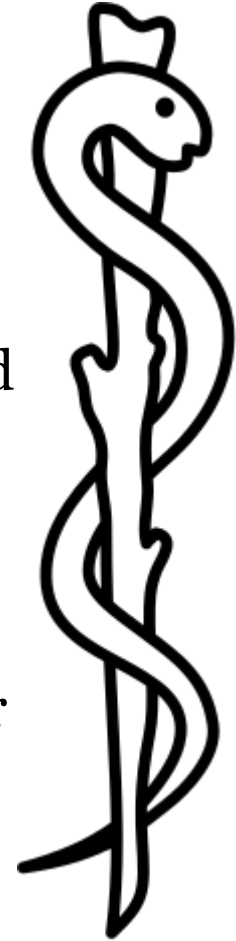
## Fiscally Distressed Hospital & Nursing Home Pool Sales Tax Diversion Per Year - \$50 million - **NYSAC Estimate**

County	Gross Sales Tax First Year Cost <sup>1</sup>	County	Gross Sales Tax First Year Cost <sup>1</sup>	County	Gross Sales Tax First Year Cost <sup>1</sup>
Albany	\$1,677,287	Hamilton	\$24,461	Rockland	\$1,363,282
Allegany	\$129,411	Herkimer	\$200,750	St. Lawrence	\$356,994
Broome	\$831,003	Jefferson	\$467,827	Saratoga	\$756,144
Cattaraugus	\$234,189	Lewis	\$75,878	Schenectady	\$629,900
Cayuga	\$223,431	Livingston	\$208,149	Schoharie	\$94,621
Chautauqua	\$415,114	Madison	\$179,258	Schuyler	\$69,470
Chemung	\$369,395	Monroe	\$3,061,862	Seneca	\$162,703
Chenango	\$143,813	Montgomery	\$190,062	Steuben	\$351,825
Clinton	\$346,640	Nassau	\$7,309,393	Suffolk	\$8,903,119
Columbia	\$266,185	Niagara	\$762,434	Sullivan	\$281,783
Cortland	\$182,541	Oneida	\$877,169	Tioga	\$150,862
Delaware	\$130,096	Onondaga	\$2,164,975	Tompkins	\$331,537
Dutchess	\$1,231,699	Ontario	\$520,144	Ulster	\$744,543
Erie	\$4,848,971	Orange	\$1,741,583	Warren	\$331,967
Essex	\$189,378	Orleans	\$102,814	Washington	\$126,990
Franklin	\$147,780	Oswego	\$282,941	Wayne	\$279,806
Fulton	\$130,970	Otsego	\$236,275	Westchester	\$3,566,606
Genesee	\$251,636	Putnam	\$395,202	Wyoming	\$110,398
Greene	\$202,050	Rensselaer	\$554,323	Yates	\$80,361



## Medicaid

- The adopted budget does accept the enhanced Medicaid matching funds provide in the COVID-19 federal stimulus bill that increases the FMAP by 6.2% for each quarter the federal health emergency declaration is in place
  - According to federal sources, NYS has received \$2.5 billion in enhanced federal aid retroactive to January 1st and running through June 30, 2020. NYS says the number is nearly \$1 billion less.
  - Enhanced payments are available in each quarter going forward if the national health emergency is still in force
  - Counties, are entitled to about 20% of these enhanced payments under federal law – the state has not released these funds to counties yet



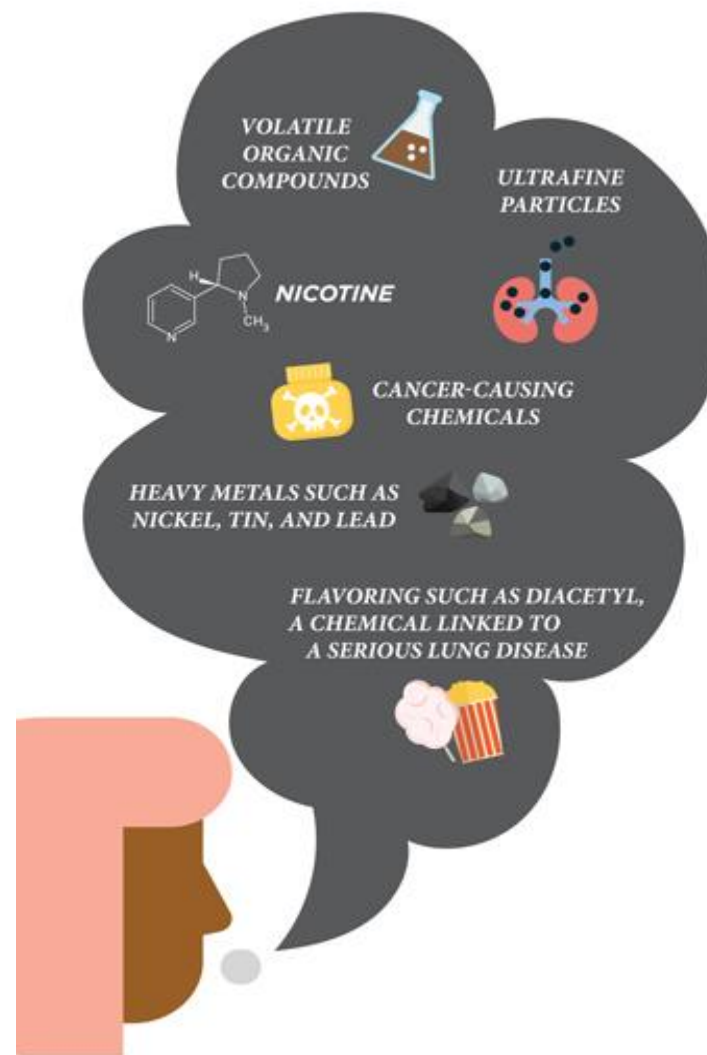


# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Public Health

- Maintains core public health funding (Article 6)
- Enacts various tobacco control policies:
  - Effective June 1, 2020:
    - Ban on flavored vapor products used in e-cigarettes.
  - Effective July 1, 2020:
    - Prohibition on sale in pharmacies.
    - Prohibition on price reduction instruments.
    - Restriction on delivery to private residences.
    - Increased fines for selling tobacco products to underage purchasers.
    - Prohibition on advertisements near schools.
    - DOH/DOE education campaign.



## Public Safety

- Authorize shared county jails (regional jails) - EXCLUDED
- Jail-based restoration programs for county jails – EXCLUDED

### **Bail Reform**

- Expanded list of crimes now eligible for bail.
- Clarified use of electronic monitoring.
- Judicial discretion - EXCLUDED.

### **Discovery Reform**

- Discovery material
- Traffic tickets
- Criminal Charges

## Transportation

- CHIPS - Bidding threshold increased from \$250k to \$350k
- Highway & Bridges Funding - After a 2-month delay the CHIPs runs were posted online on June 8<sup>th</sup>, with the following caveat, *“The amounts detailed in the following apportionment tables may be subject to a reduction of up to 20 percent.”*
  - Funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program is maintained at last year’s level of \$477.8 million.
- Extreme Winter Recovery - \$65 million
- PAVE-NY - \$100 million
- Airports - provides up to \$100 million for a second round of funding for the Upstate Airport Economic Development and Revitalization.
- Legalize E-Bikes & E-Scooters



# Albany Update • June 18, 2020

*All State Aid is subject to reduction*

## Veterans

- **Expand Affordable Housing and Support Services for Homeless Veterans** - The 2021 Budget directs \$5M to expanding permanent supportive housing for homeless veterans through the Homeless Housing Assistance Program.
- **Extension of Hire-A-Vet Credit** - Continues the Hire-A-Vet Tax Credit, through tax year 2021.
- **Joseph P. Dwyer Veteran Peer to Peer Program** -- \$2.487 million, \$1.8 million less than last year.

Veterans – Dwyer County Awards			
County	Funding Level	County	Funding Level
Broome	\$92,500	Onondaga	\$92,500
Cattaraugus	\$67,500	Orange	\$92,500
Chautauqua	\$92,500	Putnam	\$92,500
Columbia	\$50,000	Rensselaer	\$72,500
Dutchess	\$92,500	Rockland	\$92,500
Erie	\$92,500	Saratoga	\$92,500
GLOW Counties	\$92,500	Suffolk	\$92,500
Jefferson	\$92,500	Sullivan*	\$185,000
Monroe	\$92,500	Ulster*	\$185,000
Nassau	\$92,500	Warren & Wash.	\$92,500
Niagara	\$92,500	Westchester	\$92,500
New York City	\$250,000	UAlbany	\$105,000

\* Indicates new program

## End of Legislative Session Highlights

### **Public Employee Relations -PBH**

*COVID-19 Public Employee Death Benefit S.8427 (Gounardes) / A.10528 (Abbate):* The bill provides protections for the statutory beneficiaries of public employees who died of COVID-19 after working in person on or after March 1, 2020, or within 45 days after December 31, 2020.

### **Real Property - PBH**

*Real Property Tax Deferral S.8138-B (Martinez) / A.10252-A (Stern) **(NYSAC OPPOSED)**:* This legislation will allow a local taxing jurisdiction to defer property taxes due to the COVID-19 pandemic or separate property taxes into as many installment payments as necessary without liability to the county.

## COVID-19 Economic Impact on Counties

NYSAC has released two County Economic Impact Reports on the COVID-19 Pandemic. The first report was released in March at the beginning of mandatory social distancing and business closures. In early May the report was updated and expanded as new economic data became available.

- Initial impacts on the nation will be far sharper than falloffs in economic activity in past recessions.
- NYS will be hit a lot harder compared to other parts of the country.
- No region of New York will be spared, and downstate will be most affected.

## COVID-19 Economic Impact on Counties

The report constructs two scenarios – a mild or more severe recession.

There remain critical unknowns:

- How quickly can regional economies be reopened and return to normal activity?
- Will a second wave come in the Fall?
- How long before an effective vaccine or treatment is developed and widely available?
- Major economic shocks often force consumers to change their purchasing habits and saving rates. After the Great Recession, savings rates increased dramatically. So far, savings rates during the COVID-19 pandemic have increased even higher than during the Great Recession.

## COVID-19 Economic Impact on Counties

### Key Points Related to Local Revenues

- The sharpest impacts will be on industries related to tourism, recreation, and restaurants. Sales tax, occupancy tax, gaming revenues will all decline
- Sales tax generated from an event (concert, sports, dining out) that does not happen, likely represent lost sales tax for the budget year
- The sale of a good or product may just be delayed, but we should recognize these delays could cross into the next county fiscal year



## COVID-19 Economic Impact on Counties

### Key Points Related to Local Revenues & State Aid:

- Sales tax could decline between \$780 million to \$1.9 billion for the counties outside of New York City in 2020, depending on the severity of the downturn
- Occupancy tax could decline between \$50 million to \$79 million
- Gaming and VLT Revenues could fall between \$56 million to \$83 million
- State Reimbursements and Aid could fall between \$592 million to \$1.5 billion

## COVID-19 Economic Impact on Counties

### Key Points Related to Sales Tax

- Under the mild recession scenario our model assumes restaurants, bars, hotels, and other tourism-related industries suffer an initial loss of 40%. Key industries such as auto dealers are down 15%, gasoline stations down 20%, other transportation sectors down 33%, and all other down 10%
  - These reductions are in full effect for a quarter, after which restrictions begin to ease in the ensuing three quarters although reductions are about 25% as large as the initial shock at the end of a year.
  - Overall, taxable sales are expected to be 9% lower, on average, than a baseline scenario.

## COVID-19 Economic Impact on Counties

### Key Points Related to Sales Tax

- In the severe scenario the initial impacts are roughly twice as large as in the mild scenario. For example, initial reductions in taxable sales associated with bars and restaurants are 80%.
  - Restrictions are assumed to be eased very slowly so that after 9 months impacts are still 75% as large as the initial impact.
  - Overall, taxable sales are expected to be 22% lower, on average, than a baseline scenario

## COVID-19 Economic Impact on Counties

### April & May Sales Tax Results

- Sales tax revenues received by counties and NYC was about \$301 million lower in April, about 26 percent
  - This ranged from -18 percent to -40 percent
- Sales tax received in May was about \$401 million lower, about 32 percent
  - This ranged from +1.4 percent to -41.5 percent

# Albany Update • June 18, 2020

Where does a typical county's sales tax come from?

## U.S. Retail Sales Estimates, Census Bureau

	May 2020 <i>Compared to May 2019</i>	April 2020 <i>Compared to April 2019</i>	March 2020 <i>Compared to March 2019</i>	<i>How These Categories Rank as Source of Sales Tax 57 Counties outside NYC</i>
Auto & other motor veh. dealers .....	-4.7	-34.4	-25.0	# 1
Food services & drinking places .....	-39.4	-52.6	-26.7	# 2
Gasoline stations .....	-30.8	-39.3	-18.1	# 3
General merchandise stores.....	0.0	-5.9	7.9	# 4
Bldg. material, garden & supplies.....	16.4	3.1	4.7	# 5
Clothing & clothing accessories stores.....	-63.4	-87.3	-49.8	# 6
Grocery & beverage stores.....	14.5	12.4	29.3	# 8
Nonstore (Internet-based) retailers .....	30.8	22.8	14.2	# 9
Furniture & home furn. stores .....	-21.5	-58.7	-18.3	Not in top 10
Electronics & appliance stores .....	-29.9	-53.1	-11.6	Not in top 10
Health & personal care stores .....	-10.3	-9.9	5.3	Not in top 10
Sport. goods, hobby, musical instr., books...	4.9	-44.7	-16.3	Not in top 10
Department stores .....	-25.8	-46.1	-25.1	Not in top 10
Miscellaneous store retailers .....	-22.8	-31.6	-5.7	Not in top 10

# Albany Update • June 18, 2020

Another metric for retail sales activity is Google Mobility data. **The chart to the right is specifically for the State of New York.**

Retail & recreation

**-47%**

compared to baseline



Google Mobility trends for *Retail & Recreation* includes places like restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

# Albany Update • June 18, 2020

## U.S. AUTO SALES VOLUME FORECAST

SALES VOLUME	March		April		May	
	2020 Forecast	Change from 2019	2020 Forecast	Change from 2019	2020 Forecast	Change from 2019
Industry Total	1,044,805	<b>-35.5%</b>	633,260	<b>-52.5%</b>	1,074,542	<b>-32.5%</b>

Auto Dealer sales is the number one source of sales tax for nearly every county. *Edmunds Automotive* does monthly forecasts of U.S. auto sales. The chart above highlights Edmund's forecast for March-April-May.

## 2021 Property Tax Cap for Counties

- Inflation has cratered since the COVID-19 pandemic spread across the U.S.
- The inflation index peaked in February, and will likely be below that level in each month through June 2020
- NYSAC projects the allowable Inflation Growth Factor for counties in 2021 will be about 1.5 percent
  - Economic growth in your county (added .6% for an average county in recent years), prior year carryover balances (capped at no more than 1.5%) and other factors could provide for an Allowable Property Tax Cap Growth Factor that is higher than 1.5%. We believe pension contribution rates will increase enough to trigger special property tax cap exemption provisions in 2021



## 2021 Pension Contribution Costs

- While we do not know with certainty, it is likely that county pension contribution rates will increase for 2021
  - In 2020, the average contribution rate is 14.6 percent, including GLIP
- The Common Retirement Fund (CRF) experienced a loss in the most recent fiscal year and this will likely reduce the 5-year average of investment returns that is used to calculate future pension contribution rates
- For 2020, NYSAC calculates that the 5-year average of investment returns was about 7.1 percent, which is slightly above the 6.8 percent target rate of return for the CRF
  - For 2021, NYSAC projects the 5-year average investment return could fall to 3%-4%, which would likely require an increase in the 2020 average rate of 14.6 percent. We project the rate could increase up to several percentage points, all other things being equal

# Albany Update • June 18, 2020

## Federal COVID-19 Relief Bills

<b>COVID-19 Relief Package 1</b> Coronavirus Preparedness and Response Supplemental Appropriations Act	<b>COVID-19 Relief Package 2</b> Families First Coronavirus Response Act	<b>COVID-19 Relief Package 3</b> Coronavirus Aid, Relief, and Economic Security (CARES) Act	<b>COVID-19 Relief Package 4</b> Paycheck Protection Program and Health Care Enhancement Act
<ul style="list-style-type: none"><li>- <b>\$2.2 billion in public health funding</b> to support prevention, preparedness and response efforts</li><li>- <b>\$3 billion in funding for research and development</b> of coronavirus vaccines and diagnostic tools, and \$100 million for Community Health Centers (CHC)</li><li>- <b>\$3.1 billion in additional funding to key federal health agencies</b> to support public health and social services</li></ul>	<ul style="list-style-type: none"><li>- <b>Free coronavirus testing</b></li><li>- <b>\$1 billion for nutrition assistance programs</b></li><li>- <b>Increased the Federal Medical Assistance Percentage (FMAP)</b> by 6.2 percent</li><li>- <b>\$1 billion in emergency grants</b> to assist states in processing and paying UI benefits</li><li>- Major overhaul of <b>paid sick and paid family leave requirements</b></li></ul>	<ul style="list-style-type: none"><li>- <b>\$150 billion Coronavirus Relief Fund</b> for states and local governments</li><li>- Established Economic Stabilization Fund to support <b>municipal bond market</b></li><li>- Extends federal welfare program</li><li>- <b>\$100 billion for local hospitals and health care facilities</b></li><li>- <b>Delay cuts to Medicaid DSH payments</b> until FY 2021</li><li>- <b>\$440 billion in appropriations</b></li></ul>	<ul style="list-style-type: none"><li>- <b>\$320 billion for SBA's Paycheck Protection Program</b></li><li>- <b>\$75 billion to support local hospitals and health care providers</b></li><li>- <b>\$25 billion for COVID-19 testing in rural areas</b> to help monitor and suppress the pandemic</li></ul>

# Albany Update • June 18, 2020

## Phase 5 (Under Negotiation):

[H.R. 6800](#) HEROES Act (Pelosi/Lowey)

[H.R. 6748](#) Direct Support for Communities Act (Schumer, Gillibrand / Delgado, Zeldin)

[S. 3752](#) SMART Act (Cassidy, Menendez/ Reed)

- **HEROES Act**

- Includes formula to share county aid by population – championed in text of **Direct Support for Communities Act**.
- Declared dead on arrival in Senate (McConnell) & President has threatened a veto.
- *Includes \$187.5 billion for counties unrestricted aid – exactly what we want!*
  - Roughly \$11 billion for all 62 NYS counties to be divided evenly by population.
- Includes \$500 billion for states.
- Removes FEMA local match requirement.
- Includes Restore T-Band Act (NYSAC & NYC priority).
- Includes 14% FMAP increase.
- HEROES county aid payments are split over two years (2/3 year 1 and 1/3 year 2).

# Albany Update • June 18, 2020

## Phase 5 (Under Negotiation):

[H.R. 6800](#) HEROES Act (Pelosi/Lowey)

[H.R. 6748](#) Direct Support for Communities Act (Schumer, Gillibrand / Delgado, Zeldin)

[S. 3752](#) SMART Act (Cassidy, Menendez/ Reed)

- **SMART Act**

- Gaining widespread bi-partisan support in both chambers. Intro'd with 3 D's and 3 R's.
- \$500 billion for states, locals, and tribal gov.'s.
- The SMART Act provides \$16 billion to tribal governments, with the remaining \$484 billion distributed to states, the District of Columbia, and Puerto Rico according to three equally weighted allocators, worth \$161.3 billion each: (1) state population; (2) COVID-19 cases as of June 1, 2020; and (3) relative revenue loss, defined as the amount by which calendar year 2019 revenues exceed those for calendar year 2020. States are guaranteed a combined minimum of \$2 billion.
  - 50% of what goes to NYS would be reserved for local gov's.
  - **Rough calculation shows NYS getting about \$50-60 billion, of which \$10-12 billion would go to all 62 counties.**
- MOE language.
- SMART payments are split over two years (2/3 year 1 and 1/3 year 2).

# Albany Update • June 18, 2020

## **Phase 5 (Under Negotiation):**

[H.R. 6800](#) HEROES Act (Pelosi/Lowey)

[H.R. 6748](#) Direct Support for Communities Act (Schumer, Gillibrand / Delgado, Zeldin)

[S. 3752](#) SMART Act (Cassidy, Menendez/ Reed)

## **NYSAC & NACO Messaging**

- **Provide direct, unrestricted aid to county governments to be shared by population.**
  - This is our preferred model (HEROES/Direct Support for Communities Act).
    - Easier to communicate, more money for counties.
- Explain to your member of congress what this means for the people living in your county.
  - What specific services will be impacted without this revenue?
  - **How does that directly effect their constituents? Give hyper local examples.**
    - I.E. Rail trail is closed (7,500 annual visitors), 400 county employees will be laid off, these include public health nurses, etc. BE SPECIFIC!



**Tracey Hitchen Boyd**  
Deputy Assistant Comptroller  
Local Government & School  
Accountability  
Office of the State Comptroller

# Questions?

Today's Webinar is Sponsored by:



***Reduce Your 2021 Medical Plan Costs.***

The Municipal Healthcare Financing Collective is a collaborative stop-loss program enabling municipalities working together to get back unused premium dollars, reduce high cost claimant volatility and prevent future cost increases. The MHFC may also be eligible for funds as a Shared Services Initiative.

Contact Eric Lintala at Alera Group.

Email: [eric.lintala@aleragroup.com](mailto:eric.lintala@aleragroup.com)

Call: 585-248-8720, x320