

# 2016-17 NY Budget Testimony

City of Albany



Mayor Kathy M. Sheehan

Tuesday, January 26, 2016

1/26/2016

# Thank You

☞ Chairwoman Cathy Young and  
Chairman Denny Farrell

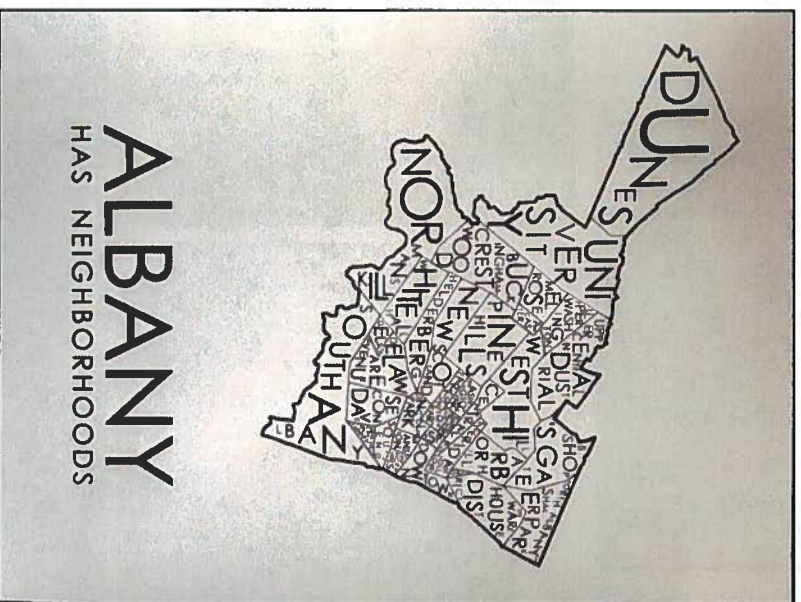
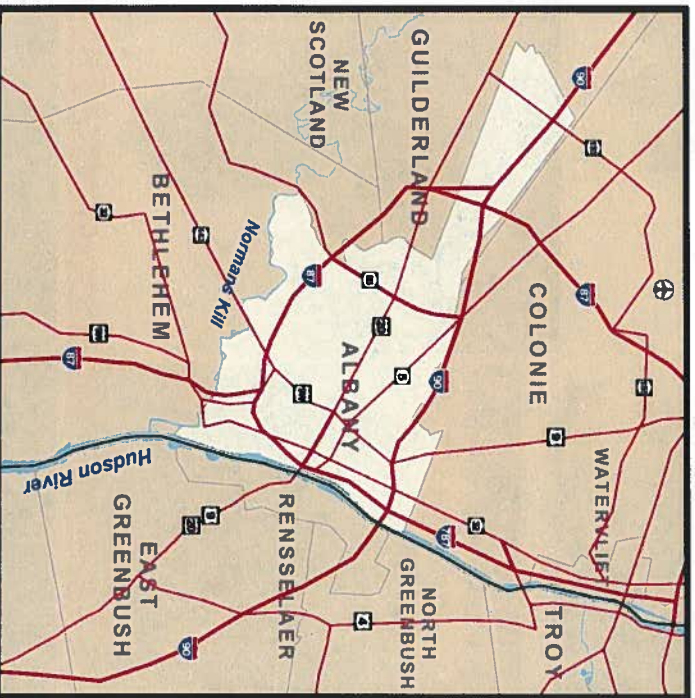
☞ Members of the Assembly and Senate

☞ Our Albany Delegation

- Senator Breslin, Assemblymember  
McDonald, and Assemblymember Fahy

# Our Capital City

A regional center and a city of neighborhoods



# Our Capital City



**DISCOVERY**  
CENTRE  
ALBANY PINE BUSH



1/26/2016

# State of the State / Executive Budget

Governor Cuomo said,

“Upstate New York must remain an economic priority and the cold truth is that this state government shortchanged upstate New York for many years.”

# Empire State Poverty Reduction Initiative

- 8 Albany is one of 10 municipalities eligible for the program proposed in the Executive Budget by virtue of having one of the highest poverty rates in the State
- 8 Under the program, New York will provide \$500,000 in planning and implementation grants to each community, along with access to a \$20 million grant pool to match private sector and foundation funding
- 8 This program along with the anti-poverty agenda seeks to “restore economic promise and expand opportunity for all New Yorkers”

# Other Upstate Budget Proposals

- 80 **Water Infrastructure:** Invest \$250 million in support for drinking water and wastewater infrastructure projects across the state, predominantly in Upstate communities.
- 80 **Thruway Authority:** Invest \$700 million in Thruway infrastructure, on top of last year's commitment of \$1.285 billion. As a result of this investment the Thruway will be able to freeze tolls for all drivers until at least 2020.
- 80 **Roads and Bridges:** Launch a \$22 billion multi-year capital plan to upgrade critical roads, bridges and other vital transportation infrastructure throughout the state, especially in Upstate New York..
- 80 **Broadband:** Dramatically expand and improve access to high-speed Internet in communities statewide.

# Comptroller Fiscal Stress Report

∞ In September 2015, the NYS Comptroller deemed the City of Albany the only upstate city under Significant Fiscal Stress for the FY ending in 2014.

∞ In fact, according to the Comptroller, Albany is the second most fiscally distressed city in the state.



# Albany Has a Revenue Problem

- FRB highlighted that Albany needs to expand revenue sources
- Recurring and persistent deficit that is decades in the making
- A patchwork of spin-ups and other one-time funding streams has maintained solvency from year to year without addressing the underlying issues and causes.

# Tax-Exempt Property

- ∞ The State owns more than 30% of the property in the City of Albany
- ∞ Under Section 19-a of the Public Lands Law, State funding for these services is equivalent to approximately 0.5% of the value of the State-owned property
- ∞ 60% of the property in the City is tax-exempt

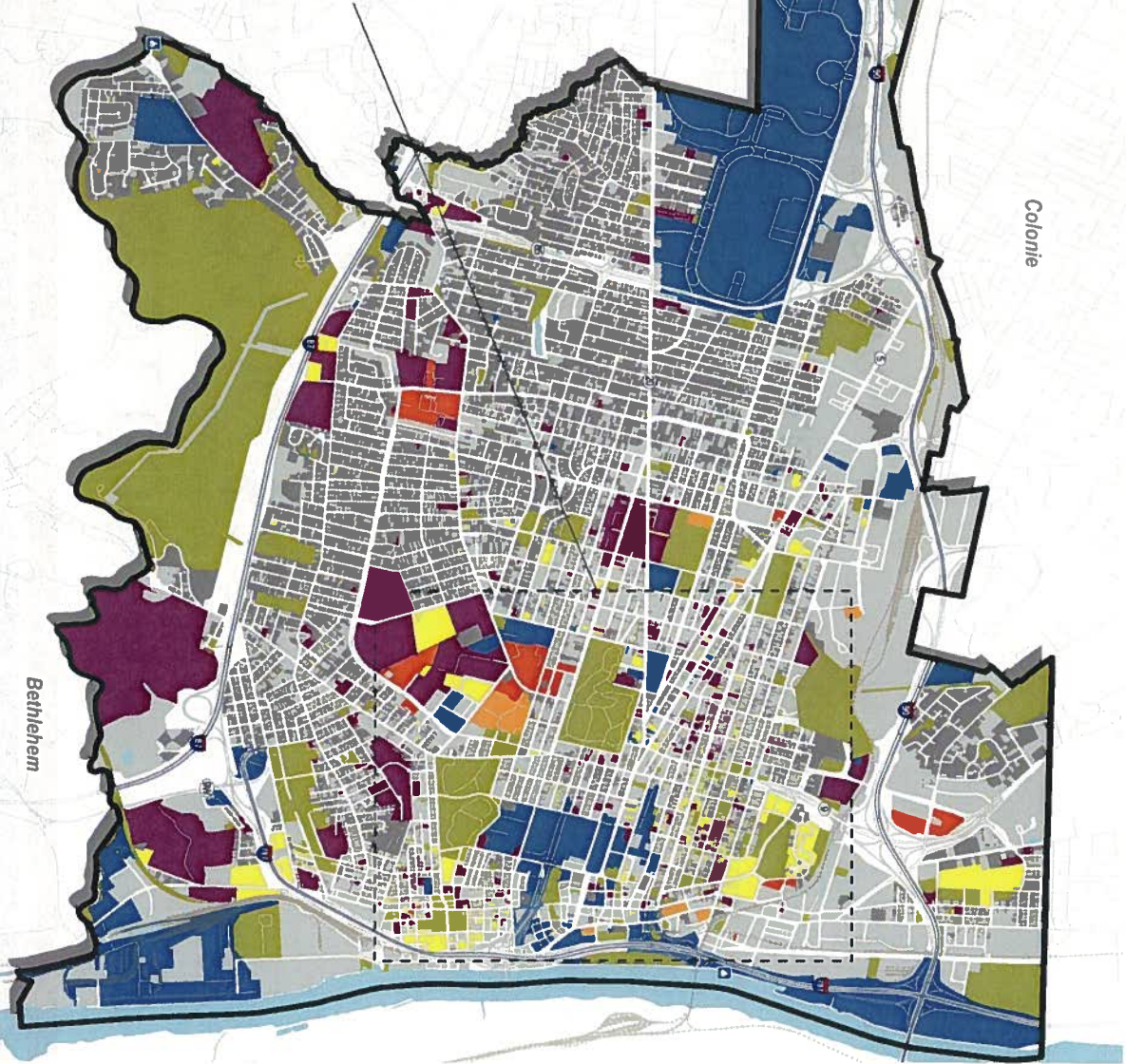


Guiderland



Colonie

- Federal Exemptions
- NYS Exemptions
- Local Exemptions
- Public Housing Exemptions
- Religious / Fraternal Exemptions
- Health Care / Services Exemptions
- Other Exemptions
- No Data / No Exemptions



Bethlehem

City of Albany

**BREAKDOWN OF TAX EXEMPTIONS ON PROPERTY IN THE CITY OF ALBANY**



DATE: City Department of Assessment & Budget, Planning & Development, Tax Exempt Status as of January 2016.  
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# Albany has the highest tax rates in the region

- ⌘ City of Albany \$10.29 per \$1,000
- ⌘ Town of Guilderland \$3.04 per \$1,000
- ⌘ Town of Bethlehem \$3.58 per \$1,000
- ⌘ Factoring in school taxes, an Albany resident's total tax bill is \$35.21 per \$1,000.
- ⌘ An Albany commercial (non-homestead) tax bill is more than \$49.00 per thousand compared to \$29.00 for all property classes in Guilderland and Bethlehem

# AIM

∞ The City of Albany receives less AIM per capita than any other upstate city

- Albany \$128
- Schenectady \$170.31
- Troy \$245
- Utica \$259
- Syracuse \$494.80
- Rochester \$417.70

# Challenges we face

- ⌘ There is a gap of \$12.5 million between the cost of operating the Capital City and the revenue that reasonably can be raised to fund operations without making damaging cuts.
- ⌘ Albany is more reliant on property taxes than other cities due to the disparity in state aid formulas. As a result, city taxpayers are overburdened in comparison to neighboring communities.
- ⌘ Increasing taxes is not an option. Each homeowner would see a 20% increase and commercial properties would increase 22%. Albany already has the highest tax rates in the region.
- ⌘ The City's population doubles during the workweek due to the commuter workforce. The City maintains and supports infrastructure that serves a number of people who do not live in the City and do not add to the tax base.

# What have we done?

- ⌘ The City has held spending to less than 2% in each budget since 2014
- ⌘ Financial Restructuring Board
- ⌘ My first budget included significant cuts, new efficiencies, and a FRB award from the State; however, we still needed \$2 million of the Fund Balance to close the gap.
- ⌘ Since then, additional cuts have been made, aggressive cost-savings measures implemented, new fees established, and unprecedented voluntary payments in lieu of taxes from non-for-profits have been procured.

# What do we need?

∞ Growth in the City of Albany tax base

∞ State funding that recognizes our unique and compelling position as the Capital City.



# How do we get there?



Wellington Row



Capital Center

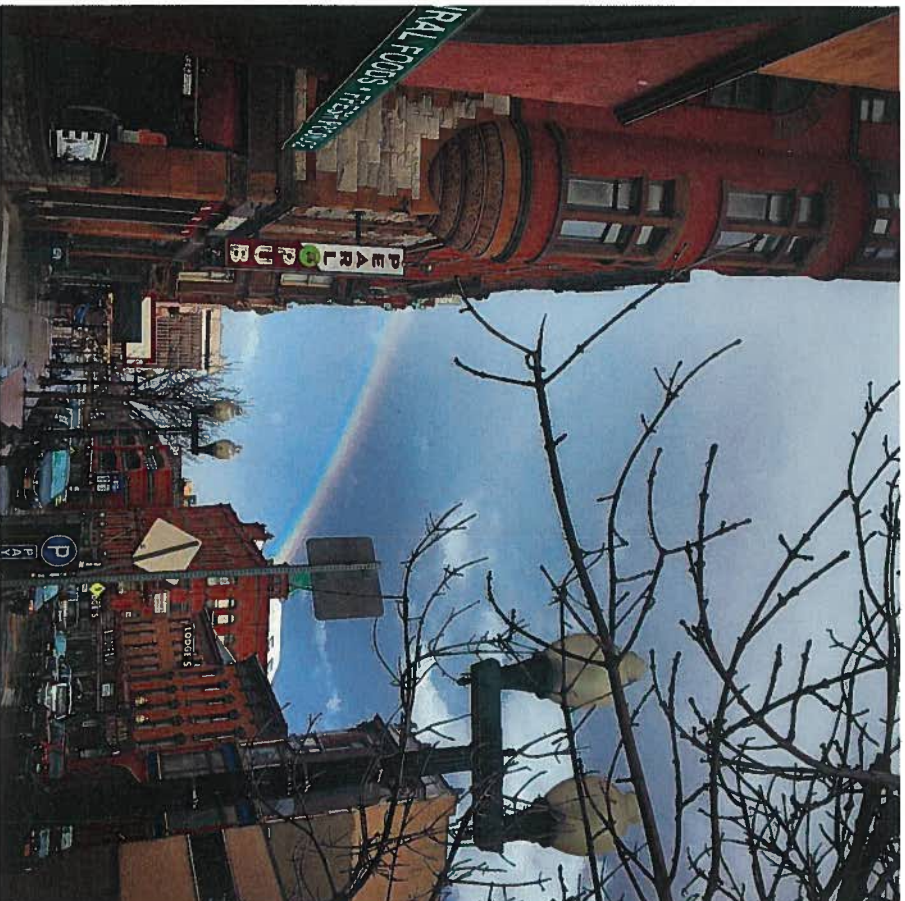


# How do we build a bridge?

## Equitable AIM Funding

- \$12.5 million annual increase in 19-a funding for five years
- An amendment to Section 19-a of the Public Lands Law that would deliver additional revenue to Albany based on the amount of state-owned land in the City.
- In turn, the amount of 19-a payments would be reduced by revenues received when state-owned land is returned to the tax rolls.

# Questions?



1/26/2016

