



TESTIMONY

Mayor Lovely A. Warren - Rochester, New York

Joint Legislative Hearings

2017-18 New York State
Executive Budget Proposal

January 30, 2017



Chairman Farrell, Chairwoman Young, members of the Assembly Ways and Means and Finance Committees; members of the Senate and Assembly: Thank you for the opportunity to address this panel on behalf of the residents of the City of Rochester.

This is my fourth time appearing before you as Mayor of the City of Rochester, and, like always, I will spare you a long testimony and get right to the point.

As Mayor, my goals are simple: To provide each of our citizens access to jobs, safe and vibrant neighborhoods and quality educational opportunities. While Rochester faces significant challenges, I am proud of the progress we've made over the past three years. We are a city built on the premise that if you are willing to work hard, you can rise above your circumstances and be successful in all areas of life.



A handwritten signature in blue ink that reads "Lovely A. Warren".

Mayor Lovely A. Warren
City of Rochester, NY

MUNICIPAL EDUCATION FUNDING

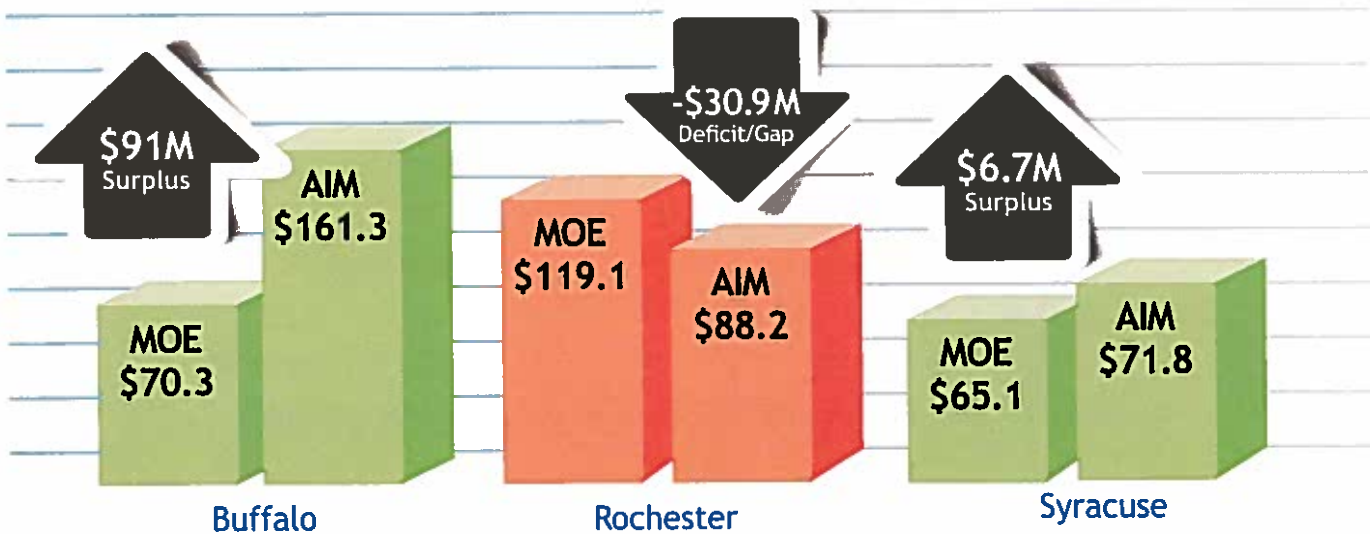
Senators, Assembly Members, I am asking the state this year to close the gap between our current AIM funding and the amount we pay our school district.

That amount is \$30.9 million – the difference between the \$119.1 million that we are required to pay the district each year – and the \$88.2 million we receive from the state for AIM aid.

This shortfall places Rochester at a significant disadvantage. Unlike its sister upstate cities, Rochester must allocate more funding to its School District than it receives from the state in AIM aid. AIM aid from the state exceeds the funding mandate for our neighbors to the east and west.



Education Funding for Upstate Cities: FY17 (in millions)



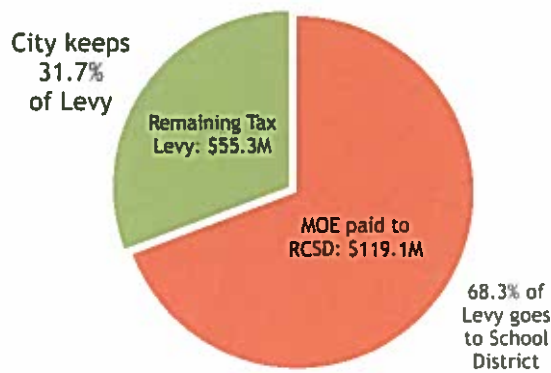
Why does Rochester get less? That is a question I cannot answer. However, I want you to know, we are not asking for more. We are asking for the same. We are, as always, asking for fairness and equity in the distribution of state funding among the large upstate cities.

You can make Rochester whole simply by providing us with Municipal Education Funding

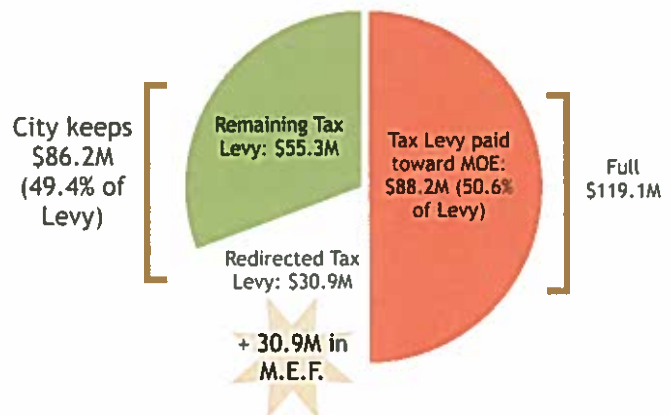
in the amount of \$30.9 million to supplement our AIM aid and make up the difference that we are required to give our schools.

Without this amount, Rochester will give up 68 percent of its tax levy to the School District and have just 32 percent remaining for critical City services.

Current Distribution of Tax Levy: FY17 (millions)



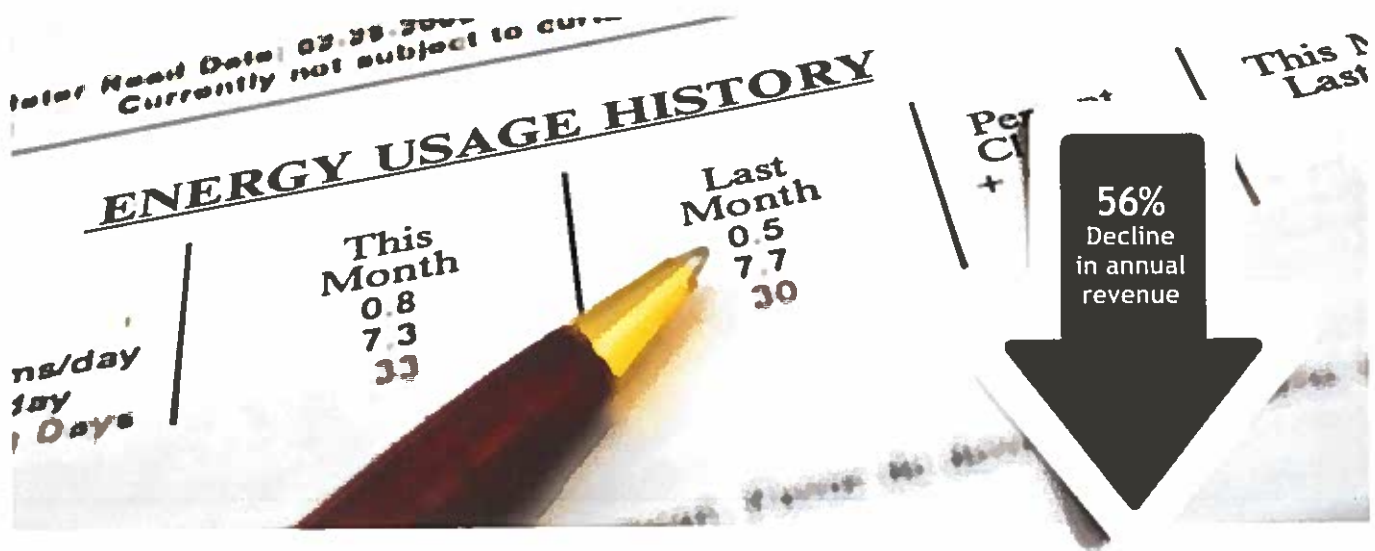
Distribution of Tax Levy Under Proposed Funding (millions)



By funding this mandate, the state would free up City tax-levy dollars for improving life outside of the classroom: public safety, libraries, recreation centers, job training programs, youth intervention services and many more.

Programs and services that some of our poorest residents rely on to gain access to jobs and better opportunities.

LEGISLATIVE FIX FOR UTILITY GROSS RECEIPTS TAX



Another area where I call on you to assist Rochester and other municipalities is in the utility Gross Receipts Tax (GRT). Rochester has seen a 56 percent decline in its annual revenue—from over \$11 million to \$5 million—because Energy Service Companies (ESCOs) are not paying what the City is owed from their GRTs.

Gas and electric are commodities and should be subject to the GRT.

Even though the New York State Department of Taxation and Finance agrees that such revenues are subject to the tax, many ESCOs refuse to pay it. The state can fix this situation once and for all by



enacting legislation to clarify that ESCO revenues associated with the sale of gas and electric commodities fall within the scope of the GRT.

In addition, I ask that you include cellular services within the scope of this tax.

The use of wireless communications has exploded. Many, many households no longer have landline telephones. Why would the revenue from this new and wildly expanding provision of wireless telephone service be exempt from this tax outside of New York City?

Both New York State—in its excise tax—and New York City—in its gross receipt tax—have changed their respective statutes to deem cellular services as taxable.

I am here today asking the State to give other New York municipalities the opportunity to benefit from the same revenue stream.

AIM AID

With regard to AIM aid, let me say how much we appreciate the State's continued support and the AIM aid that is included in the Governor's budget proposal. Although this AIM amount remained flat, we will continue to manage the City's finances as prudently as possible. While we have a strong credit rating, we have significant needs.

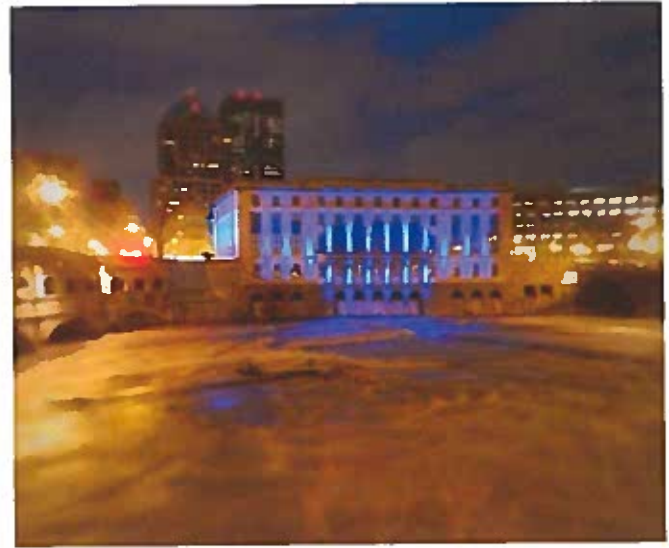
We respect and appreciate Governor Cuomo's efforts to incentivize the State's funding of municipalities by encouraging consolidation and inter-municipal agreements to reduce costs across the board.

I am also proud of our progress in this area, because Rochester and Monroe County have a long history of consolidation and intermunicipal agreements already. Allow me to give you some examples:

The combined resources of the City of Rochester and Monroe County provide 911 services to 745,000 people living in the city of Rochester and the 19 towns and 10 villages which comprise Monroe County.

We are also very proud of our collaboration with the County at the Public Safety Training Facility.





We share services with Monroe County at the Monroe County Crime Lab, which serves as the region's forensic laboratory. Decades ago, we also collaborated with the County for central police booking and jail operations.

And, since 1968, the Central Library is owned by the City, and funded operationally by the County.

The City also partners very closely with the Rochester City School District on many fronts, including education, recreation, social services, vocational programs, youth employment outreach, events and more.

The City of Rochester provides fire services

to the West Brighton suburban fire district in what we believe is a model for inter-municipal cooperation and shared services.

We believe Rochester has long been ahead of the curve.

Thus, tying our AIM aid to a County consolidation plan would not be beneficial to our community and will produce little cost savings as was indicated when we participated in the Financial Restructuring Board review in 2014.

I implore you to work with the Executive Branch on this issue and not tie AIM aid to consolidation plans that negatively impact cities.

Thank you for listening to my testimony. I look forward to answering any questions you may have.

Mayor Lovely A. Warren



For more information call 311.
Outside the city call (585) 428-5990.
Or contact Lovely A. Warren,
Mayor of Rochester
585-428-7045

www.cityofrochester.gov

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