



# 2016-17 NY Budget Testimony

City of Albany



Mayor Kathy M. Sheehan

Tuesday January 26, 2016



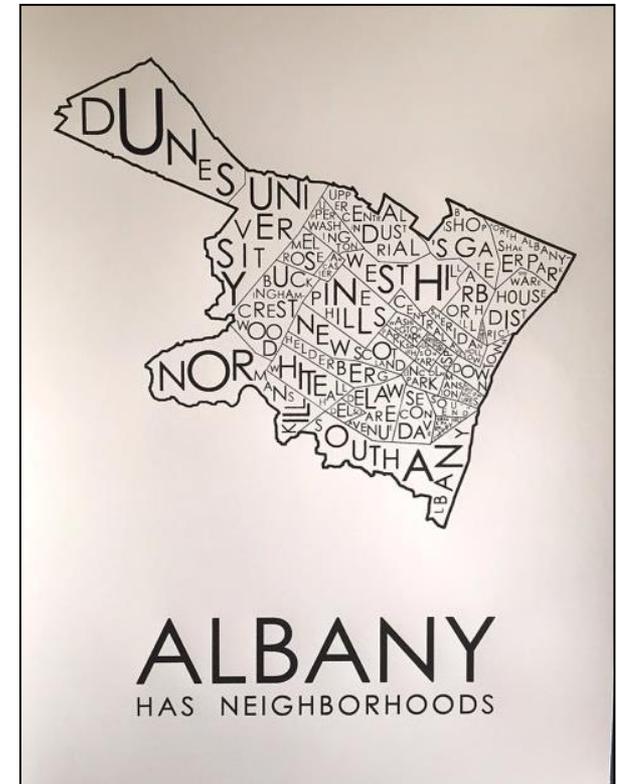
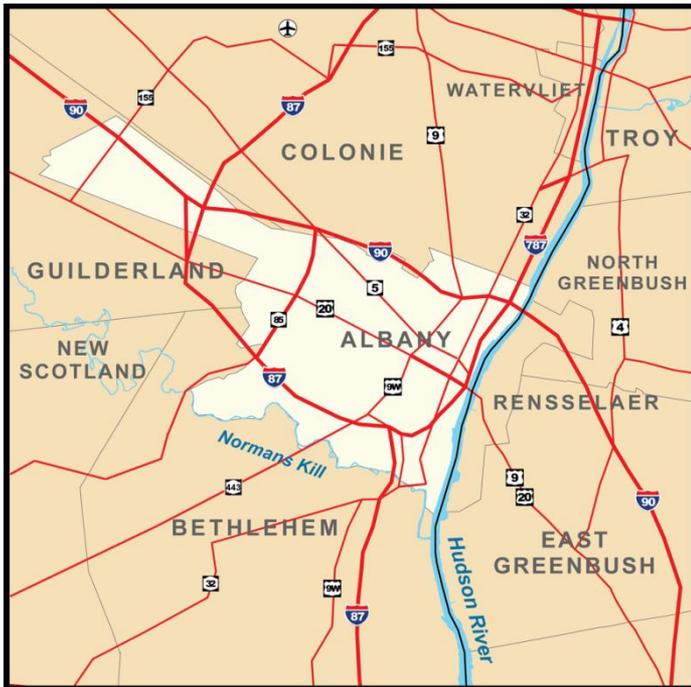
1/26/2016

# Thank You

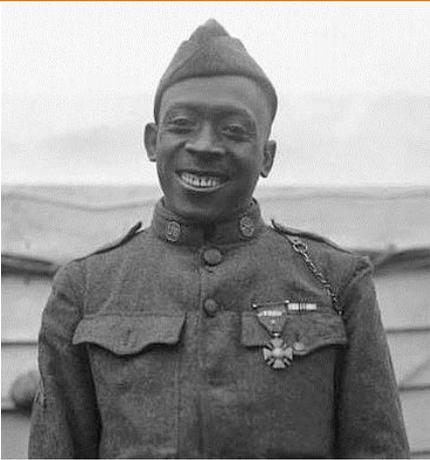
- ☞ Chairwoman Cathy Young and Chairman Denny Farrell
- ☞ Members of the Assembly and Senate
- ☞ Our Albany Delegation
  - Senator Breslin, Assemblymember McDonald, and Assemblymember Fahy

# Our Capital City

A regional center and a city of neighborhoods



# Our Capital City



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

- ✎ 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
- ✎ 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
- ✎ This program along with the anti-poverty agenda seeks to “restore economic promise and expand opportunity for all New Yorkers”

# Other Upstate Budget Proposals

- ☞ **Water Infrastructure:** Invest \$250 million in support for drinking water and wastewater infrastructure projects across the state, predominantly in Upstate communities.
- ☞ **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.
- ☞ **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..
- ☞ **Broadband:** Dramatically expand and improve access to high-speed Internet in communities statewide.

# Comptroller Fiscal Stress Report

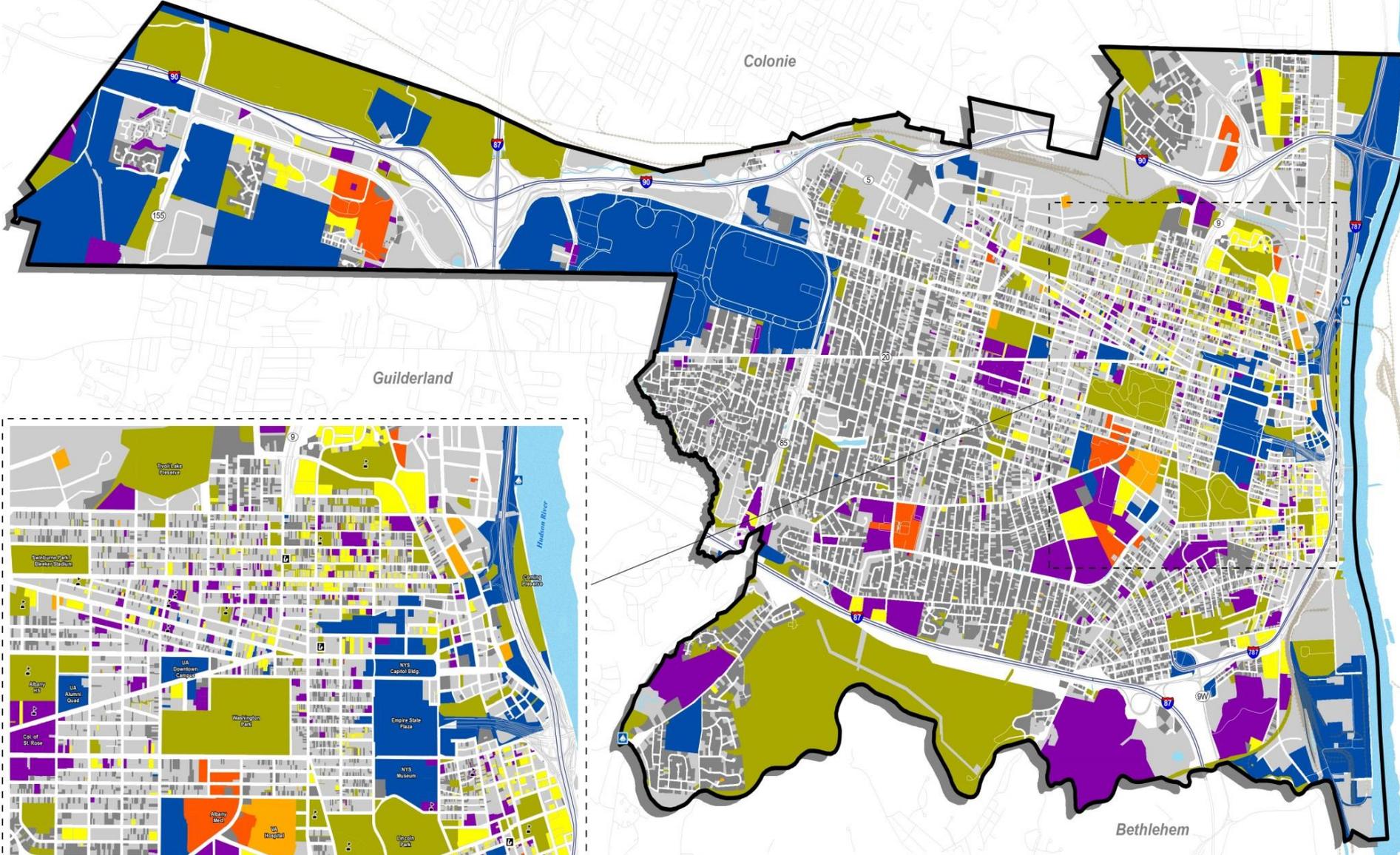
- ✎ In September 2015, the NYS Comptroller deemed the City of Albany **the only upstate city under Significant Fiscal Stress** for the FY ending in 2014.
- ✎ In fact, according to the Comptroller, Albany is the second most fiscally distressed city in the state.

# 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



Colonie

Guilderland

Bethlehem

City of Albany

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



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

SOURCE: City of Albany Departments of Assessment & Taxation; Planning & Development. Tax Exempt Status as of January 2016.

The City of Albany Department of Development & Planning provides this figure for illustrative purposes only. Unauthorized attempts to modify or utilize this figure for other than its intended purposes are prohibited. All locations are approximate. The City makes no claims or guarantees about the accuracy or currency of the contents of the data provided and expressly disclaims liability.

1/22/2016, C:\GIS Services\GIS DATA (Real Property Tax Parcels)\Tax Exemptions\2015\2016 All Tax Exemptions.mxd

# 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?

