

Local Governments

For local government fiscal years ending in 2010, the Executive Budget reduces overall Local Aid by \$1.3 billion. The Executive Budget however, provides local revenue options that could total \$850.3 million to reduce the total negative impact to municipalities to \$477.8 million.

The largest reduction component of the local government impact is the reduction of \$851.5 million in School Aid (see Education section for further details).

Aid & Incentives for Municipalities (AIM) – Local Aid

The Executive Budget for State Fiscal Year 2009-10 reduces AIM funding by \$328 million. In addition, the Executive proposes eliminating the \$11.6 million

for Special Aid funding for 33 eligible cities in SFY 2009-10.

The Executive has proposed that AIM funding remain constant for most municipalities in SFY 2009-10.

Aid & Incentives for Municipalities (AIM) – LGEG Grants and Efficiency Grants

The Executive Budget recommends \$13.5 million for the Local Government Efficiency Grant (LGEG) program, including \$11.5 million for grants, \$1.9 million for merger incentives and eliminates new funding for technical assistance and State agency assistance. This reflects a decrease of \$500,000 from SFY 2008-09.

Table 11

Impact of the Executive Budget on Local Governments						
Local Fiscal Year Basis Ending in 2010						
(\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid	(851.5)	(277.0)	(592.0)	17.5	0.0	0.0
Human Services	(130.8)	(67.4)	0.0	(63.4)	0.0	0.0
Health	(6.0)	0.8	0.0	(6.8)	0.0	0.0
Mental Hygiene	(23.4)	(15.7)	0.0	(7.7)	0.0	0.0
Transportation	(69.0)	(12.8)	0.0	(23.1)	(4.7)	(28.4)
Municipal Aid	(288.4)	(265.5)	0.0	(8.9)	(7.2)	(6.8)
Public Protection	(23.4)	(8.5)	0.0	(14.9)	0.0	0.0
All Other Impacts	64.4	49.5	13.0	3.9	(0.8)	(1.2)
Subtotal	(1,328.1)	(596.6)	(579.0)	(103.4)	(12.7)	(36.4)
Revenue Actions	850.3	356.3	11.9	357.1	75.5	49.5
Total Local Impacts	(477.8)	(240.3)	(567.1)	253.7	62.8	13.1

Source: Executive Budget 2009-10

Video Lottery Terminal (VLT) Municipal Aid

The Executive Budget proposes reducing VLT Aid for 17 host municipalities by 50 percent, or \$7 million in SFY 2009-10. Yonkers aid of \$19.6 million is held harmless.

Revenue Actions - NYC

The Executive proposes revenue action that if adopted by the City of New York that could generate a net increase of \$356.3 million in New York City revenue. This is comprised of the following:

- Removing the sales tax exemptions on clothing \$201.5 million;
- Expanding the red light camera program \$100 million;
- Limiting itemized deductions; and
- Increasing New York City fees and other miscellaneous actions \$54.8 million.

The Executive also proposes revenue actions that if adopted by Local Governments could generate \$357.1 million for Counties, \$75.5 million for Other Cities and \$49.5 million for towns and villages. The revenue options include the following:

- Counties are estimated to collect \$328.4 million from removing sales tax exemptions; \$21.4 million from expanding their red light camera program and; \$7.3 million from increasing DMV fees.

- Other Cities are estimated to collect \$40.7 million from removing sales tax exemptions; \$26.9 million from instituting the red light camera program and; \$7.9 million from increasing DMV fees and closing utility GRT loopholes.

- Towns and villages are estimated to collect: \$44.9 million from removing sales tax exemptions and; \$4.6 million from increasing DMV fees and closing utility GRT loopholes.

All Other Impacts

The Executive budget includes the following mandate relief proposals:

- Wicks Law proposal which would raise the current \$3 million threshold governing multiple bidding requirements for New York City to \$10 million for a five year period. Additionally, all school districts will be provided with a full Wicks exemption for a five-year period.
- Procurement modifications that includes: increasing competitive bidding thresholds for commodities and public works projects, allowing contracts for services to be awarded on "best value" rather than lowest bid, using Federal guidelines for cooperative purchasing for information technology products and services, and allowing localities to purchase materials and equipment through pre-existing State and local government contracts.

- Pension Reform Proposal which would create a Tier V pension plan that would substantially reduce local government pension liabilities. The new tier as proposed would reinstitute a three percent employee contribution into the pension system past the current ten year requirement. Additionally, it would increase the minimum retirement age from 55 to 62 years of age.

The Executive proposed reducing property tax payments on State owned lands by a total of \$3.9 million: for counties \$1.1 million; other cities \$1.4 million; and, towns and villages \$1.4 million.

The Executive budget for SFY 2009-10 includes a proposal to reduce the New York City Special Accidental Death Benefit reimbursement. The City will realize a reduction of \$7.7 million.

Additional miscellaneous proposals would reduce local aid by a net \$5.5 million. They include the elimination of STAR administration, a reduction in Library Aid and a reduction in funding for Water Navigation Enforcement Grants.

The fiscal impact of these reductions to local governments are as follows:

- New York City will realize a reduction of \$800,000.
- Counties will realize a reduction of \$1.6 million.
- Other Cities will realize a reduction of \$400,000.
- Towns and villages will realize a reduction of \$2.7 million.

Table 12

Impact of the Executive Budget on Local Governments						
Local Fiscal Year Basis Ending in 2009						
(\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid	8.5	0.0	0.0	8.5	0.0	0.0
Human Services	(58.2)	(18.1)	0.0	(40.1)	0.0	0.0
Health	(8.7)	(0.3)	0.0	(8.4)	0.0	0.0
Mental Hygiene	(12.7)	(6.6)	0.0	(6.1)	0.0	0.0
Transportation	(27.6)	(3.3)	0.0	(17.3)	(2.3)	(4.7)
Municipal Aid	(31.9)	(19.6)	0.0	(4.3)	(4.1)	(3.9)
Public Protection	(10.0)	(1.8)	0.0	(8.2)	0.0	0.0
All Other Impacts	(3.4)	3.1	0.0	(4.7)	(1.3)	(0.5)
Subtotal	(144.0)	(46.6)	0.0	(80.6)	(7.7)	(9.1)
Revenue Actions	310.4	55.2	2.8	208.3	19.4	24.7
Total Local Impacts	166.4	8.6	2.8	127.7	11.7	15.6

Source: Executive Budget 2009-10

Local Government Fiscal Year Impact

For local government fiscal years ending in 2009, the proposed Executive Budget reduces aid to local governments by \$144 million.

The largest impact would be to counties estimated to lose \$80.6 million and New York City estimated to lose \$46.6 million, most of the aid lost would be in Human Services programs.

The Executive Budget provides revenue options for localities which are estimated to raise \$310.4 million.

New York City could raise:

- \$55.2 million from revenue actions that include the removal of sales tax exemptions, limiting itemized deductions, increasing New York City fees and increasing Department of Motor Vehicle (DMV) fees and/or closing the loophole for utility gross receipts tax;
- The City is estimated to raise \$5 million in additional savings from mandate relief and pension reform offset by a \$1.9 million reduction in New York City Special Accidental Death Benefit reimbursements.

For counties in the 2009 fiscal year, significant impacts are as follows:

- Revenue actions would provide \$208.3 million. This includes \$206.8 million from the removal of sales tax exemptions and an additional \$1.5 million from an increase in DMV fees;

- All other impacts would reflect an additional net negative impact of \$4.7 million to counties. This includes a savings of \$2.4 million in mandate relief and pension reform which is offset by a reduction of \$5.8 million from legislative additions (special aid to cities) and a reduction of \$1.3 million in miscellaneous local impacts.

For cities outside New York City in the 2009 fiscal year, significant fiscal impacts are as follows:

- Revenue actions would provide \$19.4 million of which \$18.1 million is realized from the removal of sales tax exemptions and \$1.3 million from the combined increase in DMV fees and the tax loophole closure in utility gross receipts tax;
- All other impacts, including mandate relief, pension reform, miscellaneous impacts and the reduction of property tax payments on State owned lands would yield a negative net impact of \$1.3 million.

For towns and villages in the 2009 fiscal year, significant impacts are as follows:

- Towns and villages will see a 2009 positive impact of \$15.6 million. This includes an increase of \$24.7 million from various revenue actions but is offset by a \$4.7 million reduction in Transportation aid, \$3.9 million reduction in Municipal aid and a decrease of \$500,000 in various revenue actions.