

Local Governments

For local government fiscal years ending in 2009, the proposed Executive Budget allocates \$1.25 billion in state wide local assistance. Allocations to municipalities are as follows: Counties \$488 million; New York City \$660 million; Other Cities \$89.9 million; and Towns and villages \$9 million.

Aid & Incentives for Municipalities (AIM) – Local Aid

The Executive Budget for State Fiscal Year (SFY) 2008-09 continues AIM funding by providing \$945.1 million to municipalities. This reflects an increase of \$199.9 million above the previous year. New York City would receive \$163.9 million, which is 50 percent of the commitment adopted in the SFY 2007-08 budget for SFY 2008-09. Cities, towns and villages would receive \$781.2 million, an increase of \$56.6 million.

The Executive budget provides an AIM Equity Adjustment Program in the amount of \$5.8 million for municipalities that receive significantly less AIM funding on a per capita basis.

Aid & Incentives for Municipalities (AIM) – SMSI Grants

In the Executive budget, it was proposed that the Shared Municipal Services and Incentives (SMSI) grant program would be restructured. The Executive has appropriated \$25 million for the modified SMSI program. The newly proposed grant program is intended to support comprehensive local government and provides incentives for consolidation.

The program outline is as follow:

- Provides county wide or regional demonstration project grants to municipalities in the amount of \$6 million;
- Establishes \$4 million in funding for high priority planning grants and general efficiency planning;
- Provides \$9 million for efficiency implementation;
- Allocates \$4 million to encourage municipal mergers and highway services; and
- Allocates \$2 million for the Department of State and other state agencies to provide regional technical assistance.

Table 2

Impact of the 2008-09 Executive Budget Estimates on Local Governments					
Local Fiscal Year Basis Ending in 2009					
(Dollars in Millions)					
	Total	NYC	Counties	Other Cities	Towns & Villages
Revenue Actions	\$189.3	\$49.4	\$109.3	\$24.0	\$6.6
Transportation	22.7	7.4	15.3	0.0	0.0
Public Protection	(1.2)	0.4	(1.6)	0.0	0.0
Municipal Aid	187.9	123.9	(2.0)	64.8	1.2
Welfare/Child Welfare	(105.6)	(63.8)	(41.8)	0.0	0.0
Early Intervention	25.4	17.1	8.3	0.0	0.0
All Other Impacts	14.6	5.2	7.1	1.1	1.2
Subtotal	\$333.1	\$139.6	\$94.6	\$89.9	\$9.0
Medicaid Cap	\$454.7	\$210.6	\$244.1	0.0	0.0
Family Health Plus Takeover	459.1	309.8	149.3	0.0	0.0
Total Local Impacts	\$1,246.90	\$660.00	\$488.0	\$89.9	\$9.0

Source: Executive Budget, 2008-09.

Video Lottery Terminal (VLT) Municipal Aid

The Executive provides \$34.2 million in VLT municipal aid to certain localities with existing facilities. The Executive proposed amending the VLT Municipal Aid program, established in SFY 2006-07, for SFY 2008-09 to permanently exclude New York City and to limit the program participation to municipalities with existing facilities.

Revenue Actions

The Executive proposed revenue actions for the City of New York that would generate a net increase of \$49.4 million in revenue. This is comprised of the following: Providing an option to increase recording fees \$27.4 million; enforcement of internet sales tax collection \$21.4 million; and changing

the tax treatment of flavored malt beverages \$600,000.

The Executive proposed revenue actions for local governments that would generate \$109.3 million for counties, \$24 million for other cities and \$6.6 million for towns and villages. The revenue actions include:

- Counties would receive: \$69.6 million from opting to increase recording fees; \$32.9 million from providing a greater enforcement of internet sales tax collection and; \$6.8 million from revenues from red light cameras and closing the loophole in the gross receipts tax law.
- Other cities would receive: \$4.1 million from enforcing the collection of internet sales tax and; \$19.9 million from red light cameras

and the gross receipts tax loophole closure.

- Towns and villages would receive: \$3.6 million from enforcing the collection of internet sales tax; and \$3 million from red light cameras and the gross receipts tax loophole closure.

Welfare/Child Welfare

The Executive proposed the following welfare/child welfare initiatives: increasing the local share for youth detention facilities from 50 percent to 100 percent; modifying the local cost share for public assistance; discontinuing the local share of federal savings from the two parent/safety net shift; enforcement of existing agreements on adult shelter sanctions; restoring enhanced shelter allowance for certain special needs households; and increasing the maximum child support pass through disregard.

- The proposed welfare/child welfare initiatives will have a negative impact of \$63.8 million for the City of New York.
- Counties would realize a \$41.8 million negative impact.

Health

The Executive proposed the elimination of the cost-of-living-adjustment for Early Intervention providers.

- New York City would realize a savings of \$17.1 million.
- Counties would realize a savings of \$8.3 million.

Transportation

The Executive proposed an overall increase of \$7.4 million for transportation initiatives in New York City. This allocation includes increases for both New York City Department of Transportation (NYC DOT) and the Staten Island Ferry. Downstate counties would similarly see an increase of \$15.3 million in Operating Assistance.

Public Protection

The Executive proposed increasing probation aid and re-entry initiative funding for counties by \$2.3 million while reducing "DARE" and local criminal justice funding by \$3.9 million.

- New York City would get an increase of \$1.5 million for probation aid and re-entry initiative funding and a decrease of \$1.1 million in funding for "DARE" and local criminal justice funding. The positive net impact is \$400,000.

All Other Impacts

The Executive budget included mandate relief proposals such as Wicks Law reform and granting local governments greater flexibility in the procurement process.

- Wicks Law reform would raise the current \$50,000 threshold to \$3 million for New York City, \$1.5 million for Nassau, Suffolk and Westchester Counties and \$500,000 to all remaining localities.
- Procurement Flexibility includes: making permanent existing authorization to use electronic

bidding tools, 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.

The Executive proposed increasing the State's surcharge for administering the New York City Personal Income Tax and reducing the administration fee for STAR.

- Increasing the State's surcharge to administer New York City's Personal Income Tax would have a negative impact of \$10.4 million.
- Reducing the administrative fee for the STAR program would have a negative impact of \$400 thousand for New York City, \$200 thousand for other cities and \$1.7 million for towns and villages. Counties will realize a positive impact of \$3.4 million.

Medicaid Cap and Family Health Plus Takeover

The Executive proposed continuing the local cap on Medicaid which would generate a savings of \$210.6 million to the City of New York. Counties would have a positive impact of \$244.1 million from the cap. These are based upon what the projected spending for Medicaid would have been above the implemented 3 percent cap.

- Furthermore, the Executive also proposed the State's continued Family Health Plus takeover savings. Counties would realize \$149.3 million in savings while New York City's savings would be \$309.8 million.

Contingency Appropriation

The Executive recommended a contingency appropriation in the amount of \$384.4 million in SFY 2008-09. These monies would go to meet the debt service or other obligations related to New York City, including authorization for payments to the Municipal Assistance Corporation in the event the City of New York cannot meet its obligations.

Fiduciary Appropriation

In SFY 2008-09, the Executive recommended a combined \$36.5 billion fiduciary appropriation for the Municipal Assistance State Aid Fund, the Municipal Assistance Tax Fund and the Stock Transfer Tax Fund to ensure that both the cities of New York and Troy comply with debt service coverage requirements. This is a \$1.6 billion increase from the previous State fiscal year.

Table 3

Impact of the 2008-09 Executive Budget Estimates on Local Governments					
Local Fiscal Year Basis Ending in 2008					
(Dollars in Millions)					
	Total	NYC	Counties	Other Cities	Towns & Villages
Revenue Actions	\$63.5	\$4.8	\$55.7	\$2.4	\$0.6
Transportation	13.4	1.9	11.5	0.0	0.0
Public Protection	(1.0)	0.2	(1.2)	0.0	0.0
Municipal Aid	14.2	0.0	0.0	12.9	1.3
Welfare/Child Welfare	(23.7)	(7.5)	(16.2)	0.0	0.0
Early Intervention	14.6	4.9	9.7	0.0	0.0
All Other Impacts	6.9	3.6	3.4	0.3	(0.4)
Subtotal	\$87.9	\$7.9	\$62.9	\$15.6	\$1.5
Medicaid Cap	\$243.6	\$114.7	\$128.9	0.0	0.0
Family Health Plus Takeover	446.8	301.7	145.1	0.0	0.0
Total Local Impacts	\$778.3	\$424.3	\$336.9	\$15.6	\$1.5

Source: Executive Budget, 2008-09.

Local Government Fiscal Year Impact

For local government fiscal years ending in 2008, the proposed Executive Budget allocates a total of \$778.3 million in state-wide local assistance. Allocations to municipalities: Counties \$62.9 million; Other Cities \$15.6 million; Towns and villages \$1.5 million; and \$7.9 million to New York City.

- New York City impacts are as follows:
 - \$4.8 million for enforcing internet sales tax collection
 - An increase in the State's charge for administering New York City's personal income tax resulted in an increased cost of \$2.6 million;

- An increase in Transportation Aid provided \$1.9 million;
- A \$7.5 million decrease in Welfare; and
- An increase in Mandate Relief in the amount of \$6.2 million
- For counties in the 2008 fiscal year, significant impacts are as follows:
 - Revenue actions would provide \$55.7 million;
 - A Transportation Aid increase of \$11.5 million;
 - A reduction in Welfare funding that would result in an additional \$16.2 million cost to the counties;

- The elimination of the cost-of-living adjustment would provide \$9.7 million.
- Towns and villages will see a 2008 positive impact of \$1.5 million from municipal aid and various revenue actions.