

MAYOR'S NOTES

FACE THE FACTS

During his 2014 re-election campaign, Governor Cuomo claimed that New York's high property taxes were due to the waste and duplication of New York's "more than 10,500 local governments." Not only is his claim incorrect, the Governor also failed to acknowledge the role the State has played in exacerbating the property tax problem. I have been bothered by this rhetoric for some time and wanted to share my point of view on this topic especially since the Village will begin its 2015-16 budget deliberations soon.

First, the 10,500 number is grossly overstated. There are only 1,613 cities, villages, towns and counties in New York, and 715 school districts. The Governor can – and should – clarify the public debate about municipal taxes by using the actual number of local governments which exists. The Governor should explain that the remaining 8,000 so-called local government entities are primarily special lighting, sidewalk, water, sewer, and fire districts largely created as a budget line to help apportion the cost of specific municipal services to those people that receive the service.

In the 2008 Report by the New York State Commission on Local Government Efficiency and Competitiveness formed by Governor Spitzer, there were 6,900 town special districts and 144 county special districts that tax property to provide these services. There are no villages listed among those statistics. Section 190 of NYS Town Law specifically gives the authority to form special districts to towns. Historically, town special districts which tax residential property were established when towns wanted to provide these specialized services to specific parts of their town without establishing new villages. There is no reference to village special districts in any of these government reports. In fact, there is no legal authority under NYS Village Law for villages to form special districts.

Regardless of the legal parameters, what I do know is that the Village of Altamont does not have any special districts and should not be included among the misrepresented number of local governments used in the Governor's campaign literature. Altamont does levy taxes on its residents' property, but funds raised in this manner are used largely to support the

maintenance of our streets, parks and sidewalks, and our police and court departments. These taxes are subject to the Governor's tax cap requirements. Whereas, water and sewer fees are charged to residents, but only for the water they use. Such fees are not based on property taxes, and are exempt from the tax cap requirements imposed by the Governor.

Since 2008, the average annual spending increase by villages was 0.8% – well below the State's expenditure growth. Altamont has not increased its rate of spending for the last three out of four years. Those percentages are a far cry from inefficient and wasteful, as the Governor claims. The Village also has several shared/cooperative services initiatives in the areas of building inspection services, as well as other efficiencies, that have generated over \$25,000 in savings. We have, for example

- eliminated our assessor years ago, with the Town of Guilderland assuming those responsibilities
- instituted a shared building inspector with the Village of Voorheesville
- share road equipment with the Town of Guilderland as well as joint purchasing of fuel

We have imposed fiscal discipline in the Village of Altamont year after year, whereas outside expenditure factors have increased exponentially. For two recent fiscal years, while the Village's increase in your total spending has been flat, there has been a 30% increase in pension/health insurance/employee benefits. Much of this increase is imposed directly on us by the State and over which we have no control.

The Governor also should tell you that New Yorkers are paying the bill for spending by New York's largest public authorities, which jumped \$3.5 billion since last reported in 2013. State and local authorities report nearly \$60 billion in spending in their latest annual filings, according to a report released at the end of last year by State Comptroller Thomas P. DiNapoli. The State regularly shifts responsibility for certain programs and other costs from the State budget to authorities. This obscures overall State spending levels and diminishes transparency, accountability and oversight, as such spending occurs largely outside the scope of the Financial Plan and the State's accounting system. In total, public authorities employed 153,578 people at a cost of nearly \$10 billion a year in total compensation, with more than 19,000 employees (nearly 13 percent) receiving total compensation of \$100,000 or more. By comparison, less than 8.7 percent of state employees and 14.7 percent of New York residents earned as much.

The State has reduced financial aid to school district, requiring those districts to raise taxes to support programs and then the State gives the money back to residents under the auspices of STAR aid. Why not just provide sufficient funding to the schools instead of creating this rotating system of robbing Paul to pay Peter? State tax collections through the first eight months of the 2014 state fiscal year totaled \$41.8 billion, \$242.2 million higher than projected in the latest Financial Plan update, according to the November cash Report released last week by Comptroller DiNapoli. The State has also collected nearly \$4.1 billion of the \$5.5 billion expected from financial settlements since the budget was enacted, which is approximately \$3.8 billion more than anticipated. Shouldn't some of this money come to localities, especially our school and library systems?

And what has been the State's role in helping our localities? The last increase in Aid and Incentives for Municipalities ("AIM") funding was in 2008-09. Since that time, AIM funding to cities, villages and towns has decreased by 14% in real dollars. Current aid under this program for Altamont has been kept the same as last year at \$9,700.

But it's not just about money. Relief from costly state mandates, as was promised by the Governor when the property tax cap was implemented, has been virtually non-existent. One striking example for our Village is the requirement that we conduct technical oversight for our reservoir program that used to be done by State agencies. This oversight requires engineering studies and additional personnel costs of nearly \$50,000, which is no small change in the scheme of things for our Village. Another example is that Altamont is now required by the Environmental Protection Agency to establish storm water management programs aimed at controlling the discharge of polluted water from storm water systems into natural waters. In addition to the completion of storm water management plans, affected governments like Altamont must consider ways to pay for administration and maintenance of the plans. We need to budget for program development, technical services for storm water plan review, do site inspections and enforcement. There are costs associated with these initiatives which were not borne by us in the past.

After all is said and done, if the Village continues to maintain the tax levels from last year as we did the prior year (and the year before that), it would mean that the approximately 800

Altamont households would receive a rebate check of tax savings from Governor Cuomo of a little more than \$1.25 in returned tax revenue, a rebate feature that the Governor has incorporated into his tax cap legislation. In my opinion, the Governor is focusing on the wrong things with this hollow gesture. From my perspective, he is creating a lot of talk about a tax problem that should not even include Villages, especially one like Altamont, in the political rhetoric.

So, who is really to blame here? Certainly to continue to focus a claim that there is a glut of local municipal governments as the problem is the wrong one. The focus should be on governmental functions and what level of government can provide those functions most effectively and efficiently. Instead of pointing fingers, focusing on puny rebate checks and other gimmicks, while disparaging local Village governments, especially small ones like Altamont, and the economic growth they help generate, it is time for the State to realize that it does have a role to play – an important role – to partner with local governments and help us continue to do what we do best: provide essential municipal services in the most cost-effective manner at the local level.

Please check our Village web site for the dates of our budget workshops. We welcome your input and interest in the process as we shape the Village budget for 2015-16. Visit the Village website www.AltamontVillage.org for information about upcoming activities. Feel free to contact me, the staff, or the Village Trustees at the Village Office at 861-8554 (X10), if you have questions or need information.

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