



THE
ASSOCIATION OF TOWNS
OF THE
STATE OF NEW YORK

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The State Legislature recently adopted a \$156 billion dollar budget for state fiscal year 2016-17. The Association of Towns worked hard to increase funding for aging local infrastructure. We advocated for a new five-year capital plan from the Department of Transportation that included funding parity with the MTA five-year capital plan. In addition, we pushed for an increase in general revenue sharing through the AIM program, more funding for our environmental programs and mandate relief. The Association's Executive Committee came to Albany on March 21st and met with legislators and key staff members to advocate for additional funding and to advance the legislative changes contained in the Association of Town's 2016 Legislative Platform. While we did not get everything we asked for, local governments will see an increase in funding for the Environmental Protection Fund (EPF); water and wastewater infrastructure; road; bridges and mass transit. Disappointingly, the final budget did not include an increase in AIM funding, which we believe is a missed opportunity to help towns lower property taxes.

The EPF is an important program that helps local governments fund solid waste programs, recycling programs, open space programs, parks and farm land protection. In 2007, the state adopted the Environmental Protection Fund Expansion Act (EPFA), which amended Tax Law §1421 to increase funds deposited to the EPF for 2009-2010 to \$300 million. Since that time, we have called for the State to honor its commitment to increase EPF funding to \$300 million. Despite the adoption of the EPFA, the EPF remained underfunded and was at times short-changed to divert funding to other state budget programs. The state finally allocated \$300 million for the EPF in this year's state budget.

In addition to increased funding for local environmental programs, the state budget includes more funding for local water and wastewater infrastructure needs. We have long advocated for a funding program dedicated solely to municipal water and wastewater programs. Last year, the Legislature adopted the Water Infrastructure Improvement Fund to address local water and waste water needs that were not being met through the Safe Drinking Water Revolving Fund. This year the state budget includes an additional \$100 million in funding with an additional \$100 million appropriated for the next state budget.

There was a lot of discussion this year about the condition of local roads and bridges and the need to provide adequate funding to help local governments hampered by the limitations of the tax cap to address aging local infrastructure. We joined with several groups in the Rebuild NY Now coalition to push for: a new five-year capital plan from DOT; funding parity for roads, bridges and mass transit; and an increase in CHIPS funding. Regrettably, the state missed an opportunity to increase funding for CHIPS in new state budget. For the fourth year in a row, the Governor proposed no increases to CHIPS funding in his Executive Budget. Although the Senate called for a \$40 million increase in CHIPS funding and the Assembly called for a \$50 million increase for state fiscal year 2016-17, the enacted state budget failed

to include an increase in CHIPS funding. While we are disappointed that CHIPS was not increased, there is some good news to report regarding infrastructure funding. According to a joint press release issued by the Governor and the Legislature, there is a commitment to fund a new five-year capital plan for the Department of Transportation at the same level of funding committed to the five-year capital plan released by the MTA. The next step is for the DOT to release a new five-year capital plan and for the Governor and the Legislature to issue a Memorandum of Understanding regarding project commitments.

In addition, there are two new funding programs for local roads and bridges: PAVE NY and BRIDGE NY. Through these programs an additional \$100 million is allocated annually for local paving projects for the next four years and an additional \$100 million per year is allocated for local bridge projects for the next four years, for a total of \$800 million in additional funding. The Executive Budget Briefing book announced the new PAVE NY and BRIDGE NY funding programs without corresponding statutory language regarding the distribution of funds. We advocated, along with other municipal groups, to have these funds distributed via the CHIPS formula. The Senate and the Assembly also called for a transparent process to be used to distribute these new funds. While there is an announced agreement to fund these programs, the final budget also does not include new statutory language creating these programs. So we will have to wait to see how these programs develop outside the budget process. While there is no legislative language in place to guarantee this - we understand that the PAVE NY funds will be distributed via a CHIPS-like program and the BRIDGE NY funds will be distributed with local input evenly amongst the various regions of the state.

There were some favorable considerations for local government in this budget and in the announced agreements from our state leaders regarding additional funding for local infrastructure and drinking water. Unfortunately, the additional funding provided is far short of what is needed to provide safe roads and bridges and clean drinking water across the state. Local infrastructure is in dire need of repairs. Not only does our aging local infrastructure put the public health at risk, it inhibits the attraction and retention of in-state businesses. Although we are grateful for the additional funds provided, we believe an additional opportunity was missed to direct more one-time settlement funds to local infrastructure maintenance and improvement.

The state missed another opportunity to lower property taxes by failing to increase AIM funding. The Assembly's proposal to add \$100 million in funding to the AIM program was not included in the final budget. General purpose revenue sharing was a program created generations ago to help lower property taxes but the state consistently declines to fully utilize this program. With several years of declining property tax cap rates, towns could have benefitted from an increase in AIM to help fund town services without the need to consider overriding the cap.

Thank you for participating in the Association's legislative process and for talking to your local senators and assembly members. The more information that we can share with our partners in state government about the needs of local governments the more progress we can make to ensure clean drinking water, safe roads and bridges and quality services that our friends and families have come to expect from us.

A handwritten signature in black ink, appearing to read "Andrew K. L. O.", located at the bottom left of the page.