

Submitted Testimony

The 2015-16 Executive State Budget:
County Impact Testimony

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County Executives Association

Testimony
submitted by
the

New York State County Executives Association

To the Joint

Legislative Fiscal Committees

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LOB, Hearing Room B*

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New York State County Executives Association

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By almost every independent measure, New York State continues to rank at or near the bottom of important categories in America. We have the highest taxes, the worst business climate, the worst economic outlook, and the greatest population loss.

We need to make New York State economically competitive again – by driving down costs, especially Medicaid expenses; cutting taxes on the state and local level; and investing in our crumbling infrastructure, specifically our roads and bridges.

Simply put, we need to reform the way government functions in New York.

As county executives, many of us have been doing what we can to implement some of these much needed reforms, but it's not enough for us to do it just on the local level – we need a partner.

Many of the decisions that have occurred over the past many decades during the state budget process have resulted in a cost shift and increased tax burden from the State onto the Counties and our municipal governments, and ultimately onto the taxpayers.

There is no question that New York taxpayers are overburdened. New York's state and local tax burden is the highest in the nation. We pay 40% more in taxes than the national average.

Over the course of my tenure as Westchester County Executive, we have reduced the County property tax levy, and yet Westchester County continues to have the highest combined property taxes in the nation. Nassau County ranks 2nd and Rockland County ranks 4th. Worse yet, when you look at property

taxes as a percentage of the value of one's home, the top 16 counties in the nation are in Upstate New York.

Why? Primarily because of unfunded state mandates that have been passed on to local governments. While some, including Governor Cuomo, have argued that consolidation of services will reduce the cost of local government, the reality is that unless we address the root cause of rising property taxes, New York's beleaguered taxpayers will continue to suffer.

That is why it was so alarming to discover that the governor's mandate relief commission, which was established in 2012 with much fanfare, died a slow, quiet death at the end of last year, without ever releasing a single report detailing its work or offering proposals to address the single greatest driver of local costs: unfunded state mandates.

Westchester County alone spends 85 cents on every dollar collected to cover the costs of Albany's unfunded mandates – chief among them is Medicaid.

Today, New York is one of only a few states in the nation that forces counties to pay a share of Medicaid costs – twenty-five percent to be exact. And yet, the Counties have no control over the services provided and do not recover funds when fraud or abuse is discovered.

There are solutions, such as a full takeover by the state of the Medicaid program, or as former Erie County Executive – and now Congressman – Chris Collins proposed, counties, through a federal waiver, could determine what services, beyond the minimum federal requirement, should be provided. This will

allow counties significant flexibility and ultimately help drive down costs, thus lowering the property tax burden.

Other ways to provide meaningful property tax relief is to make permanent the 2% property tax cap; restore the historic 50/50 state/county share for the cost of the safety net program; and ensure that the state fully funds all programs necessary for raising the age of criminal responsibility to 18.

In Westchester County alone, it is estimated that raising the age of criminal responsibility will cost our Probation Department, Law Department and Department of Social Services nearly \$40 million in the first year, and \$30 million in subsequent years. And while Albany claims they will fully fund the program, the concern is that over time, the cost will be shifted onto the counties.

On the issue of economic development, we need to expand efforts to create venture capital funding in all regions of the state and we need to protect the ability of IDAs and LDCs to promote local economic development in the private and not-for profit sectors.

Lastly on the issue of taxes, it is imperative that the legislature enact an omnibus sales tax rate renewal bill and honor home rule revenue requests.

As has been widely noted, New York was the recipient of two large bank settlements last year. Since then, I, along with my fellow county executives, have been advocating that those funds be used to invest in much needed infrastructure and transportation projects.

In his Executive Budget, Governor Cuomo proposed that some of the one-time bank settlement funds be used for critical infrastructure projects that will keep tolls lower and benefit the

New York economy overall. In general, we agree with the governor's position but would strongly encourage that more of those funds be allocated for these critical infrastructure and transportation projects, including our airports.

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