

**THE NEW YORK STATE SENATE SELECT COMMITTEE
ON BUDGET AND TAX REFORM**

TUESDAY, OCTOBER 13TH, 2009

PRESENTATION BY ALBANY MAYOR JERRY JENNINGS

SUBJECT: Evaluating the Needs & Costs of State Property Tax Exemptions

- The City of Albany has for generations faced the inequities of having significant portions of its tax base exempt from taxation – largely as a result of State ownership; and not receiving compensation for essential services that are necessary to address the demands with being the State Capital (e.g., extra police security, extra fire and EMS services for not only the significant State workforce, but all of the not-for-profit organizations that are here, primarily because of our Capital City status). Albany’s population nearly doubles during the work day with employees commuting into the City – using our services and leaving at the end of the day to suburban communities.
- Compounding these inequities is the fact that the State allocation for aid to municipalities is not based on any definable or fair funding formula. Rather, it is a system of funding that has developed over time that has tended to reward municipalities that have not been well managed and that have received “extra” payments or “spin-ups.” These extra payments continue on year after year, creating disparities in funding levels versus Rochester, Syracuse and Utica among many others. If Albany received commensurate aid per capita with Rochester, it would earn an extra \$35 million; Syracuse an extra \$38 million; and Utica an extra \$12 million.
- Clearly the State needs to address these inequities:
 - It needs to revise the State aid to municipalities formula;
 - It should establish a PILOT payment for all State-owned land in any City in which the value of New York State tax-exempt property exceeds by more than a certain percentage (e.g., 25%) the assessed value of the taxable real property in that city.
- The PILOT should be similar to 19-a of the Public Lands Law (1% of the assessed value of the property and improvement) – but should not exclude as 19-a does property owned by SUNY, by State public authorities or other State subsidiaries.

- e.g., In Albany over \$5 billion has been invested in Albany Nanotech, which is fantastic for the City, for the region, and for the State, but not one dime is paid on this land in property taxes to the City.
- The State and national economic crisis has pushed down to municipalities more and more financial hardships. While I do not want to oppose any real property tax exemptions offered to property owners who are already overburdened with taxes, clearly these exemptions coupled with the State's reduction of AIM funding, the higher pension costs, lower sales tax revenue, among other pressures, have made it difficult if not impossible for municipalities to balance budgets and provide the same level of services necessary to maintain public safety and a high quality of life for our residents.
- I ask for your support – to examine in particular the inequities Albany faces with regard to its significant challenges from tax-exempt properties and inequitable payments in State aid.