



NEW YORK STATE SENATOR

William Larkin

## **Larkin Says Executive Budget Will Increase Aid To Newburgh & Kingston**

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Senator Bill Larkin (R-C, Cornwall-on-Hudson) today announced that Governor George E. Pataki's 2005-06 Executive Budget, which will be unveiled on Tuesday, will propose a restructured and expanded local aid program - know as "AIM" Aid and Incentives for Municipalities that will provide additional state funding over the next two years to cities, including Newburgh and Kingston.

The Governor's Executive Budget will also include a new County Tax Relief initiative called "Co-STAR," which would provide County property taxpayers with a \$200 direct rebate when the program is fully in effect, if their local governments keep spending growth below prescribed levels.

In addition, the Governor will propose new reforms to provide local governments with relief from rising pension costs in his Executive Budget.

"I am encouraged by these latest initiatives from the Governor," said Senator Larkin. "I believe these measures will bring much needed relief to cities and to our local taxpayers. Tax relief continues to be the cornerstone of our platform in the Senate Majority. We will be working hard to convince the Assembly leadership that this should also be a top priority in their House this session."

In the 2004-05 State Budget, Newburgh received \$3,084,190 and Kingston received \$2,061,367 in Aid to Cities.

Over the next two years, the Governor's proposal would give Newburgh an additional \$1,156,572, and Kingston an additional \$618,410.

### **New Aid and Incentives for Municipalities (AIM) Program:**

Among the initiatives in the Governor's Executive Budget is a new Aid and Incentives for Municipalities (AIM) program to provide nearly \$164 million in additional State funding over the next two years to cities that control their costs.

Sixty-one cities will be eligible for AIM increases between 2.5 and 12.5 percent in the 2005-06 fiscal year, and 5 to 25 percent in the 2006-07 fiscal year based on per capita property wealth measures. There are 55 cities that are eligible to receive more than the minimum AIM increases (2.5 percent in 2005-06 and 5 percent in 2006-07). To be eligible to

receive that additional aid, those cities will be required to enter into a Fiscal Performance Agreement with the State under which they would agree to minimize property tax growth by holding local spending growth below 3.5 percent in 2006, dropping to 3 percent by 2008.

Any eligible cities that cannot immediately achieve this objective could continue receiving the enriched funding by submitting a Fiscal Reform Plan to the State that identifies local cost-savings measures necessary to minimize property tax increases.

Also, under AIM, more than 85 percent of the State's 1,485 towns and villages will receive increases of 2.5 percent in 2005-06 growing to 5 percent in 2006-07.

### **New Incentives to Encourage Consolidation of Local Government Services:**

Finally, as part of the AIM initiative, the Governor's Budget also contains a new Shared Services Grant to encourage local costs efficiencies. All local governments

will be eligible to apply for a new \$5.5 million incentive award program that would help fund cooperative efforts by two or more municipalities to achieve savings through the consolidation, sharing or merging of services.

### **New Co-STAR County Tax Relief Program:**

The Executive Budget creates a new County Tax Relief initiative called "Co-STAR" that will provide County taxpayers with a direct rebate from the State if their local governments keep spending below the same levels prescribed under the AIM program (3.5 percent in 2006, dropping to 3 percent in 2008).

Under the Co-STAR program, benefits begin with a two-year phase-in for eligible seniors and farmers, providing benefits of \$100 in 2006, growing to \$200 in 2007. In 2008-09, all other homeowners (those who are currently eligible for the STAR program) will receive a property tax rebate of \$50, increasing to \$200 during four years.

### **New Pension Cost Relief for Local Governments:**

The Executive Budget will also advance a series of employee pension reforms, which will save local governments across the State an estimated 4 percent of their annual payroll costs, or a total of \$620 million in 2005-06.

Under the proposed reforms, the State's Retirement System will be required to seek independent professional review and public comment before modifying pension fund assumptions and methods, and to reconsider the actuarial changes made in determining the 2005-06 pension rates.