



**CITY OF ALBANY
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KATHY SHEEHAN
MAYOR

February 10, 2021

Hon. Liz Krueger
Chair
New York State Senate Finance Committee
416 Capitol
Albany, NY 12247

Hon. Helene E. Weinstein
Chair
New York State Assembly Ways and Means Committee
LOB 923
Albany, NY 12248

Sent electronically via financechair@nysenate.gov and wamchair@nyassembly.gov

Dear Chairperson Krueger and Chairperson Weinstein,

Thank you for the opportunity to provide testimony about the City of Albany and Governor Cuomo's 2021-22 Executive Budget to the New York State Senate Finance Committee and New York State Assembly Ways and Means Committee.

Attached is my testimony and an accompanying information packet. Thank you for your attention regarding the vital needs of New York's Capital City.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy M. Sheehan".

Kathy M. Sheehan
Mayor, City of Albany

- CC. Hon. Neil Breslin, Vice President Pro Tempore, New York State Senate
Hon. John McDonald, Member, New York State Assembly
Hon. Patricia Fahy, Member, New York State Assembly

Thank you to Chairpersons Krueger and Weinstein for the opportunity to discuss issues pertaining to the City of Albany. I also want to thank the Senate Finance Committee, the Assembly Ways and Means Committee, and our Capital City delegation. Senate Vice President Pro Tempore Neil Breslin, Assemblymember Pat Fahy, and Assemblymember John McDonald work closely with us on various issues and initiatives, but in particular our financial challenges – especially during these unprecedented times.

Over the last several years, I have repeatedly joined you and made the case that Albany is treated like no other city. As shown in slide 2, we typically receive less than one-quarter the AIM per capita of Buffalo, less than one-third of Rochester, and less than half of Utica. It is a fundamental injustice that Albany has to come before New York State each year and demand our fair share.

The City of Albany received \$12 million in Capital City Funding the last three years – equating to three consecutive half million-dollar cuts. We are the only city

in the State to have its unrestricted aid cut the last three years.

Just when we thought this inequity couldn't get any worse, slide 3 shows that in addition to \$0 in Capital City Funding proposed in the 2021-22 Budget, New York State has proposed an additional 20% cut to Albany's AIM in the 2021-22 Budget – while most other cities are seeing their AIM cut by only 2.5%.

This proposed 20% cut to Albany's AIM truly compounds a fundamental injustice. Not only is the Capital City forced to demand its fair share each year, it's now forced to demand a restoration of AIM eight times larger than the cuts faced by nearly every other large upstate city.

And as slide 4 highlights, when you combine the zeroing out of our Capital City Funding as well as this proposed 20% reduction in AIM, the injustice is even more stark. Albany now faces a 59% reduction in state aid.

This is something no other upstate city faces. Not even close. The inequity is stunning.

The Capital City continues to be treated like no other city, and it is disrespectful to our residents, our businesses, and our employees. It is absurd that people living in some of the poorest census tracts in the region must bear the unfair burden of the State's refusal to provide AIM at even half the level it provides to other cities. I want to stress our ask is to get us to half of where we should be – a level that still doesn't put us on par with Utica.

As you can see on slide 5, the City of Albany has real challenges. We are home to approximately 1,000 vacant buildings, a median household income of \$45,500, and a poverty rate of almost 24% – a rate that has steadily declined over the last several years but is still too high. Our homeownership rate is almost 20 points lower than all of Albany County's. While some of the region's successes have permeated into the City, we still face significant challenges we are working to overcome each day.

I am keenly aware that every city in New York is impacted by poverty. As you can see on slide 6, each city referenced today has a poverty rate of at least 18%, and each is home to more than 12,000 people living in poverty. What we in the City of Albany want to know is: why is a poor person in Buffalo worth nearly five times more than a poor person in Albany? Why is this inequity allowed to exist? And what can we do to prevent it from continuing year after year?

I also want to stress that while we receive a payment from New York State under 19-A for the Empire State Plaza – a state government complex that destroyed neighborhoods and has caused a significant negative impact on the vitality of Albany’s South End and Mansion neighborhoods – this payment is just 0.29% of the value of the property the State owns in Albany. To be clear: this is not state aid – it is a legal obligation paid to attempt to begin making up for a terrible decision.

Slide 7 shows that even with 19-A, the City of Albany received less state aid as a percentage of its municipal

general fund than every other large upstate city, except for Troy and Schenectady. Buffalo receives two times more state aid as a percentage of its general fund. However, their combined city and school tax levy is more than \$30 million dollars less than Albany's. It bears repeating – this is simply unfair.

When I first appeared before this joint committee in 2014, I highlighted the inequity imposed upon the City of Albany when it comes to unrestricted aid to cities. I had been in office less than 4 weeks, but because I previously served as City Treasurer, I understood the impact of this structural inequity.

Since that time, I have worked in good faith with this body and the Governor's Office to keep a promise I made in 2014: if the State permanently rectifies this blatant unfairness, the City will do the rest. We won't come asking for more money every year. We will tighten our belt, become more efficient, and manage to the 2% tax cap and the inevitable increases in the costs of running a city.

As you can see on slide 8, Albany's budgets have increased cumulatively by 3% since 2015. That equates to an annual increase of approximately 0.5%. Keep in mind, this has happened without an increase to Capital City Funding. If we had followed New York State and capped growth by 2% annually since 2015, our budget would be \$20 million larger than it is today.

As seen on slide 9, our fiscal prudence has been so impactful, we were removed from Comptroller DiNapoli's list of fiscally stressed cities in early 2020.

I kept my promise. And yet, here we are again.

This is important to note because my administration has cut to the bone, and any additional cuts will put both our residents' health and safety, and the viability of our businesses struggling to keep their doors open, at risk.

We used nearly half of our fund balance and all of our debt reserve to fill the 2020 deficit caused by COVID, and without 100% AIM and 100% Capital City Funding, we

will be forced to use the remainder of our fund balance in 2021.

Because this fundamental injustice continues to exist, and this year is being exacerbated further, I am forced to return to you every year to request equitable state aid funding.

We are seeking to ensure the Capital City can provide services we know are essential for the tens of thousands of people who normally travel to Albany to work every day in a pre-COVID world – many of them at the Capitol, Empire State Plaza, and Harriman Campus. The cost of maintaining roads and sidewalks and of providing emergency services to accommodate and protect these workers and visitors falls to our residents. When the State permits rallies on State property and they need assistance closing streets and parks to accommodate buses and people, our taxpayers bear that burden.

Providing this level of service while being denied our fair share in state aid is unjust. No other city in New York

State is forced to endure this situation every year. Our residents, our police officers, our firefighters, and all our hardworking employees deserve better than to deal with this process year after year from their state government.

Part of the reason this inequity exists is because 64% of all property in Albany is tax-exempt – a significantly larger amount of tax-exempt property compared to other upstate cities as seen in slide 10.

And slide 11 highlights that while 64% of the property in Albany is tax-exempt, nearly 60% of that tax-exempt property is owned by New York State – meaning that the value of all the property owned by New York State inside the City of Albany is greater than the value of all the City's taxable property combined.

This inequity is also patently obvious when you look at our city and school tax levies in actual dollars on slide 12, compared to Buffalo, Syracuse, Rochester, and Utica.

Buffalo's AIM is 106% of its combined city and school tax levy and Syracuse's AIM is 68% of its combined city and school tax levy - yet Albany's AIM is less than 6% of our combined city and school tax levy. The contrast is stark. This number is nearly five times less than Utica, eight times less than Rochester, twelve times less than Syracuse, and nearly 19 times less than Buffalo.

In actual dollars, Albany's combined city and school tax levy is higher than Buffalo's, Syracuse's, and Utica's – three cities that receive between two and almost five times as much AIM per capita as Albany. Our residents pay three times the property taxes per capita but receive nearly six times less AIM per capita than Buffalo. Our residents pay almost twice as much property taxes per capita but receive less than half the AIM per capita of Utica. I believe there is no clearer picture that Albany is treated like no other city year after year.

I am not suggesting these municipalities do not need the AIM they receive. I provide this information because I think it is critically important to understand what grave impact this inequity is having on the City of Albany.

While I have spent most of this testimony highlighting the alarming inequity and unreasonable double-standard the City of Albany is forced to manage year after year, I again provide the same solution I proposed the last two years in slide 13.

The Harriman Campus has seen a wide array of development and redevelopment over the last several years. From the Agriculture and Markets Lab, to the Building 5 Daycare, and various renovations and improvements in-between, Governor Cuomo's administration has made efforts to enhance the environment at the Harriman Campus for State employees and further utilize its footprint more efficiently and effectively. In addition to these recent improvements, SUNY University at Albany is wrapping up construction of a \$180 million Emerging Technology and Entrepreneurship Complex (ETEC) and Governor Cuomo announced two years ago that the Wadsworth Lab will be relocating from New Scotland Avenue in Albany to the Harriman Campus – another \$750 million investment for this plot of land.

When the State purchases a property that was on the tax rolls, it provides the municipality with a standard PILOT equal to 1% of the purchase price and improvement costs. By adding together 1% of the estimated costs of SUNY's ETEC school and the new Wadsworth Lab, 1% of all other improvements and renovations to the Harriman Campus, and 1% of the assessed land value of the Harriman Campus, the State could issue a \$12,505,512 PILOT to the City of Albany for the Harriman Campus. I believe this proposal provides for a permanent solution to Capital City Funding.

In 2020, as we faced adversity the likes of which many of us have never experienced, Albany quickly pivoted to ensure that we continued to deliver essential services.

As shown in slide 14, DGS crews continued to pick up trash and recycling. APD and AFD continued to respond to emergency calls for service. We continued to provide safe drinking water, we continued to ensure children had safe and engaging activities, and we continued to cite building code violators and ensure development could

continue. Albany's frontline workers literally risked their lives for our community – all while municipal revenues plummeted due to the economic downturn caused by the pandemic. We did this because we knew how important it was to protect our residents and be ready to reopen our economy.

Governor Cuomo has repeatedly made the case through the pandemic that New York is treated like no other state. Slide 15 highlights the fundamental injustice that we are literally a donor state - no state puts in more and gets back less than New York State. I wholeheartedly agree with Governor Cuomo that the federal government must provide states and localities with our fair share of COVID fiscal relief as soon as possible. But that doesn't mean Albany's fundamental injustice should be exacerbated and that we should continue to be treated like no other city.

I am encouraged by our new federal leadership, and President Biden's \$1.9 trillion COVID relief package proposal that would provide \$350 billion to state and local governments. The US Senate voted to pass this

legislation through the budget reconciliation process, and President Biden has committed to move this legislation forward – with or without bipartisan support. We can finally see the light at the end of the tunnel, and I want to stress that we should not, once again, make drastic, inequitable cuts to Albany’s state aid when we are this close to the goal line.

Even though our world has changed dramatically since last year’s hearing, you will probably notice this testimony is very similar to my testimony in years past because Albany’s most pressing need remains the same – receiving its fair share of state aid.

I thank you all for the support you have provided for Capital City Funding in the past. I urge you to make \$12.5 million in Capital City Funding permanent. I urge you to restore the full allocation of AIM the City of Albany typically receives. And I urge you to stand up for the taxpayers of the City of Albany who truly cannot bear the burden of another state aid cut to our Capital City.

Thank you.