



**CITY OF ALBANY
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KATHY SHEEHAN
MAYOR

February 7, 2022

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 Hochul's 2022-23 Executive Budget to the New York State Senate Finance Committee and New York State Assembly Ways and Means Committee.

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

Sincerely,

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. While I know Assemblymember McDonald will no longer represent the City of Albany due to redistricting, I am thankful to know he will continue to advocate for the Capital City’s most vital needs.

Over the past eight years, I have 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 only 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 four years – equating to four consecutive half million-dollar cuts. We are the only city in the State to have its unrestricted aid cut the last four years.

This is usually the point in my testimony where I remind you how deep the fundamental injustice is.

I talk about how the Capital City continues to be treated like no other city. How absurd it is that people living in some of the poorest census tracks in the region must bear the unfair burden. (Slide 3) How 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. How 64% of all property in Albany is tax-exempt, and how New York State owns more property in the City of Albany than all our property taxpayers combined. (Slides 4 & 5)

And ultimately, I pose these questions: why is a poor person in Buffalo worth four 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? (Slide 6)

But by now you all know the how, and the why – and it is clear Governor Hochul and Budget Director Mujica do also.

That is why I am relieved to report that for the first time, a Governor has included Albany's much needed and deserved Capital City Funding in their proposed fiscal plan for New York State. (Slide 7)

This would not have been possible without your advocacy, as well as the advocacy of our Capital City Delegation, labor, local elected leaders, businesses, and our residents, and I want to thank everyone who has helped get us to this point.

Now I need to be clear: you will notice our new ask is \$15 million – and with good reason.

The State is developing even more property in the City of Albany, which is great for creating new jobs and attracting new businesses, but not so great for our permanent tax base. Plus, like every other public sector entity, our

healthcare costs and operating expenses are increasing. Now is the time to increase this payment to \$15 million.

I will continue to advocate to make this payment indexed and permanent so I am not returning again next year asking for the same thing – and I hope you will join me in advocating for that end result.

In the same vein, I recently became the new Vice President of the New York Conference of Mayors. Our focus in the coming year will be our renewed efforts to work alongside New York State to fix AIM for all cities and villages once and for all.

As you know, AIM funding has remained stagnant for more than 13 years while health insurance, equipment, supplies, and personnel costs have increased in an effort to remain competitive with the private sector and retain our most valuable asset – our workforce.

NYCOM has shared a proposal with the Executive Branch that would retain the AIM program at current levels but

also provide a \$210 million cost-of-living increase to municipal aid and allocate it in a rational, understandable way through a new "Municipal Investment Initiative." The MII would also include measures to ensure the most beneficial use of the aid and a prohibition against the state intercepting local sales tax revenue to pay for any state aid to municipalities.

It is due time we work together with you and the Executive Branch to increase municipal aid to cities and villages, and I look forward to working alongside you to accomplish that goal.

And finally, I mention this not as a problem to solve today, but as something to be aware of. 2031 may seem like a long time into the future, but it is also the final year New York State is obligated to make a full Payment in Lieu of Taxes to the City of Albany for the Empire State Plaza. We need to begin thinking about how we not only permanently solve Capital City Funding, but that we are also ensuring Albany continues to receive this vital payment under 19-A of the Public Lands Law.

I also want to stress this annual payment under 19-A 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 the loss of 90 acres, hundreds of businesses, and nearly 10,000 residents who lived where the Empire State Plaza sits today.

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.

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 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 – and we have done just that. (Slide 8)

I have also said for years I would rather speak with you about infrastructure and policy priorities, and we are almost to that point. I am proud to briefly report we are

implementing major components of our Downtown Revitalization Initiative grant award, the Albany Skyway is almost complete, we are implementing the Corning Preserve Waterfront plan together, we are excited to work alongside New York State and the federal government on a new Livingston Avenue Railroad bridge, and we are working diligently with our local partners to implement MRTA – and I look forward to sharing further updates with you in the coming months about these transformative projects. (Slides 9, 10, and 11)

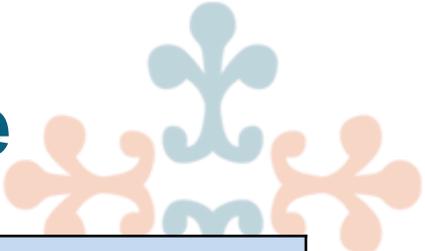
I close today with a simple ask: please keep the \$15 million in Capital City Funding in the State Budget. Please index it and make it permanent. And please end the fiscal inequity Albany faces each year, once and for all.

Thank you.



City of Albany Budget Testimony
February 9, 2022
Mayor Kathy Sheehan

A Fundamental Injustice



<u>City</u>	<u>Population (2020 Census)</u>	<u>AIM Per Capita 2022-23 NYS Budget</u>
Buffalo	278,349	\$ 579.44
Syracuse	148,620	\$ 482.83
Rochester	211,328	\$ 417.52
Niagara Falls	48,671	\$ 365.61
Utica	65,283	\$ 246.78
Troy	51,401	\$ 238.90
Schenectady	67,047	\$ 167.14
Albany	99,224	\$ 127.06

The Real Challenges of Albany



City of Albany 2020 Census Data

Med. Household
Income

\$45,825

Per Capita Income

\$29,174

Poverty Rate

22.9%

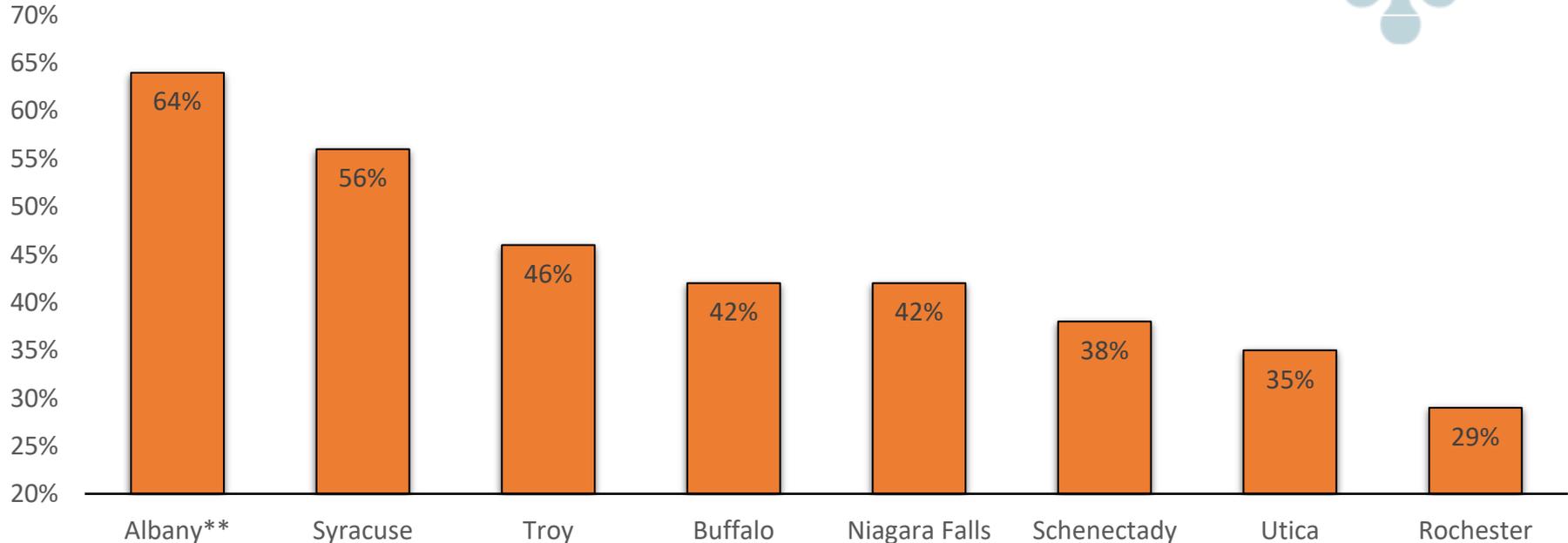
Homeownership Rate

37.5%

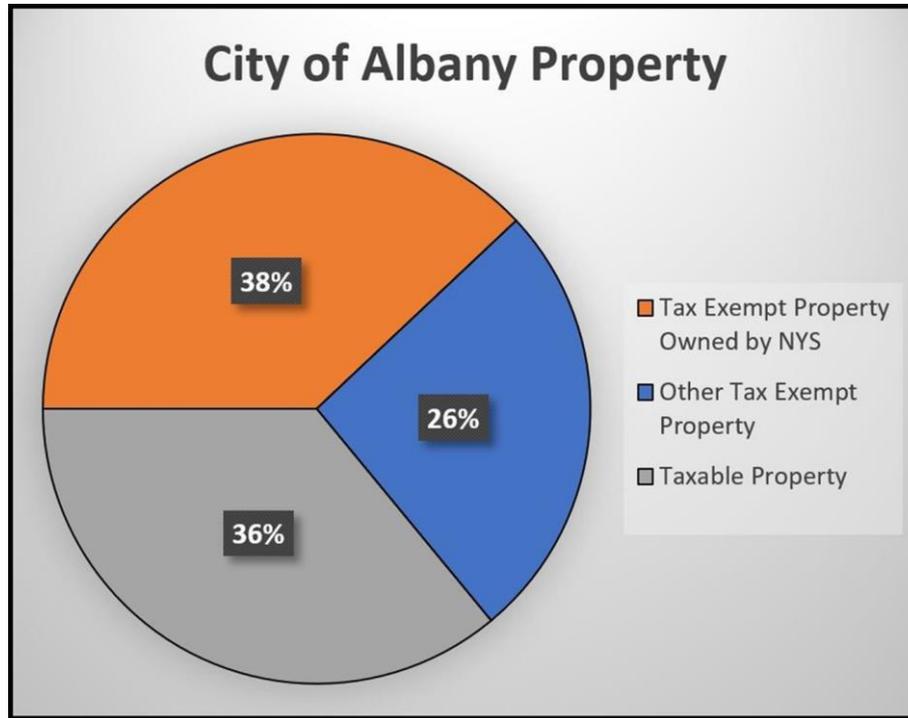


64% of All Property in Albany is Tax-Exempt

Tax Exempt Property as a Percentage of Total Land Value*



NYS Owns More Property in Albany Than All Taxable Property Combined



Why is a poor person in Buffalo worth nearly four times as much as a poor person in Albany?

<u>City</u>	<u>Poverty Rate</u>	<u>People in Poverty</u>	<u>AIM/Person in Poverty</u>
Buffalo	30.1%	83,783	\$ 1,925.03
Syracuse	31.0%	46,072	\$ 1,557.52
Niagara Falls	28.2%	13,725	\$ 1,296.48
Rochester	31.3%	66,146	\$ 1,333.94
Troy	24.4%	12,542	\$ 979.08
Schenectady	19.4%	13,007	\$ 861.53
Utica	29.4%	19,193	\$ 839.38
Schenectady	19.4%	13,007	\$ 861.53
Albany	22.9%	22,722	\$ 554.87

ALBANY

for all.

Powered by Pride & Potential

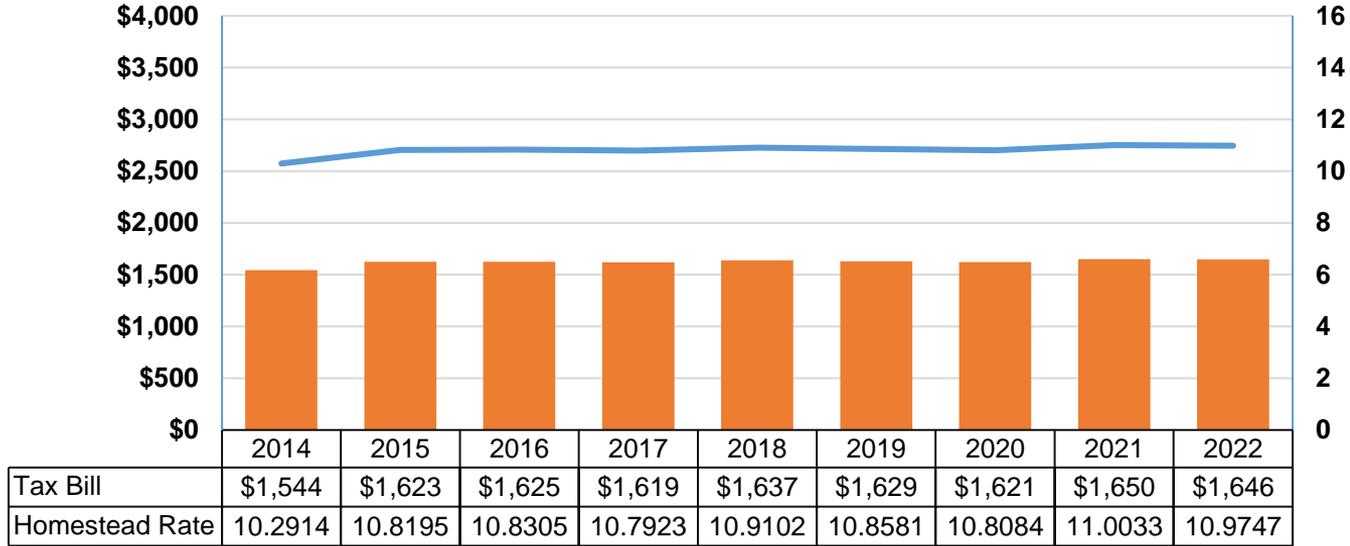
\$15 Million in Capital City Funding in Governor Hochul's Proposed Budget

First Time Ever Included in
NYS Proposed Budget

We Built the Bridge to Fiscal Soundness

City of Albany Tax Rates & Avg. Tax Bill (2014 - 2022)

City of Albany Tax Bill (\$150,000 home)



Tax Rate Per \$1,000 of Assessed Value

— Tax Bill — Homestead Rate

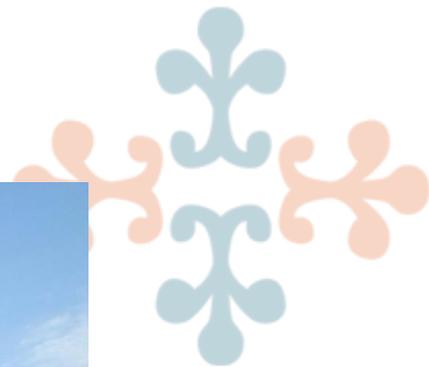
Downtown Revitalization Initiative Implementation



Albany Skyway



Livingston Ave. Bridge





Thank you!