



**CITY OF ALBANY  
OFFICE OF THE MAYOR**

24 EAGLE STREET  
ALBANY, NEW YORK 12207  
TELEPHONE (518) 434-5100  
WWW.ALBANYNY.GOV  
MAYOR@ALBANYNY.GOV

**KATHY SHEEHAN**  
MAYOR

February 8, 2019

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](mailto:financechair@nysenate.gov) and [wamchair@nyassembly.gov](mailto:wamchair@nyassembly.gov)*

Dear Senator Krueger and Assemblymember Weinstein,

Thank you for the opportunity to testify about the City of Albany and Governor Cuomo's 2019-20 Executive Budget before the New York State Senate Finance Committee and New York State Assembly Ways and Means Committee.

Attached is the testimony I will provide on Monday, February 11, as well as an accompanying informational packet.

I look forward to speaking with you further regarding New York's Capital City.

Sincerely,

  
Kathy M. Sheehan  
Mayor, City of Albany



Good afternoon. Thank you to Chairpersons Krueger and Weinstein for inviting me here today to speak with you about the City of Albany. I also want to thank the Senate Finance Committee and the Assembly Ways and Means Committee, and the other members of the Senate and Assembly who are present, including members of our Capital City delegation. Senator Neil Breslin, Assemblymember Pat Fahy, and Assemblymember John McDonald work closely with us on various issues and initiatives, but in particular our financial challenges.

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 2, the City's budgets have increased by a total of 0.48% over the past 5 years. That equates to an annual increase of less than 0.1% since 2015. And keep in mind – this has all 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 \$14.5 million more than it is today.

This is important to note because during my administration we have cut to the bone, and any additional cuts will have adverse effects on the level of service our residents, businesses, and visitors have come to expect. Cuts should not relieve New York State of its responsibility to its Capital City – cuts should benefit the taxpayers who already bear an unfair and inequitable burden compared to other large cities throughout upstate New York.

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

As we have for the last several years, the City of Albany seeks a permanent \$12.5 million in Capital City Funding to bring our unrestricted aid closer to what other cities receive by right.

Last year, the City of Albany received \$12 million in Capital City Funding – a half million-dollar cut, \$3 million of which was embargoed by the State Budget Office until we provided balance sheets that demonstrated our significant need. We were the only city in the State to have its unrestricted aid cut last year. Last year, the Assembly budget resolution cut Albany's aid by \$2.7 million based on recommendations from a State management report that only served to increase the unfairness in how the City of Albany is treated in this State. I want to be clear: this reduction in Capital City Funding would have resulted in real and significant cuts to vital services that residents of and visitors to the City of Albany rely on every day.

As I have said before, I would love to come before this body to discuss policy issues that impact local governments, or to create further partnerships with New York State. However, because this inequity continues to exist, I am forced to return here every year to request equitable state aid funding – something that every other city in the State is guaranteed the moment the Governor's budget is released.

We are seeking to ensure that the Capital City can provide services that we know are essential for the tens of thousands of people who come here to work every day, many of them in this building and in this plaza. The cost of maintaining roads and sidewalks and of providing police, fire, and 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.

I am asking the Senate and Assembly to fix this injustice once and for all. Do not let the City of Albany continue to be a political pawn at the budget negotiation table year after year after year. Slide 3 highlights that New York's Capital City shouldn't be left behind as so much progress is made on important issues this session. To steal a phrase the Governor often uses for his Justice Agenda, the time is now.

As you can see in slide 4 of your handout, the total value of tax-exempt property owned by the State of the New York inside the City of Albany is greater than the value of all the City's taxable property combined.

Slide 5 provides some context of what having 38% of our property owned by New York State would mean for other upstate cities – all of whom, per capita, receive two,

three, and even four times the amount of AIM funding Albany does. Keep in mind: the State of New York owns more property in the City of Albany than all the tax-exempt property in Schenectady, or Utica, or Rochester.

As shown on slide 6, Albany's AIM is \$128 per capita, compared to \$624 for Buffalo, \$500 for Syracuse, and \$424 for Rochester.

You'll note in slide 7 that the AIM per capita for daytime population paints an even worse picture for the inequity and injustice experienced by the City of Albany.

As the capital of New York State, we are a city that nearly doubles in population every work day. This is great news for lunch establishments, but it's a mixed blessing for the City of Albany because most of those employees walk into tax-exempt buildings. And sales tax is shared county-wide based on the census population – not daytime population.



New York State employs thousands of workers in the City of Albany. But it is important to note that most of those workers commute into Albany from our surrounding, more affluent suburbs. We also host tens of thousands of visitors who come here to conduct business with and lobby state government. When advocacy groups from around the state come to Albany to march, or to protest, or to block traffic, the cost falls to the residents of our city – and the cost is significant.

This inequity is also patently obvious when you look at our city and school tax levies in actual dollars on slide 8, compared to Buffalo, Syracuse, Rochester, and Utica.

Buffalo's AIM is 111% of its combined city and school tax levy and Syracuse's AIM is 72% of its combined city and school tax levy - yet Albany's AIM is only 7.24% of our combined city and school tax levy. The contrast is stark. This number is almost four times less than Utica, almost seven times less than Rochester, almost ten times less than Syracuse, and more than 15 times less than Buffalo.

The City of Albany's combined city and school tax levy is the second largest, and just a few million dollars from being the largest. In other words, in actual dollars, our combined 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 more than three times the property taxes per capita but receive almost five times less AIM per capita than Buffalo. Our residents pay almost twice as much property taxes per capita but receive half the AIM per capita of Utica. I believe there is no clearer picture that the City of Albany is treated like no other city in the State year after year.

When I have appeared before this body before, the issue of payments under Section 19-A of the Public Lands Law made to the City of Albany has been raised. While we receive a payment from New York State under 19-A for the very Plaza we sit in today 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.

Slide 9 provides you with a chart that adds 19-A and other state aid into the AIM equation. Even with 19-A, the City of Albany receives less state aid as a percentage of its municipal general fund than every other large upstate city, with the exception of Schenectady. Buffalo receives almost two-and-a-half times more state aid as a percentage of its general fund. However, their combined city and school tax levy is almost \$30 million dollars less than Albany's. It bears repeating – this is simply unfair.

I am not suggesting that these municipalities do not need the AIM that 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. The reality for our City is that people living in some of the poorest census tracks in the region are bearing the unfair burden of the State's refusal to provide AIM at even half the level that it provides to other cities. I want to stress that 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.

Some individuals have raised the point that the successes of the Capital Region are a reason to not provide Albany with Capital City Funding. When some of those individuals think of Albany, they think of the places shown on slide 10. The Crossings, Crossgates Mall, Colonie Center, Stuyvesant Plaza. All four are regional destinations that draw commerce – and with that sales tax and property tax revenue – to the region. They help raise median household incomes across Albany County to more than \$62,000, and help reduce the poverty rate to 11%. However, none of these epicenters of economic activity are actually in the City of Albany.

As you can see on slide 11, the City of Albany still has real challenges. We are home to more than 1,000 vacant buildings, a median household income of less than \$44,000, and a poverty rate of almost 25% – 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 that we are working to overcome each day.

The City of Albany was proud to be the 2018 Capital Region winner of Governor Cuomo's Downtown Revitalization Initiative award. As you can see on slide 12, the \$10 million will be used to leverage further investment in Clinton Square and help magnify other significant investments we are already making in the neighborhoods that make up the area. Some might even say the DRI award should be used to offset our Capital City Funding request – and I am here to remind those individuals that the DRI award was given to an area with a median household income of less than \$24,000, with a poverty rate of more than 41%, and a homeownership rate under 15%. No, I didn't mix up those last two statistics. The Clinton Square area was left behind after decades of disinvestment, and we are working to reverse those inequities. However, believing that the DRI award, which cannot pay for city operations, somehow offsets Capital City Funding would be an unconscionable insult to the residents of Clinton Square.

I am keenly aware that every city in New York is impacted by poverty. As you can see on slide 13, each

city we have referenced today has a poverty rate of at least 21%, and each are 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 four times as much as 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?

The largest employers in the City of Albany, other than state and municipal government and the school district, are Albany Medical Center, St. Peter's Hospital, Albany Stratton VA Medical Center, SUNY, and the Center for Disability Services. These organizations enjoy tax exemptions that the City of Albany is bound by the federal and state law to recognize and is barred from removing. One of the many ill-advised recommendations from the State's financial management report was that the City should secure voluntary pilots from large nonprofits to make up for the AIM inequity. As shown on slide 14, not only is this a standard no other city in the State is held to, but it just doesn't work. With the exception of Albany Medical Center and the Port of Albany, tax exempt nonprofits like SUNY Poly simply won't pay.

While I have spent the last few minutes highlighting the alarming inequity and unreasonable double-standard Albany is forced to manage year after year, I also come to you today with a solution. 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 effectively. In addition to these recent improvements, SUNY University at Albany is currently building a \$180 million Emerging Technology and Entrepreneurship Complex (ETEC) and Governor Cuomo just announced in his 2019-20 budget 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

that is equal to 1% of the purchase price and improvement costs. As shown on slide 15, by adding together 1% of the estimated costs of the new Wadsworth Lab and SUNY's ETEC school, 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.

I thank you for the support that you've provided for Capital City Funding in the past. I urge you to make this \$12.5 million in Capital City Funding permanent, and not force the taxpayers of the City of Albany to bear the burden of a state aid cut to our Capital City.

Thank you.