



**Testimony of Nassau County Executive Laura Curran
Joint Legislative Budget Hearing on Local Government**

Monday, February 11, 2019

Good afternoon, my name is Laura Curran. I am the Nassau County Executive. I want to thank you for inviting me to testify here today. I look forward to working with you this session.

Located on beautiful Long Island adjacent to New York City, with a population of 1.3 million, Nassau is home to three towns, two cities, 64 villages, and 56 school districts, with many vibrant main streets featuring restaurants, boutique retail shops, playing fields, and recreational parks. Nassau County was the nation's first post-World War II suburb and one of the first counties to develop retail shopping malls.

I want to provide a bird's eye view of the County's current economic status.

- The unemployment rate in Nassau County is 3.4%, the lowest rate in almost 20 years.
- As of June 2018, there were 700,300 jobs in the County, ranging from finance, to healthcare, to education, to retail, to many others - providing the opportunity to live and work within the County.
- Nassau County has seen a strong and steady home sale increase since the 2008 recession. The median home sales price in the County increased from \$477,500 in 2016 to \$520,000 in 2018 – that's an 8.9% increase.
- Our sales tax revenue remains strong, accounting for 40% of the County's total revenues. We are cautiously awaiting the results of the 2018 holiday shopping season. Like most counties across the State, we are heavily dependent on economic growth and the strength of the local housing market.

As you may know, Nassau County is subject to the oversight of the Nassau County Interim Finance Authority (NIFA), a New York State public authority created in 2000 because of a looming financial and debt crisis that began in the late 1990's – ultimately impacting access to the credit markets. In 2011, NIFA imposed a "control period" due to the increasing budget deficits of my predecessor. Under this control period, NIFA has effectively added another layer of government – eight years of which is enough. It is time to restore the County's fiscal independence and emerge from this control period.

How do we do that? By imposing budget discipline and controlling both workforce growth and County expenses. What else can we do? We will continue to grow our businesses and tax base, focus on smart investments in infrastructure, workforce housing and transit-oriented development, and support the creation of new jobs in key industry sectors. But we are under enormous financial pressure - in a large part from our decade-long broken assessment system.

Assessment Reform

First and foremost, the assessment system was broken – it had been frozen for eight years during the prior administration. Property values were not being updated for almost a decade. There were

million-dollar homes being valued at \$600,000. Property taxes were not based on up-to-date fair market values; instead, half of taxpayers were subsidizing the other half of taxpayers. The media has reported that there was a shift of \$2.2 billion to class one property owners who did not grieve – all done through mass settlements during the grievance process. As a result, the County lost one-third of its class one assessed property value during the frozen period as property owners kept grieving.

Fixing assessment is an essential step in fixing what is broken in Nassau County government, and we are on the road to a fair and more equitable assessment system. For the first time in nearly a decade, the Department of Assessment, with the help of two respected outside vendors, have produced updated market values for every property in Nassau County.

As Nassau County Executive, I am so pleased and appreciative that Governor Cuomo has included our critical Taxpayer Protection Plan in his 2019-2020 Executive Budget. The Taxpayer Protection Plan will secure exemptions for class one property owners experiencing valuation increases as a result of the countywide reassessment.

The proposed plan will effectively spread out any relative changes, increases and decreases, in tax burden due to the reassessment, over a five-year period. Especially for residents on a fixed income, this phase-in exemption is crucial.

Let me assure you, taxpayers will always have the right to grieve their assessed value – nothing in this legislation changes that. But we now have an up-to-date assessment roll that we're confident we can defend. As we move forward, we are gearing up and staffing up the Assessment Review Commission (ARC) to be able to provide meaningful review of individual grievances.

How the Taxpayer Protection Plan Works

After the reassessment, as expected, almost all class one properties saw an increase in their home value. Approximately half of class one property owners will see a decrease in their taxes and half will see an increase. No longer will half of taxpayers be subsidizing the other half. However, we must protect our taxpayers and smooth out the impact of the change in their relative tax burdens.

In laymen's terms, the Taxpayer Protection Plan is an exemption that phases in over a five-year period the change in a property's market value, as reflected in assessed value. Take, as an example, a house under the eight-year frozen roll that was valued at \$300,000 – after the reassessment, the up-to-date fair market value is \$500,000 - the taxes in the first year of the exemption phase-in would be based on a value of \$340,000 (an exemption equal to 80% of the increase). For each of the next four years, \$40,000 would be added to the fair market property value as part of the calculation upon which the taxes will be based.

The next step to getting this vital exemption enacted is the passage of the budget bill by the honorable members of this great New York State Legislature. The final step would be adoption of an implementing local law by the Nassau County Legislature so that the Taxpayer Protection Plan would go into effect in time for the 2020-2021 assessment roll.

During my campaign, I promised to do a reassessment to bring back fairness and accuracy, and I've made it my number one priority to secure a taxpayer protection plan that would smooth out the impact for class one residential property owners throughout the County. I greatly appreciate the Governor's support - and yours, I hope - of our property owners after this challenging but necessary undertaking to restore integrity and accuracy to our property assessment roll.

I look forward to working with you all to respond to any questions or concerns you may have to ensure bipartisan support to protect taxpayers.

Internet Sales Tax

Let me shift now to an important issue for our County's retail establishments. From the Americana Manhasset miracle mile, with more than 200,000 square feet of brand name boutiques, to the Roosevelt Field Mall, with over 2 million square feet of retail establishments, to Green Acres Mall, which has over one million-square-feet of retail options, Nassau County is home to some of the most fabulous shopping destinations in the tri-state area. The Internet Tax Fairness and Conformity Act proposal in this year's state budget will help protect our brick and mortar retail businesses.

The proposal will require all online retailers to adhere to the same sales tax collection procedures that Main Street businesses are required to under the law.

Online marketplaces are currently required to collect New York sales tax on purchases only if the seller is located within the State. As a result, brick and mortar stores are at a competitive disadvantage — losing customers and sales revenue to out-of-state online providers that are not currently required to collect New York sales tax.

This proposal is not a new tax and does not increase sales taxes. It would, however, modernize New York's sales tax collection procedures, which would allow the State to enforce existing sales tax laws across most platforms and adapt to the rapidly changing retail internet economy.

The act would close a substantial portion of lost revenue. The U.S. Government Accountability Office issued a report in 2017 that estimated that New York State is not collecting between \$500 million and \$900 million annually due to sales transactions occurring over the internet.

It is unfair to have two sets of rules in the marketplace – one for certain large corporations and another for brick-and-mortar stores. We have a real opportunity to ensure that Main Street businesses on Long Island and throughout the State have a chance to compete on a level playing field.

Ongoing Budget Items

I want to thank the Governor for not only including these two new, critical items – the Taxpayer Protection Plan and the Internet Tax Fairness and Conformity Act – in his 2019-2020 Executive Budget, but also for his ongoing support of programs and initiatives including the hotel and motel tax and red-light safety cameras. Red-light cameras have proven to be a very positive and impactful traffic safety initiative. I am also thankful for your continuous support.

I look forward to working with all of you to ensure we position Nassau County for success in 2019 and beyond.

Thank you.

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