

Executive 2021-22 State Budget

Joint Legislative Budget Testimony



Upstate New York Towns Association

February 23, 2021

Honorable Carolyn Price, President

Thank you to Senate Finance Chair Liz Krueger and Assembly Ways and Means Chair Helene Weinstein and distinguished members of the panel for holding today's hearing.

My testimony today will focus on two taxes: Right-of-Way Tax (Fiber-Optic Tax) and Sales Tax

Right-of-Way Tax (Fiber-Optic Tax)

2019 subdivision 24-e added to section 10 of the highway law and section 7 of the transportation corporation law provided for the right-of-way tax (fiber-optic tax) that allows the New York State Department of Transportation to require installers to enter annual fee-bearing permits to charge corporations per foot, per cable, for fiber optic lines they own.

This fiber-optic tax discourages deployment of modern telecommunications infrastructure. It is a barrier to broadband expansion.

Governor Cuomo's goal is "broadband for all." The Upstate New York Towns Association has promoted increased access to technology in Upstate New York for several years. The Governor and our association want to close the digital divide that still exists in parts of Upstate New York.

Covid-19 showed us how important broadband is for students doing their school work at home, for people doing their jobs from home, for people accessing health care from home. Elected officials in our association heard from families where their children could not access the internet to do their school work, heard from people who could not do their jobs remotely at home because of no internet or intermittent internet access, heard from people who needed health care through tele-health but did not have internet access to access health care this way.

Yes, we need broadband expansion in Upstate New York. Thank you to the Senate and Assembly for recognizing that this right-of-way tax (fiber-optic tax) needs to be repealed. We encourage your continued support in having Senate bill S2659 and Assembly bill A4373 passed and signed into law.

Sales Tax

As an association, we are concerned about the State taking local revenues, sales tax, to pay for state programs. The State is transferring a burden from the state taxpayer to the local taxpayer.

AIM (Aid and Incentives for Municipalities)

The Office of the State Comptroller is required by Chapter 59 of the Laws of 2019 to withhold certain county sales tax revenues and make payments to the impacted towns and villages. The State Division of the Budget refers to these as “AIM-Related” payments.

In other words, the State withholds sales tax revenues from the counties so the State can make the “AIM-Related” payments with this withheld sales tax revenue. This means the counties receive less sales tax revenue and municipalities who receive shared sales tax revenue from the counties receive less sales tax revenue.

Let’s look at an actual example. The 2020 AIM-Related withholding from Broome County was \$1,380,799. Broome County shares sales tax with the municipalities in the county 50-50. \$690,400 would have been divided among the municipalities. For example, the Town of Windsor would have received \$18,434.

Local Distressed Hospital Funding Pool

Part ZZ of Chapter 56 of the Laws of 2020 provides for the collection of \$50 million in sales tax revenue from counties outside of New York City to fund local distressed hospitals.

Again, let’s look at an actual example. The 2020 withholding from Broome County for this Local Distressed Hospital Funding Pool was \$831,003. \$415,502 would have been divided among the municipalities. The Town of Windsor would have received \$11,094.

Total loss of sales tax revenue for Broome County was \$1,105,900. Total loss of sales tax revenue for the Town of Windsor was \$29,528.

This taking of sales tax which is a local revenue to fund state programs must stop. Local sales tax should be held in high regard by the State and left untouched. Counties and local municipalities cannot withhold from state revenues.

When the State needs additional revenue, has the State looked for other revenue sources? Has the State looked at reducing expenditures so not as much revenue is needed? When we as towns are faced with needing more revenue, these are questions we ask.

Thank you very much for giving me this opportunity to speak on behalf of the Upstate New York Towns Association.