



Enacted State Budget SFY 2016-17 Highlights

New York State enacted a \$156 billion budget for the state fiscal year 2016-17. There are many programs that are of interest to town government officials – what follows are some highlights of the enacted state budget. To read the budget bills and find out more information, please visit the following sites:

Budget Bills are available on the New York State’s Legislative Bill Drafting website:

<http://public.leginfo.state.ny.us/navigate.cgi>

Division of Budget also has background material on the Enacted Budget:

www.budget.ny.gov/budgetFP/enacted1617.html#AIM

Aid and Incentives to Municipalities (AIM)

For the 6th year in a row, the Governor did not propose to increase to AIM funding. As part of our 2016 Legislative Platform, the Association of Towns called for a 50 percent increase in AIM funding to be phased in over time. The Assembly budget resolution proposed a \$100 million increase in AIM funding (14 percent increase) but it was not included in the final budget agreement. (Appropriation Bill – (Aid to Localities (S6404-D/A9004/D); Chapter _____) provides:

- AIM funding will remain flat with no increase for the 2016-17 SFY.
- The State Budget maintains \$715 million in unrestricted AIM funding to cities, towns and villages.
- Based upon the AIM distribution formula towns will share 6.7 percent of \$715 million (\$47,825,405).
- To see your town’s proposed AIM allocation, please visit:
http://publications.budget.ny.gov/budgetFP/2016-17enactedAIM_town.pdf

Local Government Efficiency and Consolidation Funding

New Municipal Consolidation Competition

The Enacted State Budget includes \$20 million in funding for a new Municipal Consolidation Competition. This competition will be administered by the Department of State. Funding will be available for capital and other expenses related to the implementation of: consolidations, dissolutions, mergers, or other permanent changes in governing structures; shared services, cooperation agreements, or other efficiencies; or other actions that reduce operational costs or property tax burdens on a permanent basis. (Appropriation Bill Capital Projects Budget Bill (S 6404-D/A 9004-D; Chapter _____).

Municipal Restructuring Fund Program

Last year the state appropriated \$150 million for a new grant program to encourage municipal restructuring through shared services and transformative projects. This program has been reappropriated in the Enacted State Budget. This program is administered by the Department of State (www.dos.ny.gov/funding/rfa-15-mrf-27/index.html). Projects will be reviewed in four phases with funding tied to amount potential long-term savings not to exceed the total cost of the project. (Appropriation Bill Capital Projects Budget Bill (S 6404-D/A 9004-D; Chapter _____).

Local Government Performance and Efficiency Program

The Enacted State Budget includes \$40 million for the Local Government Performance and Efficiency Program. This program is administered by the Financial Restructuring Board (<http://www.frb.ny.gov>). Municipalities may apply for financial assistance with grants or loans up to \$5 million. (Appropriations Bill Aid to Localities Budget Bill (S 6403-D/A 9003-D) Chapter _____).

Local Government Efficiency Grant Program

The Enacted State Budget includes a \$4 million appropriation supports this program. The Local Government Efficiency Grant Program is administered by the Department of State (<http://www.dos.ny.gov/LG/lge/grant.html>). These competitive grants provide funding to help cover costs associated with local government efficiency projects, such as planning for and/or implementing a functional consolidation, shared or cooperative services, and regionalized delivery of services. The maximum implementation grant award is \$200,000 per municipality/\$1 million per grant consortium, and the maximum planning grant award is \$12,500 per municipality/\$100,000 per grant consortium. (Appropriations Bill Aid to Localities Budget Bill (S 6403-D/A 9003-D); Chapter _____).

Citizens Reorganization Empowerment Grants & Citizen Empowerment Tax Credits

The Enacted State Budget includes a \$2,892,155 appropriation for these programs, which is a decrease from the Executive Budget that included \$35 million in funding for these two programs to share. These programs are administered by the Department of State (<http://www.dos.ny.gov/lg/lge/grant.html>) to cover costs associated with planning and implementing local government reorganization activities, such as consolidations and dissolutions. (Appropriations Bill Aid to Localities Budget Bill (S 6403-D/A 9003-D); Chapter _____).

Transportation

DOT Capital Plan (SFY 2016-2020)

The Enacted State Budget for the Department of Transportation includes a five-year capital plan for the Department of Transportation for 2015-16 through 2019-20. The five year capital plan includes expenses and appropriations that were incurred in State Fiscal Year 2015-16. According to the joint press release from the Governor and the Legislature this is a \$27 billion program, which includes \$21.1 billion for the DOT capital program and \$2 billion in funding for the NYS Thruway system. In addition, the budget includes \$4 billion for capital investment for an additional year beyond the five year plan (SFY 2020-21). A capital plan is expected within this state fiscal year (2016-17) (Appropriations Bill Capital Projects Budget Bill (S6404-D/A9004-D); Chapter _____).The narrative for the five-year plan was not included in the Budget and will be released at a later date.

Metropolitan Transit Authority (MTA) Capital Plan (SFY 2016-2020)

According to a joint press release from the Governor and the Legislature, the budget supports a \$27 billion MTA five year capital program (2015-2020), which includes: \$26.6 billion for improvement of

capital facilities operated by the New York City Transit Authority, Long Island Rail Road, Metro-North Railroad and MTA Bus and major initiatives including \$1.5 billion for Phase II of the Second Avenue Subway. Specifically, the budget authorizes a record \$8.3 billion of State support for the program. (Education, Labor and Family Assistance (S6406-C / A9006-C) Part NN – Part PP; Chapter _____).

The Association of Towns' 2016 Legislative Platform called for funding parity for roads, bridges and mass transit. According to press releases regarding the Enacted State Budget there is funding parity provided to the DOT Five-Year Capital Plan and the MTA Five-Year Capital Plan.

CHIPS

The Enacted State Budget includes \$438.1 million for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program for a total of \$477.8 million. Despite both the Senate and the Assembly calling for increases to CHIPS funding in their one-house budget resolutions, the Enacted State Budget did not include additional funding for CHIPS, which has been flat for several years. In addition, this budget does not include the extra funding for winter maintenance that was included in the last two state budgets. (Appropriations Bill Capital Projects Budget Bill (S 6404-D/A 9004-D); Chapter _____).

BRIDGE NY Program

The Governor proposed in his Budget Briefing Book a new \$500 million dollar local BRIDGE NY program. According to press releases there is a commitment between the Governor and the Legislature to appropriate \$100 million during the next four state fiscal years for a total of \$400 million. The BRIDGE NY funds will be used to replace, rehabilitate and maintain local bridges and culverts. The Department of Transportation is currently developing the criteria under which BRIDGE NY funds will be distributed. Local input will be included in the distribution of funds. There is no statutory language establishing the new BRIDGE NY program in the Enacted State Budget.

PAVE NY Program

The Governor proposed in his Budget Briefing Book a new \$500 million dollar local PAVE NY program. According to press releases there is a commitment between the Governor and the Legislature to appropriate \$100 million during the next four state fiscal years for a total of \$400 million for the PAVE NY program. PAVE NY funds will be distributed by the Department of Transportation in a manner similar to the CHIPS funding formula. There is no statutory language establishing the new PAVE NY program in the Enacted budget. The Association of Towns called upon these funds to be distributed based upon the CHIPS program and although these funds will not be distributed through the CHIPS formula, *per se*, the funding will be similar in nature to the CHIPS formula.

Non-MTA Transit

According to the Tri-State Transportation Campaign, there is additional funding for mass transit in the Enacted State Budget. Downstate transit systems will receive an additional \$17.4 million (6.1 percent increase) in operating assistance; upstate transit systems will receive an extra \$10 million (5.3 percent increase) (<http://blog.tstc.org/category/transportation-funding/>)

Environmental and Parks Funding

Environmental Protection Fund (EPF)

The Enacted State Budget appropriates \$300 million for the EPF. There is a complete list of the EPF funding allocations set forth in the budget at the Keep Protecting NY website

http://keepprotectingny.com/images/EPF_Chart_1-13-16.pdf The Association of Towns has called for increasing EPF funding to \$300 million which was a commitment the state had made prior to the recession. The Department of Environmental Conservation has information on the EPF on their website <http://www.dec.ny.gov/about/92815.html> (Appropriation Bill Capital Projects Budget Bill (S 6404-D/A 9004-D); Chapter _____).

Water Infrastructure Improvement Fund

The Water Infrastructure Improvement fund was created in 2015 to provide funding for municipal water and waste water project. The Enacted State Budget includes \$200 million in funding for this program- \$100 million for SFY 2016-17 and \$100 in SFY 2017-18. (Appropriations Bill Capital Projects Budget Bill (S 6404-D/A 9004-D); Chapter _____). This program is administered by the Environmental Facilities Corporation (EFC) (<http://www.efc.ny.gov/Default.aspx?tabid=609#>)

Safe Drinking Water Revolving Fund

The Enacted State Budget appropriates \$77 million for the Safe Drinking Water Revolving Fund and its administration. (Appropriation Bill Capital Projects Budget Bill (S 6404-D/A 9004-D); Chapter _____). The EFC administers the financial aspects this fund (<http://www.efc.ny.gov/Default.aspx?tabid=609#>)

New Climate Smart Community Projects Program

The enacted budget amends the Environmental Conservation Law to add a new title 15 to article 54. Under regulations promulgated by the Department of Environmental Conservation, any municipality may apply to the DEC for funding for adaptation and mitigation projects, including flood mitigation and coastal and riparian resiliency, greenhouse gas reductions outside the power sector and climate change adaptation planning, and clean vehicle projects. This new fund will be house Environmental Protection Fund (EPF) (Transportation, Economic Development and Environmental Conservation (S 6408-C / A 9008-C) Part U); Chapter _____).

Waste Tire Fees

The Enacted State Budget extends the waste tire fee collected on the sale of new tires until 2019. The fee was scheduled to sunset at the end of 2016. The fee was established in 2003 as part of Environmental Conservation Law Article 27, Title 19. This fee is used to fund the collection, treatment, disposal, and management of solid and hazardous waste associated with noncompliant waste tire stockpiles. (Transportation, Economic Development and Environmental Conservation (S 6408-C / A 9008-C) Part T); Chapter _____).

Power Plant Closure Real Property Tax Revenue Funding

The Enacted State Budget provides \$30 million Regional Greenhouse Gas Initiative funds to assist municipalities that have lost real property tax revenue due to the closure of a coal generation power plant. (Transportation, Economic Development and Environmental Conservation S.6408-C/A.9008-C, Part BB; Chapter _____).

Snowmobile Trail Development and Maintenance Account

The Enacted State Budget includes \$6,135,000 for services and expenses related to snowmobile law enforcement and trail development and maintenance. (Appropriations Bill Aid to Localities Budget Bill (S 6403-D/A 9003-D); Chapter _____).

Economic Development

Upstate Revitalization Initiative Projects

The Enacted State Budget includes \$170 million additional upstate revitalization initiative projects. Funding will be pursuant to a plan developed by the chief executive officer of the New York state urban development corporation and will support initiatives conditioned on anticipated job creation and economic development benefits. (Appropriations Bill Capital Projects Budget Bill (S 6404-D/A 9004-D); Chapter _____).

Labor, Employment and Volunteer Firefighters

Paid Family Leave

The Enacted State Budget includes a new paid family leave program which will be based upon the current disability leave provisions in the Workers Compensation Law (article 9 Disability Benefits). Effective January 2018 a town board, at its discretion, may make this program available to nonunionized employees upon 90 days notice and may negotiate with unionized employees to make this program available to members of a collective bargaining unit.

The program will be phased in over a period of three years. In January 2018, an eligible employee will be eligible for 8 weeks of paid leave up to 50 percent of the employee's average weekly wage to a maximum of 50 percent of the state average weekly wage. In January 2019 an eligible employee will be eligible for up to ten weeks of paid leave at 55 percent of the employee's average weekly wage which is capped at 55 percent of the state average weekly wage. When fully implemented in January of 2020, an eligible employee may take up to twelve weeks of paid leave at 67 percent of the employee's average weekly wages which is capped at 67 percent of the state average weekly wage. Leave may be taken to care for a sick family member to bond with a new child. Eligible employees are employees who have worked for full time for no less than 26 weeks or part time no less than 175 days. Employees on leave are entitled to continue to receive health insurance benefits and to return to their job or a comparable job. (Education, Labor and Family Assistance (S 6406-C / A 9006-C) Part SS; Chapter 54)

Binding Arbitration

The Enacted State Budget extends to July 1, 2019 the authority for fiscally eligible local governments to seek alternatives to binding arbitration. (Public Protection and General Government (S 6405-C/A 9005-C) (Part L); Chapter _____). You can get more information on this program on the Financial Restructuring Board for Local Government's website: <https://frb.ny.gov/frbrequest/FRBrequestArbitrationMuni.do>

Permanent Total disability Benefits for Volunteer Firefighters

The Enacted State Budget amends section 8 of the Volunteer Firefighters Benefits Law to increase the amount of weekly earnings from \$600 to \$800 without a reduction in the \$400 weekly benefit payment under this law. (Education, Labor and Family Assistance Part GG S. 6406-C/A. 9006-C); Chapter 54).

New York State Minimum Wage

The Enacted State Budget includes a new state minimum wage. Local Governments are subject to federal minimum wage and not the New York state minimum wage. (Labor Law article 19). The new minimum wage will be regional and phased in over the course of several years. For workers outside New York City, Long Island and Westchester County minimum wage will increase to \$9.70 at the end of 2016, and

another 70 cents annually capping at \$12.50 at the end of 2020. Post 2020 minimum wage in this region will increase capping at \$15.00 per hour based upon a schedule to be developed by the Division of Budget and the NYS Dept. of Labor. In Nassau, Suffolk and Westchester counties minimum wage will be phased in quicker. By the end of 2016 minimum wage will be \$10.00 per hour, increasing an additional \$1.50 an hour annually until it caps out at \$15.00 an hour by the end of 2019. Finally for workers in New York City the new minimum wage will be phased in the quickest. For employers with at least 11 employees, minimum wage will reach \$11 per hour by the end of this year, increasing another \$2.00 per hour annually until reaching the \$15.00 hourly rate by the end of 2018. For works in New York who work for employers with less than 11 workers the minimum wage will rise a little slower – reaching \$10.50 per hour at the end of 2016 and increasing and additional \$2.00 per hour until it caps out at \$15.00 per hour at the end of 2018. (Education, Labor and Family Assistance (S6406-C/A.9006-C)(Part K); Chapter 54).

STAR Changes

The Enacted Budget converts the STAR benefit from a real property tax exemption to a personal income tax credit, applicable to any property purchased or transferred after the 2016 taxable status date. Additionally, a property owner that is grandfathered into the STAR property tax exemption program by virtue of qualifying for STAR prior to the 2016 taxable status date can renounce the STAR property tax exemption and instead claim the personal income tax credit. The personal income tax credit is referred to as the School Tax Relief (STAR) credit. Instead of receiving the STAR exemption, property owners will instead receive a credit in the amount of either their STAR tax savings (the tax savings attributable to the STAR exemption) or the owner's qualifying taxes – whichever is lower. In the event that the property owner has itemized deductions that include real estate taxes paid, the New York itemized deduction must be reduced by the amount of the STAR credit received. The personal income tax credit program is administered by the Department of Taxation and Finance. The Association of Towns appreciates the attempt to reduce the administrative burden faced by local governments. While this proposal shifts the administrative processing to the Department of Taxation and Finance, it will take decades before the full transition occurs. Under this new program, local assessors are still required to process STAR exemptions to all qualifying properties, which is essentially any property where ownership remains constant prior to 2016. Indeed, assessors are tasked with notifying new STAR property tax exemption applicants that their applications must be denied, and will likely face increased questioning and ire from residents. Until the Department of Taxation and Finance completely takes over STAR administration, local governments will continue to expend significant time and resources administering this state program. (Revenue Bill (S 6409-C / A 9009-C) (Part A); Chapter _____).