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**KATHY SHEEHAN**  
MAYOR

February 14, 2020

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

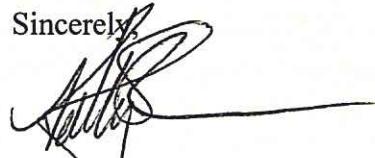
*Sent electronically via [financechair@nysenate.gov](mailto:financechair@nysenate.gov) and [wamchair@nyassembly.gov](mailto:wamchair@nyassembly.gov)*

Dear Senator Krueger and Assemblymember Weinstein,

Thank you for the opportunity to provide testimony about the City of Albany and Governor Cuomo's 2020-21 Executive Budget to the New York State 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

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 and 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.

As you will probably notice, this testimony is very similar to testimony in years past because Albany's most pressing need remains the same – permanent Capital City Funding.

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 2.89% since 2015. That equates to an annual increase of less than 0.5%. 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 at least \$17 million larger than it is today.

This is important to note because my administration has 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 annual Capital City Funding to bring our unrestricted aid closer to what other cities receive by right.

For the last two years, the City of Albany received \$12 million in Capital City Funding – a second-consecutive half million-dollar cut. We were the only city in the State to have its unrestricted aid cut the last two years. Two years ago, the Assembly budget resolution cut Albany's aid by \$2.7 million. I want to be clear: this reduction in Capital City Funding would have resulted in real and significant cuts to vital services residents of and visitors to the City of Albany rely on every day.

As I have said before, I would love to discuss policy issues that impact local governments with your Committees

and create further partnerships with New York State. However, because this inequity continues to exist, I am forced to return to you every year to request equitable state aid funding – something every other city in the State is guaranteed the moment the Governor's budget is released.

We are seeking to ensure the Capital City can provide services we know are essential for the tens of thousands of people who travel to Albany to work every day – many of them at the Capitol, Empire State Plaza, and Harriman Campus. 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 Making Progress Happen agenda, it's time to Lead the Way and make Capital City Funding permanent.

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 \$130 per capita, compared to \$629 for Buffalo, \$503 for Syracuse, and \$428 for Rochester.

You will note on 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 workday. This is great news for local 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 109% of its combined city and school tax levy and Syracuse's AIM is 70% of its combined city and school tax levy - yet Albany's AIM is only 7.14% of our combined city and school tax levy. The contrast is stark. This number is almost four times less than Utica, 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 city and school 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 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 provided testimony before your Committees in prior years, 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 Empire State Plaza – a state government complex 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 received less state aid as a percentage of its 2019 municipal general fund than every other large upstate city, except for Schenectady. Buffalo received 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 these municipalities do not need the AIM 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 it provides to other cities. I want to stress 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 the City

of Albany with permanent Capital City Funding. When some of those individuals think of Albany, they think of the places shown on slide 10. Crossgates Mall, Colonie Center, Stuyvesant Plaza, Newton 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 \$64,500 and help reduce the poverty rate to nearly 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 approximately 1,000 vacant buildings, a median household income of \$45,500, and a poverty rate of almost 24% – 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 we are working to overcome each day.

The City of Albany is 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 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 did not 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 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 18%, 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 the City of Albany is bound by 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 the City should secure voluntary PILOTs (payments in lieu of taxes) 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 does not work. The Port of Albany and Albany Medical Center have stepped up and recently provided voluntary PILOTs, and St. Peter's has provided in-kind services. While we certainly appreciate Fuller Road Management fulfilling their obligation to pay the \$1 million they promised the City

several years ago, tax exempt nonprofits like SUNY Poly continue to drive costs but refuse to contribute to our tax base with a voluntary PILOT as Fuller Road Management shows a reported \$3.76 million surplus. It shouldn't be the responsibility of our taxpayers to subsidize the costs of their tax-exempt activities.

While I have spent most of this testimony highlighting the alarming inequity and unreasonable double-standard the City of Albany is forced to manage year after year, I again provide the same solution I proposed last year. 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 efficiently and effectively. In addition to these recent improvements, SUNY University at Albany is building a \$180 million Emerging Technology and Entrepreneurship Complex (ETEC) and Governor Cuomo announced last year 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 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 you have 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.