



Association of Towns of the State of New York

# TALK OF THE Towns & Topics

ASSOCIATION OF TOWNS OF THE STATE OF NEW YORK

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PERCENT

**Zero Tolerance.** New York's 2017 tax cap levy is again projected to be closer to zero than 2 percent, signifying the dire need for edits to the tax cap structure.



From the Executive Director: *GERRY GEIST*

## Financial Factors Continue to Stress Town Governments

- For the third year in a row, the allowable tax cap levy inches closer to zero, making the budget process a balancing act like we've never seen.

We should be easing into summer on the heels of another legislative session, but municipalities are feeling more stress than ease from the myriad financial pressures facing municipal governments of all sizes.

With the tax cap trending toward zero – at 0.73 percent for 2016 and confirmed .68 for 2017 – the remedies and options towns have to meet the needs of their citizens are rapidly diminishing. The New York State Pension System fund barely broke even in the last fiscal year, returning only .19 percent due to market volatility. Today's impact of lower returns will undoubtedly be felt in the coming years, causing the contribution rates of localities to rise. The tax cap structure does not permit exceptions or carve-outs for expenses that are state-imposed or contractual obligations. Therefore, before a supervisor and a town board even address their own local expenses, they need to account for state-imposed mandates and binding expenses (such as pension and health insurance payments).

Gov. Andrew Cuomo's response to our cries for real relief from unfunded state mandates was announced at a press conference in mid-May. His solution is two-fold: spend less money at the local government level and consolidate smaller communities with neighboring municipalities, a solution that unfortunately misidentifies the central issue and belies the circumstances facing New York towns. Several promising legislative proposals that could provide real relief to what ails us were introduced this past session. They failed, however, to even make it to the governor's desk. These proposals sought to

provide comprehensive mandate relief, create new revenue streams and to rework the tax cap formula. That is why I can't stress enough the importance of getting the undivided attention of your state representatives to let them know our day-to-day issues and problems. Whether it is making the tax cap a flat 2 percent or increasing aid to localities through AIM, new programming must be enacted sooner rather than later if we are to be able to keep providing our citizens essential services at a high level.

I am pleased to report that attendance at our finance schools was up dramatically this year. These opportunities to learn about new methodologies and exchange ideas with fellow town officials only make us stronger and more unified as we prepare to work together to help address these issues.

We in town government know full well that just continuing the budgetary ways of the past is no longer a viable option. All reports indicate that the financial reserves are being depleted, services reduced and the nature of the workforce is changing. The State of New York does not suffer from financial crisis and has the means and ability to assist our localities with new funding.

As you sit in meetings formulating your budgets to afford your citizens the best quality of life possible, I urge each and every one of you to consider sending a letter to the legislators and the governor detailing all of the implications and consequences we are facing because though the legislative session has ended, our work is not done. □