



TESTIMONY

Mayor Lovely A. Warren - Rochester, New York

Joint Legislative Hearings

2018-19 New York State
Executive Budget Proposal

February 5, 2018

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**Lovely A. Warren, Mayor
Rochester City Council**

Chairwoman Young, Chairwoman Weinstein, members of the Ways and Means and Finance Committees; other members of the Senate and Assembly: Thank you for the opportunity to address this panel on behalf of the residents of the City of Rochester.



Lovely A. Warren
Mayor Lovely A. Warren
City of Rochester, NY

I am proud to lead the City of Rochester in a time of growth. We're creating more jobs, safer and more vibrant neighborhoods and better educational opportunities. Downtown is thriving and our neighborhoods are making a comeback.

I have just begun my second term as Mayor, and over the next four years I will be focused on providing economic equality for all of Rochester's residents, not just a select few.

The City of Rochester prides itself on being a good steward of taxpayer money, so much so that we received two bond rating upgrades in recent years.

We support and have consistently complied with the state's property tax cap, and have a strong record of consolidation and shared services.

As is the case every year, the City of Rochester is beginning its budget process with a significant deficit.

This year we began the budget process with a \$47.6 million all-funds gap.

As we do every year, we face tough decisions as we strive to protect the services that are a lifeline for so many, while also continuing to move our city forward.

But we simply cannot cut our way to prosperity.

I am well aware that the state is facing its own budgetary challenges, so I did not come here today with a long list of requests.

Instead, I am here to ask the state to protect our existing revenue streams, particularly when it comes to our Aid

to Municipality funding, the Gross Receipts Tax and capital funding for key projects.

To put my requests into context, I ask you to consider the following: The City of Rochester receives \$88.2 million in AIM aid from the state each year.

However, we are required to pay \$119.1 million as a maintenance of effort to the Rochester City School District.

Rochester is the only upstate city whose maintenance of effort exceeds the AIM aid that we receive - and that deficit is \$30.9 million.

This also means that Rochester gives up 68 percent of its tax levy to the school district, leaving just 32 percent available to support police, fire, libraries, recreation and other critical City services.

Further cuts to Rochester AIM aid would drastically impact our ability to provide residents with these services.

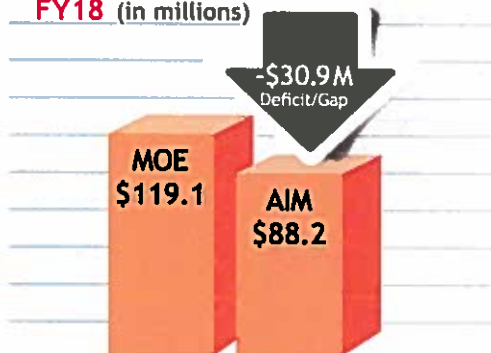
In addition to maintaining our AIM aid, I want to stress why alternative revenue streams including the gross receipts tax, are so crucial for us.

Rochester has seen a 56 percent decline in its annual gross receipts tax revenue - from over \$11 million to just over \$5 million.

That is \$6 million that would go a long way toward helping the citizens of Rochester.

Even though the New York State Department of Taxation and Finance agrees that such revenues are subject to the tax, many Energy Service Companies (ESCOs) do not pay it.

**Education Funding for Rochester:
FY18 (in millions)**



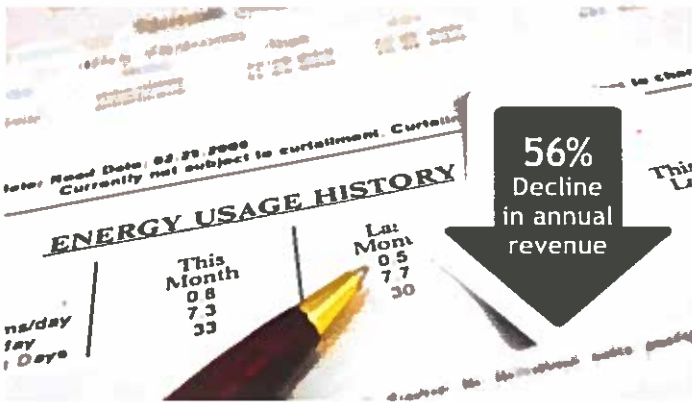
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The state can fix this situation once and for all by enacting legislation to clarify that ESCO revenues associated with the sale of gas and electric fall within the scope of the GRT.

And the proposed elimination of the ESCO exemption from the sales tax provides some relief but does not address the overall Gross Receipts Tax issue.

In addition, I ask that you include cellular services within the scope of this tax.

Both New York State – in its excise tax – and New York City – in its gross receipt tax – have changed their respective statutes to deem cellular service revenue as taxable.

Two bills have been introduced that would resolve both issues.

I would also like to voice my support for the proposal to require marketplace providers to collect sales and use taxes on goods sold to New York residents online.

Another revenue stream that is being threatened deals with municipalities' ability to manage and monetize wireless facilities in public rights of way.

Article Seven, Part F of the Transportation, Economic Development and Environmental Conservation Bill would harm our city by giving private companies more control over installation of telecommunications equipment in our city.

Not only does this bill restrict the recovery of fees to far less than the City's actual costs, but it strips the City of its ability to manage the right-of-way and regulate facilities and equipment through its zoning regulations.

This bill poses a substantial threat to public safety, the integrity of our neighborhoods and the public purse.

I am asking legislators to stand up for municipalities by opposing this measure.

Rochester would not be where it is today if it were not for the support of our state legislators, and I would like to thank you – especially Rochester's state delegation – for your continued investment.

And I would also like to ask for your support of provisions in the Governor's proposed budget that stand to benefit our city.

Governor Cuomo's capital spending plan, for example, includes much-needed funding that will help us boost tourism, drive our economy and create jobs.

The proposed photonics attraction fund will bolster Rochester's reputation as the photonics capital of the world.



We also have significant capital needs, including our convention center, Blue Cross Arena, and other public infrastructure, which we will continue to work with the Governor and our state delegation to advocate for.

And lastly, the Governor's proposals to restore child care funding, help our youth find meaningful employment, and reduce the risks of lead paint exposure, among others, and expand broadband access will ensure that our youngest citizens get off to the very best start in life.





For more information
call 585-428-5990.
Or contact Lovely A. Warren,
Mayor of Rochester, NY
585-428-7045

www.cityofrochester.gov

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