



CITY OF ALBANY
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KATHY SHEEHAN
MAYOR

February 3, 2025

Hon. Liz Krueger
Chair
New York State Senate Finance Committee
416 Capitol
Albany, NY 12247

Hon. J. Gary Pretlow
Chair
New York State Assembly Ways and Means Committee
LOB 923
Albany, NY 12248

Sent electronically via financechair@nysenate.gov and wamchair@nyassembly.gov

Dear Chairperson Krueger and Chairperson Pretlow,

Thank you for the opportunity to provide testimony about the City of Albany and Governor Hochul's 2025-26 Executive Budget to the New York State Senate 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

CC. Hon. Patricia Fahy, Member, New York State Senate
Hon. Gabriella Romero, Member, New York State Assembly
Hon. John McDonald, Member, New York State Assembly

Thank you to Chairpersons Krueger and Pretlow for the opportunity to discuss issues pertaining to the City of Albany. Congratulations to Chairperson Pretlow in particular for being named the new Chair of Ways and Means.

I also want to thank the Senate Finance Committee, the Assembly Ways and Means Committee, and our Capital City delegation. Senator Fahy, Assemblymember Romero, and Assemblymember McDonald work closely with us on various issues and initiatives, and our financial challenges. I also want to give a special shoutout to now-retired Senator Neil Breslin and Assemblymember Helene Weinstein. Both were tireless champions of Capital City Funding, and I want to thank them for their years of service to their constituencies and our entire State.

I have joined you every year since 2014 to make the case that Albany is treated like no other city, and you have listened. And I welcome the opportunity to talk to you again about those challenges and the bold, game-changing proposal for Albany.

(SLIDE 2) First, I am very thankful that the Senate and Assembly supported the first increase to AIM in 16 years, bringing us back to 2008-09 levels. As the former President of NYCOM, I am very proud we were able to work together to make that happen.

I also am thankful to the Senate and Assembly for supporting Capital City Funding for eight consecutive years. And I am grateful to Governor Hochul for including Capital City Funding in her proposed budget for the fourth consecutive year – and for the first time expressing a commitment to make the funding “recurring.” I believe we can all agree that the time has come to establish predictability for this funding going forward.

(SLIDE 3) I know that many of you are aware, but I think it bears repeating. The Empire State Plaza – the place we sit today – was once home to approximately 10,000 residents and hundreds of small businesses before being demolished by New York State after being acquired in March 1962 through eminent domain. Approximately one-quarter of the residents were people of color or first-generation immigrants.

(SLIDE 4) I am often asked by members of the State Legislature about what Albany needs. We need certain and increasing funding to keep police officers and firefighters on the streets, the garbage picked up, and our drinking water safe. How can we make it happen? Make our Capital City Funding and Empire State Plaza PILOT permanent, once and for all, and tie increases in those payments to the tax cap each year.

(SLIDE 5) We can do this through a simple amendment to 19-A. This would end the politicization of this critical funding once and for all.

The next slides outline why we are asking you to help make this the last year I – or my successors – come here to share the fundamental injustices borne by our city.

(SLIDE 6) 64% of all property in the City of Albany is tax exempt, and New York State owns more property (\$7.3 billion) than the City of Albany's entire tax base. If even half of the property the State owned was taxable, Albany would receive \$33 million in tax revenue – \$16 million more than the City currently receives from the State.

(SLIDE 7) The only city that comes anywhere close to our level of tax-exempt property is Syracuse – but they also receive PILOTS from Syracuse University and Destiny Mall.

(SLIDE 8) Under New York State law we receive \$17 million in PILOTS from the State. It is also important to remember that the Empire State Plaza PILOT, currently \$15 million, will be cut by 90 percent in 2031 and cease to exist in 2032 if the Legislature and Governor do not act and do not amend 19-A.

(SLIDE 9) 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. I said we will tighten our belt, become more efficient, and manage to the 2% tax cap and the inevitable cost increases associated with running a city – and we have done just that.

We have done that while keeping our headcount flat, breaking-even during an uncertainty-ridden 2019 through 2022 period, and completing a pay equity study to make our non-union salaries more competitive – something that is especially important when the State offers our talented workforce higher wages to come across the street. Robust sales tax growth and extraordinary federal aid buoyed the City during the post-post-COVID recovery, but sales tax is now returning to historically average growth rates and the reality of new funds from Washington are unlikely over the next four years.

(SLIDE 10) Regardless of population, density, or poverty rate, Albany receives less State Aid per capita than dozens of other cities – and that's after receiving Capital City Funding.

Albany receives just 60% (or less) of what the other large cities outside of New York City receive on a per capita basis each year. It would take an additional \$13 million of aid to put Albany on parity with Rochester, \$15 million with Yonkers, \$15 million with

Syracuse, and \$27 million with Buffalo. And I will acknowledge: those figures have decreased since the last year I was here, but they are still far too high.

(Slide 11) You will hear from others today about the need to continue the investment in AIM funding, and if members of the committee need more information about Albany's need for this vital investment, we are happy to share that data with you from last year's testimony just with the updated figures.

(Slide 12, 13) But I alluded in my statement earlier of a bold, game-changing proposal by the Governor to invest \$400 million dollars for economic development for the City of Albany and the state museum. I don't use the term bold or game-changing lightly, and if approved by this body, it will be the single largest investment by the state for our Downtown since the creation of the Empire State Plaza. This is transformative money, similar to the investments made in Buffalo, Rochester, Syracuse, and Utica. This \$400M and redevelopment of the State Museum under the Executive Chamber would redefine the City of Albany.

The reality is the State of New York has their corporate headquarters in the City of Albany. The majority of the workforce here are state employees who work here but live outside of our city limits.

The other post-COVID reality is the shift to work from home policies that allow a significant percentage of the State workforce to work anywhere but Downtown Albany part of every week. That is a challenge for our restaurants and small businesses because on any given day only half the workforce is at their offices. We need to deal with this new reality by reimagining our Downtown, converting empty offices to residential units, and creating more amenities that will attract people Downtown.

We as the Capital City have made initial investments to reimagine our Downtown, our amenities, our parks, and our housing, but to do more we need economic development funding, especially given the age of our infrastructure. That's why I urge you to include the \$400M in your one-house bills. Our entire region will benefit from this investment as we create world-class amenities here in Albany.

I want to thank the committee for their time today, and your help by providing the certainty our city needs and our residents deserve.

Let's work together to end the fiscal inequity Albany faces each year, once and for all.

Thank you.



2025-26 Executive Budget Testimony

City of Albany

Mayor Kathy M. Sheehan

Thank You

- SFY 2024-25 Saw First AIM Increase in 16 Years → back to 2008-09 levels
- 2021-23 Aid to Cities Exceeded \$1B annually → back to 2013 levels
- Support for Albany's Capital City Funding
- Continued Challenges Lay Ahead....



Before the Empire State Plaza...



- Acquired in March 1962 through eminent domain, the 98 acres of Albany that would become the Empire State Plaza was home to approximately 10,000 people and 400 businesses before being razed.
- Approximately 25% of the residents were people of color or first-generation immigrants.

What Albany Needs?

- Certain and increasing non-property tax revenue for the City to maintain fiscal stability to keep police officers and firefighters on the streets, the garbage picked up, and our drinking water safe

How Can We Make It Happen?

- Make the Empire State Plaza PILOT and Capital City payment permanent
- Rebase these two payments and increase by the 'allowable levy growth factor' (tax cap) each year

19-A Amendment Language



2-a. (1) Notwithstanding any provision of this section to the contrary, in addition to state aid otherwise payable pursuant to this section, there shall be payable to any city located in a county in which there has been constructed a state office building project in accordance with the provisions of chapter one hundred fifty-two of the laws of nineteen hundred sixty-four, as amended, and pursuant to an agreement entitled the "South Mall contract" dated May eleventh, nineteen hundred sixty-five, state aid in accordance with the following schedule:

State Fiscal Year

Amount

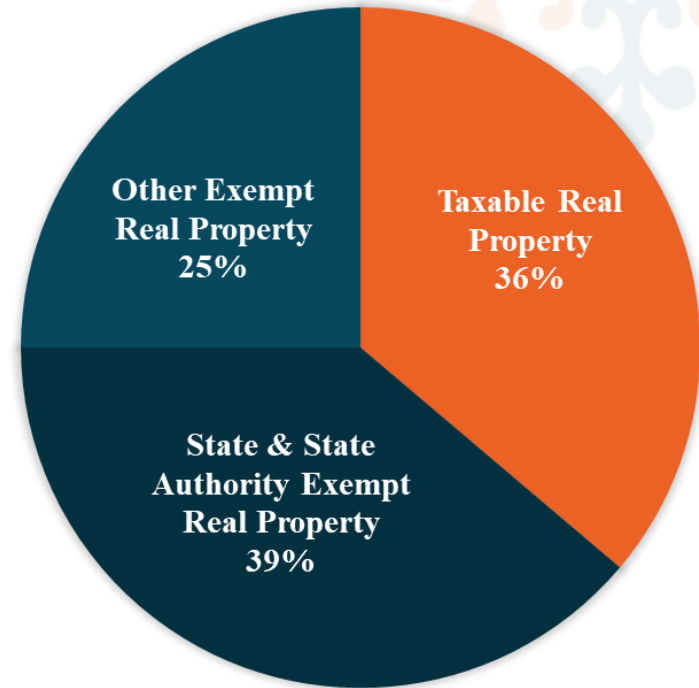
2000-2001	\$4,500,000
2001-2002	\$4,500,000
2002-2003	\$4,500,000

2023-2024	\$15,000,000
2024-2025	\$15,000,000
2025-2026	[\$15,000,000] [36,300,000]
2026-2027	\$15,000,000
2027-2028	\$15,000,000
2028-2029	\$15,000,000
2029-2030	\$15,000,000
2030-2031	\$15,000,000
2031-2032	\$1,800,000]

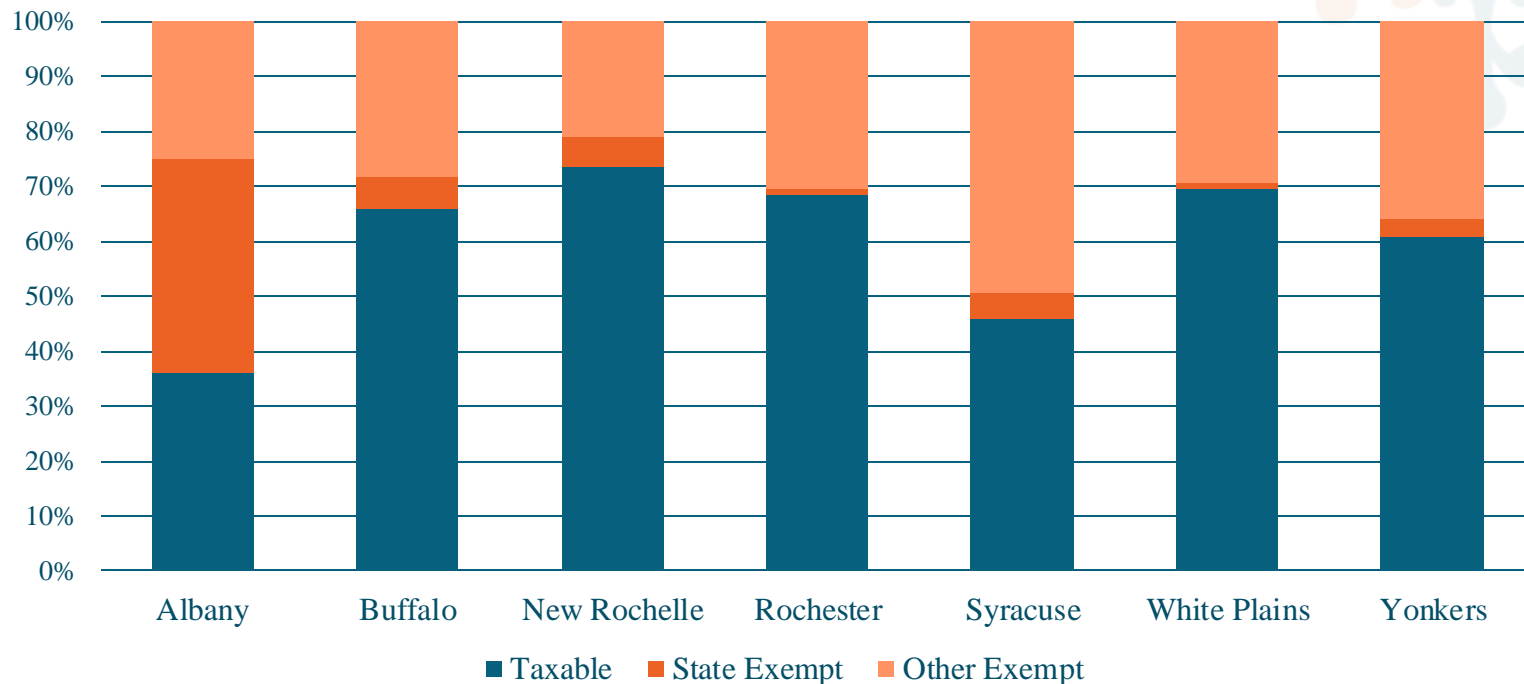
For State Fiscal Years beginning on or after April 1, 2025, the amount shall equal the product of the prior State Fiscal Year amount and the allowable levy growth factor as defined in Section 3-c of General Municipal Law for the coming State Fiscal Year.

Tax Exempt Property in the City of Albany

- 64% of all real property in the City is Tax Exempt
- The State and its Authorities own over \$7.3 billion of the City's real property
- The State and its Authorities own more than the entire taxable base of the City

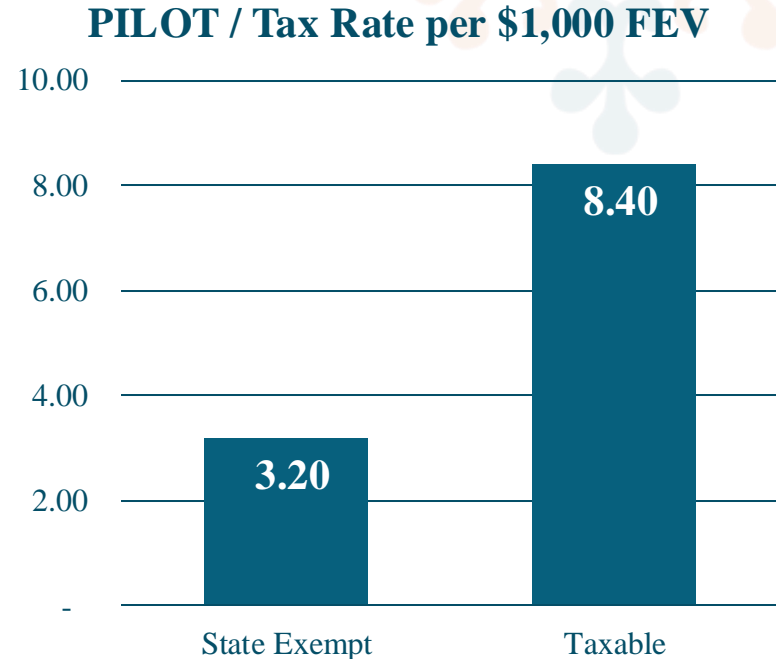


A Uniquely Albany Problem



A Uniquely Albany Problem

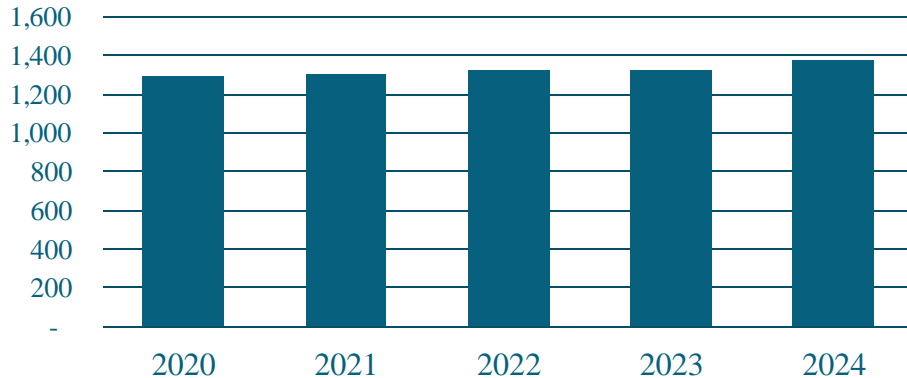
- The State provides Albany with \$17 million in annual PILOT payments at a rate of \$3.20 per \$1,000 of value
- Most of this amount is the statutorily required \$15M Empire State Plaza PILOT that has and is scheduled to remain flat for 14 years (SFYs 2018-31)



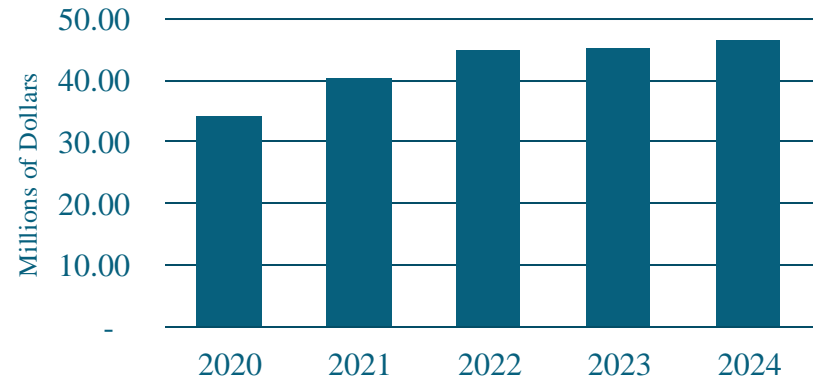
Fiscal Management

- 2019-23 Operations were Balanced
- Maintaining Headcount at approximately 1,350
- Sales Tax growth returning to long-run levels after outsized post-COVID increases
- Continued financial stability in jeopardy without additional State support

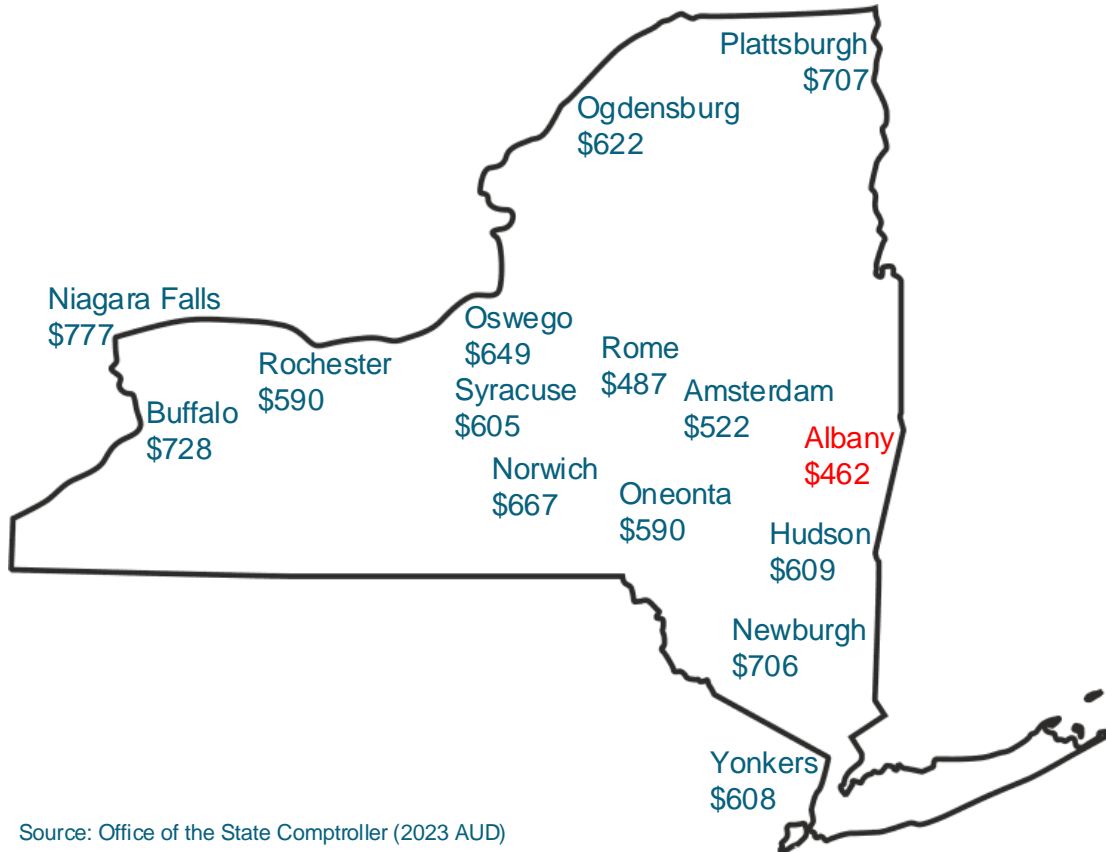
Authorized Headcount



Sales & Use Tax Collections



2023 City State Aid per Capita



Albany received \$45.8 million of State aid in 2023

What Albany would receive with parity to the other large cities...

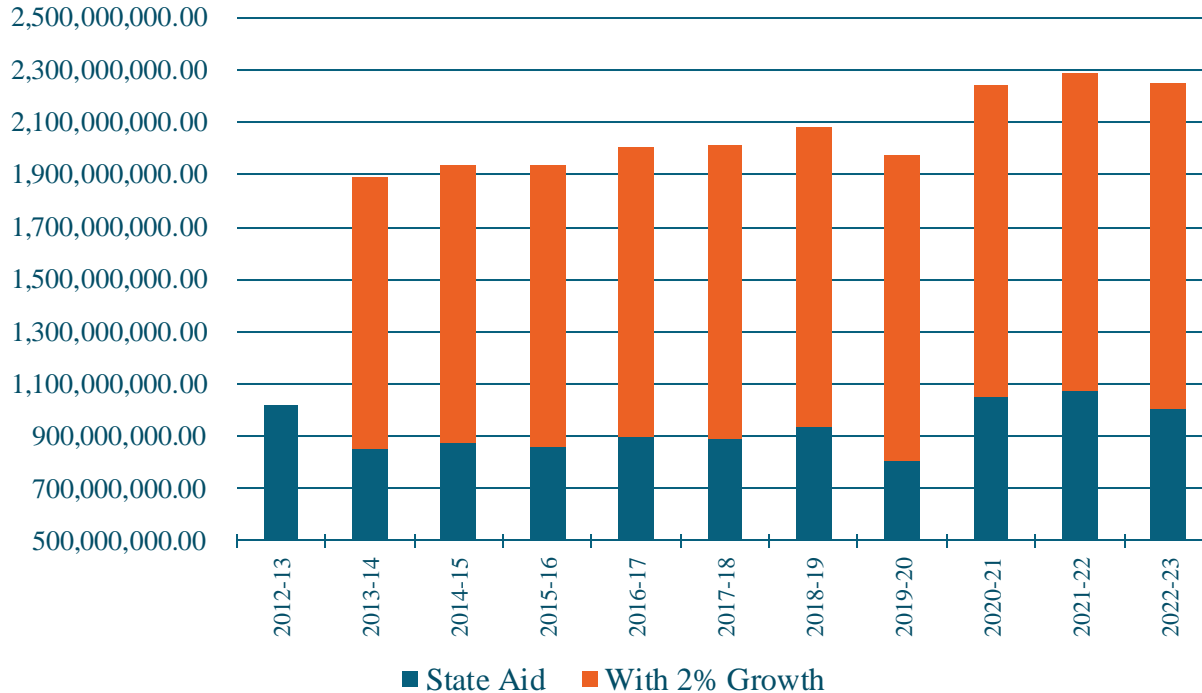
Same per capita as BUFFALO, \$72.2 million

Same per capita as ROCHESTER, \$58.6 million

Same per capita as SYRACUSE, \$60.0 million

Same per capita as YONKERS, \$60.4 million

State Aid to NY Cities



After 7 years of decreased AIM, in 2021-2022 funding returned to 2013-2014 levels.

Funding if AIM had doubled similar to how State Personal and Corporate Income Tax Revenue has doubled

ECONOMIC PROSPERITY

Preparing Albany for a Bright Future



\$400M

proposed investment
in the City of Albany



We are Ready!

