

**BUDGET COMMITTEE**  
**May 15, 2019**

**Committee Members Present:** P. Curran, P. Stockin, J. Burdick, D. Fanton, B. Harris, J. Ricci, C. Crandall

**Others Present:** G. Barnes, T. Boyde, D. Decker, W. Dibble, K. Graves, D. Healy, J. Hopkins, G. James, C. Knapp, B. Riehle, D. Root, T. Ross, M. Washer

**Media Present:** C. Potter – *The Spectator*

**Call to Order:** The meeting was called to order at 1:32 p.m. by Budget Committee Chairman Phil Curran.

**Approval of Minutes**

A motion was made by Legislator Ricci, seconded by Legislator Stockin, and carried to approve the Budget Committee minutes of April 17, 2019.

**Sales Tax Report**

Ms. Ross distributed the 2019 Allegany County Sales Tax Report reflecting receipts totaling \$7,218,101.02 through May 15, 2019. The year-to-date figures show a decrease of \$30,882.80 or 0.426 percent less compared to last year at this time. Ms. Ross stated that we took a hit of \$192,992.11 which is the result of amended returns as well prior period adjustments. Legislator Harris asked for more details on the amended returns and prior period adjustments. Ms. Ross stated that prior period adjustments are when a business gets audited, and it has been determined that they overpaid their sales tax. Ms. Ross noted that amended returns are simply referring to sales tax returns, and if they are amended it could be because a business put in the wrong code for a County. Legislator Harris asked if this is an uncommonly large adjustment. Ms. Ross indicated, no, the County has been hit with larger ones before. Legislator Barnes asked if we have seen the final closeout sales tax for Kmart. Ms. Ross stated, no, their final April payments won't reflect until June.

**Online Sales Tax**

Legislator Graves asked for an update on online sales tax. Ms. Ross stated they are receiving it at this point in time. Legislator Harris referred to the 2019 Allegany County State Budget Impact Report and asked if the money listed for online sales tax is existing or anticipated revenue. Ms. Ross stated the new amount they are predicting reflects an increase in what we will receive.

**Western Counties 1<sup>st</sup> Quarter 2019 Sales Tax Comparison**

Ms. Ross stated the increase shown on the comparison reflects the sales tax report that was submitted last month, adding that all of the western region was up 1.46 percent the first three months. Legislator Harris asked if sales tax revenues were also up last year statewide. Ms. Ross stated that overall everyone pretty much saw an increase; however, there were some that didn't.

**NYSAC Mandate Monitor**

Ms. Ross distributed the NYSAC Mandate Monitor report to the committee that reflects the impact of major state mandates on our County. Ms. Ross stated that they have tracked the top eight mandates since 2011; however, for this report she did add some additional mandates that have not been tracked in the past. Ms. Ross stated the 13 different mandates for 2019 comprise 70.83 percent of our 2019 tax levy. Legislator Harris asked if the Jail Expansion is our debt service. Ms. Ross stated, yes, the Jail expansion and County Courthouse construction were

both financed and make up our debt service, noting we were mandated by the state to build those facilities.

### **AIM Restoration**

Ms. Ross stated the AIM Restoration is a new mandate that will reflect a reduction in sales tax of approximately \$500,000. Ms. Ross noted that total for AIM is \$726,000; however, the County is only responsible for approximately \$507,000 because Alfred and Bolivar are exempt and will continue to be paid by the State. Ms. Ross continued that because the State anticipates \$585,000 in online sales tax revenue, they assume the County will be good. Chairman Crandall stated that while we may good, it's still \$500,000 that would be in our Budget. Committee Chairman Curran asked how much it will take to produce that \$500,000 that we're losing. Ms. Ross stated it is a huge chunk of money so it will be hard to make up. Committee Chairman Curran stated that the biggest outlet is Amazon, and they are already paying sales tax, and he does not see us making that amount of money. Chairman Crandall stated the question for our County is how there is an estimate in online sales tax knowing some of our residents go to Walmart in Hornell or Olean versus shopping online. Legislator Harris asked if it is Ms. Ross' advice, once the dust settles, to look at the services we provide to municipalities and have some difficult conversations and adjust our share of the service. Ms. Ross stated the Board always has the choice of re-evaluating. Chairman Crandall stated the County has done different programs in lieu of directly sharing sales tax with municipalities. Legislator Harris indicated that it is unfortunate the state is pitting counties against municipalities because we've had a good thing going with them. Legislator Graves stated that the State is picking our pockets and asked if NYSAC has indicated any sort of legal challenge to it. Ms. Ross stated that NYSAC has been monitoring and fighting it; however, have not gotten anywhere. Legislator Graves added that it's legalized robbery.

### **2019-20 State Budget Impact Report for Allegany County**

Ms. Ross distributed the 2019-20 State Budget Impact Report for Allegany County and briefly highlighted the following areas of interest:

#### **Raise the Age**

Ms. Ross stated that Raise the Age is still up in the air for claiming. The County is still out money for what has already been distributed for the anchor counties.

#### **CHIPS Funding**

Ms. Ross stated that the State Budget did not include \$65 million for Extreme Winter Recovery.

#### **Election Reform**

Ms. Ross stated that the State Budget has included \$10 million for operating aid as well as \$14.7 million to assist counties in acquiring electronic poll books, on-demand ballot printers, and cybersecurity software.

#### **Gaming Revenues**

Legislator Graves asked if the County is even with the Seneca Nation. Ms. Ross indicated that there hasn't been any distribution of casino funds, adding that the County was receiving \$250,000 per year.

## **Trigger for Potential Sweeping Cuts**

Ms. Ross stated there is a provision in the State Budget that they need to keep a close watch on. The final budget includes language that requires the NYS Budget Director to develop a plan for submittal to the State Legislature if the state financial plan is “reasonably anticipated” to end the fiscal year with an imbalance of \$500 million or more. Ms. Ross stated this provision essentially allows them to reduce up to one percent of counties state aid to balance their needs, adding that some appropriations would be exempt from the reduction.

## **2019 Budget Reports**

Ms. Ross briefly highlighted the 2019 Budget Report schedule stating that the committee will review a semi-annual report at the July 17 Budget Committee meeting and the third quarter reports will be reviewed at the October 16 Budget Committee meeting.

## **Public Works Bridge Projects**

Legislator Graves stated that he serves on the Public Works Committee and has multiple interests in the County, one being infrastructure. He is very pleased with how our Public Works Department has kept up with our bridges, infrastructure etc., and he doesn't want to see them digress. Legislator Graves referenced County Route 30 that was supposed to be paved; however, they don't have the funds in their Budget to get it done. Legislator Graves referenced the Allegany County's Annual Report of Financial Condition to the New York State Comptroller (Appendix A) that was recently submitted and reflected an unexpended balance of \$31 million. Legislator Graves asked the committee what the possibility is of transferring this issue to Ways & Means for consideration of using those funds for some of the bridge projects that were eliminated from the 2019 Budget. Legislator Graves continued that he has spoken with County Treasurer Ross who cautions using these funds as there are reserves in place, and the \$31 million is not just “pocket change.” Legislator Graves asked that an analysis be done on what they need to keep in reserve, and what would be available to complete County Route 30 or possibly add in a bridge. Committee Chairman Curran stated it is a good topic to discuss, and he has no problem moving it forward. Ms. Ross indicated that she still needs to finish the year-end analysis before having a definite number for what's left to expend. Ms. Ross advised that until that year-end analysis is done, the topic should not be discussed. Committee Chairman Curran noted that things may get tight in the near future. Legislator Stockin added that after hearing the Budget Impact Report, he knows of ten different places that extra money could be used. Legislator Healy stated that the most opportune time to look at it would be when we begin our 2020 Budget process. Legislator Fanton stated they have lowered the rate per thousand for the last nine years, and with the sales tax money issues, we could come up short and need to be careful with our reserves. Legislator Graves stated he trusts our Treasurer who does a fantastic job, and he prefers to error on the side of caution and not see the tax rate go up. Legislator Harris stated that he would rather see the issue go to the Public Works Department where they can make an official request to Ways & Means, adding that it sounds like they need to look at their books first, and see if they need help. Ms. Ross asked if these projects were on their 2019 project list. Deputy County Administrator Guy James stated, yes, and their cost was approximately \$500,000. Ms. Ross reminded the committee that they have already tapped into reserves to fund two projects that were otherwise not going to be funded in 2019. Legislator Barnes stated he fully supports Legislator Graves, and he hates to see Public Works have things planned for the County that then get pushed back. Legislator Barnes continued that Public Works is the most important thing this County Government has to decide on and pushing things back isn't good, adding that it also needs to be looked at carefully that these projects aren't going to cost the County more money in the future than it would have in the current Budget year. A motion was made by Legislator Harris, seconded by Legislator Ricci, and carried to refer this matter to the Public Works Department. **Refer to Public Works**

**Adjournment**

There being no further business to come before the Committee, the meeting was adjourned at 2:18 p.m. following a motion by Legislator Harris, seconded by Legislator Stockin, and carried.

Respectfully submitted,

Meghan Washer, Confidential Secretary to the Clerk of the Board  
Allegany County Board of Legislators