



Summary of the State's 2021-22 Executive Budget Proposal February 1, 2021

Below is a summary of the proposals included in the Executive Budget for the state fiscal year beginning April 1, 2021. It should be noted that the Governor has requested \$15 billion in COVID relief aid from the Federal government. Since there is currently no way of knowing what New York State ultimately stands to receive under a new COVID relief package, the Governor's Executive Budget proposal assumes \$6 billion in additional federal aid (\$3 billion allocated to 2021-22 and \$3 billion to 2022-23) which the Division of the Budget believes is at the lower end of possible outcomes. This \$6 billion assumption still drives reductions in nearly every category of the budget, including AIM funding, but to the extent the Federal Government delivers more than the \$6 billion that is assumed, the proposed spending reductions and tax increases would be reversed or modified. Consequently, the Executive Budget proposals highlighted below are based upon the lower assumption of \$6 billion in additional federal relief.

Current Year Municipal Aid Withholdings – There is some good news with respect to the current State fiscal year. Based on improved State revenues and the availability of additional Coronavirus Relief and federal Medicaid funds, the State will be releasing all but 5% of the 20% in local aid that has been withheld between June and December 2020. These amounts will be reconciled and repaid to you between now and March 31, 2021. It is our understanding that this includes AIM, CHIPS and other local aid allocations that may have been withheld. (Please note for villages that currently receive AIM-related payments from county sales tax, those payments were not subject to the 20% withholding.) NYCOM will continue to [advocate](#) for full remittance of these withheld funds and we encourage you to do the same.

AIM Funding – Under the 2021-22 Executive Budget, [AIM funding for cities](#) would be cut by a total of \$34.6 million with reductions for every city of either 2.5%, 10%, 15% or 20% based on AIM reliance (calculated as a percentage of the city's 2019 general fund budget) – the greater the reliance the lower the percentage reduction. In addition, the 51 villages that still receive their AIM payments from the State would now receive AIM-related payments (similar to the other 479 villages) which would be paid out of county sales tax revenue. Furthermore, the Executive Budget would reduce all village [AIM-related payment amounts](#) from the county by 20% across-the-board. ***NYCOM is strongly opposed to these proposed cuts and we urge you to join us in conveying to State Legislators our call for full restoration of the aid.***

Water and Sewer Infrastructure Funding – An additional \$500 million is provided for drinking water and wastewater infrastructure as well as water quality protection. This would raise the total clean water investment to \$4 billion since the Clean Water Infrastructure Act was created in 2017-18. NYCOM will continue to lobby for a dedicated portion of this funding to go directly to cities and villages with municipal water systems.

Transportation Funding – CHIPS funding would be maintained at \$438 million but the additional \$65 million in Extreme Winter Recovery funding is not included in the Executive Budget and will need to be restored by the State Legislature (which has been the case for the last several years). The Budget also includes \$100 million each for both the PAVE-NY and BRIDGE-NY programs. No change was made to the reimbursement rate for the 38 cities that participate in the arterial maintenance program.

Adult-Use Cannabis – The Executive Budget would legalize adult use cannabis for those 21 years of age and older. County governments and cities with a population over 100,000 would have the authority to opt out (on or before December 31, 2021) which would allow them to prohibit any establishment or operation involving the cultivation, processing, distribution and sale of adult-use cannabis within their jurisdiction. However, no local government would be allowed to prohibit adult-use consumption or use of cannabis. In addition, the proposed cannabis legalization would prohibit all counties, cities, towns, and villages from adopting any rule, ordinance, regulation or prohibition pertaining to the operation or licensing of registered organizations, adult-use cannabis licenses or cannabinoid hemp licenses.

The proposed law does expressly preserve the authority for any municipality to regulate the time, place, and manner of licensed adult-use cannabis retail dispensaries within their boundaries so long as such regulations do not make the operation of such licensed retail dispensaries unreasonably impracticable. Moreover, local governments would be expressly prohibited from requiring adult-use cannabis applicants, licensees, or permittees to enter into a community host agreement or to pay any consideration to the local government other than reasonable zoning and permitting fees.

In addition to a wholesale THC-based tax and cannabis retail surcharge (the revenues from which would go to the State), the sale of adult use cannabis product would be subject to state and local sales and use taxes. The revenues generated by the State's THC-based tax and retail surcharge would go into the New York State Cannabis Revenue Fund which would be used to support a variety of cannabis related purposes including: the "cannabis social equity fund," data gathering, monitoring and reporting, the Governor's Traffic Safety Committee, substance abuse, public health education and intervention, and research on cannabis uses, among others. The proposal does not direct any resources from this fund to local governments who are likely to experience financial impacts as a result of code and law enforcement related to cannabis operations within their jurisdictions. Licensees would be required to allow local police and peace officers to inspect their operations so long as such inspections do not unreasonable interfere with the licensees' ordinary business operations and the safety and security of such licensees' operations. This proposal would generate an estimated \$20 million in 2021-22 growing to \$374 million in 2026-27.

Paid Leave for COVID Vaccinations – All public and private employees would be granted up to four hours of paid leave in order to receive the COVID-19 vaccine. This would be in addition to any other accrued leave the employee may have available. Employers would be authorized to request proof of vaccination from the employee.

Interest Rate on Judgments – The interest rate on court judgments and accrued claims would be changed from a 9% fixed rate to a market rate used by the federal court system. This would not only generate savings but encourage timely court proceedings.

Cooperative Purchasing Extender – The Executive Budget would extend, until July 31, 2023, the authorization for local governments to piggyback on certain competitively bid contracts from other states or local governments, as well as the federal government.

VLT Funding – The Executive Budget includes a proposal that would eliminate VLT Aid for all 16 recipients, except the City of Yonkers would receive a 5% reduction.

Downtown Revitalization Initiative – The Executive Budget includes \$100 million for a sixth Downtown Revitalization competition where 10 communities would each receive \$10 million.

Regional Economic Development Councils (REDC) – The Executive Budget would continue the regional economic development approach and provide \$220 million to support an eleventh round of the REDC awards. This would include core funding of \$150 million and \$70 million in tax credits. This will be combined with a wide range of existing agency programs to provide a total of \$750 million for this purpose.

County/City Sales Tax Authorizations – All counties and the five cities who currently have special additional sales tax rate authorizations beyond the 3% base rate (Mount Vernon, New Rochelle, Oswego, White Plains, Yonkers) would be given permanent authority to impose a 1% additional rate (for a total of 4%) or their currently authorized additional rate, whichever is higher. This would eliminate the requirement that they seek state legislation to renew such authority every two years.

Sales Tax on Vacation Rentals – The Executive Budget would require that all vacation rentals be subject to the \$1.50 NYC hotel unit fee as well as the same state and local sales tax as traditional hotels, motels and bed and breakfast establishments, and vacation rental marketplace providers (e.g., VRBO, Airbnb) would be required to collect such sales tax.

Policing Reform Collaborative – The Executive Budget includes a proposal that would authorize the Governor or the Director of the Division of Budget, to install a monitor to oversee the operations of any local police agency that does not certify to the Director of the Division of Budget that such local government has adopted a local law or resolution in accordance with the New York State Police Reform and Reinvention Collaborative process (pursuant to Executive Order 203), that includes its plan to adopt and implement the recommendations resulting from its review and consultation with the community to improve policing policies and practices, particularly with respect to racial bias or disproportionate policing of communities of color. The monitor would be appointed by the Attorney General, in consultation with the Governor, at the expense of the police agency or responsible local government, until the required certification has been submitted. The appointment of a monitor would be in addition to the potential withholding of state or federal aid as outlined in the Executive Order 203.

Strengthening Police Hiring Standards – This proposal would require the implementation of stricter hiring standards for prospective police officers. New hires would be subject to stronger background check procedures that would include a criminal history check, a mental health exam, and review of previous police officer misconduct. All law enforcement agencies would be required to become accredited by the State for the purpose of standardizing such background checks. This proposal would also clearly define conduct that results in permanent decertification, mandate reporting of misconduct, and require information sharing of serious misconduct by officers.

Pandemic Recovery and Restart Program – The Executive Budget would establish three new tax credits and expand another tax credit to support small businesses impacted by the COVID-19 pandemic in the hiring of additional workers through 2021: the Small Business Return-To-Work Tax Credit, which provides up to \$50 million in tax credits in the accommodation, arts and entertainment industries; the Restaurant Return-To-Work Tax Credit, which provides up to \$50 million in tax credits to restaurants operating in New York City subjected to a ban on indoor dining for over six months, or in Orange and Red Zone designated areas which have been subjected to pandemic-related regulations for at least 30 consecutive days; and the New York City Musical and Theatrical

Production Tax Credit, which provides up to \$25 million in tax credits to businesses in the musical and theatrical production industry.

County Wide Shared Services Initiative (CWSSI) Amendments – Under current CWSSI guidelines, a project included in a previous CWSSI plan cannot be included in a future plan and is not eligible for State matching funds. This year’s proposal would allow projects included in previous plans that have not yet been implemented to be eligible for State matching funds. Additionally, under current law, net savings for each project are only eligible for State matching funds for net savings achieved between January 1 and December 31 of the ensuing year. This proposal would allow local governments to decide whether to implement projects, beginning either January 1 or July 1 of the ensuing year, in order to be eligible for State matching funds. The proposal would, however, maintain the requirement that all projects in a Plan be implemented during the same 12-month period. Finally, this proposal would also make the CWSSI permanent by removing the current expiration date of December 31, 2021.

Utility Termination Moratorium – In response to the COVID-19 emergency, the State prohibited public utilities and municipalities from terminating public utility services to residential customers during the COVID-19 State of Emergency (and in certain cases, for 180 days after the state of emergency expires) while also requiring utilities and municipalities to provide residential customers with the opportunity to enter into deferred payment plans if they encountered a change in financial circumstance due to the COVID-19 pandemic. These provisions are set to expire in March 2021. The Executive Budget proposal would remove the law’s expiration date, include small business customers with 25 or fewer employees within the protections and requirements of the statute, and prohibit the imposition or inclusion of late fees to residential and small business customers entering into deferred payment agreements. The proposal would also expand the applicability of the statute’s protections and requirements to any State of Emergency declared by Executive Order that is issued in response to any future state, national, or global event that is deemed to have a significant negative and long-term impact on the State’s economic future and that is not due to a short-term weather-related disaster emergency. Lastly, the proposal would expand the statute’s protections and requirements to residential and small business cable and broadband customers.

Rail Advantage Housing Act – The Executive Budget would establish a “rail advantaged housing” program to facilitate transit-oriented development. Specifically, this would allow county legislatures to adopt local laws permitting “rail advantaged housing” which is defined as “any housing or residential building located within one-half mile of a commuter rail station.” Once such local law is enacted, “uniform standards and conditions” as established by the NYS Commissioner of Environmental Conservation would apply to such projects. Cities, villages, and towns could then amend their local zoning code to allow for rail advantaged housing, provided such amendment is approved by the municipality’s chief executive officer. Such zoning amendments and projects would be deemed to not have a significant effect on the environment for purposes of SEQRA. Developers building housing pursuant to a rail advantage housing proposal would have to pay the local government to mitigate against the project’s impact on the jurisdiction’s environment, public services, and public infrastructure in an amount calculated pursuant to a DEC-established formula.

COVID-19 Emergency Eviction and Foreclosure Prevention – The Executive Budget would continue eviction protections for residential and commercial tenants unable to pay rent due to a financial hardship of lost income or increased costs during the COVID-19 pandemic until at least May 1, 2021. Specifically, the Act would: prohibit the removal of commercial tenants prior to May 1, 2021, except by an eviction proceeding; would stay any pending eviction proceeding for at least 30 days, or as determined by the Chief Administrative Judge, to give tenants an opportunity to submit a hardship declaration; and would prohibit landlords from initiating eviction proceedings until at least May 1,

2021, if the landlord has been provided a hardship declaration. The Act would also stay mortgage foreclosure proceedings until at least May 1, 2021, upon the filing of a hardship declaration by a mortgagor.

Changes to the Renewable Energy Growth and Community Benefit Act – This proposal would exclude siting permits issued by the Office of Renewable Energy Siting from the State Environmental Quality Review Act (SEQRA), and would ensure that alternate energy production facilities and electronic corporations with nameplate capacities between 25 and 80 megawatts are subject to the enforcement provisions and certification requirements of the Public Service Law.

Prevailing Wage for Renewable Energy – The Executive Budget would require the payment of prevailing wages for the construction work as well as the engineering and consulting services performed in connection with either the installation of certain renewable energy systems with total project costs exceeding \$10 million or certain solar energy systems with a total project cost exceeding \$5 million, when such projects are paid for with at least 30% of public funds.

PILOTS and Renewable Siting – The Executive Budget would extend the expiration date on the renewable real property tax exemption from 2025 to 2030 and require solar and wind project developers to provide written notice to the appropriate local governments of projects proposed to be built within their jurisdictions. The proposal would limit the time that the county, city, town, village, or school district would have to require a payment-in-lieu-of tax (PILOT) agreements to 60 days (although it does not specify whether the 60-day clock is triggered when the notice is sent or when the notice is received). It would also require the local taxing jurisdiction to request a PILOT agreement in writing, although the adoption of a local law or resolution requiring a PILOT agreement within the 60 days of receiving the project notice would constitute sufficient notice of the PILOT request. Lastly, this proposal would create a standard methodology for assessment of solar and wind projects equal to or exceeding 1 megawatt in size, in accordance with an appraisal model developed by the Department of Taxation and Finance in consultation with the New York State Energy Research and Development Authority (NYSERDA). The Department of Taxation and Finance and NYSERDA would be required to generate the appraisal model within 180 days of the effective date of the proposal, which would take effect immediately upon adoption.

Mobile Sports Betting – The Executive Budget includes a proposal that authorizes mobile sports wagering throughout the State, allowing individuals to place wagers online and using various devices such as cell phones and tablets. (Currently, sports wagering is limited to in-person betting at four upstate casinos, consistent with the New York State Constitution.) Using a competitive bidding process, the Gaming Commission would determine through which platform provider(s) mobile sports wagering would be permitted. A gaming facility would have the ability to petition the commission to lower their slot tax rate to no lower than 25 percent. It is estimated that this proposal would increase State revenue by \$500 million when fully implemented. All the revenue would be dedicated to education purposes.

Environmental Protection Fund (EPF) – The EPF would continue to be funded at \$300 million, including \$40.6 million for solid waste programs, \$88.4 million for parks and recreation, \$151.3 million for open space programs and \$19.6 million for climate change.

Extension of Bottle Bill Local Enforcement – This proposal would extend for two years the “Cleaner, Greener NYC Act of 2013,” to April 1, 2023, which currently permits New York City, as well as Nassau and Suffolk Counties, to retain part of the fines and penalties associated with enforcing the “Bottle Bill” as a result of enforcing certain provisions.

Affordable Broadband – The Executive Budget would require all broadband service providers in New York State to offer eligible low-income customers (within 60 days of the effective date) an internet plan for no more than \$15/month. The proposal would also require those broadband providers to make reasonable efforts to promote and advertise the availability of the service.

Election Reforms – The Executive Budget includes several proposed election reforms including modifications to absentee voting, early voting, and recounting ballots. Specifically, the time voters have to receive an absentee ballot by mail from a county board of elections would be increased from 30 days to 45 days before an election; county boards of election would be required to mail an absentee ballot within four business days of receiving an absentee ballot application, or within 24 hours of receiving the application if the application is received between ten and seven days before the election; and poll clerks would be required to examine and determine the validity of absentee ballots as they are received by the county boards of elections. The Executive Budget would also increase the minimum number of days that an early voting polling place must remain open until 9:00 p.m. from at least two weekdays to at least three weekdays, and would require county boards of election to complete the canvass of the election more quickly by initiating mandatory manual recounts two days after the results of the canvass are certified and completing the recount within five days. While none of the proposals directly impact village elections that are conducted pursuant to Article 15 of the Election Law, the changes would require county boards of election to complete mandatory manual recounts of village elections within the time provided.

DMV Convenience Fee – The Executive Budget proposes a \$1 “convenience fee” on license and registration transactions, with revenues going to the Dedicated Highway and Bridge Trust Fund.

Remote Notarization – The Executive Budget would authorize the use of audio-video technology for notary purposes. However, the notary must have the ability to confirm the identity and validity of the documents presented. The notary would also be required to maintain a secure recording of the proceeding for ten years and maintain a journal documenting all remote notarizations. This proposal would not mandate all notaries to perform remote notarizations. (TED Part P)

Electronic Service of Process – The Executive Budget establishes a procedure to allow for the ability to file a service of process electronically. The Department of State would be required to create an electronic filing system for this purpose. The proposal would further expand upon the acceptable uses of electronic technology and reduce the reliance on traditional filing procedures. (TED Part O)

If you have any questions or concerns, feel free to contact Barbara Van Epps, NYCOM Deputy Executive Director, at 518-463-1185 or Barbara@nycom.org. Please keep in mind that many of these proposals will be discussed at [NYCOM's Virtual Winter Legislative Meeting](#) on February 11.