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Cuomo's Budget Proposal Cuts Aid to Municipalities.

Governor surprises towns and villages with a proposed cut in their state aid, a move municipal officials say could spark layoffs or raised property taxes

Gov. Andrew Cuomo surprised towns and villages with a proposed cut in their state operating aid, a move that municipal officials say could lead to layoffs or increased property taxes.

Mr. Cuomo, a Democrat in his third term, reduced the state's aid and incentives for municipalities program, or AIM, from \$715 million to \$656 million in the budget plan he released this week.

The reduction will not affect cities, the biggest recipients of AIM funding, but towns and villages for whom the state money is less than 2% of their budget. Funding for the AIM program has been flat for the last 10 years.

Gerry Geist, executive director of the New York state Association of Towns, said the move was shocking because towns already adopted their annual budgets in November and December, before Mr. Cuomo proposed the cuts. Ninety percent of towns are losing their AIM funding, including all the towns in Columbia, Dutchess, Greene, Rockland, Putnam, Nassau and Suffolk counties.

"You can't look at it as these percentages," Mr. Geist said, noting Hempstead in Nassau County is losing \$3.85 million. "Those are real dollars. It's letting go personnel."

In budget documents, Mr. Cuomo said the loss wasn't a significant source of revenue for the affected municipalities. The governor has included additional money in this year's budget for municipalities that share services to improve efficiency as well as changes to force major online marketplaces, like Etsy , to collect sales tax on behalf of third-party sellers. Legislators rejected similar online marketplace taxes in the last two years.

"The median impacted AIM payment is only \$14,000 while the budget includes \$225 million to match local government savings through the shared-services program and \$390 million in new local sales tax revenues by eliminating the internet tax advantage," said Morris Peters, a spokesman for Mr. Cuomo's budget division.

Mr. Cuomo also proposed making permanent a 2% cap on the annual increase in local property taxes, most of which are levied by school districts. Municipal officials have said the cap makes it difficult to provide services. The governor and business groups say the cap provides relief to taxpayers and has led to greater predictability.

Robert Kennedy, the mayor of Freeport in Nassau County, stands to lose \$901,311, which is less than 1% of his 50,000-person village's 2017 expenditures. He has around \$12 million in reserve funds, he said, but is loath to use them because he feared it would downgrade the village's bond rating.

"We're skin and bones right now the way we've been doing it, and they pull the rug out from under us," he said. "After recovering from superstorm Sandy, we have to deal with New York state."

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By Jimmy Vielkind

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