

***TRANSPORTATION,
ECONOMIC
DEVELOPMENT AND
ENVIRONMENTAL
CONSERVATION***

ADIRONDACK PARK AGENCY

MISSION

The Adirondack Park Agency (APA) was established in 1971 to “insure the optimum overall conservation, protection, development and use of the unique scenic, aesthetic, wildlife, recreational, open space, ecological and natural resources of the Adirondack Park.” The Park itself was created in 1892, and contains six million acres of publicly and privately owned lands.

ORGANIZATION AND STAFFING

The APA is governed by an 11-member board, including the Commissioners of Environmental Conservation, Economic Development and the Secretary of State. The other members, five of whom must be Park residents, are nominated by the Governor and confirmed by the Senate. The principal functions of the Adirondack Park Agency are:

- Reviewing and issuing permits for private and State land-use projects, consistent with the Adirondack Park State Land Master Plan and the Adirondack Park Private Land Use and Development Plan, and for certain activities on or near fresh water wetlands, pursuant to the 1975 Freshwater Wetlands Act;
- Helping local governments develop land use plans and providing technical expertise;
- Administering the State’s Wild, Scenic and Recreational River System; and
- Operating two Visitor Interpretive Centers: one near Paul Smith’s College in Franklin County, and one in Newcomb, Essex County, at which visitors can better understand and appreciate the Park’s resources.

The Adirondack Park Agency’s responsibilities are carried out by the following divisions: Planning, which handles local and regional land use policy issues; Counsel’s Office, which provides legal advice to all Agency functions and oversees jurisdictional determinations and enforcement functions; Regulatory, which performs the Agency’s permitting function; Interpretive, which operates the Visitor Centers; Resource Analysis, which conducts scientific research of the ecology of the Adirondacks; Economic Services, which assists project sponsors in the review process; and Local Government Services, which provides technical expertise and assistance to communities. For 2005-06, the Adirondack Park Agency will have a workforce of 59 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency’s 2005-06 operating costs will be funded with State tax dollars and Federal grant moneys. The Executive Budget recommends funding of \$4.5 million in General Fund support for the Agency’s operations. This overall recommendation will support the Agency’s core regulatory functions and the operation of the Visitor Interpretive Centers at Newcomb and Paul Smith’s.

In addition, the Executive Budget recommends General Fund support of \$50,000 for the Adirondack Park Local Government Review Board. The Board advises and assists the APA in carrying out its responsibilities and monitors the implementation of the Adirondack Park Land Use and Development Plan.

PROGRAM HIGHLIGHTS

Since 1995-96, the Agency has worked to achieve a balance between strong environmental protection and sustainable economic development opportunities for the residents of the Adirondack Park. The Agency’s priorities for the future include continued updating of the Agency’s rules and regulations, facilitating the development of land use plans

ADIRONDACK PARK

by local governments, providing local governments with technical expertise and training, working toward completing Unit Management Plans for the State lands of the Adirondack Park and improving resource data base information to better protect the resources of the Adirondack Park.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	4,318,000	4,518,000	200,000	1,376,000
Aid To Localities	50,000	50,000	0	0
Capital Projects	0	0	0	0
Total	4,368,000	4,568,000	200,000	1,376,000

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	59	59	0
Total	59	59	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	4,318,000	4,318,000	0
Special Revenue Funds - Federal	0	200,000	200,000
Total	4,318,000	4,518,000	200,000

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(141,000)
Appropriated 2004-05	4,177,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	4,318,000	4,318,000	0
Special Revenue Funds - Federal	0	200,000	200,000
Total	4,318,000	4,518,000	200,000

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	3,816,000	0	3,672,800	0
Total	<u>3,816,000</u>	<u>0</u>	<u>3,672,800</u>	<u>0</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	139,500	0	3,700	0
Total	<u>139,500</u>	<u>0</u>	<u>3,700</u>	<u>0</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	502,000	0	110,000	0
Total	<u>502,000</u>	<u>0</u>	<u>110,000</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	292,000	0
Total	<u>60,000</u>	<u>0</u>	<u>292,000</u>	<u>0</u>

Program	Equipment	
	Amount	Change
Administration	40,000	0
Total	<u>40,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Administration	200,000	200,000	200,000	200,000
Total	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	50,000	50,000	0
Total	<u>50,000</u>	<u>50,000</u>	<u>0</u>

ADIRONDACK PARK

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	50,000	50,000	0
Total	<u>50,000</u>	<u>50,000</u>	<u>0</u>

DEPARTMENT OF AGRICULTURE AND MARKETS

MISSION

The Department of Agriculture and Markets is charged with fostering a competitive and safe New York food and agricultural industry for the benefit of producers and consumers. Over the next year, the Department will continue to carry out its major responsibilities for encouraging the growth and economic health of the State's agricultural and food industry and conducting various inspections and testing programs to enforce laws on food safety, animal and plant health, and accuracy of labeling. The Department will also continue to act to preserve agricultural resources, improve soil and water quality and operate the annual State Fair in concert with the Industrial Exhibit Authority.

ORGANIZATION AND STAFFING

The Department will have a workforce of 531 positions for fiscal year 2005-06. The Agency is headquartered in Albany and maintains four regional offices located in Buffalo, Syracuse, Rochester and Brooklyn. Approximately 23 percent of the Department of Agriculture and Markets' operating programs are funded by tax dollars in the General Fund and the remaining 77 percent are financed by fees and Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends funding of \$150 million for the Department of Agriculture and Markets in 2005-06. The cost of operating the Department will be supported from a combination of funding sources:

- Tax dollars from the General Fund will provide \$26.4 million in 2005-06, or 23 percent of the Department's operating expenses;
- Fee revenues will produce \$60.4 million and support 53 percent of the Department's operating costs. These revenues include fees from activities such as licensing food processing operators, certifying weighing and measuring devices and operation of the State Fair; and
- Federal funding of \$27.2 million finances the remaining 24 percent of the Department's operations.

Continued funding of \$2.5 million will support the Department's efforts in the New York City region to locate and eradicate the Asian Longhorned Beetle, a pest which is deadly to hardwood trees. Recommendations also continue approximately \$4 million for 14 migrant child care centers. In addition, the Department will receive a suballocation from the Office of Children and Family Services' Federal funding to continue these child care activities.

Recommendations include \$1 million for capital projects to maintain, repair and rehabilitate the State Fair's 20 major buildings and other structures. The Executive Budget also recommends \$2 million for a capital special revenue fund to continue support for development of private partnerships at the State Fair. Funding from the Environmental Protection Fund is also provided for Soil and Water Conservation Districts, non-point source pollution control and farmland protection programs.

The Executive Budget recommends \$9.8 million from the General Fund for local assistance to continue programs which provide valuable services to the State's agricultural community. Included in these funds is \$1.2 million in continued resources to support agricultural economic development and farmland viability program activities. In addition, new funding of \$3.5 million will be used to promote and strengthen the New York wine industry. Continued Federal appropriation authority will allow the Department to apply for Federal grants to fund Federal nutrition programs for senior citizens, animal health initiatives and food safety programs, including essential funding for the State Food Laboratory.

AGRICULTURE AND MARKETS

PROGRAM HIGHLIGHTS

The Agricultural Business Services program promotes the agricultural economy of the State and fosters the responsible use of resources to preserve agricultural land and the environment. These purposes are carried out through six divisions which:

- Inspect and test livestock, poultry and plants to control and eradicate diseases which can both cause severe economic losses for farmers and present a public health hazard;
- Oversee the activities of county soil and water conservation districts, direct the agricultural non-point source pollution control and farmland preservation grant programs, establish agricultural districts, administer agricultural product market orders and the Federal Farmers Market Nutrition Program for low-income families and collect and disseminate statistical agricultural information; and
- Exercise a variety of statutorily required activities involving the pricing and marketing of milk and milk products, and the licensing and bonding of milk and farm products dealers.

The Consumer Food Services program ensures that wholesome food products are sold to the consumer and that the industry and the public are protected from fraud, adulteration or malpractice in the production, processing, transportation and retailing of food and gasoline, and in the use of measuring devices. In carrying out these purposes, the program:

- Licenses and inspects over 28,000 businesses that produce, process, manufacture, or distribute food products, registers food represented as kosher and grades farm products;
- Inspects and tests dairy products to enforce laws pertaining to milk and milk product sanitation and guards against harmful or misrepresented food; and
- Certifies and calibrates weighing and measuring devices and oversees the testing of motor fuels under the Motor Fuel Quality and Clean Air programs.

STATE FAIR

The Department and the Industrial Exhibit Authority together direct the New York State Fair and Fairgrounds, located in Syracuse. The Fairgrounds, a 365-acre complex, has 20 major exhibit buildings and 108 other structures. It is used for the annual 12-day State Fair, and its facilities are rented year-round for various shows and activities. The operating costs of the Fair and Fairgrounds are fully funded from admission, rental and concession fees. General Fund capital funding of \$1 million is included in the Budget to support costs of maintaining the Fair's facilities. In addition, a capital special revenue fund appropriation of \$2 million is recommended to allow the Fair to expand private partnerships and make capital improvements at the Fairgrounds.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	111,836,700	114,053,000	2,216,300	79,876,000
Aid To Localities	32,162,000	33,309,000	1,147,000	91,223,000
Capital Projects	3,000,000	3,000,000	0	4,339,000
Total	146,998,700	150,362,000	3,363,300	175,438,000

AGRICULTURE AND MARKETS

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)			
Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	34	34	0
Agricultural Business Services			
General Fund	183	177	(6)
Special Revenue Funds - Federal	3	10	7
Special Revenue Funds - Other	48	48	0
Fiduciary Funds	7	7	0
Consumer Food Services			
General Fund	164	143	(21)
Special Revenue Funds - Federal	22	22	0
Special Revenue Funds - Other	90	90	0
Total	551	531	(20)

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	27,608,000	26,394,000	(1,214,000)
Special Revenue Funds - Federal	24,994,000	27,194,000	2,200,000
Special Revenue Funds - Other	37,383,000	38,429,000	1,046,000
Enterprise Funds	20,137,100	20,343,000	205,900
Fiduciary Funds	1,714,600	1,693,000	(21,600)
Total	111,836,700	114,053,000	2,216,300

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(798,000)
Special Revenue Funds - Federal	(62,000)
Special Revenue Funds - Other	(313,000)
Enterprise Funds	(32,100)
Private Purpose Trust Funds	(17,600)
Appropriated 2004-05	110,614,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	4,534,548	4,559,000	24,452
Agricultural Business Services			
General Fund	13,604,362	13,549,000	(55,362)
Special Revenue Funds - Federal	18,816,500	20,819,000	2,002,500
Special Revenue Funds - Other	23,371,000	24,170,000	799,000
Fiduciary Funds	1,714,600	1,693,000	(21,600)
Consumer Food Services			
General Fund	9,469,090	8,286,000	(1,183,090)
Special Revenue Funds - Federal	6,177,500	6,375,000	197,500
Special Revenue Funds - Other	14,012,000	14,259,000	247,000
State Fair			
Enterprise Funds	20,137,100	20,343,000	205,900
Total	111,836,700	114,053,000	2,216,300

AGRICULTURE AND MARKETS

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,276,000	(156,548)	2,276,000	(156,548)
Agricultural Business Services	9,306,000	(93,362)	9,027,000	(74,362)
Consumer Food Services	7,650,000	(1,053,090)	7,313,000	(1,011,090)
Total	19,232,000	(1,303,000)	18,616,000	(1,242,000)

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	0	0
Agricultural Business Services	167,000	(6,000)	112,000	(13,000)
Consumer Food Services	107,000	(8,000)	230,000	(34,000)
Total	274,000	(14,000)	342,000	(47,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,283,000	181,000	0	0
Agricultural Business Services	4,243,000	38,000	297,000	11,000
Consumer Food Services	636,000	(130,000)	92,000	(19,000)
Total	7,162,000	89,000	389,000	(8,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	0	0	2,283,000	181,000
Agricultural Business Services	577,000	2,000	2,843,000	20,000
Consumer Food Services	146,000	(32,000)	162,000	(34,000)
Total	723,000	(30,000)	5,288,000	167,000

Program	Equipment	
	Amount	Change
Administration	0	0
Agricultural Business Services	526,000	5,000
Consumer Food Services	236,000	(45,000)
Total	762,000	(40,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Agricultural Business Services	46,682,000	2,779,900	3,890,000	116,000
Consumer Food Services	20,634,000	444,500	6,816,000	74,000
State Fair	20,343,000	205,900	5,598,000	19,000
Total	87,659,000	3,430,300	16,304,000	209,000

Program	Nonpersonal Service	
	Amount	Change
Agricultural Business Services	42,792,000	2,663,900
Consumer Food Services	13,818,000	370,500
State Fair	14,745,000	186,900
Total	71,355,000	3,221,300

AGRICULTURE AND MARKETS

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	12,162,000	9,809,000	(2,353,000)
Special Revenue Funds - Federal	20,000,000	20,000,000	0
Special Revenue Funds - Other	0	3,500,000	3,500,000
Total	<u>32,162,000</u>	<u>33,309,000</u>	<u>1,147,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Agricultural Business Services			
General Fund	12,162,000	9,809,000	(2,353,000)
Special Revenue Funds - Federal	20,000,000	20,000,000	0
Special Revenue Funds - Other	0	3,500,000	3,500,000
Total	<u>32,162,000</u>	<u>33,309,000</u>	<u>1,147,000</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
State Fair				
Capital Projects Fund	1,000,000	1,000,000	0	339,000
Misc. Capital Projects	2,000,000	2,000,000	0	4,000,000
Total	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>	<u>4,339,000</u>

BANKING DEPARTMENT

MISSION

The Banking Department is charged with protecting the public interest and promoting a desirable business climate by regulating and supervising approximately 3,600 State-chartered banking institutions and licensees with total assets of approximately \$1.3 trillion. In carrying out this responsibility, the Department approves acquisitions, branch expansions, mergers and other forms of consolidation. It also levies fines, orders cessation of unsound financial practices and replaces management as needed. In addition, the Department is authorized to take possession of failing institutions and to operate or liquidate them for the benefit of depositors and creditors. In exercising this oversight, the Banking Department maintains the highest standards to assure the continued safety and soundness of, and the full public confidence in, the institutions supervised. By dealing decisively with institutions that are not in compliance with banking laws and regulations, or cases of malfeasance, the Department promotes a desirable business climate for all financial institutions operating in New York State.

ORGANIZATION AND STAFFING

The Superintendent of Banks, appointed by the Governor, directs the Department. The Superintendent is also the Chair of the 17-member Banking Board, a quasi-legislative body which regulates the conduct of banking in the State. Members of the Board are appointed by the Governor with the consent of the Senate. They receive travel reimbursement but are not otherwise compensated. The Department maintains offices in Albany, New York City, Syracuse, and London. The Banking Department will have a workforce of 587 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Banking Department is entirely supported by assessments charged to regulated financial institutions and organizations. The Executive Budget recommends \$97.5 million to support the Department in 2005-06.

PROGRAM HIGHLIGHTS

To ensure the safety and soundness of banking institutions, the Department monitors these institutions to identify problems and works with management to promptly solve them. This responsibility is carried out through annual on-site examinations of most State-chartered institutions, the regular review of institutional financial reports and periodic site visits.

To ensure that State-chartered banking institutions are complying with State laws and regulations and that no individuals are unfairly denied credit, Department employees conduct consumer compliance examinations and resolve consumer complaints. Other staff monitor whether institutions are helping to meet the credit and banking needs of local communities as required by various State laws.

Additionally, the Department's investigation and prosecution of criminal banking activities protects the public and provides support to institutions that do abide by applicable laws and regulations. Lastly, the Department continues to review its internal programs, policies and procedures in order to respond to the changing financial services environment and to promote a strong and healthy financial services industry.

The Holocaust Claims Processing Office, established in 1997, assists Holocaust survivors and their heirs in their search for assets that are held by banks, insurance companies and other institutions.

BANKING

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	84,640,000	97,452,000	12,812,000	4,500,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	84,640,000	97,452,000	12,812,000	4,500,000

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	63	63	0
Analysis and Compliance			
Special Revenue Funds - Other	35	35	0
Regulation			
Special Revenue Funds - Other	489	489	0
Total	587	587	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	84,640,000	97,452,000	12,812,000
Total	84,640,000	97,452,000	12,812,000

Adjustments:

Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(2,393,000)
Appropriated 2004-05	82,247,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	11,731,000	23,187,000	11,456,000
Analysis and Compliance			
Special Revenue Funds - Other	3,964,000	4,054,000	90,000
Regulation			
Special Revenue Funds - Other	68,945,000	70,211,000	1,266,000
Total	84,640,000	97,452,000	12,812,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	23,187,000	11,456,000	4,440,000	0
Analysis and Compliance	4,054,000	90,000	2,583,000	0
Regulation	70,211,000	1,266,000	36,500,000	0
Total	<u>97,452,000</u>	<u>12,812,000</u>	<u>43,523,000</u>	<u>0</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	16,747,000	11,456,000	2,000,000	0
Analysis and Compliance	1,471,000	90,000	0	0
Regulation	32,546,000	1,279,000	1,165,000	(13,000)
Total	<u>50,764,000</u>	<u>12,825,000</u>	<u>3,165,000</u>	<u>(13,000)</u>

DEPARTMENT OF ECONOMIC DEVELOPMENT

MISSION

Together with the Empire State Development Corporation, the New York State Department of Economic Development:

- Advises the Governor and Legislature on all major economic development issues and decisions;
- Develops State economic development strategies;
- Provides technical and financial assistance to businesses through a network of regional offices; and
- Coordinates the efforts of other State agencies, authorities and organizations, as well as local governments, on actions which affect the State's economy.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Department of Economic Development working in conjunction with the Empire State Development Corporation. The Department and Corporation are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Department and Corporation work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation.

The Department of Economic Development will have a workforce of 215 in 2005-06. The Department's central office is in Albany, with ten regional offices located in Troy, Buffalo, Rochester, Syracuse, Utica, Binghamton, New Windsor, Plattsburgh, Hauppauge and New York City, and satellite offices in Watertown and Elmira.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

State tax dollars from the General Fund will finance 84.6 percent, or \$35.3 million, of the Department of Economic Development's \$41.7 million Budget in 2005-06. The balance of the Department's Executive Budget will be supported by revenues raised through licensing of the "I ♥ NY" logo, sale of advertising in the "I ♥ NY" Travel Guide and through seminars and programs run by the Department which directly offset the costs of these programs. Also included are Federal dollars used to help defense-dependent industries diversify into new markets, support recycling market development and to help small businesses comply with Clean Air Act mandates.

The 2005-06 Budget provides:

- \$11 million for "I ♥ NY" tourism advertising;
- \$4.8 million for local tourism matching grants;
- \$1 million to attract international trade to New York State, and increase export sales to foreign countries;
- \$600,000 for economic development projects in the Catskill watershed; and
- \$400,000 to support visitor welcome centers in Beekmantown and Binghamton.

ECONOMIC DEVELOPMENT

PROGRAM HIGHLIGHTS

MARKETING AND ADVERTISING

This program promotes New York State as a premier tourist destination and business location. Major activities include the “I ♥ NY” advertising campaign and local tourism matching grants administered through locally based tourism promotion agencies representing the State’s 62 counties. The Department of Economic Development also manages tourist information services at the Beekmantown and Binghamton Gateway Centers, develops the State’s tourism master plan, targets information to consumers and the travel trade, participates in national and international trade shows, provides technical assistance to tour directors and creates publications for use by the Department and the other economic development agencies.

INTERNATIONAL

The International Trade program promotes exports from, and attracts foreign investment to, New York State. Based in New York City, this program manages the Department’s international offices in Montreal, Toronto, London and Tokyo, and contractual presences in several other countries. The program also coordinates State participation in trade shows and missions, compiles and disseminates trade leads and administers grants and seminars designed to encourage increased exporting.

EMPIRE ZONES

The Empire Zones program benefits distressed areas suffering from high unemployment. Businesses located in a designated Zone may qualify for tax incentives and other economic development benefits designed to encourage business expansion and job creation. Fifty-two Empire Zones statewide were selected on a competitive basis prior to 2001. Zones are located in the following communities: Albany, Amsterdam, Auburn, Binghamton, Brookhaven, Brooklyn Navy Yard, Buffalo, Dunkirk, East New York, East Harlem, Elmira, Friendship, Fulton, Geneva, Gloversville, Griffiss Air Force Base, Hancock Air Force Base, Hunts Point, Islip, Jamestown, Kingston, Kirkwood, Lackawanna, Lowville/Martinsburg, Moriah/Port Henry, Niagara Falls, North Shore/Staten Island, Norwich, Ogdensburg, Olean/Allegany, Oswego, Plattsburgh, Plattsburgh Air Force Base, Port Morris, Potsdam, Poughkeepsie, Riverhead, Rochester, Rockaway, Rome, Schenectady, South Jamaica, Seneca Army Depot, Stewart Air Force Base, Sunset Park/Red Hook/Southwest Brooklyn, Syracuse, Tioga County, Troy, Utica, Watertown, Watervliet Arsenal and Yonkers. In addition, nine zones were designated in 2001 located in the Town of Tonawanda, Monroe County, Columbia County, Staten Island/West Shore, Sullivan County, Cortland County, the City of Hornell, Warren County and Saratoga County. An additional 11 zones were designated in 2002 in the City of Buffalo, Schuyler County, Mt. Vernon, Franklin County, Otsego County, Madison County, Washington County, Wayne County, Orleans County, Genesee County and Rensselaer County.

BUSINESS ASSISTANCE PROGRAMS

To improve the competitiveness of New York State companies, the Department of Economic Development provides assistance to businesses for productivity assessments, business-specific skills training for new and existing workers and third-party technical assistance to develop strategies for expanding export markets.

SMALL BUSINESS ASSISTANCE

The Division for Small Business serves as an ombudsman for small business and also offers these enterprises training and technical assistance. In addition, the Department provides State and Federal procurement assistance to small business. The Division also operates the Clean Air Act Ombudsman Unit, which helps small business comply with these environmental regulations.

LINKED DEPOSIT PROGRAM

This joint public/private program enables companies to obtain loans from commercial banks at an interest rate that is 2 percent to 3 percent lower than the prevailing rate. The banks are compensated by deposits of State funds earning interest at comparably reduced rates. For 2005-06, up to \$350 million is available for this program.

RECYCLING MARKET DEVELOPMENT PROGRAM

The Department of Economic Development is the lead agency in developing New York's recycling industries and creating programs to help municipalities and businesses develop uses for secondary materials.

MINORITY AND WOMEN'S BUSINESS DEVELOPMENT

The Division of Minority and Women's Business Development was established to increase the participation of minority- and women-owned businesses in State procurement opportunities. The Division identifies and certifies minority- and women-owned business enterprises; publishes a directory of certified firms to market small businesses to public and private sector organizations; and provides technical assistance to minority- and women-owned businesses.

POLICY AND RESEARCH DIVISION

This Division develops the annual State strategic plan for economic development; collects and disseminates economic and demographic information; performs policy analysis and economic research; monitors and intervenes in State regulatory activities affecting energy supply, telecommunications, transportation, environmental facilities and commercial/industrial site and facility development; and coordinates the development and review of State economic development programs.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	35,854,900	35,901,900	47,000	7,796,000
Aid To Localities	8,077,000	5,777,000	(2,300,000)	14,327,000
Capital Projects	0	0	0	0
Total	43,931,900	41,678,900	(2,253,000)	22,123,000

ECONOMIC DEVELOPMENT

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	43	42	(1)
Special Revenue Funds - Other	8	8	0
Clean Air			
Special Revenue Funds - Other	5	5	0
Economic Development			
General Fund	127	125	(2)
Marketing and Advertising Program			
General Fund	35	34	(1)
Special Revenue Funds - Other	1	1	0
Total	<u>219</u>	<u>215</u>	<u>(4)</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	29,416,000	29,487,000	71,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	5,438,900	5,414,900	(24,000)
Total	<u>35,854,900</u>	<u>35,901,900</u>	<u>47,000</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(726,000)
Special Revenue Funds - Other	(29,000)
Appropriated 2004-05	<u>35,099,900</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,069,000	3,080,000	11,000
Special Revenue Funds - Other	1,739,900	1,739,900	0
Clean Air			
Special Revenue Funds - Other	500,000	500,000	0
Economic Development			
General Fund	12,736,000	12,792,000	56,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	1,170,000	1,170,000	0
Marketing and Advertising Program			
General Fund	13,611,000	13,615,000	4,000
Special Revenue Funds - Other	2,029,000	2,005,000	(24,000)
Total	<u>35,854,900</u>	<u>35,901,900</u>	<u>47,000</u>

ECONOMIC DEVELOPMENT

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,273,000	11,000	2,246,774	11,000
Economic Development	8,486,000	56,000	8,457,530	56,000
Marketing and Advertising Program	1,897,000	4,000	1,883,682	4,000
Total	12,656,000	71,000	12,587,986	71,000

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	26,226	0
Economic Development	28,470	0
Marketing and Advertising Program	13,318	0
Total	68,014	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	807,000	0	68,388	0
Economic Development	4,306,000	0	79,963	0
Marketing and Advertising Program	11,718,000	0	33,895	0
Total	16,831,000	0	182,246	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	32,962	0	692,282	0
Economic Development	222,239	0	2,911,646	0
Marketing and Advertising Program	52,959	0	615,420	0
Total	308,160	0	4,219,348	0

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	13,368	0	0	0
Economic Development	92,152	0	1,000,000	0
Marketing and Advertising Program	726	0	11,015,000	0
Total	106,246	0	12,015,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,739,900	0	487,100	0
Clean Air	500,000	0	195,000	0
Economic Development	2,170,000	0	0	0
Marketing and Advertising Program	2,005,000	(24,000)	74,000	(16,000)
Total	6,414,900	(24,000)	756,100	(16,000)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,252,800	0	0	0
Clean Air	305,000	0	0	0
Economic Development	1,000,000	0	1,170,000	0
Marketing and Advertising Program	1,931,000	(8,000)	0	0
Total	4,488,800	(8,000)	1,170,000	0

ECONOMIC DEVELOPMENT

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	8,077,000	5,777,000	(2,300,000)
Total	<u>8,077,000</u>	<u>5,777,000</u>	<u>(2,300,000)</u>

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Economic Development			
General Fund	2,900,000	600,000	(2,300,000)
Marketing and Advertising Program			
General Fund	5,177,000	5,177,000	0
Total	<u>8,077,000</u>	<u>5,777,000</u>	<u>(2,300,000)</u>

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

The Empire State Development Corporation (ESDC) — formerly the Urban Development Corporation (UDC) — is a New York State public benefit corporation. It engages in four principal activities: economic and real estate development; State facility financing; housing portfolio maintenance; and privatization initiatives.

ECONOMIC AND REAL ESTATE DEVELOPMENT

The Corporation provides financial and technical assistance to businesses, local governments, and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

STATE FACILITY FINANCING

The Empire State Development Corporation issues bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds is paid from appropriations by the State.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970s, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center, the Wards Island Fire Training Center, the Monroe County Fairgrounds, the Ten Eyck Plaza in Albany, and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970s, activity in this area has been limited to the monitoring and loan servicing of projects.

PRIVATIZATION INITIATIVES

The Corporation is charged with facilitating efforts by State agencies and authorities to privatize State functions and assets.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. The Corporation and Department are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Corporation and Department work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation. The Corporation will have a workforce of 260 in 2005-06. From the Corporation's central office in New York City, a Chief Operating Officer is responsible for day-to-day operations. The Corporation and Department of Economic Development share 10 regional offices and 2 satellite offices.

EMPIRE STATE DEVELOPMENT

OVERSIGHT

The Corporation is governed by a 9 member Board of Directors comprising 2 ex-officio members and 7 members appointed by the Governor with the consent of the Senate. The Chair of the Empire State Development Corporation Board is selected by the Governor and also serves as the Commissioner of Economic Development. Board members serve without compensation.

SUBSIDIARIES

The Corporation's Board of Directors is authorized to create subsidiaries to manage specific projects or economic development activities. Subsidiaries have been established to: (1) oversee revitalization of Lower Manhattan in the wake of September 11; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelop Times Square, including the condemnation and acquisition of blighted properties and recruitment of prospective tenants; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; (5) redevelop the U.S. Postal Service facility, known as the Farley Building, in connection with the New York City Amtrak Train Station Redevelopment project; (6) promote economic development and tourism, and leverage private investment in Niagara Falls; and (7) oversee conversion of the 300 - acre Harriman State Office Building Campus in Albany into a world-class research and development park.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

- In 2005-06, the Empire State Development Corporation's activities will be funded through a combination of State General Fund appropriations and corporate revenues generated by Corporation-owned residential and non-residential properties and by its financing programs. The Corporation's operating budget will be entirely supported by corporate funds;
- The Executive Budget will provide \$88.4 million in support for economic development initiatives, including: Operation SPUR, which will create high technology jobs and business opportunities in Upstate New York; the JOBS NOW program for large-scale projects which will create new jobs; the Empire State Economic Development Fund for projects that create or retain jobs; the Urban and Community Development and Minority - and Women-Owned Business Development and Lending programs; the retention of professional football in Western New York; and military base retention and redevelopment initiatives;
- The Executive Budget will also include \$340 million for priority high-technology and economic development capital initiatives, including Operation SPUR and the New York State Technology and Development Program;
- Billions of dollars in development assistance, as well as substantial tax incentives remain available from the Federal government for redevelopment of Lower Manhattan and New York City in the wake of September 11;
- In conjunction with the Dormitory Authority, the Corporation will continue to finance and administer the \$1.45 billion Centers of Excellence/Empire Opportunity Fund/Gen*NY*sis/RESTORE Program; and
- \$10 million in Port Authority of New York and New Jersey Regional Development funds will be available to support projects in the Upper Manhattan/South Bronx Empowerment Zone.

PROGRAM HIGHLIGHTS

The Empire State Development Corporation administers economic development programs which:

- Provide low-cost loans and grants to businesses to help cover the cost of machinery and equipment purchases, factory improvements, training and business incubator development;
- Provide financial assistance for projects ranging from development of or improvements to commercial or retail facilities, tourism destinations, child care facilities, and commercial centers;
- Assist minority- and women-owned businesses, including programs administered in cooperation with local development organizations and community-based financial institutions;
- Provide funding for the economic development initiatives in distressed urban communities; and
- Provide funding for military base retention and redevelopment efforts.

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	78,362,100	88,362,100	10,000,000	244,090,200
Capital Projects	0	340,000,000	340,000,000	484,000,000
Total	78,362,100	428,362,100	350,000,000	728,090,200

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	78,362,100	88,362,100	10,000,000
Total	78,362,100	88,362,100	10,000,000

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Economic Development			
General Fund	78,358,000	88,358,000	10,000,000
Payments to Municipalities			
General Fund	4,100	4,100	0
Total	78,362,100	88,362,100	10,000,000

EMPIRE STATE DEVELOPMENT

**CAPITAL PROJECTS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Regional Development				
Cap Proj Fund - High Tech Hudson Valley (Auth Bonds)	0	250,000,000	250,000,000	0
Cap Proj Fund - CEFAP (Direct Auth Bonds)	0	0	0	425,000,000
SPUR				
Capital Projects Fund - Authority Bonds	0	90,000,000	90,000,000	0
Economic Development				
Cap Proj Fund - Stadium (Auth Bonds)	0	0	0	15,000,000
Cap Proj Fund - Downtown Buffalo (Auth Bonds)	0	0	0	44,000,000
Total	<u>0</u>	<u>340,000,000</u>	<u>340,000,000</u>	<u>484,000,000</u>

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

MISSION

The New York State Energy Research and Development Authority (NYSERDA) was established in 1975 to develop and implement new energy technologies, focusing on renewable energy sources and energy conservation.

As part of its central mission, the Authority manages energy research, development and demonstration programs, which are funded by assessments on gas and electric utilities. The Authority's programs strengthen New York's economic base by nurturing the growth of new products and industries and helping businesses reduce their costs. Projects are selected on a competitive basis to promote applied research on State energy problems. The Authority administers Federal grant programs which help businesses, schools and hospitals implement energy efficiency measures. It also issues tax-exempt bonds on behalf of investor-owned utilities for capital improvements. The Authority also administers the System Benefits Charge, which supports energy programs for low-income consumers, energy efficiency, energy research and development, and environmental protection.

The Authority also manages the former nuclear fuel reprocessing plant at West Valley in Cattaraugus County and the Saratoga Technology + Energy Park (STEP) in Saratoga County. Currently, NYSERDA has several clean-energy technology companies located at STEP, and is continuing to work toward bringing in other clean-energy technology companies.

ORGANIZATION AND STAFFING

The Energy Research and Development Authority is headed by a 13-member board, consisting of 9 members nominated by the Governor with the consent of the Senate and 4 ex-officio members, which include the commissioners of the departments of Transportation and Environmental Conservation, and the chairs of the Public Service Commission and the Power Authority of the State of New York. All board members serve without compensation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Energy Research and Development Authority is partially funded by assessments on State public utility gross intrastate operating receipts. The 2005-06 Budget recommends approximately \$14.7 million in appropriations for the Authority's energy, research and development programs and \$11.35 million for ongoing work at West Valley.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	14,656,000	14,656,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	11,467,000	11,350,000	(117,000)	0
Total	26,123,000	26,006,000	(117,000)	0

ENERGY RESEARCH AND DEVELOPMENT

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Special Revenue Funds - Other	14,656,000	14,656,000	0
Total	<u>14,656,000</u>	<u>14,656,000</u>	<u>0</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Research, Development and Demonstration			
Special Revenue Funds - Other	14,656,000	14,656,000	0
Total	<u>14,656,000</u>	<u>14,656,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Research, Development and Demonstration	14,656,000	0	14,656,000	0
Total	<u>14,656,000</u>	<u>0</u>	<u>14,656,000</u>	<u>0</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Comprehensive Construction Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>	<u>Reappropriations 2005-06</u>
Western New York Nuclear Service Center Program				
Capital Projects Fund - Authority Bonds	11,350,000	11,350,000	0	0
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	117,000	0	(117,000)	0
Total	<u>11,467,000</u>	<u>11,350,000</u>	<u>(117,000)</u>	<u>0</u>

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

MISSION

The Department of Environmental Conservation is responsible for conserving, improving and protecting the State's natural resources and environment. The Department also works to control water, land and air pollution in order to enhance the health, safety and welfare of all New Yorkers. In addition, the Department plays a major role in implementing the Environmental Protection Fund, the State's dedicated environmental fund.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner appointed by the Governor. The Department's Central Office is in Albany, with regional offices in Avon, Buffalo, Long Island City, New Paltz, Ray Brook, Schenectady, Stony Brook, Syracuse, and Watertown. These regional offices are the operational arms of the Department. Staff in the regional offices review and issue environmental permits for activities regulated by the Department such as the operation of landfills and sewage treatment plants. In addition, these offices ensure compliance with State and Federal environmental statutes, consistent with policy and management direction from program divisions in the Central Office.

The Department will have a workforce of 3,352 positions in fiscal year 2005-06. Approximately 34.1 percent of these positions are paid by State tax dollars; 46.3 percent are supported by State fees, capital and other revenues, and the remaining 19.6 percent are financed by Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends funding of more than \$958 million for the Department of Environmental Conservation, including \$97.3 million in General Fund support. This recommendation will support the Department's core mission and ensure funding for ongoing priority projects.

General Fund appropriations will finance 23.4 percent of the Department of Environmental Conservation's operations in 2005-06. Fees and license revenues will support 56.7 percent, including the major permitting functions, the hazardous substances bulk storage and oil spill programs, and the hazardous waste remedial and enforcement programs. Federal funds will support the remaining 19.9 percent of the Department's Budget.

The Environmental Protection Fund (EPF) will provide new appropriations of \$150 million to support environmental programs, including open space protection, farmland preservation, recycling programs, non-point source pollution control projects, municipal park and waterfront revitalization projects and the restoration and preservation of historic barns. The Fund is supported primarily by revenues from the real estate transfer tax as well as by the sale/lease of State property and by Fund interest earnings.

The voter-approved Clean Water/Clean Air Bond Act authorizes \$1.75 billion for critical environmental programs in the following categories: Safe Drinking Water Program (\$355 million); Clean Water Program (\$790 million); Solid Waste Projects (\$175 million); Air Quality Projects (\$230 million); and Environmental Restoration Projects (\$200 million).

The Clean Air Fund will continue to provide the resources needed to meet the State's obligations under the Federal Clean Air Act to control stationary and mobile sources of air pollution. The Fund is supported by vehicle emission inspection fees and fees on regulated pollutants emitted by factories, power plants and other stationary source facilities.

ENVIRONMENTAL CONSERVATION

General Fund appropriations will support the preservation and maintenance of the State's dams, bridges, regional facilities, campgrounds and the 20 percent match required for Federal grants provided through the Clean Water State Revolving Fund. Since 1992-93, the cost of the State match has been reimbursed by proceeds from the sale of bonds issued by the Environmental Facilities Corporation. Principal and interest on the bonds are paid from State taxes.

The Budget also includes an increase to \$45 for registration fees for all terrain vehicles (ATVs) to provide funding for trail development and related maintenance and law enforcement activities.

The 2005-06 Executive Budget provides more than \$958 million to support the Department's critical environmental, resource management and recreation programs, including:

- \$135 million to support the refinanced Superfund program to continue the clean up of inactive hazardous waste sites and to address hazardous substance sites. Recommendations also include \$185.1 million in reappropriated funds from the 1986 Environmental Quality Bond Act to continue work already underway for existing Superfund sites;
- \$150 million in new funding from the EPF to provide resources to address such high priority programs as open space preservation, continued implementation of the Hudson River Estuary Management Plan, stewardship and capital infrastructure projects at State parks and lands, development of the Hudson River Park and the restoration and preservation of historic barns. Other projects funded by the EPF in 2005-06 will include: local solid waste reduction/recycling and marketing of recycled materials; landfill closure/gas management projects; local parks and historic preservation grants; local waterfront revitalization projects; environmental justice initiatives; non-point source water pollution control projects; farmland protection; the operation of the Pesticide Sales and Use Database as well as breast cancer/environmental risks studies at Cornell University; the Albany Pine Bush Commission; biodiversity stewardship; Long Island Pine Barrens/South Shore Estuary Reserve planning; the Finger Lakes - Lake Ontario Watershed Protection Alliance; DEC Environmental infrastructure projects; funding for Zoos, Botanical Gardens and Aquaria; support for sustainable agriculture; quality communities grants; and urban forestry projects;
- The total 1996 Clean Water/Clean Air Bond Act authorization of \$1.75 billion has been appropriated. However, the Executive Budget includes \$122 million in continued Bond Act disbursements in 2005-06 for Critical Water Quality, Air, Solid Waste, Brownfield and Safe Drinking Water Projects;
- \$18 million in new appropriations to support the abatement of illegal waste tire piles and the development of new markets for waste tires under the Waste Tire Management and Recycling Act of 2003;
- \$5.2 million from taxpayer monies to implement the New York City Watershed Agreement. These funds will support State enforcement and monitoring efforts in the Watershed and the provision of technical assistance to participating Watershed communities;
- \$175.9 million in new State and Federal funds for the Clean Water State Revolving Fund low-interest loan program to build and rehabilitate municipal sewage treatment facilities;
- \$10 million for the remediation of Onondaga Lake;
- \$54.8 million to support the programs of the Conservation Fund;
- \$14.8 million in new and redirected funds from the 1965 Pure Waters Bond Act and the 1972 Environmental Quality Bond Act to support the Long Island Sound Comprehensive Conservation Management Plan, New York Harbor, and Hudson River projects and upstate community wastewater treatment projects;

ENVIRONMENTAL CONSERVATION

- \$30.6 million in new funding for basic capital infrastructure projects to ensure health, safety and compliance with State and Federal laws and environmental requirements, including \$8 million for remediation of state owned facilities and projects to bring DEC facilities into compliance with State and Federal laws and regulation;
- \$32.9 million in non-General Fund support for the State's Clean Air programs. New programs were begun in 1997-98 to control pollution from automobiles and to establish new consolidated permits for major stationary sources of air pollution and in 1999-00, to control air pollution from heavy-duty vehicles; and
- \$427.5 million to support the operations of the Department, including a workforce of 3,352 positions.

PROGRAM HIGHLIGHTS

Under both State and Federal law, the Department carries out a wide range of environmental, regulatory, remedial, resource management, outdoor recreation and education programs. These include the protection and management of the State's air, water, mineral and energy resources, as well as the management of both solid and hazardous waste. In this regard, the Department has undertaken expanded responsibilities as part of the State's Homeland Security effort including air and water toxic assessments, hazardous materials monitoring, water infrastructure monitoring and security and other activities to protect public health and safety.

Since 1995-96, the Department has restructured its operations to eliminate redundant management layers and refocused its attention on the core mission of the Department. Additionally, the regulatory process for issuing environmental permits has been streamlined to simplify requirements while still ensuring that environmental standards are maintained and the State's natural resources are protected.

The Department's functions can be divided into the following categories: Natural Resources, Environmental Quality/Remediation and Environmental Enforcement and Regulation.

NATURAL RESOURCES

In addition to its responsibility to protect the State's fish, wildlife and marine resources and habitats, the Fish, Wildlife and Marine program also manages 200,000 acres of Wildlife Management Area Lands, the operation of 12 fish hatcheries, one game farm and 332 boat launching and fishing access sites. The primary source of funding for this program is sporting license fees (over \$38 million annually) deposited to the Conservation Fund.

The Lands and Forests program manages the more than 4 million acres of State land under the Department's jurisdiction, including nearly 3 million acres of State-owned land within the Adirondack and Catskill parks and over 290,000 acres of conservation easements. Revenues from the sale of forest products from State lands help offset program costs. The State Forest Ranger force is charged with firefighting, search and rescue and enforcing rules, regulations and laws on State land.

The Mineral Resources program regulates more than 12,000 active oil and gas wells and oversees the mined land reclamation program. This program is focused on returning land used for mining to a productive use and also performs technical and environmental reviews of new and existing mined lands.

The Water program protects and conserves the State's water resources which include 52,337 miles of rivers, 7,849 lakes, 2.4 million acres of fresh water wetlands and 25,000 acres of tidal wetlands.

The Department also operates 52 campgrounds and 25 day-use areas within the Adirondack and Catskill parks, as well as the Belleayre Mountain Ski Center. These recreational facilities serve approximately 2 million visits annually, generating over \$10 million in revenue and greatly increasing tourist trade to their host communities. Camping and skiing user fees are intended to fully support facility operations.

ENVIRONMENTAL CONSERVATION

ENVIRONMENTAL QUALITY/REMEDATION

The 1988 Solid Waste Management Act established the State's policies for the management of solid waste, identifying reduction and recycling as the preferred options. The Act required municipalities to implement source separation programs and to prepare Local Solid Waste Management Plans. Also in 1988, the Department of Environmental Conservation established requirements for the construction and operation of solid waste management facilities, such as landfills. Local governments must meet those requirements before the Department will grant an operating permit.

The 1990 amendments to the Federal Clean Air Act imposed new mandates on the State designed to improve air quality. While the cost of complying with the Act is significant, the cost of non-compliance would be equally severe. If the Federal Environmental Protection Agency determines that there is a deficiency in New York's clean air programs, then it must apply sanctions if the deficiency is not corrected within 18 months. Sanctions include the withholding of Federal highway funds and the requirement of a 2-for-1 air pollution emissions offset for new or modified sources of emissions in areas that do not meet Federal air quality standards. The sanction would result in a virtual ban on industrial expansion and would place New York at a severe economic disadvantage with other states.

New York has taken steps to implement a comprehensive stationary source air permit program, a small business assistance program and programs to reduce vehicular emissions and inspect vehicle emission systems. In 1997-98, the State began implementing a decentralized vehicle emission testing system mandated by the Federal Clean Air Act. New York's system is more convenient and less costly to motorists than other federally-approved testing systems, while still reducing air pollution. This decentralized and simpler testing program allows motorists to visit their local automotive service stations to have emissions inspections performed. In addition, the Heavy Duty Inspection and Maintenance Program, which is supported by registration fees, inspects on-road heavy duty diesel vehicles for conformance with emission requirements.

DEC has also established regulations implementing the most aggressive Acid Rain controls on emissions of sulfur dioxide and nitrogen oxide in the country.

In addition, DEC will initiate or complete other actions to address serious air pollution problems. New York will continue to keep pace with California and adopt additional regulations to further control vehicle emissions as a result of changes in the low emission vehicle program. Equipment used in the reconstruction of lower Manhattan will use low sulfur diesel fuel and will be equipped with emission controls. The retrofit of all MTA buses with diesel emission controls will also be completed by the end of 2005. In 2005, DEC will begin the process of drafting State Implementation Plans for those areas of the State that have been designated as non-attainment areas for the new 8-hour ozone and PM_{2.5} standards established by the Federal Environmental Protection Agency.

The 1986 Environmental Quality Bond Act — commonly known as the State Superfund — made \$1.1 billion available for inactive hazardous waste cleanups, allowing the Department to embark on one of the most ambitious remedial programs in the nation. In response to New York's actions, responsible parties have committed more than \$3.4 billion for the investigation and remediation of identified inactive hazardous waste sites. This is in addition to the \$1.1 billion in Bond Act funds committed to investigate and remediate 985 hazardous waste sites.

Under Governor Pataki's leadership, comprehensive Superfund refinance and reform legislation was enacted in 2003. This legislation refinances and reforms the State's Superfund Program and creates a new State Brownfields Cleanup Program to encourage private investment and job creation through liability reform, tax incentives, and a predictable process for cleaning up and redeveloping brownfields. The legislation also improves the municipal Environmental Restoration Program funded through the 1996 Clean Water/Clean Air Bond Act to encourage even more municipal participation, while providing liability reform

ENVIRONMENTAL CONSERVATION

for the State Superfund Program and Oil Spill Program. In addition, the legislation establishes a Brownfield Opportunity Area Grant Program to assist municipalities and community-based organizations in strategically planning the redevelopment of brownfields within targeted urban areas.

ENVIRONMENTAL ENFORCEMENT AND REGULATION

An additional responsibility the Department of Environmental Conservation undertakes is to enforce and regulate a myriad of activities undertaken by businesses, local governments and individuals that can have an impact on the environment and the State's natural resources.

The Department carries out this responsibility through a variety of regulatory and permitting processes and through ongoing communication with those subject to environmental laws and regulations to ensure that such requirements are understood. In addition, the Department's Environmental Conservation Officers work closely with other staff to ensure that environmental laws and regulations are enforced.

The Department has enhanced and improved its overall regulatory and enforcement capabilities, including the coordination of enforcement and inspection programs at each of its regional offices. The Department will continue to review its regulatory practices to streamline procedures and eliminate unnecessary requirements, while still ensuring that strict environmental standards are maintained.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	434,532,000	425,061,000	(9,471,000)	356,214,300
Aid To Localities	1,620,800	2,499,300	878,500	4,072,700
Capital Projects	534,231,000	531,045,000	(3,186,000)	3,219,451,000
Total	<u>970,383,800</u>	<u>958,605,300</u>	<u>(11,778,500)</u>	<u>3,579,738,000</u>

ENVIRONMENTAL CONSERVATION

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)			
Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	113	113	0
Special Revenue Funds - Federal	147	147	0
Special Revenue Funds - Other	20	20	0
Air and Water Quality Management			
General Fund	103	127	24
Special Revenue Funds - Federal	205	205	0
Special Revenue Funds - Other	390	390	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	24	0	(24)
Environmental Enforcement			
General Fund	213	213	0
Special Revenue Funds - Other	308	308	0
Fish, Wildlife and Marine Resources			
General Fund	59	59	0
Special Revenue Funds - Federal	72	72	0
Special Revenue Funds - Other	258	265	7
Forest and Land Resources			
General Fund	212	212	0
Special Revenue Funds - Federal	11	11	0
Special Revenue Funds - Other	133	133	0
Hazardous Waste Cleanup			
Capital Projects Funds - Other	305	305	0
Operations			
General Fund	304	304	0
Special Revenue Funds - Other	66	66	0
Rehabilitation and Improvement			
Capital Projects Funds - Other	48	48	0
Solid and Hazardous Waste Management			
General Fund	116	116	0
Special Revenue Funds - Federal	60	60	0
Special Revenue Funds - Other	156	156	0
Capital Projects Funds - Federal	22	22	0
Total	3,345	3,352	7

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	108,589,900	97,317,000	(11,272,900)
Special Revenue Funds - Federal	84,692,000	85,211,000	519,000
Special Revenue Funds - Other	241,205,100	242,488,000	1,282,900
Internal Service Funds	45,000	45,000	0
Total	434,532,000	425,061,000	(9,471,000)

Adjustments:

Recommended Deficiency	
Environmental Conservation,	
Department of	
General Fund	(6,359,000)
Transfer(s) From	
Special Pay Bill	
General Fund	(2,577,000)
Special Revenue Funds - Federal	(1,674,000)
Special Revenue Funds - Other	(3,922,100)
Appropriated 2004-05	419,999,900

ENVIRONMENTAL CONSERVATION

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	10,289,300	9,615,000	(674,300)
Special Revenue Funds - Federal	11,128,000	12,255,000	1,127,000
Special Revenue Funds - Other	2,784,500	2,978,000	193,500
Internal Service Funds	45,000	45,000	0
Air and Water Quality Management			
General Fund	9,359,200	8,945,000	(414,200)
Special Revenue Funds - Federal	26,296,000	25,156,000	(1,140,000)
Special Revenue Funds - Other	77,843,200	78,125,000	281,800
Air Resources			
Special Revenue Funds - Federal	8,000,000	8,000,000	0
Construction Management			
Special Revenue Funds - Federal	4,468,000	4,000,000	(468,000)
Environmental Enforcement			
General Fund	23,967,200	20,015,000	(3,952,200)
Special Revenue Funds - Other	36,626,900	35,060,000	(1,566,900)
Fish, Wildlife and Marine Resources			
General Fund	7,882,300	4,954,000	(2,928,300)
Special Revenue Funds - Federal	23,000,000	24,000,000	1,000,000
Special Revenue Funds - Other	33,975,300	35,337,000	1,361,700
Forest and Land Resources			
General Fund	18,248,500	15,740,000	(2,508,500)
Special Revenue Funds - Federal	5,000,000	5,000,000	0
Special Revenue Funds - Other	23,307,000	23,828,000	521,000
Operations			
General Fund	28,886,100	29,065,000	178,900
Special Revenue Funds - Other	14,735,700	15,030,000	294,300
Solid and Hazardous Waste Management			
General Fund	9,957,300	8,983,000	(974,300)
Special Revenue Funds - Federal	6,800,000	6,800,000	0
Special Revenue Funds - Other	51,932,500	52,130,000	197,500
Total	<u>434,532,000</u>	<u>425,061,000</u>	<u>(9,471,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	7,979,000	(680,300)	7,339,400	(690,600)
Air and Water Quality Management	7,828,000	(452,200)	7,705,100	(455,200)
Environmental Enforcement	13,730,000	(5,968,600)	11,128,000	(5,994,400)
Fish, Wildlife and Marine Resources	3,245,000	(1,775,300)	2,959,000	(1,782,100)
Forest and Land Resources	14,300,000	(2,372,500)	12,913,200	(2,375,800)
Operations	15,865,000	(800,100)	14,605,400	(864,700)
Solid and Hazardous Waste Management	8,709,000	(979,300)	8,483,500	(985,800)
Total	<u>71,656,000</u>	<u>(13,028,300)</u>	<u>65,133,600</u>	<u>(13,148,600)</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	600,800	8,900	38,800	1,400
Air and Water Quality Management	83,200	1,600	39,700	1,400
Environmental Enforcement	0	0	2,602,000	25,800
Fish, Wildlife and Marine Resources	253,800	5,600	32,200	1,200
Forest and Land Resources	375,200	(7,100)	1,011,600	10,400
Operations	1,158,500	58,500	101,100	6,100
Solid and Hazardous Waste Management	115,900	2,500	109,600	4,000
Total	<u>2,587,400</u>	<u>70,000</u>	<u>3,935,000</u>	<u>50,300</u>

ENVIRONMENTAL CONSERVATION

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,636,000	6,000	343,000	6,000
Air and Water Quality Management	1,117,000	38,000	418,000	38,000
Environmental Enforcement	6,285,000	2,016,400	676,000	17,000
Fish, Wildlife and Marine Resources	1,709,000	(1,153,000)	792,000	41,000
Forest and Land Resources	1,440,000	(136,000)	1,097,000	114,000
Operations	13,200,000	979,000	2,150,000	342,000
Solid and Hazardous Waste Management	274,000	5,000	54,000	5,000
Total	25,661,000	1,755,400	5,530,000	563,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	37,000	0	1,238,000	0
Air and Water Quality Management	84,000	0	456,000	0
Environmental Enforcement	37,000	0	345,000	0
Fish, Wildlife and Marine Resources	16,000	0	859,000	(1,194,000)
Forest and Land Resources	71,000	0	170,000	(250,000)
Operations	1,912,000	(74,000)	8,469,000	711,000
Solid and Hazardous Waste Management	20,000	0	198,000	0
Total	2,177,000	(74,000)	11,735,000	(733,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	18,000	0	0	0
Air and Water Quality Management	159,000	0	0	0
Environmental Enforcement	30,000	0	5,197,000	1,999,400
Fish, Wildlife and Marine Resources	42,000	0	0	0
Forest and Land Resources	102,000	0	0	0
Operations	669,000	0	0	0
Solid and Hazardous Waste Management	2,000	0	0	0
Total	1,022,000	0	5,197,000	1,999,400

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	15,278,000	1,320,500	8,646,000	731,000
Air and Water Quality Management	103,281,000	(858,200)	34,478,500	(1,101,900)
Air Resources	8,000,000	0	3,990,000	340,000
Construction Management	4,000,000	(468,000)	1,684,000	(716,000)
Environmental Enforcement	35,060,000	(1,566,900)	18,992,000	(1,661,200)
Fish, Wildlife and Marine Resources	59,337,000	2,361,700	22,915,000	(803,900)
Forest and Land Resources	28,828,000	521,000	15,134,000	84,000
Operations	15,030,000	294,300	3,104,000	21,000
Solid and Hazardous Waste Management	58,930,000	197,500	9,153,000	(102,500)
Total	327,744,000	1,801,900	118,096,500	(3,209,500)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	6,632,000	589,500	0	0
Air and Water Quality Management	42,817,000	968,200	25,985,500	(724,500)
Air Resources	4,010,000	(340,000)	0	0
Construction Management	2,316,000	248,000	0	0
Environmental Enforcement	15,568,000	94,300	500,000	0
Fish, Wildlife and Marine Resources	32,233,000	2,077,600	4,189,000	1,088,000
Forest and Land Resources	12,394,000	437,000	1,300,000	0
Operations	11,762,000	273,300	164,000	0
Solid and Hazardous Waste Management	10,194,000	300,000	39,583,000	0
Total	137,926,000	4,647,900	71,721,500	363,500

ENVIRONMENTAL CONSERVATION

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	1,620,800	2,499,300	878,500
Total	<u>1,620,800</u>	<u>2,499,300</u>	<u>878,500</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Administration			
General Fund	13,800	27,300	13,500
Air and Water Quality Management			
General Fund	1,157,000	1,172,000	15,000
Forest and Land Resources			
General Fund	0	850,000	850,000
Solid and Hazardous Waste Management			
General Fund	450,000	450,000	0
Total	<u>1,620,800</u>	<u>2,499,300</u>	<u>878,500</u>

ENVIRONMENTAL CONSERVATION

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Design and Construction Supervision				
Capital Projects Fund	0	0	0	14,000
Marine Resources				
Capital Projects Fund	0	0	0	124,000
Federal Capital Projects Fund	3,750,000	0	(3,750,000)	15,906,000
Air Resources - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	0	0	10,299,000
Environmental Quality Bond Act Fund				
Environmental Quality Bond Act Fund - 1986	0	0	0	226,764,000
State Air Quality Projects				
Capital Projects Fund - EQBA (Bondable)	0	0	0	1,103,000
Water Resources - PWBA				
Capital Projects Fund - PWBA (Bondable)	0	14,467,000	14,467,000	17,046,000
Solid Waste Management				
Capital Projects Fund	845,000	845,000	0	2,651,000
Capital Projects Fund - Advances	0	0	0	1,304,000
Federal Capital Projects Fund	10,000,000	0	(10,000,000)	43,507,000
Environmental Protection and Enhancements				
Environmental Protection Fund	0	0	0	69,598,000
Environment and Recreation				
Environmental Protection Fund	125,000,000	150,000,000	25,000,000	408,366,000
Fish and Wildlife				
Capital Projects Fund	1,300,000	300,000	(1,000,000)	3,461,000
Federal Capital Projects Fund	600,000	600,000	0	7,961,000
Hudson River Habitat Restor. Fund	0	0	0	351,000
Lands and Forests				
Capital Projects Fund	1,350,000	1,300,000	(50,000)	18,445,000
Federal Capital Projects Fund	1,300,000	2,000,000	700,000	3,800,000
Forest Preserve Expansion Fund	0	0	0	115,000
Water Resources - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	327,000	327,000	9,575,000
Air Resources				
Capital Projects Fund	0	0	0	552,000
Clean Air Fund	0	0	0	11,000,000
Administration				
Capital Projects Fund	4,025,000	3,100,000	(925,000)	5,894,000
Federal Capital Projects Fund	0	0	0	175,000
Enterprise Fund	0	0	0	175,000
Lands and Forests - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	0	0	640,000
Environmental Quality Protection Bond Fund				
Environmental Quality Protection Bond Fund	0	0	0	41,836,000
Clean Water/Clean Air Bond Fund				
Clean Water - Clean Air Bond Fund	0	0	0	648,650,000
Pure Waters Bond Fund				
Pure Waters Bond Fund	0	0	0	33,752,000
Recreation				
Capital Projects Fund	2,500,000	1,000,000	(1,500,000)	4,437,000
Solid Waste Management - EQBA				
Capital Projects Fund - EQBA (Bondable)	0	0	0	16,425,000
Operations				
Capital Projects Fund	14,880,000	21,390,000	6,510,000	39,530,000
Cap Proj Fund - DEC Regular (Auth Bonds)	10,729,000	11,000,000	271,000	21,729,000
Natural Resource Damages Fund	0	0	0	9,555,000
Financial Security Fund	0	0	0	1,702,000
Water Resources				
Capital Projects Fund	3,334,000	2,634,000	(700,000)	43,412,000
Capital Projects Fund - Advances	0	150,000	150,000	17,043,000
Cap Proj Fund - State Revolving Fund (Auth Bonds)	28,893,000	29,602,000	709,000	61,103,000
Cap Proj Fund - Onondaga Lake (Auth Bonds)	10,000,000	10,000,000	0	20,000,000
Federal Capital Projects Fund	144,464,000	146,280,000	1,816,000	307,242,000
Air Quality - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	56,318,000
Clean Water - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	324,263,000
Solid Waste - Clean Water/Clean Air 96				

ENVIRONMENTAL CONSERVATION

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	38,358,000
Environmental Restoration - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	0	0	0	176,720,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	2,527,000	1,050,000	(1,477,000)	8,761,000
Solid and Hazardous Waste Management - EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	185,095,000
Lands and Forests - EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	6,000
Solid and Hazardous Waste Management				
Capital Projects Fund	2,501,000	0	(2,501,000)	3,275,000
Capital Projects Fund - Advances	30,000,000	0	(30,000,000)	70,281,000
Hazardous Waste Remedial Fund - Oversight & Assessment	15,000,000	15,000,000	0	30,000,000
Hazardous Waste Remedial Fund - Cleanup	121,233,000	120,000,000	(1,233,000)	201,132,000
Total	<u>534,231,000</u>	<u>531,045,000</u>	<u>(3,186,000)</u>	<u>3,219,451,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

ENVIRONMENTAL FACILITIES CORPORATION

MISSION

The Environmental Facilities Corporation is a public benefit corporation established to help local governments, State agencies, and private industry comply with State and Federal environmental laws and regulations. The Corporation works with these entities to design, construct, operate, and finance air pollution control, drinking water and wastewater treatment, and solid and hazardous waste disposal facilities. The Environmental Facilities Corporation's largest program is the Clean Water State Revolving Fund. This program, administered jointly with the Department of Environmental Conservation, provides reduced-interest rate financings to municipalities to construct water pollution control facilities. The Corporation, in conjunction with the New York State Department of Health, jointly administers the Drinking Water State Revolving Fund, which provides reduced-interest rate financings to community and private water systems for safe drinking water projects. Funding for these programs is provided by a Federal grant and a corresponding State match. The State match for the Drinking Water Revolving Fund is provided from the Clean Water/Clean Air Bond Act. Administration of these programs is also supported by fees and interest generated through program operations.

ORGANIZATION AND STAFFING

The Environmental Facilities Corporation is governed by a seven-member Board of Directors who serve without compensation: the Commissioner of Environmental Conservation serves as the chairman, the Commissioner of Health, the Secretary of State, and four members nominated to six-year terms by the Governor with Senate confirmation.

The Corporation is operated by a President appointed by the Board of Directors and will have a 2005-06 workforce of 99, including 7 staff of the Department of Environmental Conservation who are assigned administratively to the Corporation.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The operations of the Environmental Facilities Corporation are funded by:

- Financing fees and annual fees charged to municipalities that receive Revolving Fund loans and a portion of State and Federal grants made for the Clean Water and Drinking Water programs; and
- User fees paid by businesses, municipalities, and industrial clients for the Corporation's technical and financial services.

For fiscal year 2005-06, a total of \$11.9 million is recommended for operations of the Corporation. In addition, State funds are included in the Department of Environmental Conservation and Department of Health's capital budgets for the required match to Federal funding for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs.

PROGRAM HIGHLIGHTS

The Environmental Facilities Corporation currently administers six major programs: the two State Revolving Funds, the Industrial Finance Program, Technical Advisory Services, the Clean Water/Clean Air Bond Act's business environmental compliance assistance programs and the Pipeline for Jobs Program.

ENVIRONMENTAL FACILITIES

CLEAN WATER STATE REVOLVING FUND PROGRAM

This program was established in 1989 to help municipalities comply with the Federal Clean Water Act by providing low-interest rate financings to build or upgrade water pollution control facilities. Since 1989, the program has received Federal and State appropriations totaling \$2.6 billion and \$522 million, respectively. The State Revolving Fund has made loans totaling \$10.2 billion to 442 recipients across the State. Interest rates range from as low as zero percent to no more than two-thirds of the market rate. These low-interest rate financings substantially reduce the cost of water pollution control projects for borrowers, making environmental compliance and protection more attainable.

DRINKING WATER STATE REVOLVING FUND PROGRAM

In 1996, Congress enacted Federal legislation authorizing the Drinking Water State Revolving Fund program. This program, modeled after the Clean Water State Revolving Fund program, provides reduced interest rate financings to community and private water systems to finance safe drinking water projects. In cases of financial hardship, funds are also available from the Clean Water/Clean Air Bond Act to make grants for the construction of drinking water facilities. The Drinking Water Program has made loans totaling \$1.2 billion and grants totaling \$159.9 million to 257 recipients across the State. Federal funding provided for the Drinking Water State Revolving Fund requires a 20 percent State match. Since 1996, the program has been supported by \$504.7 million in Federal awards, requiring a State match of \$100.9 million. The State's share of the Drinking Water State Revolving Fund is provided from the Clean Water/Clean Air Bond Act.

INDUSTRIAL FINANCE PROGRAM

Since 1976, the Industrial Finance Program has provided more than \$1.38 billion in low-interest rate loans and \$217.3 million in loan refinancing to businesses and State agencies for environmental improvement projects. Projects eligible for loans include solid waste management facilities, hazardous waste management facilities, and water supply and wastewater management facilities. Loans under the program are financed from the proceeds of special obligation revenue bonds issued by the Corporation.

TECHNICAL ADVISORY SERVICES

The Technical Advisory Services Program advises businesses, industrial clients, State agencies, and municipalities on pollution prevention, waste management, and compliance with environmental laws and regulations. The Corporation also provides fund management and loan and grant servicing to its clients. The Environmental Facilities Corporation addresses such issues as air pollution control and compliance, multi-media waste management, inactive hazardous waste site remediation, water and wastewater management, and solid waste management and landfill closure. This program is funded by fees paid by Corporation clients who contract for these services.

FINANCIAL ASSISTANCE TO BUSINESS

The 1996 Clean Water/Clean Air Bond Act provides \$60 million to assist businesses in achieving compliance with environmental laws and regulations pertaining to air and water quality. The air and water quality programs are funded at \$30 million each and are used to assist businesses in targeted sectors to procure new capital equipment necessary to achieve environmental compliance. The Environmental Facilities Corporation will work with village, town, and city governments to identify businesses in need of assistance.

ENVIRONMENTAL FACILITIES

PIPELINE FOR JOBS

The Pipeline For Jobs Program was created in 1999 to provide low-cost loans and financial assistance to municipalities, public utilities, public benefit corporations, and businesses. The purpose of the program is to encourage and support water supply and cold water supply improvement projects which provide an economic development benefit to the State. The recommendation for this program includes \$1.2 million in reappropriations.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	10,279,500	11,570,500	1,291,000	0
Aid To Localities	0	0	0	0
Capital Projects	292,000	292,000	0	1,447,000
Total	<u>10,571,500</u>	<u>11,862,500</u>	<u>1,291,000</u>	<u>1,447,000</u>

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
	Administration		
Special Revenue Funds - Other	88	88	0
Clean Water/Clean Air Administration Program			
Capital Projects Funds - Other	4	4	0
Total	<u>92</u>	<u>92</u>	<u>0</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	10,279,500	11,570,500	1,291,000
Total	<u>10,279,500</u>	<u>11,570,500</u>	<u>1,291,000</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(337,500)
Appropriated 2004-05	<u>9,942,000</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	10,279,500	11,570,500	1,291,000
Total	<u>10,279,500</u>	<u>11,570,500</u>	<u>1,291,000</u>

ENVIRONMENTAL FACILITIES

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	11,570,500	1,291,000	7,068,000	659,600
Total	<u>11,570,500</u>	<u>1,291,000</u>	<u>7,068,000</u>	<u>659,600</u>

Program	Nonpersonal Service	
	Amount	Change
Administration	4,502,500	631,400
Total	<u>4,502,500</u>	<u>631,400</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Pipeline for Jobs Program				
Capital Projects Fund - Authority Bonds	0	0	0	1,155,000
Clean Water - Clean Air Implementation				
Clean Water Clean Air Implementation Fund	292,000	292,000	0	292,000
Total	<u>292,000</u>	<u>292,000</u>	<u>0</u>	<u>1,447,000</u>

DIVISION OF HOUSING AND COMMUNITY RENEWAL

MISSION

The Division of Housing and Community Renewal is responsible for the supervision, maintenance and development of affordable low- and moderate-income housing in New York State. The Division currently performs a number of activities in fulfillment of this mission, including:

- Oversight and regulation of the State's public and publicly assisted rental housing;
- Administration of the State's rent regulations; and
- Administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to finance construction or renovation of affordable housing.

ORGANIZATION AND STAFFING

Headed by a Commissioner, the Division of Housing and Community Renewal maintains three main offices and nine regional offices. Main offices in Albany and Manhattan are responsible for agency-wide administrative functions and the development and execution of the Division of Housing and Community Renewal's policies for its Community Development and Housing programs. The Division of Housing and Community Renewal's Rent Administration program is administered through the main office in Queens and local offices in rent regulated communities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Division of Housing and Community Renewal's fee revenues come from the following sources: 1) mortgage servicing fees; 2) application and monitoring fees collected from developers of housing projects that are partially financed by Federal low-income tax credits; 3) payments by New York City to finance a portion of the Division's rent regulation activities; and 4) fees collected from the U.S. Department of Housing and Urban Development in connection with State administration of the Federal Section 8 rental subsidy program.

The Division of Housing and Community Renewal is the lead State agency for the development, construction and oversight of State-assisted housing. The majority of the State's housing construction and rehabilitation programs are supported by appropriations administered by three public benefit corporations: the Housing Finance Agency; the Affordable Housing Corporation; and the Housing Trust Fund Corporation. The Division of Housing and Community Renewal provides administrative support to the Housing Trust Fund Corporation.

Executive Budget recommendations for the Division of Housing and Community Renewal total more than \$313 million. The 2005-06 Budget will:

- Provide \$2 million in support of the Governor's Low-Income Housing Tax Credit Program, resulting in nearly \$20 million in new funding for affordable housing over the next ten years;
- Provide over \$74 million in housing capital funds, including \$7 million for the nationally recognized Homes for Working Families Program;
- Provide \$8.3 million to administer the development of low-income housing and over \$17.4 million to supervise the operation of publicly assisted housing, including the State-financed Mitchell-Lama portfolio;
- Provide \$7.8 million in administrative funding for the Neighborhood and Rural Preservation Programs; and

HOUSING AND COMMUNITY RENEWAL

- Continue the Division's administration of the federally funded Weatherization Assistance Program, providing grants to local not-for-profit groups and governments to assist low-income households in reducing their energy consumption and lowering their fuel bills.

PROGRAM HIGHLIGHTS

COMMUNITY DEVELOPMENT

Community Development staff provide support to the Housing Trust Fund Corporation, a public benefit corporation that provides State-funded loans and grants to for-profit and not-for-profit entities to develop housing for low-income families, tenants with special needs and the low-income elderly.

Community Development staff also administer the allocation of low-income housing tax credits across the State. These tax credits promote the production of low-income rental housing projects by reducing the tax liability of investors who finance the acquisition and construction of these projects.

SMALL CITIES

The Governor's Office for Small Cities, operated within the New York State Housing Trust Fund, administers approximately \$58 million in annual block grant funds from the U.S. Department of Housing and Urban Development. The Small Cities program supports projects in communities with populations of less than 50,000 or non-urban counties with populations of less than 200,000 for housing rehabilitation, job creation or retention, infrastructure repair or replacement, micro-enterprise programs and homeownership assistance.

HOUSING OVERSIGHT

The Housing Program oversees the management of State-assisted housing projects. On a project-by-project basis, Housing Program staff periodically review the financial and physical condition of:

- 220 housing developments constructed between 1957 and 1974 under the State's Mitchell-Lama housing laws and financed with State-guaranteed debt. These projects provide more than 92,000 dwelling units to low- and moderate-income families;
- 74 public housing projects constructed between 1941 and 1973 and financed with State General Obligation bonds that provide more than 20,000 apartments for low-income families; and
- Approximately 1,000 low-income apartment projects partially financed by State or Federal capital funds.

In addition to its regulatory functions, the Housing Program is responsible for the administration of over 31,000 HUD Housing Choice vouchers in New York State. These vouchers provide rental assistance to low-income families in 50 local program areas in New York State.

RENT ADMINISTRATION

The Omnibus Housing Act of 1983 mandated the consolidation of all rent regulation under the Division of Housing and Community Renewal in order to ensure that the State's rent laws are administered in a manner that recognizes the concerns of both landlords and tenants. The Office of Rent Administration has been recognized for its outstanding efforts to make the

HOUSING AND COMMUNITY RENEWAL

program more responsive to its customers. Since 1995, over 90 percent of the backlog of rent regulated cases subject to adjudication have been eliminated. By streamlining the administrative process, the amount of time necessary to close a rent overcharge case has been reduced significantly.

HOUSING CAPITAL PROGRAMS

There are two primary low- and moderate-income housing construction programs supported by State appropriations: the Housing Trust Fund Program and the Affordable Housing Corporation Program. This Budget includes a \$29 million appropriation and \$106.2 million in reappropriations for the Housing Trust Fund Program, which provides grants to finance construction or rehabilitation of low-income apartment buildings. The Affordable Housing Corporation will receive \$25 million in new funds and \$86.9 million in reappropriations to stimulate local economic growth and stabilize distressed communities across the State by providing grants of up to \$25,000 to first-time low- and moderate-income home buyers.

To support municipal housing authorities, this Budget also recommends that \$12.8 million in new funding and \$66.8 million in reappropriations be provided to continue repairs and renovations to the State's existing public housing stock. Finally, the Budget recommends the reauthorization of on-going funding from prior years for a number of programs, including: the Permanent Housing for Homeless Families Program, the Housing Project Repair Program and the Federal National Affordable Housing Act Program.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	89,353,000	93,580,000	4,227,000	58,385,000
Aid To Localities	147,654,000	146,094,000	(1,560,000)	164,401,000
Capital Projects	74,200,000	74,200,000	0	353,831,000
Total	<u>311,207,000</u>	<u>313,874,000</u>	<u>2,667,000</u>	<u>576,617,000</u>

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	74	74	0
Community Development			
General Fund	57	50	(7)
Special Revenue Funds - Federal	43	43	0
Special Revenue Funds - Other	5	12	7
Housing			
General Fund	52	44	(8)
Special Revenue Funds - Federal	36	36	0
Special Revenue Funds - Other	79	87	8
Housing Information Systems			
General Fund	71	71	0
New Facilities			
Capital Projects Funds - Federal	42	42	0
Rent Administration			
General Fund	81	81	0
Special Revenue Funds - Other	395	395	0
Total	<u>935</u>	<u>935</u>	<u>0</u>

HOUSING AND COMMUNITY RENEWAL

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	28,801,000	29,671,000	870,000
Special Revenue Funds - Federal	8,912,000	8,995,000	83,000
Special Revenue Funds - Other	51,640,000	54,914,000	3,274,000
Total	<u>89,353,000</u>	<u>93,580,000</u>	<u>4,227,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(824,000)
Special Revenue Funds - Federal	(212,000)
Special Revenue Funds - Other	(297,000)
Appropriated 2004-05	<u>88,020,000</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	12,028,000	12,523,000	495,000
Special Revenue Funds - Other	2,911,000	2,911,000	0
Community Development			
General Fund	3,442,000	3,484,000	42,000
Special Revenue Funds - Federal	3,243,000	3,254,000	11,000
Special Revenue Funds - Other	1,517,000	1,627,000	110,000
Housing			
General Fund	2,868,000	2,895,000	27,000
Special Revenue Funds - Federal	5,669,000	5,741,000	72,000
Special Revenue Funds - Other	8,397,000	8,765,000	368,000
Housing Information Systems			
General Fund	7,223,000	7,453,000	230,000
Rent Administration			
General Fund	3,240,000	3,316,000	76,000
Special Revenue Funds - Other	38,815,000	41,611,000	2,796,000
Total	<u>89,353,000</u>	<u>93,580,000</u>	<u>4,227,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,662,000	52,000	4,662,000	52,000
Community Development	3,315,000	42,000	3,315,000	42,000
Housing	2,778,000	27,000	2,778,000	27,000
Housing Information Systems	4,342,000	155,000	4,342,000	155,000
Rent Administration	2,766,000	(24,372,000)	2,766,000	(24,372,000)
Total	<u>17,863,000</u>	<u>(24,096,000)</u>	<u>17,863,000</u>	<u>(24,096,000)</u>

HOUSING AND COMMUNITY RENEWAL

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	7,861,000	443,000	206,000	0
Community Development	169,000	0	30,000	0
Housing	117,000	0	8,300	0
Housing Information Systems	3,111,000	75,000	219,900	0
Rent Administration	550,000	(14,223,000)	0	0
Total	11,808,000	(13,705,000)	464,200	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	110,000	0	7,535,000	443,000
Community Development	105,000	0	34,000	0
Housing	41,000	0	67,700	0
Housing Information Systems	26,000	0	2,641,100	75,000
Rent Administration	0	0	0	0
Total	282,000	0	10,277,800	518,000

Program	Equipment		General State Charges	
	Amount	Change	Amount	Change
Administration	10,000	0	0	0
Community Development	0	0	0	0
Housing	0	0	0	0
Housing Information Systems	224,000	0	0	0
Rent Administration	0	0	0	(10,317,000)
Total	234,000	0	0	(10,317,000)

Program	Maintenance Undistributed	
	Amount	Change
Administration	0	0
Community Development	0	0
Housing	0	0
Housing Information Systems	0	0
Rent Administration	550,000	(3,906,000)
Total	550,000	(3,906,000)

STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	2,911,000	0	0	0
Community Development	4,881,000	121,000	2,581,000	58,000
Housing	14,506,000	440,000	8,083,000	200,000
Rent Administration	41,611,000	2,796,000	25,396,000	804,000
Total	63,909,000	3,357,000	36,060,000	1,062,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	2,911,000	0
Community Development	1,300,000	63,000	1,000,000	0
Housing	4,923,000	240,000	1,500,000	0
Rent Administration	16,215,000	1,992,000	0	0
Total	22,438,000	2,295,000	5,411,000	0

HOUSING AND COMMUNITY RENEWAL

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	45,204,000	43,644,000	(1,560,000)
Special Revenue Funds - Federal	92,450,000	92,450,000	0
Special Revenue Funds - Other	10,000,000	10,000,000	0
Total	<u>147,654,000</u>	<u>146,094,000</u>	<u>(1,560,000)</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Housing Development Fund Program			
Special Revenue Funds - Other	10,000,000	10,000,000	0
HUD Section 8 New Construction			
Special Revenue Funds - Federal	13,100,000	13,100,000	0
Low Income Weatherization			
Special Revenue Funds - Federal	21,350,000	21,350,000	0
Neighborhood Preservation			
General Fund	5,465,000	5,465,000	0
Periodic Subsidies - Local Areas			
General Fund	17,780,000	16,220,000	(1,560,000)
Rural Preservation			
General Fund	2,355,000	2,355,000	0
Rural Rental Assistance			
General Fund	19,604,000	19,604,000	0
Small Cities Community Development Block Grant			
Special Revenue Funds - Federal	58,000,000	58,000,000	0
Total	<u>147,654,000</u>	<u>146,094,000</u>	<u>(1,560,000)</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Affordable Housing Corporation				
Housing Program Fund	25,000,000	25,000,000	0	86,950,000
Housing Assistance Fund				
Housing Assistance Fund	0	0	0	11,333,000
Low Income Housing Trust Fund				
Housing Program Fund	29,000,000	29,000,000	0	106,288,000
Maintenance and Improvements of Existing Facilities				
Housing Program Fund	0	0	0	7,452,000
Housing Opportunity Program For Elderly				
Housing Program Fund	400,000	400,000	0	400,000
Housing Program Capital Improvement				
Capital Projects Fund	0	0	0	19,720,000
State Housing Bond Fund				
State Housing Bond Fund	0	0	0	7,344,000
New Facilities				
Capital Projects Fund	0	0	0	1,225,000
Federal Capital Projects Fund	0	0	0	31,031,000
Public Housing Modernization Program				
Housing Program Fund	12,800,000	12,800,000	0	66,838,000
Homes for Working Families Program				
Housing Program Fund	7,000,000	7,000,000	0	15,250,000
Total	<u>74,200,000</u>	<u>74,200,000</u>	<u>0</u>	<u>353,831,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

HOUSING FINANCE AGENCY

MISSION

The New York State Housing Finance Agency is a public benefit corporation created in 1960 to finance low- and moderate-income rental housing. The Agency issues taxable and tax-exempt bonds to provide mortgage loans to developers of mixed-income and affordable rental projects.

The Housing Finance Agency also plays a role in administering several housing programs supported by State and Federal appropriations. In 1990, the Agency's mission was expanded to include the issuance of bonds to reimburse the State for appropriated expenditures under the State's housing programs.

ORGANIZATION AND STAFFING

The Housing Finance Agency is governed by a Board of Directors consisting of seven members: the Commissioner of Housing and Community Renewal, the Director of the Budget, the Commissioner of Taxation and Finance and four members nominated by the Governor with the consent of the Senate. The Governor designates a Chairperson.

The Agency headquarters is located in New York City and is managed by a President/Chief Executive Officer, who is appointed by the Board of Directors. Staff is organized into five departments: the President's Office, Multi-Family Finance, Debt Issuance, Finance and Operations and Legal Services.

The Housing Finance Agency is operated and administered jointly with the State of New York Mortgage Agency, but the two agencies are governed by separate Boards of Directors.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency receives no direct operating support from the State. Its operating budget is funded with fees and revenues the Agency generates through its financing activities.

From 1995 through 2004, the Housing Finance Agency has provided \$3.8 billion in loans for multi-family rental housing.

PROGRAM HIGHLIGHTS

Since its inception in 1960, the Agency has provided financing of more than \$6 billion for more than 99,000 units of multi-family housing. Between January 1, 1995 and the close of the Agency's fiscal year on October 31, 2004, the Agency provided \$3.8 billion in mortgage loans that created rental housing for more than 20,000 families. During the Agency's 2003-04 fiscal year, more than 3,100 units were financed with mortgage loans totaling more than \$667 million.

STATE OF NEW YORK MORTGAGE AGENCY

MISSION

The State of New York Mortgage Agency is a public benefit corporation created in 1970 to increase the affordability of homeownership for low- to moderate-income residents of New York State. This is accomplished by the Agency's issuance of taxable and tax-exempt bonds and the use of proceeds to purchase low-interest rate mortgage loans. In 1978, the Agency's mission was expanded to include the issuance of mortgage insurance to promote the stabilization of neighborhoods throughout the State.

ORGANIZATION AND STAFFING

The Agency is overseen by an eight-member Board of Directors comprised of the State Comptroller, the Director of the Budget, the Commissioner of Housing and Community Renewal and appointees of the Governor, the Temporary President of the Senate and the Speaker of the Assembly. Responsibility for operation of the Agency rests with the President/Chief Executive Officer, who also serves in this capacity for the Housing Finance Agency — the State's other major housing finance entity. The Agency is operated jointly with the Housing Finance Agency out of its central headquarters in New York City and from regional offices in Albany, Buffalo and Long Island.

The State of New York Mortgage Agency has two program divisions. Its Single Family Mortgage Finance Division provides low-interest rate mortgages to low- and moderate-income first-time homebuyers (and for other eligible homebuyers in designated target areas) through the issuance of mortgage revenue bonds. The Agency uses a network of banking institutions to originate mortgages on its behalf. The Mortgage Insurance Division provides insurance on mortgage loans for residential, mixed residential, commercial and community service-related properties throughout the State. In addition, in December 2004, the Mortgage Insurance Fund was authorized to enter into agreements to provide credit support for bonds and ancillary bond facilities issued by the Convention Center Development Corporation, a subsidiary of the New York State Urban Development Corporation. This insurance is supported by the Mortgage Insurance Fund, which is funded by a surcharge on the Mortgage Recording Tax.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Agency receives no direct operating support from the State. Statute requires the State to guarantee certain obligations of the Agency. The Executive Budget recommends more than \$366 million in appropriations in 2005-06 to satisfy this requirement, although no cash disbursements are projected to be made from this appropriation. All State of New York Mortgage Agency programs and operations are supported by Agency funds, consisting of mortgage income, application fees, insurance premiums and investment proceeds.

PROGRAM HIGHLIGHTS

Since its inception in 1970, the Agency's Single Family Division has provided more than \$9 billion of affordable financing for over 135,800 homes in New York. Between January 1, 1995 and the close of the Agency's fiscal year on October 31, 2004, the Agency purchased \$3.6 billion in single-family mortgages — helping more than 45,000 New Yorkers buy their first homes. During the Agency's 2003-04 fiscal year, 4,453 loans were financed in the amount of \$440 million.

MORTGAGE AGENCY

The Mortgage Insurance Fund's portfolio of insured mortgages exceeds \$3 billion. In 2003-04, mortgage insurance provided by the Agency totaled more than \$127 million.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	76,800,000	76,800,000	0	0
Aid To Localities	212,694,000	289,229,000	76,535,000	0
Capital Projects	0	0	0	0
Total	289,494,000	366,029,000	76,535,000	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	76,800,000	76,800,000	0
Total	76,800,000	76,800,000	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Infrastructure Trust Fund Guarantee - SONYMA Homeowners Mortgage Revenues General Fund	61,800,000	61,800,000	0
SONYMA Mortgage Insurance Fund Restoration General Fund	15,000,000	15,000,000	0
Total	76,800,000	76,800,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Infrastructure Trust Fund Guarantee - SONYMA Homeowners Mortgage Revenues	61,800,000	0	61,800,000	0
SONYMA Mortgage Insurance Fund Restoration	15,000,000	0	15,000,000	0
Total	76,800,000	0	76,800,000	0

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	212,694,000	289,229,000	76,535,000
Total	212,694,000	289,229,000	76,535,000

MORTGAGE AGENCY

AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
SONYMA Mortgage Insurance Fund			
Restoration			
General Fund	212,694,000	289,229,000	76,535,000
Total	<u>212,694,000</u>	<u>289,229,000</u>	<u>76,535,000</u>

HUDSON RIVER PARK TRUST

MISSION

The Hudson River Park Trust (the Trust) is a public benefit corporation established in 1998 to design, develop, and maintain the 550-acre Hudson River Park in Manhattan, which will extend five miles along the Hudson River waterfront from Battery Park to 59th Street. The Trust is governed by a 13-member board: 5 members appointed by the Governor, 5 by the Mayor of New York City, and 3 by the Manhattan Borough President.

ORGANIZATION AND STAFFING

The Trust is headed by a President and Chief Executive Officer who is appointed by the Board.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

A recommended overall resource level of \$10 million in new appropriations, in concert with \$55.6 million in reappropriations, will fund all Trust capital costs in 2005-06 associated with the planning, design and construction of Park projects. Specifically, 2005-06 Budget recommendations provide \$5 million for Park development from the Environmental Protection Fund within the budget for the Department of Environmental Conservation, and a capital advance appropriation of \$5 million, which will be repaid by New York City. All Trust administrative activities, including operating costs, are paid directly from a portion of the commercial lease payments and other revenues generated by businesses and activities conducted on the Park property. These receipts are deposited directly to the Trust.

PROGRAM HIGHLIGHTS

During 2005-06, the Trust will continue the design and construction of the remaining segments of the Park, develop detailed cost estimates, explore alternative sources of funding and continue to oversee capital projects to build the Park.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	5,000,000	5,000,000	55,643,000
Total	0	5,000,000	5,000,000	55,643,000

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Regional Development				
Capital Projects Fund - Advances	0	5,000,000	5,000,000	55,643,000
Total	0	5,000,000	5,000,000	55,643,000

INSURANCE DEPARTMENT

MISSION

The Insurance Department, which was established in 1860, is charged with regulating the insurance industry and with balancing the interests of insurance consumers, companies and producers. Specific statutory responsibilities include: approving the formation, consolidation or merger of insurance organizations and all new insurance products, monitoring the financial stability of insurers, overseeing the testing and licensing of agents, adjusters, consultants and insurance intermediaries and disciplining licensees who violate the Insurance Law or regulations.

ORGANIZATION AND STAFFING

The Insurance Department is headed by a Superintendent who is appointed by the Governor. The Department maintains offices in Albany and New York City and local offices in Mineola, Rochester, Syracuse, Oneonta and Buffalo. The Department's activities are carried out through three programs: Administration, Regulation and Consumer Services, with a 2005-06 workforce of 918 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Insurance Department is funded by assessments on New York State based insurance carriers and by agent examination fees. These monies fully support the operations of the Department as well as insurance-related operations in other agencies.

The Executive Budget recommends \$179.8 million in assessment revenue to fund the Department's current activities including the Insurance Disaster Preparedness Unit to help New York and the insurance industry respond to potential natural, financial and terrorist disasters. The industry assessments will provide \$21 million to the Department of State for costs associated with fire prevention efforts and enforcement of state building code regulations, \$31 million to the Department of Health for costs associated with the Center for Community Health and the implementation of the new "forge-proof" prescription program, and \$5 million to the Law Department for implementation of Executive Order 109 that appointed the Attorney General as a Special Prosecutor to combat no-fault auto insurance fraud.

The Executive Budget also includes \$4 million for the expansion of the Traffic and Criminal Software (TraCS) project which uses computer technology in State Police patrol cars to produce electronic tickets and accident reports. In addition, \$3 million for the Department of Law is recommended to support joint investigations related to broker/insurer compensation and pricing practices.

PROGRAM HIGHLIGHTS

The Department ensures that insurance companies meet statutory requirements regarding their finances and corporate conduct by monitoring the financial condition of companies and conducting periodic field examinations of insurers. It strives for the fair treatment of policyholders, claimants and the public through the regulation of company claim payments and sales practices, responses to consumer complaints, and the timely review of insurance company denials of coverage.

The Department promotes high standards of ethical conduct and technical knowledge through oversight of testing, pre-licensing and continuing education of insurers and agents. It maintains a registry of all licensees, collects fees and imposes fines related to the revocation of licenses and irregular activities.

The September 11 attacks on the World Trade Center demonstrated the important role New York's insurance industry has in maintaining economic stability during times of tragedy. To ensure that the industry's ability to perform that role is strengthened, the Department

INSURANCE

established an Insurance Disaster Preparedness Unit to coordinate industry efforts to prevent and respond to natural, financial and terrorist disasters. Through this unit, the Department works with industry representatives to develop disaster preparedness and business continuity plans, fight money laundering activities and enhance fraud detection capabilities.

Reflecting the dynamic and changing environment confronting the insurance industry, the Department has streamlined its regulatory and licensing process. In fact, since 1994 the Department has reformed or rescinded over half its regulations and eased the process by which companies are licensed and new insurance products approved. The Department continues to work closely with the Banking Department to assist Holocaust victims and their families to identify and recover assets from foreign financial institutions.

The Department also oversees and coordinates the State's Healthy New York Program that provides qualified small businesses and low-income families and individuals with access to affordable health insurance.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	165,266,500	179,819,000	14,552,500	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	165,266,500	179,819,000	14,552,500	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	127	124	(3)
Consumer Services			
Special Revenue Funds - Other	161	159	(2)
Regulation			
Special Revenue Funds - Other	620	635	15
Total	908	918	10

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	165,266,500	179,819,000	14,552,500
Total	165,266,500	179,819,000	14,552,500
Adjustments:			
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Other	(4,444,000)		
Appropriated 2004-05	160,822,500		

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	12,789,700	13,139,000	349,300
Consumer Services			
Special Revenue Funds - Other	11,710,300	12,212,000	501,700
Regulation			
Special Revenue Funds - Other	140,766,500	154,468,000	13,701,500
Total	<u>165,266,500</u>	<u>179,819,000</u>	<u>14,552,500</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	13,139,000	349,300	8,084,000	(63,600)
Consumer Services	12,212,000	501,700	7,839,000	163,400
Regulation	154,468,000	13,701,500	46,286,000	938,000
Total	<u>179,819,000</u>	<u>14,552,500</u>	<u>62,209,000</u>	<u>1,037,800</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	5,055,000	412,900	0	0
Consumer Services	4,373,000	338,300	0	0
Regulation	43,390,000	4,954,300	64,792,000	7,809,200
Total	<u>52,818,000</u>	<u>5,705,500</u>	<u>64,792,000</u>	<u>7,809,200</u>

DIVISION OF THE LOTTERY

MISSION

In 1966, New Yorkers approved a constitutional amendment to authorize a State Lottery in support of education. The Division of the Lottery raises revenue through the sale and marketing of Lottery games.

ORGANIZATION AND STAFFING

The Division of the Lottery is an independent unit of the Department of Taxation and Finance, whose Commissioner appoints the Director of the Lottery. The Division maintains a central office in Schenectady, regional offices in Buffalo, Syracuse, New York City and Long Island, a satellite office in Fishkill to serve the Hudson Valley, and a claims center in Rochester. Marketing sales representatives are assigned to the regional offices around the State, and recruit and support point-of-sale retailers, which include convenience stores, newsstands, supermarkets, restaurants and bowling centers. The Division of the Lottery will have a workforce of 341 staff in the 2005-06 fiscal year.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Lottery games have raised in excess of \$26 billion in revenues for education since the Lottery's inception in 1967. In 2005-06, approximately \$2 billion will be available for education. The Division's costs are supported entirely with Lottery revenues. The 2005-06 Executive Budget recommends \$124 million to support Lottery operations. By law, no more than 15 percent of gross traditional Lottery sales and ten percent of Video Lottery net machine income may be used for administration. Historically, the Lottery Division's total administrative costs have been below the statutory limit.

PROGRAM HIGHLIGHTS

Lottery games sold on the Division's on-line computer system include: Mega Millions, Lotto, Pick 10, New York Numbers, Win 4 and Take Five. These games can be played from approximately 16,000 locations across the State and offer players the opportunity to match their "picks" to televised drawings that take place twice daily, daily, or twice weekly, depending on the game. Winning tickets up to \$600 can be validated and redeemed by customers at any location selling Lottery products.

The Lottery Division's Instant games have contributed significantly to the growth of Lottery revenues. The Division will market more than 40 new Instant games during 2005-06, with ticket prices starting at \$1.

Quick Draw, first introduced in 1995, is an electronic version of Pick 10, with winning numbers drawn by computer every five minutes. Quick Draw is displayed at approximately 3,100 authorized establishments statewide, such as restaurants and bowling centers.

In 2001, legislation was enacted to broaden the Lottery gaming opportunities in New York State, authorizing New York's involvement in a multi-state Lottery game and permitting the installation of Video Lottery Terminals (VLTs) at horse racing facilities across the State. Pursuant to this legislation, the Division of the Lottery entered into an agreement with nine other states to create a new multi-state Lottery game, "Mega Millions". Currently, 11 states including New York participate. Mega Millions' first drawing occurred on May 17, 2002.

The 2005-06 Executive Budget provides funds necessary to market and operate Mega Millions for the coming fiscal year. In addition, Lottery has continued efforts to implement the VLT program at various horse racing facilities across the State with four VLT gaming facilities currently operational. The 2005-06 Executive Budget also provides the necessary funding for the video lottery program's continued operation and implementation.

LOTTERY

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	124,400,800	124,235,000	(165,800)	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	124,400,800	124,235,000	(165,800)	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration of the Lottery			
Special Revenue Funds - Other	337	341	4
Total	337	341	4

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	124,400,800	124,235,000	(165,800)
Total	124,400,800	124,235,000	(165,800)
Adjustments:			
Transfer(s) From Special Pay Bill			
Special Revenue Funds - Other	(1,095,800)		
Appropriated 2004-05	123,305,000		

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration of the Lottery			
Special Revenue Funds - Other	124,400,800	124,235,000	(165,800)
Total	124,400,800	124,235,000	(165,800)

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration of the Lottery	124,235,000	(165,800)	25,060,000	8,925,700
Total	124,235,000	(165,800)	25,060,000	8,925,700
	Nonpersonal Service			
Program	Amount	Change		
Administration of the Lottery	99,175,000	(9,091,500)		
Total	99,175,000	(9,091,500)		

METROPOLITAN TRANSPORTATION AUTHORITY

MISSION

The Metropolitan Transportation Authority (MTA) is responsible for operating, maintaining and improving public transportation in the Metropolitan Commuter Transportation District consisting of New York City and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties.

The Authority oversees the operations of the bus and subway systems in New York City, commuter railroads in the region, and seven bridges and two tunnels in New York City. This oversight includes general policy direction and development of operating and capital programs.

The Authority is comprised of three independent entities: The Metropolitan Transportation Authority, MTA New York City Transit and MTA Bridges and Tunnels. The Metropolitan Transportation Authority has five subsidiaries: MTA Staten Island Rapid Transit, MTA Long Island Rail Road, MTA Long Island Bus, MTA Metro North Railroad and MTA Capital Construction. MTA New York City Transit, which operates the New York City subway and bus systems, has one subsidiary, MTA Manhattan and Bronx Surface Transit.

ORGANIZATION AND STAFFING

Each of the three independent entities mentioned above is governed by its own Board, although by law membership on each Board is identical. There are 19 board members, 17 voting and 2 non-voting, each nominated by the Governor and confirmed by the Senate. Four members are nominated from a list provided by the Mayor of the City of New York and one each from lists prepared by the seven county executives in the Metropolitan Commuter Transportation District. The remaining six voting members are appointed directly by the Governor, with one serving as Board Chair.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget proposes a restructuring initiative to merge the MTA operating agencies into five distinct companies — MTA Rail Road, MTA Subway, MTA Bus, MTA Capital, and MTA Bridges and Tunnels. This restructuring would streamline the MTA by reducing redundant administrative functions; provide specific transportation missions for each of its subsidiaries; and produce significant operating savings.

The appropriations mentioned in this narrative represent only a portion of the \$1.67 billion subsidy provided by the State to the Metropolitan Transportation Authority, with the additional aid appropriated in the Department of Transportation's Aid to Localities budget.

PROGRAM HIGHLIGHTS

MTA NEW YORK CITY TRANSIT AND MTA COMMUTER RAILROADS

The Metropolitan Transportation Authority provides 24 hour-a-day transit and commuter services in the New York City metropolitan region. Its subway system is the largest in the nation and one of the largest in the world. MTA New York City Transit operates approximately 230 local and express bus routes throughout New York City. Complementing this service are additional bus routes in Nassau County provided by MTA Long Island Bus. MTA Long Island Rail Road and MTA Metro North Railroad, the two largest commuter rail

METROPOLITAN TRANSPORTATION

systems in the nation, provide transportation for travelers entering New York City from outlying suburban areas in New York State and Connecticut. Over 2 billion passengers ride the subways, buses and commuter rail systems each year.

MTA BRIDGES AND TUNNELS

MTA Bridges and Tunnels, the largest toll system in the nation, operates nine intra-city bridges and tunnels in New York City: Triborough Bridge, Bronx-Whitestone Bridge, Henry Hudson Bridge, Marine Parkway-Gil Hodges Bridge, Cross Bay Veterans' Memorial Bridge, Throgs Neck Bridge, Verrazano-Narrows Bridge, Queens-Midtown Tunnel and Brooklyn Battery Tunnel. It also provides financing for MTA New York City Transit's and the commuter railroads' capital programs. In addition, MTA Bridges and Tunnels is required by law to transfer surplus revenues to MTA New York City Transit and the commuter railroads to support their operations.

OTHER SUBSIDIARIES

In July 2003, the MTA created MTA Capital Construction Company, which has the ability to manage, design and effectuate the system expansion projects of all the MTA agencies. The other subsidiaries — MTA Staten Island Rapid Transit, MTA Long Island Bus, and MTA Manhattan and Bronx Surface Transit — provide regional transportation services. MTA Staten Island Rapid Transit operates transit services on Staten Island. MTA Manhattan and Bronx Surface Transit, in conjunction with MTA New York City Transit, provides bus service within New York City, primarily to passengers traveling within a particular borough or as feeder service to the subway. In September 2004, the MTA Board created the MTA Bus Company. Pursuant to an agreement with the City, the MTA will assume operation of bus service in the areas previously serviced by the franchised private bus lines. Specifically, the MTA will be responsible for all aspects of service delivery; the City of New York will pay to the MTA the difference between the actual cost of operations and all revenues. The MTA commenced operation of service in the area formerly operated by Liberty Lines Express Inc. in early January 2005, with the balance of the service expected to be conveyed as agreements are reached between the City and the operators.

MTA Long Island Bus provides bus service to Nassau County, western Suffolk County and eastern Queens County, connecting these areas to MTA New York City Transit's subway stations. The Metropolitan Transportation Authority is responsible for the operation and general oversight of MTA Long Island Bus. Nassau County is financially responsible for MTA Long Island Bus' operating costs that are over and above those supported by fares and by Federal and State assistance.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	540,100,000	672,300,000	132,200,000	0
Capital Projects	0	0	0	36,000,000
Total	540,100,000	672,300,000	132,200,000	36,000,000

METROPOLITAN TRANSPORTATION

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	540,100,000	672,300,000	132,200,000
Total	<u>540,100,000</u>	<u>672,300,000</u>	<u>132,200,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Dedicated Tax			
Special Revenue Funds - Other	540,100,000	672,300,000	132,200,000
Total	<u>540,100,000</u>	<u>672,300,000</u>	<u>132,200,000</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Mass Transportation and Rail Freight				
Metropolitan Transportation Authority				
Capital Projects Fund - Advances	0	0	0	36,000,000
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,000,000</u>

DEPARTMENT OF MOTOR VEHICLES

MISSION

The New York State Department of Motor Vehicles (DMV) promotes traffic safety, provides consumer protection and information services and assists other government agencies achieve their missions. DMV collects fees and generates non-tax revenues to support these objectives.

ORGANIZATION AND STAFFING

Under the direction of the Commissioner, the Department operates from its main office in Albany (Empire State Plaza) and from three regional headquarters in Albany, Long Island and New York City. The Department also operates 30 district and branch offices which issue licenses and registrations. In addition, County Clerk offices act as DMV agents at 98 locations throughout the State.

Approximately 99 percent of the Department's positions are supported by dedicated funds and fees, including a portion of traffic violation fines in certain localities. The remaining one percent are funded with Federal grants.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Dedicated Highway and Bridge Trust Fund, supported primarily by revenues from motor vehicle fees, highway use and motor fuel taxes, will fund \$189 million, or 62 percent of DMV's budget. The balance is financed by Federal funds and special revenue funds supported by various fees and fines.

Appropriations for the Department of Motor Vehicles will increase by \$52 million, or 21 percent, the result of negotiated collective bargaining agreements; fully funded DMV fringe benefits costs; and increases in Federal Highway Safety grants.

The five-year capital plans for transit and highways expire in January and March 2005, respectively. This budget increases a number of DMV fees, including motor vehicle title, registration and photo document fees, to provide one of the funding sources for the new five-year transportation capital plans. These revenues will support necessary investments in the State's highway, bridge and transit infrastructure.

PROGRAM HIGHLIGHTS

CUSTOMER SERVICE

DMV issues driver's licenses and vehicle registrations, collects more than \$1 billion in revenue for the State and localities, monitors driver training and enforces the directives of local magistrates and departmental referees. State offices are also responsible for conducting road tests and maintaining enforcement sections that issue conditional and restricted use licenses and handle other suspension and revocation activities. The Department of Motor Vehicles served more than 20 million customers last year.

The Department also adjudicates traffic violations at 11 locations in New York City, and several other jurisdictions across the State. This allows local judges and criminal courts to dedicate their activities to criminal matters. This program is funded entirely by fines collected from violators. After State operating expenses are deducted, remaining funds are returned to the jurisdictions where the violations occurred.

The Department continues to enhance its Internet website to provide customers an alternative means for transacting Department business. Through the convenience of personal computers, more than one million transactions per year are processed via the DMV website. Through the Internet, customers can renew registrations and drivers licenses; order personalized and custom plates; order duplicate titles, registrations and licenses; and if

MOTOR VEHICLES

requested, post insurance proof. Customers can also check the status of their plate or title orders, schedule their road tests, pay certain fines, and obtain information and instructions from DMV's Right Now Web knowledge base. Businesses can order supplies of inspection stickers and post lien information.

VEHICLE AND DRIVER SAFETY

Governor Pataki's highway safety policies have resulted in reductions in fatalities and serious injuries on our roads. Contributing to this success have been new enforcement and educational efforts by State, local and non-profit agencies, including: a statewide crackdown to stop those who drink and drive or engage in aggressive driving; initiatives to promote proper child safety seat usage; and the statewide Click It or Ticket enforcement campaign, which has increased seatbelt usage to over 85 percent. These efforts have resulted in New York State's roadways being some of the safest in the nation.

DMV vehicle safety activities include: licensing and monitoring safety and emissions inspection stations; registering auto repair shops, dealers, transporters and dismantlers; and certifying vehicle inspectors, junk and salvage businesses and automotive body damage estimators.

Driver safety initiatives include implementation and oversight of educational or rehabilitative programs for motorists convicted of alcohol or drug-related driving offenses, the point insurance reduction program and pre-licensing courses. DMV also licenses and monitors driving schools and instructors.

In 2005-06, DMV will continue the "Driver Responsibility Program" that established increased monetary penalties on those drivers convicted of Driving While Intoxicated (DWI) or Driving While Under the Influence (DUI) of alcohol or substances and those who refuse to take a chemical test. The Driver Responsibility Program imposes monetary penalties upon drivers that are found to be repeatedly in violation of the State's vehicle and traffic laws and those who put responsible New York drivers at risk of injury and death.

FIELD INVESTIGATION AND AUDIT

One of the Department's major functions is to issue credentials which establish the identity and license status of drivers, the ownership of vehicles and boats, and the authenticity of auto-related businesses. External investigation activities concern stolen automobiles, odometer fraud, fraudulent identity and motor vehicle documents and complaints regarding unlicensed and suspended drivers.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	94,930,800	100,525,000	5,594,200	26,680,000
Aid To Localities	13,400,000	14,000,000	600,000	15,600,000
Capital Projects	143,429,000	189,451,000	46,022,000	0
Total	251,759,800	303,976,000	52,216,200	42,280,000

MOTOR VEHICLES

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs	2005-06 Estimated FTEs	FTE Change
	03/31/05	03/31/06	
Administrative Adjudication			
Special Revenue Funds - Other	442	442	0
Clean Air			
Special Revenue Funds - Other	177	177	0
Compulsory Insurance			
Special Revenue Funds - Other	212	212	0
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	27	27	0
Transportation Safety			
General Fund	31	0	(31)
Special Revenue Funds - Other	1	1	0
Transportation Support			
Capital Projects Funds - Other	1,874	1,903	29
Total	2,764	2,762	(2)

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	4,712,300	0	(4,712,300)
Special Revenue Funds - Federal	13,038,000	14,000,000	962,000
Special Revenue Funds - Other	72,180,500	78,025,000	5,844,500
Internal Service Funds	5,000,000	8,500,000	3,500,000
Total	94,930,800	100,525,000	5,594,200

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(3,612,000)
Special Revenue Funds - Federal	(38,000)
Special Revenue Funds - Other	(2,548,000)
Appropriated 2004-05	88,732,800

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	775,000	2,000,000	1,225,000
Internal Service Funds	5,000,000	8,500,000	3,500,000
Administrative Adjudication			
Special Revenue Funds - Other	37,029,200	41,166,000	4,136,800
Clean Air			
Special Revenue Funds - Other	15,175,400	15,719,000	543,600
Compulsory Insurance			
Special Revenue Funds - Other	17,707,000	17,598,000	(109,000)
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	13,038,000	14,000,000	962,000
Transportation Safety			
General Fund	4,712,300	0	(4,712,300)
Special Revenue Funds - Other	1,493,900	1,542,000	48,100
Total	94,930,800	100,525,000	5,594,200

MOTOR VEHICLES

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Transportation Safety	0	(3,891,682)	0	(3,891,682)
Total	0	(3,891,682)	0	(3,891,682)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Transportation Safety	0	(820,618)	0	(37,712)
Total	0	(820,618)	0	(37,712)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Transportation Safety	0	(10,284)	0	(61,711)
Total	0	(10,284)	0	(61,711)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Transportation Safety	0	(61,711)	0	(649,200)
Total	0	(61,711)	0	(649,200)

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	10,500,000	4,725,000	0	0
Administrative Adjudication	41,166,000	4,136,800	20,539,000	2,004,000
Clean Air	15,719,000	543,600	8,785,000	81,800
Compulsory Insurance	17,598,000	(109,000)	8,626,000	(343,700)
Governors Traffic Safety Committee	14,000,000	962,000	466,000	(26,000)
Transportation Safety	1,542,000	48,100	112,000	10,200
Total	100,525,000	10,306,500	38,528,000	1,726,300

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	2,000,000	1,225,000	8,500,000	3,500,000
Administrative Adjudication	20,627,000	2,132,800	0	0
Clean Air	6,934,000	461,800	0	0
Compulsory Insurance	8,972,000	234,700	0	0
Governors Traffic Safety Committee	278,000	8,000	13,256,000	980,000
Transportation Safety	1,430,000	37,900	0	0
Total	40,241,000	4,100,200	21,756,000	4,480,000

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
Special Revenue Funds - Federal	13,400,000	14,000,000	600,000
Total	13,400,000	14,000,000	600,000

MOTOR VEHICLES

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Governors Traffic Safety Committee			
Special Revenue Funds - Federal	13,400,000	14,000,000	600,000
Total	<u>13,400,000</u>	<u>14,000,000</u>	<u>600,000</u>

**CAPITAL PROJECTS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Transportation Support				
Dedicated Highway and Bridge Trust Fund	143,429,000	189,451,000	46,022,000	0
Total	<u>143,429,000</u>	<u>189,451,000</u>	<u>46,022,000</u>	<u>0</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

MISSION

In 1980, Lake Placid and the surrounding areas were host to the Winter Olympic Games. The following year, the Olympic Regional Development Authority was established to create and administer a post-Olympic program for the Lake Placid facilities. These facilities include: the Olympic Ice Center; the Olympic Speedskating Oval; the Whiteface Mountain Ski Area and Veterans' Memorial Highway; the Mt. Van Hoevenberg Complex that includes bobsled and luge runs, cross-country ski trails and a biathlon range; the Olympic Ski Jumping Complex; and the U.S. Olympic Training Center. In 1984, the Olympic Regional Development Authority's responsibility expanded to include the management of the Gore Mountain Ski Center in North Creek, Warren County.

ORGANIZATION AND STAFFING

The Authority is governed by a ten-member Board of Directors, consisting of the commissioners of Economic Development, Environmental Conservation, Parks, and seven other members appointed by the Governor and confirmed by the Senate. The Governor selects one member as Chair. The Commissioner of Economic Development currently chairs the Authority. Board members serve without compensation.

The Authority has a workforce of 180 and employs up to 1,000 full- and part-time hourly workers, depending on the season.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2005-06, State tax dollars from the General Fund will finance 27 percent, or \$7.35 million, of the Authority's \$27.3 million operating budget. State funding supplements \$18.3 million in revenue generated from venue marketing, fees and ticket sales to athletic and other special events; \$778,600 from the Town of North Elba; \$420,000 from the United States Olympic Committee to cover the costs associated with use of Authority facilities; \$200,000 from the Winter Sports Education Trust Fund; and \$200,000 from the Olympic Training Center Account.

PROGRAM HIGHLIGHTS

OLYMPIC FACILITIES

The Olympic Regional Development Authority manages one of three primary sites (the others being in California and Colorado) for year-round training of America's Olympic athletes. In 2003-04, the Olympic facilities at Lake Placid received more than 570,000 visitors. The Authority hosts numerous national and international athletic and entertainment events. In 2003-04 major events included: the 1980 Lake Placid Hockey celebration and private screening of the movie, "Miracle"; the Lake Placid Synchronized Skating Classic; the International Skating Institute Figure Skating Competition; Sesame Street Live; the Harlem Globetrotters; World Cup Skeleton and Women's World Cup Bobsled; Junior National Figure Skating Championships; Synchronized Skating Championships; World Cup Freestyle Skiing; Disney on Ice; Bobsled World Championships; World Cup Biathlon; Empire State Winter Games; and several festivals and shows. In addition, the Authority has been the home of the Stars on Ice figure skating rehearsal and preview show since 1992.

OLYMPIC REGIONAL DEVELOPMENT

SKI FACILITIES

The Authority also manages the Gore and Whiteface Mountain ski centers, two major downhill ski facilities that received more than 395,000 visitors in the 2003-04 ski season; and over 210,000 visitors for off-season activities such as mountain biking and sightseeing tours.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	7,750,000	7,750,000	0	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	7,750,000	7,750,000	0	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,350,000	7,350,000	0
Special Revenue Funds - Other	400,000	400,000	0
Total	7,750,000	7,750,000	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Operations			
General Fund	7,350,000	7,350,000	0
Special Revenue Funds - Other	400,000	400,000	0
Total	7,750,000	7,750,000	0

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Operations	7,350,000	0	7,350,000	0
Total	7,350,000	0	7,350,000	0

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
Operations	400,000	0	200,000	0
Total	400,000	0	200,000	0

Program	Maintenance Undistributed	
	Amount	Change
Operations	200,000	0
Total	200,000	0

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

MISSION

The Office of Parks, Recreation and Historic Preservation's mission is to provide safe and enjoyable recreational and interpretive opportunities for all New York State residents and visitors, and to be responsible stewards of our valuable natural, historic, and cultural resources. The Office operates and maintains 169 parks and 35 historic sites, hosts a multitude of cultural and educational programs, and offers diverse recreational opportunities, ranging from secluded campsites to the internationally renowned Niagara Falls State Park. Approximately 60 million people visit the State's parks and historic sites annually.

New York's park system and its unparalleled recreational opportunities are an important factor in the State's tourism industry and economy. Services open to the public at State parks include beaches, golf courses, performing arts centers, swimming pools, marinas, cabins, campgrounds and many significant bird conservation, wildlife habitat, historic properties and natural areas.

ORGANIZATION AND STAFFING

The Office is headed by a Commissioner appointed by the Governor. Operations are administered through a network of 11 regional offices: Allegany, Central, Finger Lakes, Genesee, Long Island, New York City, Niagara, Palisades, Saratoga/Capital District, Taconic and Thousand Islands. The central office, which includes executive staff and other administrative support functions, is located in Albany.

For fiscal year 2005-06, the Office will have a workforce of 1,566. More than 5,000 temporary and seasonal employees supplement the permanent staff in the peak summer season.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends more than \$268 million for the Office's programs, including \$110.7 million in General Fund moneys and more than \$88 million in fee revenues. These funds will support the operation of all existing park facilities and the development of parklands acquired with funding from the Environmental Protection Fund (EPF) and 1996 Clean Water/Clean Air Bond Act.

These recommendations continue funding for the Empire State Games and Art Park at the 2004-05 level. In addition, \$4.95 million in funding for the Zoos, Botanical Gardens and Aquaria program will be provided from the EPF.

The General Fund continues to be the Office's primary source of support for its operating and local assistance budgets by providing 55.7 percent of its funding. The remaining 44.3 percent is provided by a variety of sources, including:

- User fees at the parks (37.3 percent);
- Federal grants for activities related to the use of recreational vehicles and land and water conservation (5.7 percent); and
- Fiduciary and Enterprise funds, including moneys earmarked for historic sites, arboretums and the Empire State Games (1.3 percent).

The primary focus of the Office's capital program is the health and safety of park visitors and the maintenance and rehabilitation of existing facilities. Park facilities include more than 5,000 buildings, 27 golf courses, 53 swimming pools, 76 beaches, 27 marinas, 40 boat launching sites, 18 nature centers, 817 cabins and 8,355 campsites. The Office also maintains hundreds of miles of roads and over 1,350 miles of trails, expansive utility systems, 106 dams and 604 bridges.

PARKS, RECREATION AND HISTORIC PRESERVATION

For 2005-06, appropriations of \$38.7 million are recommended for capital projects from the State Park Infrastructure Fund, a dedicated fund consisting of revenues generated from day use and camping fees at the parks, as well as concession revenues and other miscellaneous revenues. Budget recommendations also include \$4 million in Federal appropriations for Federal Land and Water Conservation funding and \$25 million in fiduciary appropriations for other potential gifts to improve various parks.

Funding from the State Park Infrastructure Fund will be supplemented with resources for State parks capital projects from the Federal Land and Water Conservation Fund and the EPF. In 2005-06 the EPF will provide over \$7 million for infrastructure and stewardship projects at State parks and lands operated by the Office and the Department of Environmental Conservation.

PROGRAM HIGHLIGHTS

Since 1995-96, the Office has reorganized functions and consolidated management operations to more effectively provide safe and enjoyable recreational services to the public. These efforts will continue in 2005-06 as the Office achieves efficiencies through the continued streamlining of administrative oversight, redeployment of staff, and consolidation of functions. The Office has also fostered public-private partnerships to enhance park facilities and events, including corporate sponsorships for fireworks displays, playground construction and the Empire State Games. With private sector support and expertise, the Black Course at Bethpage State Park was the first public course ever to host the U.S. Open national golf championship tournament in the summer of 2002, and has been selected to host the tournament again in 2009.

In his 2004 State of the State address, the Governor committed to opening 5 new State Parks in the next 2 years and opening or expanding 20 State Parks in the next 5 years. The recent acquisition of the Sonnenberg Mansion and Gardens and the opening of Robert Wehle State Park on Lake Ontario continue this historic expansion of the State Park system.

The responsibilities of the Office are carried out through five major programs:

- Administration: provides executive direction, fiscal, personnel and audit services, public communications, and management of the Office's capital program;
- Park Operations: operates the State's 169 parks. Seasonal and full-time personnel are assigned to specific facilities in one of the Office's 11 regions. Staff includes a statewide police force, security and field operations staff, as well as skilled and semi-skilled maintenance personnel. Day use, golf course, and other user fees directly offset the cost of facility operations;
- Empire State Games: plans and implements the Games for the Physically Challenged, Senior Games, Summer Games, and Winter Games;
- Historic Preservation: oversees preservation activities at 35 historic sites, develops a statewide Comprehensive Historic Preservation Plan, and maintains the State Register of Historic Places; and
- Natural Heritage Trust: receives and administers funds, including private gifts and bequests, to advance conservation, outdoor recreation, and historic preservation purposes. Created under the Public Authorities Law in 1968, the Natural Heritage Trust is a public benefit corporation.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	169,415,000	182,744,900	13,329,900	10,855,000
Aid To Localities	20,142,000	15,870,000	(4,272,000)	44,098,000
Capital Projects	39,644,000	69,450,000	29,806,000	104,258,000
Total	<u>229,201,000</u>	<u>268,064,900</u>	<u>38,863,900</u>	<u>159,211,000</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	Full-Time Equivalent Positions (FTE)		
	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	81	81	0
Historic Preservation			
General Fund	137	137	0
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	1	1	0
Park Operations			
General Fund	1,045	1,054	9
Special Revenue Funds - Federal	9	9	0
Special Revenue Funds - Other	142	142	0
Capital Projects Funds - Other	120	120	0
Recreation Services			
General Fund	10	10	0
Total	1,557	1,566	9

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	97,391,100	107,218,100	9,827,000
Special Revenue Funds - Federal	3,778,000	4,700,900	922,900
Special Revenue Funds - Other	65,745,900	68,325,900	2,580,000
Enterprise Funds	2,500,000	2,500,000	0
Total	169,415,000	182,744,900	13,329,900

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(3,348,000)
Special Revenue Funds - Federal	(61,000)
Special Revenue Funds - Other	(1,110,000)
Appropriated 2004-05	<u>164,896,000</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	6,212,900	6,622,900	410,000
Special Revenue Funds - Federal	500,000	500,000	0
Historic Preservation			
General Fund	9,149,100	10,091,100	942,000
Special Revenue Funds - Federal	1,508,000	1,200,900	(307,100)
Special Revenue Funds - Other	112,000	124,000	12,000
Park Operations			
General Fund	79,712,500	88,112,500	8,400,000
Special Revenue Funds - Federal	1,770,000	3,000,000	1,230,000
Special Revenue Funds - Other	65,633,900	68,201,900	2,568,000
Recreation Services			
General Fund	2,316,600	2,391,600	75,000
Enterprise Funds	2,500,000	2,500,000	0
Total	169,415,000	182,744,900	13,329,900

PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	4,982,800	410,000	4,920,900	410,000
Historic Preservation	8,621,500	475,000	6,696,275	369,075
Park Operations	79,922,200	3,862,000	53,001,106	2,560,506
Recreation Services	682,100	75,000	567,175	62,475
Total	<u>94,208,600</u>	<u>4,822,000</u>	<u>65,185,456</u>	<u>3,402,056</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	23,100	0	38,800	0
Historic Preservation	1,843,950	101,650	81,275	4,275
Park Operations	24,778,920	1,197,220	2,142,174	104,274
Recreation Services	90,800	9,900	24,125	2,625
Total	<u>26,736,770</u>	<u>1,308,770</u>	<u>2,286,374</u>	<u>111,174</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,640,100	0	121,800	0
Historic Preservation	1,469,600	467,000	313,320	4,620
Park Operations	8,190,300	4,538,000	1,243,076	689,776
Recreation Services	1,709,500	0	250,800	0
Total	<u>13,009,500</u>	<u>5,005,000</u>	<u>1,928,996</u>	<u>694,396</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	95,700	0	1,422,600	0
Historic Preservation	51,665	765	524,840	7,740
Park Operations	1,122,806	621,706	4,710,550	2,609,350
Recreation Services	121,800	0	1,322,300	0
Total	<u>1,391,971</u>	<u>622,471</u>	<u>7,980,290</u>	<u>2,617,090</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	0	0	0	0
Historic Preservation	127,775	1,875	452,000	452,000
Park Operations	1,113,868	617,168	0	0
Recreation Services	14,600	0	0	0
Total	<u>1,256,243</u>	<u>619,043</u>	<u>452,000</u>	<u>452,000</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	500,000	0	150,000	0
Historic Preservation	1,324,900	(295,100)	722,000	(165,400)
Park Operations	71,201,900	3,798,000	27,093,600	2,004,000
Recreation Services	2,500,000	0	0	0
Total	<u>75,526,800</u>	<u>3,502,900</u>	<u>27,965,600</u>	<u>1,838,600</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	350,000	0	0	0
Historic Preservation	602,900	(129,700)	0	0
Park Operations	42,207,300	1,694,000	1,901,000	100,000
Recreation Services	2,500,000	0	0	0
Total	<u>45,660,200</u>	<u>1,564,300</u>	<u>1,901,000</u>	<u>100,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	7,752,000	3,500,000	(4,252,000)
Special Revenue Funds - Federal	6,640,000	6,620,000	(20,000)
Special Revenue Funds - Other	5,750,000	5,750,000	0
Total	<u>20,142,000</u>	<u>15,870,000</u>	<u>(4,272,000)</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	2,800,000	3,500,000	700,000
Historic Preservation			
Special Revenue Funds - Federal	140,000	120,000	(20,000)
Natural Heritage Trust			
General Fund	4,952,000	0	(4,952,000)
Park Operations			
Special Revenue Funds - Federal	4,000,000	4,000,000	0
Special Revenue Funds - Other	5,750,000	5,750,000	0
Recreation Services			
Special Revenue Funds - Federal	2,500,000	2,500,000	0
Total	<u>20,142,000</u>	<u>15,870,000</u>	<u>(4,272,000)</u>

PARKS, RECREATION AND HISTORIC PRESERVATION

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Parks EQBA 86				
Capital Projects Fund - EQBA 86 (Bondable)	0	0	0	6,236,000
Natural Heritage Trust				
Capital Projects Fund	0	0	0	300,000
Federal Capital Projects Fund				
Federal Capital Projects Fund	4,000,000	4,000,000	0	12,617,000
Maintenance and Improvements of Existing Facilities				
Capital Projects Fund	0	0	0	655,000
Fiduciary Funds - Misc. Combined Expendable Trust Fund	5,000,000	25,000,000	20,000,000	17,680,000
State Parks Infrastructure Fund	29,394,000	38,700,000	9,306,000	61,962,000
Misc. Capital Projects	1,250,000	1,750,000	500,000	3,795,000
Outdoor Recreation Development Bond Fund				
Outdoor Recreation Development Bond Fund	0	0	0	230,000
Parks and Recreation Land Acquisition Bond Fund				
Parks and Recreation Land Acquisition Bond Fund	0	0	0	783,000
Total	<u>39,644,000</u>	<u>69,450,000</u>	<u>29,806,000</u>	<u>104,258,000</u>

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.

NEW YORK STATE PUBLIC AUTHORITIES

Established as public benefit corporations rather than departments of the State, the authorities are governed by boards of directors whose members can be appointed by the Governor, on the recommendation of the Legislature or local officials and by other involved municipalities.

In an effort to further enhance the operational effectiveness and public responsiveness of the State's public authorities, beyond the existing annual reports, independent financial audits and budget reports, the 2005-06 Executive Budget provides funding for The Commission on Public Authority Reform. The Governor recently established this Commission to study, review and evaluate the operations and practices of public authorities and to advise and assist authority boards of directors in developing and adopting model governance principles. Additionally, the Commission will provide training to board members in meeting their fiduciary, financial and ethical responsibilities.

Detailed information on a number of public authorities reflected in Tables 1 through 4 can be found elsewhere in this Executive Budget. These authorities include:

BRIDGE, TUNNEL AND HIGHWAY

Thruway Authority

ECONOMIC DEVELOPMENT

Development Authority of the North Country
Empire State Development Corporation
Job Development Authority

ENERGY AND ENVIRONMENT

Energy Research and Development Authority
Environmental Facilities Corporation

HOUSING, AND FINANCE

Housing Finance Agency
Local Government Assistance Corporation
State of New York Mortgage Agency

REGIONAL TRANSPORTATION

Metropolitan Transportation Authority

Public authorities which are not included elsewhere in the Executive Budget are discussed below:

BRIDGE, TUNNEL AND HIGHWAY AUTHORITIES

Buffalo and Fort Erie Public Bridge Authority

The Buffalo and Fort Erie Public Bridge Authority owns and operates the international "Peace Bridge," crossing the Niagara River between Buffalo and Fort Erie, Ontario. All capital improvements and operating expenses are funded by tolls and rentals of property and buildings. No State funds are used to support the Authority.

PUBLIC AUTHORITIES

New York State Bridge Authority

The New York State Bridge Authority is responsible for the Bear Mountain, Kingston-Rhinecliff, Mid-Hudson, Newburgh-Beacon and Rip Van Winkle toll bridges that span the Hudson River. Various bridge tolls cover Authority costs; no State funds are used to support the Authority.

Thousand Islands Bridge Authority

The Thousand Islands Bridge Authority operates two bridges connecting U.S. Interstate 81 in Jefferson County with Highway 401 in Ontario, Canada. The Authority also operates a sewage treatment facility and recreational and tourist facilities. Tolls from the bridge and other service fees cover operating costs; no State funds are used to support the Authority.

ECONOMIC DEVELOPMENT AUTHORITIES

Battery Park City Authority

The Battery Park City Authority (BPCA) is a public benefit corporation charged with the management and development of Battery Park City, a 92-acre mixed-use community located on the southwest end of Manhattan, immediately adjacent to the World Trade Center site. The Authority generates revenues by leasing individual plots of land to private developers through a public bid process. It collects rents and real estate tax equivalency payments to support its operations.

The Authority's adoption of environmental building guidelines in early 2000, resulted in the nation's first sustainable residential highrise being located in Battery Park City. In all, nine "green" buildings, (eight residential and one commercial) will be located there.

United Nations Development Corporation

The United Nations Development Corporation develops and manages commercial and residential facilities for United Nations-related activities in New York City including One, Two and Three United Nations Plaza. The Corporation does not rely on any State support to pay debt service or for its own operations.

ENERGY AND ENVIRONMENTAL AUTHORITIES

New York Power Authority

The New York Power Authority finances, builds and operates electric generation and transmission facilities. It currently owns and operates five major generating facilities, five small hydroelectric facilities, 11 small natural gas powered generating plants and more than 1,400 circuit miles of transmission lines. The Authority supplies economical electric power to New York State's municipal electric systems and rural electric cooperatives, private sector businesses and not-for-profit institutions throughout the State, municipalities and public corporations in the New York City metropolitan area and investor-owned utilities for resale to their customers. The Authority receives no State subsidy. It generally finances construction projects through sales of bonds and notes and pays the related debt service with revenues from the generation and transmission of electricity.

Long Island Power Authority

The Long Island Power Authority (LIPA) has the broad authority to ensure adequate, dependable and affordable electric service within its service area, including Nassau and Suffolk counties and the Rockaway Peninsula in Queens. LIPA serves approximately 1.1 million residential and commercial electricity customers. No State tax dollars are used to fund the Authority.

HOUSING AND FINANCE AUTHORITIES

Dormitory Authority

The Dormitory Authority provides financing, construction management, planning and design and purchasing services for higher and secondary education, not-for-profit health care, judicial and other not-for-profit institutions. The Authority funds its operations from its own client-generated revenues.

Municipal Assistance Corporation (MAC) for the City of New York

The Municipal Assistance Corporation (MAC) for the City of New York was created in 1975 to provide access to the credit markets for the City during a period of fiscal crisis and to help oversee its financial affairs. As of November 2004, the Sales Tax Asset Receivable Corporation (STAR-C), a local development corporation organized by the City of New York, has issued bonds and funded an escrow account in order to “economically defease” MAC’s remaining bondholder obligations. MAC, however, will continue to remain in existence until July 1, 2008 to monitor the escrow and perform other corporate duties as required by its enabling legislation.

Municipal Assistance Corporation for the City of Troy

The Municipal Assistance Corporation for the City of Troy was created in 1995 to provide the City with access to credit markets and to oversee Troy’s fiscal affairs. The Authority is subject to a debt cap of \$75 million. The State is authorized, subject to legislative review and appropriation, to provide moneys as necessary to ensure a 1.5:1 debt service coverage ratio on Authority debt. No State moneys are used to finance the Corporation, and failure of the State to appropriate State aid to the City does not constitute an event of default for Corporation obligations.

Nassau County Interim Finance Authority

The Nassau County Interim Finance Authority was established in 2000 to restore fiscal stability to Nassau County by overseeing its finances and issuing debt on its behalf. Authority debt service and operating expenses are funded with county sales tax revenues, on which the Authority has first lien.

Buffalo Fiscal Stability Authority

The Buffalo Fiscal Stability Authority was established in 2003 to restore fiscal health to the City of Buffalo by overseeing its finances and issuing debt on its behalf. Authority debt service and operating expenses are funded with city sales tax revenues and aid to municipalities on which the Authority has first lien.

PUBLIC AUTHORITIES

Municipal Bond Bank Agency

The Municipal Bond Bank Agency was established in 1972 to provide low-cost capital financing to towns, villages, cities and counties. In addition, the Agency is authorized to issue special program bonds and tax lien collateralized securities. The Agency is staffed by the Housing Finance Agency. No State tax dollars are used to fund the Agency.

Tobacco Settlement Financing Corporation

The Tobacco Settlement Financing Corporation (TSFC) is a subsidiary of the Municipal Bond Bank Agency, established by statute in June 2003 to securitize amounts to be received by the State of New York under the Master Settlement Agreement (MSA) entered into in 1998 by the State, the other "settling jurisdictions" and certain participating cigarette manufacturers. In June 2003, TSFC issued \$2.3 billion of bonds backed by 50 percent of the anticipated MSA funds. In December 2003, TSFC issued an additional \$2.2 billion of bonds backed by the remaining 50 percent of the anticipated MSA funds.

Project Finance Agency

The Project Finance Agency was created in 1975 to provide long-term financing for low-and middle-income residential housing projects originally financed by the Urban Development Corporation. During the mid-1970s, the Urban Development Corporation faced a potential default on bonds issued to construct these projects, preventing the issuance of long-term debt to complete projects under way. The Project Finance Agency was created as the financing vehicle to complete these projects. No State tax dollars are used to fund the Agency.

PORT DEVELOPMENT AUTHORITIES

Albany Port District Commission

The Albany Port District Commission develops and operates port facilities in the cities of Albany and Rensselaer. Lease revenues account for the majority of the Port's annual revenue, with maritime traffic making up the remainder. No State tax dollars are used to fund the Commission.

Ogdensburg Bridge and Port Authority

The Ogdensburg Bridge and Port Authority operates an international bridge between Ogdensburg, New York and Prescott, Ontario, Canada, as well as a marine port, an airport, an industrial park and a short-line railroad. The Authority has become increasingly involved in developing port and industrial park properties in the North Country region. The Authority's industrial park currently has 14 buildings, which house companies providing 1,000 jobs. Its marine terminal provides the North Country's mining industries with economically priced transportation.

Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey was created in 1921 to improve port and transportation facilities in the New York metropolitan area. This bi-state authority is responsible for the management and daily operation of more than 30 facilities, including airports, marine terminal facilities, bus terminals, interstate bridges and tunnels, an interstate commuter railroad and industrial parks. No New York State funds are used to support the Port Authority.

The Port Authority is continuing to work with the Lower Manhattan Development Corporation, the Federal government and other agencies on the redevelopment of the World Trade Center site and the adjacent portion of lower Manhattan.

Port of Oswego Authority

The Port of Oswego Authority operates port facilities in the Oswego Port District, which includes the City of Oswego, the Town of Scriba, and all waters of the Oswego River and Lake Ontario within its boundaries. The Authority operates a port terminal and storage facilities and supports a marine museum and maritime foundation.

REGIONAL TRANSPORTATION AUTHORITIES

Capital District Transportation Authority

The Capital District Transportation Authority provides public transportation service within Albany, Rensselaer, Saratoga and Schenectady counties. State funding for the Capital District Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Central New York Regional Transportation Authority

The Central New York Regional Transportation Authority provides public transportation service within Central New York through three subsidiary corporations: CNY Centro (Onondaga County), Centro of Oswego (Oswego County) and Centro of Cayuga (Cayuga County). State funding for the Central New York Regional Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Niagara Frontier Transportation Authority

The Niagara Frontier Transportation Authority oversees the operations of a public transportation system providing bus, rail and paratransit services in Niagara and Erie counties. The Authority also operates the Buffalo Niagara International Airport, a primary commercial airport and the Niagara Falls International Airport, a joint-use military/ general aviation airport that serves as a reliever airport. Additionally, the NFTA operates a small boat harbor and two metro transit centers which are primary terminals for private inter-city bus service for Niagara and Erie counties. State funding for the Niagara Frontier Transportation Authority is provided through appropriations to the New York State Department of Transportation.

Rochester-Genesee Regional Transportation Authority

The Rochester-Genesee Regional Transportation Authority provides public transportation service in the counties of Genesee, Livingston, Monroe, Orleans, Seneca, Wayne and Wyoming. The Authority operates the Regional Transit Service (Rochester area), Wayne Area Transportation System, Livingston Area Transportation Service, Orleans Transit Service Inc., Seneca Transit Service Inc., Wyoming Transportation Service and Batavia Bus Service. State funding for the Rochester-Genesee Regional Transportation Authority is provided through appropriations to the New York State Department of Transportation.

PUBLIC AUTHORITIES

TABLE 1
FINANCIAL OPERATIONS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
 (thousands of dollars)

Authorities by Function	Fiscal Year Begins	2004				2005			
		Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}	Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}
BRIDGE, TUNNEL AND HIGHWAY									
Buffalo and Fort Erie Public Bridge Authority	Jan. 1	31,346	14,103	4,294	12,949	38,515	14,255	4,341	19,919
New York State Bridge Authority	Jan. 1	40,596	22,857	8,191	9,548	41,623	23,600	8,187	9,836
Thousand Islands Bridge Authority	Mar. 1	9,228	6,032	744	2,452	9,313	6,480	740	2,093
Thruway Authority ^{d/}	Jan. 1	501,298	343,764	92,513	65,021	594,107	360,341	109,339	124,427
ECONOMIC DEVELOPMENT									
Battery Park City Authority	Nov. 1	173,174	31,746	4,933	136,495	175,146	33,478	4,933	136,735
Development Authority of the North Country	April 1	9,423	5,726	3,084	613	11,060	5,764	4,652	644
Empire State Development Corporation	April 1	653,484	114,962	535,608	2,914	650,665	111,107	566,938	(27,380)
Job Development Authority	April 1	13,960	11,007	16,443	(13,490)	11,368	10,754	10,762	(10,148)
United Nations Development Corporation	Jan. 1	32,041	25,317	6,724	0	32,310	25,676	6,634	0
ENERGY AND ENVIRONMENT									
Energy Research and Development Authority	April 1	216,715	201,755	14,960	0	208,930	200,223	8,707	0
Environmental Facilities Corporation	April 1	594,566	15,477	573,209	5,880	621,619	18,850	597,121	5,648
Long Island Power Authority	Jan. 1	2,857,721	2,333,165	504,556	20,000	3,028,136	2,515,652	492,484	20,000
Power Authority ^{d/}	Jan. 1	2,211,800	1,840,700	331,400	39,700	2,284,100	1,954,600	357,500	(28,000)
HOUSING, HEALTH AND FINANCE									
Dormitory Authority	April 1	2,821,706	91,849	2,729,857	0	3,190,279	94,531	3,095,748	0
Housing Finance Agency	Nov. 1	470,319	21,595	445,925	2,799	581,114	24,280	555,923	911
Local Government Assistance Corporation	April 1	323,000	8,000	315,000	0	348,000	18,000	330,000	0
Mortgage Agency	Nov. 1	873,020	326,501	734,312	(187,793)	679,882	94,402	585,480	0
Municipal Assistance Corporation for the City of New York ^{e/}	July 1	126,160	10,523	0	115,637	10,000	9,903	0	97
Municipal Assistance Corporation for the City of Troy	Jan. 1	5,279	27	5,252	0	5,615	25	5,590	0
Nassau County Interim Finance Authority ^{f/}	Jan. 1	78,936	1,364	77,572	0	124,753	1,413	123,340	0
Municipal Bond Bank Agency	Nov. 1	24,404	410	23,994	0	38,487	468	38,019	0
Tobacco Settlement Financing Corporation	Nov. 1	228,234	1,570	215,118	11,546	414,031	1,720	412,311	0
Project Finance Agency	Nov. 1	58,109	356	57,753	0	51,888	236	51,652	0
Buffalo Fiscal Stability Authority	July 1	142,658	986	0	141,672	208,542	1,200	54,264	153,078

PUBLIC AUTHORITIES

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FINANCIAL OPERATIONS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
(thousands of dollars)

Authorities by Function	Fiscal Year Begins	2004				2005			
		Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}	Total Revenues	Operating Expenses	Debt Service Requirements	Surplus (Deficit) ^{b/}
PORT DEVELOPMENT									
Albany Port District Commission	Jan. 1	3,296	2,449	140	707	3,323	2,442	140	741
Ogdensburg Bridge and Port Authority	April 1	3,470	3,412	149	(91)	4,237	3,788	146	303
Port Authority of New York and New Jersey ^{g/}	Jan. 1	3,061,740	2,089,011	682,000	290,729	3,163,404	2,183,052	609,485	370,867
Port of Oswego Authority	April 1	1,075	919	75	81	1,225	1,010	75	140
REGIONAL TRANSPORTATION									
Capital District Transportation Authority	April 1	50,225	50,638	0	(413)	47,923	53,051	0	(5,128)
Central New York Regional Transportation Authority	April 1	36,402	37,466	20	(1,084)	36,412	38,694	21	(2,303)
Metropolitan Transportation Authority ^{h/}	Jan. 1	8,765,400	7,271,400	855,600	638,400	8,664,600	7,572,900	1,208,100	(116,400)
Niagara Frontier Transportation Authority	April 1	137,242	128,168	8,570	504	138,650	135,385	8,135	(4,870)
Rochester-Genesee Regional Transportation Authority	April 1	55,044	58,557	0	(3,513)	51,361	60,036	0	(8,675)
GRAND TOTAL		24,611,071	15,071,812	8,247,996	1,291,263	25,470,618	15,577,316	9,250,767	642,535

^{a/} This table is based on authority estimates and may not reflect approval by the Board of Directors. This table covers the Authority fiscal year which includes September 30. Data vary as to cash or accrual accounting.

^{b/} The operating surplus may be committed to reserve requirements, repayment of State advances or funding of capital programs or programs operated by other authorities. Deficits are to be financed from existing resources and/or by management actions.

^{c/} Excludes debt service for bonds sold to finance State transportation programs.

^{d/} Deficits are to be financed from existing resources.

^{e/} As of November 2004, the Sales Tax Asset Receivable Corporation, a local development corporation organized by the City of New York, has issued bonds and funded an escrow account in order to "economically defease" the Municipal Assistance Corporation for the City of New York's remaining bondholder obligations. Surplus revenues are traditionally transferred to the City of New York.

^{f/} Surplus funds of the Authority are remitted immediately to Nassau County as required under the NIFA Act.

^{g/} All estimates are preliminary and are subject to change.

^{h/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority and does not reflect Executive Director's recommendation for closing budgetary gaps as outlined in the Authority's November 2004 financial plan.

PUBLIC AUTHORITIES

TABLE 2
CAPITAL PROGRAMS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
 (thousands of dollars)

Authorities by Function	2004			2005		
	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}
BRIDGE, TUNNEL AND HIGHWAY						
Buffalo and Fort Erie Public Bridge Authority	19,191	32,771	0	23,006	33,499	0
New York State Bridge Authority	10,453	48,129	0	30,926	47,301	0
Thousand Islands Bridge Authority	2,398	2,398	0	4,167	4,167	0
Thruway Authority	313,036	313,036	0	283,144	259,925	23,219
ECONOMIC DEVELOPMENT						
Battery Park City Authority	11,000	90,000	0	39,322	90,000	150,000
Development Authority of the North Country	18,000	8,600	9,400	2,500	2,500	0
Empire State Development Corporation	178,000	0	608,515	427,000	0	0
Job Development Authority	10,000	(13,490)	57,410	10,000	(10,148)	15,000
United Nations Development Corporation	751,000	6,970	0	4,486	5,984	0
ENERGY AND ENVIRONMENT						
Energy Research and Development Authority	11,350	0	11,350	11,350	0	11,350
Environmental Facilities Corporation	1,452,271	0	1,452,271	1,086,839	0	1,086,839
Long Island Power Authority	225,000	25,000	200,000	273,000	233,000	40,000
Power Authority	428,900	392,000	36,900	316,200	216,500	99,700
HOUSING, HEALTH AND FINANCE						
Dormitory Authority	1,762,616	3,342,024	2,297,887	2,376,290	3,877,295	2,899,421
Housing Finance Agency	660,927	356,071	718,358	1,326,010	413,548	1,200,000
Local Government Assistance Corporation	0	0	0	0	0	0
Mortgage Agency	436,390	60,484	251,550	440,000	40,072	450,000
Municipal Assistance Corporation for the City of New York	0	0	0	0	0	0
Municipal Assistance Corporation for the City of Troy	0	0	0	0	0	0
Nassau County Interim Finance Authority ^{c/}	0	0	0	0	0	0
Municipal Bond Bank Agency	0	0	0	0	0	0
Tobacco Settlement Financing Corporation	0	0	0	0	0	0
Project Finance Agency	0	0	0	0	0	0
Buffalo Fiscal Stability Authority	0	0	25,745	0	0	0

**TABLE 2
CAPITAL PROGRAMS ^{a/} OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005
(thousands of dollars)**

Authorities by Function	2004			2005		
	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}	Capital Program Disbursements	Available Resources	Sale of New Debt ^{b/}
PORT DEVELOPMENT						
Albany Port District Commission	686	686	0	660	660	0
Ogdensburg Bridge and Port Authority	3,288	1,773	1,350	515	380	135
Port Authority of New York and New Jersey ^{d/}	1,337,669	925,285	823,505	1,702,639	1,081,234	0
Port of Oswego Authority	115	115	0	300	300	0
REGIONAL TRANSPORTATION						
Capital District Transportation Authority	11,125	11,125	0	15,485	15,485	0
Central New York Regional Transportation Authority	10,550	10,550	0	3,897	3,897	0
Metropolitan Transportation Authority ^{e/}	2,934,200	2,132,300	801,900	4,535,300	1,266,400	2,866,400
Niagara Frontier Transportation Authority	72,754	72,754	0	68,873	68,873	0
Rochester-Genesee Regional Transportation Authority	13,505	13,505	0	36,226	36,226	0
GRAND TOTAL	10,674,424	7,832,086	7,296,141	13,018,135	7,687,098	8,842,064

^{a/} This table is based on authority estimates and may not reflect approval by the Board of Directors. The table covers the Authority fiscal year which includes September 30. "Available resources" may include anticipated and/or requested State and Federal funds.

^{b/} Includes proceeds available for capital program only.

^{c/} All capital borrowings are made by the Authority on behalf of Nassau County and all capital bond proceeds are disbursed to Nassau County. The Authority issues debt only at the request of Nassau County. The County's debt plan for 2005 is still in development. The amount of new debt does not include refunding bonds.

^{d/} All estimates are preliminary and are subject to change.

^{e/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority.

PUBLIC AUTHORITIES

**TABLE 3
DEBT STRUCTURE OF NEW YORK STATE PUBLIC AUTHORITIES
AS OF SEPTEMBER 30, 2004
(thousands of dollars)**

Authorities by Function	All Bonds and Notes				Moral Obligation Bonds		
	Statutory Authorization	Bonds Issued	Bonds Outstanding	Notes Outstanding	Authorized Limit	Bonds Issued	Bonds Outstanding
BRIDGE, TUNNEL AND HIGHWAY							
Buffalo and Fort Erie Public Bridge Authority	165,000	53,370	45,080	1,102	0	0	0
New York State Bridge Authority	100,000	83,522	77,920	0	0	0	0
Thousand Islands Bridge Authority	Unlimited	5,745	3,775	0	0	0	0
Thruway Authority	Unlimited	15,377,387	9,503,399	675,000	0	0	0
ECONOMIC DEVELOPMENT							
Battery Park City Authority ^{a/}	1,210,000	1,179,266	1,162,141	0	0	0	0
Development Authority of the North Country	Unlimited	49,424	32,916	0	0	0	0
Empire State Development Corporation	Unlimited	7,548,842	6,072,533	13,108	1,295,000	1,145,358	0
Job Development Authority	750,000	726,080	77,525	0	0	0	0
United Nations Development Corporation	Unlimited	260,728	128,258	0	75,000	55,200	0
ENERGY AND ENVIRONMENT							
Energy Research and Development Authority	Unlimited	7,767,395	3,688,185	0	0	0	0
Environmental Facilities Corporation	Unlimited	8,990,980	6,475,622	0	0	0	0
Long Island Power Authority	Unlimited	10,892,468	7,166,430	159,000	0	0	0
Power Authority	Unlimited	7,130,690	1,566,160	814,570	0	0	0
HOUSING, HEALTH AND FINANCE							
Dormitory Authority	Unlimited	67,537,099	31,097,944	122,595	926,015	698,660	31,640
Housing Finance Agency ^{b/}	17,611,000	13,038,221	6,198,702	0	4,584,801	6,524,379	320,787
Local Government Assistance Corporation	4,700,000	6,920,825	4,448,795	0	0	0	0
Mortgage Agency	7,470,000	12,403,854	2,764,200	0	0	0	0
Municipal Assistance Corporation for the City of New York ^{c/}	11,500,000	9,445,000	1,758,000	0	0	0	0
Municipal Assistance Corporation for the City of Troy	75,000	69,583	68,381	0	0	0	0
Nassau County Interim Finance Authority	Unlimited	2,116,960	1,774,685	0	0	0	0
Municipal Bond Bank Agency	1,000,000	620,550	572,210	0	0	0	0
Tobacco Settlement Financing Corporation	4,200,000	4,551,120	4,494,975	0	0	0	0
Project Finance Agency	305,000	305,000	39,680	0	0	0	0
Buffalo Fiscal Stability Authority	Unlimited	25,745	25,745	35,000	0	0	0

PUBLIC AUTHORITIES

TABLE 3
DEBT STRUCTURE OF NEW YORK STATE PUBLIC AUTHORITIES
AS OF SEPTEMBER 30, 2004
 (thousands of dollars)

Authorities by Function	All Bonds and Notes				Moral Obligation Bonds		
	Statutory Authorization	Bonds Issued	Bonds Outstanding	Notes Outstanding	Authorized Limit	Bonds Issued	Bonds Outstanding
PORT DEVELOPMENT							
Albany Port District Commission	Unlimited	0	0	798	0	0	0
Ogdensburg Bridge and Port Authority	Unlimited	0	0	684	0	0	0
Port Authority of New York and New Jersey	Unlimited	15,068,969	9,824,620	776,900	0	0	0
Port of Oswego Authority	Unlimited	0	0	280	0	0	0
REGIONAL TRANSPORTATION							
Capital District Transportation Authority	Unlimited	0	0	0	0	0	0
Central New York Regional Transportation Authority	Unlimited	0	0	0	0	0	0
Metropolitan Transportation Authority ^{a/}	16,500,000	12,571,390	12,450,815	421,000	0	0	0
Niagara Frontier Transportation Authority	Unlimited	199,334	195,275	1,828	0	0	0
Rochester-Genesee Regional Transportation Authority	Unlimited	0	0	0	0	0	0
GRAND TOTAL		204,939,547	111,713,971	3,021,865	6,880,816	8,423,597	352,427

^{a/} \$400 million in bonding authority related to the Housing New York Program sunsetted on June 30, 1995.

^{b/} HFA moral obligation bond limit is reduced as bonds outstanding after April 1, 1976 are repaid.

^{c/} As of November 2004, the Sales Tax Asset Receivable Corporation, a local development corporation organized by the City of New York, has issued bonds and funded an escrow account in order to "economically defease" the Municipal Assistance Corporation for the City of New York's remaining bondholder obligations.

^{d/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority. Bond cap is applicable only to projects set forth in transit and commuter capital programs approved by the MTA Capital Program Review Board.

PUBLIC AUTHORITIES

**TABLE 4
STATE INVOLVEMENT IN FINANCING OF PROJECTS AND OPERATIONS
OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005-06
(thousands of dollars)**

Authorities by Function	Authority Bonds Outstanding, 2004 ^{a/}			Outstanding Reimbursable State Approp- riations, 2004	State Appropriations Requested in Support of Authority Programs, 2005-06 ^{b/}		
	Revenue and Nonrecourse	State Guaranteed	Moral Obligation		New Approp- riations	Reapprop- riations	Total
BRIDGE, TUNNEL AND HIGHWAY							
Buffalo and Fort Erie Public Bridge Authority	45,080	0	0	0	0	0	0
New York State Bridge Authority	77,920	0	0	0	0	0	0
Thousand Islands Bridge Authority	3,775	0	0	0	0	0	0
Thruway Authority	9,503,399	0	0	0	4,000	4,007	8,007
ECONOMIC DEVELOPMENT							
Battery Park City Authority	1,162,141	0	0	0	0	0	0
Development Authority of the North Country	32,916	0	0	0	0	0	0
Empire State Development Corporation	6,072,533	0	0	0	428,362	296,473	724,835
Job Development Authority	0	77,525	0	0	0	0	0
United Nations Development Corporation	128,258	0	0	0	0	0	0
ENERGY AND ENVIRON- MENT							
Energy Research and Development Authority	3,688,185	0	0	0	26,156	0	26,156
Environmental Facilities Corporation	6,475,622	0	0	9,942	11,863	4,355	16,218
Long Island Power Authority	7,166,430	0	0	0	0	0	0
Power Authority	1,566,160	0	0	0	0	0	0
HOUSING, HEALTH AND FINANCE							
Dormitory Authority	31,066,304	0	31,640	0	0	0	0
Housing Finance Agency	5,877,915	0	320,787	7,867	0	0	0
Local Government Assistance Corporation	4,448,795	0	0	0	348,000	0	348,000
Mortgage Agency	2,764,200	0	0	0	0	0	0
Municipal Assistance Corpora- tion for the City of New York	1,758,000	0	0	0	0	0	0
Municipal Assistance Corpora- tion for the City of Troy	68,381	0	0	0	0	0	0
Nassau County Interim Finance Authority	1,774,685	0	0	0	0	0	0
Municipal Bond Bank Agency	572,210	0	0	0	0	0	0
Tobacco Settlement Financing Corporation	4,494,975	0	0	0	356,538	0	356,538
Project Finance Agency	39,680	0	0	0	0	0	0
Buffalo Fiscal Stability Authority	25,745	0	0	0	0	0	0

PUBLIC AUTHORITIES

TABLE 4
STATE INVOLVEMENT IN FINANCING OF PROJECTS AND OPERATIONS
OF NEW YORK STATE PUBLIC AUTHORITIES
2004 AND 2005-06
(thousands of dollars)

Authorities by Function	Authority Bonds Outstanding, 2004 ^{a/}			Outstanding Reimbursable State Appropriations, 2004	State Appropriations Requested in Support of Authority Programs, 2005-06 ^{b/}		
	Revenue and Nonrecourse	State Guaranteed	Moral Obligation		New Appropriations	Reappropriations	Total
PORT DEVELOPMENT							
Albany Port District Commission	0	0	0	0	0	0	0
Ogdensburg Bridge and Port Authority	0	0	0	19,230	0	0	0
Port Authority of New York and New Jersey	9,824,620	0	0	0	0	0	0
Port of Oswego Authority	0	0	0	4,130	0	0	0
REGIONAL TRANSPORTATION							
Capital District Transportation Authority	0	0	0	0	23,055	0	23,055
Central New York Regional Transportation Authority	0	0	0	0	20,656	0	20,656
Metropolitan Transportation Authority ^{c/}	12,450,815	0	0	0	1,665,815	36,000	1,701,815
Niagara Frontier Transportation Authority	195,275	0	0	0	30,119	0	30,119
Rochester-Genesee Regional Transportation Authority	0	0	0	0	18,408	0	18,408
GRAND TOTAL	111,284,019	77,525	352,427	41,169	2,932,972	340,835	3,273,807

^{a/} This table covers bonds outstanding as of September 30.

^{b/} Appropriations are included in the Executive Budget for State Fiscal Year 2005-06 from the State's General Fund, dedicated tax funds, Capital Projects Fund or bond funds. Some of these funds may be appropriated to an intermediary which, in turn, makes payment to the named authority.

^{c/} Data represents consolidated reporting for the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority. Outstanding bonds do not include Convention Center Project Bonds, that are not covered by the Authority's bond cap, and are solely supported by rental income.

DEPARTMENT OF PUBLIC SERVICE

MISSION

The Department of Public Service has a broad mandate to ensure that all New Yorkers have access to competitively priced high quality utility services provided safely, cleanly and with maximum customer choice. The Department is the staff arm of the Public Service Commission, which regulates the rates and services of the State's public utilities, including electric, gas, steam, telephone and water. The Commission also oversees the siting of major electric and gas transmission lines and facilities. In addition, it ensures the safety of natural gas and liquid petroleum pipelines and is responsible for oversight and regulation of the cable television industry in New York State. As the transition is made from a regulated utility industry to a more competitive market, the Department will use its oversight responsibilities to foster competitive market forces which will produce lower rates for consumers, enable customers to choose from a variety of suppliers and continue reliable service.

ORGANIZATION AND STAFFING

The Public Service Commission consists of five members who are nominated by the Governor and confirmed by the Senate. The Chairman serves as the chief executive officer of the Department which operates offices in Albany, New York City, Buffalo and Syracuse.

The Department's budget has two programs: the Administration Program, which supports the Public Service Commission and Department activities; and the Regulation Program, which undertakes activities to ensure fair and reasonable rates, foster proper competition, educate NYS consumers about the changing marketplace, monitor service standards, address consumer complaints, promote efficient operation and ensure that industry construction programs meet safety and environmental requirements.

The Department will have a workforce of 545 for 2005-06. The Department is funded almost entirely from utility and cable assessments.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 budget recommendations for the Department of Public Service reflect the changing mission of the agency as the utility industry moves from a regulated environment to a competitive market. As the electric industry undergoes restructuring, the Department is overseeing this process to ensure that policies are implemented to encourage competition for retail and wholesale business, and to maintain a level playing field in this new competitive market.

The Department's 2005-06 operating budget includes funding of \$71 million from utility and cable assessments. Public utility assessments are based on a utility's gross intrastate operating revenues above \$25,000. Cable television assessments are based on revenues from those companies with 1,000 or more subscribers.

In addition, the local assistance budget provides a total of \$400,000 from fees paid by entities proposing the siting of electric generation facilities. These funds can be accessed by local governments and community groups to fund intervention activities related to the siting review process.

The Department also receives Federal grants to perform pipeline safety activities.

PROGRAM HIGHLIGHTS

The Department's highest priorities for the coming year will be:

- Implementing a comprehensive plan to strengthen the safety of regulated electric utility systems in the State;

PUBLIC SERVICE

- Implementing a renewable energy policy designed to increase to at least 25 percent by 2013 the proportion of electricity sold to consumers in New York State that is generated from renewable resources;
- Implementing the recommendations resulting from the Commission's formal inquiry into the causes and impacts of the August 14, 2003 electricity blackout in the northeast;
- Increasing the security of critical utility infrastructures and cyber facilities and systems;
- Ensuring that adequate supplies of electricity and energy efficiency services and programs will be available until significant new baseload generation can be built; and
- Continuing the State's efforts to support the move toward competitive markets in the electric, telecommunications and gas industries.

The transition toward competition in the electric, telecommunications and gas industries will be effectively managed to ensure that competition benefits both the State's economic interests and utility ratepayers. During this transition to competitive markets, the Department will develop the infrastructure needed for competitive alternatives, maintain the high standards of reliability and service quality that New Yorkers expect, ensure fair competition and, where necessary, provide ratepayers effective protection. Department staff will continue to play a significant role in siting new and expanded electric generation facilities.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	71,468,000	72,773,000	1,305,000	300,000
Aid To Localities	400,000	400,000	0	4,571,000
Capital Projects	0	0	0	0
Total	71,868,000	73,173,000	1,305,000	4,871,000

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
Special Revenue Funds - Other	98	98	0
Regulation of Utilities			
Special Revenue Funds - Federal	12	12	0
Special Revenue Funds - Other	435	435	0
Total	545	545	0

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	1,646,000	1,691,000	45,000
Special Revenue Funds - Other	69,822,000	71,082,000	1,260,000
Total	71,468,000	72,773,000	1,305,000
Adjustments:			
Prior Year Deficiency			
Public Service Department			
Special Revenue Funds - Federal	300,000		
Transfer(s) From			
Special Pay Bill			
Special Revenue Funds - Federal	(35,000)		
Special Revenue Funds - Other	(2,115,000)		
Appropriated 2004-05	69,618,000		

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
Special Revenue Funds - Other	11,217,000	11,654,000	437,000
Regulation of Utilities			
Special Revenue Funds - Federal	1,646,000	1,691,000	45,000
Special Revenue Funds - Other	58,605,000	59,428,000	823,000
Total	71,468,000	72,773,000	1,305,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	11,654,000	437,000	5,995,000	197,000
Regulation of Utilities	61,119,000	868,000	33,740,000	85,000
Total	72,773,000	1,305,000	39,735,000	282,000

Program	Nonpersonal Service	
	Amount	Change
Administration	5,659,000	240,000
Regulation of Utilities	27,379,000	783,000
Total	33,038,000	1,023,000

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	400,000	400,000	0
Total	400,000	400,000	0

PUBLIC SERVICE

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Regulation of Utilities			
Special Revenue Funds - Other	400,000	400,000	0
Total	<u>400,000</u>	<u>400,000</u>	<u>0</u>

STATE RACING AND WAGERING BOARD

MISSION

The Racing and Wagering Board regulates all legalized gambling activities in New York except those regulated by the State Lottery. Horse racing, off-track betting (OTB) and Indian casino gaming are directly regulated by the Board. The responsibility for oversight of bingo and other permitted games of chance conducted by religious and not-for-profit organizations is shared with municipalities, which collect license fees and ensure that the Board's rules and regulations are followed.

ORGANIZATION AND STAFFING

A three-member Board oversees agency activities. The Governor appoints each member to a six-year term with the consent of the Senate.

The Chair and central office staff are stationed in Albany with additional staff operating from the New York City regional office. The Board employs on-site inspectors at the Oneida Indians' Turning Stone Casino in Verona, Oneida County, the Mohawk Indians' Akwesasne Mohawk Casino in Hogansburg, Franklin County, the Seneca Nation's Seneca Niagara Casino in Niagara Falls and Seneca Alleghany Casino in Salamanca. Temporary and full-time employees oversee horse racing at New York's four thoroughbred race tracks — Aqueduct, Belmont, Saratoga and Finger Lakes — and seven harness tracks — Buffalo, Monticello, Saratoga, Syracuse, Vernon Downs, Batavia Downs and Yonkers. The Racing and Wagering Board will have a workforce of 135 full time and 165 per diem staff in the 2005-06 fiscal year. Staff will be supported by revenues generated by the racing industry, Indian casinos and charitable gaming activities.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The 2005-06 Executive Budget recommends \$13.6 million to support staff and related costs associated with the processing of racing licenses; the review of financial statements submitted by regional OTBs; legal hearings to suspend or fine violators of racing regulations; seasonal employees at the thoroughbred and harness tracks; and the testing of race horses for prohibited drugs. Pursuant to legislation enacted in 2003, all expenses are supported by the racing industry.

In addition, \$2.4 million in existing fees collected by the State from charitable gaming proceeds is recommended to support the regulation of these games. This funding will support oversight of "bell jar" games, which are games of chance in which players remove "pull tabs" from randomly drawn tickets to reveal potential winning combinations of three or more matching items. The Budget also authorizes \$8.1 million in revenues from fees charged to Indian casinos to pay for on-site monitoring and investigation of these casinos.

PROGRAM HIGHLIGHTS

REGULATION OF GAMES OF CHANCE

The Racing and Wagering Board promulgates rules and regulations governing bingo and other games of chance operated by more than 15,000 charitable and not-for-profit organizations throughout the State. The Board establishes standards for issuing licenses to suppliers and manufacturers of gaming equipment; reviews financial statements of charitable

RACING AND WAGERING BOARD

gaming operations; and, in conjunction with local law enforcement officials, investigates illegal gaming activities. In accordance with legislation enacted in 1996, the Board will continue its oversight of "bell jar" games in order to decrease illegal activity.

INDIAN GAMING

The State has negotiated compacts or protocols with the Oneida Nation, the St. Regis Mohawk Tribe and the Seneca Nation to conduct gaming activities. Under these compacts, the Racing and Wagering Board is responsible for the regulation and oversight of gaming activities operating on these Indian lands. To oversee these activities, the Board maintains 13 employees at the Oneida Nation's Turning Stone Casino, 13 employees at the St. Regis Mohawk Tribe's Akwesasne Casino, 13 employees at the Seneca Nation's Seneca Niagara Casino, and 13 employees at the Seneca Nation's Seneca Alleghany Casino. Should additional Indian casinos become operational this year, the 2005-06 Executive Budget provides funding necessary to support Board oversight at the new facilities.

REGULATION OF RACING

The Board's permanent staff oversee 165 temporary employees who ensure that horse races at the State's racetracks are conducted legally. To help oversee racing activities, the Board has a contract with Cornell University to conduct research and to carry out post-race testing of blood and urine samples taken from race horses.

As part of its regulatory responsibilities, the Racing and Wagering Board worked cooperatively with Federal, State and local authorities on recent investigations of the New York Racing Association and Mid-State Raceway at Vernon Downs. The Board will continue all such efforts in the future to ensure quality racing in the State.

STATE GAMING COMMISSION

Legislation submitted with the Executive Budget would establish a State Gaming Commission that would be responsible for licensing, investigation, regulatory oversight and law enforcement related to Video Lottery Gaming, horse racing, charitable gaming and tribal state compacts.

Upon enactment of this legislation all of the Racing and Wagering Board's program activities would be transferred to the newly established Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	22,109,000	24,135,000	2,026,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	22,109,000	24,135,000	2,026,000	0

RACING AND WAGERING BOARD

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Regulation of Racing			
Special Revenue Funds - Other	39	39	0
Regulation of Wagering			
Special Revenue Funds - Other	94	96	2
Total	<u>133</u>	<u>135</u>	<u>2</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Other	22,109,000	24,135,000	2,026,000
Total	<u>22,109,000</u>	<u>24,135,000</u>	<u>2,026,000</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(392,000)
Appropriated 2004-05	<u>21,717,000</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Regulation of Racing			
Special Revenue Funds - Other	12,392,000	13,598,000	1,206,000
Regulation of Wagering			
Special Revenue Funds - Other	9,717,000	10,537,000	820,000
Total	<u>22,109,000</u>	<u>24,135,000</u>	<u>2,026,000</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Regulation of Racing	13,598,000	1,206,000	6,322,000	(2,520,000)
Regulation of Wagering	10,537,000	820,000	5,741,000	361,000
Total	<u>24,135,000</u>	<u>2,026,000</u>	<u>12,063,000</u>	<u>(2,159,000)</u>

Program	Nonpersonal Service	
	Amount	Change
Regulation of Racing	7,276,000	3,726,000
Regulation of Wagering	4,796,000	459,000
Total	<u>12,072,000</u>	<u>4,185,000</u>

GOVERNOR'S OFFICE OF REGULATORY REFORM

MISSION

The Governor's Office of Regulatory Reform was created in 1995 and charged with the promotion of private sector job growth in New York through the review and reform of State regulations. The Office creates a positive climate for job growth by reviewing and streamlining regulations, expediting permit approvals for new and expanding businesses, and encouraging better understanding between regulators and affected parties. Since 1995, the Office has substantively reviewed and/or eliminated more than 2,700 rules which, together with other regulatory, statutory and permitting reforms, has saved State businesses and localities more than \$3 billion in operating and other expenses.

ORGANIZATION AND STAFFING

Led by a Director appointed by the Governor, the Office is located in Albany. Agency objectives are achieved through its Business Permits Assistance and Regulatory Review programs. The Office will have a workforce of 36 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Executive Budget recommends nearly \$3.6 million in State tax dollars to support the Office. Recommended funding will support enhancements to the Online Permit and Licensing System (OPAL) that allows businesses to apply for permits and licenses in one consolidated transaction and improves New York's business climate.

PROGRAM HIGHLIGHTS

REGULATORY REVIEW

The Office reviews the need for proposed new and revised regulations and their economic impact. Staff will continue to review all existing State agency regulations to identify those hampering the growth of business and jobs in New York State. The Office requires regulating agencies to analyze the costs and benefits of any proposed new or amended rule and to consider its effect on job creation and retention, public health, safety and welfare. Recommendations are also made to agencies to help them simplify their regulatory processes. The Office has also played a key role in the innovative SEMI-NY, BUILDNOW-NY, and REBUILDNOW-NY programs to facilitate economic development.

BUSINESS PERMITS ASSISTANCE

The Business Permits Assistance program provides comprehensive information about permits required to operate businesses in New York State, and consults with local governments to better coordinate local permit applications. Program staff also assist agencies in streamlining and simplifying permit procedures required for business and local government undertakings. Since 1995, this program has provided assistance to almost 550,000 individuals or firms interested in starting or growing a business in New York. This effort was facilitated by the development of a master application form for complex business ventures, a comprehensive permit reform program and development of a web site, www.nys-permits.org, which provides businesses with permit information.

REGULATORY REFORM

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,462,000	3,554,000	92,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,462,000	3,554,000	92,000	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	36	36	0
Total	36	36	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	3,462,000	3,554,000	92,000
Total	3,462,000	3,554,000	92,000

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(97,000)		
Appropriated 2004-05	3,365,000		

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	3,462,000	3,554,000	92,000
Total	3,462,000	3,554,000	92,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,674,000	224,000	2,669,000	224,000
Total	2,674,000	224,000	2,669,000	224,000

Program	Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change
Administration	5,000	0
Total	5,000	0

REGULATORY REFORM

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	880,000	(132,000)	50,000	(3,000)
Total	880,000	(132,000)	50,000	(3,000)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	7,000	(45,000)	700,000	(20,000)
Total	7,000	(45,000)	700,000	(20,000)

Program	Equipment	
	Amount	Change
Administration	123,000	(64,000)
Total	123,000	(64,000)

OFFICE OF SCIENCE, TECHNOLOGY, AND ACADEMIC RESEARCH

MISSION

Established in November 1999, the New York State Office of Science, Technology, and Academic Research (NYSTAR) is an Executive agency which replaced the New York State Science and Technology Foundation and assumed responsibility for directing the State's university-based high-technology economic development programs.

ORGANIZATION AND STAFFING

The Office of Science, Technology, and Academic Research is headed by an Executive Director who is appointed by the Governor and confirmed by the Senate. Agency oversight is augmented by an 11-member advisory council. The Office of Science, Technology, and Academic Research will have a workforce of 30 positions in 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Office of Science, Technology, and Academic Research's activities are supported primarily with State tax dollars from the General Fund. The Executive Budget recommends \$3.3 million to support the Agency's operating budget and \$50 million for its high-technology programs.

PROGRAM HIGHLIGHTS

The Office of Science, Technology, and Academic Research is responsible for the following major programs:

- **Capital Facility Program:** This program supports the construction and reconstruction of research and development facilities at designated Centers for Advanced Technology and State University of New York University Centers;
- **Faculty Development Program:** This program provides grants to assist colleges and universities in attracting and retaining research faculty; and
- **Technology Transfer Incentive Program:** This program provides grants to colleges and universities for technology transfer activities, such as patent applications, the creation of business plans, venture capital conferences and other uses related to the commercialization of high-technology innovations. It also provides funding for the Science and Technology Law Center which assists start-up companies in bringing new technologies to the marketplace, and is a resource for State agencies and institutions of higher education on technology-related legal issues.

In addition, the Office of Science, Technology, and Academic Research will continue to administer programs of the former Science and Technology Foundation, including: Centers for Advanced Technology; Industrial Technology Extension Service; Manufacturing Extension Partnership Program; Technology Development Organizations; the Sensing, Analyzing, Interpreting and Deciding Center at Syracuse University; and the Focus Center-New York semiconductor research center. Other programs administered by NYSTAR include: the High-Technology Matching Grants Program, including the Security Through Advanced Research and Technology (START) initiative; College Applied Research Centers; the James D. Watson Investigator Program; the Cornell University Materials Research Science and Engineering Center; the Cornell University Nanoscale Science and Engineering Center; the Cornell University National Nanotechnology Infrastructure Network; the Columbia University Nanoscale Science and Engineering Center; the Columbia University Materials Research

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

Science and Engineering Center; the Rensselaer Polytechnic Institute Nanoscale Science and Engineering Center; the Rensselaer Polytechnic Institute Semiconductor Research Corporation Center for Advanced Interconnect Systems Technologies; the Rensselaer Polytechnic Institute Engineering Research Center; and the City University of New York Optical Sensing and Imaging Center.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,400,000	3,325,000	(75,000)	0
Aid To Localities	65,765,000	50,015,000	(15,750,000)	144,203,200
Capital Projects	0	0	0	32,254,000
Total	<u>69,165,000</u>	<u>53,340,000</u>	<u>(15,825,000)</u>	<u>176,457,200</u>

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration Program			
General Fund	30	30	0
Total	<u>30</u>	<u>30</u>	<u>0</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	2,900,000	2,825,000	(75,000)
Special Revenue Funds - Other	500,000	500,000	0
Total	<u>3,400,000</u>	<u>3,325,000</u>	<u>(75,000)</u>

Adjustments:	
Transfer(s) From	
Special Pay Bill	
General Fund	(75,000)
Appropriated 2004-05	<u>3,325,000</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration Program			
General Fund	2,900,000	2,825,000	(75,000)
Special Revenue Funds - Other	500,000	500,000	0
Total	<u>3,400,000</u>	<u>3,325,000</u>	<u>(75,000)</u>

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration Program	0	(75,000)	0	(75,000)
Total	<u>0</u>	<u>(75,000)</u>	<u>0</u>	<u>(75,000)</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration Program	2,825,000	0	2,825,000	0
Total	<u>2,825,000</u>	<u>0</u>	<u>2,825,000</u>	<u>0</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration Program	500,000	0	500,000	0
Total	<u>500,000</u>	<u>0</u>	<u>500,000</u>	<u>0</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	59,265,000	43,515,000	(15,750,000)
Special Revenue Funds - Federal	6,500,000	6,500,000	0
Total	<u>65,765,000</u>	<u>50,015,000</u>	<u>(15,750,000)</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
High Technology			
General Fund	33,265,000	32,665,000	(600,000)
Training and Business Assistance Program			
General Fund	1,500,000	1,500,000	0
Special Revenue Funds - Federal	6,500,000	6,500,000	0
Research Development Program			
General Fund	24,500,000	9,350,000	(15,150,000)
Total	<u>65,765,000</u>	<u>50,015,000</u>	<u>(15,750,000)</u>

SCIENCE, TECHNOLOGY AND ACADEMIC RESEARCH

**CAPITAL PROJECTS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Research Facilities				
Capital Projects Fund - Authority Bonds	0	0	0	32,254,000
Total	0	0	0	32,254,000

DEPARTMENT OF STATE

MISSION

Established in 1788, the Department of State (DOS) is the State's oldest agency. Historically serving as the State's general recording officer and custodian of the State's "Great Seal", the Department's mission has grown to include a broad range of activities that coordinate programs with, and provide services to, local governments and businesses. The Department protects public safety by managing arson investigation, fire prevention, building and energy code programs; administers programs for community development and local government service activities; and supports businesses through various licensing and registration activities.

ORGANIZATION AND STAFFING

The Department is headed by the Secretary of State, who is appointed by the Governor and confirmed by the Senate. The Department's central office is located in Albany. It also has 19 regional offices across the State and operates the Academy of Fire Science in Montour Falls, Schuyler County. The Department of State will have a workforce of 853 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

Approximately 37 percent of the Department's operations and local aid programs are funded from fees and other income, 52 percent from Federal grants, and 11 percent from State tax dollars from the General Fund. The Executive Budget recommends funding of over \$144 million for the Department of State: \$128.3 million in Federal funding and fee revenues, and \$15.7 million in General Fund support. The Department has achieved savings for SFY 2005-06 through personnel controls and implementation of various management efficiencies.

The Department will continue recent technology improvements to provide enhanced internet access and online applications to better serve the State's business customers and ease the filing of documents. Pursuant to a local assistance appropriation contained in the SFY 2005-06 Executive Budget, the Department of State will administer grants to assist municipalities in achieving local government efficiencies and improvements through the provision of Shared Municipal Services Incentive (SMSI) grants. Additionally, the SFY 2005-06 Executive Budget provides \$5 million in Environmental Protection Fund moneys to finance Quality Communities (QC) program grants, resulting in a \$4 million increase in QC funding over SFY 2004-05.

PROGRAM HIGHLIGHTS

The responsibilities of the Department of State are carried out through three programs:

- The Local Government and Community Services Program consists of several functions, including the Office of Fire Prevention and Control (OFPC), which works with both paid and volunteer firefighters by providing training, technical support and assistance with arson investigations, and conducts fire safety inspections of colleges and state-owned buildings. OFPC trains and equips an urban search and rescue team based in the Capital Region. OFPC also provides low interest loans to fire and ambulance companies through the Emergency Services Revolving Loan Program. The Division of Code Enforcement and Administration manages New York's building and energy codes. In addition to these activities, Local Government and Community Services program staff provide services to citizens; offer planning and management services to local governments through the Division of Local Government; support land use planning activities in the New York City/Catskill watershed; coordinate New York's coastal resources and waterfront revitalization activities; and administer the

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Department's Federal grant programs, including the Appalachian Regional Commission and the State Rural Development Council. The federally funded Division of Community Services provides a means for achieving economic self-sufficiency through programs designed to improve opportunities for its low-income participants.

- The Business and Licensing Services Program provides information on credit and debt for individuals, businesses and corporations; tracks all certificates of incorporation; administers qualifying examinations and licensing of 26 occupations; and prepares the State Register and other publications. This unit also oversees the operation of almost 1,900 not-for-profit cemeteries.
- The Administration Program provides the basic executive direction, fiscal, personnel, legal and electronic data processing activities that support the Department's operations.

Additionally, the Department's appropriations contain funds for the Lake George Park Commission, the State Ethics Commission, the State Athletic Commission, the Committee on Open Government, and the Tug Hill Commission.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	60,797,100	64,068,000	3,270,900	23,005,000
Aid To Localities	79,275,000	78,350,000	(925,000)	92,680,000
Capital Projects	0	1,600,000	1,600,000	100,000,000
Total	140,072,100	144,018,000	3,945,900	215,685,000

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Administration			
General Fund	60	60	0
Lake George Park Commission			
Special Revenue Funds - Other	9	9	0
Licensing Services			
Special Revenue Funds - Other	396	396	0
Local Government and Community Services			
General Fund	98	103	5
Special Revenue Funds - Federal	58	58	0
Special Revenue Funds - Other	189	189	0
State Ethics Commission			
General Fund	20	20	0
Tug Hill Commission			
General Fund	17	18	1
Total	847	853	6

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

<u>Fund Type</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
General Fund	14,413,000	14,078,000	(335,000)
Special Revenue Funds - Federal	11,163,000	11,436,000	273,000
Special Revenue Funds - Other	35,221,100	38,554,000	3,332,900
Total	<u>60,797,100</u>	<u>64,068,000</u>	<u>3,270,900</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
General Fund	(410,000)
Special Revenue Funds - Federal	(183,000)
Special Revenue Funds - Other	(990,100)
Appropriated 2004-05	<u>59,214,000</u>

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

<u>Program</u>	<u>Available 2004-05</u>	<u>Recommended 2005-06</u>	<u>Change</u>
Administration			
General Fund	5,353,000	5,627,000	274,000
Lake George Park Commission			
Special Revenue Funds - Other	1,496,100	1,593,000	96,900
Licensing Services			
Special Revenue Funds - Other	31,353,000	34,593,000	3,240,000
Local Government and Community Services			
General Fund	6,358,000	5,684,000	(674,000)
Special Revenue Funds - Federal	11,163,000	11,436,000	273,000
Special Revenue Funds - Other	2,319,000	2,315,000	(4,000)
State Ethics Commission			
General Fund	1,736,000	1,741,000	5,000
Tug Hill Commission			
General Fund	966,000	1,026,000	60,000
Special Revenue Funds - Other	53,000	53,000	0
Total	<u>60,797,100</u>	<u>64,068,000</u>	<u>3,270,900</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	3,664,000	228,000	3,603,000	228,000
Local Government and Community Services	4,385,000	(444,000)	4,273,000	(444,000)
State Ethics Commission	1,290,000	80,000	1,290,000	80,000
Tug Hill Commission	922,000	57,000	914,000	57,000
Total	<u>10,261,000</u>	<u>(79,000)</u>	<u>10,080,000</u>	<u>(79,000)</u>

<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	60,000	0	1,000	0
Local Government and Community Services	112,000	0	0	0
State Ethics Commission	0	0	0	0
Tug Hill Commission	8,000	0	0	0
Total	<u>180,000</u>	<u>0</u>	<u>1,000</u>	<u>0</u>

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,963,000	46,000	403,000	11,000
Local Government and Community Services	1,299,000	(230,000)	61,000	(11,000)
State Ethics Commission	451,000	(75,000)	40,000	0
Tug Hill Commission	104,000	3,000	13,000	1,000
Total	3,817,000	(256,000)	517,000	1,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	60,000	0	1,393,000	32,000
Local Government and Community Services	67,000	(12,000)	244,000	(44,000)
State Ethics Commission	20,000	0	380,000	(75,000)
Tug Hill Commission	8,000	1,000	81,000	1,000
Total	155,000	(11,000)	2,098,000	(86,000)

Program	Equipment	
	Amount	Change
Administration	107,000	3,000
Local Government and Community Services	927,000	(163,000)
State Ethics Commission	11,000	0
Tug Hill Commission	2,000	0
Total	1,047,000	(160,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Lake George Park Commission	1,593,000	96,900	639,000	39,700
Licensing Services	34,593,000	3,240,000	16,803,000	498,000
Local Government and Community Services	13,751,000	269,000	4,605,000	(118,000)
Tug Hill Commission	53,000	0	0	0
Total	49,990,000	3,605,900	22,047,000	419,700

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Lake George Park Commission	954,000	57,200	0	0
Licensing Services	17,515,000	2,742,000	275,000	0
Local Government and Community Services	7,596,000	394,000	1,550,000	(7,000)
Tug Hill Commission	53,000	0	0	0
Total	26,118,000	3,193,200	1,825,000	(7,000)

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	1,000,000	0	(1,000,000)
Special Revenue Funds - Federal	63,700,000	63,700,000	0
Special Revenue Funds - Other	14,575,000	14,650,000	75,000
Total	79,275,000	78,350,000	(925,000)

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Licensing Services			
Special Revenue Funds - Other	475,000	550,000	75,000
Local Government and Community Services			
General Fund	1,000,000	0	(1,000,000)
Special Revenue Funds - Federal	63,700,000	63,700,000	0
Special Revenue Funds - Other	14,100,000	14,100,000	0
Total	<u>79,275,000</u>	<u>78,350,000</u>	<u>(925,000)</u>

**CAPITAL PROJECTS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Local Government and Community Services				
Capital Projects Fund - Authority Bonds	0	0	0	100,000,000
Office of Fire Prevention				
Capital Projects Fund	0	1,600,000	1,600,000	0
Total	<u>0</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>100,000,000</u>

DEPARTMENT OF TAXATION AND FINANCE

MISSION

The Department of Taxation and Finance administers the State's taxes and related local taxes and manages the State Treasury. In fulfilling its responsibilities under the State's Tax Laws, the Department collects approximately \$41.3 billion in State revenue and approximately \$27.5 billion in local taxes, including New York City and the City of Yonkers income taxes, on behalf of municipalities.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner who is appointed by the Governor and confirmed by the Senate. It fulfills its mission through 11 programs: Administration, Revenue Support, Office of the Counsel, Tax Policy and Analysis, Tax Enforcement, Tax Compliance, Treasury Management, Audit, Revenue and Information Management, Taxpayer Services and the Office of Conciliation and Mediation. The Department of Taxation and Finance will have a workforce of 4,766 positions in 2005-06, of which 4,342 will be funded by State tax dollars in the General Fund.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

In 2005-06, the Department will be financed primarily with State tax dollars from the General Fund, which support its revenue generation, collection and administration programs. The Executive Budget recommends \$418.2 million to support the Department's operating budget. This amount includes \$312.6 million in General Fund support, which will finance 75 percent of the Department's operations, and will be supplemented by fee income of \$44.6 million and Federal funding of \$500,000. Fee income will support costs associated with the collection of personal income and other taxes for New York City, financial and investment services for certain State agencies and public benefit corporations and with delinquent tax collection efforts. The Budget further recommends \$60.5 million for the Banking Services Fund. The Fund pays banking institutions for certain services related to processing personal income and other taxes.

Recommended funding levels will support continuation of the e*MPIRE program, which will upgrade the Department's tax processing system, to ensure the State's ability to accurately and effectively collect revenues.

PROGRAM HIGHLIGHTS

Taxation and Finance Department employees are responsible for providing equitable and efficient service to taxpayers. The Department is organized along functional lines to support a high-level of taxpayer service, including:

- **Administration:** This program includes the Department's central policy direction and oversight functions. Activities include fiscal management, human resources/payroll, internal audit, management services and public information;
- **Revenue Support:** This program provides essential support services for the Department, including managing office and warehouse space, developing and printing tax forms and instructions and mailing tax liability notices, refunds and other tax forms;

TAXATION AND FINANCE

- **Office of the Counsel:** This office prepares regulations, interprets statutes, manages litigation and drafts and reviews proposed legislation. The Office is involved in resolving taxpayer protests and litigation, and maintains coordination between the Department, the Department of Law and the Division of Tax Appeals;
- **Tax Policy and Analysis:** This program estimates the revenues expected to be produced by each tax, assesses the impact of different tax structures and tax proposals on the State's economy, reviews tax policies and legislation and prepares descriptive and analytical studies;
- **Tax Enforcement:** This program identifies and investigates alleged evasion of the State tax code. Staff assigned to this program work with Federal, State and local law enforcement officials in the prosecution of tax fraud and tax evasion cases;
- **Tax Compliance:** This is the State's largest accounts receivable program, collecting delinquent State and local taxes. Computer-generated billings and an automated telephone collection system are used in collection activities;
- **Audit:** The Audit Division ensures that voluntarily remitted taxes are accurate and complete. The Division plans, conducts and evaluates desk and field audits, increasingly with the aid of technology;
- **Revenue and Information Management:** This program contains the Department's information management, tax processing and tax accounting functions. It supports the collection of an estimated \$68.8 billion in State and local tax collections;
- **Taxpayer Services:** This program assists taxpayers in fulfilling their tax obligations by developing and distributing tax information, advice and instructions; and
- **Office of Conciliation and Mediation:** This program offers taxpayers the option of informally resolving disputes with the Department.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	417,700,000	418,202,000	502,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	417,700,000	418,202,000	502,000	0

TAXATION AND FINANCE

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	Full-Time Equivalent Positions (FTE)		
	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	79	79	0
Audit			
General Fund	1,670	1,670	0
Office of Conciliation and Mediation			
General Fund	30	30	0
Counsel			
General Fund	66	66	0
Tax Policy and Analysis			
General Fund	30	30	0
Revenue and Information Management			
General Fund	1,423	1,423	0
Special Revenue Funds - Other	381	381	0
Revenue Support Services			
General Fund	61	61	0
Tax Compliance			
General Fund	704	704	0
Tax Enforcement			
General Fund	165	165	0
Special Revenue Funds - Federal	8	8	0
Taxpayer Services			
General Fund	114	114	0
Treasury Management			
Special Revenue Funds - Other	35	35	0
Total	4,766	4,766	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	311,799,000	312,584,000	785,000
Special Revenue Funds - Federal	582,000	500,000	(82,000)
Special Revenue Funds - Other	43,176,000	44,591,000	1,415,000
Internal Service Funds	62,143,000	60,527,000	(1,616,000)
Total	417,700,000	418,202,000	502,000
Adjustments:			
Transfer(s) From			
Special Pay Bill			
General Fund	(10,116,000)		
Special Revenue Funds - Other	(92,000)		
Appropriated 2004-05	407,492,000		

TAXATION AND FINANCE

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Administration			
General Fund	5,397,000	5,400,000	3,000
Audit			
General Fund	105,324,000	105,371,000	47,000
Banking Services			
Internal Service Funds	62,143,000	60,527,000	(1,616,000)
Office of Conciliation and Mediation			
General Fund	2,237,000	2,239,000	2,000
Counsel			
General Fund	4,987,000	4,989,000	2,000
Tax Policy and Analysis			
General Fund	2,144,000	2,145,000	1,000
Revenue and Information Management			
General Fund	103,046,000	104,079,000	1,033,000
Special Revenue Funds - Other	37,647,000	37,889,000	242,000
Revenue Support Services			
General Fund	33,109,000	32,852,000	(257,000)
Tax Compliance			
General Fund	31,755,000	31,770,000	15,000
Special Revenue Funds - Other	2,900,000	4,000,000	1,100,000
Tax Enforcement			
General Fund	14,320,000	14,325,000	5,000
Special Revenue Funds - Federal	582,000	500,000	(82,000)
Taxpayer Services			
General Fund	9,480,000	9,414,000	(66,000)
Treasury Management			
Special Revenue Funds - Other	2,629,000	2,702,000	73,000
Total	417,700,000	418,202,000	502,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	5,004,000	3,000	4,962,000	3,000
Audit	89,362,000	47,000	88,313,000	47,000
Office of Conciliation and Mediation	2,147,000	2,000	2,129,000	2,000
Counsel	4,865,000	2,000	4,623,000	2,000
Tax Policy and Analysis	2,123,000	1,000	2,031,000	1,000
Revenue and Information Management	62,287,000	33,000	60,335,000	33,000
Revenue Support Services	4,282,000	2,000	3,733,000	2,000
Tax Compliance	30,156,000	15,000	30,103,000	15,000
Tax Enforcement	10,642,000	5,000	10,605,000	5,000
Taxpayer Services	7,219,000	4,000	6,153,000	4,000
Total	218,087,000	114,000	212,987,000	114,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	42,000	0
Audit	919,000	0	130,000	0
Office of Conciliation and Mediation	0	0	18,000	0
Counsel	236,000	0	6,000	0
Tax Policy and Analysis	89,000	0	3,000	0
Revenue and Information Management	1,298,000	0	654,000	0
Revenue Support Services	546,000	0	3,000	0
Tax Compliance	0	0	53,000	0
Tax Enforcement	25,000	0	12,000	0
Taxpayer Services	1,061,000	0	5,000	0
Total	4,174,000	0	926,000	0

TAXATION AND FINANCE

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	396,000	0	281,749	0
Audit	16,009,000	0	30,994	0
Office of Conciliation and Mediation	92,000	0	3,873	0
Counsel	124,000	0	7,750	0
Tax Policy and Analysis	22,000	0	4,783	0
Revenue and Information Management	41,792,000	1,000,000	1,519,388	0
Revenue Support Services	28,570,000	(259,000)	153,995	0
Tax Compliance	1,614,000	0	270,293	0
Tax Enforcement	3,683,000	0	417,101	0
Taxpayer Services	2,195,000	(70,000)	71,659	0
Total	94,497,000	671,000	2,761,585	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	4,844	0	71,647	0
Audit	4,115,327	0	10,724,645	0
Office of Conciliation and Mediation	67,790	0	20,337	0
Counsel	29,063	0	85,250	0
Tax Policy and Analysis	5,739	0	9,565	0
Revenue and Information Management	99,182	0	37,308,065	500,000
Revenue Support Services	5,811	0	28,410,194	(259,000)
Tax Compliance	585,147	0	136,599	0
Tax Enforcement	1,056,047	0	1,597,465	0
Taxpayer Services	10,652	0	2,109,785	(70,000)
Total	5,979,602	0	80,473,552	171,000

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	37,760	0	0	0
Audit	1,138,034	0	0	0
Office of Conciliation and Mediation	0	0	0	0
Counsel	1,937	0	0	0
Tax Policy and Analysis	1,913	0	0	0
Revenue and Information Management	1,913,365	500,000	952,000	0
Revenue Support Services	0	0	0	0
Tax Compliance	621,961	0	0	0
Tax Enforcement	612,387	0	0	0
Taxpayer Services	2,904	0	0	0
Total	4,330,261	500,000	952,000	0

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Banking Services	60,527,000	(1,616,000)	0	0
Revenue and Information Management	37,889,000	242,000	15,920,000	826,000
Tax Compliance	4,000,000	1,100,000	0	0
Tax Enforcement	500,000	(82,000)	0	0
Treasury Management	2,702,000	73,000	1,673,000	14,000
Total	105,618,000	(283,000)	17,593,000	840,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Banking Services	0	0	60,527,000	(1,616,000)
Revenue and Information Management	21,969,000	(584,000)	0	0
Tax Compliance	4,000,000	1,100,000	0	0
Tax Enforcement	0	0	500,000	(82,000)
Treasury Management	1,029,000	59,000	0	0
Total	26,998,000	575,000	61,027,000	(1,698,000)

DIVISION OF TAX APPEALS

MISSION

The Division of Tax Appeals provides taxpayers with a system of due process for resolving disputes with the Department of Taxation and Finance. The separation of tax administration from tax adjudication promotes the impartial and timely hearing of taxpayer disputes.

ORGANIZATION AND STAFFING

The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings and the Tribunal appeals process. The Division holds formal hearings in Troy, New York City and Rochester, while Tax Tribunal oral arguments are held in New York City, Buffalo and Troy. Small claims hearings are conducted throughout the State. The Division will have a workforce of 31 positions for 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Division's activities are supported entirely with State tax dollars, which finance the Tribunal's staff and other expenses such as rent and supplies.

The Executive Budget recommends \$3.3 million in annual General Fund support for the Division. This recommendation will enable the Tribunal to continue to provide for the timely resolution of taxpayer disputes with the Department of Taxation and Finance.

PROGRAM HIGHLIGHTS

The Division's hearing process has been substantially improved in recent years to benefit taxpayers. These improvements have allowed taxpayers more flexibility in scheduling hearings, thus minimizing delays caused by sudden cancellations.

The Division also conducts formal hearings in New York City and Rochester to provide easier access for taxpayers in these metropolitan areas. At these locations, the Division utilizes existing State office space, thus providing improved service at nominal additional cost.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	3,179,000	3,330,000	151,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	3,179,000	3,330,000	151,000	0

TAX APPEALS

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05	2005-06	FTE Change
	Estimated FTEs 03/31/05	Estimated FTEs 03/31/06	
Administration			
General Fund	30	31	1
Total	30	31	1

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available	Recommended	Change
	2004-05	2005-06	
General Fund	3,179,000	3,330,000	151,000
Total	3,179,000	3,330,000	151,000

Adjustments:

Transfer(s) From Special Pay Bill General Fund	(94,000)
Appropriated 2004-05	3,085,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available	Recommended	Change
	2004-05	2005-06	
Administration			
General Fund	3,179,000	3,330,000	151,000
Total	3,179,000	3,330,000	151,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,950,000	151,000	2,778,000	151,000
Total	2,950,000	151,000	2,778,000	151,000

Program	Temporary Service (Nonannual Salaried)	
	Amount	Change
Administration	172,000	0
Total	172,000	0

TAX APPEALS

STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2005-06 RECOMMENDED
(dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	380,000	0	30,000	0
Total	380,000	0	30,000	0

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	25,000	0	300,000	0
Total	25,000	0	300,000	0

Program	Equipment	
	Amount	Change
Administration	25,000	0
Total	25,000	0

THRUWAY AUTHORITY

In addition to operating a 641-mile toll-highway system, the Thruway Authority has jurisdiction over the New York State Canal System. Through its subsidiary, the New York State Canal Corporation, the Thruway maintains, operates, develops and makes capital improvements to the 524-mile navigable waterway which includes 57 locks, 16 lift bridges, numerous dams, reservoirs and water control structures.

Revenues from canal tolls and other user fees are deposited into the Canal System Development Fund and, in accordance with the State Constitution, are used exclusively for the canals. The Executive Budget recommends a new appropriation of \$4 million and reappropriations of \$4 million from the Canal System Development Fund for a portion of the maintenance, construction, reconstruction, development and promotion of the canals.

Canal System and Thruway Authority programs are primarily supported by Authority funds, which are not reflected in the Executive Budget. The Thruway Authority has recently proposed a new, \$2 billion multi-year Capital Plan to address critical infrastructure needs, traffic demands, and improved customer service through 2010. To finance this proposal, the Authority would raise tolls, for the first time since 1988, by less than half the rate of inflation since that time.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	0	0	0	0
Aid To Localities	0	0	0	0
Capital Projects	4,000,000	4,000,000	0	4,007,000
Total	4,000,000	4,000,000	0	4,007,000

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05	Recommended 2005-06	Change	Reappropriations 2005-06
Canal Development Program				
New York State Canal System Development Fund	4,000,000	4,000,000	0	4,007,000
Total	4,000,000	4,000,000	0	4,007,000

DEPARTMENT OF TRANSPORTATION

MISSION

The Department of Transportation (DOT) directly maintains and improves the State's more than 40,000 highway lane miles and 7,500 bridges. In addition, the Department partially funds locally operated transit systems, local government highway and bridge construction, and rail and airport programs.

The DOT of the 21st Century is capitalizing on evolving world trade patterns, using "intelligent" transportation technology to manage increases in traffic and balancing arising security concerns with the need to move people and products safely and efficiently. The Department closely coordinates with other State transportation agencies and authorities, with a goal of creating a seamless statewide transportation system that addresses environmental and community concerns and more efficiently moves people and goods throughout the State's transportation system.

ORGANIZATION AND STAFFING

The Department is headed by a Commissioner appointed by the Governor. The Department's main office is in Albany, with 11 regional offices in Schenectady, Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City. The Department also maintains highway maintenance and equipment repair facilities across the State.

Employees of the Department perform such activities as highway maintenance, snow and ice removal, highway and bridge design and construction inspection. In addition, the Department's staff inspects school and charter buses, regulates commercial transportation, oversees public transportation systems and State-owned airports and provides administrative support for the Department. The Department's full-time workforce will total approximately 9,475 employees by the end of 2005-06.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Department is responsible for the implementation of transportation programs related to highways and bridges, transit, aviation, ports, rail and other modes. It is supported primarily by revenues from the Petroleum Business Tax, highway use and motor fuel taxes and motor vehicle fees. Substantial Federal aid is also used to support the programs.

The Executive Budget proposes a new five-year transportation capital plan that provides over \$36.6 billion for the State's transportation systems during the period. The plan includes \$17.4 billion for DOT capital programs and \$19.2 billion for the Metropolitan Transportation Authority program. In order to finance the plan, existing transportation resources will be supplemented with increases in motor vehicle title, registration and transaction fees, a restructuring of the Dedicated Highway and Bridge Trust Fund debt, and an increase in mortgage recording taxes levied in the MTA transportation district.

The Department's operations are devoted primarily to highway maintenance, particularly snow and ice removal. The 2005-06 Executive Budget provides a total of \$447.3 million for snow and ice control and State forces preventive maintenance and combines these two traditionally separate appropriations into a single appropriation. This level represents a total increase of approximately \$36 million, primarily due to increased salary costs. Funding for preventive maintenance performed by private firms is continued at \$210 million as part of the highway and bridge contract level.

Recommendations also include the elimination of the DOT Print Shop appropriation, reflecting the transfer of consolidated printing service responsibilities to the Office of General Services to enable the Department to better focus its efforts on core transportation-related activities.

TRANSPORTATION

The Department's regulatory programs and other operations are primarily funded by fees, miscellaneous revenues and Federal aid. Approximately \$22.2 million is derived from fees, including those imposed on trucks registered to transport products throughout the State; landing fees and rents levied at Republic Airport; and revenues generated by the sale and rental of Department property, such as commercial leasing of land for parking or storage. These funds support a number of agency activities, including administrative support services, highway safety and aviation programs.

Federal aid of \$10.2 million and dedicated mass transit funds totaling \$6.1 million help finance the Department's remaining operating responsibilities for mass transportation, aviation and motor-carrier safety programs.

Capital appropriations provide funding for construction and reconstruction projects on State highways, bridges, railways and airports, as well as financing the engineering staff and private-sector consultants who work on these projects. The highway and bridge construction contract level will total \$1.65 billion in 2005-06, initiating the first year of a new five-year transportation plan that commits \$17.4 billion for the Department's capital programs.

The centerpiece of the State's Highway and Bridge Program is the Dedicated Highway and Bridge Trust Fund, established in 1993. The Trust Fund derives its revenues from highway user fees, portions of the petroleum business tax, motor fuel tax, motor vehicle fees, auto rental tax, transportation/transmission tax, and miscellaneous transportation-related revenues. These funds are used both on a pay-as-you-go basis and to pay debt service on bonds issued by the Thruway Authority to finance portions of the State and local highway programs. The Executive Budget includes the refinancing of a substantial portion of current Trust Fund debt. This refinancing will more closely align the term of Trust Fund debt with the useful lives of the financed projects and provide additional financial resources to support the new five-year transportation plan. The Executive Budget also includes legislation to increase certain motor vehicle fees to support the plan.

A significant portion of the State and local highway capital program is supported by Federal aid, authorized in accordance with multi-year Federal transportation acts. The most recent Federal Transportation Act, known as TEA-21, expired on September 30, 2003. While Congress has passed a series of temporary extensions, a permanent successor act has not yet been passed. To the extent that Federal aid under the future Act or under further program extensions varies from the assumptions in the Executive Budget, the State's programs will need to be adjusted accordingly. The Federal capital aid appropriation in 2005-06 is available for up to \$1.7 billion of Federal funding, including provisions for State and local highways, engineering, rail and community enhancements programs.

The Executive Budget contains legislation that provides innovative approaches to building and financing major highway and bridge projects. This includes authorization of design-build contracts to improve the cost efficiency and delivery time of projects and a public-private partnership initiative that would leverage private sector financial resources to expand and enhance the State's transportation infrastructure.

Local highway and bridge capital programs include the Consolidated Highway Improvement Program (CHIPS) and the Municipal Streets and Highways Program ("Marchiselli" Program). These programs are funded by bonds issued by the Thruway Authority with debt service paid from the State's Dedicated Highway and Bridge Trust Fund. The CHIPS capital program will be funded at \$276.7 million, and the Marchiselli program will provide \$39.7 million in 2005-06. The funding levels for both programs are unchanged from the 2004-05 enacted budget.

A \$20 million appropriation for rail freight and passenger projects will continue an enhanced rail program that will expand shipping opportunities for New York businesses, reduce costs for consumers and improve passenger transportation. In addition, \$9 million will be provided for the Industrial Access Program to promote job creation and retention by encouraging business expansion with highway, rail and port projects.

The Aid to Localities budget is comprised primarily of appropriations supported by State taxes dedicated to public transportation through the Mass Transportation Operating Assistance (MTOA) Fund and the Dedicated Mass Transportation Trust Fund. Mass Transportation Operating Assistance Fund revenues are derived from a 1/4 percent sales tax;

a business tax surcharge levied in the New York City metropolitan region; and a portion of statewide taxes on transmission, transportation and petroleum-related businesses. Dedicated Mass Transportation Trust Fund revenues are derived from a share of the revenues deposited in the Transportation Dedicated Funds Pool, which includes portions of the Petroleum Business Tax, the Motor Fuel Tax and motor vehicle fees. New appropriations to transit systems will total approximately \$2 billion.

More than \$1.6 billion of new operating aid appropriations are recommended for the Metropolitan Transportation Authority (MTA) in 2005-06. This includes \$593 million from the Dedicated Mass Transportation Trust Fund in support of the MTA capital program. The operating assistance also includes \$45 million in General Fund support for the MTA as the State's contribution to reduced fares for New York City school children. The City will match this contribution.

Transit operators other than the MTA will receive a total of \$306.4 million in new appropriations in 2005-06. Of this amount, \$119 million is targeted for upstate transit systems. Capital funding of \$33 million is recommended for transit systems other than the MTA from the Dedicated Mass Transportation Trust Fund. This capital program funds a variety of transit-related needs, primarily bus purchases and a portion of the required match to Federal transit capital aid.

PROGRAM HIGHLIGHTS

HIGHWAYS AND BRIDGES

Improving the State's vital transportation infrastructure remains the agency's highest priority. By the end of this year, the Department will have successfully completed the 2000-05 capital program, delivering significant improvements in our highway infrastructure. During 2003-04, a total of 142 State bridges were replaced or rehabilitated and 5,889 preventive bridge treatments were completed to slow deterioration. Over 6,550 lane miles of State highway were resurfaced, rehabilitated or given preventive maintenance treatment. The new 2005-10 program will continue our level of investment, emphasizing strategic investments in critical infrastructure needs. As in previous years, preventive maintenance performed by State forces and private sector contractors will be an area of significant concentration. Appropriations for the preventive maintenance program will total \$404 million in 2005-06.

State staff and private-sector consultants perform the planning, property acquisition, design engineering, environmental reviews, surveying, materials and soils testing and construction inspection associated with the Department's capital program. Construction of virtually all highway and bridge projects is performed by private firms.

The State makes a significant investment in helping localities maintain safe roads and bridges through its CHIPS and Marchiselli capital programs. These programs fund local construction projects, with the majority performed by private firms.

Through its safety inspections of school and charter buses and its regulation of commercial transport, the Department also focuses its resources on passenger safety and environmental issues.

PUBLIC TRANSPORTATION

The Department provides oversight and funding for more than 70 locally operated public transportation systems, including the Metropolitan Transportation Authority, the four upstate regional transportation authorities and other (usually county-sponsored) transit systems. These systems provide bus, subway, light rail and commuter rail services, as well as "paratransit" services designed to meet the needs of disabled people, as required by the Federal Americans with Disabilities Act.

TRANSPORTATION

State financial assistance to transit systems is supported by the Mass Transportation Operating Assistance Fund, the Dedicated Mass Transportation Trust Fund and the General Fund. In addition, State law authorizes the imposition of an additional mortgage recording tax in regions covered by the Metropolitan Transportation Authority and the four upstate transit authorities. These moneys are collected by the affected counties and transmitted directly to the transit systems.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2004-05	Appropriations Recommended 2005-06	Change	Reappropriations Recommended 2005-06
State Operations	40,601,500	38,501,000	(2,100,500)	26,293,000
Aid To Localities	1,795,671,000	1,984,819,000	189,148,000	120,990,700
Capital Projects	3,409,667,000	3,608,765,000	199,098,000	9,466,330,000
Total	5,245,939,500	5,632,085,000	386,145,500	9,613,613,700

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2004-05 Estimated FTEs 03/31/05	2005-06 Estimated FTEs 03/31/06	FTE Change
Design and Construction			
Capital Projects Funds - Other	3,590	3,587	(3)
New York Metropolitan Transportation Council			
Special Revenue Funds - Other	68	68	0
Operations			
Special Revenue Funds - Other	8	10	2
Passenger and Freight Transportation			
Special Revenue Funds - Federal	79	79	0
Special Revenue Funds - Other	133	133	0
Capital Projects Funds - Other	98	98	0
Planning and Program Management			
Capital Projects Funds - Other	527	527	0
Preventive Maintenance			
Capital Projects Funds - Other	4,802	4,793	(9)
Real Estate			
Capital Projects Funds - Other	180	180	0
Total	9,485	9,475	(10)

TRANSPORTATION

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
Special Revenue Funds - Federal	10,032,000	10,167,000	135,000
Special Revenue Funds - Other	26,455,500	28,334,000	1,878,500
Internal Service Funds	4,114,000	0	(4,114,000)
Total	<u>40,601,500</u>	<u>38,501,000</u>	<u>(2,100,500)</u>

Adjustments:

Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Federal	(201,000)
Special Revenue Funds - Other	(636,300)
Internal Service Funds	(74,000)
Transfer(s) To	
Transportation, Department of	
Special Revenue Funds - Other	
(Capital Projects)	237,800
Appropriated 2004-05	<u>39,928,000</u>

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2004-05	Recommended 2005-06	Change
Operations			
Special Revenue Funds - Federal	400,000	400,000	0
Special Revenue Funds - Other	9,283,700	10,993,000	1,709,300
Internal Service Funds	4,114,000	0	(4,114,000)
Passenger and Freight Transportation			
Special Revenue Funds - Federal	9,632,000	9,767,000	135,000
Special Revenue Funds - Other	17,171,800	17,341,000	169,200
Total	<u>40,601,500</u>	<u>38,501,000</u>	<u>(2,100,500)</u>

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2005-06 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Operations	11,393,000	(2,404,700)	465,000	(1,141,600)
Passenger and Freight Transportation	27,108,000	304,200	11,894,000	252,300
Total	<u>38,501,000</u>	<u>(2,100,500)</u>	<u>12,359,000</u>	<u>(889,300)</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Operations	227,000	(2,914,100)	10,701,000	1,651,000
Passenger and Freight Transportation	11,380,000	93,900	3,834,000	(42,000)
Total	<u>11,607,000</u>	<u>(2,820,200)</u>	<u>14,535,000</u>	<u>1,609,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2004-05	Recommended 2005-06	Change
General Fund	111,616,000	103,016,000	(8,600,000)
Special Revenue Funds - Federal	35,414,000	35,414,000	0
Special Revenue Funds - Other	1,648,641,000	1,846,389,000	197,748,000
Total	<u>1,795,671,000</u>	<u>1,984,819,000</u>	<u>189,148,000</u>

TRANSPORTATION

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2004-05	Recommended 2005-06	Change
Additional Mass Transportation Assistance Program			
General Fund	22,152,000	21,447,000	(705,000)
Special Revenue Funds - Other	0	39,400,000	39,400,000
Dedicated Mass Transportation Trust Program			
Special Revenue Funds - Other	536,000,000	593,300,000	57,300,000
Federal Highway Administration Local Planning			
Special Revenue Funds - Federal	10,566,000	10,566,000	0
Urban Mass Transportation Administration Local Planning			
Special Revenue Funds - Federal	4,400,000	4,400,000	0
Mass Transportation Assistance General Fund	45,000,000	45,000,000	0
Passenger and Freight Transportation General Fund	44,464,000	36,569,000	(7,895,000)
Special Revenue Funds - Federal	20,448,000	20,448,000	0
Special Revenue Funds - Other	879,353,000	961,747,000	82,394,000
Section 18-B Program			
Special Revenue Funds - Other	179,541,000	187,436,000	7,895,000
Special Transit Aid			
Special Revenue Funds - Other	53,747,000	64,506,000	10,759,000
Total	<u>1,795,671,000</u>	<u>1,984,819,000</u>	<u>189,148,000</u>

TRANSPORTATION

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Aviation				
Airport or Aviation Program				
Capital Projects Fund - Aviation (Bondable)	0	0	0	2,087,000
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	818,000
Airport or Aviation Program -- Bondable				
Capital Projects Fund - Aviation (Bondable)	0	0	0	886,000
Airport or Aviation State Program				
Dedicated Highway and Bridge Trust Fund	8,000,000	8,000,000	0	34,820,000
Regional Aviation Fund	0	0	0	16,516,000
Aviation				
Transportation Capital Facilities Bond Fund	0	0	0	7,749,000
Federal Airport or Aviation				
Federal Capital Projects Fund	6,000,000	6,000,000	0	24,886,000
Canals and Waterways				
Canals and Waterways - Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	485,000
Economic Development				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	9,000,000	9,000,000	0	55,227,000
Health and Safety				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	4,550,000	6,976,000	2,426,000	2,830,000
Highway Facilities				
Accelerated Capacity and Transportation Improvements Fund				
Accelerated Capacity and Transportation Improvements Fund	0	0	0	58,775,000
Airport or Aviation State Program				
Dedicated Highway and Bridge Trust Fund	0	0	0	1,337,000
Engineering Services				
Engineering Services Fund	0	0	0	284,665,000
NY Metro Transportation Council Account	10,180,000	10,202,000	22,000	27,619,000
Federal Aid Highways - Bondable Purpose				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	8,453,000
Federal Aid Highways - Federal Purpose				
Federal Capital Projects Fund	1,700,000,000	1,700,000,000	0	5,736,016,000
Highway Facilities				
Dedicated Highway and Bridge Trust Fund	0	0	0	17,381,000
Infrastructure Bond Act Projects				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	7,767,000
Multi-Modal				
Dedicated Highway and Bridge Trust Fund	0	0	0	80,767,000
Municipal Highway - Railroad Crossing Alterations				
Capital Projects Fund - Advances	0	0	0	331,000
Dedicated Highway and Bridge Trust Fund	0	0	0	1,568,000
New York State Agency Fund				
Miscellaneous New York State Agency Fund	50,000,000	50,000,000	0	235,544,000
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	1,519,822,000	1,240,502,000	(279,320,000)	2,447,833,000
Other Highway Aid				
Dedicated Highway and Bridge Trust Fund	0	0	0	4,868,000
Other Transportation Aid				
Dedicated Highway and Bridge Trust Fund	0	0	0	293,000
Priority Bond Act Projects				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	10,924,000
Road and Bridge Improvements - Bondable				
Capital Projects Fund - A.C. and T.I. Fund (Bondable)	0	0	0	50,938,000

TRANSPORTATION

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2004-05*	Recommended 2005-06	Change	Reappropriations 2005-06
Small and Minority and Women-Owned Small Business Assistance				3,500,000
Dedicated Highway and Bridge Trust Fund	0	0	0	
Transportation Infrastructure Renewal Bond Fund				39,725,000
Transportation Infrastructure Renewal Bond Fund	0	0	0	
Maintenance Facilities				
Maintenance Facilities				
Dedicated Highway and Bridge Trust Fund	31,000,000	31,000,000	0	46,783,000
Mass Transportation and Rail Freight				
Marine Projects				
Dedicated Mass Transportation Fund	0	0	0	909,000
Mass Transportation				
Dedicated Mass Transportation Fund	15,815,000	41,000,000	25,185,000	58,672,000
Mass Transportation and Rail Freight				
Capital Projects Fund - Energy Conservation (Bondable)	0	0	0	1,023,000
Dedicated Highway and Bridge Trust Fund	20,000,000	20,000,000	0	63,640,000
Dedicated Mass Transportation Fund	35,300,000	38,800,000	3,500,000	66,858,000
Federal Capital Projects Fund	0	0	0	19,817,000
Mass Transportation and Rail Freight Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	7,067,000
Rail Freight				
Capital Projects Fund - Advances	0	0	0	21,350,000
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	1,908,000
Dedicated Mass Transportation Fund	0	0	0	1,785,000
Rail Preservation and Development Fund				
Energy Conservation Improved Transportation Bond Fund	0	0	0	1,038,000
Small and Minority and Women-Owned Small Business Assistance				
Dedicated Mass Transportation Fund	0	0	0	5,000,000
Special Rail and Aviation Program				
Dedicated Mass Transportation Fund	0	0	0	5,815,000
Port Development				
Port Development Bondable				
Capital Projects Fund - Infrastructure Renewal (Bondable)	0	0	0	57,000
Preservation of Facilities				
Non-Federal Aided Highway Capital Projects				
Dedicated Highway and Bridge Trust Fund	0	447,285,000	447,285,000	0
Total	3,409,667,000	3,608,765,000	199,098,000	9,466,330,000

*Includes transfers from Special Pay Bill - State Operations. See the table for Special Pay Bill in the Miscellaneous section for details.