



# CITY OF BUFFALO

BYRON W. BROWN

MAYOR



City of Buffalo Testimony  
Budget Hearings Regarding the 2008-09 State Budget  
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Good Morning State Budget Director Paul Francis and the other members of your management team. Welcome to Buffalo.

I am Mayor Byron Brown, Mayor of New York State's second largest City, the City of Buffalo. I am pleased to present to you our budget message and priorities for your consideration as part of the 2008-09 New York State Budget.

While it is no secret by now that Buffalo was recently designated as the second poorest city in the nation among its peer cities by the U.S. Department of Housing and Urban Development, it is also a City on the cusp of an economic resurgence. With over \$4.3 billion in public and private investments underway or in the development stage, we, in the Mayor's Office, are seeing first hand Buffalo turning the corner.

But, our challenges are many. We have the responsibility of rebuilding our neighborhoods and our business districts. This requires costly investments in infrastructure, such as shovel ready sites for new development, business parks, and streetscapes. We continue to operate under a control board. Our City workers have gone, on average, four years without contracts and without raises, demoralizing our workforce and creating a litigious climate where lawsuits trump negotiations. Like any urban center, we fight crime, gangs, drugs, and guns. And, with all these pressures, we also take the responsibility upon ourselves to fill certain gaps in our social safety net by creating employment opportunities for our youth, so that they may learn job skills and earn money that helps them and, in many cases, their families while they struggle to stay in school.

It is a financial reality today that municipalities across the state need state aid. It is not a need that is unique to Buffalo. What is somewhat unique to Buffalo are the structural fiscal constraints that cause, what our critics call, an over reliance on state aid.

Most municipalities have three major revenue sources in addition to state aid: the property tax; the sales tax; and locally generated fees and fines. Each presents issues that constrain Buffalo's ability to maximize revenue from these resources and diminish our reliance on state aid.

Property tax revenue in most municipalities grows as the economy and the value of real property assessments grows. Yet, while the value of real property in Buffalo grew by nearly 9% over the past two years, instead of capturing this growth for city expenses, Mayor Brown chose to lower the property tax rate by 10%. This action represents an

investment in an economic stimulus that will help keep and bring business and residential investment in the City, as well as continue to improve the City's credit rating.

The sales tax revenue source is constrained by Buffalo's disproportionately lower share of the local portion of the sales tax as compared to the other upstate cities. While Rochester receives over 25% and Syracuse nearly 35%, Buffalo's share is not even 12%.

As for locally generated fees and fines, these are revenue areas the City keeps purposely low so that economic investments may occur. Low water, sewer, and user fees, for example, are important to business and residents alike. In addition, in certain instances, the State takes a share of some of these locally generated fees, fines, and charges. For example, half of the \$40 fee for marriage licenses goes to the State and each time the City issues a handicapped parking tag, nearly half of the revenue goes to the State as well. This revenue sharing with the state of locally generated revenue compromises important sources of City revenue.

Simply put, given the constraints on the bulk of city revenue sources, the City needs new sources of revenue to pay our workers, to fight crime with new police officers, to invest in economic development, and to employ our youth and keep them off the streets and in school. These are in addition to the provision of core city services such as snow removal, garbage pick up and so forth.

Specifically, we request of New York State the following new revenue sources:

- Ending the state practice of mandating the City share its locally generated revenue with the State worth some \$6 million to the City
- Give the City the authorization for a red light camera system which could raise upwards of \$15 million
- Allow the City to adjudicate its own traffic violations worth another \$1.3 million
- Restore the concept of State revenue sharing, whereby the State shares its revenue with localities, instead of the current reverse revenue sharing where we share our locally generated revenue with the State

As you know, the City was recently handed down a judgment by the courts to pay its police and fire unions \$40 million over four years to make up for the contractual salary increases taken away over the course of the wage freeze. These new revenue sources would provide the City with the recurring revenue needed to fund these recurring contractual obligations. Without these, new contracts for all city workers will be unaffordable and our financial recovery could be jeopardized.

We, in Buffalo, have already demonstrated our ability to use our resources as well as the State's to improve accountability and efficiency, lowering the costs for delivering services in the City. Our state efficiency grants are being used prudently and effectively to create new systems that can be utilized to help others in our region. Because of our accomplishments, Harvard's Kennedy School of Government is designating the City of Buffalo a model for homeland security and disaster preparedness.

Overall crime is down in the City of Buffalo, service delivery and employee productivity has been significantly improved and our employees have demonstrated that they are among the best municipal employees in our State.

In a very short period of time, my administration has positioned itself to help ourselves and others in our region deliver high quality and efficient services. The City is the best equipped municipality in the region to provide regional services in the most efficient and cost-effective manner thereby reducing the burden on all our taxpayers.

Thank you for the opportunity to present this testimony. We appreciate your consideration of these requests that will help us continue to grow the City of Buffalo and other municipalities in the region.