



Office of the County Executive
Monroe County, New York

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County Executive



TESTIMONY TO REGULATORY AFFAIRS, STIMULUS OVERSIGHT, AND GOVERNMENT SPENDING SUBCOMMITTEE

Monroe County Executive Maggie Brooks
April 20th, 2011

Thank you to the members of the committee for the opportunity to speak with you today. As Monroe County Executive, there is no issue of greater importance to me than the strength and vitality of our local economy. Although government doesn't create jobs, at the local level, we work tirelessly to foster an environment that increases economic development opportunities for local businesses and facilitates business growth and job creation.

By maintaining a stable property tax rate and providing affordable financing and incentives through our Industrial Development Agency, Monroe County is at the table each and every day to assist businesses in improving and expanding their operations locally.

Despite this, there are a number of federal regulations that when coupled with the cost of unfunded mandates has led to enormously high property taxes that have threatened our economic prosperity by driving businesses, jobs, and young talent away from New York in search of greater opportunities elsewhere.

Certain federal regulations have grown increasingly detrimental to the small to mid-sized companies that have become our region's economic bread and butter.

For example, the Federal Funding Accountability and Transparency Act of 2006 and 2008 hinders small businesses looking to become subcontractors on large federal contracts because it is not cost-effective. Federal reporting requirements are the same for a prime contractor who has a multi-million dollar contract as it is for the small contractor who is doing \$25,000 of the work.

These reporting requirements for small businesses include salaries and bonuses of officers, pension values, and specifics on compensation in excess of \$10-thousand dollars. This rule highly discourages small businesses from bidding and securing subcontracts on federal projects as the cost of monitoring and reporting outweighs the profit.

Another impediment to local economic development in Monroe County is a requirement under the U.S. Small Business Administration 504 program. The 504 program is widely used in our community.

The 504 program requires that one job be created for every \$65-thousand in federal funds borrowed. The amount should be increased to one job for every \$100-thousand dollars borrowed to allow businesses to focus on investing in the new technology required to remain competitive in today's global economy.

Often times in government, too much emphasis is placed on a company's head count. What often gets neglected is a company's investment in our local economy. Investing in capital equipment is often a strong indicator of positive economic growth.

Federal regulations can also indirectly impact local economic development efforts by forcing counties to pick up the costs of unfunded mandates, leaving little left over for economic development initiatives that put people to work and strengthen the economy.

One example is New York State changing their interpretation of a current federal transportation regulation. The State's new interpretation now requires transportation departments to obtain temporary easements for right-of-way acquisitions instead of a grading release.

In the past, these projects only required a grading release that was inexpensive, yet effective. This new requirement adds thousands of dollars in cost to project totals and prohibits construction from moving forward in an efficient manner.

It is critical that New York State utilize the original requirements for right-of-way acquisition so costs are not eventually shifted on to the taxpayer or back to the state and federal governments who often pay a portion of a county's transportation project costs.

Another federal transportation regulation that is impacting counties is the requirement to replace all street signs with new higher visibility road signs. Monroe County has estimated that this new mandate will cost \$3 million dollars.

A new federal environmental services regulation will soon change the way counties are required to clean up stormwater run-off with no long-term funding source to do so. This new regulation has the potential to add significant costs to the planning, design, and construction of new economic development projects.

Substantial economic development in New York State communities will remain elusive until we can ultimately provide meaningful property tax relief for our taxpayers through mandate relief.

In New York, mandates are the main reason that property taxes are 79 percent above the national average. The New York State Association of Counties has identified nine mandates that consume 90 percent of the county property tax levy statewide. It should come as no surprise to anyone that Medicaid is at the top of the list.

Medicaid has grown to an unsustainable level that we simply cannot afford and remains our largest impediment to economic growth in Monroe County. We have a property tax crisis in New York State that will only be fixed if we change the way we pay for and deliver State services.

Monroe County government has spent an astounding 315-million dollars on Medicaid since 2009. This figure does not include the costs borne by the state and federal governments. Annual Medicaid expenditures equal the equivalent of 45 percent of our entire real property tax levy.

I join with many of my colleagues across the State in support of the federal government reforming Medicaid laws to require states to assume fiscal responsibility for the program. Fiscal responsibility for services provided should reside with the level of government that has the decision-making authority over those services.

In the case of Medicaid, that is the State. A full State takeover of county Medicaid costs coupled with reforms to make Medicaid more affordable will ultimately provide relief to local property taxpayers giving local businesses more control over their bottom line.

Property tax relief, ushered in by mandate reform, will be critical to growing our local economy through business expansion, job creation, and new investments. Protecting our taxpayers is the key to retaining and attracting new businesses to our region so that our economy can continue to flourish.

Thank you in advance for your willingness to partner with local governments to usher in reforms in the interest of protecting the overburdened taxpayers of our great State.

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