

# CITIZENS BUDGET COMMISSION

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## **CBC ISSUES STATEMENT OPPOSING STATE LEGISLATION THAT WOULD IMPOSE ADDITIONAL UNFUNDED MANDATES ON LOCAL GOVERNMENTS IN NEW YORK STATE**

**New York, NY – March 5, 2008** – The Citizens Budget Commission (CBC) released today the following statement on legislation under consideration by the New York State Legislature that would impose unfunded mandates on local governments by restricting their flexibility to address the growing liability of retiree health insurance.

“New Yorkers pay the highest local taxes in the nation. It is a phenomenon not driven just by New York City, where the average is double the national average; upstate, the burden is 58 percent above the national average.

Part of the reason for the high burden is State mandates. State leaders pass costs down to the local level; for example, counties must finance an unusually high proportion of the State-regulated Medicaid program, and school districts are forced to comply with special education regulations that exceed exacting federal laws. And each year, all levels of government are forced to pick up the tab for the State Legislature's sweetening of New York's already generous pension system through bills that add to liabilities for constitutionally protected benefits.

This passing of the buck must stop if local governments are ever to reduce their tax bills. State leaders have recognized this fact in the past: the Legislature has expanded local tax relief programs to include significant rebates to taxpayers, and the Governor has formed a commission to explore the root causes of the high burden and recommend action.

Unfortunately, Legislators are now on the brink of undoing some of the progress that has been made. They are beginning to act on bills—**S.6648/A.9895**, **S.6649/A.9894**, and **S.6650/A.9942**, for example—that would *add* to the burden faced by local governments for one of their most costly expenses: health insurance. These bills would generally prohibit health benefits for retirees from being reduced or diminished and begin to treat health insurance with the kind of State protection that already applies to the pension system. They represent a new and costly mandate on local governments.

Local officials already face and must publicly disclose staggering future liabilities for retiree health insurance. The State liability is estimated at \$49.7 billion and New York City's at \$57.8 billion; it is likely that other local governments around the State will disclose liabilities of a similar magnitude by the end of the year.

Local governments are under tremendous fiscal pressure: economic conditions are worsening and the demand for tax relief is increasing. The last thing taxpayers need is for the Legislature to circumvent local elected leaders and add to the local tax burden.

State Legislators should examine their priorities and vote in favor of relief for local governments and against these bills.”

*Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.*