



The New York Water Environment Association, Inc.

The Water Quality Management Professionals

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19 March 2019

Honorable Andrea Stewart-Cousins, Temporary President and Majority Leader
New York State Senate
Legislative Office Building, Room 907
Albany, NY 12247

Honorable Carl Heastie, Speaker
New York State Assembly
Legislative Office Building, Room 932
Albany, NY 12248

Dear Majority Leader Stewart-Cousins and Speaker Heastie,

Re: Permanent Tax Cap - Critical Infrastructure Exemption

I write today on behalf of the New York Water Environment Association's (NYWEA) Board of Directors, in support of enacting a permanent property tax cap in the 2019-2020 State Budget that includes a narrowly tailored exemption for critical water/waste water infrastructure projects deemed necessary to protect public health and the environment.

NYWEA is a professional organization of over 2,600 members dedicated to protecting and improving New York's water resources. Many NYWEA members work at or support water resource recovery facilities – formerly referred to as wastewater treatment facilities – that serve millions of New Yorkers and protect water quality and public health 24-hours a day, 7-days a week. NYWEA's members are on the front lines of advancing infrastructure improvements across New York State to benefit the environment, public health, and the economy.

Our volunteer Board of Directors and Government Affairs Committee feel strongly that such a narrowly tailored exemption would not “water-down” the efficacy of the property tax cap. In fact, such an exemption would highlight the Legislature's recognition that water and waste water capital projects, objectively differ from conventional, property tax supported local government operations and maintenance expenses.

As you know, every community in New York State is under pressure to upgrade and improve their water and wastewater infrastructure. The State has demonstrated historic leadership since 2015, on this front, providing to date \$2.5 billion in critical infrastructure funding with an additional \$2.5 billion up for consideration within this year's budget process. We thank you for this leadership and unprecedented funding commitment. The need for further investment, however, is enormous; exceeding more than \$75 billion to fully modernize New York's aging water and wastewater system, leaving much of the expense to upgrade and improve these assets to local rate payers.

Presently, some, but not necessarily all, charges related to local spending on capital investments in a community's water or waste water systems are included within the tax cap calculation. We feel that including any of these capital spending related charges within the tax cap calculation creates a disincentive for community leaders to invest in critical water and wastewater assets.

It is also a well-known reality in our field, that deferring capital upgrades, due to lack of funding resources or fear of piercing the property tax cap, exponentially increases the cost of regulatory compliance in the long-run.

No local elected leader should have to fear the political repercussions of piercing the property tax cap in order to invest capital dollars into improving their drinking water and wastewater infrastructure. Moreover, no local elected official should face political repercussions for simply advancing projects that will bring their community into compliance with the State's drinking water regulations and DEC discharge permit limits.

Again, we feel strongly that when a community is working earnestly and in good faith to upgrade their drinking water and wastewater infrastructure in order to achieve compliance with State requirements, that those capital investments and their responding rate impacts, should not be included within a local government's property tax cap calculation. We again seek your support for including this measure within your final enacted budget.

We submit that this can be accomplished with minimal impact to the overall intent of the tax cap statute by limiting the exemption to State sanctioned list of eligible projects. For example, the exemption could be limited to capital projects that are necessary:

- To comply with a DOH or DEC consent order;
- To comply with new or updated water quality or wastewater discharge regulations;
- To improve a facility's resilience to storm surges, flooding and climate change;
- To update or improve water or wastewater facilities in existing, previously developed areas;
- To reduce the energy demand and carbon footprint of the operating agency.

Again, on behalf of NYWEA's Board of Directors and our public and private sector members, we appreciate your consideration of this modest amendment to the State's tax cap statute and we stand ready to work with you as you deliberate during the final weeks of the budget process.

Please do not hesitate to contact NYWEA's Executive Director, Patricia Cerro-Reehil, at (315) 422-7811 or pcr@nywea.org if you would like to discuss further.

Sincerely,



Matthew J. Millea, Chair
NYWEA Government Affairs Committee

cc: The Honorable Todd Kaminsky, Senate Environmental Conservation Committee Chair
The Honorable Steven Englebright, Assembly Environmental Conservation Committee Chair