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News

City may see VLT funding slashed

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By ANDREW J. BERNSTEIN, The Saratogian

ALBANY — Measures to reduce the state deficit proposed Wednesday by Gov. David Paterson could see the city lose 5 to 7 percent of its expected revenue for 2009, in the form of a 50-percent reduction in VLT-impact aid.

The city began receiving state aid as compensation for hosting video lottery terminals at the Saratoga Gaming and Raceway in 2006. In 2008, the city received about \$3.8 million, which amounted to 10 percent of the city's budget.

If Paterson's proposal is accepted, the city would receive only half of what it saw in 2008 for 2009, or about \$1.8 million.

In order to help close the state budget deficit, Paterson has proposed numerous reductions in aid to local municipalities, including a reduction in aid to school districts.

Commissioner of Finance Kenneth Ivins Jr. is taking a hard line, and says that the city will lobby state representatives to keep the money in city coffers.

"As of right now, we're going to keep it in the budget, and fight to keep this money because we have to cover the expenses of overseeing this property," Ivins said. "They pulled out the state police, so we have to maintain protection. We have to maintain roads, sewer, water and other infrastructure. A number of local expenses go into that facility, plus it drains our sales tax revenue that would ordinarily go to our local businesses, but go there instead.

"We feel that we deserve these funds," he said.

Ivins said he would keep the city's proposed 2009 budget balanced based on the assumption that the city would still receive the full amount.

Saratoga County received about \$1.2 million in VLT impact aid in 2008, and will also lobby to keep its share. Saratoga County Administrator David Wickerham said the proposed 2009 county budget would not be adjusted for Wednesday's announcement of a possible reduction in VLT funding.

"It is not anywhere near as critical to us as it is to the city of Saratoga Springs," Wickerham said. While acknowledging the VLT announcement, Wickerham said his greatest concern was unfunded state mandates.

Commissioner of Accounts John Franck sounded a more cautionary note, saying: "This should surprise no one, I wish we'd talked about it sooner."

He said he hoped the council would meet in an emergency budget meeting to discuss possible cuts and to pursue additional revenue.

"Government is reactive rather proactive. Because we're in Saratoga, we think we're insulated. If you're going to be leaders

in the community, it comes down to telling the people the truth. The governor is telling it like it is, and he's not making these numbers up. If we don't do it now, it's going to be twice as bad next year," Franck said.

Mayor Scott Johnson said he did not think it was fair for the state to pass problems with its budget on to local municipalities.

"It's not totally unexpected, but it's not good news for Saratoga. As I've said previously, our city should not lose our rightful revenue due to the state's inability to balance its budget," Johnson said.

Johnson said he had already started lobbying to have the funding reinstated for 2009.

"We will see what we can do as soon as possible to relieve the anxiety that this will raise," he said. "If it's not reinstated, we will see a significant impact in our city including a potential increase in taxes and a reduction in services."

Matt Anderson, a spokesperson for the state division of the budget, said the reduction in VLT aid was part of belt-tightening that had to occur throughout the state.

"All levels of government, federal, state and local municipalities are going to have to look for increased efficiency across the board," he said.

Anderson noted that in 2009, the state paid a total of \$13.9 million in VLT aid to 17 host communities, including Saratoga Springs and Saratoga County. VLT aid is currently determined by the amount spent at the VLTs.

Anderson said that the actual payout is not relative to the actual cost of hosting the VLTs.

"Even at 50-percent payout, municipalities should be able to cover their costs," he said.

A previous proposal under former Gov. Eliot Spitzer would have reduced VLT aid to municipalities by 50 percent in 2009, and taken it away completely in 2010.

Anderson said that under the governor's new proposal, VLT aid would remain at the proposed 2009 level going forward.

In addition to a reduction in VLT aid, Paterson is also proposing a reduction in state aid to school districts. In Saratoga Springs, two-thirds of property taxes go toward paying the school tax, and the reduction in school aid could cause an increase in the school tax.

School districts determine their own tax rates, and districts in the Saratoga Springs City School District were not available to comment.

Some area legislators were quick to speak out against the proposed cuts.

Josh Fitzpatrick, a spokesperson for State Assembly Minority Leader James Tedisco, R-Saratoga, said: "Leader Tedisco knows how important that funding is to municipalities, especially Saratoga Springs, and reducing by 50 percent the VLT impact aid is not something the leader would support. He would oppose it strongly."

State Assemblyman Bob Reilly, who represents southern Saratoga County, said he had not yet reviewed the proposed reductions, but did not think it would be helpful to the state to take funds from local government.

"I will probably not favor a switching of revenue, but I have not yet heard the governor's reasoning," he said.

Ron Canestrari, state assemblyman from the 106th district, which includes Waterford, said through a spokesman that he was willing to consider the reduction.

"This is a shared sacrifice. Given the magnitude of the crisis, the only way we're going to get New York's fiscal situation under control is through shared sacrifice. No one is happy about this, nobody is winning right now," Frazier said.

The governor's proposal needs consent from both branches of the state Legislature before becoming adopted. A vote could occur as early as next Tuesday.

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