

Molinaro Proposes Change to County Sales Tax Distribution Will Incentivize Consolidation, Shared Services

Poughkeepsie, NY... This fall, Dutchess County Executive Marcus J. Molinaro will present his 2013 budget proposal to begin a multi-year transformation of Dutchess County Government. In a recent meeting with Dutchess County's mayors and supervisors, County Executive Molinaro outlined how his budget proposal will impact local municipalities and encourage localities to work together and with the County to find greater efficiencies, consolidate government, enhance service delivery and reduce costs for taxpayers.

"Governments at every level are facing multi-year challenges that require multi-year solutions," said Molinaro. "It is my belief that government must be 'right-sized' for the conditions we face now and expectations reset if we are to be sustainable for the future. Difficult economic conditions challenge us to think, act and govern differently. Residents expect, and I propose, creating a more streamlined approach that answers the public's call to end the duplication and redundancy of services."

County Executive Molinaro is proposing to change the sales tax sharing arrangement the county currently provides to municipalities. Currently, the County's full 3.75% portion of sales tax is shared with local municipalities (municipal share is projected at \$29.5 million for 2012). The new proposal would cap the amount distributed to local cities, towns and villages at \$25 million. This change will result in municipalities receiving approximately 85% of the sales tax revenue previously received for their discretionary use. To offset the impact to local municipalities, Dutchess County Government will absorb half of the 2011 and 2012 election costs due to be paid to the County and assume full cost of elections starting in 2013. Each mayor and supervisor this week received a letter from the County Executive outlining how the changes would impact their specific municipality. (Template letter attached.)

County Executive Molinaro will also propose a \$1 million competitive municipal grant program to incentivize consolidation and improved efficiency proposals. “If you have an idea about how you to be more efficient or work together with a neighbor to consolidate a program or a service, or even a division of government, we want to help you look at those options, support the implementation and achieve savings for our taxpayers.”

Additionally, County Executive Molinaro will use sales tax dollars to seek ways to work with the local municipalities on the objectives of consolidating government, enhancing service delivery and reduce costs for taxpayers. The County Executive’s proposals include:

- **Sales Tax Distribution Study Group:** countywide review, including supervisors, mayors and legislators, to evaluate a schedule for future distribution fairness
- **Health Insurance Consortium:** to consider a countywide program for county/town/city/village public employee health insurance
- **Worker’s Compensation Analysis** to consider a countywide consortium for municipalities and county government
- **Public Transportation Strategic Plan & DIAL-A-RIDE rate review** to improve use and deployment
- **Law Enforcement Summit & Collaboration Study** to analyze current law enforcement coverage, gaps in service delivery and proposals to enhance public protection and maximize cost effectiveness
- **Dutchess County Municipal FAST Team** to provide external analysis and support to municipalities considering costs saving ideas and improved efficiencies in service deliveries

“We value the partnerships we have with local governments. Dutchess County Government provides a wide range of programs and services, such as parks, GIS services, law enforcement, transportation, social services and much more, that add to the quality of life that people value in Dutchess County. If we are to continue to provide these services, we must make changes and this sales tax distribution proposal is one of many changes we will be making,” said Molinaro. “If we were forced to eliminate these

services municipalities would have to spend greater resources for these elsewhere, which only drives up the total cost of government. We don't want to abandon these valuable relationships.”

Town of Hyde Park Supervisor Aileen Rohr said, ‘While, of course, I am concerned about the impact of the sales tax distribution change on my own town’s budget, it was reassuring to see the leadership and direction County Executive Molinaro is providing to the fiscal situation we find ourselves in. As Hyde Park is one of the Dutchess County Towns that has made a commitment and investment in their own police department, I believe that we, as well as the other towns, should all have a seat at the table when the committee to study the consolidation of police services is formed.”

Town of Red Hook Supervisor Sue Crane said, “As Town Supervisor for almost five years, and board member for 15, I have experienced in recent years mounting frustration from loss of revenues. Municipalities depend on both mortgage tax and sales tax revenues to offset expenses. With real estate sales stagnant, mortgage taxes have fallen precipitously. We are all feeling the wallop delivered by the stalled economy. While it’s disappointing to be on the receiving end of yet another cut in revenues, I realize this was not made without careful consideration of options and much deliberation. The proposal from the County Executive to municipalities is presented as a means to narrow the gap between county expenses and revenues. It’s tempting to blame the county officials for the need to make this adjustment. Last year, the 2012 county budget relied on revenue from the county fund balance to balance the budget, in lieu of raising taxes. That strategy can work only temporarily and has unsustainable consequences. Municipalities cannot sustain revenue cuts without additional hard work to cut expenses. Disastrous cuts in services will result. A priority in 2013 must be cutting the expenses associated with healthcare insurance. Through county and municipal collaboration we must form a consortium and negotiate one healthcare contract for all county and municipal employees. Only then can we reduce ridiculous premium expenses which none of us can afford.”

City of Beacon Mayor Randy Casale said, “No one is ever happy to hear that less revenue is available, but if the initiatives County Executive Molinaro help us to reduce the overall cost of government, then we can all come out ahead. The City of Beacon is already working with the County on the Worker’s Compensation Analysis and we are hopeful that together we can realize some significant savings through partnership.”

Town of East Fishkill Supervisor John Hickman said, “The current economic conditions are still very difficult, so we can understand the challenge the County is facing – that we are all facing. I appreciate County Executive Molinaro’s direct approach to these challenges and I am supportive of his proposals. The more ways we can find to work together, the better we can serve our residents and that is the ultimate goal.”

Town of Pawling Supervisor David Kelly said, “I am obviously concerned about the long term impact this proposal will have on our revenues and how far into the future this cap will continue. Yet, I understand what the County Executive is doing and believe it is important to focus on the whole picture. The openness and accessibility County Executive Molinaro has brought to county government is already benefiting us on the local level. For example, the County offered central printing services. Utilizing this service has freed up staff time for more critical work and provided us savings that, while they may be small, certainly add up over time. Expansion of joint efforts like this could prove to be extremely beneficial to all of us.”

County Executive Molinaro noted he was grateful for the support his proposal has received so far from mayors and supervisors. “As elected leaders, we recognize we are in this together and we actually have a very unique opportunity to change and improve how government operates at every level to make it more sustainable for the future. Let us take up the challenge to confront the status quo, enhance efficiencies, eliminate redundancies, reduce the overall cost to taxpayers and transform government.”

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