

Conversation with the Mayor - July 11, 2011  
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## Is the Tax Cap all Good News?

Being a 'news junkie', as I am inclined to be, can be hazardous to your health. Ulcers, agita, even depression could be caused by what we hear, read and see coming out of Albany and Washington. One could, quite reasonably, begin to believe that somehow folks like us aren't really part of the discussion. In no way do I consider myself an expert on anything, but let me share with you some thoughts on the newly enacted tax cap on municipal and school district budgets. There are some exemptions, but, to my knowledge villages, towns and school districts will be impacted by the cap.

Two things have to be said up front. 1) The effort to have unfunded mandates addressed as part of the tax cap discussion has not been successful, 2) Taxes equate to services. It is our tax dollars that pay for the services and the people who provide them. I cannot speak for anyone but myself or in regard to any municipality except the Village of Palmyra. A Feel free to apply these thoughts to your own situation if you see a relevance.

Village budgets in New York State have a June 1st to May 31<sup>st</sup> fiscal year, so we have just begun the 2011-2012 fiscal year. (Just to make it confusing, the school districts and towns have different fiscal calendars.) That said, it will be our 2012-2013 budget which will first feel the impact of the tax cap. This is our normal procedure in preparing the village budget. December 2011: Department heads receive their budget prep materials which will be returned to the Village Clerk by mid-January 2012. In January we, all 5 Board members, meet with each of the Department Heads individually to review their requests and projected budgets. At the same time, the fiscal advisor who has worked with the village for longer than anyone currently involved, will put together projections on **those things over which we have no control** – pension costs, health insurance rates, and current contractual obligations. In February 2012, we will begin working with both sets of information. There will be a minimum of five (5) budget work sessions starting in mid-January before the public hearing in mid-March. They are all open to the public. Obviously, it is only from the departmental budgets that we can cut because the mandated costs are, by definition, beyond our control. That means services and possibly the people who provide them are our only option for holding the line or reducing costs. More than one village resident has had the response when asking me that something be done: 'It is on the list' or 'Unfortunately, everyone cannot be first on the list, but they, (our exceedingly hard working )crews, will get to it.'

As each of you can attest, prices on everyday commodities – gas, heating oil, telephone services – continue to rise. That's equally true with village purchases. Without a tax cap, things have grown more difficult; with the tax cap, it will be more so. Lest you think we will start thinking about the tax cap when we begin next year's budget prep in December, let me assure you that it is uppermost in our minds now as we deal with expenditures from this year's budget. That leads us back to the same premise: There is only one place to cut - services and/or the people who provide them. Dissolution isn't the answer because the work still has to be

done and the people who do it have to be paid. Am I suggesting higher taxes? Absolutely not!  
We pay them also.

What I am suggesting is that there are two sides to this equation (remember Elementary Algebra?) and that fact should be the first consideration. in the minds of the individuals making decisions in Albany and Washington on our behalf. Perhaps we should all be reminding them.