

# THE PRESERVATION LEAGUE OF NEW YORK STATE'S Public Policy Update



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NEW YORK STATE LEGISLATURE

## Budget Reflects Poor Revenue, Economic Forecasts

*Rehab Tax Credit Enhancements, Capacity Grants Program Not Included*

### NYS BUDGET DETAILS

2008 was expected to be an intriguing year in New York State politics, owing to worrisome revenue forecasts and tense relations between the Executive and Senate Majority. It was also the first opportunity for the Spitzer Administration to lay out a fully-developed budget proposal, more coherently reflective of the Administration's policy priorities and programmatic initiatives than their first-year plan in 2007.

"Intriguing" proved to be an understatement, as the three-month glimpse of the Spitzer Administration, notable for a renewed emphasis on Upstate economic development and smart growth policies, was short-circuited in a storm of controversy that culminated in Governor Spitzer's resignation. In addition, economic and revenue forecasts were far worse than predicted at the outset of budget development.

The League's public policy efforts in support of an expanded rehabilitation tax credit and a new grant program for historic preservation capacity building were among the casualties of a budget process that quickly retreated behind closed doors in the aftermath of staff resignations.

In the wake of budget passage, attention turns to securing League policy priorities via legislative action, and establishing relationships with Governor Paterson and Executive staff.

### Expansion of Rehabilitation Tax Credit Program

Seeking budget inclusion of an expanded and more effective rehabilitation tax credit, the League was in discussion with Executive staff and key agencies throughout late 2007, seeking to build upon Senate passage of the expanded program earlier that year. Empire State Development Corporation and the Office of Parks, Recreation and Historic Preservation, in addition

to a diverse group of business and municipal leaders, were all strong advocates for program inclusion in the Executive Budget proposal. In a first-ever accomplishment that signifies growing momentum for this program, the Assembly included a version of the rehabilitation tax credit program in their budget resolution for the first time.

Unfortunately, the proposed expansion was not included in the Executive Budget proposal or the final enacted budget, passed in early April. Despite the demonstrated success of such programs as economic development tools in other states (the Rhode Island program has been called the most effective economic development program in state history), the current revenue and budget climate has led to the perception that the expanded rehabilitation tax credit program is too expensive at this time.

The League and upstate county executives and mayors continue to represent this program as an

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integral component of effective and sustainable economic development strategy. League advocacy now shifts toward legislative passage of the program as a standalone bill **(A.7935-B/S.5425-B)** by the end of the 2008 Legislative session.

### **Capacity Grants Program**

The 2008-09 Executive Budget proposal included an Environmental Protection Fund (EPF) allocation for two grant programs that would have provided \$500,000 in new funding to both historic preservation and rail-trail organizations, and identified the Preservation League as administrator of the preservation program. The new program, "Building Stronger Partners," would have provided capacity building grants to local and regional preservation organizations in order to strengthen their ability to serve as effective historic preservation advocates.

Even with support in the Assembly budget resolution, the program was not included in the final budget agreement for the EPF. The League is examining other opportunities to secure this new funding line.

## **OTHER PROGRAMS**

### **OPRHP**

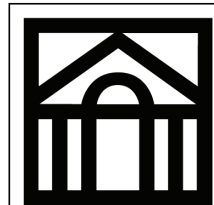
Despite this difficult budget climate, the Office of Parks, Recreation and Historic Preservation (OPRHP) secured \$147 million in funding from state, federal, and private sources for capital improvements to New York State parks and historic sites, including \$85 million of a requested \$100 million in the Executive budget proposal. Also approved was \$8 million in funding for rehabilitation of the National Register-listed Poughkeepsie-Highlands railroad bridge as a pedestrian walkway and new State Park, a magnificent reuse of a long-abandoned rail trestle that towers above the city and Hudson River. Funding of \$3 million was also approved for the Hudson-Fulton-Champlain Quadracentennial. Preservation League Trustee Joan Davidson was recently appointed to chair the commission.

### **Upstate Revitalization Fund**

Proposed in the Executive Budget as a \$1 billion economic development initiative for Upstate, the fund received \$700 million, allocated among the major programmatic categories first proposed. A new, competitively awarded City-by-City program initiative was allocated \$30 million in funding, complementing \$150 million in upstate renewal projects announced – but not funded – in 2007.

### **Restore NY Program**

Budget negotiations included \$150 million for the third and final year of Restore NY program funding, which municipalities are turning to as a new source of funding for rehabilitation and reuse of Main Street and other historic buildings.



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