

## 6. FINANCING COUNTY GOVERNMENT

### THE BUDGET

**Preparing the Budget.** The process of collecting tax monies and paying for government begins with preparing the annual budget. A budget is a plan of action for the coming year expressed in dollars and cents. New York State County Law and the County Charter require that the Suffolk County Executive submit a budget annually to the County Legislature, outlining appropriations (estimated/expenses) for the coming year and indicating the expected sources of income. Two

public hearings must be held by the County Legislature so that citizens may ask questions and give opinions after the budget is submitted. County Legislators may recommend changes in the budget. Once the Legislature votes to adopt the budget, the County Executive must either sign it or veto all or part of it. The County Legislature then has a set period of time in which to override the vetoes. The County Charter sets deadlines for submission and adoption of budgets (see Table 6.1).

**TABLE 6.1**  
**SUFFOLK COUNTY BUDGET DEADLINES**

Important Dates for Capital Program Budget	
March 15	Start of public hearings by County Executive on Capital Proposals.
By April 15	Submission of proposed Capital Program by County Executive to Legislature.
By May 15	County Legislature holds at least one public hearing on proposed Capital Program.
By June 30	Legislature votes to adopt Capital Program with or without amendments.  Capital Program presented to County Executive for approval. Legislature may restore any items vetoed by County Executive by means of a two-thirds vote within 10 days of receiving the vetoes.
Important Dates for Operating Budget	
The Operating Budget contains the operating expenses for various departments within a given year	
The Executive is required by law to hold two public hearings on the proposed County Operating Budget during August. County Executive submits proposed County Budget to the Legislature <span style="color: blue;">on or before the 3rd Friday in September.</span>	
By Oct. 31	County Legislature holds at least two public hearings on proposed budget.
By Nov. 10	County Legislature votes to adopt budget with or without amendments. The County Budget is then submitted to County Executive for approval. County Legislature may restore any items vetoed by the County Executive by means of a two-thirds vote within 15 days of receiving vetoes.

**Suffolk County Budget Procedures.** The County Executive is the chief budget officer in Suffolk County. He appoints a Budget Director who oversees the preparation and implementation of all County budgets for the County Executive. County departments send their requests for the next year's budget to the Office of the County Executive. After the department submissions are analyzed, the Office of the County Executive prepares the County Executive's amended budget, which is sent to the County Legislature where it is reviewed and analyzed by the Legislative Budget Review Office together with the Legislators. The Legislature then votes to adopt or modify the budget, which is then sent back to the County Executive for approval or disapproval.

The Suffolk County Budget consists of an Operating Budget and a Capital Budget (see below). The fiscal year for the County is the same as the calendar year, January 1 through December 31. The budget for the Suffolk County Community College is approved prior to the start of the academic year (September 1-August 31), and is considered separately from the other two budgets.

When all three elements of the budget have been approved, the Legislature must levy the necessary real property taxes. The Suffolk County Tax Act states that taxes must be levied by December 1. Therefore, the Operating Budget should be adopted early enough in November so that the ten towns can get information needed to send out tax bills.

**Capital Program and Capital Budget.** The Capital Budget is the first budget enacted in the fiscal year. It contains the estimated dollar cost of capital projects for the given year. All items included in the Capital Budget must have been included in the Capital Program, a long-range plan that sets and estimates costs of capital projects. Although the Suffolk County Capital Program is a forecast of the planned capital expenses for the next three years, some capital projects will extend beyond that period. Therefore, each year a new three-year forecast is prepared. Acquisition of land, construction of facilities for long-term care, jails, sewage facilities and improvement of highways are examples of the items included in a capital program.

Capital projects are traditionally limited to public improvements or purchases of major equipment requiring large outlays of capital.

The Capital Budget can be amended during the fiscal year by a resolution introduced by the County Executive and approved by two-thirds of the County Legislature in a roll-call vote. However, such amendments must coincide with (1) offsets from other projects or (2) at least 50% State or Federal funding. Once the Capital Budget is adopted, it can be changed, but the total budget amount cannot be increased unless there is a declared emergency. Technical changes require a three-fourths vote.

**Operating Budget.** The Operating Budget contains the operating expenses for all County departments and agencies for the fiscal year. These expenses include the costs for personnel, supplies, equipment, and maintenance and repair of equipment and buildings (see Table 6.2 for comparison of Operating Budgets).

## SOURCES OF REVENUE

The major problem facing budget-makers in Suffolk County, as elsewhere, is that costs rise much faster than revenues. The money to run the County Government (revenues) comes mainly from property taxes, sales taxes, special assessments, aid from the State and Federal Governments, miscellaneous revenues, fees, and various other sources.

**Property Tax.** The property or real-estate tax is based on assessments and is paid by everyone who owns land. Assessments on improved land, with buildings on it, are higher than on vacant land.

The County Executive's Office prepares the budget showing how much the County is projected to spend for all purposes. The County Executive then estimates the amount of State and Federal aid that will be available and the amount from sales tax and all other revenues. The balance is made up from property taxes.

**Constitutional Tax Limit.** The New York State Constitution sets a limit on the amount to be raised by the property tax for County purposes. This tax limit is 1.5% of the full value of taxable real estate, averaged over the last five years. For

**TABLE 6.2**  
**COMPARISON OF SUFFOLK COUNTY OPERATING BUDGETS**  
**AND POPULATION SIZE**

Actual			
Fiscal Year	County Population	Increase Over Prior Period	Operating Budget \$ millions
1960	667,000	---	35
1977	1,316,000	97%	578
1990	1,321,864	0.45%	1,550
2000	1,419,369	0.7%	1,910

villages the limit is 2%. Towns have no limit and neither do the school districts in Suffolk County.

**Sales Tax.** The tax margin is the difference between the tax limit and the amount of property tax raised. In 1969 this tax margin became so small that the County Legislature decided for the first time to levy a sales tax. As of the 2000 adopted budget, the sales tax is the largest revenue source for the County's General Fund, comprising 43% of all general fund revenues.

The State of New York levies a state-wide sales tax of 4% and permits local governments to levy additional sales taxes of up to 4%. Additional sales taxes above 4% may be authorized by the New York State Legislature for specific purposes, such as sewer construction or for water quality protection programs. See Table 6.3 for a breakdown of Suffolk County's 8.5% sales tax as of June 2001.

**State and Federal Aid.** About 40 years ago, County Government was financed almost entirely by property taxes. Federal and State mandates were minimal, and usually 50% or more of the cost of such mandates was covered by State or Federal monies. Over the past decades, mandates to provide numerous services, such as the enforcement of health and safety codes, and the

providing of health and social services, have shifted from the Federal and State governments to local governments. While the responsibilities have increased, the State and Federal share of the cost of meeting these responsibilities has decreased, leaving local governments to raise taxes to cover the cost of their increased responsibilities. Unfortunately, the revenue from property taxes has not kept pace with the rising costs of State and Federally mandated programs. In looking for other sources of revenue to fill the gap between taxes and the cost of government, the County has found it necessary to increase revenues, the most notable being the sales tax.

**Other Revenues.** County revenues from other than tax sources come from Off-Track Betting, County Clerk fees, motor vehicle fees, charges for various admissions, repayments for social services rendered, and monies from licenses, permits, and interest on money deposited in banks.

**Suffolk Regional Off-Track Betting Corporation.** The Suffolk Regional Off-Track Betting Corporation (SROTB) was established as a Public Benefit Corporation on October 7, 1974. The SROTB Board of Directors consists of three members appointed by the Suffolk County Legislature.

**TABLE 6.3**  
**BREAKDOWN OF SUFFOLK COUNTY'S 8.5% SALES TAX**

<u>Government Level</u>	<u>Purpose</u>	<u>Current Tax (percentage)</u>	<u>Date Tax Expires</u>
New York State		4.0	12/31/2001
	Metropolitan Transportation Authority	0.25	no date
Suffolk County	General Fund	3.75-4	11/3/2003
	Water Protection Reserve Fund	0.25	12/1/2013
	Police District Fund	0 - 0.25	12/31/2001

The first branch opened in East Farmingdale in April 1975. Today SROTB has 14 community branches, including the Tel-A-Race facility in Hauppauge and the Airport Branch in Bohemia. Recently SROTB has downsized its operations, consolidated smaller, less efficient branches and has diversified its facilities.

Over the years, SROTB has introduced live simulcast races, state-of-the-art computer wagering systems, self-activated betting machines (SAMs), and New York State Lottery, including Quick Draw. Currently, with the recent branch enhancement program, all of the branches are equipped with seating, big screens, and most have enclosed smoking rooms and vending machines.

In March 1997, SROTB established a Web site: <http://www.bigwinsatOTB.com>. At this site information is available to open a Suffolk OTB Big Wins telephone account, and how to obtain a personal portable wagering terminal, called a Tiny Tim. In addition, SROTB makes its monthly racing calendar available to on-line users.

Since the establishment of SROTB, more than \$160 million has been returned to Suffolk County, \$39 million to the Racing Industry, and \$121 million to New York State and other local governments. In 1999, \$5,454,709 was returned to

Suffolk County, providing non-taxpayer revenues, which are used for a range of Suffolk County governmental service programs.

**Special Districts.** Special Districts, sometimes called "improvement districts" or "special benefit districts," are formed when part of the County requires a service not otherwise provided. A special district may be established by a vote of local taxpayers and is administered by the County and financed by a special tax on the local property owners.

**The Debt Limit.** The New York State Constitution sets a limit on the amount of indebtedness that counties may incur. This debt is 7% of the full value of taxable property, averaged over the last five years.

## ASSESSMENT

Assessment is the process of determining the value of real property for tax purposes. Since Suffolk County does not have a board of assessors, all assessment is done by town and village assessors. These officials can be either elected or appointed. Assessors evaluate all property in their respective areas and determine the assessed value. Villages may arrange for the town assessors to evaluate properties for them.

Assessors are required to receive training approved by the State. Further on-going training in the form of seminars is provided by the State and the County Real Property Tax Service Agency (RPTSA). All Assistant Assessors or field personnel must meet minimum Civil Service requirements. In the western towns and Southampton, the town assessors are appointed for six-year terms; in the remaining four eastern towns they are elected for four-year terms.

Individual taxpayers may examine the assessment rolls at their town assessment offices. Taxpayers with assessment grievances may file complaints with their Town Board of Assessment Review. No elected official or assessor may sit on this Board.

## TAX RATE AND EQUALIZATION RATE

The budget sets the tax levy—that is, the amount to be raised by property taxes. To calculate the tax rate, the amount of the tax levy is divided by the total value of all taxable property.

Each town in Suffolk County sets its own property tax rate. Assessors in the different towns evaluate property quite differently. The State Constitution requires annual assessment of real estate at full market value. In actual practice, assessors have evaluated real property far below its market value (Islip and Southampton towns use real market values).

Preventing inequalities of assessment figures between the different towns is the job of the State Board of Equalization and Assessment. By comparing market values with the assessed values of sample properties, the Board can calculate an equalization rate for each assessment area. The equalization rate is a percentage of true property value (estimated fair market value). For example, an equalization rate of 50 means that the assessed value is 50% or one-half of the market value.

## TAX-EXEMPT PROPERTY

Under State law, property owned by a government or by certain non-profit organizations, such as hospitals, religious groups and educational institutions, is not subject to property taxes. Property owned by veterans and by some elderly people is exempt from a portion of the property tax. The amount of tax-exempt property in Suffolk County is considerable and has a com-



*Photo © Adam Gaus*

### **General Store, St. James, NY**

Oldest general store in continuous use in the nation.

mensurate impact on taxation for those who do not qualify for exemptions.

## REAL PROPERTY TAX SERVICE AGENCY (RPTSA)

The work of the town assessors is supplemented by the RPTSA, an agency mandated by a 1971 State law. The RPTSA serves to supervise the County Tax Map, provide advisory appraisal service to assessors, assist in the training of local assessment officials, and advise on procedures in preparing and maintaining tax rolls. The Director of the RPTSA is appointed to the post by the County Executive for a term of six years.

The Suffolk County Tax Map indexes and lists property within the County. The map was completed in June 1975 at a cost of over \$3 million. The index to the map is intended to provide a complete history of each parcel of land, including a current record of changes. The index records about 45,000 changes made each year to the



*Photo by Henry Mangels*

## **Meadow Croft, Sayville, NY**

Former John E. Roosevelt Estate

County's total of approximately 600,000 parcels of land. Unfortunately, the County has not been able to keep this map up to date. Specifications for the Tax Map are set by the State Board of Equalization and Assessment, but the RPTSA is responsible for maintaining the maps.

The total full equalized value of all property in Suffolk County as of 1993 was \$101,548,582,833.

### **TAX PROCEDURES**

The home-owner's tax bill lists the assessed value of the property and any exemptions for veterans or the aged. It shows charges for school district, County of Suffolk, "town general—town-wide," "highway—town-wide," "town general—outside incorporated villages," and "highway—outside incorporated villages." Depending on where the taxpayer lives, the bill may also include charges for any or all of such special districts as library districts, refuse/recycling collection, fire districts, lighting districts, and water and sewer districts.

The portion of the school budget that is paid for by the school tax varies from district to district. The County tax supports the County Government and the courts. The town general tax is split into "town-wide" and "outside incorporated villages," as is the highway tax. The "town-wide" tax supports most town functions and is paid by all taxpayers, those living in incorporated villages as well as those in unincorporated areas. The town tax and highway tax "outside incorporated villages" are paid by taxpayers living outside incorporated villages for town functions or highways that do not benefit taxpayers in incorporated villages. Residents of incorporated villages pay a separate tax for village services and village streets.

**Penalties.** The first half of the town tax bill is payable to the Town Receiver of Taxes without penalty until January 10; the second half is payable May 31. The interest owed for a late payment increases 1% on the eleventh of each month, starting on January 11, until it reaches 5% on May 11. After May 31, all bills plus penalties

must be paid to the County Treasurer in Riverhead, and the interest charges continue to accrue at 1% per month.

If taxes on a property are still unpaid prior to the County Treasurer's annual tax lien sale on or about December 12, a tax lien is placed on the property. A residential property owner is given three years in which to redeem the property by paying the delinquent taxes plus interest penalties and costs. Non-residential property owners are given only one year to redeem their properties. If the property is not redeemed within this time, the County takes a tax deed on it. The original owner is given an additional six months to redeem the property. Failing this, the property is sold at a public auction; two such auctions are held every year.

After May 31, a Town Receiver of Taxes forwards all County tax monies to the County Treasurer. The towns and school districts begin to receive their tax revenue in January. Only after the school districts, the towns and special districts have received their monies does the County receive its share of the revenue. All property tax delinquencies are borne by the County.

## THE COMPTROLLER

The Comptroller is the Chief Fiscal Officer of Suffolk County and as such is the head of the Department of Audit and Control. The Comptroller is elected from the County at large, for a four-year term with the duties and powers conferred under New York State county law and the County Charter.

The Department of Audit and Control is responsible for the examination, audit and verification of all the County's books and records. The Comptroller keeps accounts for all County appropriations and authorizes checks drawn by the County Treasurer. The Department is divided into nine divisions: Administration, Audit, Payroll, Accounting Services, Special Appropriations/Fixed Asset Reporting, Financial Systems Control Unit, Purchasing, Risk Management and Benefits, and Employee Medical Health Plan.

The functions performed by the Comptroller's Department include auditing and approving all bills, invoices, payrolls and other evidence of claims, demands, or charges against the County, and warranting these claims to the Suffolk

County Treasurer; maintaining the official books of account of the County; compiling and issuing the audited financial statements of the County each fiscal year and prescribing the methods of accounting for the County and other units of local government. Additionally, the Comptroller administers the County's purchasing function, which encompasses the administration of the awarding of all purchase orders and Request For Proposal (RFP) awards issued in accordance with local County Law and the County's self insurance program which includes general liability, workers compensation, property damage, and the Suffolk County employees' medical health and disability benefit program.

The State also audits the County's accounts. The Federal Government audits funds it provides the County.

## THE TREASURER

The Suffolk County Treasurer, who heads the Department of Finance and Taxation, is elected from the County at large and serves a four-year term as cashier and tax collector of delinquent property taxes for the County. The Treasurer deposits all funds and manages all bank deposits. A New York State manual dictates the procedures to be used in this office.

County funds are placed in banks designated by the County Legislature each year. These funds are secured by U.S. Government securities.

When authorized to do so by the County Comptroller, the County Treasurer issues all County checks. Public assistance checks are issued from Hauppauge; all other checks are issued from Riverhead. The Treasurer's Department maintains bookkeeping accounts for all the County's financial affairs. Yearly financial reports to the Legislature and to the State of New York are made from these records.



*Walt Whitman 1887*

*Courtesy of Walt Whitman Birthplace State Historic Site*

Walt Whitman is one of the most famous of American poets. Long Island provided the inspiration for many of his poems. Although he moved away from Long Island, he returned frequently.



*Photo © Adam Gaus*

### **Walt Whitman Birthplace, West Hills, NY**

The Whitman home is listed on the National Registry of Historic Places. It was built by the poet's father circa 1819. Whitman was born in the house and lived there until he was four.