

BUDGET & FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on December 13, 2005.

MEMBERS PRESENT:

Leg. Michael Caracciolo, Chairman
Leg. Angie Carpenter, Vice•Chairman
Leg. Daniel P. Losquadro
Leg. Cameron Alden
Leg. William J. Lindsay
Leg. Ricardo Montano

MEMBERS NOT PRESENT:

Leg. Peter O'Leary.

ALSO IN ATTENDANCE:

Mea Knapp, Counsel to the Legislature
Ian Barry, Assistant Counsel to the Legislature
Ilona Julius, Deputy Clerk
Jim Spero, Director of Budget Review
Gail Vizzini, Director of Budget Review
Lance Reinheimer, Assistant Director of Budget Review
Robert Lipp, Budget Review

Marie Ammirati, Aide to Leg. O'Leary
Carl Yellon, Aide to Leg. Kennedy
Doug Sutherland, Aide to Leg. Carpenter
Ben Zwirn, Assistant Deputy County Executive
Allen Kovesdy, Budget Office, County Executive
Jeanine Dillon, County Executive's Office
Jacqueline Caputi, Assistant County Attorney
Frank Tassone, Aide to Majority Leader
Linda Burkhardt, Chief of Staff, PO's Office

MINUTES TAKEN BY:

Diana Kraus, Court Stenographer

MINUTES TRANSCRIBED BY:

Alison Mahoney, Court Stenographer

(*The meeting was called to order at 9:53 A.M.*)

CHAIRMAN CARACCILOLO:

Good morning. Would everyone please rise for the Pledge of Allegiance to be led by Legislator Alden.

Salutation

Thank you. And Legislator Alden, did you want to make an announcement about a guest we have with us this morning?

LEG. ALDEN:

We're honored to have from Islip High School Doug _Moskowitz_ who will be observing us in the Budget & Finance Committee today. I brought him down specifically because Legislator Caracciolo has a lot of experience in the Legislature and runs a very nice meeting, so.

CHAIRMAN CARACCILO:

Thank you. And welcome, Doug.

Okay, I understand that Legislator Losquadro is in route and we have a quorum, so we have a very short agenda. I would, however, perhaps like to request that both the Assistant Budget Director and our own Budget Review kind of give us a capsule view of where we're here at the end of this calendar year in terms of, you know, revenues, hirings, vacant positions and how it appears •• and I know it's many months before we close the books on the year, but just give us some sense of what the financial outlook is for the County as we approach the end of 2005. Allen, I'll let you go first ••

MR. KOVESDY:

Good morning

CHAIRMAN CARACCILO:

•• because I know it will be brief; you're going to start by telling me you weren't prepared for this.

MR. KOVESDY:

I'm always prepared. Thank you, sir. Well, I can just tell you that sales tax, we got the first two checks for December in •• we got the second check in yesterday and both numbers reflect almost to the penny the number that's in the adopted budget. So as far as the estimate for sales tax for 2005, I think we're coming in right on target. The only variable that might come up is the exact affect of the 40% reduction of home energy which we had estimated at 1.5 million, but other than that the number is almost to the penny. So as far as sales tax is concerned, the numbers that we do have in the budget we're very confident with.

As far as positions are concerned, we've noticed all the departments that all SCINs are good till the last week of December. If they have a SCIN that's released and they can fill a person up until that time it's good, but after that point in time we're stopping all SCIN forms and we'll start again next year.

Also, I'm sure you know that we have a new financial system that's going

into effect and basically the last week of the year will be the conversion from the old IFMS system to the new IFMS system, and all financial transactions will basically come to a halt while we convert from system one to the upgraded system. You'll also see in the package, there was a resolution for a little additional funding for the upgrade to comply with requests that Audit & Control had. We're very satisfied with the budget for 2005 as presented and we look forward going into 2006 with steady footing.

CHAIRMAN CARACCILOLO:

Okay. Before we receive the presentation from BRO, I'd like Legislator Alden, he has a question I think based on your comments.

LEG. ALDEN:

When do you anticipate everything shutting down?

MR. KOVESDY:

It's the last week of the year.

LEG. ALDEN:

So any contract agencies or anything like that that aren't paid at that time, would we still be able to cut checks and get them out the first couple of weeks like we normally do or ••

MR. KOVESDY:

We have thirteen periods. The month of January is the thirteenth period, they can be paid in the thirteenth period on the old system. So if they have something that comes •• if a bill for December comes in in January, it can be paid.

LEG. ALDEN:

Okay. Because, I mean, Ben's working on it, but there were some contract agencies that just got approved within the last two meetings and I know that there were some ••

MR. KOVESDY:

If they don't have a signed con •• we're talking about two separate things. If they have a signed contract, a voucher for the provision of services, they

basically have forty days after the end of the year to get paid. If they do not have a signed contract by next year that's a different story, but if they have a signed contract and proof that they did provide the service, there's a mechanism for forty days for them to get paid; I think it goes up to February 10th.

LEG. ALDEN:

And that would be on the new system?

MR. KOVESDY:

No, that would be on the •• that would be on the old system; The new system would be anything from January 1st on.

LEG. ALDEN:

So we're going to kind of keep it running then but shut it down over the period of, what, the next two or three months?

MR. KOVESDY:

Yeah, you have to load the budget. And the budget has to be loaded in the new system, so when they load the new budget, you can't have transactions on the old and new at the same time.

LEG. ALDEN:

Okay. Thanks.

CHAIRMAN CARACCIOLO:

Okay, before we go to Gail or Robert, are there any other questions for Allen? You knew you weren't going to get by that easy, I always have a question for you.

MR. KOVESDY:

That's fine.

CHAIRMAN CARACCIOLO:

With respect to the SCIN forms, can you just kind of give us a year•to•date summary of where are we?

MR. KOVESDY:

Quite honestly, I don't have that data. I'd be more than happy to supply it to you for the next meeting, but ••

LEG. LOSQUADRO:

I'm sure you would.

LEG. ALDEN:

Nice move.

CHAIRMAN CARACCIOLO:

I'm sure Budget Review is prepared, as they always are, to provide us with data like that.

MR. KOVESDY:

I was ready with the finances. But basically those SCIN forms will have no affect on the budget this year whatsoever, it will be the affect of carrying it into next year.

CHAIRMAN CARACCIOLO:

I realize that.

MR. KOVESDY:

Okay.

CHAIRMAN CARACCIOLO:

I just wanted to try to get a sense, as we again approach the end of the year. You know, the projections back in March and April were, you know, all kinds of numbers to the upside of how many people we were going to hire, so maybe Gail, because I know you're always prepared.

MR. KOVESDY:

I did know that the Health Department had a lot of SCINs released and filled over the last month, I just know that because we were tracking that one.

CHAIRMAN CARACCIOLO:

Over the last month, okay. And do you know in what areas?

MR. KOVESDY:

No, we left it up to the department. I know they got a lot of support in their finance and their bill paying area because that was •• they were short in that area.

CHAIRMAN CARACCIOLO:

Okay. Gail, would you like to pick up first with the revenues and then we'll go back to the SCIN forms. Do you agree with Mr. Kovesdy?

MS. VIZZINI:

Yes, generally we're on target, as Allen said, with our estimates that we included in the 2006 budget for sales tax. If any of you have been at any of the malls, the picture is optimistic, although we remain guarded.

As far as expenditures, you'll have before you today several introductory housekeeping resolutions that will take care of certain areas. We were a little short in some of our mandated expenditures as far as principal on debt and interest on bonds, our debt service, so there are some transfers from discretionary expenditures to take care of those things.

As you know, we took a significant portion of our 2005 fund balance and decided to pay our 2005•2006 retirement in 2005. So in 2006 we will most likely have to do a corresponding striking of those appropriations for retirement in the 2006 budget.

CHAIRMAN CARACCIOLO:

What does the debt service picture look like; is it on an uptick level? I know the big question mark is the new County jail and what actually materializes over the next several years.

MS. VIZZINI:

Well, there was a jump in 2005 over 2004, but that was directly related to two factors; one is the cumulative effect of the land purchases and also the refunding that we did in 2004. As part of your joint effort with the County Executive to make some significant reductions in 2004, led to certain dissavings and that hit in 2005. As we move forward with the jail, the debt

service will, of course, increase correspondingly, although other projects will be paid off slowly, so there is an adding to •• generally speaking it's on the increase.

CHAIRMAN CARACCILOLO:

Where do we stand today? And I know you may not have this with you, I know it's in the financials, but the last time I looked the debt service was actually •• had been declining for the last probably half a dozen years as a result of us not having to deal with issues like a major Capital Project, a new jail. I'm talking about on a percentage basis of the total County Operating Budget, if you have that the answer; if not ••

MS. VIZZINI:

Yeah, he'll have to do a few quick calculations.

The other point I wanted to make is regarding positions. Although the Budget Office has provided us generally with a spreadsheet in terms of all the SCINs that they have approved, we don't get any kind of regular report in terms of, you know, what portion of them are filled, we kind of monitor that independently. Of the 11,970 authorized positions across the County, 10,453 are filled, that's about 87%. We continue to have concerns in Social Services, in Health, in Probation, the highly reimbursed areas and the areas with a considerable workload and increasing workload and I'm happy to hear that a lot of those SCINS were approved in Health.

CHAIRMAN CARACCILOLO:

While that's encouraging, Allen, can you respond to the other areas besides Health that Gail just referenced?

MR. KOVESDY:

I didn't bring the data with me, so I wouldn't talk off the top of my head.

CHAIRMAN CARACCILOLO:

Okay. Mr. Zwirn, do you have anything you'd like to share with us along these lines of SCIN forms? I mean, these are highly reimbursable areas, as was mentioned, and I would hope there's a desire to make sure we receive that State aid for new positions, but more importantly on a cost effective

basis provide the services that the taxpayer pays for. Do you have anything to share with us?

MR. ZWIRN:

I have nothing I can share, but what you say is true.

CHAIRMAN CARACCILOLO:

Nothing with respect to Probation or DSS?

MR. ZWIRN:

Pardon me?

CHAIRMAN CARACCILOLO:

Nothing specific to DSS or Probation?

MR. ZWIRN:

No, except I know they did release a lot of SCINS and then there's a period of time when they have to go, you know, find people who fit the qualifications, so there is a lag period once the SCINs are signed and people are brought on board. But I know that they are •• the constant reviewing, you know, department head requests and doing an analysis of each department as to where they need •• how much personnel they need, so it's ongoing and I know they're sensitive to it.

CHAIRMAN CARACCILOLO:

Okay. Well, one of the areas •• on the SCIN forms? Go ahead.

LEG. ALDEN:

Just I know we've been talking about it for a while and Legislator Lindsay brought it up quite a while ago, but the logjam out in the Department of Health for applications for building; do you know if any of the SCIN forms were going to address that? Because for a while the time like went down and then it seemed to, you know, like mushroom back up again, so.

MR. ZWIRN:

I know that Vito Minei is going to be speaking on that I think in the Health Committee because there were some requests made, I saw some of the e

•mails, he said he's going to be able to speak to it.

LEG. ALDEN:

The Commissioner's coming down to address that in Health?

MR. ZWIRN:

I expect, he'd •• we can't keep him away.

LEG. ALDEN:

Exactly, I thought that. Okay, good. All right, we'll hold off then until Health.

CHAIRMAN CARACCIOLO:

Okay. Robert, do you have some numbers for us?

MR. LIPP:

Yeah, I'm just having trouble reaching across. Actually for '04 ••

MS. JULIUS:

Robert, use the microphone.

MR. ZWIRN:

Here you go.

MR. LIPP:

I'm loud enough I don't need a microphone. For 2004 in the General Fund, debt service was only four and a half percent; in '05 it's estimated at 3.6%; in '06 it's adopted at a higher number, 4.4%.

CHAIRMAN CARACCIOLO:

Right, so my recollection was fairly accurate, I know it had been declining. At one point, more than a dozen years ago, County debt service was up around 10%, so those are some very significant improvements.

So when people talk about the new jail and the cost of the new jail and debt service, I think they have to give it some historical context because, number one, we don't have much to say about what type of facility we may be

required to build, even if we build it in phases.

I want to get back to the home heating oil reduction. You heard Mr. Kovesdy talk about how we're on target there, we budgeted a one and a half million dollar decline in revenues.

MR. KOVESDY:

For December.

CHAIRMAN CARACCIOLO:

For December because it just started.

MR. KOVESDY:

Right.

CHAIRMAN CARACCIOLO:

And what is the projection for the heating season?

MR. KOVESDY:

I think it's around \$11 million, I can just open the budget and take a look, I think we figured 11, \$12 million.

CHAIRMAN CARACCIOLO:

Does that sound right, Budget Review?

MR. LIPP:

It's about I think it was •• I recall ten and a half, so yeah.

MR. KOVESDY:

Okay, thank you.

CHAIRMAN CARACCIOLO:

Okay. So again, to just kind of summarize the financial outlook as we close the calendar year •• and I know it's premature and nobody is going to hold you to these numbers, but approximately are we're looking at another calendar year where we'll have a significant surplus or fund balance?

MR. KOVESDY:

I think the budget accurately reflects the State of the County.

CHAIRMAN CARACCIOLO:

Well, I know what's in the budget but I wanted to get the answer specifically; how much is in the budget?

MR. LIPP:

I believe there will be a surplus next year, that there is •• as we said in our review, there appears to be more than sufficient appropriations for salaries that we •• you know, we knowingly budgeted for that and I believe the Legislature is aware, that we made the Legislature aware of that; it was a policy decision.

CHAIRMAN CARACCIOLO:

And what is the amount of money, additional •• I mean, revenues in excess of anticipated expenditures at this point?

MR. LIPP:

It depends upon the policy of the Executive in terms of hiring. Should the Executive decide to hire a significant portion of the vacant positions in the budget, then a lot of that surplus would be eliminated. So that's ••

CHAIRMAN CARACCIOLO:

I know that. What is the surplus figure?

MR. LIPP:

Off the top of my head I would say close to 20 million.

CHAIRMAN CARACCIOLO:

Twenty million, which is about the same as it was this year going into the new budget year a year ago and pretty consistent. We continue to inflate the tax receipts from County taxpayers so that we can have this \$20 million excess in the budget year•in/year•out and, you know, that accumulates with interest because you do get interest on monies that we don't spend, correct?

MR. LIPP:

Yes. I mean, the real policy issue clearly is, you know, we have a \$119 million surplus implicit in the '06 budget for the General Fund and other things being equal, if we came in with no surplus this year, next year then moving in to the '07 budget, then other things being equal we would have to raise an additional \$119 million. So, you know, we need to wein ourselves off of it, it's very difficult to go from 119 to zero without sticker shock.

CHAIRMAN CARACCIOLO:

Right. And the way sticker shock would occur is primarily in one area and that would sales tax receipts, because we have fixed revenues with respect to property taxes. The tax warrant is established, it's paid.

MR. LIPP:

The most recent budget probably benefitted in terms of surplus not from sales tax, which it has in previous years mostly, but rather from a reduction in mandated costs, in particular for Medicaid.

CHAIRMAN CARACCIOLO:

And how much was that?

MR. KOVESDY:

Around 70 million.

MR. LIPP:

I believe like \$75 million.

MR. KOVESDY:

Seventy million, right.

CHAIRMAN CARACCIOLO:

Yeah. Nowhere would the public read that, that the State relieved this County and many Counties throughout the State of a substantial part of mandated expenses. In fact, this was about a year in terms of mandate relief from Albany and that's a big variable, going forward that may or may not continue.

MR. KOVESDY:

Yeah. I'd just like to •• just to state, you know, for the record that the budget, the narrative of the budget does state very clearly the amount of money that we were saving for Social Services, the 70 million, it lays it out in graphic detail.

CHAIRMAN CARACCIOLO:

I mean, there's 70 million in additional mandate relief from Albany?

MR. KOVESDY:

Yes, it did lay this out, it probably had a chart in there showing where the money came from. So anybody who would like to read the budget, it's on •line, would see it if they read through the first five or ten pages. So the information is there and it's there for the public to see, so that's not hidden, sir.

CHAIRMAN CARACCIOLO:

Okay. But going into next year, what's budgeted in terms of mandated relief?

MR. KOVESDY:

We took what the State gave us and we took that forward, so whatever the State had given us. The question is with the positions in Social Services, where do they put the cap? So right now, you know, we're dealing with a very flexible cap, once the cap is instituted on the expenses in Social Services, we'll know how we can go. We don't know which positions are 100% funded in Medicaid and which positions will be 100% County, so we're waiting for the State to define itself.

CHAIRMAN CARACCIOLO:

Do you have any concerns, particular concerns going forward about what may happen with respect to State mandate relief or sales tax receipts or anything that may cause a major disruption in, you know, the projections that you had when you prepared the budget in September and we adopted it in November; do you see anything that ••

MR. KOVESDY:

The only thing that really concerns us, and I think probably •• is that if the fuel costs are high, gasoline remains high, that people will not go out and spend in the stores, so there will be a shift; sales tax will remain fairly flat, but the stores and the retail sales will take a beating and that's our concern, that the retail sales will take a beating, that's our major concern. Hopefully that won't happen, gasoline has gone down considerably, but if gasoline and home heating remain high, people can't spend the money in three places at once because there's a concern of what's going to happen in the malls and the people working in the malls because the retail sales will go down, that's our concern.

CHAIRMAN CARACCILOLO:

Right, okay.

MR. KOVESDY:

Because these people generate money, it flows through the economy.

CHAIRMAN CARACCILOLO:

Does BRO either share that consensus or do you have others that you'd like to share with us?

MR. LIPP:

The only thing you have to know in life is the budget; everything resolves around the budget. Sales tax is probably pretty accurately reflected in the budget, so therefore it's not likely that we'll see a significant surplus or a deficit in '06 in terms of sales tax.

CHAIRMAN CARACCILOLO:

The growth rate for '06 is how much?

MR. LIPP:

Three and •• 3.5, yes, 3.5. I think the bigger issues in '06 are we're not going to •• or moving in to '07, we're not going to generate the '05 surplus that we did in Medicaid, \$75 million, 70, whatever, that's not going to happen. We are probably going to continue with the surplus with salaries, with positions.

CHAIRMAN CARACCILOLO:

Turnover savings.

MR. LIPP:

Yes, turnover savings, another way of looking at it; so that will be a partial offset to that. It's going to be hard to imagine generating the kinds of surplus that we have. The good news is, though, we have \$118 million budgeted by the end of '06 in the Tax Stabilization Reserve Funds. So in our understanding of the legislation, a 2 1/2% increase in property tax will allow us to tap into that money.

CHAIRMAN CARACCILOLO:

Okay. So it's a pretty rosy picture going forward. Did I over characterize that?

MS. VIZZINI:

Well, our concern also is with the State's cash flow problem and the diversion of monies at the Federal level, that the State will realize that it has been very generous as far as accepting some of the Medicaid burden. So it's been our experience in the past that if the State giveth then the State taketh away. So we're monitoring areas, Probation, Social Services, Health, where they may be some changes in State aid as a result of their generosity as far as the Medicaid program.

CHAIRMAN CARACCILOLO:

Have you ever looked at the impact, maybe not specifically, but do you have a sense or an opinion on the positive or negative affects of Federal tax cuts that have now been in effect for the last couple of years. Because to the surprise of many in Washington, our Federal deficit actually went down from earlier this year to the end of the year, given all the extraordinary expenditures with the war in Iraq, war on terrorism and every place else because of, you know, a substantial increase in Federal tax receipts.

Now, it would seem to me and I think others that when you let taxpayers keep more of their money, which you do when you cut Federal tax rates •• and I don't want to get in to the philosophical debate about who got the biggest tax breaks and so forth •• the facts are the facts. And something

like \$11 trillion dollars is projected by some economists as positive effects of those tax cuts since their inception. But that said, locally, I mean, does that help us with our sales tax receipts, people have more money, disposable income? Now, we know on the negative side we have the recent spike as a result of hurricanes and what have you with energy prices; any of you on that. Because that could change.

MR. ZWIRN:

Well, while BRO is coming up with an answer, I mean, I can just tell you economic forecasting today on the radio coming in, they say that they job market in the northeast is not particularly looking pleasant for the coming year, most of the jobs that will be created will be in the south and in the west. The government, the Federal government is •• in addition to what small tax cuts you had in the Federal government, there was also an enormous amount of spending by the Federal government, billions of dollars for the war in Iraq, billions of dollars in hurricane disaster relief for the south. I mean, when the Federal government spends money it creates jobs, people have money to spend. I can speak anecdotally, I mean, I was in the candy business shortly before I came back into government.

CHAIRMAN CARACCILOLO:

The candy man.

MR. ZWIRN:

I'm just saying, I'm going to tell you, we got a contract, unsolicited, from the Federal government for over a million dollars in chocolate bunny rabbits for Easter for the troops in Iraq; I think 21 containers of chocolate bunnies were sent in fridgerated containers to Bagdad. And there was a million dollars to a company in Queens at that time ••

LEG. LINDSAY:

Only in this body.

MR. ZWIRN:

It came out of nowhere.

LEG. LINDSAY:

Only in this body could a discussion start with the national deficit and wind up with chocolate bunnies.

MR. ZWIRN:

I'm just saying, you know, it created jobs, it created jobs, it was money. I mean, it's money that otherwise the government would not have spent. So I think as much as your small tax cuts that came through where the checks were like a couple of hundred bucks, I think your biggest •• in a way, I'm surprised the country is not doing better we with all the money that's being spent by the Federal government. Now BRO has their time to come up with an answer.

CHAIRMAN CARACCIOLO:

Thanks for the filler, Ben. Gail or Robert?

MS. VIZZINI:

Well, tax cuts do have economic stimulus and Robert could certainly discuss that at length. But our concern is budgeteers is that taxes provide revenue to the budget and, you know, once you do a tax cut, that revenue has to be made up someplace else or there has to be corresponding reductions in expenditures. So, you know, there's positives but there's also negatives.

CHAIRMAN CARACCIOLO:

Okay. So we don't have any anecdotal evidence that specifically it's helped the local economy, because our jobless rate is approaching all time lows in Suffolk County. So ••

LEG. ALDEN:

I have an observation.

CHAIRMAN CARACCIOLO:

Yeah, an observation by Legislator Alden.

LEG. ALDEN:

Recently a Federal Reserve just put out •• and it has nothing to do with candy over in the desert, but the Federal Reserve just put out, and in I think

it's a little bit of a concerning type of report, that the savings in America and out here on Long Island is at a long time low. The amount of equity being taken out of houses is at an all time high and the value of the houses seems to be stalling on the upside, so they find that very troubling as I think anybody that's in budget. Because if the price of houses stalls and people continue to live off the equity and don't save any money, we're going •• we could be headed for a severe meltdown, to borrow a chocolate bunny in the desert phrase.

CHAIRMAN CARACCIOLO:

Okay. Any further comments? Okay, then no questions, we'll get to the agenda. I'll just give Legislator Losquadro a moment to return; okay, here he is.

Tabled Resolutions

We have tabled resolutions. Legislator Alden, what's your pleasure on **1964 •05 • (Repealing Home Heating Nuisance Tax on Suffolk County residents (Alden))**?

LEG. ALDEN:

Motion to table.

LEG. MONTANO:

Second.

CHAIRMAN CARACCIOLO:

Motion and a second to table which will effectively ••

LEG. LINDSAY:

On that issue.

CHAIRMAN CARACCIOLO:

Yes.

LEG. LINDSAY:

I know it's something that isn't before this committee, but this bill originated

in this committee, and maybe it's something we can talk about in Consumers tomorrow. There seems to be a misunderstanding about this; in terms of kerosene, they're not cutting the tax on kerosene. I know it isn't a big source of home heating oil, but some folks do use kerosene to heat their homes.

LEG. ALDEN:

They were supposed to.

LEG. LINDSAY:

Yeah. I reread the bill, I had Counsel reread the bill, it doesn't specifically say kerosene but it says home heating fuels.

LEG. ALDEN:

Right.

LEG. LINDSAY:

So maybe it's something we have to get straightened out with the Consumers, because the oil companies aren't •• aren't cutting the tax on kerosene.

LEG. ALDEN:

Okay.

CHAIRMAN CARACCILOLO:

Okay, we have a motion and a second. All in favor? Opposed? Abstentions? Unanimous. ***Tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

Do we have a motion on ***2003•05 • (Amending the 2005 Operating Budget and transferring funds for West Babylon School District Wellness Program (Bishop).***

LEG. ALDEN:

Motion to table.

CHAIRMAN CARACCILOLO:

Motion to table by Legislator Alden, second by Legislator Montano. Same motion, same second, same vote. ***Tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

2015•05 • Adopting Local Law No. 2005, a Charter Law to provide for enhanced transitional public safety sales and compensating use tax revenue payments to certain towns and villages (Caracciolo).

This was adopted substantially in the 2006 Operating Budget. As Mr. Zwirn has stated now at least on two occasions, the County Executive is committed and I hope the new majority will follow the Executive's lead and honor an agreement we reached to keep these reductions in place over the next four successive years after '06 so that the towns and villages in western and eastern Suffolk that have their own police departments will realize an additional, what would amount to a 100% increase in public revenue sharing funds. So I'm going to make a motion to table.

LEG. CARPENTER:

Second.

CHAIRMAN CARACCIOLO:

Second by Legislator Carpenter. ***Tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

2035•05 • Adopting Fiscal Discipline Tax Constraint (Mandated) Operating Budget with Suffolk Resident Safety Net for 2006 through Smart Management (County Executive). Do we have any comment on this? We could table, withdraw; this should be withdrawn? Because there was •• we adopted ••

LEG. ALDEN:

They're going to withdraw it anyway, so.

MR. ZWIRN:

It will have the same effect.

CHAIRMAN CARACCIOLO:

Okay.

LEG. ALDEN:

You want to table it?

MR. ZWIRN:

Yes.

LEG. ALDEN:

Motion to table.

CHAIRMAN CARACCIOLO:

Motion to table, second by Legislator Losquadro. All in favor? Opposed? Abstentions? Unanimous, ***tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

Same motion, same second on ***2036•05 • (Adopting Fiscal Discipline Tax Constraint (Discretionary) Operating Budget with Suffolk Resident Safety Net for 2006 through Smart Management (County Executive), same vote. Tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

2090•05 • (Amending the Suffolk County Classification & Salary Plan in connection with new sanitarian positions in the Department of Health Services (Binder). Is there a motion?

LEG. LINDSAY:

Table it.

CHAIRMAN CARACCIOLO:

Motion to table by Legislator Lindsay, second by Legislator Carpenter. All in favor? Opposed? Abstentions? Unanimous. ***Tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

2141•05 • (Adopting Local Law No. 2005, a Charter Law to provide for fair and equitable distribution of public safety sales and compensating use tax revenues (Schneiderman).

LEG. CARPENTER:

Motion to table.

CHAIRMAN CARACCIOLO:

Motion to table by Legislator Carpenter, second by Legislator Montano. All in favor? Opposed? Unanimous, ***tabled (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

Tabled Resolutions

That brings us to the Introductory Resolutions. Please note that 2375 and 77 have been combined or consolidated into one resolution which is now 2377.

2357•05 • (Apportioning mortgage tax by: County Treasure (County Executive)). This is just a portion in the mortgage tax.

LEG. LINDSAY:

Motion.

CHAIRMAN CARACCIOLO:

Motion by Legislator Lindsay, second by the Chair. But let me ask, do we have the chart on this? One of the best kept secrets in Suffolk County is the amount of revenues that towns and •• well, the towns receive, and villages, mortgage tax, it's significant; right, Robert? What's the total? Over a hundred million.

MR. LIPP:

I don't have the •• I haven't looked at the latest numbers, to be honest, but just like the sales tax has helped the County government over the last few years, the mortgage tax has been a huge boom to the towns as well as villages.

LEG. ALDEN:

How can we divert that to Suffolk County?

CHAIRMAN CARACCIOLO:

State legislation. When you get into your next financial hole you're going to have to go down that road. Okay, yes, Legislator Montano.

LEG. MONTANO:

Yeah, I'm sorry, I missed part of that conversation. The mortgage tax collected by the County, sent to the towns, is that what we're talking about?

CHAIRMAN CARACCIOLO:

Yes.

LEG. MONTANO:

And that's the procedure, we basically pick up 1% ••

CHAIRMAN CARACCIOLO:

Statewide, yeah. When you become a State Senator you can fix that for us.

LEG. MONTANO:

Thank you.

MR. ZWIRN:

Brookhaven had such a banner year in real estate, they actually eliminated the General Fund Property Tax in favor of just funding the entire General Fund budget with mortgage tax revenue.

LEG. MONTANO:

That's going to slow up now as a result of the comments that Legislator Alden spoke to, right?

CHAIRMAN CARACCIOLO:

Yes. You mean with what's going ••

LEG. MONTANO:

Softening the market will impact the collection of the taxes.

MR. ZWIRN:

Absolutely. When the interest rates go up you'll see a softening. When the interest rates •• everybody refinanced, the mortgage tax revenue •• it was

really refinancing as opposed to new home purchases.

MR. LIPP:

A point of information, it's a little over 70 million in total for six months, 65 to the towns and other five and change to the villages; million that is.

CHAIRMAN CARACCILOLO:

Yeah.

LEG. MONTANO:

Wow.

CHAIRMAN CARACCILOLO:

And for your benefit, Legislator Montano, the County does collect a small administrative fee, but it's very, very small, about a million dollars a year, something like that.

MR. LIPP:

Right, just to defray •• in theory, just to defray costs for the Clerk.

CHAIRMAN CARACCILOLO:

Right. But along those lines, are those funds dedicated to the Clerk's Office or do they go into the General Fund?

MR. KOVESDY:

General Fund.

MR. LIPP:

Yeah, it goes to the General Fund but it's supposed to be to defray costs that the Clerk incurs.

CHAIRMAN CARACCILOLO:

Okay, very good. All right, we have a motion and a second. All in favor? Opposed? Abstentions? Unanimous, **approved (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).**

We now have before us **2377•05 • (Authorizing the County**

Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2005 Adopted Discretionary Budget (County Executive), and could we just get a brief explanation from either Allen, Gail?

MR. KOVESDY:

There's two separate resolutions, sir.

CHAIRMAN CARACCIOLO:

Well, there's a new resolution that's in Ways & Means I'm told, right?

MR. KOVESDY:

There's three resolutions.

CHAIRMAN CARACCIOLO:

Three? Okay.

MR. KOVESDY:

Three resolutions, let me •• if I can, briefly. There's one resolution which requires the approval of the Director of Budget Review and the Budget Director moving money from discretionary to mandated, that's a separate resolution which deals mainly with debt. And then there's 2377 which is amended which has two charts, an A and a B. The A is discretionary transfers, and the B is mandated transfers, that's basically what it is, it just broke out on two separate charts as per the budget, what are discretionary and what are mandated. So you have two bills on that. There's a third bill which is going to •• which deals with Fund 477 which is not on your agenda, that's the third one, the third housekeeping piece.

CHAIRMAN CARACCIOLO:

Counsel has advised me that 2375 has been combined with 2377; no, okay.

MS. VIZZINI:

There were three original housekeeping resolutions e•mailed to the Clerk; unfortunately the hard copies, which is what they go by, only two came over. So in order to include what was in the third housekeeping resolution, there's an amended copy as of 12/9 that incorporated some of the

information that was in the third one into •• now we have two.

CHAIRMAN CARACCILOLO:

2377, and what is the second resolution?

MS. VIZZINI:

2375.

CHAIRMAN CARACCILOLO:

Oh, okay, so 2375 is a live bill.

MR. KOVESDY:

Yes.

MS. VIZZINI:

Yes.

CHAIRMAN CARACCILOLO:

Has that been amended?

MR. KOVESDY:

No.

MS. VIZZINI:

No.

CHAIRMAN CARACCILOLO:

No, okay.

MS. VIZZINI:

2370 ••

CHAIRMAN CARACCILOLO:

Because I don't have an amended copy. I do have the amended copy on 77, fine. Okay, thanks for clearing that up for us.

So we have 2375 before us. **2375•05 • (Authorizing the County**

Comptroller and the County Treasurer to transfer funds from the 2005 Adopted Discretionary Budget to cover unanticipated expenses in the 2005 Adopted Mandated Budget (County Executive). Is there anything specific to the contents of that resolution that we should know?

MR. KOVESDY:

No, it's similar to what we do every year.

CHAIRMAN CARACCIOLO:

Okay. Any questions? No questions. Motion by the chair, second by Legislator Carpenter. All in favor? Opposed? Abstentions?

Approved (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).

We have the same •• I'll recognize Legislator Lindsay for the purpose of a ***motion on 2377***, second by the chair. All in favor? Opposed? Abstentions? Unanimous, ***adopted (VOTE: 6•0•0•1 Not Present: Legislator O'Leary).***

We have no Sense or Home Rules. The committee stands adjourned.

LEG. LINDSAY:

Before we adjourn.

CHAIRMAN CARACCIOLO:

Yeah, go ahead, Bill.

LEG. LINDSAY:

I just wanted to ••this will be the last committee that I'll be serving on with you, Mike, and I just want to wish you well.

CHAIRMAN CARACCIOLO:

Thank you.

LEG. LINDSAY:

And you have taken the Budget Committee that's usually a little bit dull and have always kept everybody on their toes, and I'm sure the budget people are going to miss you dearly, you know.

MR. ZWIRN:

I know Allen is.

LEG. LINDSAY:

But we wish you well.

CHAIRMAN CARACCIOLO:

Bill, I appreciate that and I know it's sincere. And I also want to wish you and all the members of the new Legislature the very best going forward. It's been my pleasure. As the Presiding Officer mentioned at the December 6th meeting, I guess we're going to hear a lot of the beginning of fair well comments or remarks.

I just want to thank everybody, from those of you who have only been here a short time to those of you who have been here almost as long as I have, like Legislator Carpenter, the very, very best in your new endeavor as County Treasurer, and I know you will excel in that capacity. And those of you who •• I don't want to say I leave behind because you really have an awesome responsibility and I know you take it very seriously. I hope that the composition of the Finance Committee and other committees next year reflects a bipartisan effort to keep the County legislative branch as the check and balance it by law is designed to be.

And it seems that the odds are in favor to become •• the person that's going to make those decisions is Mr. Lindsay and I want to wish you, Bill, everything that's absolutely the best.

LEG. LINDSAY:

Thank you.

CHAIRMAN CARACCIOLO:

I know you're going to do a good job, I know you're experienced. And just working with you, you're a gentleman. We have often times •• not often time, sometimes disagreed, but it was always in a congenial and friendly way that we've had those disagreements and I respect you for that.

So, with that, we stand adjourned. This was the last committee meeting, unless something pops between now and next week, and I want to thank you all the staff. How could I forget the Budget Review office, the Clerk's Office for the many, many countless and tireless hours that you put in to keeping the system honest and us on our toes. So thank you all for your hard work, and the PO staff as well. Thank you.

(*The meeting was adjourned at 10:32 A.M.*)

**Legislator Michael Caracciolo, Chairman
Budget & Finance Committee**

_ _ • **Denotes Spelled Phonetically**