

BUDGET & FINANCE COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A 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 Tuesday, November 13, 2007.

Members Present:

Legislator Ricardo Montano - Chairman
Legislator Cameron Alden
Legislator Jay Schneiderman
Legislator Steve Stern

Members Not Present:

Legislator Jon Cooper - Vice-Chair

Also In Attendance:

George Nolan - Counsel to the Legislature
Bob Martinez - Aide to Legislator Montano
Linda Burkhardt - Aide to Presiding Officer Lindsay
Renee Ortiz - Chief Deputy Clerk of the Legislature
Gail Vizzini - Director/Budget Review Office
Linda Bay - Aide to Minority Caucus
Ben Zwirn - Assistant County Executive
Brian Beedenbender - County Executive Assistant
Allen Kovesdy - Deputy Director/County Executive's Budget Office
Christine Malafi - County Attorney
Kevin Rooney - Oil Heat Institute
All Other Interested Parties

Minutes Taken By:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:19 A.M.*)

CHAIRMAN MONTANO:

We're going to start the meeting. We're going to start the Budget and Finance Committee Meeting with the Pledge of Allegiance led by Legislator Stern.

SALUTATION

CHAIRMAN MONTANO:

I'm going to ask for a moment of silence. Jay, I know your dad passed away, you had the memorial on Sunday. I just ask for a moment of silence.

MOMENT OF SILENCE

CHAIRMAN MONTANO:

Thank you. All right. We're going to skip correspondence. We'll go right into the presentation. I've been asked by Allen Kovesdy from the County Exec's for a presentation -- for an opportunity to make brief presentation. Allen, you want to come up? Sure, either way. I was going to ask BRO to give us an update on revenues, but I believe that's the topic you want to address first.

MR. KOVESDY:

If I can, sir.

CHAIRMAN MONTANO:

Sure. Go right head.

MR. KOVESDY:

Good morning. First of all, congratulations on your victories. We look forward -- the Budget Office looks forward to working with you over the next two years. I wanted to address you as I do from time to time on the two largest revenues that the County receives, which are property tax and sales tax. I'll start with property taxes.

When we did the budget this year, we worked hand in hand with the Treasurer to try to come up with a number that was as realistic possible. As you know, the problem with property taxes is we don't get a real accurate number until almost January or February of the preceding year. So we kind of do an estimate based on trends, receivables and so forth.

This year the Treasurer gave us numbers between 40 million and 44 million during the budget process. We went the average, which was 42 and a half. Since then, we've received from the Treasurer last week an update. Unfortunately, the update shows that receivables have gone considerably higher, and they lowered the estimate to us from 42 million to \$37.1 in revenue. That's a \$5.4 million drop.

LEG. SCHNEIDERMAN:

I'm sorry. Which one is that?

MR. KOVESDY:

This is the property tax. Payment of property tax.

LEG. SCHNEIDERMAN:

Oh, okay.

MR. KOVESDY:

It's a General Fund number. If you look in the budget, the estimate is 42.5 for this year, 51 and change for next year.

LEG. SCHNEIDERMAN:

Is that because of foreclosures?

MR. KOVESDY:

Yes, sir. As of this moment -- as of August, receivables are at 125.1 compared to 119.6 last year and 115.8 in 2005. This is a trend. So we just wanted to alert you to the trend. If we were doing the budget today rather than before or if Gail was doing it with the same information that we received, we would have to lower the information. But this is approximately \$5 million less than the information we had in September and in October.

CHAIRMAN MONTANO:

If I may, Allen. Just for content, the total receipt that we were -- the total amount that we were supposed to receive was how much?

MR. KOVESDY:

In the budget --

CHAIRMAN MONTANO:

Not in budget. In terms of tax our tax rate, because we're talking about property tax.

MR. KOVESDY:

Yes.

CHAIRMAN MONTANO:

Assuming everybody paid their taxes, how much would we have received for revenue purposes in the budget?

MR. KOVESDY:

In the vicinity of \$50 million.

CHAIRMAN MONTANO:

All right. We're down to 37.1.

MR. KOVESDY:

Yes, sir.

CHAIRMAN MONTANO:

Okay.

MR. KOVESDY:

We had budget 42.5. What I'm really trying to say is what you read in the newspapers and -- is beginning to come to fruition in the fact that the warrant is higher. Even though the rate of payment is still very high, people aren't paying. The County has to make good for all the jurisdictions. And based on that and what the Treasurer told us, that number has dropped. And we got in writing, which was a first.

CHAIRMAN MONTANO:

Okay. You want to let him finish?

LEG. ALDEN:

Well, actually --

CHAIRMAN MONTANO:

You want to take questions, Allen?

CHAIRMAN MONTANO:

We can split property tax from sales tax if you'd like.

CHAIRMAN MONTANO:

All right. Let's talk about property tax then. Legislator Alden.

LEG. ALDEN:

And what is the significance that you're trying to tell us as far as the drop in collection? Because that money doesn't go away, so when the bank does a foreclosure, they still have to pay us, plus it's 9% interest, or do we get 7% on that?

MR. KOVESDY:

The significance from our standpoint is two points. Number one, it's a hole in revenues of \$5 million. Take it in context, you have some revenues that are higher, some that are lower. But it's \$5 million less --

LEG. ALDEN:

But it's owed to us. It's to be paid at some point in time.

MR. KOVESDY:

Hopefully.

LEG. ALDEN:

With 9% interest.

MR. KOVESDY:

It will be, sir, but we anticipate that this year and next year are going to run together. This trend in real estate is going to have an affect on the 2007 Budget and the 2008 Budget. You may make the money in 2009, in 2010, but for --

LEG. ALDEN:

Absolutely. But you know what? As far as I'm concerned -- do we get seven or 9% on it.

MR. KOVESDY:

I'm not sure.

LEG. ALDEN:

I think 9% is the legal rate, right?

CHAIRMAN MONTANO:

You get more than that.

LEG. ALDEN:

Nine percent plus penalties.

CHAIRMAN MONTANO:

No. You get penalties and interest. I don't think that's the issue. In a broader context, you are talking -- this impact other issues as well. What I think you are saying is that simply this year we're -- people are delinquent in terms of paying. But what Legislator Alden is saying correctly is that we're going to get that money whether we get it next year or the year after with -- either through the auctions, which may take longer or --

LEG. ALDEN:

The point that has to be made too is that we borrow money at four or 5% or less. And we're going to end up getting 9% plus on that money. So in the long term, we should either break even or maybe even come ahead, because we have to pay out that money to the smaller jurisdictions. It does create, I can see, a hole right now, but we borrow to fill that hole. So it's not like as if we lost

that revenue forever. You can't classify as a loss of revenue forever.

MR. KOVESDY:

What I'm trying to give -- the point I'm trying to give you is we do the budget on a calendar year. So what I'm trying to let you know is that for this calendar year, this is a real revenue, second biggest revenue that the County gets, that's going to come in less, and that we expect this trend, this unfortunate trend to continue.

LEG. ALDEN:

Okay. And hopefully you talk to the Comptroller too before you talked to us, because what he's going to have to do is borrow a little bit more money to cover that.

MR. KOVESDY:

Yes.

LEG. ALDEN:

Good.

MR. KOVESDY:

We've had conversations with John -- John D'Amico on this. It's just that I'm trying to alert you to a trend that we had this conversation in the beginning of the year. It's gotten worse rather than better. So I'm just trying to give you relevant information.

LEG. ALDEN:

Okay. That I understand.

CHAIRMAN MONTANO:

Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I just want to understand this procedurally. It sounds like it's a pretty big drop. Normally it sounds like we project around 10% taxes uncollected in the fiscal year, and this year it's going to be more like 20%.

MR. KOVESDY:

We usually get between 98 to 99% of payment. What's happened is the warrant has gotten larger so that 1% or 1 1/2% of non payment is a higher -- becomes a higher number. While the County has been level in taxes, school districts and other jurisdictions has risen.

LEG. SCHNEIDERMAN:

We go out -- to get the -- to fill hole to give the money to the towns, we do what, Tax Anticipation Notes, or --

MR. KOVESDY:

Yeah. We borrow money, unless we have, you know, like some other revenue is gigantic and covers that.

LEG. SCHNEIDERMAN:

We do that -- have we already borrowed that money for this year? These are not taxes that are for next year, these are taxes from this year that fell short.

MR. KOVESDY:

We're going -- these are anticipated revenues that we're not going to get is a better -- is a better way of saying.

LEG. SCHNEIDERMAN:

We've already paid the towns this money; is that correct?

MR. KOVESDY:

We constantly pay the towns, yes, sir.

LEG. SCHNEIDERMAN:

So we already borrowed.

MR. KOVESDY:

We're in the process of borrowing now. You have a resolution in front of you I think for 33, am I right?

MR. LIPP:

Well, actually, we're in the middle of borrowing a \$55 million DTAN this month, and you authorized 300 million, which is a maximum. We borrowed 225 last year, January.

LEG. SCHNEIDERMAN:

When Cameron -- when Legislator Alden was speaking, he was talking about we'll eventually get this money and we get interest, but also we're picking up the interest on the money we're borrowing; is that correct?

MR. KOVESDY:

Yes, sir.

LEG. SCHNEIDERMAN:

So it's not really making 9%, we're probably making something like 3% and the difference, right?

MR. ZWIRN:

This is not how you want to make money.

LEG. ALDEN:

No, it's not.

MR. ZWIRN:

If people can't pay -- if you cannot pay your taxes, that means you're not going out and buying cars, you're not buying major appliances, your sales tax revenue will be directly affect, services that the County provides will be more expensive because more people will rely on them. This is the most conservative and most reliable revenue that comes into the County is property taxes, because people don't want to lose their largest investment, which is their homes. And these are people who have already paid -- most of them have already paid their mortgages. These are people that have already paid off their mortgages. So that means and tells us that it's older people and senior citizens who are being most affect.

CHAIRMAN MONTANO:

You know what? I don't want to get into a dialog. What I want to do is have Allen do his presentation, we'll have some questions, and then we'll go on to next issue. You have some more questions?

LEG. SCHNEIDERMAN:

Well, I just wanted to know in terms of budgeting for next year, because they're saying that this housing crisis is going to get worse, not better. You said this year we budgeted basically 42 out of the 50 million, and we ended up with 36 or 37. What are we -- what's our budget model showing for next year?

MR. KOVESDY:

Next year we budgeted \$51 million so that -- for property tax.

LEG. SCHNEIDERMAN:

Property tax, but what did we actually anticipate receiving?

MR. KOVESDY:

\$51 million is what is in the adopted budget or the budget that --

LEG. SCHNEIDERMAN:

Oh, 100% of the levy.

MR. KOVESDY:

Correct. That's why I'm here. Another reason we have concerns is what's going to happen next year also. We don't anticipate all the money from prior years to come back, because this trend was a trend that late '06-'07, we expect the trend to go into '08. So I'm just trying to --

LEG. SCHNEIDERMAN:

So we'll have to borrow more and pick up debt service in next year.

MR. KOVESDY:

It's our anticipated for next year.

LEG. SCHNEIDERMAN:

And that's not included in the budget we just passed.

MR. KOVESDY:

No, it's not.

LEG. SCHNEIDERMAN:

Okay.

CHAIRMAN MONTANO:

All right. I just want to clarify one thing. In the budget, what did we anticipate collecting on property taxes this year?

MR. KOVESDY:

42.5.

CHAIRMAN MONTANO:

For 2008 or 2007?

MR. KOVESDY:

2007.

CHAIRMAN MONTANO:

Okay.

MR. KOVESDY:

I think it's 51 point something.

CHAIRMAN MONTANO:

And in 2008, what did we anticipate collecting?

MR. KOVESDY:

51 and change.

CHAIRMAN MONTANO:

So we went to the full amount.

MR. KOVESDY:

Yes, sir.

CHAIRMAN MONTANO:

Legislator Kennedy, I know you're not on the committee. You had some questions. Go ahead.

LEG. KENNEDY:

Thank you, Mr. Chair. Yeah, I'm here because I choose to speak on a particular resolution. But nevertheless, I find this conversation intriguing. And I think I would just point out the administrative initiative or an issue that I've suggested in the past, which is actually the sale of the liens for vacant and commercial properties. And I was told at great length that that was not prudent or wise because of the interest that was made off of the delinquencies. So you can't have it all ways.

If it's your intent long range to go ahead and ultimately realize the proceeds, either through collection with the interest and penalty and/or the ultimate sale of the property by which the County gets made whole, that's a particular position apparently, the administration chooses to embrace. It is by action that we actually go ahead and take the liens in the first instance. And certainly, it's something we've spoken about before, and perhaps maybe we want to revisit this as far as sale of the liens on the vacants and commercials. Never on a residential, I would never embrace that nor support it. However, from a perspective or a position as far as realizing revenue sooner rather later, perhaps we should revisit bending the liens.

CHAIRMAN MONTANO:

Let me ask my question again. In terms of 2007, I just want to be clear, we projected collecting 42.5?

MR. KOVESDY:

Yes, sir.

CHAIRMAN MONTANO:

And in 2008, in the County Executive's Budget, we projected 50 million?

MR. KOVESDY:

Fifty-one.

CHAIRMAN MONTANO:

Fifty-one. Why did we go from the 42 to the 51 if we know that last year we didn't collect our full amount. And I guess every year we don't collect our full amount.

MR. KOVESDY:

Some years we collect more, some years you collect -- you collect --

CHAIRMAN MONTANO:

Well, we don't collect not more than our full amount.

MR. KOVESDY:

Some years we have.

CHAIRMAN MONTANO:

We have?

MR. KOVESDY:

Oh, yeah, we got bonuses. We don't get the real answer until February. Some years we've got --

CHAIRMAN MONTANO:

Oh, so we collect for the year prior, in other words. In other words, we collect some of our delinquencies.

MR. KOVESDY:

We don't get --

CHAIRMAN MONTANO:

He's going yes, you're --

MR. KOVESDY:

Some years -- we don't get the final number until February.

CHAIRMAN MONTANO:

Okay.

MR. KOVESDY:

So we're doing this -- we don't know if tomorrow 150 people are going to run up and pay -- pay their pay bills or not.

CHAIRMAN MONTANO:

Those would be delinquent bills.

MR. KOVESDY:

Delinquent bills.

CHAIRMAN MONTANO:

Got you. Now I understand.

MR. KOVESDY:

So hopefully, at the end of the year, a lot of people decide to pay their bills and we get more money in. I'm trying to give it to you based on the information we have today compared to when we did the budget.

CHAIRMAN MONTANO:

So then the question I'm asking is that based on the information you have, you're still confident that we're going to collect that 50 million next year?

MR. KOVESDY:

I'm concerned, sir.

CHAIRMAN MONTANO:

Concerned.

MR. KOVESDY:

Very concerned. I'm concerned.

CHAIRMAN MONTANO:

Gail is shaking her head. You're concerned. All right. So that essentially would be another, you know, part of these one-shots or whatever you want to call it, because we're actually overestimating what you think we're going to collect.

MR. KOVESDY:

No. It's not a one-shot.

CHAIRMAN MONTANO:

It's not a one-shot.

MR. KOVESDY:

It's not a one-shot under any --

CHAIRMAN MONTANO:

Yeah. I misspoke on that. It's not a one-shot, but in reality, it's more than you think we're going to collect now.

MR. KOVESDY:

We're concerned that this trend is going to continue into next year and people will not be paying their full taxes.

CHAIRMAN MONTANO:

We should be after reading yesterday's -- Sunday's Newsday, you should be concerned. What do you think the drop off would be or will be or you have no idea?

MR. KOVESDY:

We're concerned that it will be in the \$40 million range rather than the \$50 million range next year.

CHAIRMAN MONTANO:

So that would be a \$10 million shortage of revenues.

MR. KOVESDY:

That's why we're concerned at this point time.

CHAIRMAN MONTANO:

Okay. Legislator Stern had some questions, then Legislator Alden.

LEG. STERN:

One question on the number. What is the significance of the \$37.1 million figure? I understand that that's now the number that we're projecting?

MR. KOVESDY:

Yes.

LEG. STERN:

And how firm is that number?

MR. KOVESDY:

It's as firm as the information we have through August of this year. Again, people can pay their taxes between now and the end of the year and the number would go higher, but this marks a departure that this is the first time the Treasurer has actually put in writing a decrease. So that's the major significance, that the Treasurer actually gave us something in writing that the numbers are going down.

LEG. STERN:

Given the time element that we're working with here now of a month and a half before the end of the year, is there -- based on experience and what's happened in the past, do you see an awful lot of people running up to pay their taxes before the end of the year, or is that -- are we going to come in pretty much at that number?

MR. KOVESDY:

I maybe the wrong person to ask. That might be the Treasurer. I would -- we feel the 37 number is

better than the 42 million, but the Treasurer would have the history of how many people pay late, not I, not the Budget Office.

LEG. STERN:

Given the time element, could it be significantly less than 37?

MR. KOVESDY:

Hopefully not. That's a tremendous decrease from 50 to 37. You know, that's, like, a 30% decrease. That's a significant amount of number, taken the fact that the bank makes people who don't make their mortgages whole. Most people have mortgages, and the banks make those numbers whole. So we're talking about the people who have already paid off their mortgages. And, you know, I really don't have the statistics on how -- you know, what the total level on that is.

CHAIRMAN MONTANO:

Legislator Alden.

LEG. ALDEN:

I think we have to understand this in a historic perspective. We traditionally carry on our books that in the form of taxes not paid going back many, many years in some instances, because isn't it -- it's three years before we even take a tax deed for ourselves; isn't that correct?

CHAIRMAN MONTANO:

On residential.

LEG. ALDEN:

On residential. So what you had happen here was you do have a big crises. And if you went back and looked at the last -- not the last one, but one of the bigger ones which happened after the '87 market crash, it took about three or four years, but then we had a whole bunch of foreclosures in Suffolk County. And you had the same spike in the amount of money that was owed to Suffolk County. And then when that works out, people come down and redeem what they can and sell their property, because the property goes back up in value.

Now you have a couple of things that converged here. One of them is -- and not all of this is where the property debt free -- a lot of people took out mortgages or they took out home equity loans that didn't require the payment of taxes through the bank. So these ARMs and a lot of these other mortgages that are taken out were not tied with paying taxes and those type of things by an institution. So you had individuals that are responsible for it. Now, those individuals, they're making a tough a choice. And, Ben, hit it right on the head, this could be an indication of people out there suffering. That's one end of it that we have to be cognizant of.

But as far as us, that money is owed to us. And whether it comes in next year, two years from now or five or ten years from now, it builds up at the rate of 9% plus as far as interest goes. And what we've traditionally done to cover that is we've gone and borrowed money at three or 4% to pay the other municipalities, as I mentioned before, that are below us. So if you're characterizing this as a hole in the budget, yeah, it is, but it's a traditional hole in the budget that's been handled in the past the same way we're going to handle it now; we're going to borrow. The only thing you're saying, and I think is significant here, is that this is going to be a larger amount than what we've looked at for last couple of years at least. This actually could equal what we saw back in the early '90s after the market crash, which was a significant amount of money, more than the 10 million even.

MR. KOVESDY:

That's very well stated. I just wanted to --

LEG. ALDEN:

Okay. Then I join with you in being very, very much -- you have to take a cautious approach, and we all have to be cognizant of this. But if you're going to state that there's a hole in the budget that

we need to cut revenues -- not revenues, we need to cut expenditures to meet that, then I would disagree.

MR. KOVESDY:

I'm not saying that. I'm just trying to present to you the information. And the second half of this goes with the -- goes with the sales tax. As you know, if you read Newsday the last day or two, there was a large article about Nassau County sales tax revenue lagging. Fortunately, through BRO, Budget Office, yourselves, we estimated much for conservatively, much more realistically when we did the budget, so we were -- we didn't have a gigantic hole automatically like Nassau County did.

What I'm here saying is that the last three checks, especially the last check, had been very disappointing. When we did the budget, things were fairly -- we do it after the second check in September, BRO does it after the adjustment in October -- the numbers -- we were fairly above our numbers, and we figured a \$3 million addition over the adopted number. The last check came in -- which we got two days ago -- came in \$4.6 million less than last year. Three point one million dollars of that were adjustments, 1.8 of it is a general slow down in the economy.

Two checks before that, we were \$3.6 million less than last year. This is a concern. We had budgeted with a very strong first half of the year reflecting the addition in the home energy costs. The increase this year of \$9.1 million is related to home energy. Other than that, we've been flat. And our concerns is that the sales tax is shrinking and that if it continues at this rate, we may not reach the number in the budget, either the adopted or the estimated number. The numbers are dropping. Our economists are pessimistic, and we don't expect this trend to go away.

So I just wanted to relate that the -- you know, the last check -- I talk to Robert all the time. We try to do this together. He does a little bit different methodology than I do, but the numbers speak for them self. The numbers are dropping significantly. Right now, we're still over the budget model, so if everything comes in flat for the rest of the year, we will meet the number. But we're concerned that they may not come in flat, there may be a significant dip over the last three checks, which would cost us significantly and would and ode poorly for the beginning of next year.

LEG. ALDEN:

One question on that.

CHAIRMAN MONTANO:

Legislator Alden, Legislator Schneiderman next.

LEG. ALDEN:

Quick question on that. Everybody is predicting a huge jump in energy cost. The cost of a barrel of oil is close to \$100. And even Governor Spitzer's numbers indicated people are going to be spending anywhere between 400 and \$2000 more for energy over this winter. The heating season starts pretty much right now. So have you factored that in or not?

MR. KOVESDY:

We say if they're going to spend the money on heating, it's disposal income and they're not going to spend it some place else. So we feel that will have a deleterious affect on retail sales over the holiday period. People won't spend the money twice. If I have to pay more for gasoline, I have to pay more to heat my house, I'm not going to go out and spend the money in the stores, I'm not going to go to restaurants. So that money won't be spent twice.

LEG. ALDEN:

Yeah, but that's not an equal balance as far as the amount of money we get off of home energy and even gasoline as opposed to consumer spending.

MR. KOVESDY:

Gasoline was high. What we were fortunate last year was that the weather was good. So the weather was good last year, so the energy costs for a consumer weren't that tremendous. We didn't get cold weather until the end of February.

LEG. ALDEN:

Allen, which is the largest percentage of sales tax that we get? It's consumer spending, right?

LEG. ALDEN:

Yes, sir. We estimate between 41 and \$45 million in the home energy area.

LEG. ALDEN:

As opposed to how much do we get total -- total sales tax?

MR. KOVESDY:

1.1 billion, something like that.

LEG. ALDEN:

okay. So my point is it's not a one to one ratio. If you have a dollar energy cost increase, it's not going to kill sales okay on an equal basis.

MR. KOVESDY:

No, it's not. You know if you couple it with the fact that one of the other largest areas is automobile sales, GM had come out last week that they -- that they're viewing auto sales in North America to significantly drop.

LEG. ALDEN:

Yet, they just went up a huge jump in the last month.

MR. KOVESDY:

In their profit, it doesn't mean in their sales. They've made cuts all along. But we're very -- we're concerned. We didn't expect the number to drop \$4.6 million in the last -- in the last check, and that's 1.8 without the adjustments. That's a tremendous drop.

LEG. ALDEN:

And rightfully so. You should be concerned.

MR. KOVESDY:

So that's -- you know, that's what we're saying. We're very conservative in the budget this year. We're conservative next year. But the trend isn't looking good. I just wanted to bring that to your attention.

CHAIRMAN MONTANO:

Legislator Schneiderman, did you have any questions?

LEG. SCHNEIDERMAN:

Yeah. Firstly, I think one other big sector to watch besides automobile sales is home construction, because they're -- you know, when people stop doing renovations on their houses or building additions, I mean, so much sales tax is coming out of that component.

LEG. ALDEN:

Throw in there how about when there's no property to build a house on in Suffolk County?

LEG. SCHNEIDERMAN:

Right. Huge, huge component of our sales tax revenue is coming out of this construction boom. And if that slows down -- but our budget model in this past year was, I think, three and a half percent growth; is that correct, in the 2007 in sales tax revenue?

MR. KOVESDY:

I think it was 2.67.

MS. VIZZINI:

2.75.

MR. KOVESDY:

2.75.

LEG. SCHNEIDERMAN:

2.75. And the budget we adopted -- and you're saying if things remain flat, we'll come in around that number?

MR. KOVESDY:

If things remain flat, we'll be two to \$3 million over that, if things remain flat. Flat means 2.6% increase.

LEG. SCHNEIDERMAN:

And the budget we just adopted was 2 1/2 or 2 1/4?

MR. KOVESDY:

Two and a quarter over the -- over the base.

LEG. SCHNEIDERMAN:

And based on that last number or those last checks, we're actually seeing a shrinking rather than a smaller percent -- percentage of gross -- growth in actual contraction in --

MR. KOVESDY:

We've seen two negative numbers. Negative means less than last year. We've seen -- two of the last three have been negative numbers.

LEG. SCHNEIDERMAN:

And this is -- is this the first time we've seen that in a long time?

MR. KOVESDY:

We get negative numbers from time to time based on adjustments, but if you factor out the adjustments and you read what's happening in the economy, there is -- sales tax is going down, revenues are going down.

LEG. SCHNEIDERMAN:

And we've pretty much scaled back a lot of the County programs to the bare bones here. And nobody wants to increase taxes, which are going to impact the people who are already having a tough time making ends meet. So has your office put together any ideas in terms of economic stimulus; how we can jump start the economy in Suffolk County, get more sales tax revenues, bring more money in from other areas, keep money from leaving? Do you have any solid ideas that could attempt to reverse this?

MR. KOVESDY:

I'll ask Ben to have somebody address that. It's not my place to address policy issues.

LEG. SCHNEIDERMAN:

How would we compare in our sales tax growth or reduction to the surrounding areas, not just Nassau County, but the City, Upstate, Connecticut, New Jersey? Have you done an analysis? Is this something that's a Long Island phenomenon, or is this --

MR. KOVESDY:

Up until the last check, New York City was doing fantastic because the dollar was so expensive, had every hotel room in New York City had been booked for the whole season. I don't know how the strike or anything is going to affect them. We've done better than the surrounding areas. Our estimate for this year was probably one of best in the State. Most of the other Budget Directors are complaining. But again, as a tribute to everybody involved, we were very --

LEG. SCHNEIDERMAN:

I don't mean our estimate, I mean the general numbers. Whether they estimated at high or low, where did it actually come out -- is Suffolk County's economy growing slower than the rest of New York State, on par, better and also, in comparison to basically the Tri-State area, the Northeast Region?

MR. KOVESDY:

If we didn't have the additional \$9 million from the -- going back to two and a half percent in the home energy tax, we would have done very poorly in -- I really don't have the data in front of me to compare it to anybody. We're doing better than Nassau County, but I don't have it going -- I don't have Westchester, Rockland or any of the other areas.

MR. LIPP:

In general, the downstate area has been doing better than the rest of the state or Upstate. However, the last month -- it's a quarterly system, so it's very hard to gauge what's going on with the monthly data, but the last month, Upstate did better than downstate. So it's a little disconcerting.

LEG. SCHNEIDERMAN:

Can I ask, as Allen goes back to this home energy tax, you know, we've kind of had this debate before about if you cut taxes and people aren't paying in a certain area like home energy, they have more disposable incomes and will up the taxes somewhere else. There's some factor -- are we not seeing that at all with this home energy cut? Because it seems like we're factoring in a full \$9 million in. So they didn't spend it on other things, is that what we're saying?

MR. LIPP:

I think that that's the case. It's hard to tell, though. But basically, from an economics point of view, we gain short term when energy prices go up, because people don't adjust their spending that quickly. And we have seen in this country a strong capacity to eat those increases. However, medium and longer term, that has a negative downward push on the economy. And we are clearly exhibiting that now. Some people, when the prices started going up, thought that there was a windfall. In reality, that was a short term gain, resulting in longer term losses. And we're seeing that now.

LEG. SCHNEIDERMAN:

Okay.

CHAIRMAN MONTANO:

Legislator Alden.

LEG. ALDEN:

I just want to pick up on just one thing you just said, Allen, and that's we're -- maybe it's a combination of comments. We're doing better than surrounding counties because we have an energy tax, which most of the other counties don't have -- not most of them, none of them do, right? We're one of two in New York State that -- - that tax home energy consumption?

MR. LIPP:

Off the top of my head, I think there's about ten to 12 that have some -- some form of energy tax.

LEG. ALDEN:

In the home.

MR. LIPP:

Correct.

LEG. ALDEN:

Home energy, okay. So it's kind of a little bit diametrically opposed. We want people to be able to afford living in their houses, yet we're taxing the energy consumption to make sure that their houses are lit and heated in the wintertime. And then the fallout from that is that they don't have the money, because of that higher energy consumption cost and the higher cost to run their house. So they don't have the money to go out into the economy and spend that money elsewhere. So it's kind of a -- it's a little bit of a weird situation that we're in. And it's a bad situation that we put the homeowner in by us having adopted that tax in the first place. But it was interesting that you made that comment that we're doing better because we have an energy tax, which is going up because the price of energy is going up.

LEG. SCHNEIDERMAN:

Can I ask one more question to BRO?

CHAIRMAN MONTANO:

Sure. One more question. BRO, can I throw the same question that I threw at Allen at you guys? Gail or Robert, any ideas in terms of what we as a County Legislature might do to try to jump start Suffolk County's economy?

LEG. ALDEN:

Cut taxes. Cut the energy tax.

LEG. SCHNEIDERMAN:

Well, I'd actually prefer them to answer.

MS. VIZZINI:

Actually, we'd be more than willing to work with the Budget Office or work with the Legislature in terms of exploring alternatives; you know, looking at what's going on in other counties. I'd like to leave it at that for now.

LEG. SCHNEIDERMAN:

I'd like to see a set of recommendations or policy initiatives that may have an impact in starting to reverse the trend.

CHAIRMAN MONTANO:

Okay. Thank you. Thank you, Allen. I was going to ask -- do you have anything more you want to add?

MR. KOVESDY:

Not on this subject, sir.

CHAIRMAN MONTANO:

Any other subject?

MR. KOVESDY:

Hopefully not.

CHAIRMAN MONTANO:

Okay. In other words, your presentation is done.

MR. KOVESDY:

Yes, sir.

CHAIRMAN MONTANO:

Ben, would you like to make a presentation?

MR. ZWIRN:

No.

CHAIRMAN MONTANO:

No. Okay. Gail, I was just going to ask you if you wanted to respond to any of this -- you know, these two issues; the property tax and the sales tax issue, you know, in terms of what's been put forward.

MS. VIZZINI:

Well, I think Allen's comments are well taken. I'm glad that he came forward in terms of the caution. You are all well aware of the property tax situation. You know, we brought something forward to you earlier in the year in terms of the slowing. But as the receivables, as Allen called it, the amount that's owed us increases, the amount that's being paid is going down slightly about six million.

Sales tax, we've been guardedly optimistic since last year. The County Executive came forward with a 2.25% growth for '08. The Legislature is generally in agreement, and we did not think to change that. Both of these sources of revenue are going to impact the budget and the budget model. And come February of '08, the offices will comply with the Charter and make a presentation in terms of where we're at.

We will know by April of '08 exactly what's been spent, what's been raised in revenue. That's when we have our fund balance announcement. Hopefully, some of these things may be offset by a fund balance that could be larger than what's in the '08 Operating Budget, or maybe the magnitude of the slowing of the economy will have impact in other areas.

CHAIRMAN MONTANO:

All right. Thank you. Let's get on to the second portion, public portion. We have a card from Kevin Rooney from the Oil Heat Institute of Long Island. He wants to address Resolution 1702 of '07, energy sales tax. Kevin, sorry you had to wait that hour. Go ahead.

MR. ROONEY:

That's okay. First, gentlemen, my congratulations on your re-elections this past Tuesday. Mr. Chairman, I thought your reelection was particularly impressive.

CHAIRMAN MONTANO:

Thank you.

MR. ROONEY:

Having sat through the discussion here, which is very enlightening in a weird kind of way, I kind of feel like Don Quixote up here tilting at windmills given what I'm going to talk about. But for sometime now, Legislative Resolution 1702 entitled, quote, establishing a program to reduce unfair home energy nuisance taxes on Suffolk County residents, end quote, has languished on the Tabled Resolutions portion of the committee agenda.

Commencing in March 2002, the County sales tax on home energy consumption was increased from 1% to two and a half percent, which is where it stands today. In light of what is going on in the energy markets, and in light of the increased financial burden felt by all homeowners, I respectfully suggest that consideration of this resolution is now in order.

Since I cannot speak for other energy providers on Long Island, I will restrict my comments to the heating oil portion of the tax exclusively. When the increased tax went into affect in early 2002, the price of home heating oil was \$1.39 a gallon, the annual tax on the oil used to heat a home and provide hot water was \$32 per homeowner, and the tax revenue on the oil heating component only was estimated to be \$9.1 million a year.

Today, unfortunately, the price of home heating oil is \$3.26 per gallon. The impact on each homeowner using oil heat is now \$75, and the County revenue generated from the heating oil portion only is now in excess of \$21 million. Gentlemen, whether you like to admit it or not, this is a tax increase of 135%, which generates an additional financial windfall of \$12 million a year to the County over its original estimates of five years ago.

Clearly, I don't think that this was anticipated. And just as clearly, your constituents who are our customers are facing some very substantial financial hardships. The time to temporarily roll back this home energy tax to the 1% level is now in order to provide Suffolk County homeowners with some relief. I respectfully suggest that Resolution 1702 be moved off the table and considered by the Legislature, because 470,000 homeowners in Suffolk County, and particularly those 286,520 who heat their homes with oil, need and want some relief, they want and need some of their money back.

Now, I fully realize that suggesting at this point in time that you roll back an energy tax, which we just heard -- oh, they're gone -- which we just heard is the only thing that is stopping sales tax revenues in the latest quarter from going negative and is the only thing that is projected to keep them positive as we go into next year, I realize that when I'm suggesting that you roll back sales taxes in one area, that there is a, quote, expenditure offset that is required.

I stand here representing the industry, I stand here representing close to 300,000 oil heated homeowners in this County. It's not my job to suggest expenditure offsets for -- for a tax reduction or a revenue reduction. To do that is to get into some kind of game of economic relativism, relativism where there are no absolutes.

From my perspective, there are a couple of absolutes. One is that in the last five years or certainly in this last year, Suffolk County Government is getting an extra \$12 million a year that they didn't figure on getting. Secondly, that if you give government more money, invariably, government will find a way to spent it. And lastly, that this is a tax which as a sales tax -- and I've said this before, I said it when this tax was enacted -- that falls hardest, because it is a sales tax, it falls hardest on those low income, fixed income, the seniors that Allen was talking about that can't pay their property taxes and have a hard time paying their energy bills.

So I think that while it may be fiscally expedient to not roll back the taxes, I think it is morally imperative that you do so at least temporarily while energy prices remain as high as they are. I would be very pleased to answer whatever questions or thoughts you might have.

CHAIRMAN MONTANO:

Legislator Stern has some questions, I believe.

LEG. STERN:

Thank you, Mr. Chairman. Good morning.

MR. ROONEY:

Good morning.

LEG. STERN:

Can you just explain once again the significance of the \$12 figure? That number represents what?

MR. ROONEY:

That number represents the difference -- the equation is relatively simple. The average homeowner uses 920 gallons of heating oil a year. At \$1.39 a gallon, that produces X dollars, multiplied by two and a half percent energy tax produced \$9.1 million in revenues the 286,520 oil heated homeowners. Then take that number -- the only thing that changes here is the dollar per gallon. You still have 920 gallons used per household, you still have 286,520 households, you still have the two and a half percent tax, but it's a tax now on the \$3.26 a gallon as opposed to \$1.39.

LEG. STERN:

It's the resulting difference in tax because of the increase in oil prices.

MR. ROONEY:

In energy prices -- yes, oil prices only.

LEG. STERN:

Okay.

MR. ROONEY:

There is a corresponding increase, because obviously, electricity and natural gas and propane have also gone up. But that's for other people to figure out those numbers. But I did notice that Allen mentioned the total tax this year would be in the region of 41 to \$45 million. So the 21 million from heating oil is pretty close to about half that.

LEG. STERN:

But what would you say in your experience is the breakdown among Suffolk County residents in sources of energy? Oil is by far the majority, isn't it?

MR. ROONEY:

Yeah, about 63 -- 62, 63% of all homeowners in Suffolk County use oil for heat and hot water. The remainder are natural gas and then there's about 3% which are electric heat. God help them.

CHAIRMAN MONTANO:

Any other questions? Thank you very much, Kevin.

MR. ROONEY:

Thank you very much, Mr. Chairman.

CHAIRMAN MONTANO:

Okay. I'm just going to move back -- we skipped over the correspondence portion. Legislator Alden, did you want to address -- I know you handed me some correspondence earlier. I passed it out to the committee members. From a budget standpoint, did you want to address the correspondence?

LEG. ALDEN:

Unfortunately, the people from the administration --

CHAIRMAN MONTANO:

Are outside.

LEG. ALDEN:

Oh, okay. Then I'll address this question to you, and you probably won't have the answers to the question. There was an expenditure recently -- and I don't know if the money was actually expended -- but I saw an add in Suffolk Life, and that was on a proposition that was on ballot the in November, and that was our one quarter cent sales tax that went to drinking water protection.

Now, I have questions on where that money would have been coming from to pay that, how much is

in that budget line, how much was expended in the past, what are the procedures to approve that type of expenditure and who can encumber that money; is it just the County Executive or is it the Legislature?

CHAIRMAN MONTANO:

This is to Gail?

LEG. ALDEN:

This is actually to --

MS. ENGEL:

I'll relate it.

LEG. ALDEN:

You raised your hand, otherwise I would not have even said it to you.

CHAIRMAN MONTANO:

Hold on, hold on. She is not even at the mike. Do you want to address this to -- Allen, do you have a minute to come forward.

MR. KOVESDY:

I'm here all day.

CHAIRMAN MONTANO:

Okay. Thanks. I don't think you heard the question that Legislator Alden was raising with respect to the expenditure for the ad that was placed in Suffolk Life with respect to the one quarter percent sales tax extension. Did you hear the question?

MR. KOVESDY:

No, I didn't.

LEG. ALDEN:

Okay. I'll repeat it, and I'll give you a copy of the correspondence.

CHAIRMAN MONTANO:

Did you receive the correspondence, the letter that -- the memo that Legislator Alden submitted to the County Attorney back on October 24th?

MR. KOVESDY:

No.

CHAIRMAN MONTANO:

Okay.

LEG. ALDEN:

You just got copies of it.

CHAIRMAN MONTANO:

That doesn't help.

LEG. ALDEN:

No. You won't have the answer -- you probably won't have the answer today, so I'm asking that you provide the answer to me in, you know, as short a period of time as you can. There was an ad placed in Suffolk Life recently -- there was an ad placed in Suffolk Life recently, and it was in regard to the one quarter cent drinking water extension proposition that was on the ballot.

My question is where would that money come from to pay for that ad, how much the ad was, how much money is in that account, I'd like to know the account number or the identifier number on it, how much other money has been expended from that account over the past year, and what the process is for spending that money; does it have to be spent on a resolution, does it have to be spent on -- I'll rephrase that -- is it discretionary on the part of the County Executive, does it require a resolution, does it require Legislative approval? So those are the questions. And I don't expect you to have the answers today, because I didn't have a discussion with you about this.

CHAIRMAN MONTANO:

Well, just for the record, I see that the County Attorney, Christine Malafi, joined us at the podium. Christine, do you want -- I don't know that she's prepared --

LEG. ALDEN:

I did have a conversation with the County Attorney. And to be fair, she indicated to me that as far as where the money came from and that type of process, she is not involved in that.

CHAIRMAN MONTANO:

All right. I don't even know that --

MS. MALAFI:

I can tell you, though, that when I made the inquiry, it went out. You know, I asked the same question. I believe it has not been paid yet. So I don't know if Allen is going to be able to tell you anything about the line it was paid from, because it's not paid yet.

LEG. ALDEN:

My question would be when you incur that kind of expense, you must have something in the back of your mind that would say, okay, I have the money to pay it from here, and that's my question. Where the anticipated money was going to come, because I realize that it probably wasn't paid yet. So I just want to know what account was anticipated to provide the money and the funding for that, what that account number is, how much money is in that account, other -- similar type of expenditures out of that account that have occurred in the past year. And then when I get the answer to that, I'm going to look at past years.

MS. MALAFI:

Do you mean -- just so that Allen and I -- Allen knows what to look for, right? Do you mean similar expenses meaning public ads, ads to the public to educate --

LEG. ALDEN:

Any expenses that came out of that, you know, whether it be a public ad or whether it be -- I don't know what other expenses would even be allowed under that, because I don't know what account the anticipated money was being taken out of. So I want to understand how you would incur a debt of approximately \$14,000, I understand.

MS. MALAFI:

Twelve, 13, somewhere around there.

LEG. ALDEN:

All right.

CHAIRMAN MONTANO:

If I may. Gail, I think the question is from what category of expenditures was this item taken or is it to be taken. Do you know the answer to that? I mean, from what line in the budget? Legislator Alden, is that what you're asking?

LEG. ALDEN:

Pretty much.

CHAIRMAN MONTANO:

What line item in the budget would this expenditure come from? I think that's the question. And I don't think that's a legal question, I'm not sure.

MS. VIZZINI:

Most departments have a line in the budget for advertising. And I would think, you know, in terms of bonafide expenditure, if it is a bonafide use of public funds as indicated in the correspondence, it would have to come out of advertising. And if there weren't sufficient funds in advertising, then monies could be moved by the Budget Office from a surplus area into the appropriate line.

CHAIRMAN MONTANO:

Is that a 456 account?

MS. VIZZINI:

No, it's actually --

CHAIRMAN MONTANO:

It is labeled advertising?

MR. KOVESDY:

Yes. I think it's 375 or 377.

CHAIRMAN MONTANO:

I'm sorry, 375.

MR. KOVESDY:

Or 377. I'll look it up.

CHAIRMAN MONTANO:

Okay.

MS. VIZZINI:

It's 37-70.

MR. KOVESDY:

Yeah, 377.

MS. VIZZINI:

But, you know, I didn't do any research other than to, you know, suggest what would be an appropriate line of expense.

LEG. ALDEN:

That's actually kind of, I'm going to say, bizarre. Wouldn't the County Executive or whoever came up with this idea, wouldn't they have a line that they would have identified that I'm going to place an ad and I'm going to pay for it out of this line? Not after the fact come up with, you know, hocus pocus, I'm going to take from it from here and put it in there. That strikes me as a little bit irresponsible to say --

MR. KOVESDY:

We'll try to get you the information.

LEG. ALDEN:

Good.

MR. KOVESDY:

I don't know if there's money in the account or what transfers are done by different departments all the time to move money into accounts for office equipment, office supplies on a regular basis. Even the Legislature does it from time to time from one account to the other. So we'll get the answers to your question. I don't think that --

LEG. ALDEN:

I don't remember any advertisements, though.

MR. KOVESDY:

I don't know myself. This is the first I've heard of it.

LEG. ALDEN:

I know, that's why I'm, you know, a little bit at a loss right here.

MS. MALAFI:

Well, there was -- the only other advertising I'm aware of is in 2004, there was -- the quarter cent was up for a vote, and there was a public ad placed in Suffolk Life. The same -- I believe it was Suffolk Life. I can't find a copy of it. I looked for it, but. There was a prior ad in 2004.

LEG. ALDEN:

'04 wasn't the quarter cent, though.

MS. MALAFI:

Oh, you know what? It was the Save Open Space Bond Act.

LEG. ALDEN:

It was a bond act, that's right, where it was clearly identified that we're going to borrow money and spend it on open space acquisitions. This is a little bit different.

MS. MALAFI:

No, but you're asking just about ads in general. You didn't say specific.

LEG. ALDEN:

Oh, no. I'm asking about --

MS. MALAFI:

That's the only other ad I can think about. And then there's the public notices, the public notices for public hearings. I don't believe -- I don't believe that there's been any other advertisements by the County Executive.

LEG. ALDEN:

Good.

MS. MALAFI:

That would be it.

LEG. ALDEN:

The whole question remains open then as far as the procedure that would be used --

MS. MALAFI:

For positions, maybe, Commissioner of Parks, things like that. You know, not --

LEG. ALDEN:

-- and also the procedure that would be used to write the ad and then select where you're going to put it, the appropriateness of that type of media.

MS. MALAFI:

The appropriateness of what, Suffolk Life?

LEG. ALDEN:

Yeah.

MS. MALAFI:

Okay. Well, the County Executive's Office did ask me if it would be okay to put it in Suffolk Life, and since Suffolk Life is distributed County-wide, that was approved by me as opposed to the two official newspapers which are only distributed in Smithtown.

LEG. ALDEN:

So why did you think it was more effective to go with an ad in Suffolk Life rather than say a television commercial or --

MS. MALAFI:

That's not what I said.

LEG. ALDEN:

Oh, good. Then my question still remains answered.

MS. MALAFI:

What I said was in a paper --

CHAIRMAN MONTANO:

This is the Budget Meeting, so for now, I just really want to stay on the issue of what was raised with respect to -- and I think that question has been answered. The item that we're talking about was paid for or is to be paid for from the advertising account, am I accurate in that?

LEG. ALDEN:

No.

MR. KOVESDY:

I'll get the information.

CHAIRMAN MONTANO:

All right. So you don't know.

MR. KOVESDY:

I'll get you the appropriation and the account number.

CHAIRMAN MONTANO:

Okay.

LEG. ALDEN:

Also, the past history of any expenditure out of that account.

MR. KOVESDY:

That may not be that easy, but I'll get you as much information as I can. The IFMS System doesn't always track everything that we want.

MS. MALAFI:

I was not here --

MR. KOVESDY:

That's probably the understatement of history.

MS. MALAFI:

I was not here at the beginning of the meeting. I got a call to say that this was coming up, that's why I came down. And I know that Legislator Alden's memo to me is on the record. I just don't know if you have my two e-mails to Legislator Alden. And if not, I'd like to just put on record that it permissible for the County to use funds to do -- to do advertising to disseminate election literature at public expense when something is on the ballot simply to educate, to inform and advocate people to vote on an issue. And that ad that was placed does not advocate, does not tell the voter how to vote.

And I know that Legislator Alden has -- we've had discussions about it -- that he has some issues with the wording as to are the facts correct or incorrect. It's my position that all of the words in that ad -- and I personally, I can go through it with you if you want -- they all come from either the IR that was passed by this Legislature or the proposition abstract that was signed off by my office, the Legislature and BOE -- I can't remember the third signature, there's three signatures on the abstract. And I just want to put that on the record.

LEG. ALDEN:

As long as that's on the record, I would ask after you're done --

CHAIRMAN MONTANO:

Well, I'm actually sorry that you did run over here from your office. I don't think it was actually necessary. What was passed out was the correspondence and your two e-mails that were addressed to Legislator Alden. And I didn't really want to get into the substance of the ad, but since you raised it, Legislator Alden, you want to just address that.

LEG. ALDEN:

I'm going to point out a number of, you know, obvious occurrences here. There's five lawyers sitting up here. And reasonable people can disagree.

MS. MALAFI:

I agree.

LEG. ALDEN:

And it happens all the time, because every time -- every time something goes to court and you have two lawyers, you have 15 different opinions on what is fact and what is not fact.

MS. MALAFI:

I agree with that too.

LEG. ALDEN:

And what is the law and what is not. I would have preferred that a proper vetting of that language would have occurred prior to a ad of that nature being placed out there, because the Legislature spent a long time in a very big discussion. And I think one of the key thrusts of the discussion was to include some kind of language that would make it clear to the public that we're borrowing 200 or \$350 million and then have to pay that back with interest. Because the Legislature, as I remember the discussion, was very unhappy with the original language in the Legislature -- legislation itself.

And when I saw that idea, I was very, very disappointed. And actually, I think it maybe goes over the line as far as being an advocate for one position or another, because it misstates a key fact. The key fact that it misstates, I believe, is whether we have any money going into the program at the current or whether we don't have any money going in currently. And that one paragraph -- and we can disagree on this and other people can look at it -- but the fact that it wasn't discussed, it wasn't put out here and actually gone into in depth, that very much -- you know, it bothers me that that happened.

And then number two, the biggest difference -- and this is obvious by the discussion that took place at the Legislature -- the biggest difference between the current Quarter Cent Program and this extension of the Quarter Cent Program is borrowing \$350 million and using the revenue stream over the next 30 years or whatever number of years to pay that back with interest. Yet, that isn't bulleted, that isn't highlighted. So I find that very disturbing that something like that could go out.

And I think that if this ad was brought before the Legislature, I think that it would have been rewritten and it would have been -- there would have been some other kind of language required in there, because we did go -- we spent a lot of time on the resolution as far as the language in it, and it was changed. And I appreciated the fact that the County Executive -- I think you brought it back on a CN if I'm not mistaken on that -- and I was thankful for that. I wish it would have stated a little bit more in bold that we're borrowing up to \$350 million and that we -- and highlighted that we have to pay that back with interest, but it did make a better statement of what the program was going to look like than the original proposed language.

So I'm very discouraged in this type of ad being able to go out there. And I feel personally -- and I still feel -- it was designed to get people to feel that there is no program right now to protect drinking water. Because if I take that language on its face value, that's exactly what it says, that there is no program to protect drinking water. And we can disagree on that argue, and you can -- you can, you know, argue your position, I can argue my position from now until the end of time and probably we're not going to change on that. But having said that, you know, I want to express my disappointment.

CHAIRMAN MONTANO:

I don't think you need to respond. Both points are on the record.

MS. MALAFI:

I would like to say one thing if that's okay, Legislator.

CHAIRMAN MONTANO:

Go ahead. You would like to say something, be my guest.

MS. MALAFI:

The same way if the Legislature had said this is the ad we want to do, maybe George -- Mr. Nolan would call me and say, can you look at it too, is this ad legal to do, can the Legislature use its own money the way you're entitled to do an ad, I don't -- I wouldn't run to the County Executive and say look what they're doing. It's the same thing why I didn't run here. It's my understanding that the County Executive did speak with someone from the Legislature on this. And the vetting issue is not a legal issue. I am sure that if you have concerns you can call the County Executive. But that's not a legal issue. Because you are directing them at me, I don't want -- I just want to explain to you that that's not a legal issue. There's no requirement that if the County Executive is spending money that he is entitled to spend that he check it.

LEG. ALDEN:

What did you look at on this? You looked at the legality of the ad?

MS. MALAFI:

I looked to see whether the ad was -- whether County funds could be used for the ad, yes.

LEG. ALDEN:

Did you look at the accuracy of that statement?

MS. MALAFI:

Which statement?

LEG. ALDEN:

The one that I sent my inquiry over to your office on.

CHAIRMAN MONTANO:

You're talking about the ad?

LEG. ALDEN:

Yeah.

MS. MALAFI:

Well, the IR that was passed says --

LEG. ALDEN:

I'll read you the quote that I have a big problem with.

MS. MALAFI:

Okay.

LEG. ALDEN:

The County's current 50 year Environmental Protection Program does not have sufficient funding streams to acquire properties to preserve open spaces and farmland and to protect our drinking water quality. To a common person, that language, if you take it just at its face value, it says it does not. Not that we don't have enough money to acquire all that we want to acquire, it says do not have the money to acquire properties to protect drinking water. Does not.

MS. MALAFI:

Right.

LEG. ALDEN:

So that, I have a big problem with that. Did you check that as far as accuracy? There is a program that's going to throw off until 2013 over \$100 million to do exactly that. Why wasn't that stated in that way?

MS. MALAFI:

Because if you take -- there's a list of County properties that are being looked at, passed by the Legislature as well as the County Executive, planning steps for environmental --

LEG. ALDEN:

And what is that called? What is that called? Our master list.

MS. MALAFI:

Right.

LEG. ALDEN:

And then our revised master list.

CHAIRMAN MONTANO:

Let her answer the question, Legislator Alden.

LEG. ALDEN:

Okay.

MS. MALAFI:

It's for environmentally sensitive land that this Legislature and the County Executive deem important enough to take steps to acquire these properties. If you take all of those properties, the money that's there up to 2013 is not sufficient to purchase all those properties.

LEG. ALDEN:

Well, why didn't you state that? Why didn't you state it just that way?

MS. MALAFI:

I did not write the ad.

LEG. ALDEN:

Okay. The only question legally is was the ad legal. Okay.

LEG. ALDEN:

So you didn't look at factual.

MS. MALAFI:

I did. And the facts are --

LEG. ALDEN:

It's not factual.

CHAIRMAN MONTANO:

Wait. Wait. I would like just a question -- you know what? I'm going to end this. The bottom line is that the money that is going to pay for the ad comes from one of the categories, and, Allen, you're going to let the Legislature, the Budget Committee know from what category this funding is going to be taken from. And the other question was you as the County Attorney looked at the appropriation and looked at the content off that ad, and you signed off on it?

MS. MALAFI:

Yes.

CHAIRMAN MONTANO:

Okay. And we're done. Is there anything further that you must say?

MS. MALAFI:

No.

CHAIRMAN MONTANO:

Thank you very much.

LEG. ALDEN:

For the time being we're done.

CHAIRMAN MONTANO:

If we need you, we'll call you. No need to run over here.

MS. MALAFI:

Thanks.

CHAIRMAN MONTANO:

All right. We're going to go right into the agenda, into Tabled Resolutions.

First resolution, **1434, Amending the 2007 Operating Budget and transferring funds to the Suffolk County Girl Scouts (PRESIDING OFFICER).**

I believe that's to be withdrawn. Withdrawn. Okay.

Moving on to **1436, Amending the 2007 Operating Budget and the 2007 Capital Budget and**

Program and appropriating funds for a police officers and firefighters memorial in the Village of Amityville, Town of Babylon (MYSTAL).

I'll make a motion to table.

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN MONTANO:

All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper)**

1438, Amending the 2007 Operating Budget and transferring funds for a contract agency in the Department of Social Services (STERN).

Legislator Stern.

LEG. STERN:

Motion to table.

CHAIRMAN MONTANO:

I'll second that. All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1701, Repealing home energy nuisance taxes on Suffolk County residents (ALDEN).

I'll make a motion to table that. Well, I need a second first on the motion to table.

LEG. STERN:

Second.

MR. NOLAN:

I actually spoke to the sponsor earlier that the effective date of 1701 and 02 both have an effective date of December 1st, which is just too close to actually work in a practical way. So I recommend to the committee to table this. And then this resolution needs to be amended to have -- to move the effective date three months.

CHAIRMAN MONTANO:

All right. We have a motion to table.

LEG. ALDEN:

On the motion.

CHAIRMAN MONTANO:

On the motion, Legislator Alden.

LEG. ALDEN:

All right. That's the easy part, getting that out of the way and actually making a valid request to have it tabled. The harder part is to look at the concept underlying this and why I brought forward this and the next resolution. So the same things are going to apply to both of these. We do talk about making homes affordable in Suffolk County, we have numerous programs, we have actually tens of millions of dollars budgeted to make homes affordable. And there's a project that's being proposed out in Yaphank for affordable housing. This is one way that Suffolk County can make homes more affordable for the people that actually still own homes and haven't lost them through foreclosure and haven't moved off Long Island.

In answer to Jay Schneiderman's question before, I really would hope that we would have a serious dialog or discussion about what we can do to, number one, stimulate the economy, but also to provide some kind of relief for people, because this does seem -- again, we had Kevin Rooney come up before and make a presentation. And we have to realize that he does represent people that sell oil. So if they're getting a lot of flack from the people that are buying oil because of the prices going up, that's one reason to come here and talk about high prices. But also, he did make some sense, and I think that his statistics, you know, they really deserves us looking further into it.

If we're making what some people have labeled actually a windfall profit, and it's on the backs of the people who live in Suffolk County, I think we have to seriously look at that problem -- and I do consider it a problem -- and possibly fixing it one way or the other. And I know one of the reactions is going to be, well, you decrease home energy tax and you've got to increase property tax. Well, that might be true. And in that case, you don't want to overburden someone on another area if you're decreasing the burden in one area. I just -- I didn't like the tax when it was instituted. I didn't like '02 when we went from 1% up to 2 -- and I think it was a quarter, two and an eighth or two and a half percent. I don't think that was a fair tax for us to go and institute at that time or to even double at that time.

If Budget Review can come up with some serious offsets and/or cuts, because I think it's incumbent on us to look at even cuts to see if we can institute a program where we can get rid of this tax or at least decrease it, I think it really would be a beneficial thing to a lot of people.

I know a couple of years ago or last year when I proposed it, it was minimized that it's going to save people \$10, or \$8 or \$15. Well, you know, what I say to that? That's \$10 or 15 or \$8 that should be in those people's pockets. Now, we had testimony before that it's up to about \$75 during the heating system (sic). So \$75 surely is not a real lot of money, but to some people that don't have any money, \$75 could mean the difference between putting food on the table and heating their homes. So I think we really have to have that discussion.

So I would ask through the Chair if Budget Review could do an analysis of some of the testimony that we heard before, and that's Mr. Rooney's testimony about what the tax was back in '02, what's it's gone to now and any type of offset that we can actually look at, even if it's for a portion of the heating system (sic) coming up. So I'll agree to tabling this, and I'll vote along with the majority in tabling this because of the legal problem of implementing it on December 1st. But I really want to continue this discussion. If we put our heads together, we might be able to come forward with something that can provide relief for people, or we might not be able to.

CHAIRMAN MONTANO:

Legislator Schneiderman.

LEG. SCHNEIDERMAN:

You know, we've been trying to make cuts as best we can. I remember a couple of years ago we took about \$100 million out of the County budget. You know, right know we're sitting at a point where so many departments are understaffed. A hundred million dollars, that was a few years ago that we reduced the County budget by. You know, today, you know, we have departments like Probation that's understaffed.

CHAIRMAN MONTANO:

I don't remember that. Oh, the Capital Budget?

MR. ZWIRN:

(Shaking head no).

LEG. SCHNEIDERMAN:

It may have been Capital.

CHAIRMAN MONTANO:

Ben is shaking his head. For the record, Ben is shaking his head no.

LEG. SCHNEIDERMAN:

Wherever the \$100 million --

MR. ZWIRN:

My neck is loose.

LEG. SCHNEIDERMAN:

The \$100 million program that we did a few years back. We eliminated positions that were in the Operating Budget.

CHAIRMAN MONTANO:

I think he's talking about the restructuring in 2003 when you first --

LEG. SCHNEIDERMAN:

In 2004, I think.

CHAIRMAN MONTANO:

Yeah. When you first got elected. That was --

MR. ZWIRN:

Well, there were a lot of things that you did. You refinanced debt. I mean, there was a whole host of things.

LEG. SCHNEIDERMAN:

Exactly. That program. What I'm trying to say is today, you know, across the board we have departments that are understaffed, be they Probation or Social Services or Health Department, DPW. To try to eliminate this tax, which I would love to do, but to come up with that \$12 million in cuts, I just -- I just don't see it. But I do think we need to look at if we are taking people's money, where we're taking it from and how it impacts them. And certainly, we don't want to hit them related to things that are necessities, like home heating.

So I think what Cameron is suggesting is to have a dialog and look at where this money is coming from. We have about \$51 million in property taxes or \$50 in property taxes, we have this additional 12 million in home energy taxes. There may be better ways to collect that sum total other than attaching it to home heat. We don't want people to make sacrifices there. Luxuries certainly make more sense, things that maybe affect people, taxes that are collected on -- from people that don't necessarily live in Suffolk County but maybe come to our area. There may be ways to replace that revenue in a way that doesn't hurt the bottom as much. So that's all I'm saying, basically echoing Cameron and saying let's have a dialog, because down the road, without giving up money, maybe we can collect that money in a different way that would not hurt those with the greatest needs.

MR. ZWIRN:

If I might. It's \$45 million, which is what we bring in from home energy, not 10 or 12. So that's a bigger number.

CHAIRMAN MONTANO:

All right.

MR. ZWIRN:

And if I can just add. The question that everybody has is --

LEG. SCHNEIDERMAN:

Well, what you're saying, that's the total tax, right? It's 45 million. This 1% that we've been talking

about is the additional \$12 million.

MR. ZWIRN:

The issue is revenue, recurring revenue and how do you come up with a recurring revenue source that doesn't have an impact. Well, that's Jack and his magic Beans. I mean, that's -- some people -- in Connecticut they do it with gaming. They bring it through gambling. You know, we've done -- this year, we've trying to make people be able to live in their homes. And we've been criticized for using one-shots. But, you know, if you go to tax stabilization, those are also one-shots.

So we have to come up with a way somehow where we can have a recurring revenue stream. We've tried to do it with filing fees. We've asked the State to give us -- to add a few dollars on real estate documents so that we can come up with maybe up to \$10 million. We're trying to nickel and dime it trying to get our numbers up there. But we are trying to be creative and find ways where we don't have an impact on the individual homeowner on a regular basis. But that's the challenge of the government, the Legislature and the County Executive over the next couple of years, is to try to find -- every government -- is to try to find some sort of recurring revenue stream that's -- that's not based on taxes, whether it's home energy tax or whether it's real property taxes, and that's -- that's a heck of a challenge.

CHAIRMAN MONTANO:

Okay. I think we're all saying the same thing. I mean, I've taken the position that really this should be discussed in the context of the budget. We just finished the budget, and unfortunately, this was not a modification that was made in the budget, neither through the County Executive's recommended budget nor our Omnibus.

So, Gail, Legislator Alden asked for a breakdown on this tax. Do you think you can get us something in terms of just maybe a one-page memo outlining the revenues? I guess you're looking at some alternatives to this revenue if we were to eliminate it, is that what you're asking? Because, you know, what I'm thinking is well, we got the sales tax, we have the property tax, so if we eliminate something like this, where are we going to get that revenue. And, you know, it goes hand in hand.

So if you could put something briefly together for the next meeting, we can take it up. I'd certainly be happy to discuss it with you, Legislator Alden, in, you know, some serious dialog. I agree that this tax falls on those least able to pay in a lot of circumstances.

LEG. SCHNEIDERMAN:

Yeah, and a more socially responsible way of collecting --

CHAIRMAN MONTANO:

I agree. But, you know, the other thing is if we just shift this to the property tax or shift it to the sales tax, we're in the same boat.

LEG. ALDEN:

Right.

CHAIRMAN MONTANO:

Those are all regressive taxes.

LEG. SCHNEIDERMAN:

Right. But sales tax in general, some of the sales tax is going to be on luxury-types of items where this is entirely focused on home heating --

CHAIRMAN MONTANO:

Yes.

LEG. SCHNEIDERMAN:

-- which is not luxury. So it's a little bit better if it were in sales tax rather than here, but I'm not suggesting that we have a sales tax increase either, because that could also have deleterious effects on the economy.

CHAIRMAN MONTANO:

Can you prepare something, Gail? Is it more work for you?

LEG. ALDEN:

Of course, it is.

CHAIRMAN MONTANO:

It's more work.

MS. VIZZINI:

Sure. You know, we can put something together.

CHAIRMAN MONTANO:

Not extensive.

MS. VIZZINI:

Right. I just want to point out too that as onerous as this additional tax can sometimes be, similar to when -- and gasoline is still going up now -- similar to when we had the discussions about gasoline, sometimes a tax can serve the purpose of enhancing the conservation aspect of things. So in preparing something for you, we're going to try to put something together to answer your questions as well as to broaden some of the discussion.

CHAIRMAN MONTANO:

Yeah. I think this is a long-term discussion. And if we're going to do anything, it's really looking towards the 2009 Budget. I don't think that -- my personal feeling is that we can't do this in the middle of the year, not unless we come up with something concrete. But we can discuss that. All right. Anyway, we have a motion to table on the floor. All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1702, Establishing a program to reduce unfair home energy nuisance taxes on Suffolk County residents (ALDEN).

Same motion, same vote, same discussion. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

LEG. ALDEN:

with the caveat --

CHAIRMAN MONTANO:

With the caveat.

LEG. ALDEN:

-- that they're actually defective, because you can't implement them by December 1st.

CHAIRMAN MONTANO:

So noted.

Moving on to **1882, Amending the 2007 Operating Budget to transfer funds from Water Quality Protection (Fund 477) and amending the 2007 Capital Budget and Program and appropriating funds in connection with a Watershed Study of Lake Panamoka (ROMAINE).**

I'll make a motion to table.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

Second. Any discussion? All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1907, Amending the 2007 Operating Budget and the 2007 Capital Budget and Program and appropriating funds to support the restoration of the World War II Memorial Park, Town of Riverhead (ROMAINE).

I'll make a motion to table.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

All in favor? Opposed? Abstention? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1944, Amending the 2007 Operating Budget and transferring funds for St. Catherine of Sienna Hospital (KENNEDY).

I'm going to make a motion to approve for the purposes of discussion.

LEG. ALDEN:

I'll second it.

CHAIRMAN MONTANO:

Seconded by Legislator Alden.

LEG. KENNEDY:

Thank you, Mr. Chair.

LEG. ALDEN:

Let's get an explanation.

CHAIRMAN MONTANO:

This is a bill sponsored by Legislator Kennedy. He is not on the committee, but he is here today. Gail, you want to give explanation of this resolution?

MS. VIZZINI:

Sure. This would appropriate \$21,000 for St. Catherine of Sienna. The intent for the use of the money is a cardiac catheterization program. The offset is \$21,000 from DPW Rent, Office and Buildings.

CHAIRMAN MONTANO:

All right. I'm going to ask Legislator Kennedy to expand on that explanation.

LEG. KENNEDY:

Certainly, Mr. Chair. I appreciate that. This actually goes to an initiative that I was approached by St. Catherine's on -- probably about 18 months ago. It had previously been included in a prior year's budget. Unfortunately, due to a variety of circumstances, which included a whole-scale dismissal of a sitting administration, they were not able to go ahead and submit the appropriate

paperwork in order to effectuate execution of the contract and receipt of the funding.

I have to commend Mr. Kovesdy, as I usually do not do, but in this case, he was outstanding in his efforts to go ahead and try to make this happen. Nevertheless, due to time and some other circumstances, it did not occur. The hospital has gone forward. This is not just one piece of equipment, this is actually support for a new initiative by St. Catherine's to make them a cardiac catheterization or cardiac rated facility separate and apart from other hospitals out in here Suffolk County. They just recently have gotten their certification from to State. And so this is support for the whole program. It actually provides for assistance for cardiac distress and it saves lives.

So I'll further add, Mr. Chair, that due to a variety of circumstances, most of which were not my own making, I did not have an opportunity to go ahead and expend my CSI funding. I'd ask the committee to go ahead and view this is as something that's an initiative that's important to me and as something that will hopefully help, not just residents in the 12th Legislative District, but residents throughout Suffolk County.

CHAIRMAN MONTANO:

Okay. Gail, in reference to the category, are we -- where are these funds coming from, the transfer?

MS. VIZZINI:

Public Works Rent. The Legislature had included additional funding in that particular line item.

CHAIRMAN MONTANO:

Okay. And there is additional funding in that?

MS. VIZZINI:

There is. We adopted 15.5 million, and the '08 Budget indicates that we will only be spending 14.4.

CHAIRMAN MONTANO:

I think Mr. Kovesdy is going to point out that this was already earmarked in the County Executive's recommended budget as expended items; is that correct, Allen?

MR. KOVESDY:

Yes, sir.

CHAIRMAN MONTANO:

Thank you for that. Is there anything else you would like to add?

MR. KOVESDY:

I would if I might.

CHAIRMAN MONTANO:

Go ahead, you may.

MR. KOVESDY:

First of all, thank you, John.

LEG. KENNEDY:

Don't blow it, Allen.

MR. KOVESDY:

I'm not going to blow it. I'm shocked.

LEG. KENNEDY:

As you should be.

MR. KOVESDY:

We would prefer -- there are some other accounts in the budget that have money that won't be spent, that haven't been reduced by the budget that you have approved that would be more prudent an offset.

CHAIRMAN MONTANO:

Let me ask you a question then. If we allowed this out today, would we have time to amend it?

MR. ZWIRN:

No.

CHAIRMAN MONTANO:

No?

MR. ZWIRN:

Not this time around.

LEG. ALDEN:

You'll have to do a CN.

MR. ZWIRN:

We're not entirely clear that this is a -- we had some problems with this last time from a programmatic standpoint. And I think we had come up with a plan to do so that would be more County-wide, like a free vaccine program working with them.

CHAIRMAN MONTANO:

All right.

MR. ZWIRN:

It was a programmatic problem and an offset problem.

CHAIRMAN MONTANO:

Okay. I don't want to deal with the programmatic, I just want to deal with the offset and the budgetary aspect. Let me ask a question. With respect to this CSI money that was not spent, was all of that anticipated to be spent in the County Executive's budget, recommended budget? In other words, doesn't it offset itself, is what I'm asking, at the end of the day?

MR. KOVESDY:

We budgeted that --

CHAIRMAN MONTANO:

In that a yes? Okay. Go ahead, Allen.

MR. KOVESDY:

We budgeted that all the Legislative initiatives would be fully spent in the -- in the budget. What I was trying to say politely, and I know it -- is that there is a gigantic pot of money, it is the Legislature's pot. We didn't -- there's close to three-quarters of a million dollars in that pot of money within the Legislature. That would be a more prudent offset. Because this is the middle of November, that money won't be spent. If the Legislature wanted this as an initiative, there is money there. Being we already reduced this line, that would be within the budget, and it wouldn't -- it wouldn't cause, even if it's a minor hole, a few dollars --

CHAIRMAN MONTANO:

Right. But my point is that end day when we do our adjustments, can't this be resolved at that point?

MR. KOVESDY:

I don't know --

CHAIRMAN MONTANO:

Robert? Gail?

MR. KOVESDY:

-- unless you can make a commitment not to spend the money in the other place.

CHAIRMAN MONTANO:

Excuse me?

MR. KOVESDY:

Only if you make a commitment not to spend the money in --

CHAIRMAN MONTANO:

Oh, we're not going to spend it in the other place.

MR. KOVESDY:

-- in the other place. But it would be more prudently done from the correct offset --

CHAIRMAN MONTANO:

I understand that.

MR. KOVESDY:

-- just like the other comment was.

CHAIRMAN MONTANO:

My point is that it's not going to be double spent, because we will -- to the extent that this is appropriate, it's my understanding that the other account will be under spent by a like amount; is that correct, Legislator Kennedy?

LEG. KENNEDY:

Absolutely, Mr. Chair. As a matter of fact, I think if we were to look at the macro perspective that collectively decanes to the good, about 14 grand, operating under the presumption that there's 35,000 for CSI, all we have in front of us is a request for 21,000. Simple math tells us that, I think, at the end of the day we're in a positive position.

CHAIRMAN MONTANO:

Yeah, I think from my perspective, throughout the two years that I've been Chairman of the Budget Committee, I've taken the position that if we're going to do something like this, we really need the offset from the Omnibus. But this really, although it's not in the resolution, it really will be offset by the CSI, so it's really the same principle. So I think, you know, in terms of moving this out, I'm prepared to -- to vote in favor of letting it out under those conditions. Legislator Stern.

LEG. STERN:

Yeah, thanks, Mr. Chair. And while at first glance I might agree with the administration raising the question on the programmatic element of this also, because it is essentially replacing what was not done in CSI, that Legislator Kennedy should have that prerogative.

CHAIRMAN MONTANO:

Legislator Alden.

LEG. ALDEN:

I hate to -- I mean, I'm going to vote for this, but I would hate to see that this ends up just like so many other programs where we vote for it, and then it gets vetoed. And by the time the veto is overridden, it's December 31st and this money ends up --

CHAIRMAN MONTANO:

We can't control that.

LEG. ALDEN:

We can't control it, but right now, we have two representatives of the County Executive's Office. And I would like to see if we can get some kind of commitment that if we go forward with this and work it out in a satisfactory manner -- if you want to incur the other money in some way, shape or form, I would be willing -- and I think the sponsor of the legislation would be willing to do that to guarantee that it's not going to be double spent. Or if you wanted to come over with a CN -- if you felt more comfortable -- if you could find out if you could come over with a CN taking the money from what you feel is an appropriate line rather than this as an inappropriate line, I think that that's a better way to go rather than go the route of veto and then veto override and then have this be not accomplished anyway at the end of the day.

MR. KOVESDY:

Last year you had come up in December -- actually, the last meeting in December you had asked us to expedite something. I think it was for a food pantry on the East End or something -- van, I'm sorry. And we were able to get that contract. It's incumbent upon the -- if this were passed on to the hospital to do the contract within -- within the right period of time.

LEG. KENNEDY:

If I might, Mr. Chairman, suffer --

CHAIRMAN MONTANO:

Go ahead.

LEG. KENNEDY:

I will take the personal responsibility to go ahead and deal with the CFO from St. Catherine's to make certain that all of the requirements associated with this contract are completed and brought -- I will bring it directly to the 11th or 12th floor so that it gets done, gets done timely, and we have no fall through the cracks.

MR. KOVESDY:

If it gets done timely, we won't have a problem if that's the will of the policy of the County.

MR. ZWIRN:

You've asked about whether there would be a veto with this. I know we had a problem programatically in the past, and I'm sure the County Executive will consult with the Health Department and see if this qualifies in what they determine to be a County-wide initiative.

CHAIRMAN MONTANO:

At this point, that's really out of our hands. We're just dealing with this from the budgetary perspective. If it gets vetoed, we'll deal with it when it gets vetoed.

MR. ZWIRN:

Absolutely.

LEG. ALDEN:

Also, just through the Chair. Just to give you a heads-up, I have some similar stuff that's going to happen too, because I just had a resolution vetoed about \$50,000 worth of spending in district, and it's similar stuff; it's food pantries and things of that nature.

MR. ZWIRN:

Well, I think it was a school district, I think. It was \$17,000 for the school district, and I think that's --

LEG. ALDEN:

I just want to give you a head's-up that at the minimum, I'm going to ask for a veto override, but I might actually put in number of resolutions that would, you know, separate that funding if that's -- because if that's the choice of the County Executive to go that route with a preemptive strike -- I'm going to call it a preemptive strike, because he also had the opportunity to try to execute a contract and then turn it down in that regard without hurting the other funding that was in there, and I'm talking about food pantries and things of that nature. So I might actually do it in a number of different resolutions. It might even be ten resolution, because I believe there's ten groups in there. So I just want to give you a head's-up that that's a route I might take.

MR. ZWIRN:

That might be a better way to go.

CHAIRMAN MONTANO:

That's fine. And I don't disagree with that. All right. We have a motion to approve on the floor. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

LEG. KENNEDY:

Thank you very much.

LEG. ALDEN:

Through the Chair.

CHAIRMAN MONTANO:

Go ahead, Legislator Alden.

LEG. ALDEN:

Ben, would you just -- could you do us, you know, like -- and it is a favor basically, to inform the County Executive of the option that if he wants to change the funding so that it doesn't get double spent, that if you would bring over a CN that I think we'd be receptive to changing the funding source from the Rental account --

CHAIRMAN MONTANO:

I agree with that. I was also going to suggest to Legislator Kennedy in the event that there's a problem, you could also introduce another resolution Tuesday --

LEG. KENNEDY:

I would be happy to.

CHAIRMAN MONTANO:

-- with a different offset, and if one doesn't pass or it gets vetoed, we can follow up on the other one.

LEG. KENNEDY:

Thank you very much. And I appreciate the support of the members of the committee. And I'll take it up with the administration. Thanks much.

CHAIRMAN MONTANO:

You got it. Moving on to Introductory Resolutions.

1963, Adopting Fiscal Discipline Tax Constraint (Mandated) Operating Budget for 2008 through Smart Management (COUNTY EXEC).

LEG. ALDEN:

Motion to table.

CHAIRMAN MONTANO:

I believe that that's to be tabled. There's a motion, I'll second it. Any discussion? All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1964, Adopting Fiscal Discipline Tax Constraint (Discretionary) Operating Budget for 2008 through Smart Management (COUNTY EXEC).

LEG. ALDEN:

Motion to table.

CHAIRMAN MONTANO:

Motion to table, I'll second. Any discussion? All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1967, To readjust, compromise and grant funds and charge-backs on real property correction of errors by: County Legislature (COUNTY EXEC).

I'll make a motion to approve place on the Consent Calendar.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

Second. All in favor? Opposed? Abstentions? Motion carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 4-0-0-1 - Not Present - Legis. Cooper)** .

2005, Adopting a Local Law to require cash deposits to be made in accounts at authorized banks or trust companies (COUNTY EXEC).

I believe it has to be tabled for a public hearing.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

All right. All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

2029, To readjust, compromise and grant funds and charge-backs on correction or errors/ County Treasurer by: County Legislature (COUNTY EXEC).

I'll make a motion to approve and place on the Consent Calendar.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

All in favor? Opposed? Abstentions? Motion to carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

We have **MR 57, Memorializing Resolution in support of exempting the imposition of sales tax on the purchase of Military Service Flags, Prisoner of War Flags and Blue Ribbon Flags (ROMAINE).**

I'll make a motion to table. Do I have a second?

LEG. SCHNEIDERMAN:

I'll make a motion to approve.

CHAIRMAN MONTANO:

You'll make a motion to approve.

LEG. ALDEN:

I'll second.

CHAIRMAN MONTANO:

All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

All right. Meeting is adjourned. Thank you very much.

(*THE MEETING WAS ADJOURNED AT 11:50 A.M*)

{ } DENOTES BEING SPELLED PHONETICALLY