

BUDGET AND FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE

A regular meeting of the Budget and 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, January 29, 2013 at 10:00 a.m.

MEMBERS PRESENT:

Legislator DuWayne Gregory, Chairman
Legislator Jay Schneiderman, Vice-Chairman
Legislator Al Krupski
Legislator Tom Muratore

MEMBERS NOT PRESENT:

Legislator Wayne Horsley, Excused Absence

ALSO IN ATTENDANCE:

Presiding Officer William J. Lindsay, 8th Legislative District
Legislator Sarah Anker, 6th Legislative District
Renee Ortiz, Chief Deputy Clerk, Suffolk County Legislature
George Nolan, Counsel to the Legislature
Robert Lipp, Acting Director, Budget Review Office
Joe Schroeder, Budget Review Office
Ali Nazir, Aide to Legislator Kennedy
Paul Perillie, Aide to Legislator Gregory
Tom Vaughn, County Executive's Office
Kevin Mac Leod, KPS Solar
Charles Gardner, L.I. Chapter National Electrical Contractors Association
John Guadagno, LU 25 IBEW
All Other Interested Parties

MINUTES TAKEN BY:

Gabrielle Skolom, Court Stenographer

MINUTES TRANSCRIBED BY:

Denise Weaver, Legislative Aide

(THE MEETING WAS CALLED TO ORDER AT 10:02 AM)

CHAIRMAN GREGORY:

Good morning. Welcome to today's Budget and Finance Committee meeting. DuWayne Gregory, Committee Chair. Legislator Horsley has an excused absence today. All please rise we'll start off with the Pledge of Allegiance led by Legislator Muratore.

Salutation

CHAIRMAN GREGORY:

Please remain standing for our soldiers, our men and women overseas, fighting for our protection.

(Moment of silence observed)

CHAIRMAN GREGORY:

Okay. Thank you. Okay, we're going to go to the public portion of the agenda. We have several cards. Each speaker has three minutes. The first card is Kevin Mac Leod.

MR. MAC LEOD:

Hi, I'm Kevin Mac Leod from Bay Shore, New York and I'm President of KPS Solar and also the -- a board member for the Long Island Solar Energy Industries Association here on Long Island.

And since I've been here the last time a lot of new people here. So many of you may not know me, but I work as a lobbyist in Albany, working towards energy legislation and I had a lot to do with the State bill that involved this tax exemption as well as I did with the companion bill that went with this in 2005 for residential solar. And I got to tell you it's like one of the biggest things here is trying to strike a balance between my business and my legislative lobbyist activities and I've made a lot of sacrifices over the years and my business has suffered terribly and I'm hoping, you know, still be around here in a year from now. But, I -- you know, people ask me, he says, why do you continue to do this, you know, and make these sacrifices and I say, you know what, I mean this industry has great potential. Great potential. And the potential is there to create a lot of jobs, solve a lot of our problems here in the County and help a lot of the people in Suffolk County. I mean, just think about it, hopefully someday, and maybe it'll be my legacy even if I'm not here a year from now that -- that every one of you will have solar on your homes and this building and that building and that business will have solar energy on their homes too. And it's important. This is important because we may be making a small sacrifice now, but in reality down the road I'm hoping and I think that this will be a great thing for the people and Suffolk County, definitely. I mean, the amount of jobs that it can create, the potential is there. And all these gentlemen are aware of that and that's why they're here today.

So I ask you, please consider this bill and pass it because this is -- this is big and I'm hoping in the next couple of years that we're going to see some great things come out of solar energy. We see it now in the parking lot, we got them in the parking lots. We got them at the train stations. Look at all the traffic signs and signals that have solar panels on top of them now that are driven. And this is the way of the future and we got to make the investment now. I mean -- I mean, the oil industry has had that investment since the first days when we were able to light our homes with oil and lanterns, you know, they've had the tax credits. And the -- right now as it stands it's still has large high out front -- upfront cost, but in reality, we're almost there, we're almost there and with your help we're going to make it. So I ask you, pass this today, let's get it through. Thank you.

CHAIRMAN GREGORY:

Thank you Mr. Mac Leod.

Next card I have is for Charlie Gardner.

MR. GARDNER:

Morning, Mr. Chairman and Members of the committee and our esteemed, Presiding Officer, Mr. Lindsay.

My name is Charles Gardner, I'm representing the Long Island Chapter of the National Electrical Contractors Association today speaking in support of 2227. I would urge the County to follow the State's lead and grant the exemptions for the sales tax to the commercial solar installations as well as the residential. The County bill as written would take effect this June. I agree with the financial impact statement as prepared by BRO in that somewhat indeterminate as far as the -- you know, who's going to say how much less or more money we get into the budget. There will be certainly be some contractors -- some customers who would go for the job with the incentive. There are other customers certainly that are big enough that would, if they decide they're going go solar, they're going to go anyway. But that incentive, however many other jobs we might initiate because of the sales tax exemption, would certainly be worth it for the -- not only for the environment but as far as the economic activity that it would generate jobs etcetera, so. Especially keep in mind that the status of any LIPA incentives or refunds that they have is somewhat questionable not only due to the future of LIPA but just because their funds are dwindling as far as the incentives that might be used.

So again, on behalf of the Long Island Chapter, NECA, we would urge support for the full Legislature to pass this 2227. Thank you very much.

CHAIRMAN GREGORY:

Thank you. Thank you, Charlie.

Excuse me, if I mess up your name, but John Guadagno.

MR. GUADAGNO:

That's it.

CHAIRMAN GREGORY:

All right.

MR. GUADAGNO:

Very good. Good morning to the Committee. Thanks for giving me the opportunity to speak. Special hello to Bill Lindsay, friend and Presiding Officer. I compliment Sarah Anker on bringing this to -- to the committee. I'm John Guadagno, a business rep for Local 25. I'm also here to support the committee's recommendation to bring it out to the full Legislature next month. It's vital for us. As you all know Long Island leads the way in commercial and residential solar projects in the State and we strongly encourage the committee to look for the future tax exemption to help our contractors will be greatly appreciated. It'll encourage growth on Long Island, encourage jobs. So again, we strongly encourage the committee to bring it out to full floor for a vote. So thank you very much.

CHAIRMAN GREGORY:

Thank you. Okay. That's all the cards that we have. Is there anyone else who would like to come forward, please come. If not, we'll go -- we'll proceed on with the agenda. Okay.

I had asked the administration if they would have someone from the Budget Office make some comments about potential, I guess, ramifications of the Foley lawsuit and loss of revenue. I don't see anyone from the Budget Office here at this moment, but maybe I'll ask our Acting Director to kind of expound on potential ramifications on the impact on the budget should we lose \$23 million in revenue.

MR. LIPP:

Okay, sure. So the 2013 adopted budget includes \$23 million from the sale, assuming the sale does not go through, that would be a shortfall in the budget of \$23 million. In addition to that, there is no funding in the budget for operations during 2013 and as a -- an approximation the net loss would be about a million a month from that. So let's say hypothetically if we -- if we kept it for the full year then that would be an approximate \$12 million net loss on top of the 23 million if we kept it half a year, 6 million remains to be seen what the decision would be there.

That being said, as far as I know, my understanding is the Executive's looking at different alternatives, which I'm not privy to, so there may be some, you know, wrinkles there that I'm not aware of that would make the numbers look a little better.

CHAIRMAN GREGORY:

Okay, so that we're clear it's -- it's a \$23 million hit to our budget because I think some were under the impression that's it's only a \$12 million hit to the General Fund budget.

MR. LIPP:

Right. So the reason why that -- that that perception exists is if you look at the budget, the budget sells the nursing home on paper and it transfers the -- the net surplus, which is like 12 and-a-quarter million, but that \$12 and-a-quarter million surplus that's transferred to the General Fund implicitly there assumes that 23 million will come in from the sale so it goes from a plus 12 and-a-half million to a minus well over 10 million. So even if it wasn't dealt with at all during 2013, which obviously it is.

CHAIRMAN GREGORY:

Okay. And should the decision be made to keep the nursing home open for the remainder of the year it could go from a \$23 million deficit to a \$35 million thereabouts.

MR. LIPP:

Right. But, of course, that also assumes a few things in terms of if we need to try to run it as efficiently as possible. We need to let people know if we're going to keep it that it's going to be open because, you know, you have this announcement effect that's been going on for a few years now that it's closing, it's closing, it's closing, so if you're either, you have a loved one there or if you're working there, you're looking to make a change so it's hurting the facility.

CHAIRMAN GREGORY:

Okay. I think Legislator Schneiderman had a question.

LEG. SCHNEIDERMAN:

Yeah, first on that number, Robert, so the -- if we're not able to sell it, the impact, how much short will we be, 23 million?

MR. LIPP:

Twenty-three entering the year and then as an approximation and, it's subject to efficiencies, perhaps a net of about a million a month.

LEG. SCHNEIDERMAN:

I thought that 23 was what we're selling it for but we also had to pay some bonds off, debt service.

MR. LIPP:

Yes, that's a good question for the Budget Office too and my understanding and what I've been told, but I have no substantiation, is that the HEAL grant will allow for that so that's -- I mean if that wasn't the case then there would be additional costs.

LEG. SCHNEIDERMAN:

Okay. And if it ends up being closed we have the potential of losing the license. Has that analysis been done in terms of the budgetary impact, I'm not suggesting that we close it, but closing it versus operating it through this period, do we come out ahead one way or the other financially? You said if we operate it it's a million dollars a month. Obviously if we close it there's some costs associated there too, but which is higher?

MR. LIPP:

My understanding, and you could feel free to chime in if I'm -- to add anything, my understanding is, just to make sure financial point of view not a service provision point of view, that we would lose approximately net a million a month. So and there -- there, I guess, would be some small costs, I'm not aware of exactly what, but just from a pure financial point of view it would be cheaper to close it because I do not see that we would be able to break even at least medium term. But, once again, that ignores the service provision.

LEG. SCHNEIDERMAN:

All right. So assuming the number is, and I'll say \$20 million, and we had to deal with that fiscal emergency and the County Executive obviously has some tools for fiscal emergencies, unpredicted fiscal emergencies, so the obvious one is in tax stabilization. What is there now in terms of our reserve fund if we had to close the gap?

MR. LIPP:

Off the top of my head there's about 50 million there. The problem with using tax stabilization reserve fund is we have such a significant cash flow problem that we basically are borrowing everything from there so if we don't, and we have to pay it back at the end of the year, so if we use up any of that money we can't use it for cash flow purposes and that would create further strain cash flow-wise that would be very problematic.

LEG. SCHNEIDERMAN:

All right. So what are our other options? Can we expand the RAN we're doing? How big is that RAN that we're anticipating right now; the revenue anticipation note?

MR. LIPP:

The revenue anticipation note, I believe, is scheduled for April for a -- for \$115 million. That being said, this will be the second year we're doing the revenue anticipation note, which is for cash flow purposes, not budget purposes. It's one of -- it's the first period that last year and this year that we've used the RAN since like 1991 when it was the last large economic downturn.

LEG. SCHNEIDERMAN:

Are we up against the maximum that we RAN basically? In other words, obviously we have to pay it back by the end of the year, the RAN, right, so short-term, no, we can go into next year with it.

MR. LIPP:

Yeah, the way that works --

LEG. SCHNEIDERMAN:

But we still have to meet cash flow.

MR. LIPP:

Yeah, we're running out of room with the RAN, ha-ha. And the way that works is, for instance, for the current RAN, which, I believe is \$90 million, if I could recall, we didn't have to set aside cash until the beginning of this year, so this month, so we're restricted to set aside the \$90 million between now and April to pay that back, then we will issue another RAN for 115, 115 million.

LEG. SCHNEIDERMAN:

So that potentially is not a place we can go.

MR. LIPP:

Correct.

LEG. SCHNEIDERMAN:

So and before I ask you where we can go, which I'm not sure you're prepared to answer it, obviously we're going to make our, you know, we have payroll and other obligations that we're going to meet. This not being able to sell Foley is creating a complex situation.

But there is another factor in the budget that I'd like an update on. There's about 70 million plugged in for the sale and the leaseback of the Dennison Building. If that doesn't happen then that adds another 70 million to this year's problem. So where are we on that?

MR. LIPP:

You're more depressing than I am.

*(*Laughter*)*

LEG. SCHNEIDERMAN:

Sorry.

MR. LIPP:

And that's hard to do. Where we're on on that is I've had some, you know, sort of background conversations with people in the administration and Legislators about this, but it's up to the County Executive where he's going with it, it requires State enabling legislation, I'm not sure where that is, I'm not involved at that end nor I believe should I be. And so we would require, number one, State enabling legislation. Number two, the way it looks cash flow-wise, not budget-wise, is we're plugging that in in October so it would need to happen in October otherwise it would create another strain cash flow-wise. Budget-wise, we need the \$70 million, other things being equal, ignoring the nursing home, for instance, to make the budget whole for the year, and well, that's basically it for now.

LEG. SCHNEIDERMAN:

All right. So let get to that question I had buried in all that, is what other options do we have? And, you know, maybe this is, you know, the Executive branch has to lead on this, but do you have any ideas in terms of if, particularly if the Foley thing doesn't go through and we have to close a \$20 million hole during the year, what options, particularly those options that don't require action from another level of government like the State, what's out there for us?

MR. LIPP:

There aren't a lot of options. What I will suggest right now is we wrote a piece in the review of the operating budget back in the fall, it's the first section after all the summary stuff called Budget

Shortfalls and it looks ahead to 2014 and says, "okay, it's hard, you know, to figure out what's going on in the future. But, that being said, here's where we see the holes are and here's where we see how we could balance the budget in 2014." And then makes a bunch of recommendations. That being said, we also had developed a list last year when we were trying to deal with the deficit and most of the -- the sort of solutions are not very palatable, but we do have various possible solutions that I'd rather not speak to now, but I think, you know, that all of this stuff needs to be looked at behind the scenes because I don't want to -- I don't want to stand here, or sit here, I guess, and talk about things that will -- will not -- will be totally unpalatable and I'll get people upset and stuff like that. I've always said it's easy for me to balance the budget, but I don't have to get elected. So I think a lot of these conversations need to be spoken about in a different forum.

LEG. SCHNEIDERMAN:

I don't agree, actually, I mean, I think the situation we're in is potentially dire, you know, with Foley not going through and no clear sale and leaseback happening. You know, I think those options do need to be aired in a public forum. Personally, if you need time to develop some -- some things for us to look at and they're not, you know, they're all going to be painful. I understand that. They're going to be painful, people are not going to be happy, but we do have to get through the year financially. And that's life. We're going to have to make some more tough decisions and it's unfortunate that some things are happening that we didn't anticipate. Can I ask you, and I hate to be the bearer of gloom and doom here, but the Yaphank land sale, which is what, another 20 million, is -- I know there's some litigation involved with that, is that still a possibility that we'll see that revenue this year?

MR. LIPP:

Right, okay. So there's money in the budget, I believe it's like 19 million and change net for the sale of land in Yaphank that relates to, how shall I refer to it, that transportation freight yard thing, and my understanding is that the County Attorney's Office believes that even though there is litigation that it will happen and it'll happen perhaps sometime this year and worst case scenario, and I don't know what a judge is -- first of all, I don't know what a judge is going to decide even if I was a lawyer and I'm not.

LEG. SCHNEIDERMAN:

I'm sorry, Robert, did you say perhaps it will happen this year? Is that -- so there's a potentiality that even though it happens it may not happen this year and we'll be short another 20 million or 19 million?

MR. LIPP:

No, what I was going to -- well, actually what I was going to say on that, the reason why I said is even if it doesn't happen this year, if it happens let's say next year hypothetically because who knows how long courts take, we could recognize the deficit this year and then the -- make it up with the -- the proceeds in 2014. So if it happens hopefully this year that would be the best case scenario for the budget. If it happens next year even the budget could, you know, sort of work around that, it would be a cash problem though, and at the end of the day I can't predict what the courts are going to say, but what -- the little that was told to me was that it should happen but that remains to be seen.

LEG. SCHNEIDERMAN:

Thank you.

CHAIRMAN GREGORY:

Okay. Legislator Krupski.

LEG. KRUPSKI:

Thank you. I tend to agree with my colleague from district two that the public -- the public has the right to know, you know, the condition of the County and the only way you're going to, you know, ever get back to sort of a normal budget is for everyone to realize that and everyone to work together towards that -- towards the current situation, you know, moving and moving forward.

But going back to the nursing home for a second, and you laid out the numbers if the sale didn't go through, and if the County closed it, right? Could you put those numbers on paper and send that to me just so I have a clear understanding of the two scenarios, one that the home is sold and two it's not sold and it's closed.

MR. LIPP:

No problem. I would be glad to do that.

LEG. KRUPSKI:

And also does the County have -- if it's sold and closed then what are our options for the facility and for the land around it?

MR. FREAS:

I'm sorry -- I'm Craig Freas, I'm the Health Department analyst for the Budget Review Office. Legislator Krupski, could you repeat the question, please?

LEG. KRUPSKI:

What are the -- what are the County's plans and since I'm -- I'm a couple days on the job here, I'm not familiar with the County's plans if the facility's closed, what are the County's plans for the building and for the real estate?

LEG. SCHNEIDERMAN:

I think he's asking could it be repurposed? So what other -- what other options would the County have, you know, in town's -- according to town zoning?

LEG. KRUPSKI:

Or sold for a different purpose?

MR. FREAS:

If the building was to be resold for a different purpose obviously it would have to go through the zoning board appeals again to -- to be appropriately zoned for whatever the -- the use was for. The closure in itself, it takes usually between 90 days and six months if we were to close, so there's that -- that run-time, that burn-time of a million dollars a month during that time, it goes down a little bit as employees are shed and as patients are moved to other facilities.

In 2008/2009, we looked at mothball costs for the facility and they were several million dollars -- I'm going to say \$3 million a year, off the top of my head, I can certainly send you that. We did a memo at the time considering the -- that we would have to use the -- either secure the building so that it could be eventually used for something else or to move everything out.

The administration last year or the year before looked at moving one of our health centers into the building. Because the building's currently occupied the cost of repurposing the building, even for the first or second floor for our multi-use health type facility was pretty significant also in the -- it ranges several million dollars a year so it's going to be very difficult for us to get out of this year without a cost that's going to -- it might not approach the whole \$23 million loss that we have, but it might approach, considering the mothball cost, ten or \$15 million a year. So that's something we would definitely have to deal with and obviously any sale of the building would -- would then be set

against that.

LEG. KRUPSKI:

Thank you.

CHAIRMAN GREGORY:

Okay, thank you. Let's move on with the agenda. We have tabled resolutions.

TABLED RESOLUTIONS

IR 1073 - Amending the 2012 Operating Budget to transfer funds from the Assessment Stabilization Reserve Fund (Fund 404) and amending the 2012 Capital Budget and appropriating funds for the Village of Northport for Wastewater Treatment Collection System Improvements (CP 8193). (Spencer) I'll make a motion to table.

P.O. LINDSAY:

Second.

LEG. SCHNEIDERMAN:

This dies. Right?

MR. NOLAN:

It will have to be refiled.

CHAIRMAN GREGORY:

I have a second. Oh, second by Legislator Lindsay. All in favor? Opposed? Abstentions?

TABLED (VOTE: 5-0-0-1 Not Present: Leg. Horsley - P.O. Lindsay included in the vote)

IR 1947 - Adopting Local Law No. -2012, A Charter Law to establish multi-year budget plan. (Cilmi) I'll offer a motion to table as well.

P.O. LINDSAY:

I'll second.

CHAIRMAN GREGORY:

Second by Legislator Lindsay. All in favor? Opposed? Abstentions? **TABLED (VOTE: 5-0-0-1 Not Present: Leg. Horsley - P.O. Lindsay included in the vote)**

LEG. SCHNEIDERMAN:

And that also is time limited too. So that has to get refiled if the sponsor wants to continue.

MR. NOLAN:

A little longer. It's filed later.

INTRODUCTORY RESOLUTIONS

IR 2227 - Resolution of the Legislature of the County of Suffolk, providing exemptions from sales and compensating use taxes for receipts from sales of, and consideration given or contracted to be given for, or for the use of, commercial solar energy systems equipment and installation services from State sales and compensating use taxes pursuant to Subdivision (hh) of Section 1115 of the New York Tax Law, pursuant to Article 29 of the Tax Law of the State of New York. (Anker) I make a motion to approve.

LEG. KRUPSKI:

Second.

CHAIRMAN GREGORY:

Second by Legislator Krupski.

LEG. ANKER:

On the motion.

CHAIRMAN GREGORY:

On the motion, Legislator Anker.

LEG. ANKER:

Again, I want to thank the people who were able to make it today to speak on this legislation.

Prior to being a Legislator I was the Director for the Energy Department at the Town of Brookhaven and there was such an interest in energy efficiency and solar installation, in fact, I had facilitated a meeting over 600 Brookhaven residents and we had to break it up into two separate meetings. I recently heard from LIPA too that their rebates are still available but they are so popular, you know, so, you know, that people are installing solar. This will continue to provide incentives for our commercial businesses to go, to jump on board with solar to save money with their electricity needs and also to help with our workforce. You know, I saw there are so many people struggling with jobs and trying to stay in business, a lot of mom and pop businesses out there with energy and solar businesses. And this legislation will complement what the State has already provided, a tax exemption, they may be concerned about losing maybe some taxes but from what I'm understanding I think it will more than enhance the ability for the County to gain revenue by providing jobs and also increasing the business revenue.

So, again, thank you for the people that came to speak on this and I hope my colleagues will support this bill.

P.O. LINDSAY:

May I speak?

CHAIRMAN GREGORY:

Legislator Lindsay then Legislator Schneiderman.

P.O. LINDSAY:

Yeah, Robert, what is the fiscal implications of this bill?

MR. LIPP:

We weren't able to come up with, you know, what the actual impact would be in term of loss of revenue. And it's hard to say to what extent it will create more of an incentive, I mean, it will create some incentive, but in terms of the actual magnitude, we don't have any information on that. All we could say is it will create an incentive; will it be small or large, it's hard to say.

P.O. LINDSAY:

I just want to say that, Legislator Anker, I think this is great legislation and I compliment you on this and I will support it and I want to be put down as a cosponsor. I felt that I had to ask what the fiscal implications were especially because of the situation we find ourselves in. But even if it does have some fiscal ramifications I think that it's worth -- it's worth the money we're spending, it puts people to work, that generates sales tax in other areas. It saves money on energy costs when we deal with a utility that buys as great deal of their fuel from -- from foreign sources. So I just think

it's a win-win all the way around.

CHAIRMAN GREGORY:

Thank you.

P.O. LINDSAY:

But I compliment you.

LEG. ANKER:

Thank you.

CHAIRMAN GREGORY:

Oh, yes, Legislator Schneiderman.

LEG. SCHNEIDERMAN:

My first question to the sponsor is, is there a -- a time limit on this or does it continue on until we no longer exempt it?

LEG. ANKER:

I'm going to refer to legal.

MR. NOLAN:

Right. It would be an indeterminate, it would go into the future.

LEG. SCHNEIDERMAN:

Yeah, so it's not really a pilot project that has an expiration date.

MR. NOLAN:

No.

LEG. SCHNEIDERMAN:

You know, philosophically I, you know, I support this. Maybe there's other areas too where, you know, we should be trying to incentivize all kinds of energy efficiencies whether it's, you know, insulation or, you know, fuel cells, I mean, there's so many different energy types of energy systems; windpower, this I think is primarily solar. And we did -- similarly, you know, we just did a bill recently and I -- I got support from this body to phase in property taxes, any -- for LEEDS basically, LEEDS construction, which I think will serve as an incentive too.

I do have a concern in light of those financial numbers that we just discussed. I'm a little bit -- I don't really understand why we don't have some basic number as to what the financial impact is, I mean, we must know from 2012 how many solar panels were sold. I would imagine that data is out there and what they sold for, how much sales tax revenue we took in so we could estimate for 2013 that that's the number we're not going to see. Sales tax is our big revenue source, that's \$1.2 billion for the County total, far more than the property tax that I just mentioned in terms of exempting for the -- the LEEDS bill.

We already have this for residential. This is commercial now. A lot this -- a lot of movement has been on the commercial side. Do we have any -- do we have any numbers, Jim, do you -- or, Joe, I'm sorry, Joe?

MR. SCHROEDER:

I have no specific numbers. Just in conversation with some representatives here from the industry, there's approximately \$700,000 in sales tax revenues paid to the State globally for solar installations

on Long Island. That doesn't parse out the Suffolk County portion of that. And while we have no definitive numbers on the County side of the equation, given the pressure on LIPA, while their incentives are still in place, but given the pressure on LIPA to reduce its cost of operations, this is one of the areas that's most likely going to be hit by that, in order to maintain activity in the industry and support the development of the industry, the economic activity that'll be generated by installations that may not occur if LIPA incentives are diminished, is likely to outweigh the -- the revenue side of this from a tax standpoint.

LEG. SCHNEIDERMAN:

So, let's just do some back of the envelope, so if we think there's \$700,000 from Long Island in State tax, the County tax is similar to what the State component is, and if Suffolk is half of it, so maybe something in the neighborhood of 350,000 in sales tax revenues might be a decent guess. I don't know -- this industry is growing so maybe there's an escalator there too, but, you know, maybe that's on the order of magnitude, 300, \$400,000.

MR. LIPP:

You could use that as a -- sort of a direct impact and then you could say, well, it'll be offsetting additional economic activity resulting from expanded use of solar power and perhaps the 350, and I'm just making it up, will -- will turn out to be 300 even loss because you'd have -- economic activity that would --

LEG. SCHNEIDERMAN:

At least it's a number to look at. I'm not saying I won't support it, but at least we know that we may see 300,000 less in sales tax come in because we passed this and there's only -- it goes into effect in June so we cut that in half, so the impact for 2013 would be maybe 150,000. Right?

MR. LIPP:

That's probably a decent analysis. And, you know, we don't get detail on this sort of stuff so this is new information to us. So that helps, yeah.

CHAIRMAN GREGORY:

Okay, Tom, the administration has some input here, I guess.

MR. VAUGHN:

Yes, I really love wading into debates where I don't have all the information that you're looking for, however, we did have a brief conversation with the Budget Office regarding this bill and it is my understanding that our sales tax projections for this year were based on having this exempt so we are not accounting for this money in our sales tax projections this year so we don't feel that -- we support this legislation going forward.

CHAIRMAN GREGORY:

So when you did the budget last August -- last July.

MR. VAUGHN:

When we did -- when the budget was put together last year, from my understanding, after talking to the Budget Office, because of the State legislation --

LEG. SCHNEIDERMAN:

I'm not --

MR. VAUGHN:

-- I think that there was an anticipation that we would adopt this on a local level so therefore the

revenue that would be generated from this on a local level was not accounted for in our sales tax projections so we're not creating a hole in our sales tax projections for this year by adopting this legislation.

LEG. SCHNEIDERMAN:

Okay. Can I just comment on that? I not doubting your veracity there, but, you know, I sat on the Budget Working Group and nowhere did I ever see that, I mean, I saw your projections from your, you know, from the 12th floor in terms of what the sales tax growth would be, and we ended up adopting that as our projection. Nowhere did it say minus any amount for the anticipation of this bill. So when I was working on the budget or at least our response, that wasn't one of the factors that we considered. Robert, am I correct in there? Or did you know about this?

MR. LIPP:

I do sales tax forecasts, I know what the data looks like. There's, I mean, there's no way you make adjustments like this on small industry basis because the data don't exist. You could possibly, it is true, take your final sales tax forecast and reduce it, for instance, by say \$150,000 and then come up with another number. So that's possible. That being said, the sales tax is over \$1.2 billion so you're not worried about \$150,000 hit off of that. So I wouldn't -- I wouldn't of even considered as part of my forecast, I mean, if they're doing that then they never spoke to me about that.

LEG. SCHNEIDERMAN:

I'm glad that you guys were anticipating this. Like I don't, again, with a \$1.2 billion sales tax revenue, 150,000 is not a lot, at least we have a number to work with. I'm going to support this, you know, because I think it's the right incentive. With the hope that maybe if more people, you know, put on solar panels it'll create some jobs and those people will spend some money who are making those incomes and we'll get sales tax in other places. But, you know, it's just important when we make decisions particularly in light of the fiscal crisis we face that we have as much information brought to the table so we can make informed decisions and we have to be very mindful based on our current standing of anything that will negatively impact our budget. No doubt.

MR. LIPP:

Just one more thought if you don't mind. Okay. So assuming that the \$700,000 number for all of Long Island's a good number, presumably half of the sales tax collected or approximately, not exactly though, goes to the State itself so the loss of the County be half of that number. So if the number is \$150,000 in terms of a loss as an approximation for the year, rather for the half year, then you could whittle that down to maybe 75,000 local loss, the other 75,000 for the State.

LEG. SCHNEIDERMAN:

I thought that \$700,000 was what the State got in sales tax, which means that the County would get a similar amount, and they're nodding affirmatively, so I think the 150,000 is a better number.

MR. LIPP:

Okay. If that's true, okay.

CHAIRMAN GREGORY:

Okay, Legislator Krupski.

LEG. KRUPSKI:

You know, I would be happy to support this because not only because the jobs of installation, but also when you do anything that helps the businessman, you know, he -- it's going to encourage business growth, people are going to see that opportunity and it's going to create growth in every small business out there because their energy costs are going to be greatly reduced and it's going to make them a healthier business and it's going to encourage new people to go into business also.

So that's why I would -- I would think that would offset any kind of loss of revenue, the global picture of the County.

CHAIRMAN GREGORY:

Okay, Legislator Muratore.

LEG. MURATORE:

Thank you. You know, I think we're just talking about losing pennies here, we can be making dollars. I mean, and the important thing is we should listen to the -- to the private sector, you know, they're going to create jobs, listen to the unions, we're going to get people back working. So we lose a penny and we make a dollar, we get a person back working, they go out and spend money in the community, the community comes back to life, the most important thing is stimulating this economy. So, you know, we play with numbers, it goes from 350 to \$150,000 and, you know, to a billion dollar situation; it's pennies and we can make a lot more by supporting this.

So, you know, I applaud Legislator Anker also for coming forward with this and having the insight to -- let's get this economy going and that's the way, not by taxing people, right, reducing taxes and hoping then that they'll take care of themselves and help us. So I do support this and thank you for coming forward with this, Sarah.

CHAIRMAN GREGORY:

Okay, thank you. All right. We have a motion, Madam Clerk, right? Okay motion and a second. All in favor? Opposed? Abstention? Motion passes. **APPROVED (VOTE: 5-0-0-1 Not Present: Leg. Horsley - P.O. Lindsay included in the vote)**

IR 2246-2012 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 378. (Co. Exec.) I make a motion to approve and place on the consent calendar.

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN GREGORY:

Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? **APPROVED and PLACE on the CONSENT CALENDAR (VOTE: 5-0-0-1 Not Present: Leg. Horsley - P.O. Lindsay included in the vote)**

IR 1007 - Delegating Authority to refund certain erroneous tax payments to the Suffolk County Treasurer (Co. Exec.) I make a motion to approve, second by Legislator Schneiderman. Any questions? All in favor? Opposed? Abstentions? **APPROVED (VOTE: 5-0-0-1 Not Present: Leg. Horsley - P.O. Lindsay included in the vote)**

LEG. KRUPSKI:

What happened before today, before that would be passed?

MR. NOLAN:

We do this resolution every year to give the -- the County Treasurer this authority for small refunds.

CHAIRMAN GREGORY:

IR 1016 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 380-2013. (Co. Exec.) Legislator Schneiderman offers a motion to approve and place on the consent calendar, second by Legislator Krupski. All in favor? Opposed? Abstentions? **APPROVED and PLACE on the CONSENT**

BF 1/29/13

CALENDAR (VOTE: 5-0-0-1 Not Present: Leg. Horsley - P.O. Lindsay included in the vote)

That is all the resolutions on our agenda. We stand adjourned. Thank you.

THE MEETING CONCLUDED AT 10:44 AM

{ } DENOTES SPELLED PHONETICALLY