



THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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Key Topics In Albany Policymaking That Impact New York City

July 25, 2024, – The New York City Independent Budget Office is releasing a report that reviews the impacts of key budget and policy decisions made by Albany in recent months. IBO focuses on key changes made in the 2025 State Enacted Budget and during the final weeks of the legislative session that have direct impact for New Yorkers. The State Budget, like the City Budget, reflects the policy priorities of elected officials who crafted it. Many choices made in Albany this year are already being felt in New York City, like greater enforcement of unlicensed cannabis shops. Other policy changes require time before their full impact will be known, such as the revamped tax exemption for new construction residential housing. Decisions at the State level heavily influence the decisions made by the Adams Administration and City Council during the City’s budget process. Notably, the City’s Executive Budget, released in April, is the first instance in the City’s budget planning cycle where actual figures from the State Enacted Budget are included in the City’s own fiscal planning, replacing the placeholders included in the Preliminary Budget. The Executive Budget, reflecting State budget decisions, then becomes the basis for the Administration and City Council to negotiate and adopt the City’s budget at the start of the fiscal year.

IBO selected major budget and policy topics to come out of Albany this year that specifically focus on New York City. In this report, IBO presents explanations, context, and key details for these policy areas. IBO’s report can be accessed [here](#), and below outlines major topics covered in this report.

- **Housing** discussions can be found starting on page 1. This section covers property tax exemption programs for new residential construction and office-to-residential conversions, zoning changes, tenant protections, and State support for the New York City Public Housing Authority.
- **Education** impacts can be found starting on page 5. This section focuses on the extension of mayoral control, changes to State educational funding in the context of waning federal Covid-19 stimulus funding, changes to the selection of the Chair of the Panel for Education Policy, and funding for the City University of New York.
- **Human Service** changes from Albany can be found starting on page 6. Topics covered include State reimbursement to the City for costs associated with asylum seekers, a Medicaid redesign, prolonged uncertainty about the future operations of SUNY Downstate hospital, and the continuation of using City sales tax revenue to support financially distressed hospitals and nursing homes statewide.
- **Cannabis** rule changes both for taxation and enforcement can be found starting on page 7. The State eliminated the potency tax, which does not impact the City’s cannabis tax, and expanded enforcement authorization to shut down unlicensed cannabis retail shops.

- **Economic development** impacts can be found starting on page 8. IBO discusses the extension of the Industrial and Commercial Abatement Program (ICAP), which was extended with the intent to have ICAP benefit a subset of power plants, among other projects. IBO also covers changes intended to speed up the licensing process for casinos in the New York City area.
- **Transportation** impacts can be found starting on page 9. The Metropolitan Transportation Authority saw increases for fare and toll enforcement, yet still has the unanswered question of how it will close the gap in its capital budget created by the Governor's indefinite pause on congestion pricing. New York City saw changes in traffic and speed enforcement, and the State pledged funding for potential expansions of mass transit within the City.
- Information on changes to the **debt limit** can be found on page 10. In this section, IBO explains how the City is limited in the amount of debt it can borrow through bonds issued either as General Obligation (GO) bonds or by the Transition Finance Authority (TFA). The State increased New York City's borrowing capacity by \$14 billion amidst concerns that the City would hit its debt limit.
- Information on **Pension** changes can be found on page 10. The creation of Tier VI pension plans back in 2012 was supposed to provide savings on long-term pension obligations. The 2025 State Enacted Budget, however, reverses one of the main cost control measures around how final average salaries are calculated as the basis for pension payments. This in turn adds pressure to the City's pension liabilities.



New York City Independent Budget Office

IBO's mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis.