MEMORANDUM

To: New York Legislative Assembly
From: Kevin Hundelt and Jace Beehler
Date: Friday, May 5, 2017
Subject: NY Citizens Empowerment Tax Credit and Aid/Incentives for Municipalities Programs

<u>Abstract:</u>

The Citizens Empowerment Tax Credit (CETC) and the Aid/Incentives for Municipalities Program (AIM), were created to provide taxpayer relief and redistribute state revenue to cash strapped local governments throughout New York in turn promoting a more permanent solution to communities' property tax burden. The consolidation of local governments have the hopes of increasing efficiency, by decreasing redundancy in government services and development of economies of scale cost saving measures within those communities. While intuitively this may seem a logical evaluation of what will occur, studies have shown that this is not always the case. This memorandum will analyze the CETC and AIM programs and recommend changes to create more accountability of how the state aid programs can be administered and measured(New York State Department of State, 2011). The recommended changes to the CETC program are as follows : 1) Mandating rental relief from CETC property tax relief 2) Requiring tax base expansion by mandating at least two municipal jurisdictions participate in consolidation, 3) Urge the state to tie CETC funding to accountability improvements in newly formed governments. The recommended changes to the AIM program are as follows: 1) Restructuring the AIM funding formula to a per capita basis and 2) Increasing the state's budget in the AIM program to accommodate the increase in funding for fiscally distressed cities. By incorporating these changes the CETC and AIM programs will help to drive more successful and impactful consolidations throughout the state.

<u>Citizens Empowerment Tax Credit History and Overview</u>

Governor Andrew Cuomo of New York has long been a proponent of government efficiency and consolidation, however, the discussions within New York, did not begin with him. The Legislature created one of the most assertive attempts to accomplish government consolidation throughout the state with the implementation of the Citizen Empowerment Tax Credit (CETC) beginning April 1st, 2007. This credit grew out of the original Municipal Merger Incentive, of which several villages within New York had taken advantage (New York State Department of State). The CETC provides additional state aid to towns, villages or cities that consolidate government practices to develop efficiency and cost savings. Upon the completion of the consolidation, aid will be transferred to the newly consolidated community in the amount of 15 percent of the current property tax levied (Clarkson, 2011). Currently the CETC places a cap of $1 million annually to a single community and requires that 70 percent of the aid be spent on property tax relief, while the other 30 percent can be used for general funds within the city (Clarkson, 2011).

Benefits and Challenges of the CETC

While the CETC has positive intentions, it highly favors those within the community who own property by mandating that 70% of the tax credit provided to the newly consolidated community be disbursed through property tax relief (New York State Department of State, 2011). Those who rent within the consolidated community may see some benefit from the CETC through the 30% of aid mandated to go to the general fund of the city. Those who own property, typically more wealthy citizens, will have a higher benefit from this tax credit, as they will receive the increased benefit from both the property tax relief and the increase in community general funds. Due to this distribution arrangement the tax credit is highly regressive in a community which is already devastated with extreme poverty. How the distribution of the property tax relief is handled could have a large impact on the regressivity of the CETC. If the tax relief is provided using a percentage of the current property, it will favor those who own property worth a higher amount, while a lump sum will provide a more progressive structure. This will also bring about an equity issue for the citizens living in extreme poverty, which mainly originates within the inner city, in relation to the suburban and village residence. Suburban cities hold a higher number of owner occupied residences. According to the current New York State Comptroller Thomas DiNapoli, approximately 56% of Syracuse is tax-exempt (Coin, 2013). Due to this status, the citizens of a city such as Syracuse, would receive a significantly smaller benefit from a consolidation than a city with a much higher percentage of taxable property.

Another equity issue that can be drawn from a property tax credit through the CETC program is its effect rental property owners. It is perceived by some that the property tax relief provided to owners of rental properties will be passed on to the renters through rent relief, however there is little evidence to support such a claim. Much research has been done in an attempt to provide detailed evidence on the burden of taxes regarding rental properties, but many fall short. As described by the Heritage Foundation, the tax burden on renters depends greatly on the elasticity of their ability to alter their living arrangements as the rent price changes (Entin, 2004). For those with a high elasticity in their living arrangements, if tax burden was passed to them through rental increases, they would have the ability and willingness to move. On the other hand, those with a very inelastic living arrangement would be forced to accept the increase in rent due to the increased taxes because they may not have the ability to move in their fiscal situation.

In a study by Tsoodle and Turner (2008) published in the American Real estate and Urban Economics Association journal, they find a single "standard deviation increase in property tax could raise rents between $402 and $450 annually" (Tsoodle, Turner, 2008). While their research is thoroughly analysed, attempting to see the effects of taxes on rent prices is extremely difficult and causation must be taken with caution. Unfortunately, there is little evidence to support rent will be decreased with a reduction of property taxes. This suggests that when property tax relief is provided to rental property owners, the owners gain the full benefit of the reduction, while little to no relief is passed to the renters. In our opinion, this is a crucial pitfall of the CETC program. While the state is supporting some citizens through property tax relief, it leaves those who rent living space within the consolidated government with little to no benefit.

Rental Relief through CETC

While 30 percent of the state aid is presented to the city to use as they see fit, 70 percent still assists landowners without any assistance to the renters. To combat this inequality, we recommend the state adopt regulations mandating all rental property within a consolidated government provide 50 percent of their property tax credit as a rent reduction credit. The government mandate 50 percent of the property tax relief provided to the owner of the rental unit and be divided by the total number of units within the property. This new total will then be divided by twelve months and serve as the amount reduced from the rent price for each month. For example, if a rental property owner was to receive $3,000 in property tax relief for a property with 10 units, rent would be reduced by $150 a year or $12.50 per monthly payment. While we recognize that this reduction will not result in large savings for the renter, it provides the most equitable and balanced approach to providing renters with a more equitable benefit from the CETC. To keep rental property owners from maintaining the same rental prices after relief has been applied, the state should add provisions within the CETC qualifications. The newly formed municipality would be mandated to provide the NY Department of State with a list of rental properties each year, outlining their rental prices with explanation. If the city should fail to meet this obligation, their CETC funding will be in jeopardy. If this state aid is directly tied to the documentation of rental price reductions in correlation with property taxes, the punishment of not receiving property tax relief will serve as an incentive for rental property owners to be fully transparent with their rental prices.

CETC | Building the Tax Base

While attempting to gain public support for consolidations, many communities use jargon such as "building the tax base" and "expanding resources." While these phrases are useful in building public support, they are untrue in the state of New York in relation to city/county consolidations. New York state is considered a "little box state" according to an article by David Rusk in the Brookings Institution Metropolitan Policy Program. In his article he outlines how the state of New York, along with many other states, have no unincorporated territories. Unincorporated territories, within the confines of local government, are areas within a state controlled by the United States but under no jurisdiction at the local level (Rusk, 2006). This means that without another municipality, a city and county merger will not expand the tax base or revenue opportunities for the newly formed metropolitan government.

Recommendation:

To enhance the tax base of a newly formed consolidated government, we recommend that the CETC adopt provisions requiring consolidated governments include at minimum two municipalities with individual taxing authority in their newly designed metropolitan territory. This new provision would require even city/county consolidations to involve at least one other municipality. With at least two municipalities, the consolidation would expand the tax base of the metropolitan government, allowing the consolidated body to select a property tax rate to meet the resource needs of the new government. One caution with this recommendation is that with the additional tax base, the cities needs would also be expanded to meet the newly consolidated government. This additional need of services would have to be taken into consideration while deciding the tax rate for the future government.

Accountability the Factor to Success within Consolidation

Kansas City, Kansas and Wyandotte County, Kansas began the process of consolidating the city and county governments on April 1, 1997 through a vote by the citizens. After the successful vote, the creation of a metropolitan government began. Three years after the consolidation a study by Suzanne Leland and Kurt Thurmaier of the University of Kansas was completed. Within their work, they shared that few, if any, efficiency gains occurred due to the consolidation, however, they focused on what they found to be the deciding factor of successful city/county consolidations, accountability. If the consolidated government created a thorough and fair plan for accountability between the elected officials and the citizens within the newly formed government, the consolidation would have the likelihood of being a success (Leland, Thurmaier, 2000).

Recommendation:

Based on the findings of Leland and Thurmaier and the lack of evidence supporting efficiency gains through consolidation, we recommend that the CETC program be measured, in part, by the newly proposed accountability plans for the consolidated government. With newly organized governments it will be critical to create representative governments that encompass the demographics of the town. We recommend that the New York State Department conduct a study, developed by academic scholars, of best practices for more representative government formations. We understand that each consolidation will need its own unique government plan, but the state outline can be utilized to create a set of standards, which the consolidated governments will be required to meet.

Aid and Incentives for Municipalities (AIM) Program Overview and History

The AIM program, formally known as General Purpose Local Government Aid, is the State of New York's primary vehicle for distributing unrestricted aid to its local governments, outside of New York City.

Since its admittance into the Union, New York State has provided aid to its municipalities through various categorical grants and tax sharing systems (Office of the New York State Comptroller, 2005). In 1946, the state instituted its first aid program based mostly on a per capita distribution rate to its cities, towns, and villages. Again in 1970, the state altered its main aid program's intention and formula by compensating local governments with an annual percentage share of the state's Personal Income Tax (PIT) revenues. Allocating specific dollar amounts by municipal population, full property value, and personal income data that could change overtime (Office of the New York State Comptroller, 2005). The idea behind the newly reformed state-local revenue sharing program, according to the Office of the New York State Comptroller, was to eliminate the uncertainty and complexities of state aid and replace that with flexible, equitable, and predictable aid for municipalities. Moreover, revenue sharing is intended to redistribute state revenues to municipalities that do not have the tax base or the taxing authority to generate enough resources to pay for services on their own (Shaughnessy, 2014).

Finally in 2005, the state introduced its current mechanism for distributing state aid to local governments, the AIM program, and again merged several of its former revenue sharing programs into one. Along with the new name came an increase in funding and a refashioned script of minimizing local property tax growth and promoting effective local fiscal performance. The state assembly agreed to attach incentivized funding to AIM encouraging local government consolidation and shared services as well as requiring a multi-year fiscal plan from each municipality receiving AIM increases (New York State Division of the Budget, 2005). Specifically, the state funded $854.79 million to AIM in SFY 2005-06 with a 12.75 percent increase to cities except New York city, 3.75 percent increase for towns and villages, and dedicated $2.75 million to shared services incentives (New York State Division of the Budget, 2005).

After the recession of 2008, the state Assembly again altered the focus of AIM funding, targeting cities who were fiscally affected by the recession with a proposed annual increase in AIM funding to continue in the future, a new set of qualifications for obtaining aid, accountability requirements, and restrictions on AIM funding (New York State Division of the Budget, 2008). Eligible cities that qualify for AIM funding must have one or more of the following fiscally distressed indicators (New York State Division of the Budget, 2008):

- Full valuation per capita less than 50 percent of the statewide average
- More than 60 percent of the Constitutional property tax limit exhausted
- Population loss greater than 10 percent since 1970
- Poverty rate greater than 150 percent of the statewide average

After meeting one or more of the indicators above, cities are also required to submit a comprehensive fiscal performance plan to the State Comptroller aiming to promote accountability (New York State Division of the Budget, 2008). Furthermore, the state requires cities who receive more than $100,000 in state aid to:

1) minimize or reduce the real property tax burden;
2) invest in economic development or infrastructure to achieve economic revitalization and generate real property tax base growth;
3) support investments in technology or other reengineering initiatives that permanently minimize or reduce operating expenses.

The state provided $1.043 billion for AIM funding in SFY 2008-2009, the highest since SFY 1988-1989 (Shaughnessy, 2014). Yet after one year of increased AIM funding in 2008-09, the state Legislature abandoned its funding increase plan, qualifications for aid, and aid restrictions in SFY 2009-10, cutting the budget for AIM by 23 percent. Since SFY 2011-12, AIM funding has been reduced to $714.7 million, cut AIM to New York City altogether, and dropped the required financial plan for municipalities receiving AIM funding. Besides a few consolidations of some towns and villages, AIM funding distributions for cities, towns, and villages has stayed the same for seven years. In SFY 2016-2017, the city of Syracuse had received $71.8 million in AIM funding, 10 percent of the whole AIM budget, turning out to be $496 in aid per capita with a population of 144,669 residents. The city of Buffalo received $161.3 million in AIM funding for a population of 258,959 residents which turns out to $623 in aid per capita and 23 percent of the whole AIM budget. In contrast, towns and villages such as Manlius or Baldwinsville receive $111,763 and $53,804, respectively. That is 0.016 percent for Manlius with a population of 32,370 and 0.0075 percent for Baldwinsville with a population of 7,681 from the total AIM budget in SFY 2016-17 (Office of the New York State Comptroller, 2016).

Evaluating the AIM Funding Process and Program

Revenue sharing and the AIM program has its roots in the idea of fair and equitable distribution of revenues across the state intended to keep property taxes down and provide a flexible and predictable source of revenue for municipalities. Many cities in New York have struggled with declining tax bases caused by reductions in population and full property value and these cities now depend upon state aid to cover services that their own taxing authority could not. For decades the legislation has overridden their own statutory revenue sharing formula to focus aid on the fiscally distressed community of the day. Since 2005, the state’s new AIM program or its distribution has rarely been methodical or equitable but instead bound to the political process and annual impulses of the state Legislature or Governor. The state after the 2008 recession has favored large amounts of AIM funding to the “big four” upstate cities, Buffalo, Rochester, Yonkers, and Syracuse, over smaller municipalities while maintaining the same budget. From SFY 2011-12 to 2016-17 the state has leveled its funding for AIM to $714.7 million with 60 percent of the total amount earmarked for the big four upstate cities.

Because the big four maintain large populations of poor residents, large portions of tax exempt property, and/or low property values they depend on state aid to balance their budgets and provide essential services to their residents. However, towns and villages who do not fit the state's typical classification structure for communities, e.g. cities, towns, and villages, and suffer from the same problems as cities do, due to growth in population, receive a fraction of the payments cities receive. In SFY 2016-17 the state provided only 9.5 percent of the total AIM funding to towns and villages. This funding disparity between classification creates winners and losers that could be better managed if the classification structure is reformed to better regulate distribution in terms of population, income, property value, and tax exemption.

The state legislation's reform of AIM in 2008-09 with restricting the uses of AIM funding on municipalities receiving over $100,000 in payments was not an equitable solution to municipality revitalization or adherent to the state's democratic values. However, the introduction of AIM incentives and grants to promote service sharing and local government consolidation by the 2005-06 legislature is a promising and effective tool for reducing property tax and conduit to revive fiscally distressed municipalities. Another promising development made by the 2005-06 state legislature was the required multi-year financial plan from municipalities receiving AIM increases. Although planning three years in advance may be difficult for local governments to prepare due to changing political, economic, demographic, or legal environments it is still good policy to prepare for the future and place an emphasis on long-term solvency. The statutory revenue sharing formula created in 1970 still has its merits for 21st century New York aid distribution and should be discussed further.

Reform Community Classifications and Preserve the 1970 Revenue Sharing Formula for the AIM Program

The revenue sharing formula enacted by the 1970 state legislature based on population, full property value, and personal income that could change overtime is an ideal foundation for equitable AIM distribution. We recommend the state government revive and adhere to its statutory revenue sharing formula as the base for the AIM program while adding tax exemption as factor for distribution of aid. Using this formula is simple and effective and adding tax exemption to the calculation can resolve another aspect of municipal tax base inequities.
For example, Syracuse has over 200 miles of water pipes it needs to replace and a large portion of its tax base that is tax exempt or in PILOT (payment in lieu of taxes) programs. As mentioned earlier the city of Buffalo receives 127 additional dollars in state aid per resident then the city of Syracuse. Drawbacks to reviving and adhering to this formula as the main calculator for AIM is the potential vulnerability to alteration or abandonment from the political process or economic downturns. A solution to this problem is increased transparency of publicising the methods and factors to which municipalities receive AIM. With more public information and involvement on AIM distribution the more pressure there is on state assemblymen to maintain their commitment to predictable, equitable, and flexible aid to local government.

Another area of improvement for the AIM program is reforming the classification levels for New York communities. We recommend the state government conduct an analysis of its municipal classifications in terms of demographic changes and service burden and enact a modernized form of the municipal structure for the purposes of AIM funding. The role of local government has grown from its original designation and demands for services has duplicated inefficiently as a result. Because most municipal borders and their subsequent classifications have been set prior to the 20th century, the classification structure needs to modernize. If the state assembly wants to see its AIM funds go to actual improvements in property tax relief and thus bettering the state's economy it must distribute monies to fiscally distressed municipalities fairly.

Require Shared Services and Multi-Year Fiscal Plans and Bind them to AIM Funding

With property taxes in New York being some of the highest in the country and many local governments facing fiscal gaps that cannot be rectified by their own taxing authorities because of population movements and rising poverty levels. It is imperative that the state government continue to share its revenues while pushing for effective and sustainable cost saving measures on to its local governments. Service sharing is an effective cost saving measure for municipalities because of economies of scale. We recommend the state require local governments who receive AIM funding to create a shared services and multi-year fiscal plan and tie those plans to their AIM funding. In 2005 the state assembly once required local government who received AIM funding to create a fiscal plan and in 2017 the assembly required a shared services plan for all local government who received AIM funding but neither of them were binding and nothing of substance has happened yet. Requiring local governments to create multi-year fiscal plans will force their leaders to have the hard discussions about real cost saving measures like reducing duplicated services. Short sighted fixes or delaying maintenance on public infrastructure projects in order to the balance budget has been the status quo for most local leaders. Holding these leaders accountable to focus on the long term health of their government and on permanent cost saving measures like sharing services by tying AIM funding to a multi-year fiscal plan or shared service plan is a solution to a difficult and common problem. Additionally, the State Comptroller, Thomas DiNapoli's, new fiscal monitoring system might be a reliable tool to monitor and gauge the fiscal plans of municipalities while also giving the public a tool to further their discussion with government leaders on consolidating services or improving fiscal performance (Office of the New York State Comptroller, 2017).

Friday, May 5, 2017

Topic: State Aid Programs and Local Government Consolidations
Thesis statement: Developing fair, equitable and comprehensive state aid programs, such as CETA and AIM, to encourage consolidations can be very difficult and complicated to measure without thorough regulations.

Annotated Bibliography

Clarkson, John. " Local Government Efficiency Update: New Government Efficiency Incentives Aim at Local Action." *Hudson Valley Pattern for Progress,* 2011, March 17. Retrieved March 2017 from: http://pattern-for-progress.org/sites/default/files/documents/IssueAlertEfficiencyIncentivesMar11.pdf
This organization is a not-for-profit policy, planning, advocacy and research organization. This article has served as a source of information on the state aid programs within New York state. This organization provides a very clear, reliable and detailed outline of the programs offered from the state of New York. It should be used as a supplemental piece of evidence to show what is currently happening within state.

Coin, Glenn. " New York State Comptroller: 27 Percent of Property Value in New York Tax-Exempt." *syracuse.com,* 2013, October 23. Retrieved from: http://www.syracuse.com/news/index.ssf/2013/10/new_york_state_comptroller_27_percent_of_property_value_in_new_york_tax-exempt.html
While this article was printed in a daily news publication, we simply utilized a direct quote from the former New York Comptroller Thomas DiNapoli. This was utilized to show the impact that tax-exempt property has on specific cities within Northern new York.

Entin, Stephen. "Tax Incidence, Tax Burden, and Tax Shifting: Who Really Pays the Tax?" *The Heritage Foundation.* 2004, November 5. Retrieved March 2017 from: http://www.heritage.org/taxes/report/tax-incidence-tax-burden-and-tax-shifting-who-really-pays-the-tax
This article was pulled from a conservative think tank that is based in Washington DC. Though the author did a fine job of keeping much of the article neutral, the information from this organization should be taken with caution as it has a political tendency.

Leland, Suzanne & Thurmaier, Kurt. "Metropolitan Consolidation Success: Returning to the Roots of Local Government Reform." *Public Administration Quarterly,* Vol. 24, No. 2, 2000, pp. 202-222. Retrieved from http://www.jstor.org/stable/40861805
This journal is a peer-reviewed academic journal. It is has been ranked as one of the highest quality journals for public administration. The authors of this article, Leland holding a Ph.D. from University of Kansas and Thurmaier holding a Ph.D. from the Maxwell School, are both highly published academics across various journals relating to public administration. This article utilizes the successful consolidation of Wyandotte

County and Kansas City, Kansas, as well as published work from Romzek and Dubnick (1982) to identify the crucial aspect of consolidations to make them a success. This article does not provide specific data driving analysis but pulls together successful consolidations to find which aspect was most key to success.

Leland, Suzanne & Thurmaier, Kurt. "When Efficiency is Unbelievable: Normative lessons from 30 Years of City-County Consolidations." *Public Administration Review,* Vol. 65, No. 4, (Jul. - Aug., 2005), pp. 475-489. Retrieved March 2017 from: http://www.jstor.org/stable/3542643

This article looks at models of city-county consolidations in 12 different local governments across the United States within the last three decades. This journal is a peer-reviewed academic journal that was established almost 80 years ago. It serves as a reliable source of empirical studies for those interested in public administration and the effects of policies throughout the field. This information is reliable and and comprehensive in its discussion of consolidation over the year three decades.

New York State Department of State. "Governor Andrew Cuomo Recommends $79 million in Appropriations To Support Local Government Re-organization and Efficiency Efforts," Retrieved March 2017 from: http://archive.cgr.org/potsdam/docs/2011-12StateLGEEProgramSummaryHandout.pdf

This document was created by the New York Department of State a governmental Organization. This information is detailing the Governor's recommendations on how to assist local government through the state. This is a reliable document, as it is providing detailed information about the state aid programs, but lacks evidence to support the reasoning behind the recommendations outlined within the document. It should be utilized as an informative document only.

New York State Department of State. "Secretary of State Perales Announces Application Availability for Local Government Efficiency Grant and The Local Government Citizens Reorganization Empowerment Grant Programs." 2011, December 15. Retrieved March 2017 from: https://www.dos.ny.gov/press/2011/1215grants.html

This press release was created by the New York Department of State, a governmental organization. This information should be used to share the opinions and recommendations from the elected leaders within the state, however the information provided should be verified to guarantee it is correct. The source is reliable but should be used only as support and information about programs, but not if programs are effective.

New York State Division of the Budget. (2005). *Aid and Incentives for Municipalities (AIM) Program*. Retrieved March, 2017, from https://www.budget.ny.gov/pubs/archive/fy0506archive/fy0506stateaid/fy0506aim.htm

This publication is from the New York State Division of Budget's website and in the archive its authors state the various aspects of the newly formed AIM program with the enacted budget of SFY 2005-06 dollar amounts for AIM. The publication is purely for informational purposes and our paper draws directly from its pages on distribution amounts and details of each enacted aspect of AIM. This source is credible and reliable due to the authority from which it came.

New York State Division of the Budget. (2008). 2*008-2009 Aid and Incentives for Municipalities (AIM)*. Retrieved March, 2017, from https://www.budget.ny.gov/pubs/archive/fy0809archive/enacted0809/localities/local/aim.html

This archived publication is was written by the New York State Division of the Budget, which is a governmental organization. The information in this archived publication is the source of this paper's assumptions on the new aspects and funding details of the enacted SFY 2008-09 AIM program. The publication is purely for informational purposes. This source is credible and reliable due to the authority from which it came.

Office of the New York State Comptroller. (2016). *Aid and Incentives for Municipalities*. Retrieved April, 2017, from https://www.osc.state.ny.us/localgov//datanstat/stateaid/index.htm

This publication is from the Office of the New York State Comptroller's website and in the archive its authors state the various financial details of the AIM program for the enacted budget of SFY 2016-17. The publication is purely for informational purposes and our paper draws directly from its pages on distribution amounts and details of each enacted budget detail of the AIM program in SFY 2016-17. This source is credible and reliable due to the authority from which it came.

Office of the New York State Comptroller. (2017). *Fiscal Stress Monitoring System*. Retrieved May, 2017, from https://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

This publication is from the Office of the New York State Comptroller's website and in the archive its authors state the various financial details of the Comptroller's fiscal monitoring system program. This source is credible and reliable due to the authority from which it came.

Office of the New York State Comptroller, Division of Local Government Services & Economic Development. (2005, February). *Local Government Issues In Focus: Revenue Sharing in New York State*. Retrieved March, 2017, from https://www.osc.state.ny.us/localgov/pubs/research/rev_sharing.pdf

This research paper by the Office of the New York State Comptroller is the basis of this paper's AIM program overview and history section. The information provided in this paper documents state aid categories, history of state aid to municipalities, impacts of state aid specifically from 1988 to 2005, differences in state aid by classification, and other state comparisons. It also audits the executive budget proposals for SFY 2005-06 and provides recommendations for reforming the state's revenue sharing formula. This source is reliable for foundational understanding about state aid in New York based on the source of the content.

Rusk, David. " Annexation and the Fiscal Fate of Cities." *The Brookings Institution, Metropolitan Policy Program.* 2006, August. Retrieved March 2017.

This organization is one of the oldest think tanks in Washington D.C. They provide empirical work related to many topics within current affairs. The author, David Rusk, does fine research but it should be noted that he is a former politician, which can bias some of his work.

Shaughnessy, B. (2014). *State Aid*. Retrieved March, 2017, from http://www.stopthetaxshift.org/state-aid

This article is a project of the New York State Conference of Mayors and Municipal Officials for the purpose of lamenting that state aid to New York's cities and villages is underfunded. The author provides an introduction into the politics and issues of the AIM program with a solution of lobbying the state government to fund AIM even more. The article also provides a few quality data and arguments but should be taken with a grain of salt due to the bias of this highly political stakeholder.

Tsoodle, Leah J. & Turner, Tracy M. "Property Taxes and Residential Rents." *Real Estate Economics,* Vol. 36, no. 1, 2008, pp. 63-80. Retreived from: http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6229.2008.00207.x/pdf

The authors utilize data from the American Housing Survey and the National league of Cities to find the effect of increasing property taxes on rental prices within the United States. While the authors find a change in rental prices can be correlated with increases in property prices, it is unclear if other factors are in play. This article is associated with the American Real Estate and Urban Economics Association. This source seems credible and reliable, however we found very few articles drawing such concrete conclusions due to the difficulty of creating a causation effect between rents and property taxes.