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**Testimony of Albert E. Caccese
Executive Director, Audubon New York
Before Joint Legislative Hearings on the New York State Budget
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Mr. Chairmen, and other distinguished members of the Senate and Assembly, thank you for allowing me the opportunity to address you today. My name is Al Caccese and I am the Executive Director of Audubon New York, the State program of the National Audubon Society representing 27 Chapters and 50,000 members across the state. Our mission is to protect birds, other wildlife and the habitats that support them across this great state. I provide the following testimony on Governor David Paterson's proposed 2008-2009 Deficit Reduction Bill, and his 2009-2010 executive Budget proposal on behalf of our chapters and members.

Since taking office in March, Governor Paterson has distinguished himself as very nice man with a very tough job. I want to make it clear that we are not oblivious to the dire economic crisis that is facing our state and, indeed, our nation, and stand ready to work with the State to address these challenges. However, with regard to the environment, the Governor's Executive Budget proposal and Deficit Reduction Bill are misguided and disappointing, and do little to stimulate the economy and keep people working, and in some instances do just the opposite.

As the State faces these troubling and uncertain economic times, continued investment in the restoration of the New York's water, air and open space resources can and should play an important role in the revitalization of the State economy. Numerous economic analyses by the Brookings Institution have proven that the health of the environment will determine the health and prosperity of our communities and the state. When key environmental factors like water quality and local parks are degraded, it compounds the economic woes facing localities and means fewer jobs for the economy. However, when investing in the protection and restoration of these same resources, it can yield significant returns on the state's investment and make these communities more attractive to businesses and people.

This is especially relevant when considering the vacation trends of state residents. In the age of ever changing fuel prices, more residents are traveling locally, and looking for opportunities to recreate closer to home. By providing increased opportunities for these residents to safely enjoy New York's wildlife and open spaces, the state in turn capitalizes on their spending. An illustration of this concept was highlighted in a 2006 survey undertaken by the United States Fish and Wildlife Service which found that an estimated 3.8 million bird and other wildlife watchers contributed an estimated \$1.6 billion to the state economy, including \$250 million in State sales tax revenue in 2006, supporting thousands of jobs across the state. This economic impact is calculated by assessing trip-related expenditures on food, lodging and transportation, as well as factoring in sales of necessary equipment, such as binoculars, bird books, and other such items. It clearly illustrates the important role that "ecotourism" plays in supporting the state economy, and the importance of protecting the environment as a means of restoring the economy.

Yet, the longer we wait to invest in the protection and restoration of the environment, the more costly the problems become to fix and the return on the investment decreases. To back away from protecting these resources now, would be the wrong course of action for the state, and make it difficult to leverage federal funding which may be made available in an economic recovery package.

It is unfortunate to note that the Governor's proposed Budget and Deficit Reduction Bill disinvests in the environment by slashing the Environmental Protection Fund (EPF) by \$50 million in FY 08-09 and by \$95 million in FY 09-10; by "sweeping" funds from the EPF for other purposes; and by "offloading" programs traditionally funded in other parts of the budget at the expense of traditionally funded EPF programs. All things which threaten the integrity of the EPF and have been opposed by the Friends of New York's Environment Coalition and are contrary to the position of the Legislature.

These cuts, sweeps and offloads put at risk many projects across the state that help restore the environment and provide for ecotourism opportunities. This not only further compounds the economic woes facing not for profit organizations and local governments, but also further cuts vital programs that enhance education opportunities aimed at teaching our children to be proper stewards of the environment, and combating childhood obesity by inspiring children to get outside and be active.

What is most troubling about the Governor's budget proposal is his notion of changing the EPF's primary funding source. Since its creation in 1993, the EPF has been funded through dedicated revenue from the Real Estate Transfer Tax (RETT), which is derived, in part, from suburban sprawl and habitat loss. The EPF was designed to provide a secure source of environmental funding in good economic times and bad, and over the last 15 years has grown successfully to try and keep pace with demand for projects that support critically important programs that not only protect New York's land, air and water, but enhance the State's economy and improve public health. The Legislature has reaffirmed the connection of the RETT to the EPF with the passage of the EPF Enhancement Act in 2007, requiring the EPF to increase to \$300 million in FY 09-10 backed by increased revenue from the RETT.

Even in these trying economic times, with rates of home foreclosure increasing across the country, the RETT continues to bring in hundreds of millions of dollars to the State, more than enough to fully fund the EPF at the \$255 million level in FY 08-09, and at the \$300 million level that the EPF is required by law in FY 09-10. However, in this bad economic downturn, the Governor's first action is to undo the linkage between this stable, proven and dependable funding source and the EPF, and replace it with revenues from the proposed expansion of the returnable beverage container act. Audubon New York strongly opposes this proposal to reduce the amount of RETT dedicated to the EPF.

While we strongly support the expansion of the Bottle Bill to include non-carbonated beverages, we have always called for the revenues from this proposal to be used to help grow the EPF, not replace a dedicated and proven revenue source. Under the Governor's proposal if the Bottle Bill does not pass this year, the EPF will be left with only \$80 million from RETT revenue, falling far short of established demand for projects. Now is not the time to be dismantling the EPF, and we strongly urge the Legislature to once again reaffirm the connection of the RETT to the EPF by undoing this shortsighted proposal.

We do, however, strongly urge the legislature to pass the Bigger, Better Bottle Bill this year. And as much as we would like to see all the revenue be devoted to the EPF, we do support a phase in of the Bottle Bill revenue to the EPF over five years, similar to the approach taken by Massachusetts. By phasing in a certain percentage of the Bottle Bill revenue each year until 100% of the revenue is dedicated to the environment, portions of the revenue in the first few years can be used for general fund relief. We hope that the Legislature will come to agreement on this important litter reduction measure this year, and support this phased in approach.

In addition to the changes to the funding source of the EPF, Audubon New York is also concerned that the Governor's deficit reduction proposal authorizes an additional "sweep" of \$75 million from the EPF to non environmental purposes, and when combined with the previous \$125 million "sweep", and the proposal to reduce the EPF appropriation by \$50 million, we will be left with a pittance to support critical projects that seek to restore the State's environment and economy. In the past, these "sweeps" came with promises to repay the money taken from the EPF. Though none of this money, totaling nearly \$450 million taken over the lifetime of the Fund, has ever been repaid, this year the Governor is proposing an additional sweep of \$45 million in his 09-10 Executive Budget, and this new sweep no longer comes with the same "IOU" for the EPF funds he is proposing to divert. As the Legislature created this dedicated fund to be used for environmental purposes, this action goes against the intent of the fund, and we again oppose this "sweep" of funds and the intent no longer repay the funds taken, and urge the Legislature to reverse this.

Also of great concern to Audubon New York, is the Governor's proposal to reduce EPF appropriations by 20% in the FY 08-09 deficit reduction bill and 31% in the FY 09-10 proposed Executive Budget, in addition to increased "sweeps". The EPF is such a small portion of the overall state budget. We don't understand why it is being hit so disproportionately as compared to other sectors of the Budget. As we stated previously, there is already more than enough RETT revenue to support fully funding the EPF in both fiscal years, and demand for environmental funding continues to outpace available resources. We strongly urge the Legislature and Governor to implement the EPF Enhancement Act by funding the EPF at \$300 million this year, and restore the proposed cuts to many important EPF Categories. Further delaying these projects will only prolong the economic hardships facing municipalities, and compound fiscal woes of the state.

There are a number of EPF programs that are slated for major cuts or elimination under the Governors proposal that are greatly important to Audubon New York and the protection of birds, other wildlife and their habitats in New York State. We strongly support the restoration of full funding for: the Biodiversity Research Institute, Open Space Protection, Farmland Protection, Invasive Species eradication, Ocean and Great Lakes Conservation Initiative, the Finger Lakes Lake Ontario Watershed Protection Alliance, and the Water Quality Improvements program. Of most concern is the cuts to, and elimination of the ZBGA program.

Zoos, Botanical Gardens, and Aquaria (ZBGA) Program:
2008/2009 Appropriation - \$9 million
2008/2009 Deficit Reduction Proposal - \$4 million (55% cut)
2009/2010 Proposed funding - \$0 (100% cut)

Established in 1978, the ZBGA Program (ZBGA) provides critical funding for the unique needs of cultural institutions with living collections such as zoos, botanical gardens, aquaria, arboreta and nature centers. This important program provides funding to organizations like Audubon Nature Centers for the care of their living collections. These living museums generate millions of dollars each year for the state in tourism revenue and economic development.

ZBGA is a formula-driven reimbursement program. The 55% cut in funding in the current fiscal year is extremely detrimental to our nature centers and the other participating institutions as they have already budgeted for and used these funds. The State Office of Parks, Recreation and Historic Preservation has approved the projects for this program, and even though the money is available, the disbursement of the funds to our institutions is being held up by the Governor's Office. We strongly urge the Legislature and Governor to restore this cut in the Deficit Reduction Bill and in the proposed FY 09-10 Executive Budget, and we strongly urge for these funds to be quickly made available.

In addition to providing for the care of the living resources at these institutions, the ZBGA program helps support and enhance environmental education and interpretation activities across the state that seek to create an informed citizenry and create opportunities for children to be active outdoors. Annually, our Audubon Nature Centers connect hundreds of thousands of school children and their parents across the state to nature, inspiring children and their families to explore and learn about nature. Numerous studies, including those detailed in the book Last Child in the Woods by Richard Louv, have shown that these types of programs are critically important to fighting the childhood obesity epidemic, as well as other health problems like Attention Deficit Hyperactivity Disorder (ADHD).

Yet children today are facing dwindling access to open spaces and have less time to be in nature. Free play in open spaces and natural areas is better for children's health than the structured play of organized sports or the lack of spaces to explore found in manicured parks. Suburban sprawl is not only eliminating habitat for birds and other wildlife; it's also taking away children's play spaces. The subsequent "nature deficit disorder" (coined by Richard Louv) is further compounding many of these illnesses. No school curriculum or computer program can substitute for direct experience in nature where children can discover themselves and the healing and creative power of the natural world. More pediatricians are now beginning to prescribe outdoor play time for children to address these illnesses, and subsequently encouraging parents to take their children to institutions like those supported by the ZBGA program.

As combating this epidemic of childhood obesity is one of Governor Paterson's top initiatives, we would hope that he would take a very broad look at all the factors that are facilitating childhood obesity and strive to promote those programs that combat this threat. But once again, the Governor's proposed budget cuts programs like ZBGA which serve many different roles from promoting tourism to combating childhood obesity, and does not support other critically important environmental education initiatives that seek to inspire children to get outside and be less sedentary. In addition to restoring the cuts to the ZBGA program in the EPF, we strongly urge that portions of the "obesity tax" revenue be provided to non-profits to assist in getting people outside, by providing resources for environmental education programs, field trips, and programs that inspire children and their parents to get outside.

In addition to the above, we would actually like to add a category to the EPF for FY 09-10. As we reported last year, and reinforced this year with the recent release of the New York Breeding Bird Atlas, grassland bird species are the fastest declining suite of species in New York. As noted in the New York Wildlife Action Plan, their populations are threatened in some areas where agricultural practices have intensified resulting in hayfields and pastures that do not allow grassland birds to breed successfully, in other areas where former agricultural lands have been abandoned and are transitioning into shrublands and forests, and still in other areas where pressures are greatest to abandon farming and to develop these acres for residential and commercial purposes.

In an effort to curb these precipitous declines, Audubon New York has released a comprehensive *Plan for Conserving Grassland Birds in New York*¹ under contract with DEC, synthesizing the most recent scientific literature on grassland birds to guide conservation efforts of these species. In addition to identifying key habitat management strategies for grassland birds, the report finds that the continued survival of these species depends on the development of successful partnerships with the private landowners that own the vast majority of habitat upon which the birds rely.

¹ <http://ny.audubon.org/PDFs/ConservationPlan-GrasslandBirds-NY.pdf>

To ensure we are successful in our partnership efforts with private landowners, new state funding is needed to replace the federal funds for the DEC's Landowner Incentive Program (LIP) for grassland bird conservation.

Within the expanded EPF, between \$600,000 and \$1 million should be allocated for the Grasslands LIP which will provide upstate landowners with much needed property tax relief to help them maintain the rural quality of life in New York, all while conserving at-risk wildlife populations. We strongly urge the legislature to add this category to a fully funded \$300 million EPF, and have provided supporting documentation attached to this testimony.

Also, this funding is important to consider with the proposed closure of the State's last Pheasant Farm. While we do not have a position on this closure, we would hope that this would come with new investments in protecting the grassland habitat that could sustain these wild populations of Pheasants. Yet the Governor's budget does not address this need to protect or restore the habitat that could support these birds. We look forward to working with the DEC, our conservation and sportsmen partners, and the Legislature to ensure that grassland habitat around the state is restored and managed to support grassland birds and naturally sustaining wild populations of Pheasants.

With regard to other portions of the Governor's proposed Budget, Audubon New York supports the continued attention to the infrastructure needs of our State Parks system, building off last year's successful investment by the Governor and Legislature. In these difficult economic times, capital funding in our Parks system will yield great returns on the investment through job creation and increased ecotourism dollars, as we've already begun to see. We also are opposed to the proposed cap on the amount of taxes New York State pays on land, including forest preserve lands in the Catskill and Adirondack Parks, as this could severely undermine the state's open space conservation efforts.

As the Federal government is preparing an economic recovery package to stimulate the economy and put people back to work, the State should also consider its own recovery package by investing in these similar infrastructure projects. Audubon New York has been working with the Clean Water/ Jobs Coalition, a unique partnership of conservation groups, Labor and the Construction industry, and the New York Congressional Delegation to support funding for environmental priorities within an economic recovery package (See attached fact sheet on Long Island Sound Restoration). The state must be ready to match the federal government's commitment if this stimulus is to have a lasting impact on the economy. An environmental Bond Act that provides funding for waste water infrastructure and other projects that restore our natural infrastructure would indeed help the state put people to work, restore our environment, and provide an important match for the influx of federal funds. As an example of the economic potential, the State estimates that with every \$1 billion invested in our waste water infrastructure, 30,000 to 47,500 jobs are created. As the federal government is preparing to do this, the state must also consider a comprehensive bond act that will help the state leverage the federal dollars and make these projects longer lasting to stimulate the economy.

In addition to a new environmental Bond Act, we would also like to suggest for your consideration two new revenue generating ideas. First, a clean water surcharge on the sale of lawn care pesticides and fertilizers, which could be used to generate additional funds for water quality improvements and wastewater infrastructure upgrades. As the use of lawn care pesticides and synthetic fertilizer continues to increase across the state, threatening the state's aquatic resources, the state could use this fee to generate important resources to offset their impacts. Secondly, the state should consider instituting application fees for permits to modify Freshwater Wetlands. Along with decreasing the size threshold for DEC regulation of freshwater wetlands to 1 acre or larger, a modest fee structure should be enacted so that the DEC can recoup losses for this program and create a disincentive for destruction of wetlands which provide numerous cost savings functions from flood protection and groundwater filtration to providing important wildlife habitat.

Meeting the demand for environmental improvements and protecting bird species from further decline will take creativity and a commitment from all levels of government. Audubon New York once again wants to thank the Legislature for its leadership in conservation efforts around the state, and we look forward to working with you in the coming months to ensure that needed environmental investments are made to help stimulate the economy and keep New Yorkers working. Thank you again for allowing me to testify today