



NEW YORK STATE SENATOR

Joseph A. Griffo

## Senator Griffo's Weekly Column #28: What To Do With An Extra \$4.2 Billion

JOSEPH A. GRIFFO August 7, 2014

| ISSUE: **BANKS, EDUCATION, TRANSPORTATION, TAXES, PROPERTY TAX**

Recently, a French bank named BNP Paribas admitted laundering \$190 billion through financial institutions in our state. The money was originating in Sudan and Iran, two countries blacklisted by ours for their support of terrorist organizations.

The bank is paying a huge fine - \$8.9 billion – for its crimes. Our state is receiving \$3.6 billion from the settlement. It's one of five financial settlements that will, together, bring in \$4.2 billion in unexpected revenue in the 2015 fiscal year.

In the context of a \$142 billion spending plan, these settlements won't pay for everything. It's important to maintain perspective. Any new program created with this money will likely keep costing us for years, perhaps decades in the future. Some of my colleagues might like funds for their pet projects, but that too often produces little economic return.

If we want to see the best return on investment, we should dedicate some of these one-time funds to improving our infrastructure.

Our 19 million residents and our \$1.2 trillion economy depend on reliable roads, bridges, railroads, airports, and water and sewer systems. And yet, federal and state investments in infrastructure have not kept pace with needs. About 26 percent of our state's highways and primary roads are in need of significant repair. There are also more than 6,400 bridges statewide that are considered deficient or obsolete.

The American Society of Civil Engineers estimates that each New York motorist pays \$403 per year for vehicle fixes that wouldn't be necessary if we kept our roads in good condition.

To be clear, the settlements won't fix all our problems. The state is in danger of underfunding critical water, sewer and transportation projects by \$89 billion through 2032. But any additional investment in infrastructure helps keep more people healthy and safe – surely a laudable goal.

These settlements also provide an opportunity to right a wrong. The state Legislature, over my objection and that of my Republican colleagues, reduced aid to schools by \$1.5 billion

during the 2009-10 fiscal year to eliminate a gap between state revenues and costs. This Gap Elimination Adjustment forced schools to increase class sizes, eliminate sports and extracurricular activities, cut staff, reduce Advanced Placement offerings, reduce or eliminate pre-K and summer school and forgo some needed repairs.

I'd like to see some of these settlement funds go toward ending the Gap Elimination Adjustment once and for all.

We should also use these funds for tax relief. New York has the unwelcome distinction of having some of the nation's highest property taxes and least friendly business climate. Tax cuts would be welcomed, especially if they're paired with permanent cuts to expenditures which are outdated, unnecessary or duplicative.