

SENATE DEMOCRATIC CONFERENCE / COUNSEL AND FINANCE OFFICE
2018 Executive Budget Highlights

Date: January 17, 2018
To: Members of the Senate Democratic Conference
From: Counsel and Finance Staff
Re: FY 2019 Executive Budget Highlights

Summary of Executive Budget Proposal for State Fiscal Year 2018-2019

This year's Executive Budget provides a litany of budgetary and article seven proposals addressing the various goals and initiatives put forth by the Governor. The Executive Budget adheres to the 2% State Operating Funds (SOF) spending cap. For FY 19, total All Funds spending, including extraordinary aid, is recommended to be \$168.1 billion, which represents a 2.3% increase over the current year's level.

The Executive Budget would eliminate the estimated General Fund budget gap of \$4.4 billion in FY 19 and reduce the estimated budget gaps to \$2.8 billion in FY 20, \$4.5 billion in FY 21, and \$4.8 billion in FY 22. DOB estimates that if future budgets hold spending growth to 2 percent annually in State Operating Funds, the General Fund would have a budget gap of \$246 million in FY 20, and surpluses in FY 21 and FY 22. This calculation assumes that all savings from the spending reductions are made available to the General Fund. Among other items, the following major proposals are included in the Executive Budget:

Education and Higher Education

- Provides a \$770 million increase to state education or 3% over last year;
- Provides \$1.1 billion for TAP and includes the DREAM Act;
- Provides \$338 million increase in Foundation Aid;
- Discontinues Bundy aid to independent colleges and reinvests funding for a capital matching competitive grant program;
- Discontinues charter supplemental basic tuition reimbursement to New York City;
- Ends school lunch shaming and expand offering of school breakfasts;
- Authorizes districts to use third-party vendors for school bus stop-arm cameras and increases related fines; and
- Expands the scope of practice for a certified registered nurse anesthetists.

Public Protection

- Provides a \$50 million increase for implementation of the Hurrell-Harring settlement;
- Streamlines trials and allows judges to further inquire if the prosecution is ready to proceed to trial;
- Eliminates cash bail for misdemeanor and lower-level non-violent felonies;
- Creates an automatic discovery system within 15-30 days of arraignment, and provides new limits and remedies for prosecutors who fail to disclose information;
- Requires state-paid judges to work full eight-hour days;

- Strictly limits the use and application of civil asset forfeiture practices;
- Enacts the Child Victims Act, including a one-year revival of expired civil claims;
- Expands merit time and limited credit time programs, and allows for geriatric parole for incapacitated people over 55; and
- Relaxes certain job restrictions for people with criminal conviction records.

Health and Mental Health

- Increases Department of Health funding by \$5.6 billion, including a 2.5% increase in Medicaid and a 3.2% increase in the Medicaid Global Gap;
- Establishes a \$1 billion healthcare shortfall fund to address loss of federal funding (including elimination of CHIP), paid for by converting health insurers to for-profit status, taxing insurance windfall profits, and various state savings;
- Provides a \$112.4 million increase to OMH and \$189.9 million to OPWDD;
- Establishes "retail practices" that provide health care services in a retail settings such as pharmacies, grocery stores or shopping malls; and
- Establishes a Jail Based Restoration to Competency program in local jails to restore felony defendants to competency.

Revenue and Taxes

- Raises at least \$1.035 billion in new revenue;
- Converts not-for-profit health insurers into for-profit entities;
- Taxes windfall earnings of health insurers;
- Establishes an opioid epidemic surcharge on manufacturers;
- Closes the carried interest loophole if enacted by other regional states; and
- Establishes an e-commerce internet sales tax for all applicable vendors.

Ethics, Good Government, and Campaign Finance

- Expands the definition for what is considered a political communication to include paid internet and digital advertising and requires display of the name of the person or entity who paid for the ad;
- Provides for public financing of elections;
- Provides for limits on legislators outside income and institutes term limits;
- Establishes same day voter registration, automatic voter registration, and early voting;
- Closes the LLC loophole and limits certain campaign contributions; and
- Reforms FOIL, creates a Chief Procurement Officer and establishes new Inspector General offices (SUNY and CUNY).

Women's Rights

- Enacts a multi-pronged anti-sexual harassment plan;
- Requires insurance coverage for contraceptive care and removes abortion criminalization provisions from the Penal Code;
- Adds a state constitutional Equal Rights Amendment;
- Removes firearms from domestic violence abusers;
- Creates a Maternal Mortality Review Board;
- Extends storage of rape kits to five years or when the victim turns 19; and

- Provides free feminine hygiene products in schools and ensures changing stations in both male and female bathrooms.

Human Services and Labor

- Extends the Close to Home program for five years;
- Closes the Ella McQueen Reception Center in Brooklyn;
- Allows social service districts to opt-in to a rent cap program limiting the rent paid by public assistance recipients living with HIV/AIDS to 30% of total income;
- Defers the human service worker COLA for one year;
- Provides \$44 million from MIF reserves for affordable housing capital needs;
- Increases the state’s workforce by 201 FTEs;
- Establishes a voluntary “Secure Choices” retirement program for private-sectors under the state’s Deferred Compensation Board;
- Eliminates reimbursements for high-income retirees under the IRMAA Medicare program and caps reimbursements for middle-class state retirees enrolled in Medicare; and
- Increases the total credits available for the New York Youth Jobs tax credit by 50 percent.

Transportation, Economic Development, and General Government

- Provides \$1.27 billion in economic development capital funding and \$600 million for a capital program;
- Places a new statutory responsibility on NYC to pay the full cost of any capital needs for NYCTA and requires NYC to pay half the emergency subway rescue plan amount;
- Allows the MTA to capture 75% of the increased property tax revenue from districts that have received improvements, such as 2nd Ave Subway, East Side Access, Penn Station, and the 125th Street Metro North Station;
- Extends the MWBE program for five years, allows for personal net worth restrictions to be increased administratively, and extends the MWBE goals to all municipal contracts;
- Requires all backseat passengers to wear seatbelts and restricts use of all electronic devices for junior license holders;
- Extends the autonomous vehicle program to 2020;
- Restricts local governments' and school districts' ability to exceed property tax cap; and
- Facilitates shared services and makes shared services panels permanent.

Environment, Parks, Agriculture

- Provides \$300 million for the Environmental Protection Fund;
- Doubles the Farm to School Program to \$1.5 million; and
- Reforms the State’s private forest owner tax exemption program and creates new grant programs to conserve privately held forests.

Education and Higher Education

Education

The Executive Budget Proposal for School Year 2018-2019 provides an overall increase in State

Aid of \$769 million or 3.0% bringing total General Support for Public Schools (GSPS) to \$26.4 billion. The proposed increase is associated with the following Executive actions:

- \$337.6 million increase in Foundation Aid;
- \$317 million current law funding for expense-based aids;
- \$50 million increase for the transformation of high-need districts into community hubs;
- \$40 million in debt service payments associated with Smart Schools Bond Act projects;
- \$45 million for Empire State After-School grants;
- \$22.6 million for charter school supplemental tuition reimbursement for school districts;
- \$5.0 million for non-public school STEM programs increase in non-public school aid;
- \$5 million for an expansion of high-quality prekindergarten;
- \$9 million for early college high schools;
- \$4 million for Advanced Placement and International Baccalaureate exam fees;
- \$500,000 for School Districts to offer AP or IB courses;
- \$1 million for the East Ramapo School District;
- \$250,000 for Community Schools to expand mental health services; and,
- \$6 million for the Smart Start Computer Science Grant Program.

Higher Education

Direct State Tax Support

The Executive Budget provides \$1.3 billion in operating aid for CUNY Operated Colleges and \$2.95 billion in operating aid for SUNY State Operated Colleges, representing a 2.9% increase for CUNY and 0.4% increase for SUNY.

Community College Base Aid

Community College Base Aid is funded at \$2,747 per full-time equivalent (FTE), at the same level as FY 18. The Executive Budget provides community college base aid in the amount of \$232.2 million for CUNY, a decrease of 2.4% from last year's levels, and \$441.4 million for SUNY, a reduction of 4.3%. These fluctuations are enrollment-based. In addition, the Executive proposal continues funding provided last year in the amount of \$5 million for the Next Generation College Linkage program (\$3 million for SUNY and \$2 million for CUNY).

Tuition Assistance Program

The Executive Budget proposes \$1.1 billion for the Tuition Assistance Program. This amount includes appropriation authority for the DREAM Act, additional funding for phase-II of the Enhanced Tuition Award, and the Excelsior Scholarship.

Bundy Aid Changes

The Governor proposes discontinuing unrestricted aid to independent colleges (Bundy) and reinvests funding for a \$30 million competitive round of the Higher Education Capital Matching Grants program, while providing \$10.5 million to fund the remainder of the Academic Year.

Search for Education, Elevation and Knowledge (SEEK)

The Executive Budget proposes \$23.4 million for SEEK. This level is the same as proposed in the FY18 Executive Proposal but does not include last year's legislative add of \$4.7 million.

Education Opportunity Programs (EOP/HEOP)

The Executive Budget proposes \$67.7 million for Educational Opportunity Programs- \$26.8 million for EOP, and \$29.6 million for HEOP. The Governor did not include the legislative add of \$5.4 million for EOP and \$5.9 million for HEOP in his budget presentation.

Article VII

Foundation Aid

The Executive proposal increases Foundation Aid by \$338 million, including an additional \$50 million for Community Schools, bringing the total investment in Community Schools to \$200 million. Additionally, the Executive Budget would increase the minimum Community Schools set-aside amount from \$10,000 to \$75,000. The proposal does not include a phase-in timeline allocating the remaining funds owed to districts under Foundation Aid.

School District Funding Reporting Mandate

The Executive proposal would require, beginning with the 2018-19 SY, the “Big Five” school districts (Buffalo, New York City, Rochester, Syracuse and Yonkers) to report to, and receive approval from, SED and DOB a detailed statement of their total funding allocations for each school in the district. Beginning with the 2019-20 SY, districts with more than nine individual schools who receive more than half of their revenue from the state would be required to submit this information for approval. Failure to receive approval from SED and DOB would result in a loss of any school aid increases.

Charter Schools

The Executive proposal would discontinue charter school supplemental basic tuition reimbursement to the New York City school district beginning with the 2019-20 SY. Supplemental basic tuition would continue to be reimbursed in the following year by the State for all other districts outside of New York City. The 2017-18 Enacted Budget required districts with students attending charter schools to increase payments to charters by \$500 per pupil in supplemental basic tuition over their total per pupil payments in 2016-17.

The Executive proposal would cap the State’s share for incurred expenditures related to charter school leased-space to \$10 million. Beginning in 2014, when a charter is awarded rent, NYC was required to pay the first \$40 million, and then the State would pay a 60% share through Charter Facilities Aid. The Executive would also clarify that actual rental costs for new and expanding NYC charter schools include lease payments, costs of capital improvements, costs of occupancy, maintenance and repairs, utilities, custodial, security, insurance, and real property taxes.

School Nutrition Proposals

The Executive proposal would require schools to adopt policies to prevent “school lunch shaming” and would establish policies regarding unpaid meal charges. The Executive proposes requiring all public elementary and secondary schools, excluding charter schools, with at least 70% or more of its students Free and Reduced Price Lunch eligible to offer all students a school breakfast after the instructional day has started. The Executive proposal would also increase the

reimbursement schools receive for lunches from the current \$0.06 per meal to \$0.25 per meal for any school that purchases at least 30 percent of its food from New York farmers and growers, beginning with the 2019-20 school year.

School Bus-Stop Cameras

The Executive proposal would authorize school districts to enter into agreements with third parties to install or operate school bus stop-arm cameras, and increases the fines for passing a stopped school bus. Costs associated with such cameras would not be reimbursable through State transportation aid; instead, the school district would be entitled to receive the fines associated with violations captured by the cameras. The proposal would increase the fines from \$250-\$400 to \$500-\$750 for a first offense, from \$600-\$750 to \$1,000-\$1,250 for a second offense, and from \$750-\$1,000 to \$1,250-\$1,500 for a third offense.

Recovery High Schools

The Executive proposal would authorize non-component school districts, including the Big Five City School Districts, to participate in Recovery High School programs operated by Boards of Cooperative Educational Services (BOCES).

NYS DREAM Act

The Executive proposes enacting the New York State DREAM Act by making undocumented immigrant students eligible to receive State financial assistance for college.

Expanded Scope of Practice for Certified Nurse Anesthetists (CRNAs)

The Executive proposal would permit registered professional nurses who are certified as certified registered nurse anesthetist” (CRNAs) to practice “nurse anesthesia.” Nurse anesthesia must be provided in collaboration with a licensed physician, and performed in accordance with a written practice agreement. The proposal would also establish the education, fees, use of the title of CRNA, training and licensure requirements for CRNAs in order to be certified to practice nurse anesthesia. Currently practicing CRNAs would have two years to obtain certification within two years of the effective date of this bill and may practice while his or her application is pending.

Public Protection

Department of Corrections and Community Supervision (DOCCS)

Funding highlights for DOCCS include the following Executive actions:

- \$8.7 million shift of 116 correctional officers responsible for supervising inmates in the Corcraft program from the General Fund to the Corcraft Correctional Industries Account;
- \$4.5 million decrease associated with the closure of three special housing units to comply with the New York Civil Liberties Union settlement costs;
- \$4.5 million in savings related to hepatitis C drug cost; and,
- \$3 million increase associated with DOCCS inmate’s hospital in-patient visits.

Division of Criminal Justice Services (DCJS)

Funding highlights for DCJS include the following Executive actions:

- \$17.8 million reduction in legislative additions and appropriations funded in FY 18;

- \$5 million reduction in the Aid to Defense program, shifting funding from the General Fund to the Legal Services Assistance Account;
- \$1 million reduction in the New York State Defenders Association program, shifting funding from the General Fund to the Indigent Legal Services Account.

The Executive Budget proposal for FY 2019 provides a \$50 million increase for the statewide implementation of the Hurrell Haring settlement. This is one-fifth of the overall \$250 million request made by the Office Indigent Legal Services.

Division of Homeland Security

Funding highlights for the Division of Homeland Security include the elimination of a \$50 million capital appropriation for interoperability program grants. This appropriation is no longer necessary due to the full disbursement of those program grants. The Executive Budget for FY 19 also includes \$13.2 million in capital funding for the Division of Military and Naval Affairs to continue maintenance projects for armories across the State.

Article VII

Speedy Trial Reform

The Executive Budget proposes enacting limits on the current speedy trial framework. Notably, the proposal would place limits on defendants' waivers of speedy trial rights and would allow the court to inquire about the prosecution's readiness for trial. The proposal would also put limits on the amount of time that can be waived by the defendant, and require that waivers of speedy trial time be made in writing and be signed by the defendant. Further, if the defendant is incarcerated, the waiver must be made in open court and would only be valid upon the court's approval.

Bail Reform

The Executive Budget would eliminate cash bail for misdemeanors and non-violent, non-Class A felonies. When cash bail is set and a defendant remains in jail, a hearing will be held to reassess the amount of bail based on the defendant's ability to pay. A defendant would only be able to be remanded to custody for the duration of the case following a hearing to determine if he or she poses a serious flight risk or a current threat to the physical safety of a reasonably identifiable person or persons. Even so, a defendant would only be allowed to remain in jail for 180 days prior to trial, with certain narrow exceptions.

Discovery Reform

The Executive proposes an automatic discovery system, wherein information must be disclosed within 15 or 30 days of arraignment, without the need for written demands by the defendant. Protective orders would be available if the release of information would pose a danger to the integrity of evidence or a risk of physical harm, intimidation, or other dangers to a witness. Prosecutors would only be allowed to redact information in order to protect an ongoing case. New remedies would be available when a prosecutor fails to follow discovery procedure.

Expanded Merit Time and Limited Credit Time Allowances

The budget proposal would create new merit time and limited credit time allowance programs. The new merit time allowance would provide for a shortened sentence upon completion of two semesters of six credits of college classes. The limited credit time allowance programs would provide for shortened sentences for completion of certain cosmetology, barber, computer operator, or Thinking for a Change cognitive behavioral treatment programs.

Expansion of Available Licenses for People with Criminal Convictions

License restrictions for check cashing businesses, bingo operations, notary publics, insurance adjusters, real estate agents, Social Services work activity employers, and driving school employees would be relaxed, but not eliminated, for people with criminal convictions. Similar regulations limiting eligibility for NYC Council and Community Boards would be relaxed.

Geriatric Parole

The Executive Budget would establish parole for people over the age of 55 who are physically or mentally incapacitated by a medical condition worsened by age and pose no reasonable threat of re-offense or to society. To be eligible, a person must not be serving a sentence of life without parole, or be serving a sentence on a conviction of Murder in the First Degree or Aggravated Murder, and must have served at least half of their sentence or minimum sentence.

Full Day Workday for Trial Courts

The Executive Budget would require all state-paid trial judges to certify monthly that the judge performed judicial duties at an assigned court location for at least eight hours on each work day, performed authorized duties in an authorized court-related activity at an assigned location, or was on authorized leave.

Civil Asset Forfeiture Reform

The Executive Budget would allow law enforcement to seize assets involved in a crime only when the defendant has been arrested and authorizes forfeiture of assets only in cases where the defendant was convicted. It eliminates civil asset forfeiture against “non-criminal defendants,” who hold an interest in property involved in a crime but are not arrested or convicted. The Executive Budget requires law enforcement and prosecutors to report demographic data on forfeiture defendants to the Division of Criminal Justice Services.

Child Victims Act

The Executive Budget eliminates the criminal statute of limitations for sexually related felony offenses against a minor, extends the civil statute of limitations for such offenses to fifty years after the offense, eliminates the requirement that a plaintiff file a notice of claim with the state, local government, or school district before suing them for a claim involving a sexually related felony offense, and allows plaintiffs whose claim regarding a sexually related felony offense was time barred to file suit within one year of the budget’s effective date.

Lowers Judgment Interest Rate

The Executive Budget proposes lowering the interest rate on civil judgments paid by public and private entities from 9% to the interest rate on the One-Year United States Treasury Bill rate.

Mailing of Legal Service of Process on Business Entities

The Executive Budget would shift the burden of serving legal process on business entities for civil suits from the Secretary of State to the plaintiff.

Health and Mental Hygiene

Department of Health (DOH)

The FY 19 Executive Budget includes \$153.5 billion in All Funds support, an increase of \$5.6 billion over FY 2018 Enacted Levels. \$138.5 billion of this All Funds amount is attributed to the Medicaid program and represents a two-year appropriation. The FY 19 recommended Medicaid appropriation is \$70.1 billion, which is \$1.6 billion or 2.5% over the FY 18 Budget. The FY 19 Executive Budget includes \$18.9 billion for the State Medicaid global cap, which is an increase of \$593 million or 3.2%. Highlights of the FY 19 Executive Budget are as follows:

- Establishes a \$1 billion Healthcare Shortfall Fund under the Health Care Reform Act (HCRA) program, funded by healthcare not-for-profit to for-profit conversions and a 14% surcharge on health care insurance windfall profits. These funds would be used to address the potential loss of \$2 billion in federal Child Health Insurance Program (CHIP) and Essential Health Plan funding.
- Achieves \$9.2 million in State savings through consolidating 30 public health programs into four funding pools;
- Achieves \$3.3 million in State savings by reforming the Early Intervention (EI) program;
- Realizes \$19.9 million in State savings by discontinuing the Human Services COLA for the Department of Health;
- Provides \$6.5 million in increased funding for awards recommended by the Empire State Stem Cell Board;
- Authorizes the Department of Health to study the implications of a regulated Marijuana program. This study would determine the health, economic, criminal justice impact, and the consequences to New York State;
- Establishes the Maternal Mortality Review Board to review maternal deaths in New York State and develop recommendations to improve care;
- Provides \$600 million in new funding to support a life sciences laboratory public health initiative. In addition to \$150 million in funding included in the FY 18 Budget, these funds would be used to construct a state of the art facility in the Capital Region; and
- Provides \$425 million new capital funding for health care providers to transition into fiscally sustainable systems of health care. This amount includes \$60 million for community-based providers such as clinics, home care and assisted living (ALP). Of the \$60 million, \$20 million would be available for the expansion of ALP beds.

Office of Alcoholism and Substance Abuse (OASAS)

The Executive Budget recommends \$786.9 million in All Funds support, an increase of \$80.3 million or 10% over FY 18 Enacted Levels. This includes a \$26 million increase for operating and capital support to expand residential treatment beds and outpatient treatment program.

Office of Mental Health (OMH)

The Executive Budget includes \$4.2 billion in All Funds support, an increase of \$112.4 million or 2% over FY 18 Enacted levels. Highlights of the Executive Budget include:

- Provides a \$10 million increase for enhanced supports for residential programs. These funds would aid supportive housing and single residence occupancy programs; and
- Provides \$850,000 to establish a Jail Based Restoration Program for Certain Defendants. This program would create separate units within County jails and provide an array of mental health services including competency restoration services, assessments and psychiatric stabilization services. The recommended funds would be used to assist County jails with infrastructure improvements to create the separate treatment units.

Office for People with Developmental Disabilities (OPWDD)

The Executive Budget includes \$4.7 billion in All Funds support, an increase of \$189.9 million or 4% over FY 18 Enacted levels. Highlights of the Executive Budget include:

- Provides \$120 million in new All Funds spending to be used to provide increased respite services, increased employment and program opportunities and provide additional independent and certified residential services;
- Provides \$39 million to support the transition of OPWDD's Medicaid Service Coordination program to a comprehensive care coordination model operated through several care coordination organization/health homes (CCO/HHs); and
- Provides \$15 million in capital funding to expand independent living housing capacity.

Article VII

Retail Practices

The Executive Budget authorizes the establishment of “retail practices” that provide limited health services and treatments within the premises of the retail businesses (e.g., CVS). The retail practice must be staffed at all times by a physician, physician assistant, or nurse practitioner and must be “sponsored” by a professional corporation, hospital, or clinic system. The retail practices will be authorized to provide services related to treating minor illnesses, wellness treatment, administration of opioid antagonists, and limited mental health screening and referrals.

Child Health Plus

The Executive Budget authorizes the State to make changes to the Child Health Plus (CHP) program if Congress reduces funding for CHP on or after October 1, 2017. DOB and DOH must identify the amount of federal funding that has been withheld and make any programmatic changes that may be necessary to address the loss of funding.

Permanently Eliminates COLA for some DOH Providers

The Executive Budget permanently eliminates the scheduled 1.9% COLA for certain DOH providers, saving \$19.9 million in FY 2019.

Capital Support for Healthcare Transformation

The Executive Budget establishes a third round of funding for the Health Care Facility Transformation Program in the amount of \$425 million to provide funding to support capital

projects, debt retirement, working capital and other non-capital projects that lead to the transformation of the healthcare system. \$60 million of this amount will be made available for community-based providers, with \$20 million of that available specifically for assisted living facilities. \$45 million of the \$425 million will be available to residential health care facilities.

Reduce the Risk of Exposure To Lead Paint

The Executive Budget requires municipalities to report lead inspection and remediations to the Department of Health. This part also requires DOH and the Department of Housing and Community Renewal to work with local code enforcement officers to conduct regular inspections of residential and non-residential properties for risk of lead paint exposure.

Restoration To Competency In Local and State Operated Jails

The Executive Budget authorizes county and state run prisons to opt-in to a program to develop residential mental health pod units within local jails for the housing, treating, and eventual restoration of felony defendants to mental competency as they await trial.

Defers COLA for OMH, OPWDD, OASAS Providers

The Executive Budget continues the deferral of a scheduled COLA for OMH, OPWDD, and OASAS providers for fiscal year 2018-19. In addition, when a COLA begins on April 1, 2019, it will continue for three years until March 31, 2022 using the Consumer Price Index (urban).

Opioid Epidemic Surcharge

The Executive Budget establishes a surcharge on the first sale of all opioids in the State in the amount of 2 cents per morphine milligram equivalent sold. Sales to chemical abuse or dependence facilities would be exempted. This revenue will be directed to a newly created opioid prevention, treatment and recovery account that will be used for providing support for opioid treatment, recovery, prevention and education services. It is estimated that revenue generated from this surcharge will be approximately \$127 million in FY 19.

Revenue and Taxes

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total \$72.5 billion in FY 19, an annual increase of \$3.2 billion (4.6 percent). Local assistance grants are expected to total \$48.2 billion in FY 19, an annual increase of \$1.7 billion (3.7 percent).

The largest increases include \$682 million for School Aid (on a State Fiscal Year basis), \$479 million for Medicaid, \$194 million for the MTA Subway Action Plan, and, \$228 million for Higher Education. The latter reflects continued support for student financial aid programs including the Excelsior Free Tuition Program, fringe benefit costs, and the timing of certain payments.

Disbursements for agency operations, including fringe benefits and fixed costs, in the General Fund are expected to total \$14.7 billion, an annual increase of \$820 million (5.9 %). Personal and

non-personal service costs increase \$399 million from the current year reflecting increased personal service costs driven by settled and expected labor agreements.

State employees and retirees' health insurance costs are expected to increase by \$315 million (7.9%), mainly due to negotiated rate increases reflecting medical inflation and current enrollment levels. The State's net costs for Workers' Compensation are expected to increase by \$150 million (46%), due to underlying growth in the average weekly wage for benefit calculations and medical costs (\$45 million), as well as a reduction in the use of offsetting revenue (\$105 million).

Transfers

General Fund transfers to other funds are estimated to total \$9.6 billion, an increase of \$647 million. The increase is mainly due to transfers for capital projects (excluding transfers funded with monetary settlements) reflecting the timing of reimbursement from bond proceeds and planned disbursements from the Dedicated Highway and Bridge Trust Fund (DHBTF).

State Receipts

General Fund receipts, including transfers from other funds, are projected to total \$70.2 billion in FY 19, a decrease of \$445 million (0.7 percent) from FY 2018 estimates. The acceleration of personal income tax payments for calendar year 2018 results in a year-to-year decrease of \$3.8 billion. Excluding the accelerated payments, total receipts increase \$3.4 billion or 4.9 percent. General Fund PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds are expected to total \$45.1 billion, an annual decline of \$1.5 billion. The decline is the result of the shift of an estimated \$1.9 billion of receipts from FY 2019 into FY 2018 due to Federal tax reform. Underlying PIT growth is consistent with forecasted economic growth.

General Fund consumption/use tax receipts, including transfers after payment of debt service on LGAC and Sales Tax Revenue Bonds, are estimated to total \$13.8 billion, an annual increase of \$511 million (3.9 percent), which reflects projected growth in employment and taxable consumption, as well as Executive Budget proposals. General Fund business tax receipts are estimated at \$5.8 billion, an increase of \$701 million (13.7 percent). This growth is due to projected increases in corporate profits and Executive Budget proposals. Other tax receipts to the General Fund are expected to total \$2.1 billion, a decrease of \$213 million (-9.3 percent), reflecting a return to an average number of estate tax payments exceeding \$25 million.

General Baseline Changes

As indicated above, the Executive Budget FY 19 State Financial Plan reduces spending in FY 19 by an aggregate \$2.7 billion, net of new initiatives and costs, compared to the FY 19 baseline estimate. The reductions include re-estimates to spending based on updated information, specific cost-containment proposals, and the prepayment of FY 19 expenses from excess resources expected to be available in FY 18. General Fund disbursements would be reduced by \$1.3 billion in FY 19. Savings from the reductions, which consist of specific actions and re-estimates to the spending base, are expected to increase in value over the Financial Plan period.

Measures to reduce operating costs for Executive agencies are expected to save \$446 million from the FY 2019 baseline estimate. The Budget proposes to hold agency spending flat with limited exceptions, such as DOH costs attributable to the New York State of Health (NYSOH) marketplace and the EP program. Agencies are expected to continue to use less costly forms of service deliveries, improve administrative practices, and pursue statewide solutions, including the utilization of Lean initiatives to streamline operations and management. The Budget also includes savings from the continued transition of individuals from mental hygiene institutions to appropriate community settings.

The Executive Budget also proposes the following uses for new settlements: \$194 million for the State's share of the MTA Subway Action Plan; \$125 million in "hard-dollar" capital for health care providers; and \$383 million for operating purposes.

Overview of Major Tax and Revenue Actions in the SFY 2018-19 Executive Budget
Some of the major proposals included in the SFY 2018-19 Executive Budget Article VII Revenue Bill include:

Defer Business Related Tax-Credit Claims

Taxpayers must defer their usage of most business credits for tax years 2018 through 2020, where such credits exceed \$2 million. They can begin to use deferred nonrefundable credits in full starting in 2021, and may use 50 percent of refundable credits in 2021, 75 percent of the remainder in 2022, and the remainder in 2023.

Impose a Health Tax on Vapor Products

The Executive Budget imposes an excise tax of 10 cents per fluid milliliter on vapor products at the distributor level, equalizing the tax treatment of tobacco products and the equivalent products used in e-cigarettes, and continuing the State's objective to reduce the use of tobacco products.

Establish an Opioid Epidemic Surcharge

The Executive Budget imposes a new surcharge of 2 cents per milligram of active opioid ingredient on prescription drugs, directing all proceeds to the Opioid Prevention, Treatment and Recovery Fund. This new fund will support ongoing efforts to respond to the epidemic.

Maintain Basic and Enhanced Exemption STAR Benefits at Existing Levels

The Executive Budget maintains FY 19 STAR exemption benefits at no more than their FY 18 levels, rather than allowing them to grow by 2 percent. Under the Property Tax Cap, the typical taxpayer saved more than \$2,100 in just the first five years. Combined with the Property Tax Freeze, local taxpayers have saved more than \$17 billion.

Close the Carried Interest Loophole

The Budget treats carried interest as ordinary income for New York State tax purposes and imposes upon it a fairness fee to eliminate the benefit from preferential tax rates that exist at the Federal level. In order to prevent New York from being placed at a competitive disadvantage, this will take effect only when functionally identical legislation is enacted in Connecticut, Massachusetts, and New Jersey.

Impose an Internet Fairness Conformity Tax

The Executive Budget requires marketplace providers to collect sales tax when they facilitate a third-party sale to residents, whether the seller is located within, or outside of, New York.

Enhance the New York Youth Jobs Program

This program encourages businesses to hire unemployed, disadvantaged youth, ages 16 to 24, who live in New York State, with a focus on certain cities and towns. The Executive Budget increases the credit by 50 percent, from \$500 to \$750 per month for up to the first six months, and from \$2,000 to \$3,000 for each employee who is employed for additional time periods after six months with a maximum full time hire credit of \$7,500.

Increase the Vending Machine Sales Tax Exemption

The Executive Budget incentivizes the vending machine industry to migrate to cashless machines and improve tax compliance in the process. The sales tax exemption that currently exists for food and drink purchases costing \$1.50 or less at vending machines would be expanded to exempt food and drink costing \$2 or less at vending machines accepting cashless forms of payment.

Health Insurance Conversions (or comparable transactions)

The Financial Plan includes \$500 million annually over four years from conversions, acquisitions, or related transactions in which not-for-profit health insurers convert to corporations organized for pecuniary profit. DOB believes that such activity is likely in the current health insurance market.

Impose a Healthcare Insurance Windfall Profit Fee

The Federal tax plan gives health care companies a 40 percent cut on their taxes while also transferring health care costs to the State. The Executive Budget imposes a 14 percent surcharge on health insurer gains to recapture \$140 million of those corporate tax savings and reinvest it in vital health care services for New Yorkers.

Discontinue the Energy Services Sales Tax Exemption

The Executive Budget eliminates the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO).

Hire a Vet Tax Credit

The Executive proposal would extend the hire a Vet Tax Credit for an additional two years, through FY 20.

Ethics, Good Government, and Campaign Finance

The Executive has introduced an omnibus bill that contains many of the same ethics and campaign finance reform proposals he has included in his annual State-of-the-State messages and

executive budget proposals over the past several years. Nearly all of these proposals are old. None of these proposals have been acted upon by the Senate.

- Establish Limits on Outside Income for Members of the State Legislature: The Executive proposes a constitutional amendment to restrict any outside earned income a member of the state legislature could earn to 15% beyond the member's statutorily set salary.
- Same-Day Voter Registration: This constitutional amendment would allow New Yorkers to register and vote on the same day. Thirteen other states and the District of Columbia allow same-day voter registration.
- Term Limits for Elected Officials: This constitutional amendment creates four-year legislative terms for members of the Senate and the Assembly. The amendment would also impose eight-year term limits for members of the Legislature, Governor, Lieutenant Governor, Attorney-General, and Comptroller.
- Require Disclosure of Online Political Communications & Digital Ads: This new proposal amends the definition for what is considered a "political communication" to include paid internet and digital advertising as well as display the name of the person or entity who paid for the add. Those entities that purchase digital ads would also be required to register as an independent expenditure committee. Foreign entities would also be prohibited from registering as an independent expenditure committee.
- Automatic Voter Registration: This proposal would create a new system for the automatic registration of voters. Under the new system, unless a DMV user opts out, the information used in any DMV application will be automatically sent to county boards of elections to register the applicant or update registration information. New Yorkers who do not wish to register to vote can simply check an "opt out" box.
- Early Voting: This legislation will require every county to offer residents access to at least one early voting polling place that will allow residents to vote for 12 days leading up to Election Day. Voters will have at least eight hours on weekdays and five hours on weekends to cast early ballots. Counties must have one early voting polling site for every 50,000 residents, and the county boards of elections will determine the specific locations.
- Require Legislators to Obtain an Advisory Opinion Before Earning Outside Income: The Executive is proposing legislation requiring all legislators to seek an advisory opinion from the Legislative Ethics Commission ("LEC") before earning any outside income. A designee from the Office of Court Administration ("OCA") would also serve on the commission.
- Close the So-Called "LLC Loophole": This proposal would define LLCs as corporations, effectively reducing their contribution limits to \$5,000 in the aggregate each year. The bill also requires the identity of all direct and indirect LLC owners/contributors to be disclosed, and further requires that any contributions made by the LLC be attributed to each member in proportion to that member's ownership interest.
- Require Local Elected Officials to File Financial Disclosure Requirements: This proposal requires local elected officials who earn more than \$50,000 per year in a government salary, as well as all county executives, county managers, and all chairs of county boards of supervisors to file the same financial disclosure statements that State employees file. The forms would be filed with the Joint Commission on Public Ethics. Municipal employees would provide the same information in their financial disclosure statements as State employees, including his or her spouse's or partner's income.

- Implement Various Campaign Finance Reforms: This proposal would enact a voluntary system of full public financing, reduce campaign contribution limits, lower contribution limits to soft money “housekeeping accounts” to \$25,000, require additional disclosure by bundlers, and require additional disclosure of loans. Public Financing would be funded through transfers from the State Abandoned Property Fund.
- Comprehensive FOIL Reform: This proposal brings the state legislature under the provisions of the state’s Freedom of Information Law.
- Expand State Inspector General Jurisdiction to Include Affiliates of SUNY and CUNY: The Executive proposal would expand oversight by the State Inspector General to include non-profit organizations and foundations affiliated with SUNY and CUNY.
- Inspector General (“IG”) Jurisdiction Over Procurements: Makes it clear that the IG has jurisdiction to investigate parties that contract with the State in agency procurements.
- State Education Department Inspector General: The Executive proposal would grant the Inspector General jurisdiction to investigate allegations of corruption, fraud, criminal activity, conflicts of interest, or abuse within both the SUNY and CUNY systems as well as affiliated nonprofit organizations and foundations.
- Appointment of a Chief Procurement Officer: The Executive is proposing the creation of a Chief Procurement Officer (“CPO”) to oversee the integrity and uniformity of procurement practices across the state and ensure State procurement staff are prepared and positioned to conduct effective and ethical procurements.
- Prohibit Campaign Contributions By Those Seeking State Procurements: New measures are proposed to prohibit individuals, organizations or business entities that submit bids, quotes, offers or responses to State contract offers from making campaign contributions to any office holder in the branch of government awarding the contract while the decision is pending, and for six months following the contract award. In order to be found liable under this proposal a person must have an intent to violate this new law.

Women’s Rights

The Governor has advanced several stand-alone Article VII bills that would address women’s rights in a comprehensive manner. These proposal address the following areas:

- Contraception- The Executive Budget requires insurers to cover all FDA-approved contraceptive drugs and products as prescribed by a healthcare professional, expands access to oral contraception, and allows for 12 months of oral contraception to be dispensed at one time.
- Reproductive Health- The Executive Budget removes provisions related to the criminalization of abortion from the Public Health Law, Education Law and Penal law.
- Constitutional Equal Rights- Adds sex as a protected class in the state’s constitutional equal protection clause, to be included with the current constitutional classes of race, color, creed, or religion.
- Sexual Harassment- The Executive proposes a multi-pronged approach to combating sexual harassment in the workplace, including:
 - Prohibits an employer from forcing an employee or prospective employee to enter into a written contract that would restrict or limit the ability to bring a sexual

- harassment claim in any forum (which in practice would limit any contracts that require arbitration of sexual harassment claims against an employer);
- Require any state contractor to report on an annual basis the number of harassment allegations against the company and/or management on an annual basis, the nature of any anti-harassment training, and the number of settlement agreements with non-disclosure provisions;
 - Eliminate any indemnification or state liability for a claim of monetary damages due to a sexual harassment cases when a judgment is issued by a court or is settled out of court against any state or municipal employee, including all public officers;
 - Prohibits the use by any state or local agency, including the Legislature, of a non-disclosure agreement as part of a settlement of a claim of sexual harassment unless the claimant explicitly prefers a non-disclosure agreement;
 - Adds a new civil penalty of up to \$10,000 for any act of sexual harassment by a public officer, and includes such an act as an explicit violation of the Public Officers Code of Conduct, and allows for a proceeding to remove an officer or employee from their position to occur due to a verified act of sexual harassment;
 - Establishes an investigative unit within JCOPE to handle investigations of claims of sexual harassment; and
 - Establishes a uniform policy to handle sexual harassment claims in all agencies, municipalities, the judiciary, and the Legislature. The policy would be promulgated by the Legislative Ethics Commission in the case of the Legislature but would follow specific procedures set by the statute, including:
 - 90 day investigation period by a designated appointee, who may not have a stated conflict of interest in the case;
 - 30 day period thereafter by legal counsel to make a recommendation of disposition of the case; and
 - Required disclosure of information within an investigation report, as well as required follow-through of internal sanctions as well as forwarding of a verified complaint to LEC.
- Maternal Mortality- The Executive Budget creates a Maternal Mortality Review Board that would review every maternal death in New York, develop strategies to address Severe Maternal Morbidity and racial disparities in maternal outcomes, and make recommendations to the Commissioner of Health on preventing maternal death.
 - Storage for Rape Kits- The Executive Budget extends the length of time that forensic rape kits must be stored by hospitals from at least 30 days to at least 5 years or when the victim turns 19 (whichever is longer). The survivor must also be notified at least 30 days prior to the evidence being destroyed.
 - “Be Aware, Be Informed” Curriculum- The Executive proposal would require SED, in consultation with the Department of Health, to create a grade K-12, age-appropriate curriculum on healthy relationships, including topics such as sexual harassment, assault, self-esteem, and teen dating violence.
 - Expert in Women’s Health- The Executive proposal would require that of the 20 physicians on the State Board of Medicine, at least one of the physician appointees be an expert in addressing women’s health, and another be an expert in reducing health disparities among demographic subgroups.

- Free Feminine Hygiene Products in Public Schools- The Executive Budget requires feminine hygiene products be available to students grades 6-12 at no cost.
- Changing Stations- The Executive requires new or substantially renovated buildings with public restrooms to provide baby changing tables accessible to both genders.
- Firearm Revocation for People Convicted of Domestic Abuse- This proposal establishes mechanisms to prevent anyone convicted of certain domestic violence offenses from being eligible for a firearm license, and surrender of firearms by the same individuals;
- Sex Extortion and Revenge Porn- The Executive Budget establishes new crimes for coercing a person into providing sexual or intimate images. The crimes range from an E Felony, to a D and C Felony when the victim is a minor, as well as a Class A Misdemeanor for publishing intimate images with the intent to harm.

Local Government

The Executive Budget recommends \$1.04 billion All Funds for local government assistance. This appropriation includes \$785.4 million in General Fund support to Local Governments, \$225 million for the State match for county savings under the Countywide Shared Services Property Tax Savings Plan (CSSPTSP), and \$30 million in Fiduciary Funds to cover contingency appropriation requirements. This All Funds appropriation level represents a \$220.3 million increase over FY18, due largely to the addition of CSSPTSP matching funds. Additionally, Village Per Capita Aid, funded at \$1.8 million in FY18, is eliminated, and Miscellaneous Financial Assistance, funded at \$5.2 million in FY18, is reduced to \$2.3 million.

The Executive Budget maintains Aid and Incentives to Municipalities (AIM) funding to cities, towns and villages at \$754 million, including \$715 million in Base Level Grants to municipalities, \$35 million for Citizen Empowerment Tax Credits and Citizens Re-Organization Empowerment Grants, and \$4 million for the Local Government Efficiency Grant Program. Aid to Municipalities with Video Lottery Gaming Facilities remains the same as FY 18 at \$28.9 million, with \$19.6 million going to the City of Yonkers and \$9.3 million to other eligible municipalities. The allocation for the Small Government Assistance programs for the Counties of Essex, Franklin and Hamilton remains at FY 18 levels at \$217,300.

Article VII

STAR

The Executive Budget caps the School Tax Relief (STAR) benefit at zero-percent growth beginning with the 2019 Assessment Roll. Estimated saving is \$49 million in FY 19. The bill also makes participation in the Income Verification Program (IVP) mandatory for Enhanced STAR recipients, effective for the 2019 Assessment Roll. Estimated annual saving is \$35 million.

Property Tax Cap

The Executive Budget would sharply limit the ability of local governments and school districts to exceed the tax cap by requiring the amount of any tax levy above the cap be placed in reserve, even if the local government or school district approved an override of the tax cap.

Shared Services

The Executive Budget proposes to make the Countywide Shared Services Panels, established by the FY18 Budget, permanent, and it makes two proposals to facilitate shared services: allowing adjacent towns to share multiple town justices and expanding the ability of localities to delegate zoning and land use enforcement to counties.

Limited Property Taxation on State Lands

Where the State allows local governments and school districts to tax state land, the Executive Budget would limit the increase in taxes due on that land to 2% or the rate of inflation, whichever is lower, and it would classify taxed state land as exempt for the purpose of equalization rates, tax rates, and the tax cap.

Human Services

New York State Office for the Aging (NYSOFA)

- The Executive eliminates the statutory FY 19 1.9% cost of living adjustment (COLA) increase for providers, for a projected savings of \$3.8 million.
- The Executive continues the \$500,000 add for enhanced multidisciplinary teams (EMDTs) to maintain and expand the EMDT program.

Office of Children and Family Services (OCFS)

- The Executive includes \$100 million in appropriation authority, and \$50 million in capital funding to support implementation of Raise the Age. This includes reform measures such as diversion, probation, programming and placement services for 16 and 17 year old youth who will be involved with the juvenile justice system as the age of criminal responsibility changes to age 17 on October 1, 2018 and age 18 on October 1, 2019.
- The Executive eliminates \$41.4 million in Close to Home reimbursement to New York City, reflecting a rebalancing of an overall State and City fiscal arrangement.
- The Executive proposes to authorize the closure of the OCFS Ella McQueen Reception Center located in Brooklyn, which receives youth for initial evaluation and facility assignment before being transferred for placement. The proposal authorizes the closure of the facility on 30 days' notice and reflects a \$5.4 million appropriation reduction.
- The Executive proposes to cap the State share reimbursement for child welfare services cost to New York City at its estimated FY18 State share of \$320 million. This is projected to provide a \$17 million savings to the State.
- The Executive restores \$7 million in child care subsidy funding that was eliminated in the FY18 Enacted Budget, bringing funding back to the FY17 level of \$806 million.
- The Executive eliminates all FY18 legislative adds, including additional funding for child care facilitated enrollment and child advocacy centers.

Office of Temporary and Disability Assistance (OTDA)

- The Executive proposal includes appropriation language that would require local social services districts to engage in planning activities related to street outreach, homelessness

prevention activities, rapid rehousing, and ongoing housing stability for the formerly homeless. This proposal would authorize OTDA to withhold funding for local social services districts that fail to implement an effective outreach program.

- The Executive proposal authorizes a 30% rest of state HIV/AIDS rent cap. The proposal would enable counties outside of New York City, where the cap is currently in effect, to opt-in to restrict the client contribution to 30% of their income toward shelter costs.
- The Executive proposal increases funding for the Summer Youth Employment Program (SYEP) by \$4 million for a total appropriation of \$40 million. The increase is intended to allow the State to continue the program, while keeping pace with the increase in the minimum wage. No new slots will be created despite the additional funding.
- The Executive provides \$1 million for at risk youth, with a focus on unaccompanied children entering the United States. This funding is intended to be used for medical and mental health care, addiction treatment services, trauma and family counseling, language training, and other community supports.
- The Executive proposal eliminates all prior-year legislative adds, including funding for many TANF discretionary programs.

Division of Housing and Community Renewal

- The Executive Budget continues funding for the five-year housing plan. In addition, it includes \$4.5 million for the Tenant Protection Unit as a dedicated appropriation line-item.

Article VII

Five-Year Straight Extender of Close to Home Initiative

The Executive Budget proposal calls for a straight five-year extender of the juvenile justice “Close to Home” initiative. First implemented during the 2012-2013 state fiscal year, the Close to Home program was designed to keep New York City youth adjudicated as juvenile delinquents close to their home residence, by placing them in the local custody and supervision of the city’s Administration for Children’s Services (ACS) for various residential services and aftercare. As the program was slated to expire on March 31, 2018, the Executive proposes to extend the program for an additional five years, to March 31, 2023. Additionally, the Executive proposal eliminates the state’s share for reimbursement costs associated with the Close to Home program. Currently, the state pays for 62% of the costs, while the city of New York pays the remaining 38%. This change results in a \$31 million cost shift from the state to the City of New York.

Authorization to Close the Ella McQueen Reception Center

Located in Brooklyn, New York, the Ella McQueen Reception Center is an initial intake center for all non-secure and limited secure juvenile delinquents placed with the Office for Children and Family Services (OCFS). Juvenile delinquents receive various medical and educational assessments before transfer to another facility. As capacity may exceed over 50 beds, over the last three months, the center has operated significantly below capacity. The Executive proposal provides statutory language allowing OCFS to close the center. Within thirty days prior to the closure, OCFS must provide notice to the Speaker of the Assembly and the Temporary President

of the Senate, along with a public notice on their website. The closure of the Center is projected to save \$5.4 million in FY 19 and result in a reduction of 58 FTEs.

Three-Year Straight Extender of the Youth Development Program

The Executive Budget proposal calls for a three-year extender of the Youth Development Program. In 2013, two delinquency programs within OCFS were consolidated into a new Youth Development Program with restructured administration. As the program was scheduled to expire on December 31, 2018, the Executive budget proposes to extend it until December 31, 2021.

Three-Year Straight Extender for OCFS Authority to Contract with BOCES

The Executive Budget proposal calls for a three-year extender of OCFS's authority to contract with the Board of Cooperative Educational Services (BOCES) to provide educational services to youth in OCFS juvenile justice facilities. As the overall contract for services was set to expire on June 30, 2018, the Executive Budget proposes to extend this authority to June 30, 2021.

Grant of Authorization to DASNY to Provide Capital Construction Services to OCFS

The Executive Budget proposal amends current Public Authorities Law to include the Office of Children and Family Services (OCFS) to the list of eligible entities to whom the Dormitory Authority of the State of New York (DASNY) is authorized to provide capital design and construction services. Currently, only the Office of General Services is the only state agency authorized to provide these services to OCFS. Such authorization will enable OCFS to complete youth facility capital projects in a more efficient manner.

Authorization of Pass-Through of Any Federal SSI and COLA

The Executive budget proposes to statutorily raise the personal needs allowance (PNA) and monthly Supplemental Security Income (SSI) standard of need for various New Yorkers who receive this assistance. This language raises the limits for 2018 (an average increase of \$3-\$4 per month per individual, dependent on level of care) and provides authorization for these amounts to be increased in 2019, as per any increases at the federal level. This is an annual budgetary occurrence and will take effect December 31, 2018.

Authorization for Rental Subsidies for Public Assistance Recipients Living with HIV/AIDS

The Executive Budget proposes to allow all local social services districts, outside of New York City, to opt-in to limit a public assistance recipient's rental contribution to 30% of their unearned/earned income, if the recipient is diagnosed with HIV or AIDS. Under current Social Services law, only New York City is permitted to offer this rent benefit to recipients with HIV or AIDS. In the alternative, the counties are allowed to establish such program if offsetting savings are available from Medicaid services. This benefit is designed to allow these individuals to retain more of their income.

Deferral of Human Services Cost of Living Increase (COLA)

The Executive Budget proposes to defer the statutory cost of living increase (COLA) for human services agencies for FY 19 (April 1, 2018 through March 31, 2019). The Executive projects the elimination of a 1.9% COLA will save the state \$3.8 million.

Affordable Housing Expenditures

The Executive Budget proposal authorizes the State of New York Mortgage Agency to access \$44 million in excess Mortgage Insurance Fund (MIF) reserves for the Affordable and Homeless Housing Capital Plan as follows:

- The Rural Rental Assistance Program: \$23.6 million;
- The Neighborhood and Rural Preservation Programs: \$12.0 million; and
- Homeless Housing Programs: \$8.3 million.

Mobile Park Homeowner Registration

The Executive Budget proposal requires mobile home park owners to file registration statements on a more frequent basis, and to include the names of all residents and tenants residing in the park, for purposes of administering the STAR credit and STAR exemption programs.

Transportation, Economic Development/Energy

Department of Transportation

The Executive Budget provides approximately \$9.8 billion for the Department of Transportation, a decrease of \$2.3 billion from the previous FY 18 budget.

- The Executive Budget provides operating funds totaling \$5.4 billion to transit systems. The Executive Budget provides \$206 million in operating support for upstate transit and \$324 million for Non-MTA downstate systems. The budget also includes \$8 million to fund the first phase for trans-Hudson public transportation, known as the Lower Hudson Transit Link.
- The MTA will receive approximately \$4.9 billion, an increase of \$334 million from FY 18. The Executive Budget includes \$3.4 billion in transit aid, approximately \$1.4 billion of which is expected from the Payroll Mobility Tax, which will be moved out of the state budget to go directly to the MTA.
- The Executive Budget supports the fourth year of the Department of Transportation's (DOT) capital plan providing approximately \$4.3 billion for improvements to New York State's highways, bridges, rail, aviation, and non-MTA transit infrastructure.
- The Executive Budget supports the Subway Action Plan by providing half of the \$836 million investment. The contribution includes \$254 million in operating aid and \$174 million of capital assistance.
- The Executive Budget includes a preservation of \$438.1 million of the Consolidated Highway Improvement Program (CHIPS) and \$37.8 million for the Marchiselli program.
- The Executive Budget includes a continuation of the BRIDGE NY and PAVE NY programs, providing \$100 million for each program.
- The Executive Budget includes 8,523 FTEs, an increase of 70 FTEs from FY 18. The increase includes 50 FTEs to assist with snow and ice control, and 20 FTEs to assist with highway maintenance.
- The Executive Budget moves funds associated with snow and ice control, the bus safety program, the motor carrier safety program, and the rail safety program from the Dedicated Highway and Bridge Trust Fund (DHBTF) to the General Fund. The transfer reflects approximately \$340 million in costs to the General Fund.

- The Executive Budget proposes \$368 million for the Department of Motor Vehicles, an increase of \$28 million from the previous 17-18 budget. The budget proposes an 89 FTEs increase from FY 2018 mainly to assist with increased transaction volumes because of the license renewal cycle.

Empire State Development Corporation (ESDC)

The Executive proposes \$1.36 billion in All Funds for the Empire State Development Corporation, a decrease of \$1.3 billion (or 49.0%), which mostly reflects one-time capital funding provided in SFY 2017-18. The Executive proposes \$1.27 billion for Capital Projects funding, a decrease of \$1.3 billion (or 51.0%) from last year. The ESDC Capital Projects recommendations include:

Equivalent Funding Levels to FY 18

- \$150 million for the Eighth Round of the Regional Economic Development Councils;
- \$5 million for the Clarkson-Trudeau Partnership to support the ongoing partnership between the State, Clarkson University and the Trudeau Institute to promote the North Country Region as a center for biotech research and development;
- \$200 million for the New York Works Economic Development Fund as part of the New York Works Initiative. This appropriation will support projects that facilitate an employer's ability to create new, or retain existing, jobs. It would also fund infrastructure investments necessary to attract new businesses or expand existing businesses; and
- \$8 million for Market NY to support marketing tourism plans and projects.

New Programs

- \$300 million for the High Technology Innovation and Economic Development Infrastructure Program. This program would promote research and development of innovative technologies and leverage private investment. This program would fund advanced science and technology, economic development, infrastructure, manufacturing and other initiatives that create or retain jobs.

Current Programs with a Funding Increase

- \$600 million in funding for the construction of the Life Science Public Health Laboratory in the Capital District. Last year, \$150 million was provided for this project;
- \$2.3 million, an increase of \$27,000 from SFY 2017-18, for the retention of professional football (Buffalo Bills) in Western New York; and
- \$10.3 million for Market NY. No Aid to Localities funding was provided for this program last year.

The Executive proposes \$92.9 million in Aid to Localities funding for ESDC, a reduction of \$22.2 million (or 19.3%) from last year. The ESDC Aid to Localities recommendations include:

Equivalent Funding Levels to FY 18

- \$635,000 for the Minority and Women-Owned Business Development and Lending Program;

- \$1.8 million for the Entrepreneurial Assistance Program;
- \$4.6 million for the retention of professional football (Buffalo Bills) in Western New York;
- \$3.4 million for the Urban and Community Development Program in economically distressed areas; and
- \$26.2 million for the Empire State Economic Development Fund;

Current Programs with a Funding Decrease

- \$1.5 million for the Federal Community Development Financial Institutions Program, which is \$300,000 less than last year; and
- \$44.5 million, a reduction of \$25.0 million from last year, to promote New York state as a tourism destination, attract and expand business investment and job creation, support economic development initiatives, Global NY Initiative and trade missions, and for advertising and promoting START-UP NY program. No more than 60% of these funds should be used for advertising and promotion outside NY state.

Department of Economic Development (DED)

The Executive proposes \$82.6 million in All Funds for the Department of Economic Development, a decrease of \$9.9 million from last year, reflecting reduced spending from the non-recurrence of one-time Legislative adds and a shift of the International Trade and Market New York programs to ESDC. The Executive proposes \$26.2 million for State Operations funding for DED, a reduction of \$700,000 (or 2.6%) due to a shift of the International Trade program to ESDC. The Executive proposes \$56.4 million for Aid to Localities funding for DED, a decrease of \$9.2 million (or 14.0%). The DED Aid to Localities recommendations include:

Equivalent Funding Levels to FY 18

- \$13.8 million for the Centers for Advanced Technology;
- \$1.4 million for the Technology Development Organization matching funds;
- \$921,000 for the Industrial Technology Extension Service;
- \$3.0 million for SUNY Polytechnic Institute Focus Center and the Rensselaer Polytechnic Institute Focus Center;
- \$6.0 million for the High Technology Matching Grants Program;
- \$5.0 million for the New York State Innovation Hot Spots and New York State Incubators; and
- \$9.5 million for the Training and Business Assistance Program.

Current Programs with a Funding Decrease

- \$8.7 million for the Centers of Excellence, a reduction of \$2.0 million from last year; and
- \$7.8 million for the Marketing and Advertising Program, a \$6.6 million reduction from last year mostly due to transferring Market NY from DED to ESDC.

Department of Public Service

The Executive proposes \$95.4 million in All Funds for the Department of Public Service, a reduction of \$6.0 million (or 5.9%) in State Operations from last year due to the elimination of one-time funding to reconcile outstanding General State Charges. Aid to Localities funding remains unchanged at \$5.75 million.

New York State Energy Research and Development Authority (NYSERDA)

The Executive proposes \$17.0 million in Capital Projects funding for NYSERDA, an increase of \$1.4 million (or 9.0%) from last year to meet the State's requirements of a federal cost sharing agreement with the U.S. Department of Energy relating to management and administration of the nuclear fuel reprocessing plant West Valley, NY.

Article VII

Road Safety

The Executive Budget would require all back seat passengers to wear seatbelts, require safety restraints for children under eight, prohibit the use of cell phones and other electronic devices by drivers under 18, and allow junior license holders to drive in New York City in limited circumstances. The Executive Budget would also allow local governments, the Long Island Rail Road, and the Metro-North Commuter Railroad to install cameras for the enforcement of the failure to stop at a train crossing.

Autonomous Vehicles

The Executive Budget would remove the requirement that autonomous vehicle demonstrations and tests take place under the direct supervision of the State Police, require the Commissioner of Motor Vehicles to continue to make annual reports on autonomous vehicle tests, and extend the program to 2020. After 2020, the Executive Budget would authorize the Commissioner of Motor Vehicles to approve future demonstrations and tests and submit annual reports. The Executive Budget would also repeal the requirement that a driver have one hand on the wheel (for all drivers, not just in autonomous vehicles) beginning in 2020.

MTA Payroll Tax

The Executive Budget would direct the Comptroller to deposit revenues from the MTA Commuter Transportation Mobility payroll tax directly into the MTA Finance Fund without the need for appropriation, rather than depositing the revenues into a trust account to be appropriated by the Legislature.

Dedicated Highway & Bridge Trust Fund Sweep

The Executive Budget would redirect revenues and fees currently earmarked for the Dedicated Highway and Bridge Trust Fund to the General Fund.

MTA Property Tax Capture

The Executive Budget would direct the MTA to create "transportation improvement subdistricts" in New York City in which the MTA would be able to collect 75% of any increased property tax revenues from properties within the district. The Executive Budget mandates the creation of such

districts for the following projects: the Second Avenue Subway, East Side Access, Penn Station Access, and the 125th Street Metro-North and subway stations. The MTA Board would set the boundaries of the districts and have the ability to create new districts for other capital projects.

NYC Responsibility for Subway Maintenance

The Executive Budget would create a statutory requirement for the City of New York to pay the full cost of any capital needs for New York City Transit and for the City to pay for half of the emergency subway rescue plan and any future subway emergency capital appropriation.

Expedited MTA Procurement

The Executive Budget would expedite procurement for the MTA by: eliminating the 15-day notice requirement for all public authorities for contracts over \$1 million, raising the sealed bidding/lowest bidder requirement threshold for the MTA from \$100,000 to \$1 million, allowing the MTA to award contracts below \$1 million without board approval, and allowing the MTA Board to terminate contracts without a defined term or a term of longer than 20 years.

MWBE Extender and Expansion

The Executive proposes to extend the sunset provision of the MWBE program for 5 years, to December 31, 2023. In addition, the Executive proposes several changes to the MWBE program:

- Providing the Director of the Minority Women Business Division with the authority to set the personal net worth requirement for MWBE certification via regulation;
- Expanding the authority of the Statewide Advocate to audit agencies and investigate complaints from MWBE's of Article 15-A violations by agencies and contractors;
- Requiring agencies to submit a remedial plan if they fail to make a good faith effort to maximize MWBE participation;
- Expanding MWBE program requirements to include all municipalities using state dollars for contracts, and requires all local governments subject to Article 15-A to set goals on contracts and submit reports to the Director;
- Establishing MWBE fraud as a criminal offense, ranging from a Class A misdemeanor, punishable up to 1 year in local prison, to a Class D felony, punishable up to 7 years in state prison; and
- Increasing the minimum value of state contracts to \$50,000 for non-construction from \$25,000, and to \$200,000 for construction from \$100,000.

Design Build Expansion

The Executive proposes to expand the authorization to use design-build contracts to the following state agencies – the dormitory authority (DASNY), the urban development corporation (ESDC), the office of general services (OGS), the department of health (DOH), and the Olympic regional development authority (ORDA). For OGS and DOH, the authorization is only allowed if the project exceeds \$10.0 million. The Executive's proposal would also allow the authorized state agencies to utilize single source contracting and bond their projects, if necessary.

Authorizes Utility Oversight and Public Health Campaigns by Certain State Agencies

The Executive proposes to authorize utility oversight related expenditures of the Department of Agriculture and Markets, Department of Environmental Conservation, Department of State and the Office of Parks, Recreation and Historic Preservation as eligible expenses of utility assessment revenues. The Executive also proposes to authorize public health campaigns by the Department of Health as an eligible expense for cable television assessment revenues.

NYPA Energy Projects

The Executive proposes to allow NYPA to offer energy management related services to any of its customers, including State agencies and municipalities. The Executive also proposes to amend two definitions in the Public Authorities Law:

- Include energy management, distribution or control projects and services; energy supply security, resiliency and reliability projects and services; and energy procurement programs for public utilities into the definition of “energy related projects, programs and services”, and
- Include entities formed for the purpose of facilitating the delivery, implementation or management of energy-related projects, programs and services, such as a not-for-profit corporation in the definition of “public entity”.

NYPA Renewable Energy Sales

The Executive, in an effort to advance the goals of the State’s Clean Energy Standard, (which requires 50% of the state’s energy to come from renewable resources by 2030), proposes to authorize the NYPA to develop renewable energy projects, purchase renewable energy, and allocate and sell that renewable energy to public entities and its current customers.

Environment, Agriculture and Parks

Department of Environmental Conservation

\$300 million Environmental Protection Fund

The Executive Budget provides \$300 million for the EPF for the third consecutive year, following a historic \$123 million increase in FY 17. While EPF line items are ultimately determined through budget negotiations, the Executive proposes the following FY 19 funding levels:

- \$5 million- Bay Park wastewater treatment outfall pipe (same as FY 18);
- \$8 million- Environmental Justice programs (same as FY 18); and,
- \$20.5 million- Climate Change Mitigation and Adaptation programs (\$1.6 million increase from FY 18).

Northrup Grumman Plume

The Governor committed in the State of the State to fast-tracking DEC efforts to contain a harmful groundwater contaminant plume, containing 1,4 Dioxane among 24 hazardous compounds, emanating from U.S. Navy and Northrop Grumman Bethpage manufacturing facilities in Oyster Bay, Nassau County. The Governor has cited \$150 million to fully contain and treat the contaminant plume. Projected spending for FY 19 is not yet available, but the Division of Budget has identified existing Superfund appropriations (\$100 million annually for

total program) as the funding source. Under the State Superfund program, State remediation costs are recoverable from responsible parties.

Hudson River Park

The Executive Budget provides \$50 million to the Hudson River Park Trust to build out the remainder of the Park and maintain existing facilities. This new discrete appropriation is a significant increase from the traditional EPF line item for the Park, which provided \$3.2 million in FY 18 and \$2.5 million in FY 17 (the Executive provides an additional \$1 million in EPF support in FY 19 for \$51 million total).

RGGI Sweep

The Executive proposes to transfer \$23 million in Regional Greenhouse Gas Initiative (RGGI) carbon auction proceeds from NYSERDA clean energy and energy efficiency programs to the General Fund. This is a \$15 million reduction from the FY 18 Budget, which included a separate \$15 million transfer of future RGGI proceeds to increase contingency funding for communities impacted by electric generation plant closures.

Department of Agriculture and Markets

Reduced Capital and Local Assistance Appropriations

The Executive Budget reduces Department of Agriculture and Markets (DAM) capital appropriations by \$60 million (91%) and local assistance appropriations by \$11.5 million (22%) from the FY 18 Budget. Capital reductions are due to non-recurring FY 18 appropriations for a NYS Fair exposition center (\$50 million) as well as \$5 million each for local fairs and animal shelters (each of these appropriations is reappropriated in FY 19). The \$11.5 million local assistance reduction results from the standard Executive elimination of prior year legislative additions and line item enhancements including a number of Cornell research programs and agricultural business consulting and marketing services.

Expanded Farm to School Program

The Executive Budget doubles the State's investment in the Farm to School Program from \$750,000 to \$1.5 million (by including a second \$750,000 appropriation in SED's local assistance budget). This program, which has to date awarded \$850,000 to 108 participating school districts (324,000 students), supports transporting and storing locally produced food, hiring of farm-to-school coordinators, and training kitchen staff on new crop food preparation. The FY 19 expanded program is projected to support an additional 18 projects and 328,000 students.

\$2.6 million Modernized Food Inspection System

DAM is partnering with the Office of Information Technology Services to digitize and centralize the Department's food inspection reporting system to improve inspector communication and minimize time spent on clerical work. The Governor expects this new digital reporting system to increase site inspections of regulated food service establishments and potentially increase Department compliance fee and penalty revenue.

Office of Parks, Recreation and Historic Preservation

\$90 million NY Works Parks Capital

The Executive Budget returns the annual NY Works Parks Capital appropriation to the traditional \$90 million level following a one-year spike to \$120 million in FY 18. This is the seventh consecutive year of Parks appropriations (totaling \$634 million) as part of the Governor's Parks 2020 program, which will result in over \$900 million invested in the State Park System by 2020.

Article VII

Empire Forests for the Future Initiative

This proposal reforms an existing private forest tax exemption (known as 480-A) and establishes two competitive grant programs to alleviate development pressures, conserve open spaces, and support renewable energy development. This proposal also creates a procurement preference for New York State wood products.

Food Waste Donation and Recycling

The Executive proposes to require single locations generating two tons per week or more of excess food to sort food waste into excess edible food for donation and food scraps for organic recycling. Subject food waste generators may include supermarkets, restaurants, correctional facilities, higher education facilities, and hospitals, among others. This statewide proposal is similar to the existing New York City statute, which requires certain large organic generators to separate and recycle organic waste.

Long Island Central Pine Barrens

The Executive modifies a previously considered Long Island Central Pine Barrens expansion plan passed by the legislature in 2017 and subsequently vetoed. The Governor vetoed the proposed expansion due to the inclusion of certain private parcels complicated by previously planned solar projects, which are addressed under this alternative proposal.

Labor and Workforce

Department of Labor

The FY 19 Executive Budget recommends an All Funds appropriation level of \$3.6 billion for the Department, which would be a reduction of \$86 million from the FY 18 Budget; however, this is primarily due to anticipated reductions in unemployment insurance claims because of improving economic conditions.

State Workforce

The FY 19 Executive Budget estimates a total workforce of 182,565 for the end of FY 19, or an increase of 201 Full-Time Equivalent employees (FTEs) as compared with the estimate from the FY 18 Budget. A breakdown of the anticipated changes in FTEs is as follows:

- +381 in the Department of Health to support the continued take-over of Medicaid Administration from counties, for survey and surveillance activities within hospitals and adult care facilities, and operational support within several public health programs;
- -275 in the Office of Mental Health due to attrition;
- +89 in the Department of Motor Vehicles to continue implementation of the Real ID Act;
- -71 in the Department of Corrections and Community Supervision due to attrition;
- +70 in the Department of Transportation for snow and ice services;
- +35 for the Division of Homeland Security and Emergency Services or emergency management operations and counter terrorism activities;
- -32 in the Office for People with Developmental Disabilities due to attrition;
- +30 in the State Police for the Sexual Offense Kit program and Anti-Gang Initiatives; and
- +25 in various other agencies.

General State Charges

The FY 19 Executive Budget recommends an increase of \$3.1 billion, a 45% increase from FY 18. There is an increase of \$4.3 billion for employee fringe benefits, and this funding line includes a general provision allowing disbursements from this appropriation to be refunded or offset by state agency payments or reimbursements for various charges. The primary increase in General State Charges is due to an accounting change where several state agencies have transferred expenditure lines from the agency to GSC; no overall change in the state's financial plan is associated with this change.

Appropriation language would also prohibit the use of funds for the state's contribution to the health insurance fund for FY 19 for providing state reimbursement of the Medicare Part B standard premium of more than \$134 per month to eligible retirees and their dependents and to reimburse the income related monthly adjustment amounts (premiums) incurred on or after January 1, 2018 to any active or retired employee and their dependents.

Article VII

Secure Choices Savings Program

The Governor proposes a program similar to legislation carried by Senator Savino which would establish the "Secure Choices Savings Program." This program essentially allows private-sector employees to opt-in to a defined contribution savings program, similar to an IRA or 401(k) account. The program would be managed by the Deferred Compensation Board, an agency that currently managed deferred compensation 475(b) retirement plans (i.e., a retirement plan funded by deferring earned income into a special savings account with no employer match). The program would be administratively funded by a small surcharge on investment income, and the benefits paid to beneficiaries would be equivalent to the individual performance of an individual's retirement investment choices. This program would give any private-sector employee in the state an option in an extremely low-cost retirement program in the case of an employee who does not have access to a traditional retirement account.

Youth Jobs Tax Credit

The Executive proposes an increase in the value of the tax credits available to employers who hire at-risk youth under the New York Youth Jobs Tax Program (formerly the Youth Works program). The current credit of \$500 a month for the first six months of employment would be increased to \$750 per month for the first six months, or from \$250 per month to \$375 per month for a part-time employee. For the next six months of work, the credits would increase from \$1,000 to \$1,500 total, or from \$500 to \$750 for a part-time employee. For the next year after the first year of employment, the credits would increase from \$1,000 to \$1,500 total or from \$500 to \$750 for part-time employment. As a result the total credit would increase for hiring an at-risk youth for two years of employment from \$5,000 or \$2,500 for part-time employment to \$7,500 or \$3,750 for part-time employment.

Retiree Healthcare Costs

As in the past several years, the Governor advances proposals to increase healthcare costs on current public sector employees and retirees. The Governor proposes capping the reimbursement of Medicare Part B premiums at \$134/month, the 2017 maximum rate. This would make future increases in the federal rate subject to a specific budgetary statutory change, or else the increased costs would be borne by the retiree instead of automatically covered by the State under current law. The Governor also proposes the elimination of all reimbursements for Medicare-enrolled retirees who pay the additional premiums for higher income beneficiaries (Income Related Monthly Adjustment Amount or “IRMAA”).

State Insurance Fund Investments

The Executive proposes new requirements for the State Insurance Fund in handling investments of its surplus funds. This provision would require SIF to invest up to 25% of its surplus funds in nationally-recognized securities and up to 10% of surplus funds in certain American businesses and real property assets as set forth by the Insurance Law for non-life insurance surplus asset investment. Additionally, SIF could invest any port of the up to 50% of surplus funds that are invested in safer securities to be within diversified index funds. The bill would also make clear that any funds appropriated by the state to the State Insurance Fund may not be treated as surplus funds to be subject to investment.

General Government

Audit and Control

The Executive Budget recommends \$354.4 million an All Funds appropriation, an increase of \$8.1 million from FY 17, and a workforce of 2663 FTEs, no change from FY 2017. The \$8.1 increase represents the following proposals:

- A New MU appropriation of \$641,000 for services and expenses associated with Abandoned Property Audits;
- Additional resources of \$4.7 million to fully fund the Payroll System replacement;
- \$394,000 for a New Achieving a Better Life Experience Program (ABLE);
- \$2,091,000 for New Maintenance Undistributed (MU) appropriation within the Administration Program; and
- New MU appropriation for Chief Information Officer Program.

Department of State

The Executive proposes a \$247.7 million appropriation in All Funds. This is an increase of \$90.5 million from FY 18. This increase results from the addition of capital funding for a third round of the Downtown Revitalization Initiative (\$100 million) coupled with adjustments for salary increases offset by a one-time FY 18 appropriation for the Liberty Defense Program.

The Executive Budget recommends a workforce of 526 FTEs, an increase of 1 FTE from FY 18 FTE levels.

Division of the Budget

The Executive Budget recommends an All Funds appropriation of \$49.2 million (\$28.3 million General Fund; \$20.9 million Other Funds) for the Division of the Budget. FY 19 appropriations decrease non-personal service by \$1.5 million. The Executive Budget recommends a workforce of 261 FTEs for the Division, unchanged from FY 2018.

Department of Financial Services

The Executive Budget proposes an All Fund appropriation of \$433.3 million, an increase of \$18.9 million from FY 17. The increase is reflected in both the state operations budget (salary growth ps/fringe benefits and IT upgrades) and a \$4 million increase to the Aid to Localities budget (reflects natural reduction in Healthy NY and HMO Direct Pay Spending/year to year change in existing programmatic funding for the Department of Health suballocation/planned phase out of COBRA Entertainment Workers Subsidy/Interchanged Federal Appropriation). The workforce of 1,382 FTEs reflects no change from FY 17.

Office of General Services

The Executive Budget proposes an All Funds appropriation of \$1.2 billion, reflecting a decrease of \$75 million. The decrease predominantly reflects the return to previous funding levels from the prior FY 18 capital projects, including the Cogeneration Plant/Microgrid and the Office Space Optimization Fund. The Executive Budget recommends a workforce of 1,915, unchanged from FY 18.

Office for Information Technology Services

The Executive Budget recommends \$855 million in All Funds appropriations, an increase of \$0.5 million from FY 18, due to ITS administering Federal grant funds for Geographic Information System functions transferred to the agency. The Executive proposes a workforce of 3,406, which remains flat from the previous fiscal year.

Gaming Commission/Racing & Wagering

The Executive Budget recommends \$359.6 million All Funds for the Commission, an increase of \$28.9 million, or 8.7%. This figure represents a \$100,000 decreased appropriation for the Racing Fan Advisory Council and \$29 million increase, or 13.4% in Aid to Localities due to the uncertainty of Tribal State Compact and Commercial Gaming revenues. An appropriation of \$60 million is also included for the local share of the State's estimated revenues from the four authorized casinos. An appropriation of \$186 million is recommended for Tribal State Compact Revenue from Native American Casinos as the local share.

State Board of Elections

The Executive recommends \$16.6 million in All Funds for the agency, which represents a \$5 million increase from FY 18. This increase will be used to fund election infrastructure improvements from cyber-related threats.

State Liquor Authority

The Executive Budget proposes \$13.3 million All Funds for the agency, which is unchanged from FY 18.

Article VII

Creation of a New Exporter License for Alcoholic Beverages

This proposal would create a new license for those businesses that only purchase and export NYS made alcoholic beverages and do not sell to wholesalers or retailers in the state. Under current law, any business that wishes to conduct these types of sales must apply for a wholesale license, which is broader in scope and more expensive.

Allow Use of Breeding Funds for Equine Care

This proposal amends the Racing law to allow funds from the Thoroughbred Breeding and Development fund as well as the Agriculture and NYS Horse Breeding Development fund to be used for the aftercare of retired racehorses. This is a revenue neutral proposal.

Changes the Statutory Tax Rate and Distribution Formula For VLTs

This proposal amends the various statutes that govern Video Lottery Terminal (VLT) tax rates and distribution of monies derived from Video Lottery Gaming. Amending these formulas will result in an additional \$20 - \$22 million in revenue.

Amend NYRA Racing Operations

This proposal amends several different sections of law pertaining to racing operations by the New York Racing Association (“NYRA”). Specifically, NYRA would be authorized to keep double the amount of reserve funds, permit, under limited circumstance nighttime thoroughbred racing, and create a new committee to review equine testing and research.

Regulating Student Loan Services

The Executive Budget proposes to require the Department of Financial Services to establish a regulatory framework to license student loan servicers and set standards for student debt consultants. This proposal also calls for prohibiting State agencies from suspending or denying the issuance of professional licenses for individuals behind or in default of their student loans.