



NEW YORK STATE SENATOR

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## An Alternative to High Taxes, New Fees and Lack of Accountability

CARL L MARCELLINO March 25, 2009

New York State Senate Republicans today offered a comprehensive budget savings plan that spends less than the Executive Budget proposed, rejects \$6.2 billion in taxes and fees proposed by Governor Paterson, implements a spending cap to restrain future spending growth and helps businesses create jobs to strengthen the State's economy.

The plan leaves \$1.2 billion currently in reserves untapped and fully funded, and increases the State's overall fiscal reserves by nearly \$1 billion so New York is on sounder fiscal footing.

It makes needed investments in education, jobs, and health care and restores the \$1.7 billion STAR rebate program for middle class families that was omitted from the Governor's Executive Budget.

It provides for reductions in government spending and other cost cutting measures of \$5.5 billion to help restore balance to the State's finances.

The plan includes an additional spending cut of \$1.2 billion above the Governor's budget and cuts the rate of growth to 1.6 percent. Among other things, it consolidates a number of redundant or underutilized State agencies (\$266 million), reduces non-personnel agency spending by 5 percent (\$138 million), freezes State purchases of recreational lands (\$78

million), cuts 1 percent from agency contracts (\$519 million), enforces a State law to collect \$500 million in cigarette taxes on Indian reservations and captures \$175 million more in Medicaid fraud recoveries to build on the Senate Republicans success in creating the State's Office of Medicaid Inspector General.

The Senate Republican savings plan also includes a new proposal that will allow middle-class families to sign a prepaid college contract at the State University of New York (SUNY) or the City University of New York (CUNY) to help them afford the cost of a college education.

Under the plan, parents could enroll children under the age of fourteen into a program that would lock in their future tuition at the current rate. The revenue generated by participation in the program would be used to enhance support for SUNY and CUNY schools, offer middle-class budget relief and provide \$216 million for the State Universities in the 2009-10 fiscal year alone.

The more than \$7 billion in fiscal relief headed for New York for the 2009-10 State fiscal year should allow the State to reject the job-killing taxes and fees included in the Governor's Executive Budget, which was crafted months before the stimulus package was finalized and would devastate struggling taxpayers and small businesses.

Along with elimination of the STAR rebate checks, the Governor's Budget also raises 142 different taxes, including taxes on gasoline, music and video downloads, gym memberships, movie and concert tickets, plane and train tickets, haircuts, fishing licenses, beer, wine, and non-diet soft drinks. A Senate Republican analysis shows that the average New York family would pay \$3320 in additional taxes under the Governor's plan.

On top of that, Senate and Assembly Democrats have called for a massive personal income

tax increase that would force New Yorkers to pay the highest income tax rates in the country.

The federal stimulus dollars can assure New Yorkers that no taxes need to be raised during the economic downturn, which would only make matters worse.

Instead of raising taxes, the stimulus monies should be used to roll back the “covered lives” tax increase the Governor and the Democrats approved that will raise health insurance premiums for businesses and individuals, and lead to higher premiums for all New Yorkers.

In addition, the State should allow the recently approved SUNY tuition increase to be utilized by SUNY campuses, rather than seize it to pay for higher State spending, as Democrats voted to do as part of their so-called “Deficit Reduction Plan.” The harmful actions taken in the DRP which target middle-class families, small businesses and college students were unnecessary and shortsighted, Republicans noted.

Meanwhile, Senate Republicans called for the final Budget to include a greater emphasis on job creation, especially Upstate, to help deal with soaring unemployment caused by the national economic recession.

While the Executive Budget failed to include any initiatives to create new jobs, it also abolishes the Empire Zone program - - eliminating benefits to more than 2,000 businesses - - without putting anything new in its place. In fact, the DRP even took \$500 million that could have been tapped by the Power for Jobs program, a successful program that provides low cost power to businesses so they can create jobs.

The Senate Republican plan would prevent businesses that receive Empire Zone benefits from executing layoffs (\$272 million), provide low cost power for struggling businesses (\$150 million), eliminate business taxes for distressed manufacturers (\$40 million), offer a job creation tax credit (\$90 million), and cut the current tax rate for small businesses by 50 percent. These actions represent the first stage of implementing the Senate Republican jobs plan announced last Fall.

The Budget plan also recommends implementation of a number of the mandate relief proposals advanced by the Suozzi Commission to help local governments and schools districts reduce costs.

Under the legislation enacted by Congress and signed into law by the President, New York must use the federal stimulus funds to restore the \$1.23 billion in K-12 education cuts proposed by the Governor. As required by law, those dollars must be restored to the schools that were cut by the Governor and not be used as an attempt to treat any school or any region of the state unfairly. Senate Republicans have called on the Governor to resubmit the state education aid portion of his Budget to ensure those cuts are restored.

In addition, the plan eliminates the Governor's taxes on hospitals, nursing homes and home health care and provides funding directly to hospitals and other health facilities to improve health care and cut State Medicaid spending.

Meanwhile, the Senate Republicans called for passage of a constitutional spending cap that would limit year-to-year spending increases to no more than 4 percent to prevent future deficits and shore up the State's long-term finances.