



NEW YORK STATE SENATOR

Michael F. Nozzolio

Senate Republicans Criticize Governor's Secret Plan to Add New Taxes to Utility Bills

Michael F. Nozzolio

March 29, 2009

Albany- State Senate Republicans today blasted Governor Paterson for trying to impose higher surcharges on utility companies that would end up costing consumers of electricity, natural gas and telephone services hundreds of millions of dollars in higher gas, phone and electric bills. The Senators said the latest massive tax hike plan is one of several being discussed by the Governor, and Democratic leaders from New York City during secret budget negotiations.

According to a report today in the Buffalo News , Governor Paterson is pushing behind closed doors for higher tax surcharges on utility companies that would be passed along to consumers of electricity, natural gas and telephone services. It is estimated the tax hike could increase utility bills by more than \$651 million. News reports of Governor Paterson's plan that would boost utility rates comes right after Senate Republicans succeeded in stopping a plan by the New York Power Authority to impose a \$10 million increase in Upstate electricity rates.

Senator Michael Nozzolio (R-C, Fayette), ranking Republican members of the Senate Energy and Telecommunications Committee, said, "The consumer's electric bills, natural gas bills and phone bills will cost more as a result of this tax. The Governor's tax will ensure that no new jobs come to New York and will drive existing jobs out of the state. This attitude is inconsistent and the last thing hardworking taxpayers need during these challenging times."

Senator John A. DeFrancisco (R-I-C, Syracuse), ranking Republican member of the Senate Finance Committee, said, "During these tough economic times, this utility tax is the last thing our Upstate communities and homeowners need," said. I am extremely disappointed that Governor Paterson would propose this tax, especially after we just successfully fought against the Power Authority's proposed rate increases. This tax will be even more costly to Upstate homeowners who are already struggling and will significantly hurt Upstate businesses."

Senator George Maziarz (R-C, Newfane), member of the Senate Energy Committee, said, "Just yesterday we beat back a NYPA electric rate increase on the grounds that it would hurt families and cost our businesses jobs. Now the Governor, who apparently has learned nothing in the past 48 hours, wants to raise taxes and fees on utility companies. Consumers will undoubtedly suffer because the costs will be passed along to them. This scheme would have the same awful result we avoided in the first place with the proposed NYPA rate hikes—more out-of-pocket costs for homeowners and businesses when they can least afford it."

Senate Republicans called on Upstate Democratic Senators Darrel Aubertine of Watertown, David Valesky of Syracuse and Bill Stachowski of Buffalo to join them in standing up to Governor Paterson and Senate Majority Leader Malcolm Smith and put a stop to the utility tax increase plan.

This week, Senate Democrats attempted to take credit for stopping the latest rate hike plan by the New York Power Authority (NYPA). NYPA quietly proposed the Upstate electric rate hike after those same Senate Democrats unanimously approved taking almost half a billion from NYPA that could been used for low cost power. The sweep, combined with the Governor's utility tax hike plan, represents a devastating billion dollar-plus impact on residential and business ratepayers.

The Governor's tax increase will be passed on to all customers costing the average resident over \$100 more a year, depending on their usage. A small manufacturer

with a \$10,000 electrical bill will see this assessment go from \$333 to \$2,000 a year. Verizon expects their charge to go from \$10 million to \$65 million on a bill that already contains 17 percent worth of taxes and fees.

Senator Jim Alesi (R-C, Perinton) said, "With so many families and businesses struggling to make ends meet, increasing utility taxes, as the Governor is proposing, would only make matters worse and cause more jobs to be lost. This plan would be devastating for the Upstate economy."

Senator Betty Little (R-C, Queensbury) said, "Raising taxes on families and businesses will extinguish the fire that the federal stimulus is supposed to be stoking. This just doesn't add up. Today I learned of one company in my district that is laying off 15 workers and another that is filing for bankruptcy protection. For those businesses hanging on for survival, the prospect of paying more for utilities can't be a reassuring message."

Senator Joseph A. Griffo (R-C-I, Rome), said, "Less than a week ago, I had to call attention to and urge rejection of a NYPA proposed rate hike for thousands of ratepayers Upstate and the Governor agreed. I now urge the Governor to exercise that same philosophy and power to eliminate his proposed rate hike which would add to the financial burden and fiscal challenge to those same ratepayers."