



NEW YORK STATE SENATOR

William Larkin

## Senate Republicans Launch Bold Plan to Invest Over \$3 Billion Bnp Bank Settlement to Keep State Moving Forward

WILLIAM J. LARKIN JR. July 7, 2014

| ISSUE: **EDUCATION, FINANCE, TRANSPORTATION**

**Accelerates Tax Relief, Rebuilds Infrastructure to Create Jobs, Helps Schools;**

**Rolls Back Economic Damage Caused by Senate Democrats**

Senate Republicans today launched a bold and far-reaching plan to invest over \$3 billion from the BNP Paribas bank settlement, return money to hardworking taxpayers and keep New York State moving forward. This comprehensive and fiscally responsible budgeting approach will accelerate planned tax cuts to give New Yorkers the relief they need and deserve as soon as possible, make key infrastructure investments to create new jobs across the state and provide historic assistance to local schools and property taxpayers.

The Senate Republican's plan, which follows the recent announcement of two major credit rating upgrades for the state, is designed to further strengthen New York's overall fiscal integrity. Given the one-time, non-recurring nature of the settlement funds, the plan avoids wasteful, new and recurring expenditures. Instead, the plan makes long-term investments in New York's infrastructure, while also prudently accelerating scheduled tax reductions and spending commitments.

The windfall also allows Senate Republicans to continue rolling back the economic damage caused by the disastrous two-year reign of the New York City Democrats in 2009-10.

During their brief stint in the majority, Senate Democrats raised taxes by \$14 billion, enacted the job-killing MTA payroll tax, took away STAR rebate checks for seniors and homeowners, put in place a new energy surcharge, cut aid to Long Island, New York City, Hudson Valley and Upstate schools, and left a massive \$10 billion structural budget deficit.

Working in a bipartisan manner, Senate Republicans have reversed much of that devastation, but there is still significant work to be done - - work that would be sped up by the wise utilization of these funds.

“Senate Republicans believe we should invest these resources where they will help hardworking New Yorkers the most - - through meaningful tax relief that allows families to make ends meet, infrastructure improvements that create new jobs, and a commitment to improving our schools while reducing the burden on property taxpayers. This plan is a good one for New York, and it will allow us to once-and-for-all undo the damage caused by the Senate Democrat conference when they were in the majority,” Senate Republican Leader Dean G. Skelos said.

Senator John DeFrancisco (R-C-I, Syracuse), Chairman of the Senate Finance Committee, said: “This \$3 billion must be returned to the taxpayers to whom it belongs through substantial tax cuts and investments in our infrastructure to put people back to work. It should not be squandered by reckless increases in spending on programs that do not work.”

Specifically, the Senate Republican Conference's plan includes the following three components:

1. **Accelerate Tax Relief for New Yorkers:** Senate Republicans have always led the effort to deliver comprehensive tax relief to increase economic opportunities and help hardworking New Yorkers succeed.

The Senate Republicans' new initiative will provide significant new tax relief to millions of overburdened taxpayers, with a major focus on undoing some of the damage caused by the 124 new tax and fee increases that were enacted when Senate Democrats controlled the chamber. Over the past four years, Senate Republicans have made great strides in rolling back many of these onerous taxes; the BNP settlement funds provide the opportunity to further expedite elimination of the Senate Democrat-initiated tax increases. These tax cuts will include the immediate elimination of the Senate Democrats' 18-a energy tax increase, a continued phase-out of the Senate Democrats' MTA payroll tax, and additional property tax relief to replace the STAR rebate checks eliminated by Senate Democrats, among others.

**2. Investing in New York's Infrastructure:** The Senate Republicans' plan will help create thousands of new jobs by committing most of the funds to major new investments in New York State's infrastructure. From rebuilding local roads and bridges, to enhancing local college campuses, to key environmental initiatives, such as clean water projects and sewer upgrades in communities across the state, the Senate Republicans' plan will provide both short and long-term economic benefits throughout New York State. The Senate Republicans' infrastructure plan will also be regionally balanced, and will help to address some of the damage caused by the Senate Democrats' unfair capital investment programs, which consistently shortchanged entire regions, such as Long Island and Upstate New York, by eliminating the 5-year road and bridge capital plan.

**3. Helping Local Schools and Property Taxpayers:** The Senate Republican plan will be beneficial for our schools, our children and local property taxpayers across the state. A particular emphasis will be placed on accelerating the complete elimination of the damaging and highly controversial Gap Elimination Adjustment (GEA). The GEA – a multi-year, multi-billion dollar budget-cutting scheme enacted by Senate Democrats in 2010 - - has severely impacted hundreds of school districts and millions of property taxpayers throughout the state. The Senate Republican plan would fulfill the promise to eliminate the \$1 billion left of this unfair Senate Democrat ruse. The plan would also support the scheduled school aid increases we approved this year in the state budget, which will help keep local property taxes down. Once again, our plan provides regional balance, in stark contrast to the approach taken when Senate Democrats disproportionately slashed funding from schools in Upstate New York, the Hudson Valley and on Long Island.

New York's over \$3 billion share is part of an overall \$9 billion settlement paid by French Bank BNP Paribas, resulting from repeated violations of U.S. sanctions.

Senator Mark Grisanti (R, Buffalo) said: "This is a comprehensive, common sense approach to using this financial windfall to benefit the taxpayers of New York. I am especially enthused about the component that includes property tax relief for hard-working homeowners and eliminating the Gap Elimination Adjustment to provide more state aid to schools."

Senator Jack M. Martins (R-C-I, Mineola) said: "Four years ago, we committed to turning things around and did so by cutting taxes and focusing on creating jobs through economic development and investing in infrastructure. That commitment put New York State back on track. These settlement funds are the people's money and must be likewise invested. New Yorkers deserve nothing less."

Senator Joseph Griffo (R-C-I, Rome) said: "It imperative we use this one-time revenue to reverse some of the cuts made during the 2008 financial crisis. Roads and bridges are deteriorating faster than the state is willing to fund the repairs. Infrastructure is a critical investment and these funds should go toward a regionally balanced infrastructure improvement program. In addition, Senate Democrats - over my objection and that of my Senate Republican colleagues - took billions away from schools. I would advocate for using part of this settlement to erase the Gap Elimination Adjustment. Finally, if there are funds left over, we should continue to provide tax relief for individuals and businesses. The Empire State has the terrible distinction of having some of the highest property taxes and the least friendly business climate nationwide. We need to change New York's reputation, and the way to do that is to provide immediate tax relief. The plan advanced by our conference is the wisest course of action if we want to help New York in the long term."

Senator Kathy Marchione (R,C-Halfmoon) said: "Delivering real tax relief for New Yorkers, investing in, and upgrading, our infrastructure for safer roads and bridges, relieving the property tax burden on homeowners by properly funding our schools and paying down the Gap Elimination Adjustment, these are the common sense priorities reflected in our plan.

The multi-billion dollar BNP Paribas bank settlement represents an opportunity to continue delivering on these priorities to help build a stronger, fairer, better New York where

everyone has the opportunity to succeed.”

Senator Kemp Hannon (R-Nassau) said: “This is an important opportunity for New York State. Our investment plan can make a real difference in the lives of those on Long Island and across the state who are saddled with high taxes, while also helping schools and creating jobs.”

Senator Tom O'Mara (R,C, I-Big Flats) said: "We're still trying to climb out from under the wasteful state spending and devastating, \$14-billion increase in taxes and fees imposed on New York's citizens and businesses in 2009-2010, when all of New York was stifled under one-party, New York City-centric control of both houses of the state Legislature and the executive branch. The Senate Democrats in control at that time even overspent their own office operations budget by millions of dollars in that short period. The wise use of the BNP settlement - which means returning it to the taxpayers, staying focused on the Upstate economy and investing in fundamental responsibilities like our failing infrastructure, promoting job growth and improving education - will help accelerate many of the efforts led by Senate Republicans since 2011 to roll back New York's highest-in-the-nation tax burden and worst-in-the-nation business climate."

Senator Patty Ritchie (R-C, Heuvelton) said: “The key to continuing to work towards revitalizing Upstate New York is fostering the growth of our economy and creating new opportunities for those who live here. These funds can be used to reduce energy taxes that impact manufacturers, farmers and residents—and cost us jobs. Specifically, by eliminating the 18-a energy tax, every ratepayer across the state will see their utility bill decrease. When it comes to education, by investing in eliminating the aid-cutting GEA—which was imposed before I joined the Senate and disproportionately punishes rural schools—we can finally relieve school districts from this unfair burden and drive more funding to the classroom.”

Senator John Bonacic (R-C-I, Mount Hope) said: "New Yorkers have been clamoring for tax relief and the elimination of the New York Democrat-imposed Gap Elimination Adjustment (GEA) for too long. This three billion dollar BNP Paribas bank settlement windfall should go towards job creation, tax relief, fixing our roads and bridges, and eliminating the GEA which will help our schools."

Senator Pat Gallivan (R-C-I, Elma) said: "This approach is exactly what New York needs to move forward, and it's what New York residents deserve. By investing wisely, we can provide families immediate tax relief, create jobs while at the same time rebuilding our roads and bridges, and more quickly reverse the financial damage done to our schools by the Gap Elimination Adjustment. We must not squander this opportunity."

Senator Bill Larkin (R-C, Cornwall-on-Hudson) said: "This funding is the perfect opportunity to address the costly infrastructure issues plaguing the Hudson Valley and upstate New York. Every county, city, town and village is faced with crumbling sewers, water lines, roads, bridges and dams. The BNP settlement needs to be directed toward these types of projects to relieve the already substantial burden on upstate taxpayers."

Senator Elizabeth Little (R-C-I, Queensbury) said: "I am pleased to join my Senate Republican colleagues in advancing a common-sense plan that invests these resources in our infrastructure - - water, sewer, and roads - - and commits to getting rid of the Gap Elimination Adjustment by next year to help our schools even more."

Senator George Maziarz (R-C, Newfane) said, "New York must win from this windfall. To that end, our Senate conference is putting forward a balanced plan to use the settlement funds so they will have lasting impacts on our state: reducing the tax burden, investing in our infrastructure, and strengthening education."

Senator Phil Boyle (R-C-I, Suffolk County) said: "With this settlement the Senate Republican Conference has developed a comprehensive plan to deliver real tax relief to New Yorkers. In '09 and '10 the New York City Democrats created a climate that left taxpayers, the job market and our schools in a fiscally tenuous situation that only caused a greater tax burden on the residents of our great State. Utilizing these settlement funds to benefit already overtaxed residents is the responsible thing to do."

Senator Michael H. Ranzenhofer (R-C-I, Amherst) said: "New York's \$3 billion share of the BNP settlement should be delivered promptly to taxpayers through tax relief, infrastructure projects to spur job creation, and elimination of the GEA. These initiatives will also help to deliver a brighter future for all New Yorkers."

Senator Hugh T. Farley (R-C, Schenectady) said: "It is essential that these funds be used wisely for the benefit of all the residents of this State. Our plan addresses several of the most pressing issues and needs facing our State."

Senator Joseph Robach (R-C-I, Rochester) said: "This is a sensible approach that will have a positive impact on New Yorkers by providing accelerated tax relief to hard-working families, create good-paying construction jobs through needed infrastructure improvements and strengthening our commitment to improving Upstate schools for the betterment of our students. Most importantly, this plan finally erases the damage that was caused when one party was in control of our state's government in 2009 and 2010."

Senator Martin Golden (R-C-I, Brooklyn) stated, "I am proud to join my fellow Senators in moving forward a bold plan to provide tax relief, create jobs, and support our schools. We must continue to make New York more affordable for residents from Brooklyn to Buffalo and this is step in that direction. Our continued efforts will be sure to improve New York's economic standing and I know residents of my district want to see that happen, sooner

rather than later, here in the State they call home."

Senator Catharine Young (R,I,C-Olean) said: "We need to keep our economy moving forward so that New York can thrive once again. To strengthen our economy, it is vital that we continue upgrading our infrastructure, roads, and highways. Investments in education and tax relief are necessary for private sector job growth so our families have the good paying jobs they need and deserve. This settlement will enable us to make significant strides to create job opportunities, lower taxes, and provide high quality educational opportunities for every child."

Senator James L. Seward (R-C-I, Oneonta) said, "When a family is fortunate enough to receive an unexpected windfall, most use the dollars to take care of their most pressing needs. That's exactly how New York State needs to apply this settlement. Advancing the timetable on planned tax cuts, rebuilding local roads and bridges – particularly upstate, and paying back schools handcuffed by the unreasonable Gap Elimination Adjustment will produce real dividends now and repay hard-pressed taxpayers and small business owners who have sacrificed more than their fair share in recent years."

Senator Michael Nozzolio (R-C, Fayette) said: "The Senate Republicans' plan to maximize the financial investment of the BNP settlement funds will be an important and vital step to keeping New York State moving in the right direction. This plan continues the Senate Republicans' strong commitment to our local schools, creates a more favorable environment for job-producing small businesses, and makes necessary investments in New York's transportation infrastructure. This effort will provide significant relief to millions of New Yorkers and put money back where it rightfully belongs, into the pockets of taxpayers."

Senator John Flanagan (R-C-I, East Northport) said: "The single most important responsibility of the state is to properly fund education for our children. The single most



effective way to accomplish that is to eliminate the Gap Elimination Adjustment, which the Senate Democrats imposed on New York taxpayers. The sooner we do that, the sooner everyone benefits. This settlement provides a unique opportunity to provide legitimate and significant tax relief to property taxpayers across the state and enhance funding for public education.”

Senator Lee Zeldin (R-C-I, Shirley) said: ““Long Island families are being crushed by high taxes and the quality of student education is being eroded by the GEA. The BNP Bank settlement presents an opportunity to help relieve the tax burden on hardworking New Yorkers.”

Senator Carl Marcellino (R, Syosset) said: “Over the last four years, my priority has been cutting taxes, creating new jobs and slashing spending. While we are moving in the right direction, we still need to do more. Any time the State realizes an unexpected financial windfall, our first priority should always be to give it to the taxpayer. This plan does just that. By investing in our schools and our infrastructure, and rolling back onerous taxes, every New Yorker can benefit from this \$3 billion and keep more of their own money where it belongs, in their pocket.”

Senator Kenneth LaValle (R-C-I, Port Jefferson) said: “This plan will bring real, meaningful tax relief to hard-working, middle class taxpayers. These programs will continue our work to cut taxes, eliminate the job-killing MTA-tax, eliminate the unfair GEA school tax, and create new jobs.”