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Gov. David A. Paterson
Executive Chamber
2nd Floor, Capitol Building
Albany, NY 12224

October 22, 2009

Dear Governor Paterson,

Earlier this year, Democrats approved legislation to bail out the Metropolitan Transportation Authority (MTA) that included a new \$1.5 billion payroll tax on businesses, local governments, non-profits, hospitals, school districts and others in the 12-county MTA region.

The MTA bailout passed without a single Republican vote in the Senate, and Senate Republicans warned at the time that the payroll tax was really a tax on jobs that would hurt New York's ability to recover from the national economic recession.

We also urged you to exempt school districts from this destructive new tax, rather than require them to pay upfront with a promise to refund the money at a later date, as was the case under the plan you and legislative Democrats devised. Public schools on Long Island and the Hudson Valley have already begun paying this new tax, which will cost them at least \$50 million this year.

During a public leader's meeting yesterday to discuss plans to close a \$3 billion current-year budget deficit, you said that due to the extraordinary fiscal challenges facing New York, the State would not be able to meet any of its outstanding financial commitments, including your pledge to repay schools subjected to the payroll tax.

Later, your spokesman clarified your position, claiming that you weren't speaking specifically about the promise made to school districts. Despite those words, there remains a great deal of anxiety on the part of school districts throughout the 12-county MTA region, who don't believe Albany will actually reimburse them for this tax.

Governor, school districts are owed those funds and their budgets reflect the commitment that you and your Democrat colleagues in the Assembly and the Senate made to them when you imposed this onerous new tax on jobs. In addition, these very same school districts will be forced to absorb more than half of the school aid cuts you propose in your mid-year deficit reduction plan.

Combined, Long Island and Hudson Valley schools would receive 61 percent of the total year-over-year cut. This reduction in State aid will no doubt force massive new property tax increases in those districts.

Therefore, on behalf of Senate Republicans, I am requesting that any deficit reduction legislation you submit to the Legislature in the coming weeks include specific language that will hold school districts harmless from the payroll tax and keep the promise you and Democrat lawmakers who voted for this destructive new tax made to schools in the MTA region.

Thank you for your prompt attention to this important matter.

Sincerely,

Dean G. Skelos
NYS Senate Republican Leader