

THE SENATE
STATE OF NEW YORK



March 6, 2024

Hon. Andrea Stewart-Cousins
Temporary President & Majority Leader
New York State Senate
Capitol, Room 332
Albany, New York 12247

Re: FY 2025 NEW YORK STATE BUDGET

Dear Leader Stewart-Cousins:

As we all know, Governor Kathy Hochul recently advanced her Executive Budget proposal for Fiscal Year 2025. With budget deliberations getting underway, and as the Senate and Assembly begin developing their own one-house budgets, we wanted to take this opportunity to reiterate the key goals and priorities of the Senate Republican Conference.

As you may be aware, in anticipation of this year's Legislative Session, the Senate Republican Conference unveiled the "New Hope for New York" agenda — a comprehensive plan to restore accountability to our government, and to give New Yorkers a safer, more affordable, and more prosperous state.

Our "New Hope" agenda reflects a commitment to tax relief, jump-starting our slow economic recovery, and restoring common sense to our criminal justice system. It also stands in stark contrast to Governor Hochul's proposed budget, a misguided plan that taxes too much, spends too much, and reflects the wrong priorities. In fact, when it comes to fixing our broken criminal justice system, addressing the migrant crisis, or working to make New York more affordable, the Governor's budget proposal either completely ignores — or dramatically exacerbates — the critical problems confronting our state.

The lack of affordability in the Empire State has clearly reached crisis proportions, with thousands of New Yorkers fleeing to more affordable states. The high taxes in our State have exacerbated this crisis, while also directly contributing to our poor business climate. The Senate Republican Conference is committed to reversing these

dangerous trends, and our dynamic agenda would provide New Yorkers with the kinds of real reforms and comprehensive tax relief that are desperately needed.

We are also committed to common sense reforms to address New York's criminal justice crisis, as well as the growing migrant fiasco that appears to be spinning completely out of control. In addition, we continue our fight for smart, sustainable and workable energy policies, a stronger mental health system, and a public education system that will ensure a brighter, better future for millions of children throughout New York State.

We believe the budget should be balanced in a prudent and fiscally responsible manner. This can be achieved through the elimination of wasteful and unnecessary spending, enabling new priority investments and significant tax relief to be delivered on a multi-year basis. With this in mind, we firmly believe that both the Senate's One-House Budget, as well as the final Enacted Budget for FY2025, must reject the following components of the Governor's Executive Budget:

- Reject the additional \$2.4 billion in funding Governor Hochul has proposed for migrants — \$4.3 billion over 2 years;
- Reject the Governor's plan to alter the School Aid formula to eliminate the "save harmless" clause for Foundation Aid – a misguided change that would result in direct funding cuts for 337 largely rural and suburban school districts across the state;
- Reject the Governor's budget language allowing five more prisons to be closed. Additional prison closures would undermine public health and safety, destabilize local economies, and lead to more dangerous work conditions for New York's courageous Correction Officers.
- Reject the inadequate and inequitable funding levels the Governor has proposed for New York's critical transportation infrastructure. We must ensure funding parity between Upstate and Downstate infrastructure funding by putting NYSDOT and MTA capital programs on an equal footing, and by supporting investment in local roads and bridges through increased Consolidated Local Street and Highway Improvement Program (CHIPS) base aid.
- Reject the Governor's proposed Medicaid cuts to our hospitals, nursing homes and adult care facilities and home care providers, and ensure sustainable funding for long-term care support programs.

In addition to rejecting these proposals, we firmly believe that the Senate's One-House Budget and the final Enacted Budget for FY2025 should proactively

incorporate the following goals and priorities that have been advanced by our Senate Republican Conference:

Controlling Spending - Providing Tax Relief:

- Permanently capping state spending by reinstating the two-percent spending cap as not complying with it has cost New Yorkers approximately \$35 billion over the last three years.
- Continuing to fight against misguided tax increases by requiring a supermajority for tax hikes and phasing out temporary tax provisions.
- Limiting backdoor borrowing by amending the state constitution and controlling state debt by broadening the debt cap and requiring voter approval of capital debt backed by revenue.
- Enacting a nearly \$300 million annual tax cut for New York taxpayers by indexing the State's income tax brackets, standard deduction, and dependent exemptions to inflation.
- Providing \$2.2 billion in direct relief to taxpayers by making the Property Tax Rebate program permanent.
- Eliminating costly unfunded mandates that drive up local property taxes.
- Reducing property taxes by \$2.3 billion by requiring the State to pick up the local share of Medicaid outside of New York City over five years.
- Providing commuters relief with \$1 billion in tax relief by repealing the disastrous Congestion Pricing scheme.
- Ensuring accessible and affordable health care by phasing out the Health Care Reform Act's onerous insurance taxes.
- Providing relief from heating costs by creating a refundable heating tax credit of \$300 per individual making under \$125,000 in annual income and \$600 per married couple making under \$250,000 in annual income.
- Cutting electric bills by eliminating the 18a utility surcharge, saving ratepayers over \$100 million.
- Incentivizing new housing construction to deal with the housing shortage by extending New York City's 421-A.

- Providing significant property tax relief to seniors by doubling the STAR benefit for seniors, and reducing the financial burden on retirees by increasing the amount of private pension and/or retirement income that is tax-free.
- Providing roughly \$200 million in tax relief to hardworking families by Increasing the Earned Income Tax Credit (EITC) benefit to 35 percent of the federal credit.
- Taking action to protect businesses from unemployment insurance tax increases resulting from pandemic-related job losses by adjusting rates, paying down the deficit, and creating an Unemployment Insurance Solvency Reserve Fund.
- Reducing bureaucratic red tape by simplifying and streamlining the State's rulemaking and licensing practices, reforming the State's project-killing development process, fast-tracking the appeals process, and reining in overzealous State agencies.
- Providing a \$464 million tax cut for small businesses by increasing the corporate tax threshold from \$390,000 to \$500,000 and lowering the rate to 2.5%, expanding the small business exemption to all PIT businesses, and increasing the threshold to \$500,000, the exemption to 15%, and the exemption to 20% for farmers.
- Protecting New York agriculture by rolling back the harmful decision by the Farm Laborers Wage Board to lower farm workers' overtime threshold to 40 hours, making the Farm Workforce Retention Credit permanent, and creating a new, refundable investment tax credit for agriculture.

Improving Public Safety for New Yorkers:

- Rejecting efforts to continue New York's sanctuary state status by repealing this policy or withholding funding for migrant services until cities do so.
- Protecting New Yorkers from rising antisemitism and other hateful violence.
- Rejecting radical calls to defund the police and increasing investments in local law enforcement.
- Reversing criminal justice policies that have made our communities less safe including Bail and Discovery Reform, Less is More, HALT and Clean Slate.
- Restoring judicial discretion in our criminal justice system by giving judges the ability to set bail based on risk and the danger posed by a defendant.
- Rejecting criminal-first proposals such as elder parole and sentencing reform.

Strengthening Our Schools:

- In addition to rejecting the Governor's misguided "Save Harmless" budget cut proposal, we must work to close the pandemic learning loss gap by ensuring unspent Federal emergency relief aid supports academic recovery programs (e.g. intensive daily tutoring), expanding state grant funding, creating an office in the State Education Department to track outcomes, and by focusing on future aid increases for early education.
- Committing greater resources for elementary and high school building security by establishing a school resource officer (SRO) education grant program to reimburse school districts outside the city of New York, for the hiring of an SRO and establishing the school safety specialist act.
- Providing safe learning environments on college campuses by withholding funding to schools who do not protect Jewish students and/or take part in the Boycott, Divestment, Sanctions (BDS) movement.
- Expanding school choice by eliminating or increasing the charter school cap.

Common Sense Clean Energy Policies:

- Blocking the electric bus mandate to provide relief to school districts across NY.
- Requiring full accountability of all proposals from the Climate Action Council, especially on proposals mandating energy producers to raise utility rates before a vote by the legislature, requiring a cost analysis of the energy targets established under the CAC and requiring that utility bills include all costs to consumers associated with CLCPA mandates.
- Supporting diverse energy sources by recognizing the importance of natural gas and biofuels, providing parity to zero-emissions technologies, supporting next-generation nuclear and hydrogen, and rapidly phasing out tax incentives/subsidies when technologies have matured and gained market self-sufficiency.
- Maintaining the Environmental Protection Fund at \$400 million and rejecting the Governor's proposal to offload \$25 million to cover state agency staffing expenses. Programs within the EPF cannot sustain additional cuts as we continue to address significant environmental, land protection, infrastructure, and conservation needs throughout the state.

Confronting the Substance Abuse and Mental Health Epidemics:

- Improving inpatient and outpatient mental health treatment options by increasing state mental health funding levels, increasing the availability of mental health beds and placing a 5-year moratorium on bed reductions. We also must make Kendra's Law permanent and expand the Assisted Outpatient Treatment (AOT) Program.
- Expanding access to mental health services in our schools by establishing a Mental Health Services Coordinator Program, reimbursing school districts for the hiring of mental health services professionals, and providing targeted State-aid to address mental health issues related to remote learning and social isolation.
- Reducing overdose deaths and closing treatment gaps by increasing heroin and opioid prevention and treatment funding, providing additional funding for drug courts; expanding peer support programs and increasing the availability of naloxone and medication-assisted treatment.
- Supporting mental health, disability, and other human services direct care workforce by continuing to increase their cost-of-living adjustment.
- Exempting children's health homes from the Executive's \$125 million cut to the program to ensure children with complex mental health ailments continue to receive the best care coordination and treatment.

Helping our Veterans and Military Families Thrive:

- Providing critical health and mental health treatment and support to our veterans by expanding and making funding permanent for the Joseph P. Dwyer Veterans Peer Support Program and local veteran service agencies, expanding the number of Veterans Treatment Courts across New York State and establishing the "New York's Own Combat Veterans Healthcare Choice Program Act" to establish tax-free savings accounts to pay the healthcare costs of certain combat veterans until covered by the federal government.
- Expanding business assistance to veteran-owned enterprises by reserving 6% of state contracts for service-disabled veterans.
- Improving educational opportunities for veterans by creating the veterans' SUNY/CUNY Compact which would provide free SUNY/CUNY tuition to all veterans.

As budget negotiations get underway in the coming weeks, we strongly encourage you to keep the aforementioned recommendations foremost in mind. As always, our Senate Republican Conference stands ready to work toward the enactment of a final,

enacted State Budget that helps to address the critical concerns and challenges that are currently confronting the hardworking, law-abiding citizens of our state.

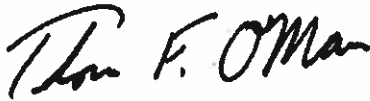
Sincerely,



Robert G. Ort
Senate Minority Leader



Senator Andrew Lanza
24th District



Senator Tom O'Mara
58th District



Senator William Weber
38th District