



NEW YORK STATE SENATOR

William Larkin

## Senate Passes Its 2006-07 State Budget Plan

[WILLIAM J. LARKIN JR.](#) March 13, 2006

Senator Bill Larkin (R-C, Cornwall-on-Hudson) today announced the New York State Senate has passed its proposed 2006-07 state budget, a plan that returns more than \$6.4 billion to state taxpayers through tax cuts over the next three years; rejects more than \$450 million in proposed increases in taxes and fees; increases the state's investment in education by \$1.1 billion; rejects a proposed tuition increase and cuts in tuition assistance and restores important funds for health care.

"The Senate budget plan is balanced and fiscally-responsible," said Senator Larkin. "It returns money to hardworking, overburdened taxpayers. It increases the state's investment in education and restores funds for critically important programs in health care and higher education. While we still have differences with the Assembly, I look forward to working with my colleagues in passing another on time budget this year."

The Senate budget proposes tax cuts of \$1.5 billion in 2006-07, growing to \$6.4 billion in 2008-09. The Senate tax cut plan provides for direct property tax cut rebate checks to homeowners throughout the state, tax reductions for small businesses and relief from high energy costs, particularly for seniors, small businesses and motorists.

Highlights of the Senate's proposed 2006-07 budget include:

**DIRECT REBATE CHECKS FOR PROPERTY TAXPAYERS**

The Senate budget includes the REBATE-NY plan, that would provide more than \$2.6 billion in school and municipal property tax relief over three years, including direct \$400 rebate checks to property taxpayers. In addition, the plan would provide a STAR cost-of-living adjustment for all homeowners and encourage consolidation of local government services.

The Senate is also proposing a child education tax credit that provides a credit equal to one third of the federal child tax credit, but requires that this credit be available only to taxpayers who have children attending school, including pre-kindergarten classes. The total cost of this credit is projected to be \$420 million.

#### TAX CUTS FOR SMALL BUSINESSES - JOB CREATION FOR NEW YORKERS

The Senate budget provides more than \$2.2 billion in tax relief and assistance to small businesses, over three years. The Senate proposal would eliminate the corporate income and franchise tax for manufacturers; provide direct property tax relief checks to small businesses; provide tax relief for businesses that pay personal income tax; provide tax credits for the costs of energy and health insurance and cut State red tape and bureaucracy.

#### RELIEF FROM HIGH ENERGY COSTS

The Senate budget includes a plan to provide \$590 million in relief from high energy costs, including a plan to help small businesses create and retain jobs. In addition, the Senate energy plan builds on a \$100 million increase in the Home Energy Assistance Program by providing heating assistance to more senior citizens, capping the State taxes on gasoline and encouraging energy conservation and development of alternative energy sources to lessen our dependency on foreign oil.

#### NOT A PENNY MORE IN NEW TAXES OR FEES

Earlier this year, the Senate made a commitment that it would not support a "penny more" in new tax or fee increases. The Senate budget keeps that commitment by rejecting \$451.4 million in new tax and fee increases proposed in the Executive Budget.

## MORE STATE INVESTMENT IN SCHOOLS

The Senate has fought for record increases in school aid and the Senate budget continues that commitment by proposing a \$5.2 billion increase in aid to education over the next five years, including an increase of \$1.1 billion in 2006-07. Funding is restored for BOCES aid, Teachers Centers, the Teacher Mentor program and private excess cost aid.

The Senate budget includes \$375 million in Sound Basic Education (SBE) grants for high-needs districts to address CFE and \$2 billion in SBE grants over five years. About 60 percent of the SBE grants would go to New York City.

The bond cap for the New York City Transitional Finance Authority is increased by \$2.8 billion to allow the City to move forward with a multi-year bonding program for critical school construction needs. A separate appropriation within the local government assistance program of \$240 million is available to pay debt service on \$1.8 billion of the City's school debt as well as to finance projects in other cities in the State that will result in property tax reductions.

## AFFORDABLE HIGHER EDUCATION

The Senate budget adds a total of \$236.3 million for higher education, including a rejection of proposed cuts in the Tuition Assistance Program (TAP) and a rejection of proposed tuition increases for SUNY (\$500) and CUNY (\$300). The proposed tuition hikes would have increased costs to students by \$131 million. The Senate budget also expands the TAP program to part time students.

The Senate budget would also increase base aid to community colleges by \$75 per pupil; adds \$25 million to SUNY for increased faculty lines to lower the number of part time professors; and adds \$346 million for specific capital projects at SUNY and CUNY.

The Senate is also proposing special scholarships to encourage young people to study and teach math, science & engineering.

#### ACCESS TO AFFORDABLE HEALTH CARE

The Senate budget restores important funding for hospitals and nursing homes to ensure that New Yorkers have access to quality, affordable health care. The restorations to the Executive Budget total \$625 million prior to spending offsets, such as an estimated \$200 million in savings related to Medicaid fraud prevention.

The Senate budget restores cuts in reimbursement rates to nursing homes, hospitals and the State's pharmacy program. In addition, the Senate budget increases the Medicaid rate to hospital emergency rooms from \$95 to \$150, a cost to the State of about \$23 million, to better reflect costs. It also includes \$25 million for the State share of an increase for home care workers.

In addition, the Senate budget extends Medicaid part D prescription coverage for seniors to December 1, 2006 instead of July 1, 2006, as proposed by the Governor.

#### STOPPING MEDICAID FRAUD

The Senate budget includes the toughest, most comprehensive plan to combat Medicaid fraud in the United States. It would fight fraud and abuse at every step of the process, from billing and pre-payment review to investigation, civil recovery and criminal prosecution of Medicaid thieves.

Medicaid fraud steals from State and local taxpayers, drives up property taxes and steals money from honest health care providers. The anti-fraud plan, modeled after a successful program in Texas, could result in an annual savings of \$2.3 billion for the program and provide relief for State and local taxpayers.

#### IMPORTANT INVESTMENTS

The Senate budget includes \$22 million for the first year of plan to improve rail service between New York City and Albany; \$25 million in capital funds to subsidize low and middle income

housing; and \$25 million for shared services to help localities merge programs, increase efficiency and reduce property taxes.

## FISCAL PLAN

The Senate budget increases General Fund spending by a net amount of \$1 billion over the Executive's proposed budget, with total General Fund spending of \$50.7 billion. All funds spending is \$111.8 billion.

The Senate budget would increase the state's reserve funds to \$4.1 billion, above the Governor's estimate of \$3.6 billion. The additional spending in the Senate budget is paid for through a combination of \$750 million in increased revenues, as well as cuts, spending reestimates and the enforcement of existing tax collection laws.