



NEW YORK STATE SENATOR

John J. Flanagan

## Senate Approves Budget Plan To Create Jobs And Restore Fiscal Responsibility To New York State

JOHN J. FLANAGAN March 12, 2012

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"This budget resolution will build on our efforts of last year when we worked with Governor Cuomo and the Assembly to cut taxes for our residents, provide relief for businesses and cap local property taxes. It provides incentives to create jobs, requires state government to budget efficiently and works to relieve the pressures facing our local governments and our schools," stated Senator Flanagan.

"The Senate budget resolution is right in line with our priorities to cut taxes, control spending and create jobs," Senate Majority Leader Dean G. Skelos said. "I am confident that we will be able to work with the Governor and Assembly to get a new budget enacted well before the deadline that includes our priorities."

The Senate budget also includes a comprehensive job creation plan that would cut taxes on businesses; as well as provide additional aid to schools, more mandate relief for localities, tuition help for middle class families and, for senior citizens, more property tax relief and greater assistance for prescription drug costs.

Highlights of the Senate's fiscally responsible budget resolution include the following:

## **JOB CREATION & HELPING SMALL BUSINESSES**

- > A 20 percent tax cut for small businesses: reducing the corporate tax rate for small businesses from 6.5 percent to 5.2 percent and eliminating the fixed dollar minimum; this would save almost 200,000 small businesses \$65 million;
- > A 10 percent tax credit for around 800,000 small businesses that have at least one employee, ha
- > Accelerating the end of the 500 percent energy tax increase imposed by Senate Democrats from the current expiration date in 2014 to 2013 will save \$300 million dollars, especially for energy-intensive industries such as manufacturing and agriculture;
- > An innovative new tax financing plan to free-up investment capital;
- > A new job creating incentive would give businesses a tax credit of up to \$5,000 for each new job they create; or up to an \$8,000 credit if the job goes to someone on unemployment; or up to a \$10,000 credit if a business hires a returning military veteran; and
- > Tying existing tuition tax credits and deductions enacted in 2000 to the Higher Education Price Index to provide tuition relief for middle class families and ensure that assistance keeps pace with the increasing costs of higher education.
- > Enacting a two percent state spending cap;
- > Requiring a super-majority vote to increase state taxes;
- > Placing a moratorium on new taxes and fees; and
- > New regulatory reforms to cut expensive red tape for businesses.

## **MEDICAID REFORM**

The Senate plan accelerates the Governor's proposal to freeze the growth of the local contribution of Medicaid expenditures by beginning the phase-in period in 2012 (Executive proposes 2013), saving counties \$170 million over the next two years.

### **MANDATE & PROPERTY TAX RELIEF**

The Senate budget resolution rejects any proposed mandates and costs shifts to localities. It also includes municipal finance reform incentive aid to provide property tax relief for homeowners and mandate relief for localities including reforms to the pension system.

### **AID TO EDUCATION**

The Senate budget restores \$200 million in school aid cuts mainly targeted to low wealth and upstate rural districts by reallocating proposed spending.

### **ASSISTANCE FOR SENIOR CITIZENS**

Under the Senate budget plan, senior citizens eligible for the Enhanced STAR program would receive \$275 million in direct property tax rebate checks.

In addition, \$48.2 million would be used to restore the Elderly Pharmaceutical Insurance Coverage Program (EPIC) to reduce copayments for seniors to a maximum of \$20.

“While we continue to work to make our state as strong as it can be for future generations, it is critical that we keep our commitment to those on a fixed income. This plan is able to accomplish both of those priorities and will help make our state better today and in the coming years. I look forward to working with the Assembly and Governor Cuomo to make the decisions needed to deliver a budget that serves all New Yorkers,” added Senator Flanagan.

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REPORT