



NEW YORK STATE SENATOR

Kenneth P. LaValle

## Senate Enacts 2012-13 Budget Resolution

[KENNETH P. LAVALLE](#) March 13, 2012

The New York State Senate will act today on its 2012-13 Senate Budget resolution that controls state spending, avoids new taxes, fees and unfunded mandates and helps create new jobs.

The Senate budget, at just under \$132.5 billion, keeps the total state spending increase below two percent, and spends slightly less than the Executive Budget. The budget closes a \$2 billion budget deficit and builds on last year's successes in putting the state's fiscal house in order.

"The Senate's Budget is a solid, responsible plan that controls spending, cuts taxes, and helps create new jobs," said Senator Kenneth P. LaValle.

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 800,000 small businesses that pay under the personal income tax will save them \$120 million;
- 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.

### **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.