



NEW YORK STATE SENATOR

Carl L. Marcellino

The Budget Of Broken Promises: The 2008-09 Executive Budget Proposal

CARL L MARCELLINO

Governor Spitzer has made a number of promises to New Yorkers during his first 13 months in office—however; he has set a clear pattern of making and then breaking his promises to New Yorkers.

TAXES

-- **The Promise:** -- "I will not raise taxes – you can take that to the bank." In his 2008 State of the State the Governor said: "We need lower taxes, strong infrastructure, great places to live and above all great jobs." In his State of Upstate speech he promised his budget "will not raise taxes."

The Broken Promise: Billions in Higher Taxes

-- The SFY 2008-09 Executive Budget increases taxes and fees by more than \$1.7 billion when fully implemented.

* There are no significant business tax cuts in the 2008-09 Executive Budget

*Auto Insurance Fee is increased by \$193 million

*Fuel Tax Increase caused by merging motor fuels tax and sales tax on fuel into the Petroleum Business Tax (PBT) (\$56 million)

*Sales Tax Vendor Fee – this is a \$37 million tax on small businesses

*HMO tax – which increases health insurance costs by \$288 million

*Establishes a so-called "Crack Tax" on illegal drugs (\$17 million)

*Taxes Internet sales \$85 million

PROPERTY TAX RELIEF

-- **The Promise:** The Governor campaigned on a plan to provide a three year property tax relief plan of \$1.5 billion in 2007, \$2 billion in 2008, and \$2.5 billion in 2009. In his State of Upstate speech, Governor Spitzer said that "We will finally get real about our property tax crisis. This year, we will commit to another round of rebates and again target those rebates to the New Yorkers who need them most."

The Broken Promise: The Governor has reduced his own tax relief plan by \$554 million

— The Governor reduced his own proposal by \$200 million in 2007 which cheated seniors out of increased property tax relief. In the 2008-09 Budget proposal the Governor defers the planned \$209 million increase in tax relief for nonsenior homeowners. In total, his 2008-09 Budget proposal reduces property tax relief by \$354 million from planned levels.

ECONOMIC DEVELOPMENT AND JOBS -- **The Promise:** The Governor promised a \$1 billion Upstate economic development plan last year. This year he said his budget "provides a targeted and strategic plan for growth" in Upstate New York.

The Broken Promise: The Governor's 2008-09 Budget does not include a comprehensive Upstate economic development proposal on the scope of the Senate's Upstate Now plan.

Nor does it include any significant business tax cuts to create jobs. Instead, he is proposing billions of dollars in higher business taxes and fees. In addition, the Governor last year walked away from an agreement on \$1 billion in capital investments and this year re-spends that \$1 billion on capital projects without any agreement on the funds.

The Promise: The Division of the Budget said the budget would "take the politics out of spending decisions, allocating funds based on objective criteria."

The Broken Promise:

The Governor proposes to spend \$6.8 billion of capital funds without any objective criteria to disperse them, which means they will be dispersed on a political -- not a policy -- basis.

CONTROLLING SPENDING GROWTH -- The Promise: The Division of the Budget cited "Controlling Spending Growth" as a Fiscal Principle in its "Preview for the 2008-09 Budget." In his budget presentation, Governor Spitzer talked about the need to "limit State operating spending growth" and making "tough choices."

The Broken Promise: Huge spending growth

-- The Governor submitted a Budget that increases spending by 6.2 percent on a State funds basis. Also, while the Governor submitted a very large budget increase he failed to fund a number of specific promises which he made over the last year.

The Promise:

The Governor claimed during his campaign that he had a list of \$11 billion in cuts to spending to pay for his spending plans.

The Broken Promise: The Governor has not advanced any such plan **in either of his two budget proposals.**

SCHOOL AID

-- **The Promise:** Fair and Predictable School Aid Formulas -- The Governor has repeatedly said that school aid should be fair and predictable and he said his 2008 budget includes "an unprecedented infusion of resources."

The Broken Promise: The Governor's 2008-09 Budget proposal cuts almost \$200 million in planned school aid increases.

This includes \$65 million in cuts for BOCES aid which reimburses districts for costs they are incurring this year. The Governor also redistributes High Tax Aid which cuts this much needed aid to high tax communities Upstate and on Long Island, which would force higher school property taxes.

The Governor's budget also cuts \$5 million in library aid.

HIGHER EDUCATION INVESTMENTS

-- **The Promise:**

Governor Spitzer said in his 2008 State of the State address that higher education "must be a permanent priority" and that "we must ensure that our system of higher education is second-to-none."

The Broken Promise: The Governor cuts Higher Education funding . His budget reduces operating funds to SUNY and CUNY by \$50 million and does nothing to make higher education more affordable for families.

The Promise: Governor Spitzer also said in his State of the State speech that "**We must invest in our Community Colleges.**"

The Broken Promise: The Governor's budget cuts aid to Community Colleges by \$50 per student, which is a \$6.2 million reduction from the current formula and would result in higher tuition costs.

NEW YORK CITY AID -- The Promise: NYC's municipal aid is scheduled to increase by \$328 million in SFY 2008-09.

The Broken Promise: The Governor has proposed to fund only half **of the municipal aid for New York City, cutting \$164 million from the promised funding level.**

SHIFTING COSTS TO LOCAL TAXPAYERS

-- **The Promise:** The Budget Division stated in its "Preview for the 2008-09 Budget" that 70 percent of state spending is local assistance. Holding State operating spending to the rate of inflation . . . would simply push the tax burden down to localities and school districts." In remarks to the NYS Association of Counties, Governor Spitzer talked about the need to "control the cost of government" while his budget shifts costs onto localities.

The Broken Promise: The Governor Shifts Costs

To Local Taxpayers. The 2008-09 Executive Budget proposal **shifts \$46 million** in costs to operate the Pre-K Handicapped Program from the State to school district property taxpayers. In addition, the Governor proposes **to shift over \$86 million in human service costs** to county real property taxpayers from the State. The largest of these cost shifts is a \$40.5 million shift from the State to county property tax bills by increasing the local share of public assistance benefits by two percent. In addition, the Governor places the full cost of local detention facilities on the counties

(currently it is funded 50/50 with the State) for a cost shift of \$35 million. **When these human service cost shifts are combined with the cuts in STAR and the STAR rebate program, the Governor will have shifted over \$685 million on to the backs of property taxpayers.**