



NEW YORK STATE SENATOR

Thomas F. O'Mara

Senator O'Mara's weekly column 'From the Capitol' ~ for the week of March 22, 2021 ~ 'The edge of a fiscal cliff'

THOMAS F. O'MARA March 22, 2021

| ISSUE: **2021-22 STATE BUDGET**



It looks like Governor Cuomo and legislative leaders are more than willing to bring New York State to the edge of a fiscal cliff.

Senator O'Mara offers his weekly perspective on many of the key challenges and issues facing the Legislature, as well as on legislative actions, local initiatives, state programs and policies, and more. Stop back every Monday for Senator O'Mara's latest column...

This week, "The edge of a fiscal cliff"

Last week I highlighted the warning signs that were on the horizon that Governor Cuomo and the legislative Democrat majorities in the Senate and Assembly were getting ready to enact one of the most radical tax-and-spend budgets in state history.

This week, it's no longer just warning signs.

The Senate and Assembly majorities have now approved remarkably similar "one-house" budget resolutions indicating that both houses of the Legislature are ready to move forward, in agreement, into final negotiations with the governor on a new 2021-2022 state budget.

On the Senate side, the Democrat Majority Conference gave the go-ahead to a 2021-22 state budget proposal that would increase state taxes by more than \$7 billion and then turn around and increase state government spending by more than \$15 billion.

The Assembly Democrats largely followed suit.

It all foreshadows what's in store for New Yorkers in the final state budget that's set to be adopted by April 1.

My first reaction last week, in my role as the Ranking Member on the Senate Finance Committee, was the following: This Senate Democrat budget is the most radical tax-and-spend proposal to ever come out of Albany. It proposes an irresponsible, out-of-control state government spending spree at the worst possible time and would pay for it with the highest state tax increase in history. In a state long known as one of the most highest-taxed, highest-spending states in America, this Senate Democrat vision for New York points to a short- and long-term a future where far too many state and local taxpayers could find themselves buried under an even heavier and higher mountain of unaffordable bills and debt.

Before last week's action on the legislative majorities' budget resolutions, I highlighted several of the Senate Republican Conference's key priorities for utilizing federal funding coming to New York through the recently enacted American Rescue Plan, nearly \$13 billion that can be allocated in the final 2021-22 state budget. These priorities included the rejection of new tax hikes, moving forward with a middle class tax cut that Governor Cuomo seeks to delay, broadband expansion, local government assistance, key mental health initiatives, bolstering state reserve funds, and greater state investment in local infrastructure like roads and bridges, and water and sewer projects.

State investment is absolutely critical for New York's communities to be able to successfully move forward post-COVID. But so are setting strict spending priorities and recognizing that we're not out of the woods yet, that the COVID-19 shutdown has inflicted long-term damage. The one-time

federal bailout represents welcome relief, I agree, and the Senate and Assembly majorities propose numerous and badly needed restorations and revitalization initiatives – many of that I have long fought for and wholeheartedly support.

But it is irresponsible to spend it all with no concern for the long-term, unsustainable state government spending that will leave a generation of taxpayers footing an outrageous bill. Equally important, it is irresponsible to spend it all and then raise taxes even more to try to pay for it. Proponents will argue that only taxes on the wealthy will be raised and it won't impact the rest of us in the least. That's pie-in-the-sky optimism, in my opinion.

Don't be fooled. Sooner or later, the bill will come due – for every taxpayer.

We have an opportunity and a responsibility to utilize this one-time federal stimulus aid under a fiscally responsible, short- and long-term strategy for the post-COVID rebuilding, restoring, and resetting of New York State's communities. Among other priorities, we should reject tax hikes, focus on badly needed tax relief, and make critical investments in local infrastructure that will strengthen local communities, economies, environments, and governments for the long term. At the same time, we need to recognize the fiscal challenges New York will face for the foreseeable future, steer clear of any massive new taxing and spending, and bolster the state's emergency reserve funds.

In a March 12 letter to Senate Majority Leader Andrea Stewart-Cousins, I wrote, "By using this Federal funding wisely and in a fiscally responsible manner, we can overcome the major challenges presented by the COVID-19 pandemic, strengthen our economy, and protect New Yorkers from wasteful, unnecessary spending and additional tax burdens."

Instead, it looks like Governor Cuomo and legislative leaders are more than willing to bring New York State to the edge of a fiscal cliff.

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