

The Better Choice Budget Campaign – Statement of Support

To grow New York's economy we must invest in New York's working families. A healthy state economy requires well-educated New Yorkers, safe communities, affordable health care, affordable housing and a sound transportation infrastructure.

The Governor's recently revised budget deficit projections (\$1.5 billion in SFY08-09 and \$12.5 billion in SFY 09-10) will require the Governor and Legislature to make some hard choices. New York State should not rush headlong into an attempt to address both this year's and next year's deficits simply by slashing billions of dollars in public services for working and poor families. Too many of these families are already struggling with layoffs, foreclosures, the loss of health care and other hardships. Rather, we urge you to address the current budget gap by using existing resources and then take the time to address the looming fiscal crisis in a comprehensive and considered fashion early next year. Together we should explore every revenue option, including ones that can help close the current mid-year budget gap.

The Governor and the Legislature must work together to ensure that the 2009-10 state budget is fair to New York's families and balanced in an equitable manner as was done in 2003 when the state government was faced with a similarly large budget gap. We need solutions that make the state tax system fairer rather than placing more of a burden on the backs of low and middle income New Yorkers.

In the short term we should promote tax fairness and help struggling families by:

1. Using the Tax Stabilization Reserve Fund to help close the gap in this year's budget:

The Tax Stabilization Reserve Fund (TSRF) is for unplanned end-of-year deficits. It is an important backstop or cushion for getting through the current fiscal year. Using these reserves will allow for a well-informed debate over expenditures and revenues in the 2009-10 state budget—which can be a little more deliberative than usual, since the Governor will be proposing his Executive Budget on December 16, 2008, which is 5 weeks earlier than required.

2. Advocating strongly for a Federal Relief Package:

The Governor and Legislative leaders must work with the NYS Congressional delegation to put together a federal relief package—as was done in 2003 when the state was facing an \$11.5 billion deficit. In 2003, the federal government provided \$20 billion in fiscal relief to states: \$10 billion as enhanced FMAP (Federal Medicaid Assistance Percentage) and \$10 billion as a block grant. New York received \$1.5 billion in enhanced FMAP and \$645 as flexible block grant, which greatly helped the state's financial situation.

3. Restoring Fairness to the State's Income Tax:

Place additional tax brackets on the highest-income New Yorkers, as was done during the 2003 economic crisis. The wealthiest New Yorkers' pay a much smaller percentage of their incomes in state and local taxes than do low and middle income working families. Seniors on fixed incomes, working families and young couples are among the New Yorkers who suffer from the inequities in the current state-local tax structure.

For long term deficit reduction in the 2009-10 Budget NYS must also include the following measures:

- **Closing loopholes** that allow large, profitable corporations to avoid paying their fair share of state taxes.
- **Stopping sweetheart deals** with high-priced consultants who are being overpaid to do jobs that state workers can do better and cheaper.
- **Lowering drug prices** for state and local governments by using New York's purchasing power to get a fair deal from the drug companies.
- **Reforming economic development programs** by improving the effectiveness and accountability of Industrial Development Agencies (IDAs) and the Brownfield Clean Up Program (BCP), and by allowing the Empire Zones program to expire.
- **Enacting the Bigger, Better Bottle Bill** and making the beverage bottling industry return unclaimed bottle deposits.
- **Collecting taxes that are due**—especially cigarette taxes on reservation sales to non-Indians. Yield estimates range from \$400 million to \$1.6 billion a year.

We support the Better Choice Budget Campaign and agree to promote its message through our organization's work on the New York State budget:

Organization/Address: _____

Contact Person: _____

Telephone: _____ **Fax:** _____ **e-mail:** _____

Please return to New Yorkers for Fiscal Fairness, 212 Great Oaks Blvd., Albany, New York 12203. Fax to: 518-869-8649 or fill out the form on the web at www.abetterchoiceforyou.org.