

Press Release

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Better Choice Budget Campaign Seeks Common Sense Solutions to State Fiscal Woes; Proposes “Real” Tax Relief and Reform of Wasteful Spending Practices

ALBANY (January 17, 2008) -- Over 100 community, religious, education, labor and human services organizations from throughout New York State issued a joint statement today calling upon elected officials to make “better” choices in the upcoming budget debates.

The joint statement was issued today at a press conference at the Legislative Office Building in Albany. The endorsing organizations, representing hundreds of thousands of New Yorkers, called for a fair budget that invests in New York’s working families. The Better Choice Budget Campaign began in 2002, and for the past 5 years has been calling upon state leaders to balance the state budget in a reasonable and responsible manner and to end the special treatment of the favored few. The groups urged the governor and the legislature to provide property tax relief in a balanced manner by restoring revenue sharing with local governments, creating a property tax circuit breaker program to replace the ill conceived STAR rebate checks, and restoring progressivity to the personal income tax so we can ensure that the wealthiest New Yorkers pay their fair share of state taxes.

The coalition released a 6-point platform that supported:

- **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), the Brownfield Clean Up Program (BCP) and the Empire Zones program.
- **Enacting the Bigger, Better Bottle Bill** and making the beverage bottling industry return unclaimed bottle deposits.
- **Making New York's tax system fairer** and more equitable by increasing the top marginal tax rates on the highest income households.

The Governor, in his state of the State Message, lamented that “We need to start getting real about our property tax crisis.” The Better Choice Budget campaign agrees with the Governor on this issue but insists that any property tax reforms must be looked at in the context of the overall tax burden faced by New Yorkers in different income brackets.

"Rising property taxes are a real concern for our members and all New Yorkers," said New York State United Teachers Executive Vice President Alan B. Lubin. "Yet, artificial caps, which fail to

reflect costs that are beyond the control of school districts, are an artificial solution. They will inevitably hurt children and education programs while disenfranchising voters who want to make a more substantial investment in their public schools. Closing corporate loopholes and introducing fairer income tax brackets is a more constructive approach."

In 2003, the Legislature, over the veto of Governor Pataki, increased the top marginal rates on the personal income tax for wealthy filers for three years to help balance the budget during a period of large budget deficits. During those three years, New York saw a substantial increase in the number of high income taxpayers and in the amount of their income despite Governor Pataki's claim that the temporary increases in the top PIT rates would have the opposite effect. These top rate increases have since been phased out and we have returned to a tax system where the majority of working class New Yorkers now pay almost twice the percentage of their income in state and local taxes as the richest 1 percent.

"We must look at the overall tax burden in this state and realize that over the last two decades, as we have continually cut the top rate of the income tax, we have seen dramatic increases in property taxes across the state," said Frank Mauro, Executive Director of the Fiscal Policy Institute. "New York's leaders could relieve the pressure on the property tax, increase funding for critical services, restore revenue sharing and make sure that working families are not shouldering the tax burden for the rich by restoring some of the personal income tax's lost progressivity. We must start undoing the damage that has been done to the tax system over the last 20 years."

The Campaign praised the actions by the Governor and the Legislature last year to close several major loopholes that allowed many multi-state companies to avoid paying their fair share of corporate. But, according to Ronald Deutsch, the Executive Director of New Yorkers for Fiscal Fairness, "There are still a number of corporate tax loopholes that need to be closed. And the Empire Zone and Industrial Development Agencies (IDA) programs, both of which were designed to use public monies to subsidize job creation, need to be reformed so that they deliver on their original promise. If not the Governor and Legislature should eliminate them." Various provisions of the IDA law are set to sunset as of January 31, 2008 and the groups urged lawmakers to adopt real reforms to this program before it is reauthorized.

Another subsidy program, which was designed to subsidize the clean up of Brownfield's has also run amok, and is now providing private developers with windfalls that the state cannot afford. "Tax credits under the Brownfield Cleanup Program may expose New York to billions in lost tax revenue that could be used to gain ground on the state's projected budget gap," said David Gahl, Policy Director, Environmental Advocates of New York. "As it stands, more than \$1 billion in tax breaks may go to a small number of developers. These tax breaks are largely based on the value of redevelopment. Contaminated sites in neighborhoods that would most benefit from redevelopment are left on the sidelines, while high-priced developments on sites with comparatively low levels of contamination reap major rewards. New York State must reform the Brownfield Cleanup Program to ensure that more and dirtier sites are cleaned up to benefit more New Yorkers."

Another proposal advanced by the coalition and supported by the governor is to stop the wasteful contracting out of jobs that state workers could do better and for less. According to Kenneth Brynien, president of the Public Employees Federation (PEF), "under the Pataki administration the state was addicted to costly consultants; Governor Spitzer has taken some good first steps of withdrawal from an addiction that cost state taxpayers \$500 million a year." Brynien pointed out there were 13 state agencies paying consultants an average of \$286,899 a year including the Department of Health which is paying 500 consultants an average of \$439,768 a year. Brynien called on the Governor and Legislature to take steps to reduce the State's reliance on expensive

consulting contracts.

The Better Choice Budget Campaign is also supporting the passage of the Bigger, Better Bottle Bill and is urging state leaders to recapture the almost \$200 million the beverage distributors are now keeping, for unclaimed bottle deposits. "For 25 years the beer and soda companies have profited from the unclaimed deposits from New York's bottle bill. It's time to close the corporate loophole and require the beverage industry to return the nickels to the state to fund environmental programs like recycling and parks. Updating the bottle bill is a win-win for the people of New York - making our communities cleaner and healthier and generating an estimated \$180 million a year in new revenue," according to Laura Haight, Senior Environmental Associate, NYPIRG

Lowering the high cost of prescription drugs has also been one of the measures the coalition has been promoting through its efforts. Michael Kink, Legislative director of Housing Works stated that, "Our state could save literally billions of dollars by using smart purchasing and smart prescribing methods in our publicly financed health care programs. Medicaid, Child Health Plus and Family Health Plus save lives by providing access to needed medications. And New York can save money by moving to bulk purchasing, negotiated prices and an expanded preferred drug list with strong consumer protections. Maintaining access to medications while saving big bucks is possible – and the billions we save can be plowed back into new universal health care initiatives that will help families and businesses."

Advocates for the state's poorest citizens have also been major supporters of the Better Choice Budget Campaign since its inception. According to Mark Dunlea, executive Director of the Hunger Action Network of NYS, "All too often in the past, state budget deficits have been balanced on the backs of the poor. At the same time, the state's tax policies of the last three decades have provided major tax cuts for the wealthy while shifting more of the tax burden onto the regressive local sales and property tax. It is unfair that while lawmakers refuse to invest in programs to help the poor they have created a tax system where the poorest New Yorkers pay twice as much of their income in state and local taxes than the wealthy. The end result is that almost a third of the residents in our upstate cities live in poverty. It is time to stop using the mantra of no new taxes as a way to hide the fact that our state tax and budget policies help the rich at the expense of low and moderate income families

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