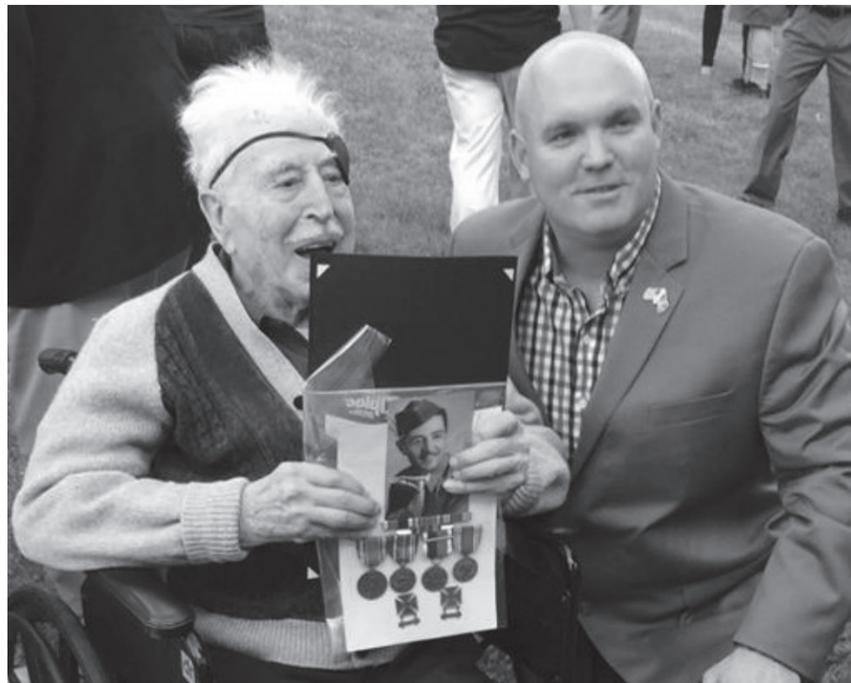




A Legislative Update from **Assemblyman Kieran Michael Lalor**



Join Assemblyman Kieran Michael Lalor in honoring our WWII Veterans. If you know WWII Veterans, please encourage them to attend.

Assemblyman Lalor invites you to attend a ceremony honoring local WWII Vets and commemorating the 72ND Anniversary of D-Day

Featuring Keynote Speaker: Iraq Veteran & NYPD Detective Mark Woods

June 6, 2016

6:30 p.m.

Freedom Park in the Town of LaGrange
212 Skidmore Rd., Pleasant Valley

Join us at the park's band shell. In the event of rain, the ceremony will be relocated to the park's pavilion.



Dear Friends:

The handful of modestly positive aspects of the recently passed budget are dramatically outweighed by the secret and rushed process that produced it, as well as the anti-business provisions, increased spending, SAFE Act funding, and continuation of massive corporate welfare schemes, among other deficiencies. Consequently, I voted against the budget.

I encourage you to take a look inside at my thoughts on many different provisions that were included in this year's budget.

Regards,

Kieran Michael Lalor

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THE NYS BUDGET & WHAT IT MEANS TO US

by Kieran Michael Lalor

Lack of Transparency

Despite the recent corruption convictions of the former Speaker of the Assembly and Senate Majority Leader, the three-men-in-a-room budget process continues and actually became less transparent this year with the governor and legislative leaders meeting at undisclosed locations rather than in the Capitol, where they would have to face the press corps before and after meetings. At a minimum, the Assembly Minority Leader and the Senate Minority Leader, who together represent millions of New Yorkers, should have been included in discussions. The chairs and ranking members of the budget committees should also have been included.

Rammed Through in the Middle of the Night

Moreover, any lawmaker who tells you they read this budget is not being straight with you. The first three budget bills weren't printed until late Wednesday, March 30th and were voted on Thursday, March 31st. When debate started Thursday afternoon, the remaining budget bills were not even agreed upon, much less made available to lawmakers. It is impossible to justify voting in favor of \$156 billion in spending without reading every page and discussing it with constituents and experts.

Anti-Small Business Double Whammy: Minimum Wage Hike & Paid Leave

This budget could accurately be described as the Small Business Destruction Act because of the minimum wage hike coupled with the 12-weeks paid family leave provision.

The minimum wage has gone up each of the last three years. This budget hikes it every year for the next half decade until the five boroughs, Long Island and Westchester have a \$15 minimum wage and the rest of the state has at least a \$12.50 minimum wage.

Low-skilled and entry-level workers will be hurt. An Empire Center study of the large

increases in the minimum wage concludes it will kill 200,000 jobs statewide as employers cut hours, replace workers with technology, and shift more duties to management. Businesses that otherwise would have started or expanded will not, due to the artificial increase in labor costs.

New York can help struggling New Yorkers without destroying our economy. As Gov. Cuomo's own father recognized, the way to help the working poor is to expand the New York State Earned Income Tax Credit to benefit more low-income New Yorkers. The EITC puts money in the pockets of low-income families but avoids the collateral damage to farmers, not-for-profits, small businesses, entry-level workers, and taxpayers.

The paid family leave portion of the budget is so absurd that an employee can work for six months, pay in a dollar a week, then collect two-thirds pay for three months. This unsustainability will likely require a taxpayer bailout, a direct employer contribution, or both in the near future. The program is ripe for abuse, leaving the small-business owner with the cost and constant difficulty of ensuring the business is adequately staffed.

As an alternative to paid family leave, we should change the tax code to make it easier and more beneficial for New Yorkers to save for times when they are sick or have to provide care to sick family members, similar to a 529 education plan. We could also develop a narrowly-tailored program to aid families facing a major healthcare crisis. Inexplicably, the family leave plan that just passed offers the same benefit to a family dealing with cancer as offered to one dealing with the sniffles.

The minimum wage hike and paid family leave will further tilt the playing field in favor of big business. Big corporations have the resources and economies of scale to mitigate these new costs. Mom-and-pops don't.

These new burdens are the latest in a long list of disincentives to starting a business in New York, and they are going to make it exceedingly more difficult to attract new businesses or maintain current ones. To save face, Albany will likely dole out even more taxpayer-funded corporate welfare than the billions we already give out.

Moreover, instituting a \$15 minimum wage at the same time as mandating paid family leave

is unprecedented. No effort has been made to analyze the consequences of this double whammy.

Doubling Down on Start-Up NY Failure

The budget keeps alive the Start-Up NY program that eliminates taxes for chosen businesses that locate near college campuses. In its first year, Start-Up NY cost taxpayers millions and only created 76 jobs at a cost of \$697,368 per job. The job creation results of the second year of Start-Up NY have not yet been released, yet the majority just voted to continue the program for a third year, without any information on the number of jobs created in year two. The report on Start-Up NY was due April 1, but as we have seen in the past, release of that report is being pushed to a later date. Also funded is \$66.5 million for NYS Marketing, including Global NY, I LOVE NY, and Open for Business, which includes Start-Up NY TV ads.

Hollywood Again Gets a \$420 Million Tax Cut/Credit

Gov. Cuomo's own tax commission acknowledged three years ago that the Hollywood tax subsidies don't work. Still, we are again giving \$420 million to filmmakers, essentially paying them to film here. There wasn't even discussion about reducing this huge giveaway, and it is set to continue at least until 2019.

The \$420 million per year lifted off of Hollywood is forced onto less glamorous industries and small businesses. It is a tax shift, not true tax relief. The film credit has not prevented layoffs. For example, Viacom announced in March 2015 that it was cutting 264 employees in New York. Viacom received about \$340,000 in tax credits for TV production in the fourth quarter of 2014 alone. But, with limited information about the credits available, it's likely that the actual number runs well into the millions when Viacom subsidiary Paramount Pictures is included. The jobs created tend to be temporary jobs for caterers, acting extras, and set builders, but few permanent, full-time jobs that can sustain a middle-class family in New York. Still, the average 'job' created costs the

taxpayers a whopping \$38,000, according to a study by Camoin Associates. Other states are cutting or eliminating their own film tax credits, but Albany stubbornly, with bipartisan support, keeps wasting tax dollars.

We even know that the Hollywood tax credits have a proven pay-to-play aspect from emails leaked in the Sony hack. These tax credits don't produce anything and they're the corrupt result of pay-to-play politics.

SAFE Act Funding

The budget includes funding for the SAFE Act, including \$20.7 million in the capital budget for database development. It also includes \$1.8 million to the State Police for 27 full-time equivalent employees dedicated to SAFE Act enforcement, \$324,000 for 12 full-time equivalent employees in the Division of Criminal Justice Services, and \$1.1 million for the Office of Information Technology to support 16 full-time equivalents dedicated to SAFE Act enforcement.

Pork Increase

The budget will fund a \$385 million increase in the State and Municipal Facilities Program (SMFP), which is a slush fund of non-transparent porkbarrel spending controlled by the governor and legislative leaders. This money will be spent on pet projects, favored constituencies, and campaign donors without public scrutiny. This kind of opaque spending always leads to waste and corruption. In fact, every major corruption scandal in recent years involves lawmakers using this kind of spending in various graft schemes. It is worth noting that the middle-class tax cut is \$236 million in the first year, which is less than the increase in the \$1.5 billion pork fund, which is one of many porkbarrel funds in this budget.

Debt Service

The budget also ratified generational theft through backdoor borrowing. The state constitution specifically requires voter pre-approval of state debt. According to the New York State Constitution, if the State of New York wants to borrow, it has to get the voters to pre-approve it.

We followed this process correctly two years ago when a statewide referendum passed to borrow \$2 billion for school technology. Of the state's \$54.7 billion in debt, only \$3.5

billion has been approved by the voters. About \$51 billion in state debt has been borrowed in violation of the state constitution.

Note that the \$54 billion in debt doesn't count the \$262 billion in debt that state authorities, like the Dormitory Authority, MTA, Thruway Authority, and others have run up. Nor does it count the billions the state owes in unfunded pension and healthcare costs for retired state workers.

No Anti-Corruption Provisions

Despite the notorious corruption problem and the fact that the budget is the best opportunity to pass legislation of any kind, no significant ethics reform was included in the budget. Thus, felonious lawmakers will continue to collect their taxpayer-funded pensions, among many other festering injustices that should have been addressed already.

No Veterans Equality Act

Currently, an Iraq veteran in the state pension system can buy back his military time but an

Afghanistan veteran cannot. Over the past two years, both houses passed with near unanimity the Veterans Equality Act (VEA), which puts all veterans in the state pension system on equal footing. Both years, Gov. Cuomo vetoed the legislation and said it should be taken up in the budget. Despite both one-house budgets including the VEA, the final budget didn't include it. This is another slap in the face to veterans in general and veterans who work for the state and local governments in particular.

No Mandate Relief

The governor and members of the Senate and Assembly Majority will once again promote that New York residents have the lowest state income tax since the 1950s. This is technically true but wildly misleading. The state income tax rates are relatively low, but New Yorkers are paying more taxes than ever because the state has, for years, shifted much of the tax burden onto municipalities and school districts through unfunded mandates, which drive up property taxes for homeowners and businesses. An increase in school aid this year will no doubt dull the pain of unfunded mandates for school districts, but not in the long term. Meanwhile, county and municipal budgets continue to get crushed by unfunded state mandates with no relief in sight.

POSITIVE Aspects of the Budget

On a positive note, New York families making less than \$300,000 per year will get a modest tax cut. During the first year, taxpayers receive a total savings of \$236 million and save an average of \$52. When fully implemented, the total savings will be \$4.2 billion and will save taxpayers an average of \$700.

A middle-class tax cut is always welcome, but we could have reduced the billions of tax cuts and subsidies our state gives to hand-picked companies and given middle-class New Yorkers a larger, more immediate tax cut.

Positive provisions also include an additional \$24.8 million to fight heroin and opioid abuse. The additional \$10.6 million for the Office of People with Developmental Disabilities (OPWDD) on top of what it received last year is a positive development. The DREAM Act, taxpayer funding for illegal immigrants to go to college, was omitted from the budget despite efforts to put it in there. This is a good development, though my New York City colleagues will no doubt continue to push to reward those who have broken our laws.