



BALCONY HAILS NEW YORK STATE LEADERS' EFFORT TO CLOSE HUGE BUDGET GAP: CONCERN OVER LAYOFFS OF 8700 STATE WORKERS

The Business and Labor Coalition of New York, BALCONY, gave its qualified support for the newly-enacted New York State 2009-2010 budget, one that includes a 1% hike in the tax rate on individual incomes over \$200,000 and family/joint filers over \$300,000, and a hike of slightly more than 2% on incomes over \$500,000. These rate increases have been enacted for the next three years, meaning that they will expire around the time that the federal stimulus monies cease.

New York State expects this surcharge to bring in over \$4 billion for the state's coffers each year. Given the steady drift away from a progressive tax code during the mid- and late-1990s, adding two new brackets to the top of the state's tax structure made a lot of sense. Also, since New York has lost 200,000 jobs already in this recession, the high-end income tax increase was vital in averting even more damaging state spending cuts that would have exacerbated the recession's effects and deprived deserving New Yorkers of essential public services.

We are not out of the budget woods yet, however, BALCONY is concerned that working families will suffer further if the Paterson Administration lays off 8,700 state employees including members of CSEA and PEF.

"BALCONY has carefully considered suggestions from its diverse business and labor membership, as well as many citizens from New York State and leading economists to develop its position on solving our state's severe budget deficit. We believe that modestly increasing taxes on our state's high-end income earners (which should not have a significant impact on their families) in conjunction with sensible cost cutting and improvements in efficiencies can solve our state's budget deficit, and keep New York healthy and competitive," asserted Bruce Ventimiglia, BALCONY's business Co-Chairman, and Chairman of Saratoga Capital Management.

BALCONY organized two forums of its members in late March, one in Albany and the other in New York City, to discuss how these proposed state income tax changes would impact the state budget. In fact, BALCONY was one of the few business groups to endorse the three-year tax hikes.

Alan Lubin, BALCONY labor Co-Chairman and Executive Vice President of NYSUT added, "BALCONY has long understood that raising new revenue would have to be part of the solution to our worsening economic situation, just as we recognize that prudent state spending is necessary. A New York State Progressive Income Tax increase that will raise approximately \$4 billion is a step in the right direction. It is hoped that these actions, coupled with the quick investment of federal stimulus monies, will help spur the economic recovery and growth needed to provide essential services and a brighter future for all New Yorkers."

Lubin added his concern that the unions representing state and public employees would begin to experience lay-offs if all the Draconian budget cutbacks were enacted. "I am worried," Lubin emphasized, "that trying to spread the pain of the cuts over the entire array of state and municipal services, without carefully assessing the operational impact, will result in diminished services for the State's citizens who least can afford this added burden of uncertainty."

Ron Deutsch of the Better Choice Budget Campaign addressed the Albany gathering, emphasizing the achievements that his group and coalition members like BALCONY had achieved. "We fought for a federal stimulus package and got \$24 billion over two years. We restored a modicum of fairness to the New York State income tax code. We persuaded the budget drafters to allow the Department of Health to negotiate directly with drug companies to save taxpayer dollars. We expanded the bottle return laws and increased the state's powers to collect cigarette taxes on reservation sales to non-Native Americans."

Jeffrey Levine of Gotham Research spoke at the New York City meeting, presenting the results of a poll he conducted with a representative sample of 400 New York State voters on the previous weekend. He found that a majority of voters, regardless of age, residence, or party affiliation, felt that increasing state income taxes on the most wealthy was the best of the options facing the Empire State. The support for increasing taxes on those who earn \$500,000 a year was 73%, with the percentage of those supporting a tax hike dipping only to 65% when the income level was posed at \$250,000 a year.

BALCONY will continue to seek common ground between business and labor and to monitor how the financial and economic crisis is likely to affect New York State and the essential services provided by state and local governments.

[NY State Senate 2009-2010 Fiscal Year Budget Bills link.](#)