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## Cuomo Budget Proposes Tax Breaks For Middle Class, Small Business

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By Michael Gormley

ALBANY -- Gov. Andrew M. Cuomo's 2015-16 budget proposal released Wednesday called for tax breaks for middle-class New Yorkers and small businesses as well as increasing the minimum wage and spending a third of a \$5.4 billion surplus on New York City-area mass transit.

"To keep the economy going, we have to continue what we have been doing: fiscal discipline," Cuomo told the State Legislature as part of his State of the State speech.

The \$141.6 billion budget would increase state spending by 1.7 percent, staying within the 2 percent tax cap created by Cuomo and the State Legislature. Cuomo promises no broad-based state tax increases, but there is an array of added targeted taxes and fees.

Taxpayers with household incomes under \$250,000 who pay more than 6 percent of their income in property taxes would qualify for a piece of a \$1.66 billion property tax credit. Cuomo estimates that will mean an average credit of \$1,208 in Nassau County and \$1,148 in Suffolk County.

Small businesses, which are the biggest and most reliable employers in New York, also would get a break. Cuomo would cut the small business tax by 4 percentage points, to 2.5 percent, over three years. When fully enacted, 42,000 small businesses would get cuts worth \$32 million.

E.J. McMahon, president of the Albany-based Empire Center for Public Policy think tank, said the budget disguises future deficits in the footnotes, but "they are manageable."

He said Cuomo continues to restrain spending, but devotes only a third of the surplus to infrastructure, which he said is the most responsible use of a windfall.

Elizabeth Lynam of the independent Citizens Budget Commission said Cuomo appropriately calls for "modest spending" even as tax collections are coming in well ahead of projections in an improving economy. "The numbers make sense," she said.

Cuomo also proposed raising the minimum wage to \$10.50 an hour by the end of 2016, which would be the nation's highest. He also wants to raise the state minimum wage in New York City to \$11.50 an hour, which would set different minimums in the state for the first time.

"If you are working full time, you shouldn't be in poverty," the governor said.

The state Business Council, however, called it "counterproductive" to creating jobs. The current minimum wage is \$8.75 and is scheduled to rise to \$9 by the end of the year.



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Cuomo also is again proposing to make contributions to scholarship funds at Catholic, Jewish and other private schools tax deductible. The proposal would also make contributions to public schools' classroom funds tax deductible. The measure has long been sought by Cardinal Timothy Dolan, but critics call it a form of school vouchers.

Cuomo would crack down on tax delinquents, including suspending the driver's licenses of people who owe \$5,000 in state taxes. That is projected to snare another 11,000 people by cutting the threshold from \$10,000.

The state also couldn't hire anyone who owes taxes, could deny a professional license to anyone owing \$500 or more, and would deny a subsidy for malpractice insurance if physicians and dentists owe taxes.

Cuomo also would spend \$1.3 billion of the \$5.4 billion surplus built up by settlements related to enforcement of bank regulations to renovate Kennedy and LaGuardia airports and build an AirTrain connecting LaGuardia with subways and Long Island.

Most of the \$1.3 billion would help pay for Cuomo's mega-project: the replacement of the Tappan Zee bridge. The rest of surplus, or \$1.5 billion would be used for his economic development plan for upstate.

Legislative leaders, as usual, didn't tip their hand.

"I'm sure there are going to be adjustments to it," said Senate Majority Leader Dean Skelos (R-Rockville Centre). "Certainly my conference, when it comes to how this money is going to be invested, they are going to be a very active party."

"Everything is on the table," said Assembly Speaker Sheldon Silver (D-Manhattan).