

POSITIVE ASPECTS OF THE BUDGET

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 for People with Developmental Disabilities (OPWDD) on top of what it received last year is a positive development. Funding for local roads and bridge repairs was also maintained, and we authorized additional funds for upkeep of our own town and state roadways.



A LEGISLATIVE UPDATE FROM ASSEMBLYMAN BILL NOJAY



Dear Friends:

The small handful of positive aspects of this year's state budget and the 2016 Legislative Session are dramatically outweighed by the secretive, rushed process that dominated this year's session, as well as anti-business provisions, increased spending, SAFE Act funding, and continuation of massive corporate welfare schemes. Consequently, I voted against the budget and other legislation that was harmful to our region.

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

Regards,

A handwritten signature of Bill Nojay in blue ink, written in a cursive style.

Bill Nojay

**30 Office Park Way • Pittsford, NY 14534
(585) 218-0038 • NojayW@assembly.state.ny.us**



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 concludes the minimum wage hike 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 (EITC) 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. Unfortunately, instead of passing the EITC, the governor pushed through his job-killing minimum wage hike.

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-pop shops 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 on top of the billions already given out, with the governor holding a press conference to celebrate how he continues to waste your tax dollars.

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, but the Majority just voted to continue the program for a third year, without any information on the number of jobs created in year two.

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, which 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.

Farmworker Unionization

Unions and NYC-based political groups are suing to place farm laborers under the protection of the state's labor laws, which would give them the right to form unions and collectively bargain with their farm employers. Gov. Cuomo has chosen not to fight back against the lawsuit, essentially permitting farmworkers' unionization.

Over the years it has become very clear that advocates of unionizing farm workers, who predominantly have downstate interests, neither understand the relationship farmers

have with their employees nor the negative repercussions this would have on our small family farmers.

With already tremendous expenses - including grain, feed, seed, equipment, workers' compensation, unemployment benefits, property taxes, energy expenses, and transportation - compounded with the recent minimum wage increase, how are family farmers expected to survive? Unionized farm employees may make sense for states like California that have a year-round growing season, but not in New York.

The efforts by these wealthy labor unions will kill businesses and family farms and continue the exodus of Upstate families to less economically-oppressed regions of the country. Agriculture is the foundation of our state's entire economy and we must give our farming families and communities the attention and support they deserve.

The government should not be telling family farmers how to operate, especially when its policies will lead to loss of their livelihoods.

SAFE Act Funding

The budget includes funding for implementing 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. I voted no.

Pork Increase

The budget will fund a \$385 million increase in the State and Municipal Facilities Program (SAM), 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 barrel 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.

Of the state's \$52.6 billion in debt, only \$3.1 billion has been approved by the voters. About \$50 billion in state debt has been borrowed in violation of the state constitution.

Note that the \$53 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 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.

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 30 and were voted on Thursday, March 31. 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.