

SECTION ONE

Overview of Executive Budget

**OVERVIEW OF EXECUTIVE BUDGET
SFY 2010-11**

TABLE OF CONTENTS

Part A - Programmatic Overview

OVERVIEW OF THE EXECUTIVE BUDGET	1
EDUCATION.....	5
HEALTH	8
HIGHER EDUCATION	11
STATE WORKFORCE	15
LOCAL GOVERNMENTS	18
TRANSPORTATION	24
ECONOMIC DEVELOPMENT	26

Part B - The Financial Plan

FINANCIAL PLAN	29
CAPITAL PROGRAM & FINANCING PLAN	44

Part C – The Economy & Revenues

ECONOMY	55
EXECUTIVE TAX REVENUE FORECAST.....	59
EXECUTIVE TAX REVENUE PROPOSALS.....	62
EXECUTIVE MISCELLANEOUS RECEIPTS.....	67

Part D - Budget Bills & Budget Hearings Schedule

BUDGET BILLS.....	71
PUBLIC HEARINGS ON THE EXECUTIVE BUDGET	99

PART A

Programmatic Overview

OVERVIEW OF THE EXECUTIVE BUDGET SFY 2010-11

The Governor proposes an All Funds Budget of \$133.9 billion for State Fiscal Year (SFY) 2010-2011 (see Table 1). This Budget is \$786 million higher than the estimated \$133.2 billion in spending for SFY 2009-2010 representing growth of 0.6 percent. The All Funds Budget is the broadest measure of spending; accounting for state unrestricted and restricted funds as well as funds received from the federal government. The All Funds accounting system consists of four major fund types: the General Fund; Special Revenue Fund; Capital Project Fund; and, Debt Service Fund.

Table 1

Disbursements (\$ in Millions)		
	SFY 2009-10	SFY 2010-11
General Fund	\$54,129	\$54,522
	-0.9%	0.7%
State Funds	\$84,639	\$86,149
	1.8%	1.8%
All Funds	\$133,172	\$133,958
	9.5%	0.6%

Moving Funds Off Budget

The Governor's Executive Budget proposes amendments to the budget process which will have substantial changes to All Funds accounting principles adopted almost 30 years ago. The Executive proposes to move the tuition and other university revenue for the State University of New York (SUNY)

and the City University of New York (CUNY) off budget, which would lower All Funds disbursement by \$4.1 billion though the spending will still occur. Further, it does not provide an accounting for the increased revenue that would be generated by the proposal to allow tuition levels at SUNY and CUNY to increase subject to an index limitation that this year would allow for tuition to rise by 9.5 percent.

The General Fund accounts for unrestricted taxes and receipts, and spending on state operations and local governments not funded through dedicated revenues. For SFY 2010-2011 the Governor proposes 0.7 percent growth in the General Fund disbursements over SFY 2009-2010 which is projected to be \$54.1 billion, a decrease of 0.9 percent from the prior year.

In addition, the Executive's Financial Plan forecasts out-year General Fund current services gaps in SFY 2011-12 of \$14.3 billion, \$18.3 billion in SFY 2012-13 and \$20.7 billion in SFY 2013-14 (see Figure 1).

Another measure of State spending is State Funds which consists of the General Fund plus non federal Special Revenue, Capital Project, and Debt Service Funds. State Funds spending for SFY 2010-11 is projected to total \$86.1 billion, an increase of 1.8 percent or \$1.5 billion higher than SFY 2009-10.

The State Finance Law requires the Executive to propose and the Legislature to adopt a balanced budget. Based on the Executive's current services forecast the Governor Budget proposal closes a \$7.4 billion gap in SFY 2010-11. This gap includes the rolling over of \$500 million deficit from SFY 2009-10 in order to avoid the use of Tax Stabilization Reserve Funds.

In enacting last year's budget over \$10 billion were made available from the State Personal Income Tax surcharge and the federal Stimulus Funds to lessen the SFY 2010-2011 deficit. Absent these funds the deficit for this year would be over \$15 billion. The Executive does not recognize these as non-recurring although a significant part of the growth in the deficit in the years following SFY 2010-11 is due to the lack of such funds.

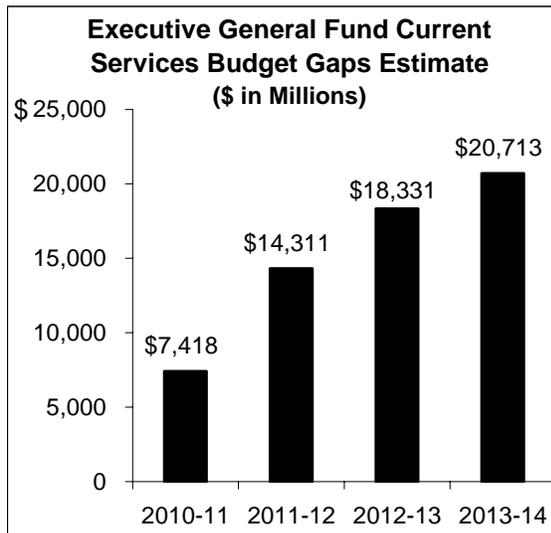


Figure 1

Closing the SFY 2010-11 Budget Gap

The Executive Proposal includes recommendations that are intended to close an estimated \$7.4 billion General Fund budget gap in SFY 2010-11. The Executive has indicated that these actions are comprised of the following: \$4.9 billion in spending reductions; roughly \$1.2 billion in revenue actions; and the use of \$565 million in non-recurring resources; and \$692 million from actions enacted in the Deficit Reduction Plan of December 2009. (see Table 2).

Table 2

Combined General Fund & HCRA Budget-Balancing Plan SFY 2010-11 Executive Budget (\$ in Millions)	
	2010-11
Current Services Gaps	(\$7,418)
DRP (Dec. 2009):	<u>\$692</u>
Agency Reductions	\$360
Aid to Localities	\$427
All Other	(\$95)
Budget Recommendations	<u>\$6,726</u>
Spending Control	\$4,870
Aid to Localities	\$3,639
Agency Reductions/Fringe Benefits	\$1,221
Debt Service Savings	\$10
Tax/Fee Changes	\$1,070
Tax Audits/Recoveries	\$221
Non-Recurring	\$565
Executive Budget Gaps	\$0

With the adoption of the Gap Closing Plan the Executive Projects out-year budget gaps would be reduced in SFY 2011-12 to \$6.3 billion, \$10.5 billion in SFY 2012-13 and \$12.2 billion in SFY 2013-14.

All Funds by Function

The majority of State spending provides grants to local governments for education

and for the health, safety and welfare of its citizens (see Figure 2). In addition, the operation of State government and General State Charges accounts for 20 percent of State spending. The remaining 10 percent of the budget is used to finance Capital Projects and Debt Service on outstanding bonds.

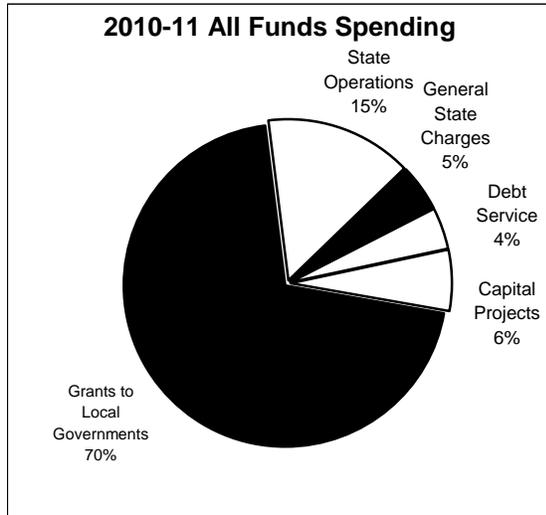


Figure 2

Executive Revenue Proposals

The Executive proposes over \$2.0 billion in various tax and revenue increases when fully implemented, offset by \$221 million in new tax credits. The proposed General Fund tax actions total \$1.4 billion in SFY 2010-11 increasing to \$1.9 billion in SFY 2011 12. Additional new and increased fees that impact the General Fund total \$53.8 million in SFY 2010-11. Proposed charges and assessments in the All Funds total \$387.4 million in SFY 2010-11. The Executive proposes to provide General Fund tax credits of \$4 million in SFY 2009-10 for low income housing, and proposes a new Excelsior program and an expanded Film Credit allocation

that costs \$50 million and \$168 million, respectively, in SFY 2012-13.

Deficit Reduction Plan

In December 2009 the Legislature passed a Deficit Reduction Plan which provided \$2.7 billion to address a current year deficit. The Executive estimates that this plan produces recurring savings of \$700 million to \$875 million over the next four fiscal years. This included recurring savings in Agency Operations, Health Care, Mental Hygiene, Education and Local Government Aid. This plan provides \$692 million in savings for SFY 2010-11.

Table 3

Executive Combined General Fund and HCRA Gap-Closing Plan for 2010-11 (Millions)	
	2010-11
Current Services GAP Estimates (before any actions)	(7,418)
Approved Deficit Reduction Plan Actions	692
Total Executive Budget Gap-Closing Actions	6,726
Spending Control	4,870
Local Assistance	3,639
School Aid/Lottery Aid	1,625
Health Care	823
School Tax Relief Program	213
Human Services/Labor/Housing	201
Higher Education	208
Mental Hygiene	46
Education/Special Education	139
Local Government Aid	325
All Other	59
Bonded Capital Spending Reductions	10
State Agency Operations/Fringe Benefits	1,221
Stage Agency Operational Reductions	709
Workforce Savings	250
Fringe Benefits/Pension Amortization	262
Revenue Actions	1,070
Tax Actions	799
Syrup Excise Tax	465
Cigarette Tax	210
Sale of Wine in Grocery Stores	92
Information Returns for Credit/Debit Cards	0
Medicaid Provider Assessment	216
Work-Zone Cameras for Speed Enforcement	25
Civil Court Filing Fees	31
All Other Revenues Actions	(1)
Tax Audit and Recoveries	221
Non-Recurring Resources	565
Federal TANF Resources	261
Physician Excess Medical Malpractice Payment Timing	127
Available Fund Balances/Resources	95
Lottery Investment Flexibility	50
School Aid Overpayment Recoveries	32
Executive Budget Surplus/(Gap) Estimate	0

EDUCATION

The Commitment to Education

In his 2010-11 Executive budget, the Governor responded to the current economic climate by cutting aid to schools by \$2.1 billion, which is offset by the use of \$726 million in Federal Stimulus Funds leaving a net reduction to schools of \$1.4 billion, the largest cut to education ever proposed by a Governor.

This plan is \$4.6 billion below what was pledged to schools for Foundation Aid under the CFE agreement (see **Figure 3**). Moreover, the Executive once again stretches out the timetable for full implementation by three years. This means that the phase-in of Foundation Aid will take 10 years.

The Foundation Aid formula, which the Assembly had originally developed and initiated, provides comprehensive operating funds in an equitable and transparent manner and reflects the conditions of school districts and the students they serve. Past increases in Foundation Aid coupled with the EXCEL capital program of 2006-07 have demonstrated our commitment to provide a sound basic education for all children throughout the State.

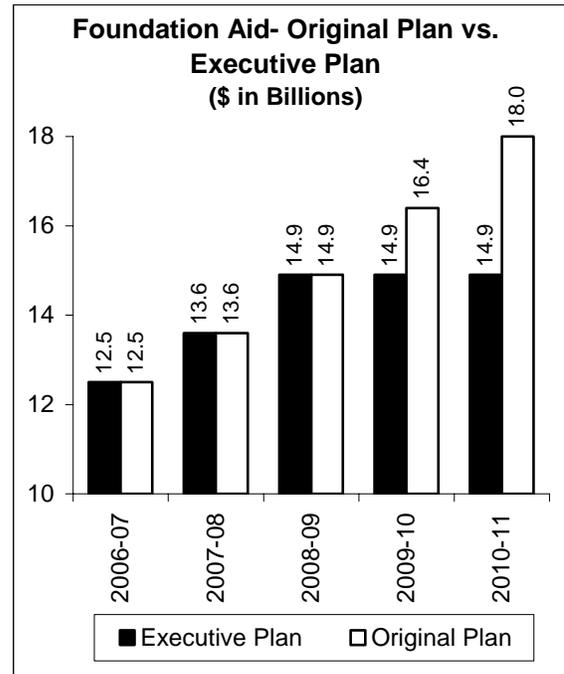


Figure 3

Governor's Proposal Cuts Education Funding by \$1.4 Billion

The Governor's 2010-11 budget provides \$20.7 billion in General Support for Public Schools which is a \$1.1 billion decrease from School Year 2009-10 and a \$1.4 billion decrease from a commitment to fulfill present law obligations. This proposal would result in a \$1.4 billion net reduction in education aid for the 2010-11 School Year.

The Executive education proposal is comprised of a \$2.1 billion Gap Elimination Adjustment (GEA), which is partially offset by \$726 million in Federal ARRA funds (see Table 4). The proposal maintains current reimbursable formulas and freezes Foundation Aid. The budget overlays the GEA calculation on top of all formula aids excluding Building Aid and

Universal Prekindergarten. This is the fourth time the Governor has proposed cuts to school aid in the past 14 months.

Table 4

Executive Gap Elimination Adjustment (\$ in Millions)	
	SY 2010-11
Gap Elimination Adjustment	(2,138)
Federal ARRA Restoration	726
Net Reduction	(1,412)

The Executive GEA calculation would take into account student need, administrative efficiency, wealth and residential tax burden. Additionally, the Executive proposal includes a cost shift for summer special education programs that results in an additional cost of \$86 million to school districts in this school year.

Universal Prekindergarten: A First Step in Learning

The Assembly has been on the forefront of fighting for the continuation and growth of the Universal Prekindergarten (UPK) program. Over the past four years, both funding and participation have been growing dramatically, from 259 districts and 75,281 students in 2006-07 to 451 districts and an estimated 109,031 students in the 2009-10 School Year for a cost of approximately \$399 million. In fact, nearly 180 school districts have reached full implementation, realizing the goal of a truly universal program. This growth in participation is a clear indication of the recognition of the value of prekindergarten to a child’s ongoing educational experience (see Figure 4).

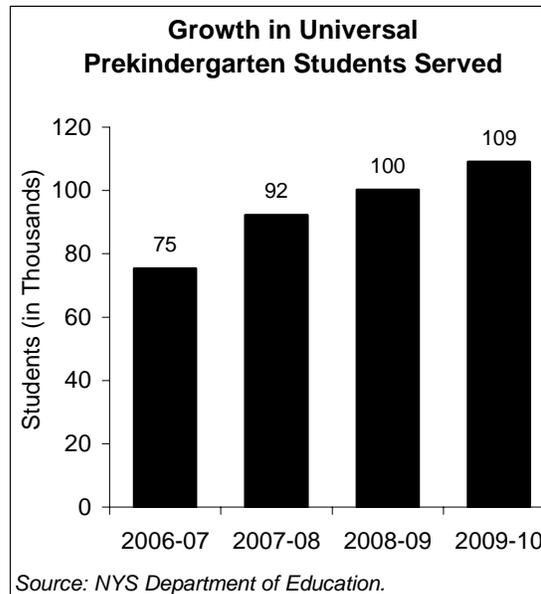


Figure 4

For more than three decades, educational research has consistently documented the clear, lasting benefits that the investment in a high quality prekindergarten program has on student preparation, achievement and college attendance. Prekindergarten programs provide the first learning step in building a foundation upon which to support future learning. Children attending prekindergarten programs are better prepared to meet the rigorous demands facing them in their schooling and ultimately, in the global economy.

As with Foundation Aid, the Governor proposes to extend the freeze on UPK into the 2011-12 School Year, thereby preventing continued growth. Although the Executive Financial Plan projections indicates continued growth beginning in the 2012-13 School Year, there is no concomitant statutory commitment. The Assembly remains committed to the implementation of a truly universal prekindergarten program.

Investment in Quality

Over the previous several years the Assembly has spearheaded efforts to dramatically increase State support for education, especially in districts where the need is the most acute. The abrogation of the commitment to fully fund Foundation Aid risks the State's moving backward on recent educational gains.

HEALTH

The SFY 2010-11 Executive budget includes \$51.5 billion to support projected Medicaid spending, an increase of \$882 million or 1.7 percent over last year.

The Executive proposal includes a number of spending reductions across all health sectors, and it also includes several revenue actions to offset State spending obligations associated with the Medicaid program. In the aggregate, the Governor's proposal recommends \$1.8 billion in State health care actions, which when combined with a Federal contribution for such costs, represent an overall health care impact of \$2.7 billion (see Table 5). This translates into a \$458.8 million State share (\$780 million All Funds) impact on hospitals, nursing homes, home care and personal care service providers.

Table 5

Components of the Executive Healthcare Actions (\$ in Millions)		
	State Share	All Funds
Reductions	(\$593.2)	(\$1,190.1)
Provider Assessments	(215.6)	(215.6)
Medicaid Fraud Collections	(300.0)	(600.0)
Payment Deferrals	(127.4)	(127.4)
Taxes and Fees	(647.6)	(647.6)
Total	(\$1,910.8)	(\$2,807.7)
Reallocations	61.9	141.5
Net Actions	(\$1,848.9)	(\$2,666.2)

Specifically, the Executive plan would reduce State support across all health sectors by \$593.2 million (\$1.2 billion All Funds), and would adopt or expand

assessments, taxes and fees by an additional \$890.2 million. A \$300 million increase in the Medicaid fraud target and a \$127.4 deferral in an Excess Medical Malpractice insurance premium payment are also included in the plan. These actions are accompanied by \$61.9 million in spending reallocations (see Table 6).

Table 6

Executive Budget Actions (\$ in Millions)		
	State Share	All Funds
Hospital Services	(\$244.6)	(\$382.1)
Nursing Home Services	(140.2)	(243.1)
Home Care Services	(74.0)	(154.8)
Pharmacy Services	(47.1)	(57.8)
Insurance Actions	(197.4)	(267.4)
Medicaid Managed Care	(61.4)	(147.9)
Medicaid Fraud Collections	(300.0)	(600.0)
Other Medicaid/HCRA	(42.7)	(71.6)
Taxes and Fees	(674.6)	(674.6)
Public Health	(66.9)	(66.9)
Total Actions	(\$1,848.9)	(\$2,666.2)

Hospital Cuts

The Governor's budget would reduce State share support for hospitals by a net \$244.6 million. Included in the Executive plan is a proposal to reduce State support for Indirect Medical Education (IME)—a line of reimbursement for teaching hospital-specific costs that would now be transferred to overall hospital payment rates, obstetrics rates and the Doctors Across New York Program. The Governor also proposes an overhaul to the indigent care program, which would result in a

redistribution of indigent care payments among New York's hospitals. In addition, the Governor proposes to increase the gross receipts assessment to 0.7 percent and to eliminate the remaining trend factor for calendar year 2010.

Over the past few years, significant reforms have been implemented with respect to the Medicaid reimbursement methodology for hospitals and these reforms have put a financial strain on many facilities as they struggle to adapt. Additional reductions in reimbursement can further disrupt the availability of hospital services across the State.

Long Term Care Reduction

The Executive proposal would also reduce State support for nursing homes, home care and personal care providers by a total \$214.2 million (\$397.9 million All Funds). As in the hospital sector, the Governor's proposed budget would also eliminate the 2010 trend factor and increase the gross receipts assessment levied on nursing homes (these assessments would not be eligible for reimbursement by Medicaid), home care agencies and personal care providers.

The Executive budget would delay the implementation of a regional pricing reimbursement model until March 2011 and would allow nursing home rebasing to go forward until February 2011. Also included in the Executive proposal is an initiative to limit the over-utilization of personal care services.

The Executive's long term care reform agenda has been centered on the transition of care from an institution-based

model to a community-based model. These reforms are jeopardized by proposed reductions to home care. Likewise, proposed reductions to nursing homes strain their ability to provide necessary services in areas of the State that do not have access to community-based alternatives.

Pharmacy and EPIC Cuts

In total, the Governor proposes \$47.1 million in reductions (\$57.8 million All Funds) to the Medicaid pharmacy and Elderly Pharmaceutical Insurance Coverage (EPIC) program. The Medicaid program currently covers any HIV/AIDS drugs, anti-rejection drugs, anti-psychotics or anti depressants that are denied by a dual-eligible enrollees Medicare Part D plan. The EPIC Program currently covers any drugs that are denied by a senior's Medicare Part D plan. The Governor proposes to eliminate this "wrap-around" coverage in both the Medicaid program and the EPIC program and requires these individual to obtain all their covered drugs through a Part D plan. The Governor also proposes changes to the Preferred Drug Program that would accelerate the approval of additional classes of drugs into the program.

Medicaid Enrollment Growth

The Governor’s plan for SFY 2010-11 comes on the heels of successive reductions in Medicaid provider reimbursement over the previous two state fiscal years, at a time when the State is witnessing unprecedented growth in the Medicaid program. While some additional spending is attributable to the State’s assumption of a greater share of local Medicaid spending and its takeover of Family Health Plus, the recent economic downturn has generated a 16 percent increase in Medicaid enrollment over the last two years. At present, more than one in five New Yorkers are enrolled in the Medicaid program (see Figure 5).

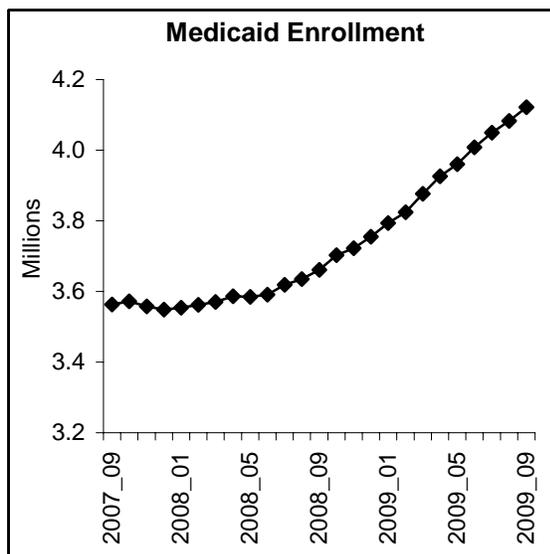


Figure 5

Looming Loss of Federal Support

In addition, the State is on the verge of losing a short term infusion of federal support made available through the American Recovery and Reinvestment Act of 2009. The State of New York has traditionally received a Medicaid

matching rate of 50 percent—the lowest possible rate under federal law. Under this Act, New York received an enhancement in its Federal Medical Assistance percentages (FMAP), which committed an additional \$7.13 billion to New York over a span of three state fiscal years (see Table 7).

Table 7

State Benefit from the Enhanced FMAP (\$ in Millions)		
SFY 2008-09	SFY 2009-10	SFY 2010-11
\$1,092	\$3,155	\$2,883

Without changes at the federal level, the increase in FMAP will expire at the end of calendar year 2010, and the State of New York would return to its base matching rate. The loss of this FMAP enhancement now presents serious fiscal challenges for the Medicaid program.

Medicaid has always provided a safety net for the indigent, the disabled and the elderly, and has increasingly become a necessity for the unemployed and their families who have witnessed job loss or underemployment during national recession, which began in December 2007. The compounding effect of underlying enrollment growth, a loss of Federal funds and proposed reductions in provider reimbursement contained in the Executive proposal has the potential of undermining the health care delivery system in New York State.

HIGHER EDUCATION

In SFY 2010-11, the Governor recommends \$321 million in reductions for Higher Education (see Table 8).

Table 8

Executive Budget Reductions	
	SFY 2010-11 (\$ in Millions)
Reduce Operating Support SUNY/CUNY	(\$143)
Reduce Operating Support for SUNY Statutory Colleges	(\$15)
Reduce Base Aid SUNY/CUNY Community Colleges	(\$57)
Use Federal ARRA Funds to Support Community Colleges	(\$50)
TAP Reforms and Scholarship Reductions	(\$37)
Eliminating New Merit Scholarships	(\$5)
Other Higher Education Savings Actions	(\$14)
Total Reduction	(\$321)

The Governor recommends State operating support of \$1.086 billion for State-operated campuses of the State University of New York (SUNY) and \$576.6 million for the Senior Colleges of the City University of New York (CUNY) in the 2010-11 Academic Year. This results in a reduction of General Fund operating support of \$136.4 million below the 2009-10 Academic Year adjusted levels for SUNY. The Executive proposal reduces General Fund operating support by \$63.6 million for CUNY Senior Colleges below the 2009-10 Academic Year adjusted levels.

The Governor's Tuition Proposal

The Executive proposal includes a new framework for establishing tuition at our public University systems. Tuition policy would be wholly determined by the SUNY and CUNY Board of Trustees, who would be unaccountable to the public. The Executive proposal also removes \$4.1 billion in SUNY university revenues off-budget. The SUNY and CUNY Board of Trustees would have the ability to increase tuition as much as 250 percent of the five year average of the Higher Education Price Index.

In 2010-11, this would result in a 9.5 percent tuition increase, raising SUNY tuition by \$472 from \$4,970 to \$5,442 and raising CUNY tuition by \$437 from \$4,600 to \$5,037. In order for the systems to re-coup the losses that result from the Governor's proposed cuts in State funding, SUNY would need to raise tuition by 12.5 percent or \$621 for resident undergraduate students and CUNY would need to increase tuition by 8.5 percent or \$391 for resident undergraduate students. These increases would result in two-year increases of \$1,241 or 30 percent for SUNY students and \$991 or 25 percent for CUNY students.

Further, each Board of Trustees would be permitted to charge varying tuition rates by school and by program across the system. This proposal removes the checks and balances on tuition decisions, and as shown in the table below fosters extraordinary tuition rates when fully exercised (see Figure 6). If the Executive's

proposal had been in place following the 2003-04 Academic year, tuition would stand at \$8,346 in 2010-11 an increase of \$3,376 or 91.9 percent. Over the period, tuition increased by \$620 or 14 percent.

The SUNY system was created to ensure that all students of New York can receive a quality education at an affordable price. These tuition changes would make it difficult for students from working families to have continued access to educational opportunities through public higher education. In hard times, the Assembly believes in keeping public education publicly controlled, publicly funded, and publicly accessible.

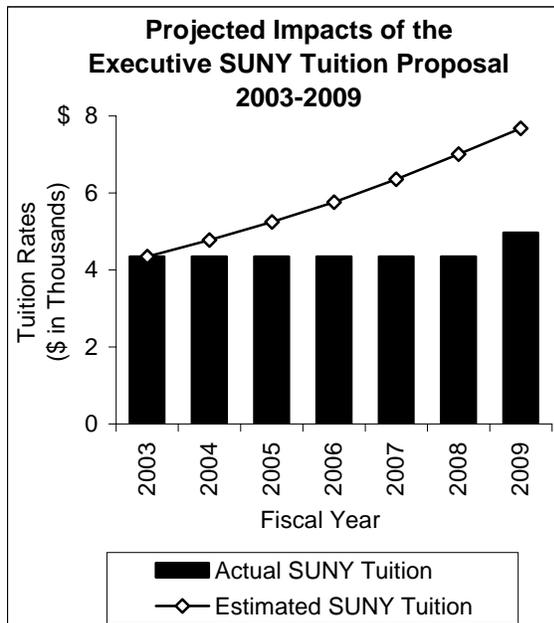


Figure 6

Governor Recommends Cuts to the Tuition Assistance Program

On the 35th anniversary of the creation of the program, the Executive proposal recommends \$825 million for the Tuition Assistance Program (TAP) for the 2010-11 Academic Year. This represents a

\$52.7 million cut to the program and is the 4th time the Governor has proposed cuts to the program in the last 18 months.

The Executive proposed TAP cuts are comprised of the following: the elimination of TAP eligibility for graduate students; cutting TAP awards by changing TAP academic eligibility standards; reducing all TAP awards across the board by \$75; including all public and private pension benefits within the calculation of net taxable income for TAP purposes; reducing TAP awards from \$5,000 to \$4,000 for students who are enrolled in proprietary colleges granting two year degree programs; reducing TAP awards for financially independent married students, and eliminating awards for students that are in default of Federal student loans from TAP eligibility.

The Executive does not increase TAP to accommodate the tuition increases proposed by the Governor at SUNY and CUNY making the maximum award less than the cost of tuition at public colleges for the first time in the history of the program (see Figure 7). As a consequence, students will have to bear the entire burden of Governor Paterson's tuition increases without any additional support from TAP. This translates into additional costs that are not supported by TAP of \$442 for SUNY students and \$37 for CUNY students.

The most recent increase in the award levels provided by the TAP program occurred in SFY 1999-2000. Even as costs have increased over this last decade, the TAP awards have not been increased for what is now the longest period in the program's history.

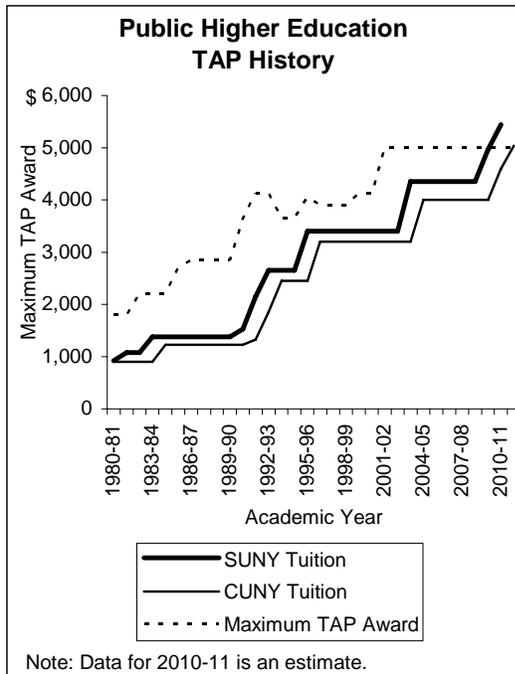


Figure 7

Cutting State Support for Community Colleges

The Executive recommends a base aid reduction for SUNY and CUNY Community Colleges of \$285 per full time equivalent (FTE) student, decreasing the level of State support from \$2,545 to \$2,260. The Executive also offsets an additional reduction of \$250 in State-support per FTE with \$67 million in temporary Federal Stimulus funding. As a result, 2010-11 State support for SUNY Community Colleges stands at \$437.8 million and at \$175.5 million for CUNY Community Colleges. This is significantly below the level of support required by current law. By diminishing State support for community colleges at a time when SUNY and CUNY have record enrollments, the Executive proposal places barriers to a higher education that

some of our most vulnerable students may not overcome.

Removing Attorney General, State Comptroller, and Legislative Oversight of Land Use and Public Private Partnerships at SUNY

The Executive Proposal creates a new State University Asset Maximization Review Board to undertake land leases, joint ventures, and public private partnerships without special legislation. The board is a three member board that must act within 45 days of receiving a proposed project and make decisions through majority rule. Prior Attorney General and State Comptroller oversight of SUNY contracting activities would also be removed.

The Executive proposal also moves the State University Construction Fund outside of the budget process; allows the SUNY Construction Fund to utilize Design/Build and Construction Manager at Risk delivery methods; and permits SUNY non-profit affiliates to utilize Dormitory Authority of the State of New York financing to construct facilities or dormitories.

Updating the Infrastructure of SUNY and CUNY

The Executive proposal continues the planned 5-year critical maintenance investment of \$2.75 billion at SUNY and \$1.42 billion at CUNY enacted in 2008-09. In 2010-11 the Executive appropriates \$550 million for critical maintenance projects at SUNY State operated campuses and \$284.2 million for critical maintenance projects at CUNY

Senior College campuses. An additional \$22.4 million is provided for projects at SUNY Community Colleges and \$34.5 million for CUNY Community Colleges.

Maintaining Opportunity in Postsecondary Education for All New Yorkers

The Assembly has made opportunity programs that increase access the cornerstone of its higher education policy. The Executive budget maintains funding for each of the opportunity programs; the Educational Opportunity Program (EOP), the Higher Education Opportunity Program (HEOP), the Search for Education, Elevation, and Knowledge (SEEK), and College Discovery. The Executive budget also maintains funding for the Science and Technology Entry Program (STEP), the Collegiate Science and Technology Entry Program (CSTEP), and the Liberty Partnerships Program.

However, the Governor recommends eliminating \$3.4 million in funding for child care programs offered at SUNY and CUNY campuses. This proposed cut will clearly place a barrier on families' efforts to pursue a college education.

STATE WORKFORCE

The Executive Proposal for Workforce Reductions

By the end of State Fiscal Year (SFY) 2009-10, the Executive estimates there will be 196,375 State employees, 3,541 below the actual workforce number at the start of the fiscal year. The Executive proposes to reduce the State workforce by another 674 positions by the end of SFY 2010-11, bringing the workforce total to 195,701. The Executive recommends 16,065 new hires and a 16,605 reduction of positions due to attrition and 134 due to layoffs (see Table 9). The Executive workforce tables do not include the use of temporary workers.

Unspecified Workforce Reduction Proposals

The SFY 2010-11 Executive Budget also assumes \$250 million in reductions from unidentified State Workforce actions. The Executive proposal does not make any recommendations for how these savings may be achieved.

The Governor indicates that it could come from the elimination of negotiated salary increases for public employee unions or through the deferral of five days of salary payments for State employees. These concessions were proposed in last year's budget and no agreement was reached. Even though the Governor is hopeful that there will be an agreement reached between the unions and the Executive this year, the outcome of negotiations is far from certain.

Temporary Workers

Despite the Assembly's efforts to reduce the State's reliance on expensive contract workers, information was recently brought to light revealing the extent to which the State relies on temporary workers. Over a 19 month period from April 2008 through November 2009, the State spent over \$62 million on temporary workers at dozens of State agencies despite the fact that a hiring freeze was in effect during the entire period. There has been no approval of these hires by the Director of Budget or accounting of fees charged by placement agencies. More than 12 state agencies and facilities have expenses exceeding a million dollars on temporary workers hired through temporary service agencies since April 2008. The Department of Health (DOH) alone has spent more than 13 million in taxpayer dollars on temporary services, followed by the State University of New York (SUNY) at \$9.5 million, Office of General Services (OGS) at \$5.7 million, and the State Education Department (SED) at \$4.7 million.

The Executive Pension Plan-Payment Deferrals and Benefit Cuts

The Executive assumes \$216.7 million in savings resulting from a proposal to allow the State and localities outside New York City to defer a portion of their pension payments for six consecutive years, beginning with the 2010-11 fiscal year. An additional amount of pension contributions of \$5 billion would be delayed over the next five years with total repayment of \$7.4 billion. Therefore, the

Governor estimates that the net long-term cost to the State for the period of 2010-11 through 2025-26 would be a net additional \$2.1 billion in pension costs.

The Executive proposal would also require current and future retirees to pay 10 percent of Individual Medicaid Part B premiums and 25 percent for dependent coverage. The Executive estimates that this will cost retirees \$30 million in SFY 2010-11.

Finally, the Executive is recommending \$15 million in savings resulting from allowing the New York State Health Insurance Plan (NYSHIP) to become self insured.

Information Technology Workers

As a result of the Assembly's ongoing efforts to reduce the State's reliance on contract workers, the Legislature and Governor enacted Chapter 500 of the Laws of 2009 during Extraordinary Session to reduce the number of information technology (IT) contract workers. That law authorizes up to 500 term IT appointments for up to 60 months. Following two years of service, the appointee would be eligible to take a promotion examination and thus join the civil service system. This action will save an estimated \$50 million in SFY 2010-11.

Table 9

WORKFORCE IMPACT SUMMARY REPORT										
ALL FUNDS										
2008-09 Through 2010-11										
Major Agencies	2008-09	2009-10								2010-11
	Actual (03/31/09)	Estimate (03/31/10)	Abolitions	Attritions	New Fills	Fund Shifts	Mergers	Net Change	Estimate (03/31/11)	
Children and Family Services	3,874	3,576	(75)	(582)	578	0	0	(79)	3,497	
Correctional Services	31,159	30,027	0	(1,689)	1,629	0	0	(60)	29,967	
Education	3,129	2,998	0	(283)	200	0	0	(83)	2,915	
Environmental Conservation	3,657	3,368	0	(105)	51	0	0	(54)	3,314	
General Services	1,652	1,548	0	(54)	6	0	0	(48)	1,500	
Health	5,704	5,491	0	(332)	321	0	(1)	(12)	5,479	
Labor	3,779	4,011	(2)	(417)	409	0	0	(10)	4,001	
Mental Health	16,716	16,297	0	(2,070)	1,942	0	0	(128)	16,169	
Mental Retardation	22,590	21,786	0	(2,074)	2,163	0	0	89	21,875	
Motor Vehicles	2,820	2,812	0	(214)	211	0	0	(3)	2,809	
Parks, Recreation, and Historic Preservation	2,188	2,073	0	(87)	20	0	0	(67)	2,006	
Parole	2,121	2,006	(6)	(110)	65	0	0	(51)	1,955	
State Police	5,901	5,702	0	(172)	0	0	0	(172)	5,530	
Taxation and Finance	5,049	5,178	0	(434)	580	0	298	444	5,622	
Temporary and Disability Assistance	2,191	2,359	0	(221)	241	0	0	20	2,379	
Transportation	10,185	9,701	0	(429)	338	0	0	(91)	9,610	
Workers' Compensation Board	1,463	1,425	0	(55)	80	0	0	25	1,450	
SUBTOTAL - Major Agencies	124,178	120,358	(83)	(9,328)	8,834	0	297	(280)	120,078	
Minor Agencies	12,312	12,159	(51)	(1,078)	1,095	0	(297)	(331)	11,828	
SUBTOTAL:										
Subject to Executive Control	136,490	132,517	(134)	(10,406)	9,929	0	0	(611)	131,906	
Not Subject to Executive Control										
Audit and Control	2,517	2,552	0	(150)	150	0	0	0	2,552	
City University	12,653	12,933	0	(1,306)	1,306	0	0	0	12,933	
Law	1,935	1,847	0	(122)	22	0	0	(100)	1,747	
State University	41,605	41,778	0	(4,223)	4,260	0	0	37	41,815	
State University Construction Fund	120	135	0	(13)	13	0	0	0	135	
SUBTOTAL:										
Not Subject to Executive Control	58,830	59,245	0	(5,814)	5,751	0	0	(63)	59,182	
Off-Budget Agencies										
Roswell Park Cancer Institute	1,947	2,025	0	(170)	170	0	0	0	2,025	
Science, Technology, and Innovation	27	24	0	0	0	0	0	0	24	
State Insurance Fund	2,622	2,564	0	(215)	215	0	0	0	2,564	
GRAND TOTAL	199,916	196,375	(134)	(16,605)	16,065	0	0	(674)	195,701	

LOCAL GOVERNMENTS

For local government fiscal years ending in 2011, the Executive Budget reduces overall Local Aid by \$1.3 billion. (see Table 10) The Executive Budget further proposes local revenue options that could provide a total of \$175.4 million for municipalities.

Aid & Incentives for Municipalities (AIM) – Local Aid Reduction

The Executive Budget for State Fiscal Year 2010-11 reduces AIM funding by \$320.2 million. In addition, the Executive proposes eliminating payments to New York City and Erie County. Erie County is the only County that currently receives AIM funding.

Aid & Incentives for Municipalities (AIM) – LGEG Grants and Efficiency Grants

The Executive Budget recommends \$11 million for the Local Government Efficiency Grant (LGEG) program, including \$10 million for grants and \$1 million for merger incentives. This reflects a decrease of \$2 million from the SFY 2009-10 post Deficit Reduction Plan (DRP).

Table 10

Impact of the 2010-11 Executive Budget on Local Governments Local Fiscal Year Basis Ending in 2011 (\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
School Aid	(1,166.2)	(469.0)	(703.0)	5.8	0.0	0.0
Revenue Actions	175.4	59.5	0.0	1.2	53.7	61.0
Human Services	(85.6)	(53.3)	0.0	(32.3)	0.0	0.0
Health	27.2	10.5	0.0	16.7	0.0	0.0
Mental Hygiene	(1.6)	(0.5)	0.0	(1.1)	0.0	0.0
Transportation	(8.9)	(3.9)	0.0	(5.0)	0.0	0.0
Municipal Aid	(320.2)	(301.7)	0.0	(0.9)	(13.4)	(4.2)
Public Protection	71.8	8.8	0.0	63.0	0.0	0.0
All Other Impacts	31.7	1.0	7.8	9.4	8.6	4.9
Total	(1,276.4)	(748.6)	(695.2)	56.8	48.9	61.7

Source: Executive Budget.

The Executive Budget reduces reappropriations by 50 percent, or \$12 million to Erie County and the City of Buffalo. Existing commitments totaling \$13 million will be disbursed.

Video Lottery Terminal (VLT) Municipal Aid

The Executive Budget proposes reducing VLT Aid for eligible host municipalities, including the City of Yonkers by 10 percent, or \$2.6 million in SFY 2010-11. The SFY 2010-11 Executive budget allocates \$23.8 million in VLT aid.

Local Revenue Actions

The Executive proposes a revenue action that if adopted, could generate an increase of \$71.5 million in New York City revenue to offset the Executive Budget reductions. This amount is offset by a decrease of \$12 million from a proposal to increase the State cigarette tax rate. The net impact from revenue actions to New York City is estimated at \$59.5 million. This is comprised of the following:

- Extend the Mortgage Recording Tax (MRT) to cooperatives raising \$71 million;

The Executive also proposes revenue actions that if adopted by Local Governments could generate \$1.2 million for Counties, \$53.7 million for Other Cities and \$61 million for towns and villages.

All Other Impacts

The Executive budget includes the following mandate relief proposals:

- Wicks Law proposal which would provide school districts a full Wicks exemption.
- Procurement modifications that includes: increasing competitive bidding thresholds for commodities and public works projects, allowing contracts for services to be awarded on "best value" rather than lowest bid, using Federal guidelines for cooperative purchasing for information technology products and services, allow Local Governments to hold reverse auctions and allowing localities to purchase materials and equipment through pre-existing State and local government contracts.
- The Executive Budget would provide for pension amortization. This would permit Local Governments to amortize a portion of their pension costs from 2010-11 through 2015-16. Participation would be adopted via local option. Municipalities would be able to amortize costs exceeding contribution rates of 9.5 percent for NYS State and Local Employees' Retirement System and 17.5 percent for the NYS Local Police and Fire Retirement System in 2010-11. Future contribution rates that are amortized would be increased by one percentage point each year through 2015-16. Repayment would be made over a ten year period, at an interest rate determined by the Comptroller.

The fiscal impact to localities is as follows:

- Counties are projected to realize a savings of \$9.8 million.
- Other Cities are estimated to realize a savings of \$8.4 million.
- School districts are projected to realize a savings of \$6.7 million.
- Towns and villages are estimated to realize a savings of \$4.5 million.

Additional miscellaneous proposals would reduce local aid by a net \$1.6 million. They include an increase to New York City for rent administration billing, a decrease in reimbursements from 75 percent to 50 percent from Water Navigation Enforcement Grants and from reforming the processing of dog licenses.

Aid & Incentives to Municipalities (AIM) – Local Aid Distribution

In SFY 2010-11, the Executive proposed that the total \$734.6 million AIM

allocation be distributed based upon a local reliance factor. Municipalities that are dependent upon AIM funding for more than 10 percent of their total revenue will receive a two percent reduction, while municipalities with AIM reliance below 10 percent will realize a five percent reduction from their SFY 2009-10 Enacted Budget allocations.

Actions taken in the SFY 2009-10 Deficit Reduction Plan reduced aid to non-calendar year cities outside of New York City by \$5.3 million, but did not impact the calculation of the new SFY 2010-11 base due to the fact that reductions were from the SFY 2009-10 Enacted Budget. Therefore, the combined actions in SFY 2009-10 and SFY 2010-11 will impact non-calendar year cities by two percent and five percent, which is the same reduction that every calendar year city will realize in SFY 2010-11. (see Table 11)

Table 11

2010-11 Executive Budget---Aid and Incentives for Municipalities Proposal					
Municipality	2009-10 Enacted Budget	DRP Change	2009-10 AIM Final Funding	Proposed YTY Dollar Change from 2009-10	2010-11 Proposed AIM Funding
BUFFALO	169,027,453	(1,690,275)	167,337,178	(1,690,274)	165,646,904
YONKERS	113,074,558	(1,130,746)	111,943,812	(1,130,745)	110,813,067
ROCHESTER	92,215,689	(922,157)	91,293,532	(922,157)	90,371,375
SYRACUSE	75,084,069	(750,841)	74,333,228	(750,840)	73,582,388
NIAGARA FALLS	18,734,214	0	18,734,214	(374,684)	18,359,530
UTICA	16,961,328	(169,613)	16,791,715	(169,614)	16,622,101
ALBANY	13,692,858	0	13,692,858	(684,643)	13,008,215
TROY	12,927,988	0	12,927,988	(258,560)	12,669,428
SCHENECTADY	11,797,825	0	11,797,825	(235,957)	11,561,868
BINGHAMTON	9,737,955	0	9,737,955	(194,759)	9,543,196
ROME	9,563,065	0	9,563,065	(191,261)	9,371,804
MOUNT VERNON	7,771,514	0	7,771,514	(388,576)	7,382,938
NEW ROCHELLE	6,693,312	0	6,693,312	(334,666)	6,358,646
LACKAWANNA	6,613,009	(66,130)	6,546,879	(66,130)	6,480,749
WHITE PLAINS	5,896,127	(176,884)	5,719,243	(117,922)	5,601,321
AUBURN	5,227,801	(52,278)	5,175,523	(52,278)	5,123,245
WATERTOWN	5,090,176	(101,804)	4,988,372	(152,705)	4,835,667
JAMESTOWN	4,965,773	0	4,965,773	(248,289)	4,717,484
NEWBURGH	4,848,886	0	4,848,886	(242,444)	4,606,442
ELMIRA	4,820,625	0	4,820,625	(96,413)	4,724,212
POUGHKEEPSIE	4,613,607	0	4,613,607	(230,680)	4,382,927
NORTH TONAWANDA	4,564,065	0	4,564,065	(91,281)	4,472,784
LONG BEACH	3,404,144	(102,124)	3,302,020	(68,083)	3,233,937
KINGSTON	3,333,284	0	3,333,284	(166,664)	3,166,620
GLEN COVE	3,081,878	0	3,081,878	(154,094)	2,927,784
AMSTERDAM	3,010,137	(30,101)	2,980,036	(30,102)	2,949,934
MIDDLETOWN	2,938,692	0	2,938,692	(146,935)	2,791,757
COHOES	2,887,748	0	2,887,748	(57,755)	2,829,993
LOCKPORT	2,878,631	0	2,878,631	(143,932)	2,734,699
PLATTSBURGH	2,876,844	0	2,876,844	(143,842)	2,733,002
ITHACA	2,835,051	0	2,835,051	(141,753)	2,693,298
TONAWANDA	2,739,531	0	2,739,531	(54,791)	2,684,740
OSWEGO	2,662,694	0	2,662,694	(133,135)	2,529,559
GLOVERSVILLE	2,424,201	0	2,424,201	(48,484)	2,375,717
PEEKSKILL	2,410,385	0	2,410,385	(120,519)	2,289,866
OLEAN	2,358,120	(23,581)	2,334,539	(23,581)	2,310,958
ONEONTA	2,349,730	0	2,349,730	(46,995)	2,302,735
CORTLAND	2,192,027	0	2,192,027	(109,601)	2,082,426
GENEVA	2,109,796	0	2,109,796	(105,490)	2,004,306
BATAVIA	1,901,664	(38,033)	1,863,631	(57,050)	1,806,581
OGDENSBURG	1,855,708	0	1,855,708	(92,785)	1,762,923
SARATOGA SPRINGS	1,791,676	0	1,791,676	(89,584)	1,702,092

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2010-11 Executive Budget---Aid and Incentives for Municipalities Proposal

- continued -

Municipality	2009-10 Enacted Budget	DRP Change	2009-10 AIM Final Funding	Proposed YTY Dollar Change from 2009-10	2010-11 Proposed AIM Funding
ONEIDA	1,790,707	0	1,790,707	(35,814)	1,754,893
FULTON	1,766,826	0	1,766,826	(88,341)	1,678,485
GLENS FALLS	1,745,310	0	1,745,310	(87,266)	1,658,044
DUNKIRK	1,711,118	0	1,711,118	(85,556)	1,625,562
BEACON	1,669,794	0	1,669,794	(83,490)	1,586,304
CORNING	1,622,300	(32,446)	1,589,854	(48,669)	1,541,185
HORNELL	1,576,892	(15,769)	1,561,123	(15,769)	1,545,354
HUDSON	1,533,940	0	1,533,940	(30,679)	1,503,261
PORT JERVIS	1,480,533	0	1,480,533	(29,611)	1,450,922
JOHNSTOWN	1,462,264	0	1,462,264	(29,245)	1,433,019
WATERVLIET	1,314,343	0	1,314,343	(65,717)	1,248,626
RYE	1,311,987	0	1,311,987	(65,599)	1,246,388
RENSSELAER	1,227,071	(24,541)	1,202,530	(36,813)	1,165,717
CANANDAIGUA	1,215,633	0	1,215,633	(60,782)	1,154,851
NORWICH	1,146,807	0	1,146,807	(22,936)	1,123,871
SALAMANCA	1,008,006	(20,160)	987,846	(30,240)	957,606
LITTLE FALLS	911,772	0	911,772	(18,235)	893,537
MECHANICVILLE	697,374	0	697,374	(13,947)	683,427
SHERRILL	404,763	0	404,763	(20,238)	384,525
Cities Total	681,561,278	(5,347,483)	676,213,795	(11,429,000)	664,784,795
TOWNS (1)	51,802,333	0	51,802,333	(2,581,640)	49,220,693
VILLAGES (2)	21,650,852	0	21,650,852	(1,085,458)	20,565,394
NEW YORK CITY	327,889,668	(26,231,173)	301,658,495	(301,658,495)	0
ERIE COUNTY	668,332	0	668,332	(668,332)	0
Total	1,083,572,463	(31,578,656)	1,051,993,807	(317,422,925)	734,570,882

(1) Most towns will realize a 5 percent reduction from the Post DRP allocation. Only the Town of Forestburgh (Sullivan County) will realize a 2 percent reduction.

(2) Most villages will realize a 5 percent reduction from the 2009-10 Post DRP allocation. Only the Village of Brushton (Franklin County), Village of Cold Brook (Herkimer County), Village of Bridgewater (Oneida County), and the Village of Oneida Castle (Oneida County) will realize a 2 percent reduction.

Table 12

Impact of the 2010-11 Executive Budget on Local Governments Local Fiscal Year Basis Ending in 2010 (\$ in Millions)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
Revenue Actions	3.1	0.1	0.0	0.8	0.2	2.0
Human Services	(38.3)	(13.5)	0.0	(24.8)	0.0	0.0
Health	4.6	2.0	0.0	2.6	0.0	0.0
Mental Hygiene	(1.0)	(0.2)	0.0	(0.8)	0.0	0.0
Transportation	(4.8)	(1.0)	0.0	(3.8)	0.0	0.0
Municipal Aid	(10.6)	0.0	0.0	(0.8)	(7.1)	(2.7)
Public Protection	37.4	2.0	0.0	35.4	0.0	0.0
All Other Impacts	0.2	0.3	0.2	(0.5)	0.1	0.1
Total	(9.4)	(10.3)	0.2	8.1	(6.8)	(0.6)
<i>Source: Executive Budget.</i>						

TRANSPORTATION

The Executive budget proposes a two year Department of Transportation (DOT) Road and Bridge Capital Plan totaling \$6.99 billion (see Table 13), in which \$3.487 billion would be spent in SFY 2010-11 and \$3.503 billion would be spent in SFY 2011-12. This is a reduction of \$221 million from SFY 2009-10 due to decreased funding

available from the 2005 Bond Act which provided \$278 million in 2009-10. As a consequence of the fact that the Governor has not recommended a complete five-year plan, the funding for the final three years of the 2010-14 plan has not been established, leaving a funding gap of \$18.1 billion for the Capital Program.

Table 13

2010-11 EXECUTIVE BUDGET PROPOSED DOT TWO-YEAR CAPITAL PLAN (\$ in Millions)			
OBLIGATIONS	2010-11 Proposed	2011-12 Proposed	TOTAL
State and Local System Construction			
Contracts	1,830	1,794	3,624
Administration	122	126	248
State Forces Engineering & Program Management	413	446	859
Consultant Engineering	173	169	342
Preventive Maintenance	264	278	542
Right of Way	70	69	139
Maintenance Facilities	38	38	76
Special Federal Programs	42	32	74
Rail Development	52	68	120
Aviation Systems	14	14	28
Non-MTA Transit	50	50	100
Canal Infrastructure	16	16	32
Capital Aid to Locals	403	403	806
Total	3,487	3,503	6,990

Department of Transportation and Metropolitan Transportation Authority 2010-2014 proposed 5-year Capital Plans

The current year marks the start of a new 5-year capital project program for both the DOT and the Metropolitan Transportation Authority (MTA). In the

fall of 2009, both systems submitted plans for 2010-2014. The MTA proposed a capital plan of \$28.08 billion. During the spring of 2009, the Legislature took fiscal action to raise \$1.54 billion in revenue for the MTA so that daily transit operations may continue unhindered. As a part of these actions an annual

\$400 million was raised to support capital improvements for the MTA. However, the submitted MTA capital program still remained under funded by \$9.9 billion. On this basis, passage of the MTA capital plan was vetoed by the Governor.

The DOT proposed a road and bridges plan of \$25.8 billion submitted to the Executive by his Department of Transportation in November of 2009-10 laid out priorities, but did not include supporting revenues to fund the plan. The Executive rejected the DOT Road and Bridge capital plan on the basis that it too had insufficient funds and would not be fiscally sustainable.

Metropolitan Transit Authority Financing

The fiscal year of the Metropolitan Transit Authority is based on a calendar year, and for 2010-11 the Authority budget stands at \$4.1 billion. The 2009-10 fiscal year of the MTA ended with a budget of \$3.9 billion, after beginning the year with a \$1.44 billion deficit before legislative action was taken. Through a package of revenue enhancements, legislative action provided an additional \$1.54 billion; \$1.14 billion for operating expenses and an annual \$400 million that will support \$6 billion in the 2010-2014 capital plan.

However, in December 2009, the State Deficit Reduction Plan (DRP) cut \$141.3 million in state support dedicated to the MTA; the conclusion of a pending labor suit filed against the MTA required an additional \$91 million to be paid by the Authority, and due to downward revised revenue projections further lowered available revenues by \$100 million. Facing a new \$372 million

shortfall, the MTA has proposed a new smaller round of service cuts, which are less drastic but repeat certain service cuts included in previous plans. The MTA has proposed phasing out its free metrocard plan for school children.

Regardless of the fact that the Governor originally recommended reducing operating support for the MTA in his Fall 2009 Deficit Reduction Plan, the 2010-11 Executive Proposal restores \$160.6 million in transit aid to the MTA, including at \$25 million restoration of aid for the free metrocard plan for school children.

ECONOMIC DEVELOPMENT

The turbulent economy continues to present challenges to working families across the State. The road ahead is still uncertain and the near-term prospects for a return to economic growth are tenuous. According to New York State Department of Labor, the State continued to lose jobs in December 2009, and the State's unemployment rate rose to 9.0 percent from 8.6 percent in November 2009. Now more than ever, the State needs aggressive leadership to turn our State around, as well as a strong champion for job creation. The Assembly has long been the leading voice in championing such economic development efforts.

Replacing the Empire Zones Program

In 2000-01, the Empire Zone program was established as a key Assembly initiative to spur economic activity in distressed communities. Unfortunately, due to mismanagement the program became ineffective and ultimately, extremely costly. These facts led the Assembly to push for various reforms in SFY 2009-10. As a result, the program is set to sunset on June 30, 2010.

The 2010-11 Executive Proposal includes a new program named the Excelsior Jobs Program which would replace the current Empire Zone Program and is restricted to \$250 million annually for a five-year period. This program would target specific industries such as high-tech, bio-tech, clean-tech, green-tech, finance and manufacturing, thus replacing the current Empire Zones Program which targets specific geographical areas. The concept of targeting specific industries is

nothing new and has long been argued by the Assembly in prior years as an important component of any economic development plan.

Companies within these industries must create and maintain at least 50 net new jobs to New York State over a five year period to be eligible for three tax credits which include: an expanded Research and Development Tax Credit; an enhanced Investment Tax Credit to encourage capital expansion in New York State; and a New Jobs Credit based upon the number of net jobs created and would compensate a portion of payroll costs.

New Economic Development Initiatives

The Executive recommends a \$100 million appropriation for an Innovation Economy Matching Grants Program. This five-year program would establish a ten percent State funded match for research and development awards financed through the American Recovery and Reinvestment Act (ARRA). The level of disbursements proposed by the Executive in SFY 2010-11 remain uncertain.

The Executive recommends a \$25 million appropriation for a New Technology Seed Fund. The goals would be to provide financial support for research and development on New York State campuses and strengthen partnerships with the business community to advance commercialization. These investments would be made by independent professionals and require matches of 1:1 from federal or private sources.

The Executive also proposes a new \$25 million appropriation for a Revolving Loan Fund for Small Businesses. This program would target funding businesses owned by minorities, women and other disadvantaged New Yorkers that have traditionally been denied access to mainstream credit markets.

Consolidation of Economic Development Agencies

The economic development efforts of the State of New York have been traditionally administered by ESDC, the Department of Economic Development (DED) and the Foundation for Science, Technology, and Innovation (NYSTAR).

The Executive proposes to consolidate DED and ESDC into a new entity, the Job Development Corporation. The proposed restructuring would produce savings of \$4.6 million in SFY 2010-11.

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FINANCIAL PLAN

New York State uses a cash basis Financial Plan to report the amount of money that is collected and spent during the State fiscal year. Each year the Division of Budget develops a plan that shows proposed receipts and disbursements for the coming fiscal year. The plan is then submitted as part of the Executive Budget. It is revised subsequent to enactment of the budget to show the effect of the changes made by the Legislature to the Executive's original budget proposal. The plan is then updated quarterly to reflect actual experience and revised estimates.

General Fund

The Financial Plan divides receipts and disbursements into different fund types. The General Fund is the fund into which most State taxes are deposited and from which State Operations and the state share of local grants are disbursed. The General Fund provides for funding to programs that are not supported by dedicated fees and revenues.

The Executive proposes General Fund disbursements for State Fiscal Year (SFY) 2010-11 of \$54.5 billion, an increase of \$393 million or 0.7 percent from SFY 2009-10. Local Assistance is projected at \$35.9 billion, a \$506 million or 1.4 percent decrease below SFY 2009-10 levels.

The Executive estimates General Fund receipts for SFY 2010-11 at \$54.6 billion, an increase of \$1 billion or 1.9 percent above SFY 2009-10; \$1.6 billion higher in PIT, \$406 million higher in User Taxes,

\$22 million higher in Business Taxes, \$20 million lower in Other Taxes, \$605 million lower in Miscellaneous Receipts.

State Funds

State Funds, in addition to the General Fund, include non-federal Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

The Executive proposes that in SFY 2010-11, State Funds disbursements increase by \$1.5 billion for a total of \$86.1 billion. This represents an increase of 1.8 percent over SFY 2009-10.

All Funds

All Governmental Funds is a term referring to all State government funds within the following fund types: General, Special Revenue including Federal Funds, Capital Projects, and Debt Service.

The Governor proposes an All Governmental Funds budget of \$133.9 billion, an increase of \$786 million or 0.6 percent over SFY 2009-10 estimates.

General State Charges is estimated at \$6.3 billion, an increase of \$515 million above the previous year. This level of spending includes \$1.5 billion in pension contribution, \$1.9 billion employee healthcare insurance, \$1.3 billion to retiree health care insurance, \$1 billion to social security and \$568 million in all other.

Table 14

Financial Plan SFY 2009-10 (\$ in Millions)					
	General Fund	Special Revenue Funds	Capital Projects Fund	Debt Service Funds	(MEMO) All Funds
Opening Balance	1,948	2,846	(506)	298	4,586
Receipts	53,554	69,178	8,051	12,383	131,059
Disbursement	54,129	71,470	7,975	4,996	133,172
Closing Balance	1,373	1,770	(508)	283	2,918

Table 15

Financial Plan SFY 2010-11 (\$ in Millions)					
	General Fund	Special Revenue Funds	Capital Projects Fund	Debt Service Funds	(MEMO) All Funds
Opening Balance	1,373	1,770	(508)	283	2,918
Receipts	54,570	68,834	8,256	13,021	133,001
Disbursement	54,522	70,938	8,858	5,858	133,958
Closing Balance	1,421	1,413	(551)	249	2,484

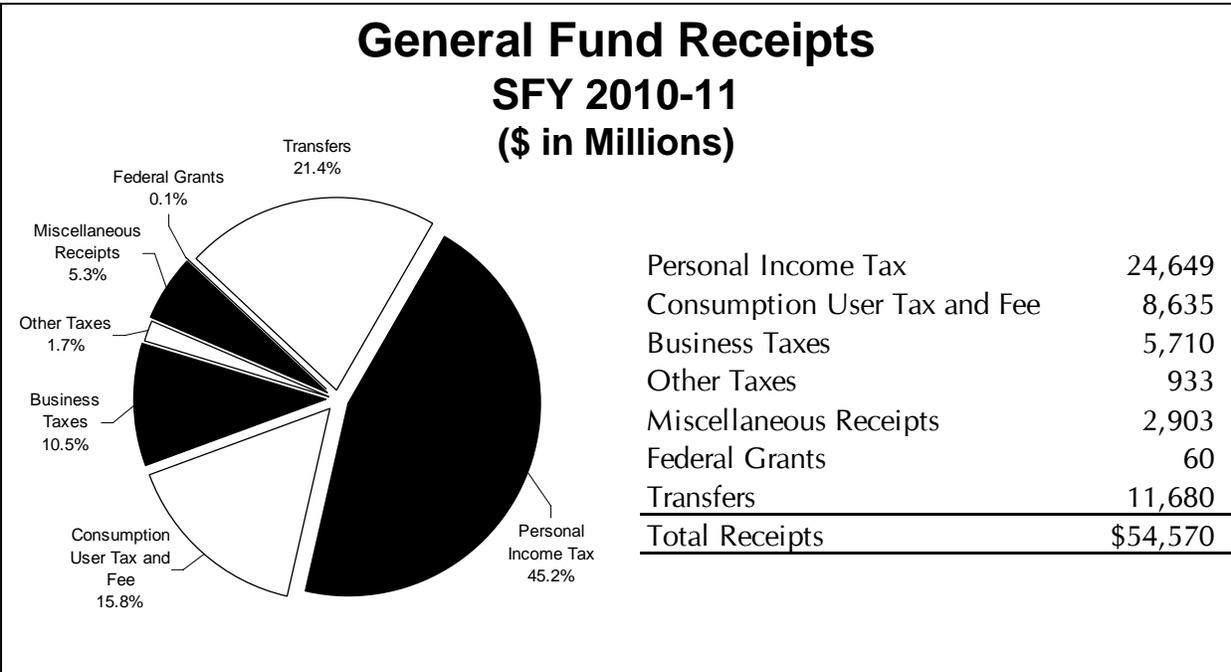


Figure 8

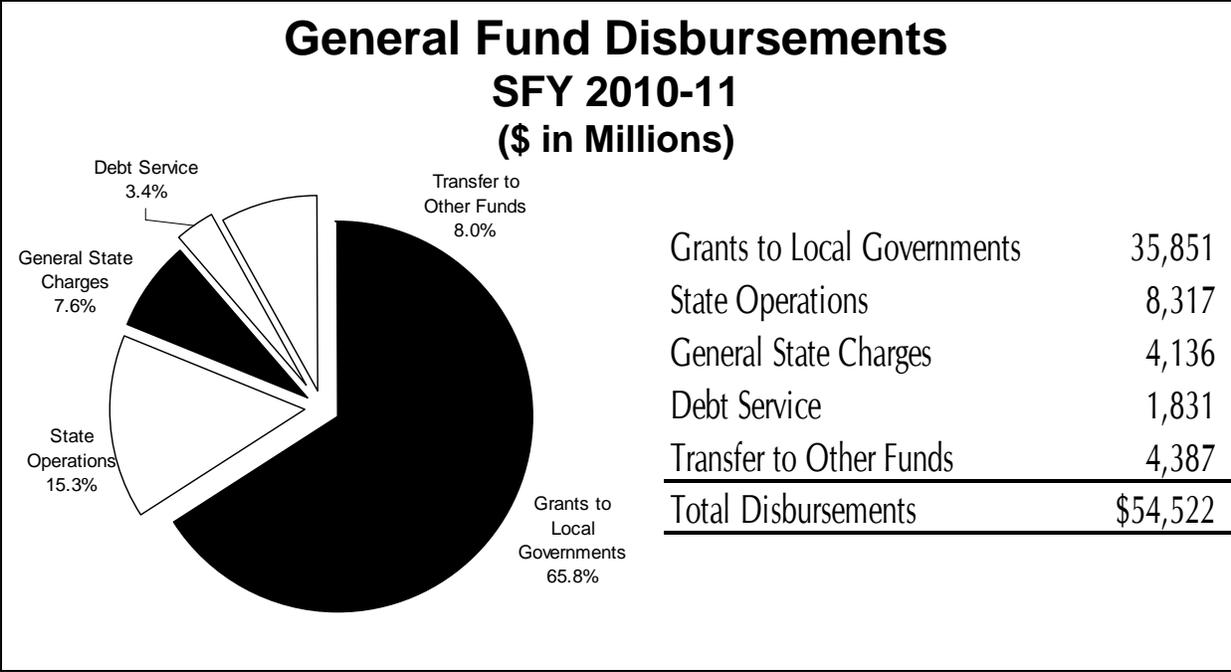


Figure 9

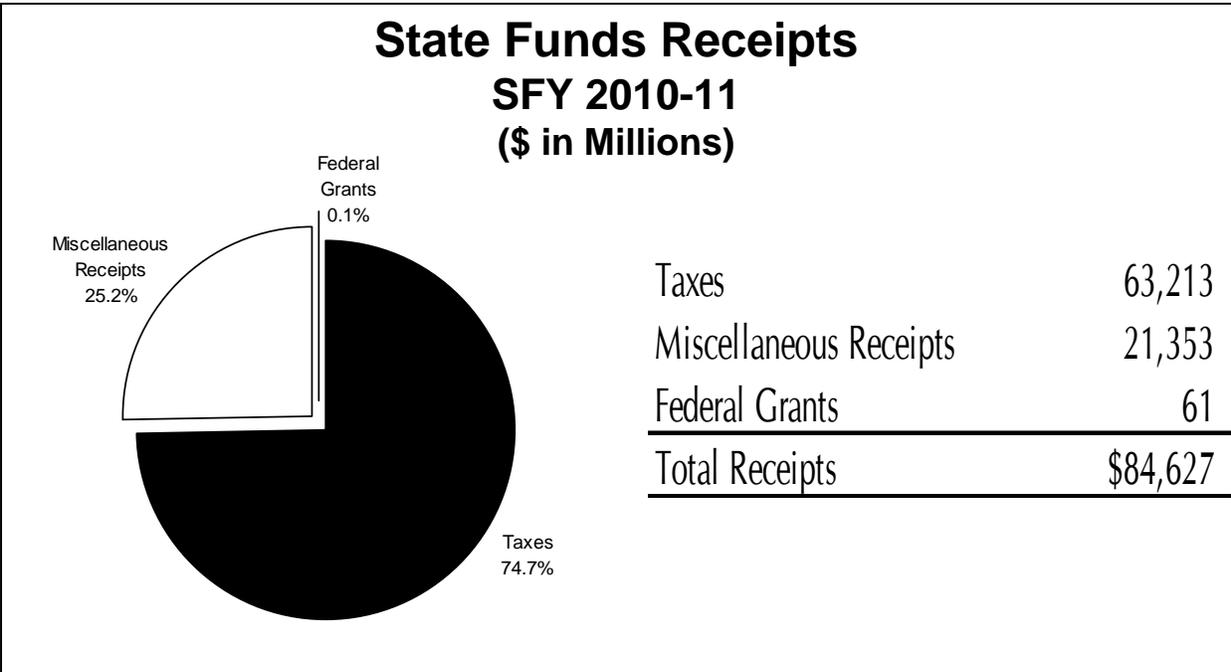


Figure 10

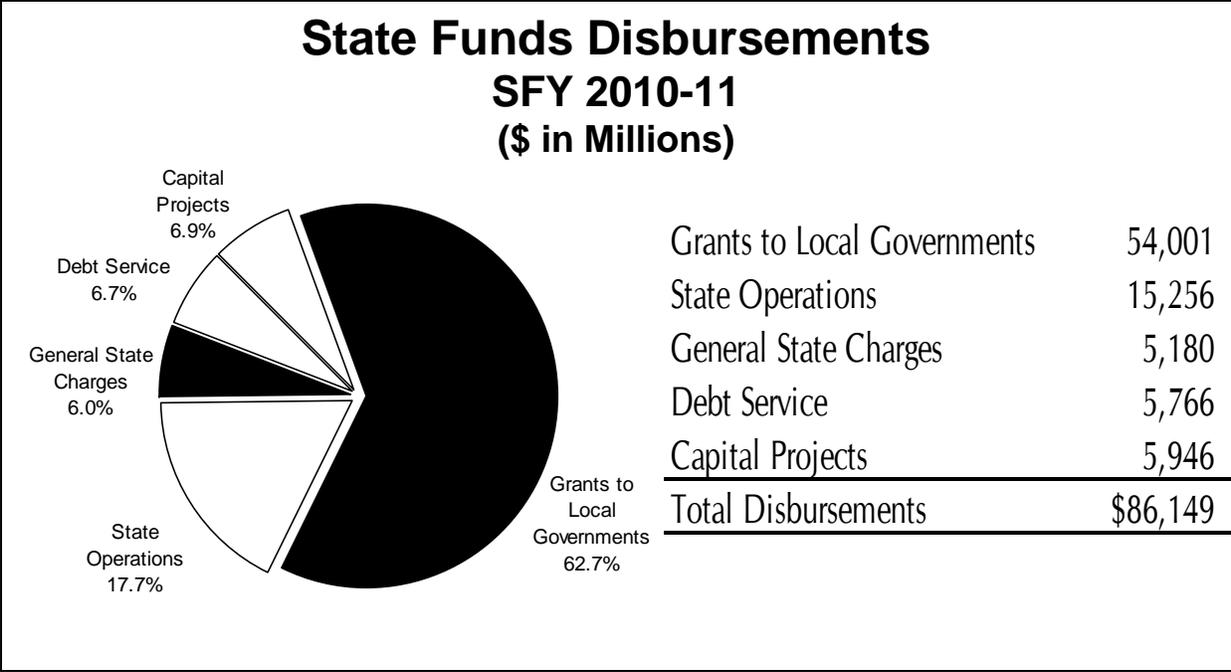


Figure 11

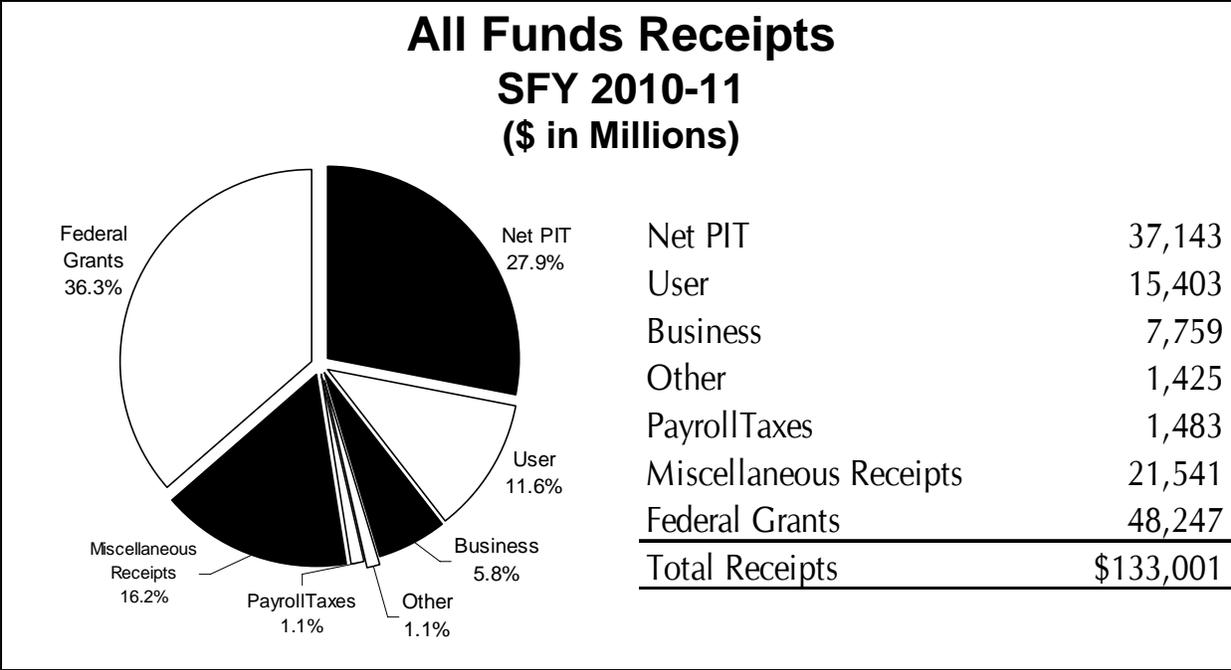


Figure 12

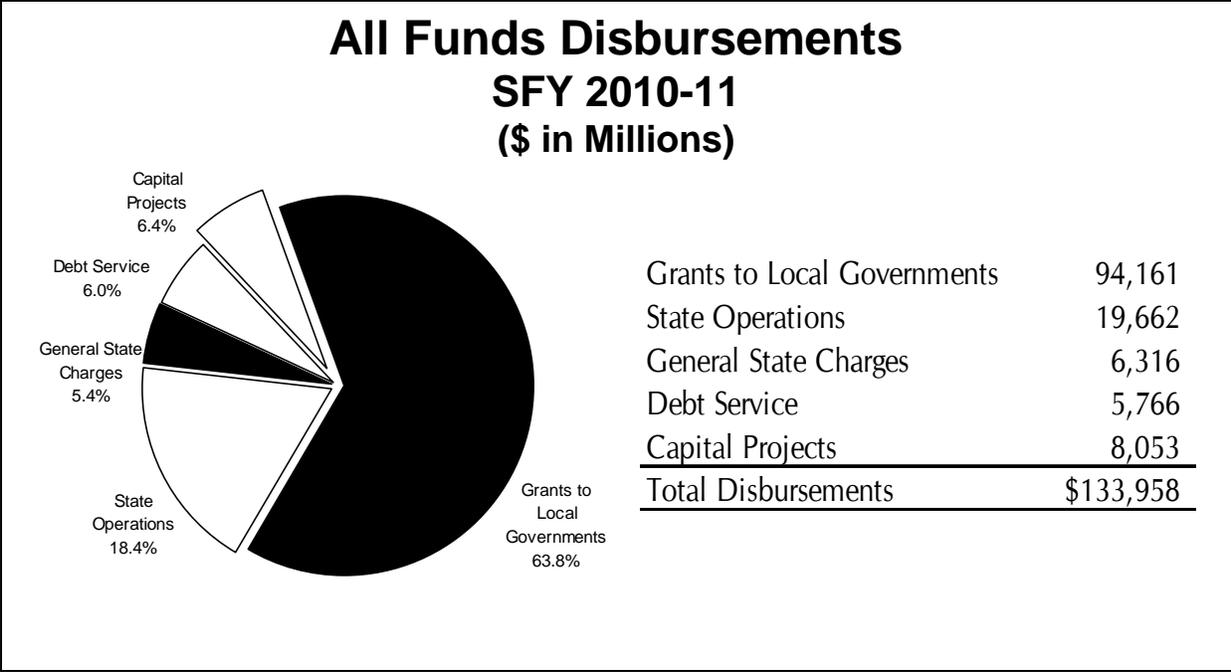


Figure 13

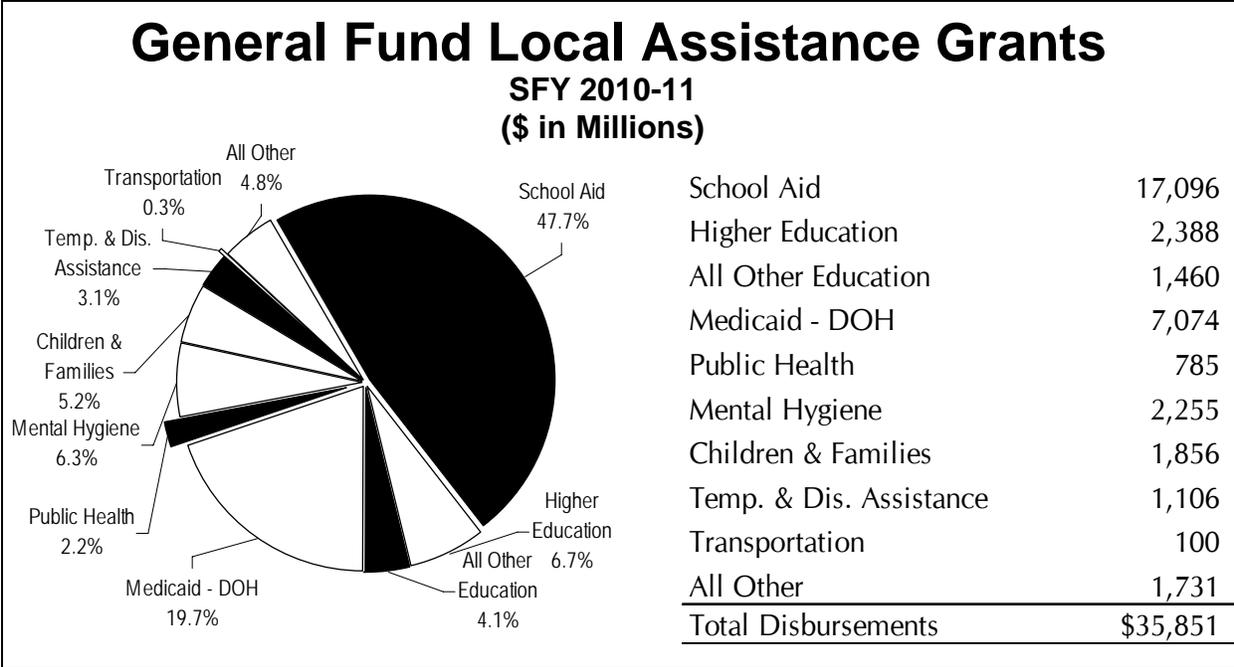


Figure 14

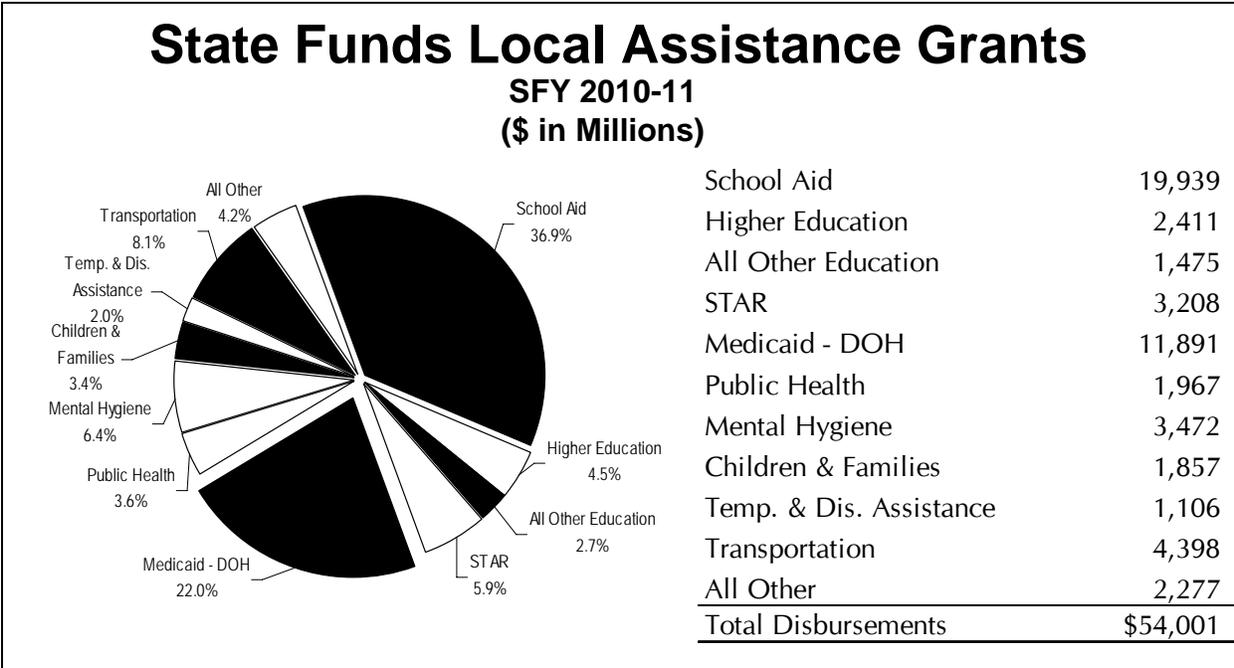


Figure 15

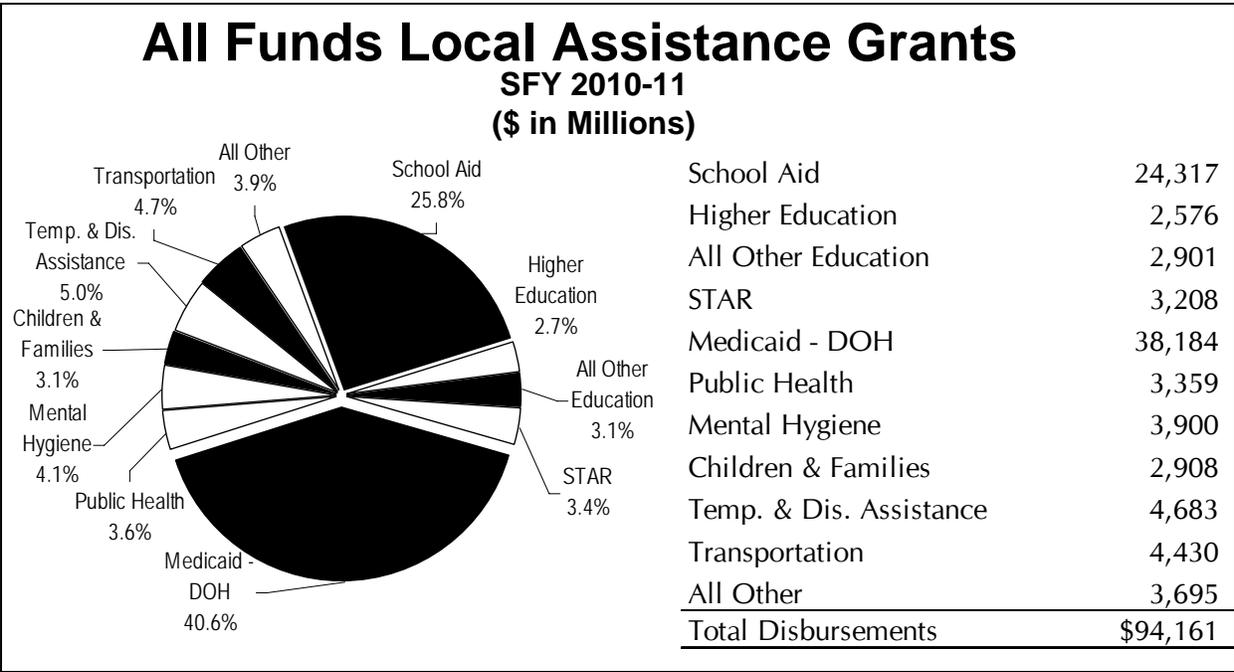


Figure 16

Fund Balance and Reserves

The Executive budget shows virtually no change in the year end closing balance from this year to next year. The Executive estimates the SFY 2010-11 General Fund closing balance will be \$1.4 billion, maintaining \$1 billion in the Tax Stabilization Reserve Fund, \$21 million in

the Contingency Reserve Fund and \$175 million in the Rainy Day Reserve. The Tax Stabilization Reserve Fund is a constitutionally restricted fund that can only be used in the event of a revenue shortfall or deficit during a fiscal year.

Table 16

Closing Fund Balance (\$ in Millions)		
	2009-10	2010-11
Tax Stabilization Reserve Fund	1,031	1,031
Statutory Rainy Day Reserve Fund	175	175
Contingency Reserve Fund	21	21
Community Projects Fund	73	121
Reserved for Debt Reduction	73	73
Total	\$1,373	\$1,421

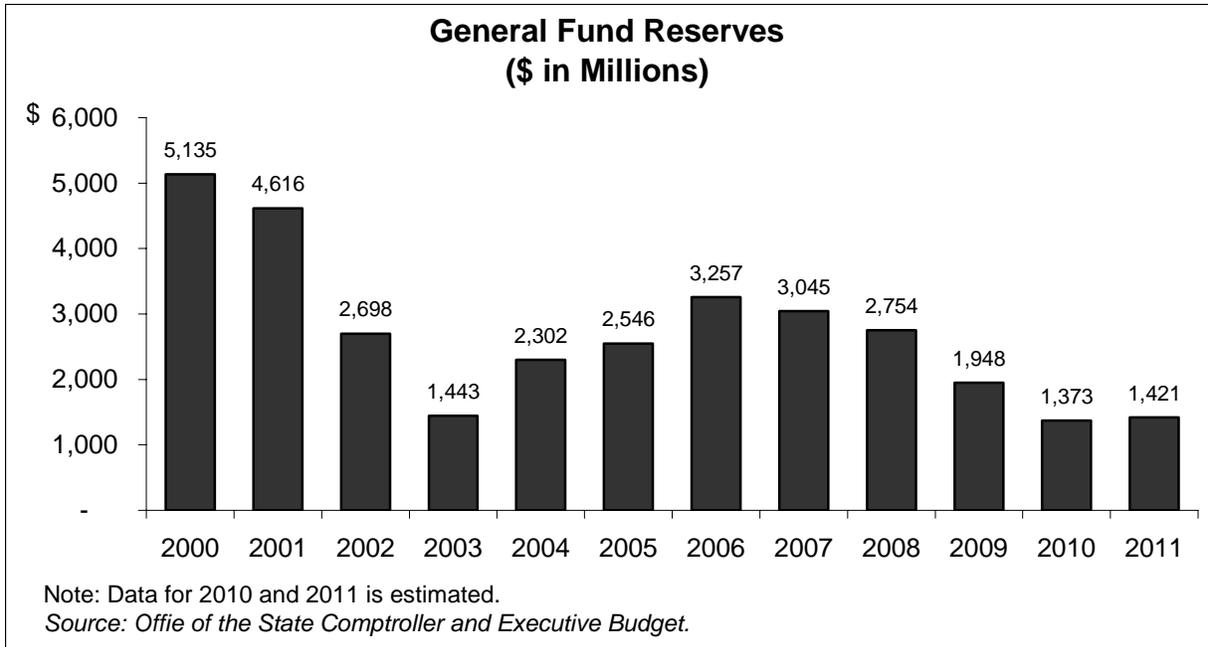


Figure 17

Pension Deferral Plan

The Executive proposes to amortize the State pension contribution costs to save \$216.7 million in the General Fund for SFY 2010-11. An additional amount of pension contribution of \$5 billion will be amortized over the next five years with total repayment of \$7.4 billion. Under the Executive’s plan to amortize its pension contribution costs, the State will incur an additional \$2.1 billion in General Fund spending over the next 16 years.

Transportation CHIPs program, Economic Development and Mental Hygiene. The All Funds budget including Off-Budget spending is \$135.9 billion, an increase of \$668 million or 0.5 percent over SFY 2009-10 estimates.

In addition, as mentioned earlier, \$4.1 billion of university funding would be taken Off-budget.

Off-Budget Spending

The cash Financial Plan does not reflect approximately \$2 billion in Off-budget spending. Off-budget spending is reported in the GAAP Financial Statement. The Off-budget spending consists mostly of \$1.9 billion in Capital projects spending for Higher Education facilities at SUNY and CUNY, Education EXCEL program,

Table 17

Executive's Estimate of Out-year Budget Gaps (\$ in Millions)				
Gap Size in the General Fund				
	2010-11	2011-12	2012-13	2013-14
Current Services Gap Estimates (before any actions)	(\$7,418)	(\$14,311)	(\$18,331)	(\$20,713)
Deficit Reduction Actions (December 2009)	692	811	876	854
Proposed Spending Controls	4,870	5,340	5,358	6,184
Proposed Revenue Actions	1,856	1,874	1,609	1,448
Surplus/(Deficit)	\$0	(\$6,286)	(\$10,488)	(\$12,227)
<i>Source: Executive Budget</i>				

Out-year Services Gaps

Prior to the recommendations of the Executive Budget, the forecast for out-year budget gaps were calculated at \$7.4 billion in SFY 2010-11, \$14.3 billion in 2011-12, \$18.3 billion in 2012-13 and \$20.7 billion in 2013-14. (see Table 17)

The Executive proposes reducing the projected out-year gaps by the following: restraining spending in fastest growing programs, particularly healthcare, education and children and families; creative revenue generation such as the Syrup Excise Tax, Cigarette Tax, Medicaid Provider Assessment, and increasing fees and surcharges.

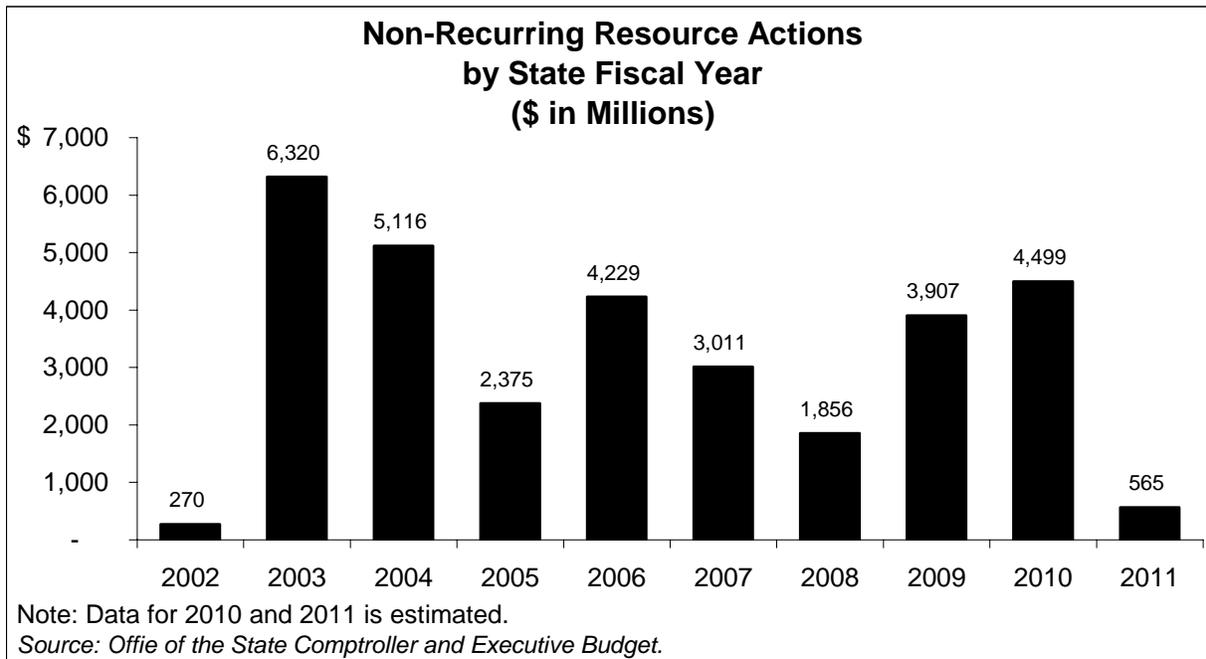


Figure 18

Non-Recurring Action

The Executive budget proposes \$565 million in non-recurring actions to support General Fund operations. These actions include a \$261 million use of TANF Emergency Contingency Fund; \$127 million is related to the timing of payment under the Physician’s Excess Medical Malpractice program; \$50 million in Lottery prize fund receipts to be invested in AAA-rate municipal bonds instead of US Treasury bonds; the recovery of \$32 million in excess aid payments to school districts from prior years; and \$95 million in available Special Revenue Fund balances and other resources.

In addition, for SFY 2009-10 the Executive proposes to delay \$500 million in Personal Income Tax refund to transfer

operating deficit into the following fiscal year.

As mentioned earlier, the Executive did not recognize \$10.1 billion in temporary budget closing actions as non-recurring this year.

Table 18

PROPOSED DISBURSEMENTS BY PROGRAM CATEGORY				
ALL FUNDS				
(\$ in Thousands)				
	Estimated 2009-10	Proposed 2010-11	Change	Percent Change
Health & Social Welfare				
Medical Assistance	\$38,338,069	\$38,184,325	(\$153,744)	(0.4)
Income Maintenance	5,364,499	5,106,653	(257,846)	(4.8)
Health	4,543,136	4,708,639	165,503	3.6
Other	5,656,448	5,148,337	(508,111)	(9.0)
Health - Total	\$53,902,152	\$53,147,954	(\$754,198)	(1.4)
Education				
School Aid	\$24,601,563	\$24,191,240	(\$410,323)	(1.7)
State University	7,287,088	7,410,391	123,303	1.7
City University	1,663,720	1,383,542	(280,178)	(16.8)
Other	4,577,195	4,626,631	49,436	1.1
Education - Total	\$38,129,566	\$37,611,804	(\$517,762)	(1.4)
Star Property Tax Relief	\$3,419,450	\$3,207,570	(\$211,880)	(6.2)
Mental Health				
Mental Health	\$3,212,365	\$3,413,532	\$201,167	6.3
Developmentally Disabled	4,269,833	4,464,575	194,742	4.6
Other	587,969	620,865	32,896	5.6
Mental Health - Total	\$8,070,167	\$8,498,972	\$428,805	5.3
Transportation	\$8,240,165	\$9,137,728	\$897,563	10.9
Public Protection	\$5,013,043	\$4,800,729	(\$212,314)	(4.2)
General Government	\$1,315,126	\$1,370,601	\$55,475	4.2
Parks and the Environment	\$1,461,614	\$1,319,379	(\$142,235)	(9.7)
Econ Dev & Govt Oversight	\$1,676,955	\$1,718,242	\$41,287	2.5
All Others				
Local Government Assistance	\$1,084,848	\$768,867	(\$315,981)	(29.1)
General State Charges	3,121,137	3,352,040	230,903	7.4
Long Term Debt Service	4,995,826	5,858,374	862,548	17.3
Other	2,744,235	3,166,217	421,982	15.4
All Others - Total	\$11,946,046	\$13,145,498	\$1,199,452	10.0
Total	\$133,174,284	\$133,958,477	\$784,193	0.6

Source: Executive Budget.

Table 19

PROPOSED DISBURSEMENTS BY PROGRAM CATEGORY				
STATE FUND				
(\$ in Thousands)				
	Estimated 2009-10	Proposed 2010-11	Change	Percent Change
Health & Social Welfare				
Medical Assistance	\$10,983,775	\$12,251,702	\$1,267,927	11.5
Income Maintenance	1,396,114	1,213,363	(182,751)	(13.1)
Health	\$2,705,055	\$2,895,316	190,261	7.0
Other	2,766,053	2,488,458	(277,595)	(10.0)
Health - Total	\$17,850,997	\$18,848,839	\$997,842	5.6
Education				
School Aid	\$20,345,073	\$19,813,140	(\$531,933)	(2.6)
State University	7,021,916	7,081,018	59,102	0.8
City University	1,649,990	1,350,763	(299,227)	(18.1)
Other	2,937,039	2,850,997	(86,042)	(2.9)
Education - Total	\$31,954,018	\$31,095,918	(\$858,100)	(2.7)
Star Property Tax Relief	\$3,419,450	\$3,207,570	(\$211,880)	(6.2)
Mental Health				
Mental Health	\$2,049,988	\$2,142,367	\$92,379	4.5
Developmentally Disabled	2,152,584	2,236,582	83,998	3.9
Other	435,284	465,041	29,757	6.8
Mental Health - Total	\$4,637,856	\$4,843,990	\$206,134	4.4
Transportation	\$6,399,589	\$6,947,628	\$548,039	8.6
Public Protection	\$4,385,011	\$4,248,639	(\$136,372)	(3.1)
General Government	\$1,146,084	\$1,146,852	\$768	0.1
Parks and the Environment	\$1,067,511	\$915,311	(\$152,200)	(14.3)
Econ Dev & Govt Oversight	\$1,661,122	\$1,705,036	\$43,914	2.6
All Others				
Local Government Assistance	\$1,084,848	\$768,867	(\$315,981)	(29.1)
General State Charges	3,121,137	3,352,040	230,903	7.4
Long Term Debt Service	4,995,826	5,858,374	862,548	17.3
Other	\$2,917,329	\$3,211,019	293,690	10.1
All Others - Total	\$12,119,140	\$13,190,300	\$1,071,160	8.8
Total	\$84,640,778	\$86,150,083	\$1,509,305	1.8

Source: Executive Budget.

Table 20

PROPOSED DISBURSEMENTS BY PROGRAM CATEGORY				
GENERAL FUND				
(\$ in Thousands)				
	Estimated 2009-10	Proposed 2010-11	Change	Percent Change
Health & Social Welfare				
Medical Assistance	\$6,033,907	\$6,592,771	\$558,864	9.3
Income Maintenance	1,355,967	1,168,159	(187,808)	(13.9)
Health	7,539,194	8,210,097	670,903	8.9
Other	(3,885,637)	(4,385,409)	(499,772)	12.9
Health - Total	\$11,043,431	\$11,585,618	\$542,187	4.9
Education				
School Aid	\$17,519,073	\$16,970,140	(\$548,933)	(3.1)
State University	1,842,339	1,615,586	(226,753)	(12.3)
City University	1,526,282	1,199,983	(326,299)	(21.4)
Other	2,574,092	2,505,239	(68,853)	(2.7)
Education - Total	\$23,461,786	\$22,290,948	(\$1,170,838)	(5.0)
Mental Health				
Mental Health	\$112,367	\$113,048	\$681	0.6
Developmentally Disabled	1,533,319	1,593,603	60,284	3.9
Other	548,873	554,245	5,372	1.0
Mental Health - Total	\$2,194,559	\$2,260,896	\$66,337	3.0
Transportation	\$65,267	\$100,975	\$35,708	54.7
Public Protection	\$3,672,498	\$3,326,773	(\$345,725)	(9.4)
General Government	\$720,361	\$729,187	\$8,826	1.2
Parks and the Environment	\$279,998	\$240,244	(\$39,754)	(14.2)
Econ Dev & Govt Oversight	\$256,630	\$226,546	(\$30,084)	(11.7)
All Others				
Local Government Assistance	\$1,084,848	\$768,867	(\$315,981)	(29.1)
General State Charges/Misc	3,129,497	3,846,398	716,901	22.9
Other	2,823,025	2,928,013	104,988	3.7
All Other - Total	\$7,037,370	\$7,543,278	\$505,908	7.2
Transfers to Other Funds	\$5,397,527	\$6,217,548	\$820,021	15.2
Total	\$54,129,427	\$54,522,013	392,586	0.7

Source: Executive Budget.

Table 21

Out-year Disbursement Projections - General Fund							
(\$ in Thousands)							
	<u>2010-11</u>	<u>2011-12</u>	<u>Annual</u> <u>\$ Change</u>	<u>2012-13</u>	<u>Annual</u> <u>\$ Change</u>	<u>2013-14</u>	<u>Annual</u> <u>\$ Change</u>
Grants to Local Governments:	\$35,851	\$42,643	\$6,792	\$46,301	\$3,658	\$49,786	\$3,485
School Aid	17,096	18,801	1,705	20,728	1,927	22,339	1,611
Medicaid (inc. administration)	7,074	11,095	4,021	12,130	1,035	13,622	1,492
Higher Education	2,389	2,557	168	2,644	87	2,731	87
Mental Hygiene	2,255	2,392	137	2,526	134	2,666	140
Children and Family Services	1,856	2,076	220	2,281	205	2,508	227
Other Education Aid	1,460	1,807	347	1,885	78	1,941	56
Temporary / Disability Assistance	1,106	1,435	329	1,572	137	1,581	9
All Other	2,615	2,480	(135)	2,535	55	2,398	(137)
State Operations:	\$8,317	\$8,760	\$443	\$9,009	\$249	\$9,100	\$91
Personal Service	6,399	6,690	291	6,889	199	6,903	14
Non-Personal Service	1,918	2,070	152	2,120	50	2,197	77
General State Charges	\$4,136	\$4,411	\$275	\$4,615	\$204	\$5,009	\$394
Pensions	1,519	1,673	154	1,870	197	2,334	464
Health Ins. (Active Employees)	1,826	2,009	183	2,177	168	2,357	180
Health Ins. (Retired Employees)	1,184	1,304	120	1,416	112	1,536	120
Fringe Benefit Escrow	(2,334)	(2,535)	(201)	(2,731)	(196)	(2,819)	(88)
All Other	1,941	1,960	19	1,883	(77)	1,601	(282)
Transfers to Other Funds:	\$6,218	\$7,498	\$1,280	\$7,979	\$481	\$8,429	\$450
State Share Medicaid	\$2,536	\$3,115	579	\$3,117	2	\$3,083	(34)
Debt Service	1,831	1,757	(74)	1,743	(14)	1,675	(68)
Capital Projects	1,084	1,337	253	1,485	148	1,646	161
All Other	767	1,289	522	1,634	345	2,025	391
TOTAL DISBURSEMENTS	\$54,522	\$63,312	\$8,790	\$67,904	\$4,592	\$72,324	\$4,420
<i>Annual Percent Change</i>		16.1%		7.3%		6.5%	

CAPITAL PROGRAM AND FINANCING PLAN

The Five-Year Capital Plan

The Executive is proposing a \$48.8 billion Five-Year Capital Plan (see Table 22). The \$10.8 billion Capital Plan for SFY 2010-11 has increased by 8 percent, or \$765 million, from SFY 2009-10 and includes “Off-budget spending” of \$1.9 billion from bond proceeds by public authorities. Nevertheless, new capital initiatives have been significantly reduced and existing projects have been prioritized in order to contain costs. (see Table 23)

The Capital Plan for SFY 2010-11 will include the Capital Reduction Program which will decrease previously planned projects financed with debt by extending the period of time in which the capital projects will be implemented. The five-year plan will save \$1.8 billion in

capital costs resulting in a direct savings of \$360 million in debt service costs, thereby negating any exposure to debt service cap limits.

This new program will continue to maintain critical investments in infrastructure and health and safety while deferring or eliminating lower priority projects. The Dedicated Highway and Bridge Trust Fund support for DOT Highway and Bridge program will not be reduced. For this fiscal year it is estimated that the State will save \$238 million in capital costs and approximately \$10 million in debt service savings. \$1.8 billion also includes a savings of \$147 million in capital reduction savings in 2009-10.

Table 22

Capital Spending by Function 5-Year Plan (\$ in Thousands)						
Spending	2010-11	2011-12	2012-13	2013-14	2014-15	Total 5-Yr
Transportation	\$4,945,845	\$5,103,788	\$5,144,270	\$5,086,141	\$4,894,674	\$25,174,718
Other Higher Education/ Education Programs	1,925,661	1,739,458	1,594,019	1,648,231	1,674,086	\$8,581,455
Economic Development & Gov't. Oversight	1,144,711	952,691	460,501	498,800	442,671	\$3,499,374
Mental Hygiene	483,650	668,408	755,462	666,987	667,474	\$3,241,981
Parks and Environment	765,096	514,651	509,396	477,596	473,304	\$2,740,043
Health and Social Welfare	522,776	708,958	333,913	227,349	153,518	\$1,946,514
Public Protection	409,014	396,271	368,105	372,302	374,643	\$1,920,335
Education - EXCEL	211,054	200,000	-	-	-	\$411,054
General Government	90,301	97,424	122,863	81,619	72,633	\$464,840
Other	258,957	201,700	172,900	100,000	100,000	\$833,557
Total	\$10,757,065	\$10,583,349	\$9,461,429	\$9,159,025	\$8,853,003	\$48,813,871

Table 23

Capital Reduction Program Spending Decreases from Current-Services Forecast by Function 2010-11 through 2014-2015 (\$ in Thousands)						
Spending	2010-11	2011-12	2012-13	2013-14	2014-15	Total 5-Yr*
Transportation	(\$10,478)	(\$12,480)	(\$11,333)	(\$10,608)	(\$10,383)	(\$55,282)
Parks and Environment	(27,900)	(10,200)	(6,000)	(42,800)	(47,200)	(134,100)
Economic Development & Gov't. Oversight	(48,165)	(65,220)	(93,160)	(64,220)	(48,165)	(318,930)
Health and Social Welfare	(6,664)	(10,403)	(15,353)	(7,012)	(6,798)	(46,230)
Education/ Higher Education Programs	(72,516)	(107,300)	(157,691)	(190,615)	(207,291)	(735,413)
Public Protection	(13,535)	(28,529)	(33,695)	(43,998)	(42,657)	(162,414)
Mental Hygiene	(56,872)	(44,167)	(25,813)	(16,564)	(15,964)	(159,380)
General Government	(1,908)	(4,076)	(2,137)	(2,441)	(2,367)	(12,929)
Total 5-Year Savings	(\$238,038)	(\$282,375)	(\$345,182)	(\$378,258)	(\$380,825)	(\$1,624,678)
Savings in 2009-10	-	-	-	-	-	(\$147,000)
Grand Total Savings	(\$238,038)	(\$282,375)	(\$345,182)	(\$378,258)	(\$380,825)	(\$1,771,678)
Estimate Debt Service Savings	(\$10,000)	(\$37,000)	(\$78,000)	(\$100,000)	(\$135,000)	(\$360,000)

Table 24

Capital Spending by Financing Sources SFY 2009-10 through SFY 2014-15 (\$ in Thousands)						
Financing	SFY 10-11	SFY 11-12	SFY 12-13	SFY 13-14	SFY 14-15	TOTAL 5-Yr
State Pay-As-You-Go	\$2,249,708	\$2,674,298	\$2,509,026	\$2,563,219	\$2,691,512	\$12,687,763
Federal Pay-As-You-Go	2,635,151	2,576,704	2,616,768	2,531,636	2,346,055	\$12,706,314
General Obligation	586,183	495,494	428,043	343,290	310,262	\$2,163,272
Public Authority	<u>5,286,023</u>	<u>4,836,853</u>	<u>3,907,592</u>	<u>3,720,880</u>	<u>3,505,174</u>	<u>\$21,256,522</u>
Total	\$10,757,065	\$10,583,349	\$9,461,429	\$9,159,025	\$8,853,003	\$48,813,871

State Financing of Capital Projects

The State uses four different financing sources to support its programs: State Pay-as-you-go (PAYGO), Federal PAYGO, General Obligation Bonding, and Public Authority Bonding. (see Table 24)

The Executive proposes to finance the Five-Year Capital program with a combination of PAYGO and bonded resources. State PAYGO is estimated to be \$2.25 billion or 20.91 percent; Federal PAYGO \$2.6 billion or 24.5 percent; General Obligation bonding of \$590 million or 5.45 percent; and Public Authority bonding \$5.29 billion or 49.14 percent.

PAYGO

State

State PAYGO resources consists of General Fund taxes, other taxes and user fees dedicated for specific capital programs, repayment from Local Government and Public Authorities for their share of the projects, and transfers from other funds including the General Fund. Capital Projects financed by State PAYGO Resources will total \$2.25 billion

for SFY 2010-11. (see Table 25) Capital spending supported by General Fund receipts is classified as a transfer to the various Capital Projects Funds. Transfers to capital projects from the General Fund are estimated to be \$1.1 billion in SFY 2010-11 and up to \$1.5 billion annually over the Five Year Plan. General Fund transfers to capital projects essentially finances non-bond eligible capital spending, including minor rehabilitation of facilities operated by Office of General Services, Department of Environmental Conservation, Parks and the Department of Mental Hygiene. General Fund transfers also includes: \$5 million annually to the Hazardous Waste Remedial Fund to support the State Superfund program.

Over \$866 million will be annually designated for the Dedicated Highway Bridge and Trust Fund (DHBTf) from various transportation taxes.

Table 25

Five-Year Capital Projects Financed by State PAYGO Resources (\$ in Thousands)	
	SFY 2010-11
Transportation	\$1,362,236
Parks and Environment	210,764
Economic Dev. & Gov't Oversight	102,575
Health and Social Welfare	254,500
Education	170,431
Public Protection	16,549
Mental Hygiene	79,924
General Government	48,729
Other	4,000
Total State PAYGO Financing	\$2,249,708

Federal

Federal PAYGO resources for SFY 2010-11 year will total \$2.64 billion, portioned primarily to transportation (\$2.1 billion) and Environmental projects (\$340 million). The Capital Plan for federal spending will also include \$205 million for Department of Health Safe Drinking Water projects. Federal PAYGO supports spending financed by grants from the federal government, earmarked for highways and bridges, drinking water and water pollution control facilities, public protection and housing and will total \$12.7 billion over the five-year capital plan. (see Table 26)

Table 26

Federal PAYGO Resources (\$ in Thousands)	
	SFY 2010-11
Transportation	\$2,107,744
Parks and Environment	340,289
Economic Dev. & Gov't Oversight	3,000
Health and Social Welfare	89,118
Public Protection	45,000
Other	50,000
Total Federal PAYGO Financing	\$2,635,151

Bond Financing

General Obligation

General Obligation bonds are voter-approved and therefore backed by the taxing authority of the State.

Table 27

Five-Year Capital Projects Financed by General Obligation Resources (\$ in Thousands)	
	SFY 2010-11
Transportation	\$529,740
Parks and Environment	56,443
Total General Obligation Financing	\$586,183

There are nine voter approved bond acts, five for transportation, four for parks and environment. The financing for the 2005 Rebuild and Renew New York Bond Act currently takes up the bulk of the General Obligation financing. It is projected that spending authorizations from seven of the eight acts will be exhausted by 2013. The State expects to issue \$606 million of general obligation bonds for Rebuild and Renew New York Transportation Bond Act of 2005 and \$549 million of other transportation purposes and \$57 million of clean water/clean air and other environmental bond acts. (see Table 27)

Public Authority

Public Authority bonds will be issued to support bond-financed capital projects over the plan. The security for these State supported debts issued by State public authorities is provided by the appropriations of the Legislature in the Debt Service Appropriation Bill.

Table 28

Five-Year Capital Projects Financed by Authority Bonds Resources (\$ in Thousands)	
	SFY 2010-11
Transportation	\$946,125
Parks and Environment	157,600
Economic Dev. & Gov't Oversight	1,039,136
Health and Social Welfare	179,158
Education	1,966,284
Public Protection	347,465
Mental Hygiene	403,726
General Government	41,572
Other	204,957
Total Authority Bonds Financing	\$5,286,023

The SFY 2010-11 five-year Capital Plan will finance \$5.28 billion through the issuance of Authority Bonds. Transportation, Economic Development and Government Oversight and Education programs are heavily supported by Authority Bonds. Proceeds of authority bonds will fund \$946 million in transportation projects, \$1.97 billion in Education projects and \$1.04 billion in Economic Development and Government Oversight projects.

State Personal Income Tax (PIT) Revenue Bonds will finance \$800 million of Economic Development initiatives to support the following programs: SIP, Economic Development Projects for the Buffalo area, AMD, CEFAP, the Regional Economic Growth Program, the New York State Economic Development Program, high technology and other business investment programs. State PIT Revenue Bonds will also fund \$1.9 billion for Education, \$164 million for Environmental, \$454 million for Transportation, \$127 million for Health Care and \$885 million for State Facilities and Equipment Bonds. The remaining

\$956 million in 2010-11 will be financed by other revenue credits. (see Table 28)

Executive SFY 2010-11 proposal for State-supported Debt Outstanding

Total amount of state-supported debt outstanding will total \$53.5 billion and increase of \$3.06 billion over SFY 2009-10 (see Table 29). This is offset by \$2.8 billion in debt retirements and \$5.9 billion in state-supported debt issuances. NYS state-supported debt will be issued through the following financing programs: \$606 million in General Obligation Bonds (which includes Environment and Transportation) financing; \$4.36 billion Revenue Bonds (Economic Development and Housing, Education, Environment, Health and Mental Hygiene, State Facilities and Equipment, and Transportation); \$932 million in Other Revenue (which includes Education, Health and Mental Hygiene and Transportation).

Table 29

Projected Debt Outstanding (\$ in Thousands)		
	SFY 2009-10	Projected SFY 2010-11
General Obligation	\$3,399,091	\$3,644,235
LGAC	3,638,940	3,436,468
PA Debt -Other Lease-Purchase & Contractual Obligation (Revenue Bonds)	<u>\$43,413,353</u>	<u>\$46,434,047</u>
Total State-supported Debt	\$50,451,384	\$53,514,750
Other State Obligations:		
Tobacco	\$3,256,805	\$2,929,550
All Other	<u>\$1,123,039</u>	<u>\$1,037,852</u>
Total State-related Debt	\$54,831,228	\$57,482,152

Transportation and Education, which make up 30 percent and 28 percent of debt outstanding, dominate the State's obligations. The remaining obligations by function of debt outstanding are 12 percent in State Facilities and Equipment, six percent in LGAC, nine

percent in Health and Mental Hygiene, five percent in Environment, 10 percent in Economic Development and Housing, five percent in Tobacco and two percent in other areas. (see Figure 19)

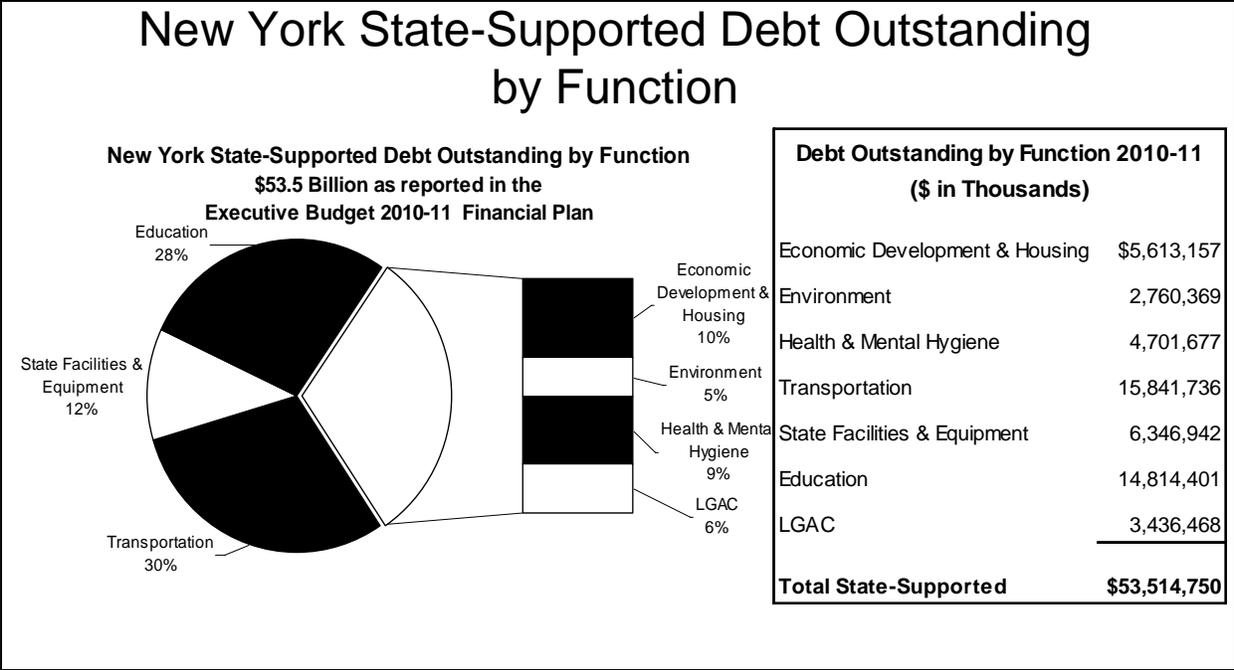


Figure 19

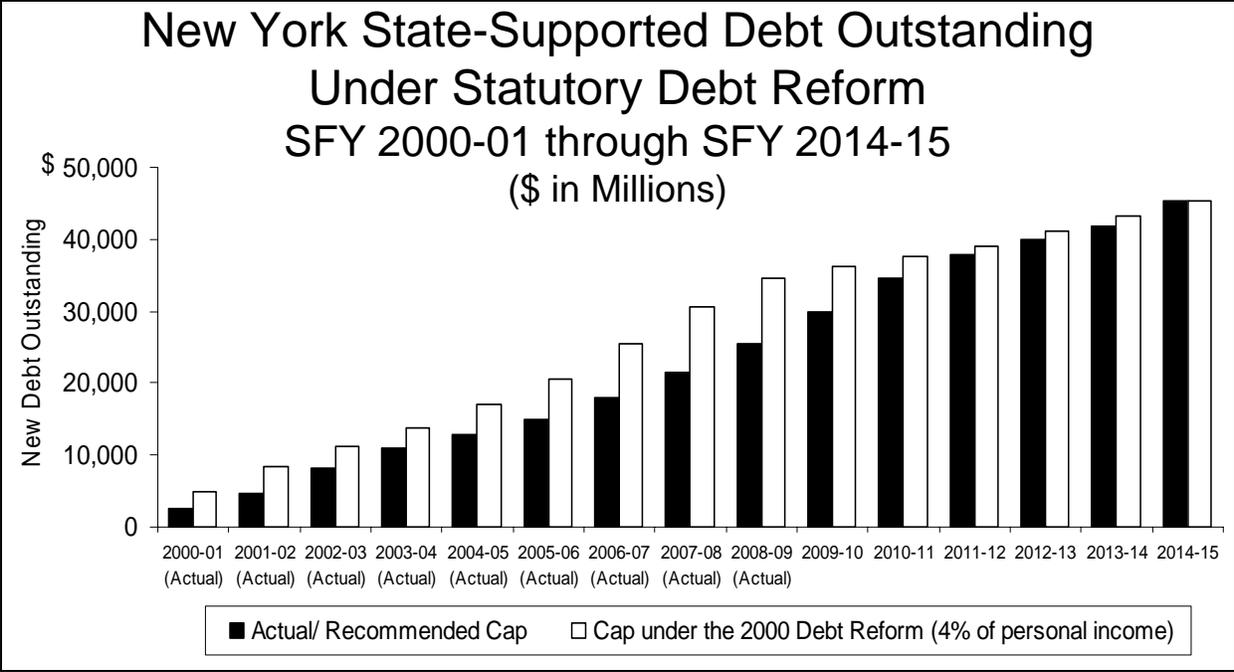


Figure 20

General Obligation Bond (GO) Financing

General Obligation Bonds are issued with the full faith and credit of the State by voter authorization. Only 5 percent of total State-supported debt outstanding is GO bond debt. The \$3.64 billion in outstanding GO bonds represents: \$77.5 million in Economic Development and Housing; \$1.44 billion in Environment, and \$2.13 billion in Transportation. For SFY 2010-11 the State will pay \$503 million in GO debt service and will issue \$606 million in bonds.

General obligation bonds are the only debt obligations that the State is required to pay for by law.

Revenue Bonds

Personal Income Tax (PIT) Revenue Bonds are backed by 25 percent of Income Tax revenues. The following programs are supported by Revenue Bonds: Education, Environment, Transportation, Economic Development and Housing, Health Care, and State Facilities and Equipment. (see Table 30)

Specifically Education supports SUNY, CUNY, Expanding our Children's Education and Learning (EXCEL), NYS Office of Science and Technology, and Academic Research (NYSTAR); Environment supports State Revolving Fund, State Superfund, West Valley and other environmental projects; Transportation supports the CHIPs program to aid local transportation projects; Economic Development and Housing, Health Care, capital projects for the Division of Military and Naval Affairs

and equipment bonds, including for software development.

Table 30

Revenue Bonds State-supported Debt Outstanding (\$ in Thousands)	
	SFY 2010-11
Revenue:	
Education	\$8,615,263
Environment	1,184,881
Transportation	2,605,991
Economic Development & Housing	4,583,374
Health Care	960,446
State Facilities & Equipment	3,512,404
Other Revenue:	
Education - SUNY Dorms	1,089,100
Health & Mental Hygiene	
Health Income	299,760
Mental Health Services	3,397,471
LGAC - Sales Tax	3,436,468
Transportation - Dedicated Highway	7,752,200
Total All Revenue Bonds	\$37,437,358

Other Revenue Bonds are backed by a separate dedicated revenue stream relating to the projects that they fund, for example SUNY Dormitories would be backed by student fees.

Service Contract and Lease-Purchase Agreements

The State enters into Service Contract and Lease-Purchase Agreements with Public Benefit Corporations, Municipalities and Other entities.

A lease-purchase agreement is a title asset that will revert back to the State at the end of the lease. Examples of these assets are: Capital Lease-Purchase Agreements (electronic data processing or telecommunications equipment) and Real

Property Capital Lease-Purchase
Agreements.

Table 31

Service Contract & Lease-Purchase Agreements State-supported Debt Outstanding (\$ in Thousands)	
	SFY 2010-11
Economic Development & Housing	\$952,286
Education	5,110,038
Environment	137,781
Health & Mental Hygiene	44,000
State Facilities & Equipment	2,834,539
Transportation	3,354,515
Total	\$12,433,159

These debt financings enable Hospitals, Schools and other facilities to purchase new technical equipment and other assets that would be too costly for them to purchase outright. (see Table 31)

State-related Debt

The Executive defines State-related debt to include the following debt obligations in addition to State-supported debt: Contingent Contractual Obligation (Tobacco Settlement Financing Corporation, DASNY/MCFFA Secured Hospital Program), Moral Obligation (Housing Finance Agency Moral Obligation Bonds, MCFFA Nursing Homes and Hospitals), State Guaranteed Debt (Job Development Authority) and State Funded Debt (MBAA Prior Year School Aid Claims).

Contingent Contractual Obligations are agreements by the State to fund the debt service payments related to a bonded debt issuance only in the case that debt service payments can't be made.

Moral Obligation bonds are issued by an authority to finance a revenue-producing

project. The debt is secured by project revenues with statutory provisions morally committing the State.

State Guaranteed debt is public authority debt that finances or guarantees loans which encourages economic development throughout the State and is limited to only \$750 million outstanding. Currently, State Guaranteed debt outstanding is \$23.2 million.

State Funded debt was created to enable the State to purchase delinquent tax liens from NYS Municipalities through the Municipal Bond Bank Agency (MBBA). Currently, State funded debt outstanding is \$395.8 million. (see Table 32)

Table 32

State-related Debt Outstanding (Other State Debt Obligations in addition to State-supported) (\$ in Thousands)	
	SFY 2010-11
Contingent Contractual	
DASNY/MCFFA Secured Hospitals Prg.	\$586,390
Tobacco Settlement Financing Corp.	2,929,550
Moral Obligation	
HFA Moral Obligation Bonds	29,987
MCFFA Nursing Homes & Hospitals	2,480
State Guaranteed	
Job Development Authority (JDA)	23,220
State Funded	
MBBA Prior Year School Aid Claims	395,775
Total	\$3,967,402

The Executive began reporting State related debt in their proposed SFY 2006-07 Executive Budget. The Executive also reports State-related debt in the Annual Information Statement (which is certified by the Comptroller). The use of State-related debt surfaced in SFY 2003-04 with the issuance of the Tobacco Bonds. (see Figure 21)

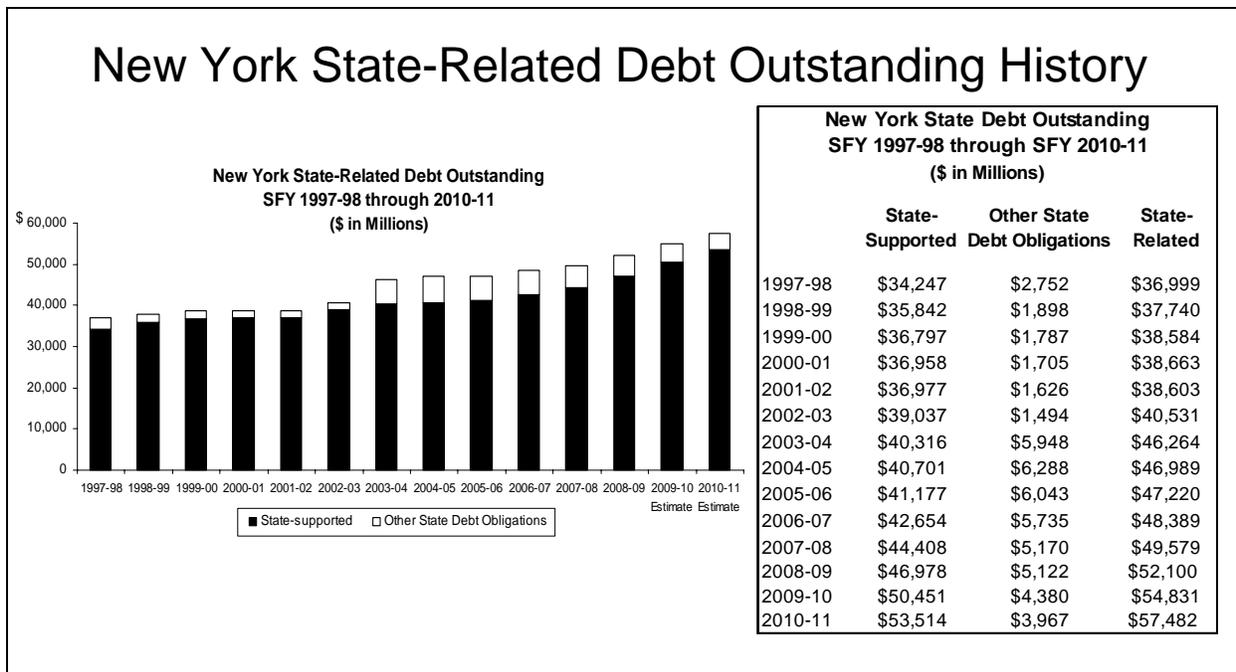


Figure 21

New York State Credit Rating

The Executive has reported that New York State has maintained a favorable credit rating for its general obligation bonds. (see Table 33) A favorable rating by credit rating agencies lowers State borrowing costs and allows for greater access to financial markets.

Table 33

State of New York General Obligation Credit Ratings (as of January 2008)		
	Rating	Outlook
Fitch	AA-	Stable
Moody's Investor Service	Aa3	Stable
Standard and Poor's Ratings Services	AA	Stable

Source: NYS DOB, Fitch, Moody's and S&P

American Recovery and Reinvestment Act of 2009 (ARRA)

The federal government initiated several bond programs through the ARRA in order to address the extraordinary pressing circumstances that were brought about during the 2008 banking crisis. Specifically, ARRA was crafted to open other access routes to the financial markets for States and their municipalities to issue debt in order to relieve the pressure and lack of liquidity on the tax-exempt market and lower borrowing costs. The programs that the State has incorporated into their bond issuing practices are the Building America Bond (BAB) Program and the Qualified School Construction Bonds (QSCB) program.

The BAB program enables States and municipalities to issue competitively in the conventional taxable corporate debt markets, which are more attractive to

pension funds and non-profit investors. The US Treasury Department will pay a 35 percent subsidy on the interest payments to the States. NYS has issued \$1.6 billion in taxable bonds under the BAB program in SFY 2009-10 which the Executive projects will result in approximately \$300 million in savings, after the federal subsidy.

The QSCB program was created to alleviate allocations of national bond volume cap for schools. This program enables State and local governments to finance public school construction projects and other eligible costs for public school with interest-free borrowings. Essentially this tax credit bond program allows state and local governments to issue bonds without interest cost because it gives investors a Federal tax credit instead of periodic interest payments. The federal program for QSCB's divides the \$11 billion national bond volume authorization for 2009 among states and 100 largest school districts based on Federal school funding. New York has been allocated \$192 million of QSCB capacity for 2009. The State sold \$58 million in QSCB bonds for EXCEL projects, which resulted in a debt service savings of approximately \$20 million. The State will sell the remaining \$134 million balance of the 2009 allocation during the 2010-11 fiscal year.

ECONOMY

The National Economy

The Executive acknowledges that the national recession is over, with the U.S. economy growing 2.2 percent in the third quarter of 2009. The Executive states that this growth was mainly driven by the Federal stimulus programs and acknowledges that U.S. overall economic growth was also helped by developing nations emerging from their own recession. Furthermore, the Executive posits that credit conditions and ongoing corrections in the housing market will dampen household and business spending in 2010.

Investment

The Executive estimates that nonresidential investment spending declined 18.1 percent in 2009 due primarily to prohibitive credit market conditions and the significant pullback in household spending. Nonresidential investment spending is forecast to fall another 1.2 percent in 2010.

Employment

Employment is expected to be flat in 2010, after falling 3.7 percent in 2009 (see Table 34). The Executive expects that the unemployment rate will average 9.8 percent in 2010 as labor market conditions improve and workers who had left rejoin the labor force.

Corporate Profits

The Executive estimates that corporate profits decreased 5.1 percent in 2009, the

third consecutive yearly decline. In 2010, the Executive forecasts corporate profits to increase 12.7 percent led by the financial sector.

Inflation

The Executive expects prices, as measured by the Consumer Price Index (CPI), to grow 2.2 percent in 2010, following a 0.3 percent decline in 2009. The Executive indicates that with the recession over there is heightened probability that rising energy prices will spill over into core prices.

Table 34

EXECUTIVE COMPARED TO MAJOR FORECASTERS					
(Percent Change)					
	Actual 2008	Estimate 2009	Forecast 2010	Forecast 2011	Forecast 2012
U.S. Real GDP					
Division of the Budget	0.4	(2.5)	2.8	3.3	3.6
Blue Chip Consensus	0.4	(2.5)	2.8	3.1	N/A
Moody's Economy.com	0.4	(2.5)	2.3	3.8	5.1
Global Insight	0.4	(2.5)	2.6	2.7	3.8
Macroeconomic Advisers	0.4	(2.5)	3.4	4.3	N/A
U.S. Nonfarm Employment					
Division of the Budget	(0.4)	(3.7)	0.0	1.5	2.1
Moody's Economy.com	(0.4)	(3.7)	(0.7)	1.7	3.3
Global Insight	(0.4)	(3.7)	(0.5)	1.5	2.9
Macroeconomic Advisers	(0.4)	(3.7)	0.1	2.7	N/A
U.S. Personal Income					
Division of the Budget	2.9	(1.4)	4.2	4.6	6.0
Moody's Economy.com	2.9	(1.4)	2.3	4.5	5.7
Global Insight	2.9	(1.4)	3.8	3.9	5.3
Macroeconomic Advisers	2.9	(1.4)	3.7	5.5	N/A
S&P 500					
Division of the Budget	(17.3)	(22.5)	24.9	6.0	4.1
Moody's Economy.com	(17.3)	(22.4)	24.1	6.6	5.2
Global Insight	(17.3)	(22.5)	22.3	7.1	6.4
New York State Employment					
Division of the Budget	0.7	(2.6)	(0.4)	0.8	0.8
Moody's Economy.com	0.7	(2.1)	(0.8)	1.1	2.7
New York State Wages					
Division of the Budget	2.0	(6.1)	3.8	3.1	5.6
Moody's Economy.com	2.2	(5.4)	2.7	2.2	5.4

Note: Division of Budget numbers are as reported in the Executive Budget 2010-11 released on January 19, 2010.

Sources: Division of the Budget, Executive Budget 2010-11, January 19, 2010; Blue Chip Economic Indicators, January 2010; Moody's Economy.com, Precis U.S. Macro and NYS Regional Forecast, January 2010, <<http://www.economy.com>>; Macroeconomic Advisers December 2009 Base Forecast; Global Insight, U.S. Executive Summary, January 2010, <<http://www.globalinsight.com>>.

The New York State Economy

The forecast contained in the Executive Budget indicates that the State economy peaked in August 2008, eight months after the national economy. The Executive anticipates that the State economy will likely start to recover from the recession in the first quarter of 2010.

Employment

According to the Executive, total State nonfarm employment is estimated to have declined 2.6 percent in 2009, faring 1.1 percentage points better than the nation's 3.7 percent decline. The Executive forecasts that New York State employment will fall further by 0.4 percent in 2010, while national employment will remain flat (see Figure 22). In 2011, the Executive forecasts total New York State employment will grow 0.8 percent, compared to growth of 1.5 percent in the nation.

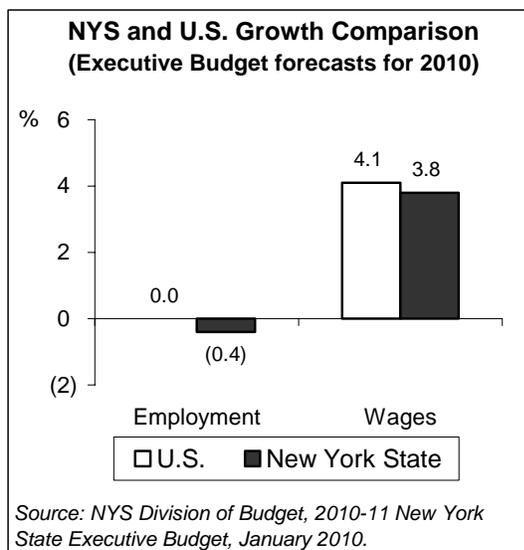


Figure 22

Wages

The Executive estimates that New York State wages declined 6.1 percent in 2009, while national wages declined 3.3 percent. The Executive estimates that the decline in State wages for 2009 was heavily influenced by the 31.3 percent decline in 2009 total bonus wages led by a record decline in finance and insurance sector bonuses for the 2008-09 bonus season. The Executive forecasts that New York State wages will grow 3.8 percent in 2010 and 3.1 percent in 2011. The Executive also projects that some employers may shift the payment of bonus wages from the first quarter of 2011 to the final quarter of 2010 in anticipation of rising marginal federal tax rates as a result of the expiration of the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003.

Capital Gains

The Executive estimates that capital gains for New York State fell 35.1 percent to \$36.4 billion in 2009 after falling 52.6 percent in 2008. Capital gains have declined by about seventy percent from 2007 to 2009. Capital gains are forecasted by the Executive to grow 58.7 percent in 2010 to \$57.7 billion due to the anticipated rise in the gains tax rate in 2011 and stabilizing economic conditions.

Risks

The Executive acknowledges several risks to the forecasts presented in the budget. The uncertainty surrounding the current environment, particularly around the financial market and other volatile components such as capital gains and bonuses presents particular risk for the New York State outlook.

EXECUTIVE TAX REVENUE FORECAST

SFY 2009-10 Estimate

The Executive estimates that All Funds tax collections in SFY 2009-10 will total \$59.839 billion, a decline of 0.8 percent or \$498 million. The majority of the decline in revenue reflects the severe toll that the recession has had on personal income tax, real estate transfer tax and estate tax revenues. The tax revenue base would have declined by \$6.3 billion or 10.5 percent, after adjusting for law changes enacted in the previous year.

The Executive's current estimate is \$456 million higher than their Mid-Year Financial Plan Update released in November. However, the upward revision is almost entirely due to shifting the payment of \$500 million in personal income tax refunds into the upcoming fiscal year.

SFY 2010-11 Outlook

All Funds tax receipts are expected to increase by \$ 3.374 billion, or an increase of 5.6 percent, to \$63.2 billion. The increase in revenues can be attributed to the full year impact from the temporary tax increases enacted in 2009 and the revenue increases proposed with this budget.

The Executive is proposing revenue actions that would increase total tax collections by \$1.028 billion in SFY 2010-11. When combined with fees and other non-tax revenue actions, the Executive is proposing total actions of \$1.4 billion in SFY 2010-11. The proposed revenue actions will increase to a net \$1.8 billion by 2012-13, consisting of \$2.0 billion in revenue enhancements and approximately \$200 million in tax reductions.

Table 35

Executive Tax Forecast Summary					
State Fiscal Years 2009-10 and 2010-11					
(\$ in Millions)					
	2008-09	2009-10	Percent	2010-11	Percent
	Actual	Estimate	Growth	Forecast	Growth
Personal Income Tax	\$23,196	\$23,001	-0.8%	\$24,649	7.2%
User Taxes	8,361	8,229	-1.6%	8,635	4.9%
Business Taxes	5,556	5,688	2.4%	5,710	0.4%
Other	1,188	953	-19.8%	933	-2.1%
General Fund Taxes	38,302	37,871	-1.1%	39,927	5.4%
Non-General Fund Taxes	\$22,036	\$21,968	-0.3%	\$23,286	6.0%
All Fund Taxes	\$60,338	\$59,839	-0.8%	\$63,213	5.6%

Table 36

Executive Revenue Estimates: Total Tax Collections SFY 2008-09 & SFY 2009-10				
(\$ in Millions)				
	2008-09	2009-10		Percent
	Actual	Estimate	Change	Growth
Personal Income Tax	\$36,840	35,230	(\$1,610)	-4.4%
Gross Receipts	44,011	41,817	(2,194)	-5.0%
Withholding	27,686	29,198	1,512	5.5%
Estimated Payments	12,690	9,517	(3,173)	-25.0%
Vouchers	7,889	7,398	(491)	-6.2%
IT 370s	4,801	2,119	(2,682)	-55.9%
Final Payments	2,686	1,836	(850)	-31.6%
Delinquencies	949	1,266	317	33.4%
Total Refunds	7,171	6,587	(584)	-8.1%
Prior Year Refunds	4,543	4,938	395	8.7%
Current Refunds	1,750	1,250	(500)	-28.6%
Previous Refunds	403	474	71	17.6%
State/City Offsets	475	(75)	(550)	-115.8%
Collections	36,840	35,230	(1,610)	-4.4%
User Taxes and Fees	14,004	13,994	(10)	-0.1%
Sales and Use Tax	10,985	10,668	(317)	-2.9%
Motor Fuel Tax	504	501	(3)	-0.6%
Cigarette Tax	1,340	1,335	(5)	-0.4%
Motor Vehicle Fees	723	982	259	35.8%
Highway Use	141	140	(1)	-0.7%
Alcoholic Beverage Tax	206	223	17	8.3%
Alcoholic Beverage Fees	44	52	8	18.2%
Auto Rental Tax	61	79	18	29.5%
Taxi Surcharge	N/A	14	14	N/A
Business Taxes	7,604	7,824	220	2.9%
Corporate Franchise	3,220	2,962	(258)	-8.0%
Utility Tax	863	968	105	12.2%
Insurance Tax	1,181	1,412	231	19.6%
Bank Tax	1,233	1,363	130	10.5%
Petroleum Business Tax	1,107	1,119	12	1.1%
Other	1,890	1,408	(482)	-25.5%
Real Property Gains	0	-	0	0.0%
Estate and Gift	1,165	932	(233)	-20.0%
Real Estate Transfer	701	455	(246)	-35.1%
Pari Mutuel	22	20	(2)	-9.1%
Other	1	1	0	0.0%
MTA Payroll Tax	N/A	1,383	1,383	N/A
Total Taxes	\$60,338	\$59,839	(\$499)	-0.8%

Table 37

Executive Revenue Estimates: Total Tax Collections SFY 2009-10 & SFY 2010-11				
(\$ in Millions)				
	2009-10	2010-11		Percent
	Estimate	Forecast	Change	Growth
Personal Income Tax	35,230	37,143	1,913	5.4%
Gross Receipts	41,817	45,218	3,401	8.1%
Withholding	29,198	30,715	1,517	5.2%
Estimated Payments	9,517	11,294	1,777	18.7%
Vouchers	7,398	8,294	896	12.1%
IT 370s	2,119	3,000	881	41.6%
Final Payments	1,836	1,893	57	3.1%
Delinquencies	1,266	1,316	50	3.9%
Total Refunds	6,587	8,075	1,488	22.6%
Prior Year Refunds	4,938	5,493	555	11.2%
Current Refunds	1,250	1,750	500	40.0%
Previous Refunds	474	444	(30)	-6.3%
State/City Offsets	(75)	388	463	-617.3%
Collections	35,230	37,143	1,913	5.4%
User Taxes and Fees	13,994	15,403	1,409	10.1%
Sales and Use Tax	10,668	11,066	398	3.7%
Motor Fuel Tax	501	503	2	0.4%
Cigarette Tax	1,335	1,526	191	14.3%
Motor Vehicle Fees	982	1,176	194	19.8%
Highway Use	140	134	(6)	-4.3%
Alcoholic Beverage Tax	223	229	6	2.7%
Alcoholic Beverage Fees	52	139	87	167.3%
Auto Rental Tax	79	95	16	20.3%
Taxi Surcharge	14	85	71	507.1%
Soft Drink/Syrup Excise Tax	N/A	450	450	N/A
Business Taxes	7,824	7,759	(65)	-0.8%
Corporate Franchise	2,962	3,276	314	10.6%
Utility Tax	968	922	(46)	-4.8%
Insurance Tax	1,412	1,400	(12)	-0.8%
Bank Tax	1,363	1,076	(287)	-21.1%
Petroleum Business Tax	1,119	1,085	(34)	-3.0%
Other	1,408	1,425	17	1.2%
Estate and Gift	932	910	(22)	-2.4%
Real Estate Transfer	455	492	37	8.1%
Pari Mutuel	20	20	0	0.0%
Other	1	3	2	200.0%
MTA Payroll Tax	1,383	1,483	100	7.2%
Total Taxes	\$59,839	63,213	\$3,374	5.6%

EXECUTIVE TAX REVENUE PROPOSALS

The Executive Budget provides for over \$1.8 billion in tax and fee increases when fully effective. Increases for SFY 2010-11 total \$1.4 billion.

Personal Income Tax

- Require certain S corporation gains from acquisition, liquidation, and installment sales of assets to be treated as New York source income by nonresident shareholders to the extent that the business was conducted in New York;
- Make termination payments, covenants not to compete and other compensation for past services taxable to nonresidents unless specifically exempt under Federal law;
- Equalize maximum bio-fuel and QETC facilities, operations and training credit caps for corporations and unincorporated businesses;
- Recognize legally performed same sex marriages for purposes of determining marital filing status;
- Reduce the ability of certain resident trusts to avoid tax through the use of nonresident trustees;
- Create a school property tax circuit breaker credit, which would take effect when the State ends its fiscal year with a surplus as determined by the Commissioner of Tax and Finance and the Director of the Division of Budget;

- Eliminate STAR exemptions for residences worth \$1.5 million or more;
- Limit the STAR personal income tax rate reduction benefit for New York City residents to the first \$250,000 of income; and
- Decrease the STAR exemption “floor” from 89 percent to 82 percent.

Business Taxes

- Make technical corrections to Part S-1 of Chapter 57 of 2009 (2009-10 Enacted Budget) to clarify that the State Legislature intended to make Empire Zones decertification provisions applicable to tax year 2008;
- Authorize the Commissioner of the Division of Housing and Community Renewal to allocate an additional \$4 million in State Low-Income Housing Tax Credits to developers of qualifying affordable housing projects in New York;
- Provide an additional film tax credit allocation for calendar years 2010 through 2014 at \$420 million per year or \$2.1 billion over this period;
- Create a new set of economic development incentives to replace the expiring Empire Zones Program, intended to provide sustained job creation, investment, and research and development expenditures in New York State;

- Introduce study language requiring the Department of Taxation and Finance to provide recommendations to reform State and Local taxes on telecommunications by December 1, 2010; and
- Extend Gramm-Leach-Bliley (GLB) and related bank tax provisions for one year.

Other Actions

- Impose a new excise tax of \$7.68 per gallon for beverage syrups and \$1.28 per gallon for bottled soft drinks, powders, or base products;
- Mirror federal requirements by requiring certain financial institutions to also file information returns with the state annually regarding amounts of credit/debit card settlements and third party network transactions;
- Authorize the use of statistical sampling techniques for certain sales tax audits;
- Narrow the affiliate nexus provisions by excluding as a basis for sales tax vendor status an affiliate's control over the seller;
- Allow the sale of wine in grocery, convenience, and drug stores upon payment of a franchise fee;
- Expand the base of the mortgage recording tax to include the financing of cooperatives;

- Authorizes cities to increase the local utility gross receipts tax from one percent to three percent.
- Impose a three percent tax on the market value of natural gas severed from a gas pool in the Marcellus or Utica Shale formation using a horizontal well;
- Increase the cigarette tax by \$1 per pack, from \$2.75 a pack to \$3.75. The proportion of the cigarette tax dedicated to HCRA will be increased to 75 percent to ensure that all of the additional revenue is used to fund health care;
- Maintain the New York Estate Tax Unified Credit amount currently allowed independent of Federal estate tax law in effect on the date of death;
- Extends the estate tax marital deduction to partners in same-sex marriages;
- Extend certain pari-mutuel tax rates and authorization for account wagering for a period of one year;
- Authorizes and imposes an admissions tax on professional combative sports matches or exhibitions (i.e. mixed martial arts) at a rate of 8.5 percent with no cap, and a three percent tax on receipts from broadcast rights not to exceed \$50,000;
- Make permanent the authorization to operate Quick Draw. The Quick Draw game authorization expires on May 31, 2010;

- Eliminate restrictions on the Quick Draw game related to the hours of operation, food sales, and the size of establishments;
- Eliminate the restriction on the number of hours per day the Video Lottery Terminals may be operated; and
- Eliminate the sunset of the Video Lottery Gaming program.

STAR Program

The Executive proposes several changes to the STAR program, which are contained in the Education, Labor and Family Assistance Budget Article VII Bill. These changes are expected to generate \$213 million in General Fund savings in SFY 2010-11, increasing to \$267 million in SFY 2012-13.

- Eliminate STAR eligibility for homes valued at \$1.5 million;
- Increase the allowable annual STAR base exemption (“floor”) adjustment from 89 percent to 82 percent; and
- Limit the benefit for taxpayers with incomes above \$250,000 from the New York City STAR PIT tax table reductions. The NYC tax rate for taxpayers with incomes above \$250,000 would be increased from 3.2 percent to 3.4 percent.

Table 38

Recommended Legislation		
(Dollar Amounts in Thousands)		
	Annual Revenue SFY 2010-11	Annual Revenue SFY 2012-13
I. Tax and Assessment Actions		
Impose Severance Tax on Certain Natural Gas Producers - 9/11/10	\$0	\$3,000
Increase Cigarette Excise Tax (Includes \$8M required transfer to NYG) - 6/2/10	\$218,000	\$211,000
Impose a New Excise Tax on Beverage Syrups and Soft Drinks - 9/1/10	\$465,000	\$1,000,000
Expand HCRA Surcharge to Physician Services - 10/1/10	\$24,600	\$98,500
Increase Hospital Assessment - 4/1/10	\$130,200	\$142,000
Increase Home Care Assessment - 4/1/10	\$17,600	\$19,200
Increase Nursing Home Assessment - 4/1/10	\$67,800	\$73,950
Tax and Assessment Actions - Subtotal	\$923,200	\$1,547,650
II. Loophole Closing Action		
Define Flow-Through Entities for QETC and Biofuel Credit Claims - 1/1/10	\$0	\$2,000
Treat Compensation For Past Services as Taxable for Non Residents - 1/1/10	\$0	\$5,000
Treat S-Corp Gains and Installment Income as Taxable to Non Residents - Various	\$30,000	\$12,000
Close Resident Trust Loophole - 1/1/10	\$0	\$25,000
Loophole Closing Actions - Subtotal	\$30,000	\$44,000
III. New or Increased Fees		
Establish Early Intervention Parental Fees - 3/1/10	\$1,000	\$17,072
Increase Certain Civil Court Filing Fees - 7/1/10	\$41,000	\$54,000
New or Increased Fees - Subtotal	\$42,000	\$71,072
IV. Tax Enforcement Action		
Require Informational Returns for Credit and Debit Cards - 4/1/10	\$0	\$35,000
Allow the Use of Statistical Sampling for Certain Sales Tax Audits - 4/1/10	\$8,000	\$12,000
Improve Non-Voluntary Tax Collections - 4/1/10	\$221,000	\$221,000
Tax Enforcement Actions - Subtotal	\$229,000	\$268,000
V. Other Revenue Actions		
Eliminate Quick Draw Restrictions - 4/1/10	\$33,000	\$54,000
Extend VLT Hours of Operation - 4/1/10	\$45,000	\$45,000
Extend Married Tax Filing Provisions to Same Sex Couples - 1/1/10	\$0	\$0
Narrow Affiliate Nexus Provisions - 6/1/10	(\$5,000)	(\$5,000)
Allow the Sale of Wine in Grocery Stores - 10/1/10	\$93,000	\$9,000
Legalize Mixed Martial Arts in New York - 8/1/10	\$2,100	\$2,100
Collect Surplus Funds from Workers Compensation Insurance Carriers - Immediately	\$23,600	\$0
Other Revenue Actions - Subtotal	\$191,700	\$105,100

Recommended Legislation - Continued		
(Dollar Amounts in Thousands)		
	Annual Revenue <u>SFY 2010-11</u>	Annual Revenue <u>SFY 2012-13</u>
VI. New or Expanded Tax Credits		
Expand the Low Income Housing Tax Credit Program - 1/1/10	(\$4,000)	(\$4,000)
Extend and Expand the Film Tax Credit - 4/1/10	\$0	(\$168,100)
Create Excelsior Jobs Program - 7/1/10	\$0	(\$50,000)
New or Expanded Tax Credits - Subtotal	(\$4,000)	(\$222,100)
VII. Technical Corrections and Extenders		
Extend Major Provisions of the Bank Tax and Temporary GLB Provisions - 1/1/10	\$0	\$0
Extend the Pari-Mutuel Tax - 4/1/10	\$0	\$0
Make Technical Corrections to the 2009-10 Enacted Budget Empire Zones Program Changes - 1/1/08	\$0	\$0
Make Technical Corrections to the 2009-10 Enforcement Provisions - Various	\$0	\$0
Amend the Tax on Medallion Taxicab Rides - 6/1/10	\$0	\$0
Technical Corrections and Extenders - Subtotal	\$0	\$0
VIII. New or Increased Fines		
Deploy Speed Enforcement Cameras - 4/1/10	\$32,900	\$53,800
New or Increased Fines - Subtotal	\$32,900	\$53,800
ALL REVENUE ACTIONS - GRAND TOTAL	\$1,444,800	\$1,867,522

EXECUTIVE MISCELLANEOUS RECEIPTS

Forecast

SFY 2009-10 Estimate

The Executive estimates that total miscellaneous receipts in SFY 2009-10 will total \$22.133 billion, a growth of 10.3 percent or \$2.069 billion. The majority of the increase in miscellaneous receipts reflects increased State University Income from increased tuition and fees and increased Lottery revenues from the franchise fee for operating VLTs at Aqueduct Racetrack.

The Executive's current estimate is \$748 million higher than their Mid-Year Financial Plan Update released in November. The upward revision is partially attributable to the \$200 million

VLT payment and \$200 million in sweeps from the Battery Park City Authority.

SFY 2010-11 Outlook

All Funds tax miscellaneous receipts are expected to decrease by \$592 million or 2.7 percent to \$21.541 billion. The decrease in revenues can be attributed to the loss of one-time revenue sources.

Special revenue, capital projects and debt service receipts are all expected to be relatively flat. The only major change is expected in general fund miscellaneous receipts, which are forecast to decrease \$604 million or 17.2 percent due to the loss of one-time revenue sources.

Table 39

Executive Miscellaneous Receipts Forecast Summary State Fiscal Years 2009-10 and 2010-11 (\$ in Millions)					
	2008-09	2009-10	Percent	2010-11	Percent
	Actual	Estimate	Growth	Forecast	Growth
Special Revenue	\$13,089	\$14,349	9.6%	\$14,261	-0.6%
Capital Projects	3,022	3,459	14.5%	3,597	4.0%
Debt Service	844	817	-3.2%	779	-4.7%
General Fund	3,105	3,508	13.0%	2,904	-17.2%
Total	20,060	22,133	10.3%	21,541	-2.7%

Table 40

Executive Miscellaneous Receipts Estimates: SFY 2008-09 & SFY 2009-10				
(\$ in Millions)				
	2008-09	2009-10		Percent
	Actual	Estimate	Change	Growth
Special Revenue	\$13,089	14,349	1,260	9.6%
HCRA	3,614	3,891	277	7.7%
State University	2,958	3,367	409	13.8%
Lottery	2,732	3,019	287	10.5%
Medicaid	562	687	125	22.2%
Industry Assessments	868	912	44	5.1%
All other	2,355	2,473	118	5.0%
Capital Projects	\$3,022	3,459	437	14.5%
Authority Bond Proceeds	2,759	3,195	436	15.8%
State park Fees	24	24	0	0.0%
Environmental Revenues	37	24	(13)	-35.1%
All Other	202	216	14	6.9%
Debt Service	\$844	817	(27)	-3.2%
Mental Hygiene Patient Receipts	298	352	54	18.1%
SUNY Dormitory Fees	419	338	(81)	-19.3%
Health Patient Receipts	108	98	(10)	-9.3%
All Other	19	29	10	52.6%
General Fund	\$3,105	3,508	403	13.0%
Licenses, Fees, etc.	562	598	36	6.4%
Abandoned Property	698	550	(148)	-21.2%
Reimbursements	253	272	19	7.3%
Investment Income	104	25	(79)	-76.0%
Other Transactions	1,488	2,064	576	38.7%
Total	\$20,060	22,133	\$2,073	10.3%

Table 41

Executive Miscellaneous Receipts Estimates: SFY 2009-10 & SFY 2010-11				
(\$ in Millions)				
	2009-10	2010-11		Percent
	Estimate	Estimate	Change	Growth
Special Revenue	14,349	14,261	(88)	-0.6%
HCRA	3,891	3,779	(112)	-2.9%
State University	3,367	3,531	164	4.9%
Lottery	3,019	3,026	7	0.2%
Medicaid	687	915	228	33.2%
Industry Assessments	912	886	(26)	-2.9%
All other	2,473	2,124	(349)	-14.1%
Capital Projects	\$3,459	3,597	138	4.0%
Authority Bond Proceeds	3,195	3,305	110	3.4%
State park Fees	24	24	0	0.0%
Environmental Revenues	24	24	0	0.0%
All Other	216	244	28	13.0%
Debt Service	\$817	779	(38)	-4.7%
Mental Hygiene Patient Receipts	352	298	(54)	-15.3%
SUNY Dormitory Fees	338	341	3	0.9%
Health Patient Receipts	98	98	0	0.0%
All Other	29	42	13	44.8%
General Fund	\$3,508	2,904	(604)	-17.2%
Licenses, Fees, etc.	598	665	68	11.3%
Abandoned Property	550	550	0	0.0%
Reimbursements	272	222	(50)	-18.4%
Investment Income	25	60	35	140.0%
Other Transactions	2,064	1,407	(657)	-31.8%
Total	\$22,133	21,541	-\$592	-2.7%

EXECUTIVE MISCELLANEOUS RECEIPTS

Proposals

The Executive Budget provides for actions that will increase All Funds miscellaneous receipts by \$417 million in SFY 2010-11 to total \$21.541 billion.

Health

- Expand the 9.63 percent HCRA Surcharge to outpatient surgical and radiological services effective October 1, 2010;
- Increase Hospital Inpatient Assessment from 0.35 percent to 0.75 percent, effective April 1, 2010;
- Increase Home Care Assessment from 0.35 percent to 0.7 percent, effective April 1, 2010;
- Increase Nursing Home Assessment from 6 percent to 7 percent, effective April 1, 2010, this would not be reimbursable by Medicaid;
- Establish Early Intervention Parental Fees, ranging from \$45 to \$540 per child per quarter, effective March 1, 2011.

Judiciary

- Increase Certain Civil Court Filing Fees, effective July 1, 2010.

Lottery

- Eliminate Quick Draw Restrictions, effective April 1, 2010;

- Extend VLT Hours of Operation, effective April 1, 2010.

Workers Compensation

- Collect Surplus Funds from Workers Compensation Insurance Carriers, effective immediately.

State Police

- Deploy Speed Enforcement Cameras in forty designated highway work zones and ten additional locations, effective April 1, 2010.

APPROPRIATION BUDGET BILLS

A. 9700/S.6600	Public Protection and General Government
A. 9701/S.6601	Legislature and Judiciary
A. 9702/S.6602	Debt Service
A. 9703/S.6603	Education, Labor and Family Assistance
A. 9704/S.6604	Health and Mental Hygiene
A. 9705/S.6605	Transportation, Economic Development and Environmental Conservation
A. 9711/S.6611	Deficiency Appropriations for State Fiscal Year 2009-10
A. 9712/S.6612	Deficiency Appropriations for State Fiscal Year 2009-10

NON-APPROPRIATION BUDGET BILLS

Section 22 of the State Finance Law requires the Executive Budget to include a list of proposed legislation submitted pursuant to Article VII of the State Constitution. In addition to the major appropriation bills, the following Article VII bills have been submitted that set forth the policy initiatives contained in the Executive Budget.

A.9700 - PUBLIC PROTECTION AND GENERAL GOVERNMENT

PART	DESCRIPTION	SUMMARY
A	Merge the operation of the Crime Victims Board (CVB), Office for the Prevention of Domestic Violence (OPDV), and the Division of Probation and Correctional Services (DPCA) into the Division of Criminal Justice Services (DCJS)	This part would consolidate the operations of CVB, OPDV, and DPCA into DCJS. Each agency would be restructured and become a specialized office under the authority of the Commissioner of DCJS. In addition to administratively restructuring CVB, OPDV, and DPCA, this part would change the manner in which crime victim compensation claims are determined.
B	Create the Department of Homeland Security and Emergency Services	This proposal would merge the Department of Homeland Security, the Office of Cyber Security and Critical Infrastructure Coordination, the State Emergency Management Office, the Office of Fire Prevention and Control, the 911 Board currently within the Department of State, and the State Interoperable Communications Office currently located in the Office For Technology into a single Department of Homeland Security and Emergency Services, each operating as a distinct office under a single commissioner. It would expand the membership of the Disaster Preparedness Commission to include additional commissioners and assume the duties of the former Civil Defense Commission, and it would create an intrastate municipal aid program to be utilized in a situation when local government responders are shared during a disaster. The Fire Safe Cigarette Program would stay within the Department of State.
C	Establish the Rape Crisis Program within the Division of Criminal Justice Services (DCJS) and remove the administration of such program from the Department of Health (DOH)	This part would remove oversight of the Rape Crisis Program from DOH and instead establish the program under the authority of DCJS. DCJS would assume the responsibility to promulgate rules and regulations for the approval of rape crisis programs that provide training and certification for rape crisis counselors.
D	Remove certain responsibilities from local probation departments	This part would require probation departments to prepare a pre-sentence investigation in misdemeanor cases only when a term of imprisonment in excess of 180 days is imposed.

	and change the method of distribution for state probation aid to localities	It would also remove a requirement that a pre-sentence investigation be completed in every youthful offender case and instead only require such investigation in cases when a sentence of imprisonment in excess of 180 days or probation is imposed. This part would expand the Probation Detainer Warrant Pilot Project, increasing the ability of probation officers instead of judges to issue warrants. It would also require probationers granted permission to travel outside the state to sign a waiver of extradition as a condition of probation. It would change the manner in which state probation aid is distributed to counties from a reimbursement model to a grant program.
E	Create Office of Indigent Defense and change method for distributing state public defense funding	This part would create the Office of Indigent Defense within the Division of Criminal Justice Services. Such office would be governed by the Indigent Defense Board and be responsible for examining and evaluating existing public defense services and making recommendations to the Board to enhance the provision of indigent defense services. This part would also repeal the existing formula for distributing state funding to counties from the Indigent Legal Services Fund and instead provide for an annual distribution to New York City of \$40 million and authorize the Indigent Defense Board to distribute the remaining funds to counties.
F	Authorize counties to create offices of conflict defender as part of a plan to provide representation to indigent defendants	This part would authorize counties to create offices of conflict defender to represent indigent defendants when the office of public defender is unable to represent such defendants due to a conflict of interest.
G	Expand the category of offenders that must submit a DNA sample	This part would expand the category of offenders required to provide a DNA sample for inclusion in the State DNA Databank to all persons convicted of a felony or misdemeanor defined in the penal law, youthful offenders, and persons required to register as sex offenders. It also would designate the criminal justice agency responsible for collecting DNA samples from offenders and make it a class A misdemeanor for failure of an individual to provide a DNA sample.
H	Authorize the use of photo-monitoring equipment to enforce speed limits	This part would authorize the Division of State Police (DSP), Division of Criminal Justice Services (DCJS), and any agency, division, or authority designated by the DSP to establish a program for the operation of photo-monitoring devices and the imposition of liability on vehicle owners for speed limit violations in work zones and designated stretches of highways.
I	Reduce the number of Parole Board members	This part would reduce the maximum number of Parole Board members from nineteen to thirteen. It also would reduce the term of office for each member of the Parole Board from six to five years.
J	Alter the segregation rules for certain local jail inmates, expand	This part would amend the segregation rules for inmates housed in local jails by allowing juvenile inmates under the age of nineteen to be housed with adult inmates up to twenty-

	use of video conferencing in criminal proceedings, and permit inmates to voluntarily work for non-profits	one years of age. It would also expand the use of video conferencing in criminal proceedings and remove the requirement that the defendant consent to such video conferencing. This part would further authorize local correctional facilities to house men and women receiving medical treatment in a facility infirmary together, provided that proper separation is maintained according to rules and regulations promulgated by the State Commission of Correction. Finally, this part would permit inmates to leave a correctional facility under guard to voluntarily perform work for nonprofit organizations.
K	Increase filing fees for civil proceedings commenced and pending in court	This part would increase various filings fees (index number, motion and cross motion, and first paper filing fees) for actions in courts across the state. Funds so received would increase General Fund revenue.
L	Provide authority for towns and villages to consolidate justice courts	This part would permit two or more municipalities to share court facilities and two or more contiguous municipalities to more easily consolidate their justice courts.
M	Require the Office of Court Administration to make public local fiscal impact of its actions that affect localities	This part would require the Chief Administrative Judge to make a public accounting of the expected impact on local governments of any regulation that requires a locality to create a program or to implement a higher level of service.
N	Authorize local governments to finance public safety communications systems through the Municipal Bond Bank Agency	This part would add local public safety communications bonds to the list of municipal bonds that may be purchased and pooled by the Municipal Bond Bank Agency for the purpose of funding local public safety communications systems.
O	Merge the State Employment Relations Board (SERB) into the Public Employment Relations Board (PERB)	This part would abolish SERB and transfer its responsibilities for providing labor mediation for the private sector to PERB.
P	Repeal mandatory centralized contract fees	This part would repeal the section of law that requires contractors to include a surcharge on the purchase price charged to entities using centralized contracts and remit such fees to the Department of Taxation and Finance quarterly.
Q	Transfer workers' compensation assessment moneys	This part would require workers' compensation carriers to remit to the State surplus money collected by the carriers in excess of the amount actually billed them by the Workers' Compensation Board.
R	Authorize Workers' Compensation Board to pursue funds	This part would allow the Workers' Compensation Board (Board) to borrow further from the Uninsured Employer's Fund, enforce judgments against defaulted employers, and provide other mechanisms to allow the Board to recognize certain insurance products that provide benefits for injured workers.

S	Grant joint Division of Budget (DOB) and Office of State Comptroller (OSC) appointment authority for the Statewide Financial System project	This part would allow DOB and OSC to jointly assign and appoint officers and employees to a joint project to develop, implement, and maintain a single statewide financial system for use by OSC and all State agencies and for those appointments to be titled members of the civil service system, treated as a single independent department for those purposes.
T	Authorize New York State Health Insurance Program (NYSHIP) Self-Insurance	This part would allow NYSHIP to operate as a self-insured plan.
U	Require Medicare Part B contributions	This part would require state employees and retirees to contribute ten percent for individual and twenty-five percent for dependent premiums for Medicare Part B.
V	Authorize pension amortization	This part would provide State and local governments the option to amortize a portion of their pension contribution costs over six years.
W	Merge the Office of Real Property Services and the Department of Taxation and Finance and eliminate the State Board of Real Property Services	This part would eliminate the Office of Real Property Services and create an Office of Real Property Tax Services within the Department of Taxation and Finance to assume its functions. It would also eliminate the State Board of Real Property Services and divide its duties among the Department of Taxation and Finance, the Tax Appeals Tribunal, and the State Civil Service Commission.
X	Require publication of a report of assessment data and allow electronic filing of real property transfer forms	This part would require assessors to annually provide a report containing certain assessment data for publication on the State Board of Real Property Services' website and in the local assessment office. This part would also allow real property transfer forms to be filed electronically.
Y	Change the State's reassessment aid program	This part would change the State's reassessment aid program by requiring assessing units to agree to an approved multiyear reevaluation plan. Such plan would be required to be at least four years in duration and include a reassessment at least once every four years and inventory data collection at least once every six years.
Z	Reduce funding from Aid and Incentives for Municipalities (AIM) program	This part would authorize decreases in AIM funding based on the municipality's reliance on AIM. This part would also eliminate AIM funding for New York City.
AA	Decrease State aid to municipalities in which a video lottery gaming facility is located	This part would authorize a ten percent decrease in funding received by municipalities in which a video lottery gaming facility is located.
BB	Impose four-year moratorium on new programs imposing certain costs on localities	This part would prohibit for four years new legislation imposing costs on localities if the annual net cost to any single local government is over \$10,000 or if the aggregate annual net cost to all local governments in the State is over \$1 million. This part would also require any bill that proposes to substantially affect the revenue or expenses of local

		governments to contain a fiscal note stating the estimated annual cost and the source of such estimate.
CC	Modify public bidding requirements (Wicks law)	This part would exempt school districts and the City of Yonkers Educational Construction Fund from the public bidding requirements contained in the Wicks Law. It would make permanent the New York City School Construction Authority requirements relating to bidding on public works projects.
DD	Set interest rates on judgments against governmental entities	This part would change the rate of interest applied to judgments against government entities from not more than nine percent to a floating rate.
EE	Provide mechanisms for local governments to restructure and share services	This part would allow multiple counties to share one director of weights and measures and would allow a county treasurer to serve as the tax collecting officer for a city, town, village, or school district. This part would also allow a fire company or a fire district to apply for a five-year waiver to the current membership residency requirement.
FF	Make changes to the procurement process for local governments and the State.	This part would increase the competitive bidding thresholds for local governments' public works and service contracts, allow local governments to require electronic bidding, allow reverse auctions, allow contracts to be awarded based on best value, allow piggybacking on certain federal and state contracts, and allow local governments to advertise for bids in the statewide procurement opportunities newsletter rather than their official newspaper. This part would also allow the State to use electronic bidding and reverse auctions and would increase the State's threshold for using short-term construction contracts done by special order.
GG	Make changes to the structure and operation of commissioner-run special districts	This part would eliminate commissioner compensation for commissioner-run special districts, transfer the duties of sanitary districts from commissioners to town boards, and provide a mechanism for town boards and citizens through a petition to abolish the offices of commissioners of a special district.
HH	Provide local governments with options to raise revenues	This part would authorize municipal police departments to charge fees for accident reports, allow local governments to make deposits in credit unions, allow certain local governments to charge fees for ambulance and emergency medical services, authorize local governments to charge for the provision of extra police protection at certain events, and allow cities and villages to increase their gross receipts tax on certain utilities.
II	Authorize the New York City Transitional Finance Authority (TFA) to issue Qualified School Construction bonds (QSCBs) as sinking fund bonds	This part would authorize TFA to issue QSBCs, which are federal subsidy bonds, without regard to the Authority's cap on sinking fund bonds for the purposes of school construction.

JJ	Authorize sweeps, transfers, and modifications to debt provisions	This part would provide the statutory authorization necessary for the administration of funds and accounts included in the SFY 2010-11 Financial Plan. Specifically, it would: (1) authorize temporary loans and the deposits of certain revenues to specific funds and accounts; (2) authorize the transfers and deposits of funds to and across various accounts; (3) continue or extend various provisions of laws related to capital projects; and (4) authorize modifications to various debt provisions.
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A.9703 - EDUCATION, LABOR AND FAMILY ASSISTANCE

PART	DESCRIPTION	SUMMARY
A	Amend the Education Law to adjust the planned phase-in of Foundation Aid, implement a Gap Elimination Adjustment, modify and extend the Contract for Excellence program, require reporting on mandates to school districts, authorize regional transportation services, and make other changes	This part would require that all current Contract for Excellence school districts continue in the program unless all schools in the district are reported as “In Good Standing” and require Contract districts for the 2010-11 school year to maintain spending on menu options at 2009-10 levels minus the net reduction of the district’s Gap Elimination Assessment, require the board of regents to provide a cost-benefit analysis of any proposed legislation, rule, or regulation, or policy directive that contains a mandate, authorize school districts to provide regional transportation services, clarify contingency budget limits, extend the phase-in schedule for Foundation Aid to the 2016-17 school year, make other formula changes, and implement a Gap Elimination Adjustment within formula-based aids. This part would also authorize school districts to make withdrawals from their Employee Benefits Accrued Liability Reserve funds in order to maintain educational programming during the 2010-11 school year in an amount limited to the lesser of excess funds as determined by the State Comptroller or the school district’s Gap Elimination Adjustment, decrease funding for aid to public libraries, modify the preschool special education program by limiting the growth in the county share to two percent per year, modify special education transition processes, and modify reimbursement levels for special education summer school.
B	Amend the Education Law to reduce the number of plans, reports, and applications required of school districts	This part would require the Commissioner of Education to eliminate duplicative reporting requirements and to reduce the number of plans, reports, and applications required of school districts by establishing unified electronic data collection systems.
C	Amend the Education Law to conform state aid category titles	This part would rename state aid categories for special education and make conforming changes to that effect in the Education Law.
D	Eliminate the New York State Theatre Institute (NYSTI) and the Empire State Plaza Performing Arts Center Corporation (the Egg) reporting requirements and budget submission	This part would eliminate NYSTI’s and the Egg’s requirements to submit annual budget requests and annual reports.

<p>E</p>	<p>Modify various flexibility provisions for the state and city universities of New York State</p>	<p>This part would: authorize the State University of New York (SUNY) and the City University of New York (CUNY) boards of trustees to implement differential tuition rates by campus or program; authorize SUNY and CUNY boards of trustees to increase tuition up to 2.5 times the five-year rolling average of the Higher Education Price Index (HEPI); authorize SUNY and CUNY to receive and disburse revenues from tuition, fees, and other sources without an appropriation; authorize SUNY to lease land and to enter into public/private partnerships subject to the approval of a new State University Asset Maximization Review Board; authorize the SUNY board of trustees to accept gifts of real property; authorize SUNY, SUNY health care facilities, and CUNY to purchase goods and services without prior approval by any State agency; authorize not-for-profit organizations affiliated with SUNY to participate in centralized contracts maintained by the Office of General Services; authorize SUNY health care facilities to participate in managed care networks and other joint and cooperative arrangements with public, not-for-profit, or business entities; indemnify SUNY and CUNY students who are enrolled in required clinical or internship programs; and increase SUNY and CUNY master plan cycles with the Board of Regents from four years to eight years. The State University Construction Fund (SUCF) would be authorized to establish guidelines for procurements that are consistent with the standards that apply to public authorities, determine their staffing and services/equipment needs, utilize alternative construction delivery methods, and increase the threshold from \$50,000 to \$250,000 for projects that require a performance bond. The Dormitory Authority of the State of New York (DASNY) would be authorized to finance/construct facilities on behalf of campus affiliated not-for-profits, foundations, and corporations, finance/construct community college dormitories on their behalf, and allow the City University Construction Fund and DASNY to utilize alternative construction delivery methods for CUNY projects. This part would also allow medical, dental, and optometric residents and interns who provide services at SUNY health care facilities to opt into the State and Local Employees' Retirement System, but would not allow them to participate in the Optional Retirement Program or the Teachers' Retirement System. Finally, this part would require managed care programs to create a report for the Governor and Legislature detailing to whom they are providing services at the College of Optometry.</p>
<p>F</p>	<p>Modify the Tuition Assistance Program (TAP) to create academic progress standards</p>	<p>This part would modify the TAP Program by creating academic progress standards for non-remedial students receiving TAP awards as a measure of determining academic eligibility.</p>

G	Modify the Tuition Assistance Program (TAP) eligibility requirements relating to students in default on New York State and federal loans	This part would modify TAP eligibility requirements to prohibit students in default on New York State and federal student loans not guaranteed by the Higher Education Services Corporation from receiving TAP awards until the student cures the default.
H	Eliminate the Tuition Assistance Program (TAP) eligibility for graduate students	This part would eliminate TAP eligibility for graduate students.
I	Modify the Tuition Assistance Program (TAP) award schedules for financially independent students under age twenty-two and married students without children	This part would modify the TAP award schedules and increase TAP awards for financially independent students under age twenty-two without children from \$3,025 to \$5,000 and decrease TAP awards for married students without children from \$5,000 to \$3,025.
J	Reduce the Tuition Assistance Program (TAP) awards for students attending certain two year institutions	This part would reduce the maximum TAP award for students attending two year degree-granting institutions that do not offer four year degrees from \$5,000 to \$4,000.
K	Provide the Tuition Assistance Program (TAP) awards to students attending certain higher education institutions	This part would provide TAP awards to students attending not-for-profit New York State higher education institutions that are not under the State Education Department's direct supervision but are eligible for funds under Title IV of the Higher Education Act of 1965, that are accredited by an agency recognized by the U.S. Secretary of Education, that have students who are eligible to receive Pell grants, and that provide instruction of at least three years.
L	Reduce all the Tuition Assistance Programs (TAP) awards by \$75	This part would reduce each TAP award by \$75 or by the actual award when it is less than \$75 for the 2010-11 academic year and each academic year thereafter.
M	Modify the Tuition Assistance Program (TAP) program to include all private pension and annuity income in award calculations	This part would modify the TAP program to include the first \$20,000 of private pension income of those fifty-nine and a half years and older in TAP award calculations.
N	Extend the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness programs	This part would extend the Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness programs from June 30, 2010, until June 30, 2015.
O	Extend the Regents Physician Loan Forgiveness Program	This part would extend the Regents Loan Forgiveness Program until the end of the 2010-11 academic year.

P	Eliminate the Scholarships for Academic Excellence Program and the Math and Science Teaching Incentive Program	This part would eliminate the Scholarships for Academic Excellence program and the Math and Science Teaching Incentive Programs in the 2010-11 academic year and thereafter.
Q	Modify the community college chargeback provision	This part would prohibit community colleges whose undergraduate students are enrolled in a two-year program of study leading to a baccalaureate degree from charging non-residents an amount sufficient to cover their portion of the local sponsor's share of operating costs.
R	Extend current social worker and mental health professional licensing exemptions	This part would extend social worker and mental health professional licensing exemptions for the Department of Mental Hygiene, the Office of Children and Family Services, and local government programs from June 1, 2010, until June 1, 2014.
S	Modify the New York Higher Education Loan Program (NYHELPS)	This part would modify NYHELPS to include an economic hardship forbearance that would be implemented by regulations promulgated by the Higher Education Services Corporation (HESC), allow for the discharge of loans by order of a bankruptcy court and for borrowers who die while on active military duty, require cosigners to successfully complete a financial literacy course, conform provisions for wage garnishment to federal law, require borrowers and cosigners to electronically sign loan documents, prohibit otherwise eligible borrowers/cosigners from obtaining a loan if the student for whom the loan is for is in default on a student loan, require applicants for professional license to report to the State Education Department when they are in default on a NYHELPS loan, and allow HESC to receive data from the Department of Taxation and Finance.
T	Impose additional requirements on recipients of loan forgiveness program	This part would require that indigent legal service attorneys who are beneficiaries of the loan forgiveness program under the District Attorney and Legal Services Attorney Loan Forgiveness program be residents of New York State and would grandfather in certain other district attorney applicants.
U	Expand State University of New York (SUNY) Optional Retirement Program investment choices	This part would authorize SUNY to offer employees who participate in the Optional Retirement Program the choice of investing in alternative mutual funds.
V	Eliminate STAR exemption for properties worth \$1.5 million or more	This part would eliminate the STAR exemption for all properties with a market value of \$1.5 million or more.
W	Lower the STAR "floor" adjustment from eighty-nine percent to eighty-two percent	This part would lower from eighty-nine to eighty-two percent the "floor" adjustment amount, which is used to limit the percentage by which a STAR tax exemption may be reduced. This would allow an assessing unit's STAR exemption to be reduced by up to eighteen percent rather than eleven percent.

X	Restructure New York City Personal Income Tax STAR	This part would limit the New York City Personal Income Tax STAR benefit to the first \$250,000 of income.
Y	Authorize the use of an electronic benefit transfer system for the foster care and adoption programs	This part would authorize local social services districts to make payments to foster and adoptive parents using debit cards and direct deposits. The Office of Children and Family Services (OCFS) would be provided regulatory authority to establish guidelines for the use of such payment methods. OCFS would also be authorized to establish other methods of payment through regulation.
Z	Create the Kinship Guardianship Assistance Program	This part would establish the payment of subsidies to kinship guardians and set forth eligibility standards for approved foster parents to become subsidized kinship guardians. Children eligible for placement must have been in foster care with the kinship foster parent who is applying for subsidized guardianship for at least six months. The State share for payments would be made through the existing Foster Care Block Grant.
AA	Narrow instances of court-ordered child protective investigations	This part would direct that a Family Court judge may order a child protective investigation only when there is reasonable cause to suspect abuse or neglect. Judges would not be authorized to order that an investigation be completed within a shorter timeframe than is otherwise required by current law.
BB	Expand the use of electronic appearances in Family Court proceedings	This part would expand the ability of the Family Court to permit certain witnesses, parties, and interested persons to attend or testify at any proceeding by electronic means, including by telephone and audio-visual apparatus.
CC	Clarify the scope and fiscal responsibility associated with the Safe Harbour for Exploited Children Act	This part would make amendments to the Safe Harbor Act of 2008. These would include: narrowing the definition of sexually exploited child; adding that a long-term safe house may be operated by a Temporary Independent Living Program; providing for notification of parents or guardians; expanding the circumstances when a juvenile delinquent may be considered a severely trafficked person; and establishing that the services provided would be put forward only to the extent funds are appropriated.
DD	Authorize child care unions to collect payments from non-unionized home-based child care providers	This part would authorize the deduction and transfer of payments to child care unions from home-based child care providers who opt not to become members. The payment would be for services rendered by the union on behalf of all home-based providers. The union would be responsible for financing any technological changes necessary to implement the payment. For providers receiving child care subsidies from local social services districts, the payment would be deducted from the amount of the subsidy. The union would indemnify the State for any and all liability that may arise from action take to comply with this provision.
EE	Modify county planning requirements	This part would reduce requirements associated with each county's required multi-year consolidated services plans. These plans include information regarding adult, child, and family services such as foster care, PINS diversion, and preventive and adoption services.

		Such changes would include eliminating annual implementation reports, removing the requirement to hold public hearings, and removing certain information from the plan.
FF	Authorize the State to withhold payments to local districts that have failed to reimburse Office of Children and Family Services (OCFS) for costs associated with youth facilities	This part would authorize OCFS to withhold payments due to local social services districts in order to offset youth facility payments overdue by sixty days or more. OCFS, subject to the approval of the Director of the Budget, would be authorized to adjust facility per-diem rates reflecting changes in federal funds.
GG	Modify the scheduled public assistance grant increase	This part would reduce from ten percent to five percent the statutory July 2010 public assistance grant increase and make a similar reduction for the next three years. The full thirty percent grant increase enacted in 2009 would be implemented by July 2013 rather than July 2011. The State would continue to be responsible for the local share of the increase through State Fiscal Year 2013-2014.
HH	Authorize the Supplemental Security Income (SSI) federal cost-of-living adjustment pass-through	This part would increase SSI rates to pass through to the recipient a federal cost of living adjustment for individuals receiving SSI who reside in residential care, family care, or enhanced residential care settings.
II	Authorize the State to administer additional State payments for Supplemental Security Income (SSI) recipients and other eligible individuals	This part would authorize the Commissioner of the Office of Temporary Disability Assistance to administer directly or indirectly the additional state payment for individuals eligible for the federal SSI benefits, make changes to the eligibility criteria for the additional state payment, and provide definitions for certain terms.
JJ	Transfer the administration of the Nutrition Outreach and Public Education Program	This part would transfer the administration of the Nutrition Outreach and Public Education Program from the Department of Health to the Office of Temporary and Disability Assistance.
KK	Authorize the Office of Temporary and Disability Assistance (OTDA) to receive wage reporting data	This part would authorize OTDA to receive wage information for former recipients of public assistance from the Department of Taxation and Finance for a period of three years and six months after they leave public assistance. OTDA would not be authorized to utilize wage data to recover public assistance.

A.9704 - HEALTH AND MENTAL HYGIENE

PART	DESCRIPTION	SUMMARY
A	Modify certain Public Health and Aging Programs	This part would modify the Early Intervention program, including implementing fees for parents and requiring certain providers to bill Medicaid, restructure, consolidate, and eliminate certain programs in the Department of Health and State Office for the Aging, make changes to the General Public Health Work program, and eliminate the Elderly Pharmaceutical Insurance Coverage (EPIC) Part D drug coverage.
B	Modify Medicaid Reimbursement structures, propose pharmacy changes, modify Health Care Reform Act (HCRA) allocations, and modify public health insurance coverage and responsibility	This part would discontinue the 2010 trend factor for certain health care providers, increase the hospital assessment, modify the indigent care reimbursement methodology, implement measures to limit preventable hospital readmissions, implement certain pharmacy changes, modify and eliminate several HCRA allocations, implement provisions to accelerate cost recoveries, expand Child Health Plus benefits, modify eligibility provisions for the Medicaid, Child Health Plus, and Family Health Plus Buy-In programs, increase the number of Transitional Care Units, increase penalties for Medicaid fraud, make technical budget changes, and extend expiring laws.
C	Revise long term care reimbursement and service provision	This part would increase the nursing home and home and personal care assessment, extend nursing home rebasing, and postpone the implementation of regional pricing reimbursement methodology, carve out prescription drugs from the nursing home reimbursement rate, cap personal care service utilization, implement episodic reimbursement for Certified Home Health Agencies, make certain changes to the Long Term Home Health Care program, establish a number of Long Term Care demonstration programs, expand the nursing home program, and make changes to the Managed Long Term Care program.
D	Reinstate Superintendent of Insurance prior approval of health insurance rate adjustments	This part would reinstate prior approval by the Superintendent of Insurance of health insurance rate adjustments made by the health maintenance organizations, not-for-profit insurers, and commercial insurers authorized to write accident and health insurance, and raise the minimum medical loss ratio to eighty-five percent across the board.
E	Authorize facility directors to act as representative payees	This part would permit mental hygiene facility directors to act as representative payees in accordance with applicable federal laws and regulations.
F	Repeal reporting requirements regarding underserved populations	This part would eliminate the requirement that the Office of Mental Health submit a report on mental health services to traditionally underserved populations.

G	Authorize video teleconferencing for certain Sex Offender Management and Treatment Act (SOMTA) proceedings	This part would authorize the use of video teleconferencing during certain SOMTA proceedings, except for trials, unless good cause is shown and the parties consent.
H	Extend the Community Mental Health Support and Workforce Reinvestment Program and reduce number of beds	This part would authorize the Office of Mental Health to reduce inpatient capacity by no more than 250 beds in 2010-11 with limited notice and no reinvestment provisions; some of these beds would become Transitional Placement Beds. This part would also extend the Community Mental Health Support and Workforce Reinvestment Program for one year.
I	Authorize certain Medicaid recoveries	This part would allow the Office of Mental Health to recover certain Medicaid income from community residences and family based treatment programs.
J	Address payments to family-care homes and community residential facilities	This part would remove the limits placed on certain payments for individuals living in family care homes and community residential facilities, increase the number of days for respite services from ten to fourteen, and authorize greater flexibility regarding how these payments are made.
K	Require Office of Alcohol and Substance Abuse Services (OASAS) certification of hospitals and Article 28 detoxification services	This part would require OASAS certification of chemical dependence crisis services if a hospital or other Article 28 facility provides 2,000 patient days per year or more than ten percent of total patient days per year of such services.
L	Transfer the Alcohol and Drug Rehabilitation Program from the Department of Motor Vehicles (DMV) to the Office of Alcoholism and Substance Abuse Services (OASAS)	This part would transfer oversight of the Alcohol and Drug Rehabilitation Program (known as the Drinking Driver Program or DDP) from DMV to OASAS.
M	Eliminate Unified Service planning and funding	This part would eliminate the statutory designation of “Unified Services” and eliminate the ability of certain counties to receive funding for creating Unified Services Plans. The five counties impacted would be Rensselaer, Rockland, Warren, Washington, and Westchester.
N	Defer Human Services cost of living adjustment (COLA)	This part would eliminate the Human Services COLA for the 2010-11 fiscal year and authorize an additional year through March 31, 2014, for certain programs within the following agencies: Office of Mental Retardation and Developmental Disabilities, Office of Mental Health, Office of Alcoholism and Substance Abuse Services, Department of Health, State Office for the Aging, and Office of Children and Family Services.

A.9705 - TRANSPORTATION, ECONOMIC DEVELOPMENT AND ENVIRONMENTAL CONSERVATION

PART	DESCRIPTION	SUMMARY
A	Provide the annual authorization for the CHIPs and Marchiselli Programs	This part would authorize \$363.097 million in capital for CHIPs and \$39.7 million for the Marchiselli Program for State Fiscal Year 2010-11.
B	Consolidate the Department of Transportation (DOT) Accident Damage Account into the Dedicated Highway and Bridge Trust Fund (DHBTF)	This part would direct the deposit of certain penalties and forfeitures, currently paid into the DOT Accident Damage Recovery Account, into the DHBTF Special Obligation Reserve and Payment Account.
C	Establish a waiver process for the installation of pollution control devices on certain diesel vehicles	This part would authorize the Department of Environmental Conservation to establish a waiver process for diesel vehicles that are to be retired on or before December 31, 2013, from the requirement to install best available retrofit pollution control devices.
D	Restrict the powers of Industrial Development Agencies (IDAs) relating to the portion of the Mortgage Recording Tax dedicated to transit systems	This part would eliminate the ability of an IDA to extend its tax exempt status to projects in order to provide an exemption to the portion of the Mortgage Recording Tax that is dedicated to transit systems.
E	Extend the Department of Transportation (DOT) Single Audit Program	This part would extend for one year, until December 31, 2011, the DOT Single Audit Program, which requires municipalities and public authorities that are subject to a single audit of federal aid to prepare and have audited a schedule of State transportation assistance expended, provided that the total of such assistance exceeds \$100,000 in a fiscal year.
F	Prevent Metropolitan Transportation Authority (MTA) employees who are injured on leased New York City property from recovering from both workers' compensation and tort actions	This part would deem the MTA the owner of any lands that it may lease or license from the City of New York, eliminate liability on behalf of New York City as the property owner, and limit the injured worker's recovery to workers' compensation.
G	Extend the Metropolitan Transportation Authority (MTA) owner-controlled insurance programs to all capital projects	This part would extend the MTA's authority to provide owner-controlled insurance to contractors for bridge, tunnel, and omnibus facilities. Currently the MTA may only extend owner-controlled insurance to contractors for subway and commuter rail capital projects.

H	Authorize the Metropolitan Transportation Authority (MTA) to test the use of electronic and reverse bidding	This part would create a pilot program to test electronic and reverse bidding for MTA contracts, allow the MTA to receive bids electronically, and provide that the online posting of bids would constitute public openings and readings of bids. The MTA would also be authorized to use reverse bidding, allowing bidders to submit new bids if they are not the lowest bid. The pilot program would be in existence until December 31, 2014.
I	Eliminate Metropolitan Transportation Authority (MTA) liability for injuries arising from certain conduct	This part would bar a plaintiff from recovering for personal injuries incurred as a result of MTA conduct when it is established the plaintiff also acted with wanton disregard for his or her own personal safety or well-being.
J	Modify motor vehicle accident reporting provisions	This part would repeal the law requiring motor vehicle operators involved in fatal, personal injury, or property damage accidents when damage to the property of one person exceeds \$1,000 to file accident reports with the Department of Motor Vehicles. Police officers would not be precluded from reporting any accident resulting in damage to the property of any one person in excess of \$3,000, while continuing to be required to report accidents involving injury.
K	Permit the Department of Motor Vehicles (DMV) to use the United States Postal Service (USPS) address file	This part would authorize the DMV to notify individuals by mail of revocations, suspensions, fines, or other DMV orders using the current address provided by the USPS.
L	Consolidate the State's economic development agencies	This part would transfer the previous functions of the Urban Development Corporation and the Department of Economic Development into a newly created Job Development Corporation. It would also set forth the structure for the new corporation and provide that existing civil service and collective bargaining rights and benefits be maintained under such transfer.
M	Extend the Higher Education Capital Matching Grant Program	This part would extend the Higher Education Capital Matching Grant Program from March 31, 2010, until March 31, 2011.
N	Provide access to capital to support the growth of small businesses	This part would create a \$25 million revolving loan fund that would provide micro-loans of less than \$25,000 and other loans not to exceed \$125,000 to small businesses, particularly those owned by minorities and women who have had difficulty accessing capital. State funds would be limited to fifty percent or less of the total loan amount.
O	Establish the New Technology Seed Fund	This part would establish a \$25 million New Technology Seed Fund to make investments, through qualified intermediaries, in startup and early-stage small businesses in New York who have developed cutting edge breakthroughs in emerging technologies.

P	Make permanent the general loan powers of the New York State Urban Development Corporation (UDC)	This part would make permanent the general loan powers of the UDC, which otherwise would expire on July 1, 2010.
Q	Authorize support for the New York City Empowerment Zone, the New Technology Seed Fund, and Governors Island	This part would authorize the New York State Urban Development Corporation to transfer \$46.4 million in excess funds as follows: \$29.4 million to the New York City Empowerment Zone, \$10 million to the New Technology Seed Fund, and \$7 million to the Governors Island Preservation and Education Corporation.
R	Modify Equine Drug Testing Program	This part would remove the exclusive placement of the equine drug testing program at Cornell College of Veterinary Medicine and permit competitive bidding among qualified State University of New York colleges.
S	Make changes to Tribal State Compact provisions regarding revenue and distribution	This part would remove the requirement that money that comes to the State from revenue received from Native American casinos be appropriated to municipalities in western New York State by the Legislature and change the distribution of funds to the Niagara Falls Underground Railroad Heritage Commission.
T	Eliminate the State's Role in Dog Licensing	This part would transfer the responsibility of dog licensing from the State to municipalities. It would eliminate the New York State Animal Population Control Program and state-level provisions relating to purebred licensing. It would also authorize municipalities to waive or impose various licensing or related fees.
U	Allow Cornell University to enter into memoranda of understanding (MOUs) with state agencies	This part would allow Cornell University, as a statutory college, to enter into MOUs with state agencies for the purposes of procuring services and technical assistance from Cornell or providing funds to Cornell that are related to its land grant mission.
V	Authorize financing of certain Department of Health expenses with revenues generated from an assessment on cable television companies	This part would make the Department of Health expenses relating to the Department of Health Public Service Education program eligible expenses for purposes of cable television assessment revenue.
W	Authorize professional mixed martial arts (MMA) competitions in the State	This part would authorize the State Athletic Commission to license participants in MMA and promulgate rules and regulations to govern the conduct of the sport. It would also make provisions for the State to tax gross receipts from ticket sales and broadcasting rights related to professional MMA events held in the State.

X	Extend for one year the authority of the Secretary of State to provide expedited handling of documents filed or issued by the Division of Corporations	This part would extend from March 31, 2010, to March 31, 2011, the ability of the Secretary of State to charge \$75 for same-day expedited handling of document requests and \$150 for two-hour expedited handling of document requests.
Y	Extend for one year the distribution formula for the Community Services Block Grant Program	This part would extend from September 31, 2010, to September 31, 2011, the statutory formula for the distribution of funds through the Department of State of the federal Community Services Block Grant Program.
Z	Modify the classification of not-for-profit corporations	This part would redefine all existing Type C not-for-profit corporations as Type B not-for-profit corporations and eliminate the Type C classification.
AA	Include the New York City Housing Development Corporation (NYCHDC) under the State bond issuance charge	This part would include the NYCHDC on the list of public benefit corporations that must pay to the State a bond issuance charge upon all issued bonds.
BB	Authorize transfer of monies from New York State Energy Research and Development Authority (NYSERDA) to the General Fund	This part would authorize NYSERDA to make an annual transfer of \$913,000 to the General Fund for debt service expenses related to the West Valley.
CC	Authorize New York State Energy Research and Development Authority (NYSERDA) to finance a portion of its Research, Development, and Demonstration program and Policy and Planning program	This part would authorize NYSERDA to finance part of its Research, Development, and Demonstration program and its Policy and Planning program. Appropriation language would include a sub-allocation to the Department of Conservation.
DD	Modify the Waste Tire Management and Recycling Fee	This part would eliminate the sunset of the Waste Tire Management and Recycling Fee, expand the authorized purposes of the Waste Tire Management and Recycling Fund, and rename the fund the "Waste Management and Cleanup Fund."
EE	Modify public notice and reporting requirements and forest fire mutual aid provisions for the Department of Environmental Conservation	This part would modify the Department of Conservation's public notice requirements, including newspaper publication requirements and web postings, revise certain annual reporting requirements, and authorize mutual aid and assistance pursuant to forest fire protection compacts.

FF	Reduce the amount of Real Estate Transfer Tax revenue deposited into the Environmental Protection Fund	This part would amend the Tax Law to reduce the amount of Real Estate Transfer Tax (RETT) revenue that is deposited into the Environmental Protection Fund (EPF) from \$199 million to \$132 million.
GG	Reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce the provisions of the Navigation Law	This part would reduce the authorized reimbursement rate paid to governmental entities that voluntarily enforce the Navigation Law from seventy-five percent to fifty percent.
HH	Expand the use of funds in the Snowmobile Trail Development and Maintenance Fund to include all recreational activities on State lands	This part would authorize the Commissioners of Parks, Recreation, and Historic Preservation and Environmental Conservation to use funds from the Snowmobile Trail Development and Maintenance Fund to develop and maintain recreational activities on any State lands.

A.9710 - REVENUE

PART	DESCRIPTION	SUMMARY
A	Impose a Natural Gas Severance tax	This part would impose a three percent tax on certain natural gas production.
B	Increase excise tax on cigarettes	This part would increase the excise tax on cigarettes by \$1, to \$3.75 per pack, effective June 2, 2010.
C	Impose an excise tax on syrups or simple syrups, bottled soft drinks, or powders or base products	This part would impose an excise tax on syrups or simple syrups at a rate of \$7.68 per gallon, on bottled soft drinks at a rate of \$1.28 per gallon, and on powders or base products at a rate of \$1.28 per gallon of liquid yield. This would equate to a tax of one cent per ounce.
D	Make technical amendments to certain tax credits	This part would equalize the tax treatment of corporations and unincorporated businesses with respect to the calculation of the maximum allowable biofuel production and Qualified Emerging Technology Company tax credits.
E	Modify the definition of “nonresident taxable income” to include termination payments, non-compete covenants, and other compensation for past services	This part would make termination payments, non-compete covenants, and other compensation for past services to nonresidents taxable unless specifically exempt under federal law.
F	Amend the definition of New York source income for certain S corporation shareholders	This part would require certain S corporation gains from acquisition, liquidation, and installment sales of assets to be treated as New York source income by nonresident shareholders to the extent that the business was conducted in New York.
G	Amend the definition of “resident trusts”	This part would amend the definition of “resident trusts” in the personal income tax to reduce tax avoidance opportunities through the use of nonresident trustees.
H	Require informational returns from certain financial firms	This part would conform State law to mirror federal law by requiring certain financial institutions to file information returns with the State annually regarding amounts of credit/debit card settlements and third party network transactions.
I	Authorize statistical sampling techniques	This part would authorize the use of statistical sampling techniques for sales tax audit purposes in certain circumstances.
J	Modify the administration of the Tax Department's Electronic Filing and Electronic Payment Programs	This part would: (1) eliminate taxpayer opt-out from electronic filing as automatic grounds for abatement of the penalty imposed on tax return preparers for failure to electronically file tax returns and other tax documents when required by law to do so; (2) authorize the Commissioner to establish correction periods for electronic filings and payments that are not accepted for processing; and (3) prohibit tax return preparers and software companies from charging separately for electronic filing of New York tax documents.

K	Authorize the Department of Taxation and Finance to use alternative means of communication	This part would authorize the Department of Taxation and Finance to use alternative means of communication when providing tax bills, notices, and other tax documents to addressees in an attempt to reduce mailing costs.
L	Modify the Offer in Compromise Program	This part would modify the Offer in Compromise Program of the Department of Taxation and Finance by adopting standards for providing assistance to taxpayers.
M	Require telecommunications tax report	This part would require the Department of Taxation and Finance to provide recommendations to modify State and local taxes on telecommunications services.
N	Eliminate Quick Draw restrictions	This part would eliminate the sunset of Quick Draw and eliminate certain restrictions on the game.
O	Eliminate restrictions on Video Lottery Terminal (VLT) operations	This part would extend the hours of VLT operation, repeal the sunset date for the VLT program, and make technical corrections.
P	Subject cooperatives to the mortgage recording tax	This part would expand the base of the mortgage recording tax to include sales of cooperatives.
Q	Establish a Property Tax Circuit Breaker Reserve Fund and a School Tax Circuit Breaker Tax Credit	This part would establish a School Tax Circuit Breaker Reserve Fund into which General Fund surpluses would be deposited. It would also create a School Tax Circuit Breaker Tax Credit to be paid to certain residential property owners. The credit amount would be based upon the recipients' income and the funds available in the School Tax Circuit Breaker Reserve Fund in the given year.
R	Allow tax treatment of marriages recognized by New York State but not by federal law	This part would amend the Tax Law and the Administrative Code of the City of New York to allow that marriages recognized in New York but not recognized by the federal government receive the same treatment as other marriages under the Tax Law.
S	Narrow the affiliate nexus provisions under the Sales Tax	This part would narrow the affiliate nexus provisions by excluding as a basis for sales tax vendor-status an affiliate's control over the seller.
T	Allow the sale of wine in grocery and drug stores, impose a franchise fee for such privileges, and grant greater autonomy to liquor store owners	This part would authorize the sale of wine in grocery and drug stores that currently qualify for a license to sell beer upon payment of a franchise fee and authorize liquor stores to sell products complementary to their business. It would also create a medallion system that would provide existing store owners with an additional license and authorize certain transactions between liquor stores and other retail establishments.
U	Expand the low income housing tax credit	This part would increase the aggregate amount of low-income housing tax credits that the Commissioner of Housing and Community Renewal may allocate by \$4 million.
V	Extend the Film Tax Credit	This part would extend the film production tax credit, provide \$2.1 billion in additional tax credit allocations over tax years 2010-14, and impose various restrictions.
W	Establish the Excelsior Jobs Program	This part would make certain businesses in targeted industries that create and maintain at least fifty net new jobs in New York for five years eligible for the three tax credits, each of which would be fully refundable:

		<ul style="list-style-type: none"> • Excelsior Jobs Tax Credit would be a refundable tax credit between \$2,500 and \$10,000 per new job created for up to five years; • Excelsior Investment Tax Credit would be a refundable tax credit of two percent of qualified investments; • Excelsior Research and Development Tax Credit would be a refundable tax credit equal to ten percent of the program participant's federal research and development tax credit, for research and development activities performed in New York State.
X	Make Empire Zones technical corrections	This part would make technical corrections to clarify that the Empire Zones decertification provisions are applicable to tax year 2008 and to ensure that qualified investment projects remain eligible to receive the investment tax credit beyond the sunset date of June 31, 2010.
Y	Extend State Gramm-Leach-Bliley provisions	This part would extend for one year provisions of the 1985 and 1987 bank tax reforms, as well as the transitional provisions in New York's bank tax enacted in response to the Federal Gramm-Leach-Bliley Act.
Z	Make technical corrections to 2009-10 tax enforcement legislation	This part would authorize technical corrections to 2009-10 tax enforcement and sales tax avoidance and restore the requirement that the industrial development agency agent statements be submitted to the Department of Taxation and Finance.
AA	Extend Pari-Mutuel Tax Rates	This part would extend for one year lower Pari-Mutuel tax rates and rules governing simulcasting of out-of-state races.
BB	Maintain current estate tax	This part would maintain the New York Estate Tax Unified Credit amount currently allowed independent of federal estate law in effect on the date of death.
CC	Modify the taxicab surcharge	This part would modify the imposition and administration of the fifty cent per ride taxicab surcharge imposed by Article 29-A of the Tax Law by converting it to a quarterly fee.

**A.9713 - OFFICE OF TAXPAYER ACCOUNTABILITY
INTERAGENCY TASK FORCE ELIMINATIONS BILL**

DESCRIPTION	SUMMARY
<p>Eliminate numerous advisory boards, councils, committees, and task forces, consolidate others, and revise the functions, powers, and duties of several such entities</p>	<p>This bill would repeal numerous provisions establishing various advisory boards, councils, committees, and task forces. It would also consolidate the operation of several advisory bodies, shift the duties of certain bodies to state agencies, revise the functions, powers, and duties of several bodies, and make numerous conforming technical changes.</p> <p>The advisory bodies affected would include: the advisory council on under age alcohol consumption; advisory council on alcoholism and substance abuse services; William B. Hoyt Memorial children and family trust fund advisory board; Office of Children and Family Services schools board of visitors; child welfare research advisory panel; statewide wireless network advisory council; advisory council on procurement lobbying; disability benefits advisory committee on legal advocacy; coordinated children’s service initiative; interagency task force on human trafficking; block grant advisory councils; breast and cervical cancer detection and education program advisory council; advisory council on interactive media and youth violence; advisory council on children’s environmental health and safety; funeral directing advisory board; special advisory review panel on Medicaid managed care; medical record access review committees; advisory council on immunization; ovarian cancer information advisory committee; osteoporosis advisory council; State palliative care education and training council; prostate and testicular cancer detection and education advisory council; radiologic technologist advisory board; spinal cord injury research board; State task force on flame retardant safety; State toxic mold task force; adult day services workgroup; Brookhaven National Laboratory local oversight and monitoring committee; controlled substances task force; environmental laboratory program advisory board; commission on financially distressed residential health care facilities; State council on home care services; recombinant DNA advisory council; physician assistants and special assistants advisory council; sharps technical advisory committee; tick-borne disease institute advisory committee; tick-borne disease institute research council; advisory committee on mercury pollution; State bird conservation area advisory committee; falconry advisory board; freshwater wetland appeals board; State scenic byways advisory board; marine and coastal district of New York conservation, education, and research board; State invasive species advisory committee; State oil, gas, and solution mining advisory board; State petroleum bulk</p>

storage advisory council; regional forest practice boards; State forest practice board; solid waste management board; State environmental board; surf clam/ocean quahog management advisory board; State animal health issues committee; plant industry advisory committee; apiary industry advisory committee; advisory council on petroleum products standards; direct marketing advisory council for statewide activities; Hudson Valley agricultural advisory council; organic food advisory committee; agricultural transportation review panel; State heritage areas advisory council; temporary advisory committee on the restoration and display of New York State's military battle flags and the New York State military battle flags partnership trust fund; fire fighting and code enforcement personnel standards and education commission; emergency services council; manufactured housing advisory council; Long Island Sound coastal advisory commission; security and fire alarm systems advisory committee; armored car carrier advisory board; appearance enhancement advisory committee; barbers board; hearing aid dispensing advisory board; State cemetery board; citizens advisory council; State home inspection council; New York motor vehicle theft and insurance fraud prevention board; New York statewide law enforcement telecom committee; board of real estate appraisal; carnival, fair, and amusement park safety advisory board; coordinating council for services related to Alzheimer's; advisory council to the recreation program for the elderly; minority and women-owned business enterprise advisory board; upstate and downstate New York tourism councils; task force on the future of off-track betting in New York State; tow truck advisory board; NORC support service advisory committee; NNORC support service advisory committee; advisory committee for the aging; public health council; and the State hospital review and planning council.

**A.9714 - OFFICE OF TAXPAYER ACCOUNTABILITY
INTERAGENCY EFFICIENCIES BILL**

DESCRIPTION	SUMMARY
<p>State Administrative Procedure Act (SAPA), Electronic Submission, and Open Meetings Law Changes</p>	<p>This proposal would:</p> <ul style="list-style-type: none"> (1) permit state agencies to allow applicants for permits to make an affirmation under penalty of perjury in lieu of other types of oaths and allow such affirmation to be subscribed to electronically; (2) allow agencies during the SAPA process in their rule notice to combine their regulatory analysis, rural impact analysis, and job impact analysis statements into a single statement limited to four thousand words, provided that statement includes all of the required elements of those statements; (3) permit the Department of Criminal Justice Services to receive various types of offender and public safety records electronically; and (4) permit public bodies of which a majority of members are appointed by state agencies to hold their meetings via teleconference or other communications means by which all members may participate.

A.9715 - ETHICS AND RETIREMENT BILL

PART	DESCRIPTION	SUMMARY
A	Create and authorize State Government Ethics Commission	<p>This proposal would repeal and reenact the State Lobbying and Legislative Ethics Laws and amend the Public Officers Law, in order to replace the Commission on Public Integrity and Legislative Ethics Commission with a single State Government Ethics Commission, located in the Department of State, to oversee all Executive and Legislative officers and employees, as well as lobbyists, in relation to financial disclosure, ethical advisory opinions, and enforcement, open meetings regulations, and campaign finance enforcement in New York State. The Commission would consist of five members, serving five year terms, who would have the power to appoint and remove an executive director and other officers, and who would be appointed by a designating commission to consist of ten members (four appointed by the Governor, one by the Attorney General, one by the Comptroller, and one by each of the legislative leaders). The proposed ethics commission would have expanded powers to randomly audit financial disclosure forms, levy civil penalties on public officers, and refer criminal charges to the Attorney General as well as to local district attorneys. Lobbyists would be required to disclose all business relationships with state officers, including referrals of individuals, and all lobbying efforts regarding pension funds and the dispersal of public monies; the proposal would restrict the amount lobbyists could contribute to political candidates over and above existing individual contribution limits. Legislators who are attorneys would have to report all clients referred to them by a lobbyist and list all clients whom they represent before a state body, including any state court. The existing law would be expanded to prohibit the hiring of a relative of a member or employee of the Legislature if the latter has prior knowledge of the prospective employment by the legislative entity in which the legislator or legislative employee works. In addition to its plenary enforcement powers over violations of campaign finance laws, the commission would also be empowered to promulgate regulations governing campaign finance, prescribe forms to be used for disclosure of contributions and expenditures, and otherwise administer such portions of the election law.</p>
B	Designate an Employee Retirement System Board	<p>This proposal would create an Employee Retirement System Board, to consist of five members serving five year terms, to replace the Comptroller as the sole trustee of the State's pension fund, with the Comptroller to act instead as custodian of that fund answerable to the Board. The members of the board would be designated by a designating commission, four of which would be appointed by the Governor, one by the</p>

		<p>Attorney General, one by the Comptroller, and one by each of the legislative leaders. The board would be prohibited from hiring the services of any outside investment manager who uses a placement agent to assist in identifying and placing investments. The proposal would prohibit investment firms who have made political contributions to members of the board from doing business with the State Retirement Fund.</p>
C	<p>Create a program of public financing of elections and otherwise alter current campaign finance law</p>	<p>This part would change New York’s current funding of election campaigns by creating a system of public finance for certain offices and otherwise imposing a new structure of campaign financing by limiting and banning certain contributions, expanding reporting requirements, and increasing the frequency of audits. The enforcement of the campaign finance laws would be vested in the ethics commission created elsewhere in the legislation.</p>
D	<p>Establish pension forfeiture for public officials</p>	<p>This proposal would provide that any current or retired member of the State Retirement System who is convicted of a felony offense related to the performance or failure to perform their official duties would be subject to forfeiture of his or her pension and other retirement rights and benefits, minus contributions to the retirement system, based on an action in the supreme court filed by the district attorney having jurisdiction over the offense.</p>

**JOINT FISCAL COMMITTEE HEARINGS ON THE EXECUTIVE BUDGET
FOR STATE FISCAL YEAR 2010-11**

<u>DATE</u>	<u>LOCATION</u>	<u>TIME</u>	<u>TOPIC</u>
January 25	Hearing Room B	10:00 a.m.	Local Government Officials and General Government
January 26	Hearing Room B	9:30 a.m.	Environmental Conservation
January 27	Hearing Room B	9:30 a.m.	Higher Education
February 1	Hearing Room B	9:30 a.m.	Economic Development
February 1	Hearing Room B	1:00 p.m.	Taxes
February 2	Hearing Room B	10:00 a.m.	Elementary & Secondary Education
February 3	Hearing Room B	9:30 a.m.	Mental Hygiene
February 3	Hearing Room B	1:00 p.m.	Housing
February 8	Hearing Room B	9:30 a.m.	Public Protection
February 8	Hearing Room B	1:00 p.m.	Transportation
February 9	Hearing Room B	10:00 a.m.	Health/Medicaid
February 10	Hearing Room B	9:30 a.m.	Workforce Issues
February 10	Hearing Room B	12:00 p.m.	Human Services

FORECAST OF RECEIPTS

On or before February 26

Release of revenue receipts
by the Fiscal Committees of the
Legislature

All Hearings will be held in the Hamilton Room -- Hearing Room B in the Legislative Office Building, Albany.