



# NEWS *From* Assemblymember **John T. McDonald III**

Spring 2019

## 2019-20 State Budget Highlights

The 2019-20 New York State budget invests \$175.5 billion including investments in education, tax relief, and health care. It is helpful to look at the landscape this year as the state worked to build a budget despite a newly enacted cap on the state and local tax deductions (SALT) by the federal government. The SALT cap means that states such as New York that are taxed on a higher level will have taxpayers who are disproportionately affected by the change. New York State is also one of the top “donor states” in the country, meaning we pay more in federal taxes than we receive in federal funding.

The result is a budget that does not include all that we may want but does include measures that will lead to tangible benefits for our residents in an attempt to balance the scales toward fairness.

We increased funding for our schools, made the property tax cap permanent, continued a middle class tax break, restored attempted cuts to municipalities to keep taxes down and services intact, and secured other initiatives that will beneficially impact our communities. In a difficult budget year, sometimes one of the most important things is ensuring that certain issues are kept out of the final budget that require further discussion and study. The legalization of recreational adult use marijuana had been discussed as a likely budget item and it was left out of the budget allowing the dialogue regarding potential impacts and concerns to continue.

I continue to focus on the issues that are important to the 108th District and advocated throughout this budget process on tax relief measures, education funding, funding for local governments, and all of the other issues that I hear about in the community. Thank you again for your valuable input.



Assemblymember McDonald speaking on the plastic bag ban proposal on the New York Assembly floor

### Important Changes to the NYS STAR Program

#### Basic STAR Facts

New Yorkers who own their homes and make \$500,000 a year or less are eligible for the Basic STAR credit for their primary residence. This year, property owners who make between \$250,000 and \$500,000 will receive a check rather than the exemption upon registration with the state Department of Taxation and Finance. Additionally, all other STAR recipients have the option to switch to the check system in order to receive a 2% increase in their savings. Those who choose to continue receiving the direct exemption on their tax bills will receive the same amount as last year. The check system is already used by homeowners who earn less than \$500,000 and who purchased their home after Aug. 1, 2015.

To receive the check, homeowners must contact their local assessor to withdraw from the STAR exemption and then register online for the STAR credit program by July 1, 2019. Homeowners can apply online at [www.tax.ny.gov/pit/property/star/default.htm](http://www.tax.ny.gov/pit/property/star/default.htm) and should contact your local assessor with any questions about the application process.

#### Enhanced STAR Facts

While this change won't affect property owners age 65 and over receiving the Enhanced STAR exemption, there is a new requirement for that program. Seniors must register for the state's income verification system. Once enrolled, the state Department of Taxation and Finance will verify income eligibility for Enhanced STAR, rather than the local assessor. This will not affect property owners who purchased their homes after Aug. 1, 2015, nor will it change the income eligibility threshold of \$86,300 or less. About 75% of the approximately 650,000 seniors who receive the enhanced exemption are already enrolled in the income verification system. Once enrolled, eligible seniors will automatically receive their exemption without having to reapply with the local assessor.

Information on the income verification system can be found at [www.tax.ny.gov/pit/property/star/ivp.htm](http://www.tax.ny.gov/pit/property/star/ivp.htm)

For seniors who may have missed the local deadline, New York State allows seniors to ask the commissioner of Taxation and Finance for permission to file late due to good cause before the last day for paying school taxes. To do so, seniors have to send an explanation of why they were late to file, as well as the necessary forms, to the state Tax Department. The instructions can be found at [www.tax.ny.gov/pit/property/star/enhanced-star-late-app.htm](http://www.tax.ny.gov/pit/property/star/enhanced-star-late-app.htm)

Admittedly, some of these changes I am not a fan of, however some of the changes are to prevent fraud in the program which of course I support.

Time will tell if this is in the best interests of taxpayers and know that at the end of the day that I am very concerned about the net impact to taxpayers.

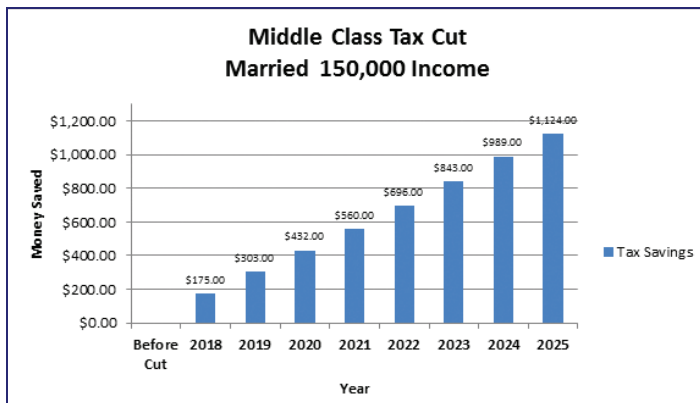
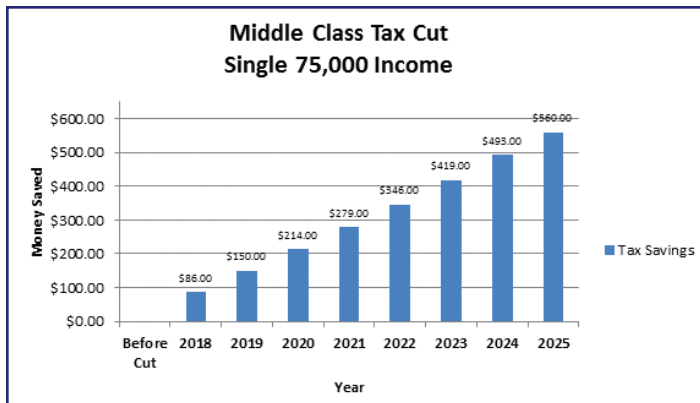
## Tax Savings

### Permanent Property Tax Cap

The 2% property tax cap is now permanent and now taxpayers can rely on continued property tax savings in the years to come. The cap was first implemented in 2012 and has led to approximately \$25 billion in savings to date. Predictability in property tax relief will lead to putting New Yorkers on the path to home ownership while making it possible for many current owners to remain in their homes. Additionally the tax cap helps to retain businesses in New York which as we know employs our residents.

### Middle Class Tax Cuts

The budget also continues the phase-in of middle class tax cuts. The tax rates will continue to drop to 5.5% and to 6% when the cuts are fully phased in – ultimately leading to upwards of a 20% cut in income tax rates for the middle class - and producing a projected \$4.2 billion in annual savings for six million filers by 2025. Please see below charts outlining the estimated savings for middle class taxpayers through 2025 using a joint income of \$150,000 for married filers and an income of \$75,000 for single filers. Note: these charts should give you some idea of the impact of the cuts, but individual taxpayers would undoubtedly see different amounts when they actually file, based on their individual deductions, credits, etc. As the new rates phase in, they will be the State's lowest middle-class tax rates in more than 70 years.



### Local Business Tax Credits

- Expands the Employee Training Incentive Program (ETIP) Credit by including in-house training, software development and renewable or clean energy internships as part of eligible training activities.
- Extends the Workers with Disabilities Tax Credit until 2023 for those employing individuals with developmental disabilities.
- Expands the Historic Rehabilitation Credit (HRC) to qualified rehabilitation projects within state parks and historic sites and other state-owned land, to encourage job creation in the trades.
- Expands the eligibility for the HRC to communities that have a population of less than a million with a poverty level that is greater than 15%

### AIM Funding for Localities

Local governments rely on the state Aid and Incentives to Municipalities (AIM) program to provide much needed services, balance their budgets, keep taxes down and revitalize their neighborhoods. This year the Executive budget proposal sought to cut AIM funding by \$59 million and the funding was ultimately restored in the final budget thanks to the efforts of the Assembly and the Senate. The budget ensures that municipalities will receive the full \$715 million that AIM currently provides. The budget

also establishes a new revenue stream for local governments by requiring internet marketplace providers to collect sales tax on items sold in state and helps level the playing field for local brick-and-mortar businesses, with an expected \$200 million in new revenue for counties which is shared in part with local governments and will have a positive impact on controlling property taxes.

## Investing in Public Education

The budget provides a total of \$27.8 billion in education funding, an increase of \$1 billion – or 3.7 percent – over last year. This includes a \$618 million increase in Foundation Aid for a total of \$18.4 billion. The spending plan includes a \$15 million increase in funding for grants for prekindergarten, for a total of \$822 million. The budget restores \$2 million for the Supportive Schools grant program to help districts foster inclusive environments and implement the Dignity for All Students Act, and the plan also includes \$1.5 million for mental health grants for junior high schools.

The plan also rejects the executive proposal to consolidate 11 expense-based aids, including BOCES aid, special services aid and transportation aid, and allows them to be reimbursed at their present levels. Additionally the budget provided for long overdue cost savings initiatives that save school districts funding such as allowing for piggybacking for transportation aid which may not sound monumental but helps reduce redundant spending.

## Making Higher Education More Affordable

The budget continues the Excelsior Scholarship, which makes SUNY schools tuition-free for eligible New Yorkers, and the income eligibility threshold increases this year to \$125,000. Students who attend a private college in New York and have a family income of less than \$125,000 this year would also be eligible for a scholarship award of \$6,000. The budget allocates \$12.1 million to SUNY to increase community college base aid by \$100 per full-time equivalent (FTE) student, bringing the total rate to \$2,947.

An important budget provision now allows community colleges to forgive or discount early college programs for high school students. If we truly want to reduce cost of college, we need to continue to build on programs such as this and the Early College Programs that we started two years ago (i.e. Cohoes).

To ensure disadvantaged and low-income New Yorkers are given a fair chance to pursue higher education, the budget restores \$23.8 million to college opportunity programs, including:

- \$35.5 million for the Higher Education Opportunity Program (HEOP);
- \$32.2 million for the Educational Opportunity Program (EOP);
- \$18.4 million for Liberty Partnerships;
- \$15.8 million for the Science and Technology Entry Program (STEP); and



Assemblymember McDonald speaks at the Pharmacists Society of the State of New York Lobby Day Rally

- \$11.9 million for the Collegiate Science and Technology Entry Program (C-STEP).

To support students who want to get a head start on the journey to a college degree, the budget allows SUNY schools to reduce or waive tuition for high school students enrolled in college courses.

## Medicaid Cap

Although the state is faced with limited resources, the Assembly remains committed to making sure New Yorkers have access to the vital services they need. The approved budget restores \$550 million in Medicaid cuts, including \$137.8 million for the hospital Indigent Care Pool. The budget plan would also enable fair drug pricing by prohibiting pharmacy benefit managers from engaging in spread pricing and by adding additional transparency which will assist to reduce costs for the prescription drug benefit for Medicaid Managed Care Plans resulting in savings to taxpayers.

The spending plan includes an additional \$25.3 million to reject the \$17.5 million proposal to cap deductible and copayment reimbursement for ambulance and psychologist services for individuals dually eligible for Medicare and Medicaid at the Medicaid rate, and the \$7.75 million proposal to eliminate the Population Health Improvement Program.

## Early Voting Funding for Localities

This year's budget reflects the Assembly Majority's commitment to expanding voters' access to the polls, and includes \$14.7 million to carry out a number of reforms that were passed earlier this year. The funding will go to counties to use for electronic poll books and for providing uniform polling hours for primary elections across the state to prevent another unfunded mandate while carrying out the priorities of New Yorkers as it relates to election reforms.

- To offset the costs of additional poll hours for financially strained local governments, the budget earmarks \$10 million for localities
- The budget also authorizes the use of electronic poll books to administer elections and provides \$14.7 million in capital funding for counties to purchase e-poll books and on-demand ballot printers to support the implementation of early voting

## Plastic bag ban

The budget implements a ban on plastic carry out bags, and authorizes counties and cities to impose a five-cent fee on paper bags. If they choose to opt-in, 40 percent of the funds raised from the fee will help cities and counties purchase and distribute reusable bags, especially in low- and fixed-income communities. The other 60 percent will go to the Environmental Protection Fund.

Exceptions to the plastic bag ban include:

- Bags used solely to contain or wrap uncooked meat, bulk items, food sliced to order;
- Newspaper bags;
- Bags sold in bulk, including food storage bags and trash bags;
- Garment bags;
- Plastic bags provided by a restaurant; and
- Bags provided by a pharmacy to carry prescription drugs.

Purchases made using the Supplemental Nutrition Assistance Program (SNAP) or the Women, Infants and Children (WIC) food and nutrition service will be exempt from any paper carryout bag fee.

While this effort is something that I have heard great support for over the years and is a well-intentioned initiative, I am concerned that the policy as it stands will not reach the ultimate goal of encouraging consumers to change behaviors and rely on more sustainable reusable bags. The municipal opt-in approach will likely confuse consumers and frustrate businesses. With an

implementation date of March 2020, I hope that we will review the fee system and address the unintended consequences for consumers and businesses while protecting our environment.

## Limousine Safety Regulations

The Budget included new safety measures and regulations in response to the tragic limousine crash in Schoharie County last October resulting in 20 people killed. The discussion is still ongoing regarding limousine safety but please see below for more details on the measures included in the budget.

- Enacts new regulations for the limo industry making it a class E felony for knowingly operating a limo where such operation causes the death of another person, creating heightened civil penalties - including higher fines - for operating without State Department of Transportation operating authority or violating DOT safety regulations.
- Additionally, State Police and DOT will have new authority to seize vehicle plates when limos are out of compliance.
- The Department of Motor Vehicles will be able to refuse and revoke registrations for limos that do not meet federal safety standards.
- If an unauthorized vehicle seeks an inspection at a licensed inspection station, the inspection station will now be required to report that vehicle to the DMV.
- Any inspection station found to have improperly issued inspections three times within an 18-month period will have its operating certificate suspended.
- Stretch limos will be prohibited from making U-turns.
- Commercial vehicles with a seating capacity of eight or more passengers will be required to carry increased insurance of at least \$1.5 million in coverage.



Assemblymember McDonald at the Joint Legislative Budget Health Hearing

## Wage Increases for Direct Support and Clinical Staff

The approved budget would direct funding to support salary increases for direct support professionals (DSPs), direct care workers and clinical staff employed by the Office of Mental Health (OMH), the Office of Alcoholism and Substance Abuse Services (OASAS), and the Office for People with Developmental Disabilities (OPWDD). DSP's and direct care workers would receive a two percent increase on January 1, 2020 and direct care workers, direct support professionals and clinical staff would receive another two percent increase on April 1, 2020 for a total of \$80 million. To be candid the state needs to do more in this area to stem the constant turnover in this field and to enhance the care for the dedicated DSP's who care for our most vulnerable residents.

I remain committed to advocating on this issue and will continue to support the direct care workers and staff.

## Veterans Services

The budget restores more than \$1.6 million to various programs that will assist veterans through programs that help veterans use their diverse skills to find gainful employment, connect them to needed resources and provide legal and other services to low-income active-duty members. Additionally, the budget also earmarks \$4 million for the Joseph P. Dwyer Peer Support Project, a peer-to-peer program that helps veterans who have returned home and are facing the challenges of post-traumatic stress disorder (PTSD) and Traumatic Brain Injury (TBI) as well as our local Veterans Miracle Center which assists veterans and their families with everyday needs. The budget appropriated \$2.7 million for Military Enhanced Recognition Incentive and Tribute (MERIT) scholarships, which will cover the college tuition and expenses for 145 Gold Star families.

## Child Care

To ensure more New Yorkers have access to quality, reliable, safe child care they can afford, the budget allocates \$832 million for child care subsidies – an increase of \$26 million over last year. The budget also creates the New York State Employer-Provided Child Care Credit, which is equal to 100 percent of the federal credit, for employers who provide child and dependent care facilities to their employees.

## Heroin and Opioid Crisis

New York continues to battle an ongoing opioid epidemic. The budget provides \$4.75 million to expand the jail-based substance use disorder services in county jails. The budget also includes \$350,000 for loan forgiveness and scholarship programs to recruit and retain staff in the prevention, treatment and recovery service system. The budget also creates a new credit for employers of up to \$2,000 for each person hired who is in recovery from a substance use disorder.

*If you would like any additional information regarding these initiatives and other budgetary measures, please feel free to reach out to my office as always at 518-455-4474 or [mcdonaldj@nyassembly.gov](mailto:mcdonaldj@nyassembly.gov)*



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