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Executive Budget Proposal Released – Governor Paterson released his executive budget proposal on Tuesday, January 19, 2010 and as expected, it included huge cuts, most notably in healthcare and education and numerous new taxes/surcharges. The overall budget proposal is a \$134 billion plan; a spending increase over last year of only 1 percent. However, in the face of an estimated \$7.4 billion deficit, both the proposed cuts and the Governor’s budget address were dramatic. “Since the day I became governor, I have warned that New York is facing an inevitable fiscal reckoning,” Paterson told the legislative leaders and agency heads just prior to unveiling his plan.

The plan encompasses \$1 billion in new taxes and fee increases on items such as cigarettes (estimated to raise \$218 million) and sugared drinks (estimated to raise \$465 million). In addition, reductions in school aid (\$1.1 billion), Medicaid (\$1 billion), state agency spending (more than \$1 billion) which includes measures such as prison closures, “right sizing” of youth facilities and merging a number of agencies (see here for a complete listing of all proposed agency mergers... <http://blog.timesunion.com/capitol/archives/21469/paterson-lays-out-blueprint-for-agency-consolidation/>). Also included is the imposition of taxes on hospital bills, home care, nursing homes, early intervention services and delaying an increase in monthly welfare allowances. Other proposed streams of revenue include lifting a ban on MMA fights (Mixed Martial Arts) and applying an 8.5 percent tax on such events and the use of automated camera’s to catch speeders in highway work zones. The proposal, as expected, also includes a new jobs program (Excelsior Jobs Program) which would provide funding to businesses in the fields of financial services, manufacturing, clean-tech, green-tech, pharmaceutical and biotechnology.

The proposal was not greeted warmly by the legislature. Reportedly, several dozen legislators were missing from the Governor’s budget address. In response to the increase over last year’s spending, Senate President Malcolm Smith told reporters “I don’t think we really should be increasing it at all.” While Senate Majority Leader, John Sampson and Speaker Silver both reportedly commented they needed more time to review the proposal. Senator Carl Kruger, however, was much more vocal, expressing concern primarily with the proposed billion dollar cuts to both education and health care saying “I don’t think the system can stomach them. It’s not a question of whether I can or not, nor can they stomach the health care cuts. As we always did and we always will, our battle cry is going to be to protect those that are the most that are the most vulnerable parts of our society, and obviously the kids and developmentally disabled.”

To view all budget related materials, briefings and bills, simply log onto <http://publications.budget.state.ny.us/eBudget1011/ExecutiveBudget.html>