



memo

TO: GAC Members
FROM: Ken Pokalsky
SUBJECT: Key Executive Budget Issues
DATE: 3/14/16

The following is an update of our earlier Executive Budget bullet-point summary of major issues supported and opposed by The Business Council, showing how the Senate and Assembly one-house budget proposals addressed Executive Budget provisions. Our more detailed comparison of the Executive Budget and legislative proposals will be available mid-week. We appreciate your comments on these topics, as well as additional issues of concern raised in the one-house proposals.

SUPPORT

- Continued fiscal constrain on state operations and all funds spending levels.
 - * Senate adopts additional personal income tax cuts; most take effect after FY 2017.
 - * Assembly adds \$1.2 billion in school aid; to be funding through extension of, and increased rates on, PIT liability over \$1 million, which preserves \$1 billion and raises \$1 billion in tax revenues.
- Small business tax reform.
 - * Senate further reduces the Article 9A rate to 2.5%; adopts and expands the Executive Budget PIT small business income exclusion.
 - * Assembly adopts Executive Budget language.
- Corporate reform/technical amendments.
 - * Senate adopts Executive Budget language; adds amendments to 8% investment income cap, alternative base period for NOL credits, freeze of MTA surcharge on Article 9A taxes, extends Article 9A RPT credit to agriculture business.
 - * Assembly adopts Executive Budget language.
- Non-CPA minority ownership.
 - * Senate adopts Executive Budget language.
 - * Assembly excludes Executive Budget language.
- Workers' comp reforms.
 - * Senate excludes Executive Budget language, except provisions related to WTC responders.
 - * Assembly excludes Executive Budget language, except provisions related to WTC responders.
- Establishment of "limited service clinics."
 - * Senate adopts Executive Budget language.
 - * Assembly adopts Executive Budget language, with amendments.
- Settlement "windfall" funds dedicated to capital projects.
 - * Senate not specified.
 - * Assembly allocates >\$800 million in settlement funds to infrastructure programs.
- Estate tax domicile reform
 - * Senate adopts Executive Budget language.
 - * Assembly adopts Executive Budget language.
- Increased Environmental Protection Fund
 - * Senate adopts the Executive Budget funding level of \$300 million, but amends the allocations.
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OPPOSED

- Minimum wage
 - * Senate excludes.
 - * Assembly generally adopts Executive Budget proposal; extends the NYC phase-in schedule to include Westchester, Nassau and Suffolk counties; extends minimum wage law to state and municipal employees; exempts related costs from the state's cap on medicaid expenditures.

- Paid family leave
 - * Senate budget includes Executive Budget language, but resolution indicates that they expect to negotiate from this language
 - * Assembly excludes Budget language, includes provisions of A.3870-A (Nolan) which, among other things, increases DBL benefit levels as well.
- MTA utility relocation costs.
 - * Senate excludes Executive Budget language.
 - * Assembly excludes Executive Budget language.
- Workers' comp board assessment "sweep."
 - * Senate excludes Executive Budget language.
 - * Assembly excludes Executive Budget language.
- DOH "critical drug" program.
 - * Senate excludes Executive Budget language; includes a pharma "price gouging" provision with civil penalties if prices are increased more than 100% in a 12 month period.
 - * Assembly excludes Executive Budget language.
- LLC cap/public funding of campaigns.
 - * Senate excludes Executive Budget language.
 - * Assembly adopts \$5,000 cap on LLCs, imposes additional reporting; lowers "source of funding" thresholds; restricts use of housekeeping funds. Also caps outside income of legislators. (See A.9535)
- Project labor agreement requirement for "design build" projects.
 - * Senate adopts Executive Budget language, with slight modifications.
 - * Assembly adopts Executive Budget language, with slight modifications.
- Extension of Lobby Act to "commissioned salespersons."
 - * Senate excludes Executive Budget language.
 - * Assembly excludes Executive Budget language.
- PACB approval of projects using tax exempt bonding.
 - * Senate adopts Executive Budget language with limited amendments. Bond allocation sunsets in 2018.
 - * Assembly adopts Executive Budget language with limited amendments. Bond allocation sunsets in 2018.
- Canal Corp transfer
 - * Senate excludes Executive Budget language.
 - * Assembly excludes Executive Budget language; directs NYPA to provide \$70 million in subsidy to Thruway Authority.

CONCERNS:

- Need for additional corporate franchise tax technical amendments.
 - * Senate adds provisions on investment income cap, alternative base period for NOL credits.
 - * Assembly did not address.
- Workers comp "maximum medical improvement" threshold needs to be addressed .
 - * Senate did not address.
 - * Assembly did not address.
- Lack of state contract procurement procedural reforms
 - * Senate includes a one-year Procurement Stewardship Act extender; adds "NYS cyber security initiative" study to look at applying consistent procurement requirements and assess the feasibility of including risk-based security standards into procurement and contract administration.
 - * Assembly includes 5-year Procurement Stewardship Act extender; includes debriefing procedures, allows for alternative procurements, restricted period reforms.
- Limited extension of "Excelsior Jobs" program
 - * Senate rejects Executive Budget proposal; did not include alternative.
 - * Assembly adopts Executive Budget language without change.