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Another Voice / New York budget

Paterson starts well, but must keep state competitive

By Kenneth Adams

Newly sworn-in Gov. David A. Paterson has inherited numerous legislative and fiscal challenges as New York's new chief executive, but none is more immediate — or more important to the state's economic well-being — than the state budget due on April 1. Paterson has a well-earned reputation as a thoughtful consensus builder, and New York State's business community looks forward to working closely with him in the fight to revitalize our economy, especially upstate.

We remain confident that New York can get back on the right fiscal track and we are encouraged by the Governor's announcement on Tuesday of $800 million in proposed spending cuts. Paterson is to be commended for taking this critically important step toward new budget discipline in New York and we urge him to not stop now in his reconsideration of an executive budget that had threatened to put our state's economy at a significant competitive disadvantage.

With a stagnant, if not recessionary national economy, at least 25 states are projecting budget deficits, and that number will surely grow. However, as they work up their budgets, many of these states are taking prudent but politically difficult steps to keep spending in line with falling revenues.

In New Jersey, for example, with a deficit of about $3 billion, Gov. Jon Corzine proposes to cut state spending by half-a-billion dollars. Florida is working to trim spending by almost $2 billion. In California, Gov. Arnold Schwarzenegger has called for a 10-percent, across-the- board cut in state spending.

In New York, meanwhile, where we are facing a $4.6 billion deficit, the former governor actually proposed to increase spending by 5 percent. While Paterson's newly announced reductions would pare that increase to a more reasonable 3.7 percent — still above the rate of inflation — Tuesday's announcement did not address the proposed $1.3 billion in new taxes and fees that would increase costs for New York businesses, large and small, at a time when they can least afford it.

To fund spending increases, the new budget hits up banks, energy producers and health insurance companies, among others. These tax and fee increases will no doubt be passed on to consumers — to small business owners, homeowners and just plain folk who turn on a light, see a doctor or use a bank. None of this is lost on the leaders of the global and innovation economy businesses whose jobs and investment we so badly need here in New York, particularly upstate.

It doesn't have to be this way. Paterson has already indicated a willingness to change course, and we urge him to reduce spending growth to the rate of inflation and eliminate these onerous new taxes and fees. We are presented with a historic opportunity to take steps toward a new budget discipline for New York, in which taxes and spending are balanced with a competitive and prosperous private-sector economy.

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