



**Built to Lead**

## FY 2017 Executive Budget Overview

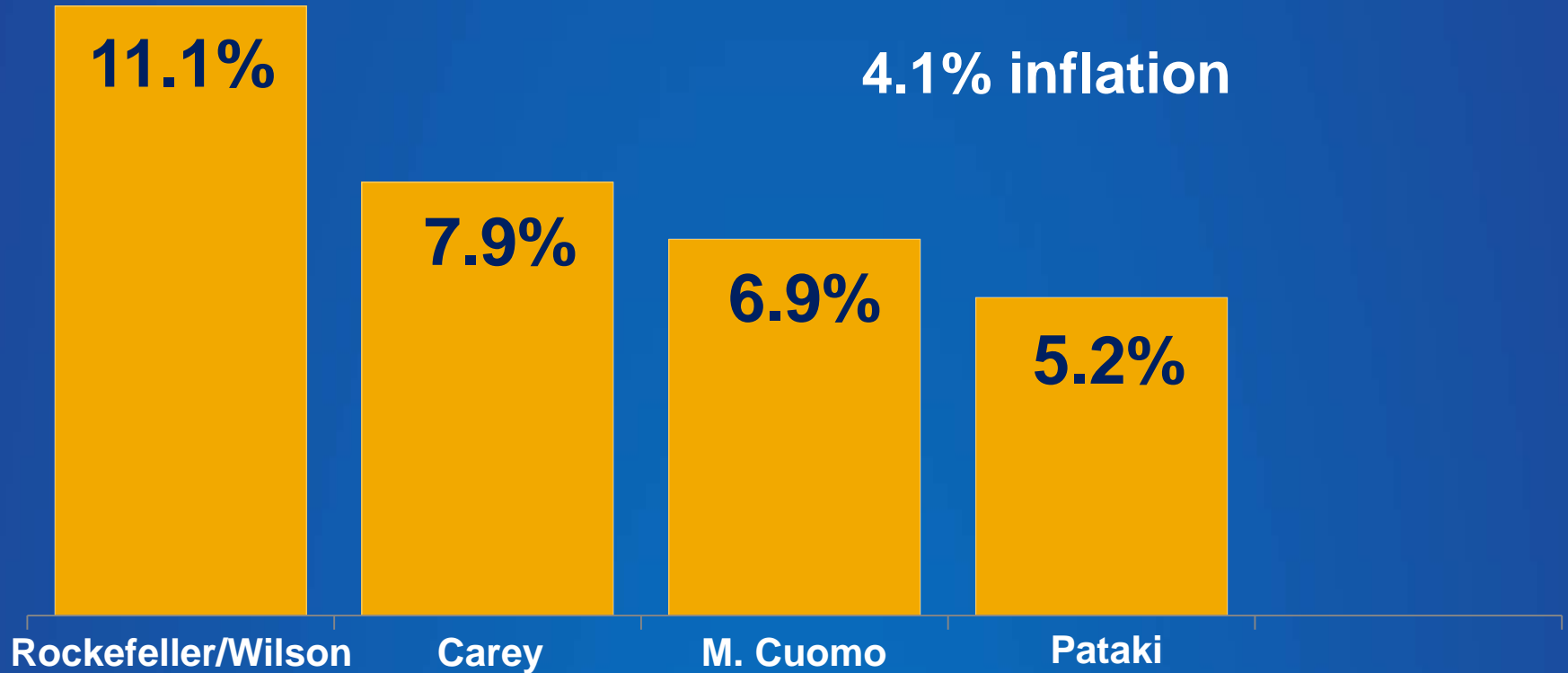
Robert F. Mujica, Budget Director

A photograph of Governor Andrew Cuomo speaking at a podium. He is wearing a dark suit, a light blue shirt, and a purple tie. The podium has a sign that reads "Jobs for Upstate" in orange and white text. The background is dark with some blue lighting. The text "In the last five years, we have accomplished much – and today, the arrows are pointed in the right direction..." is overlaid on the left side of the image in white, bold font.

**In the last five years, we have accomplished much – and today, the arrows are pointed in the right direction...**

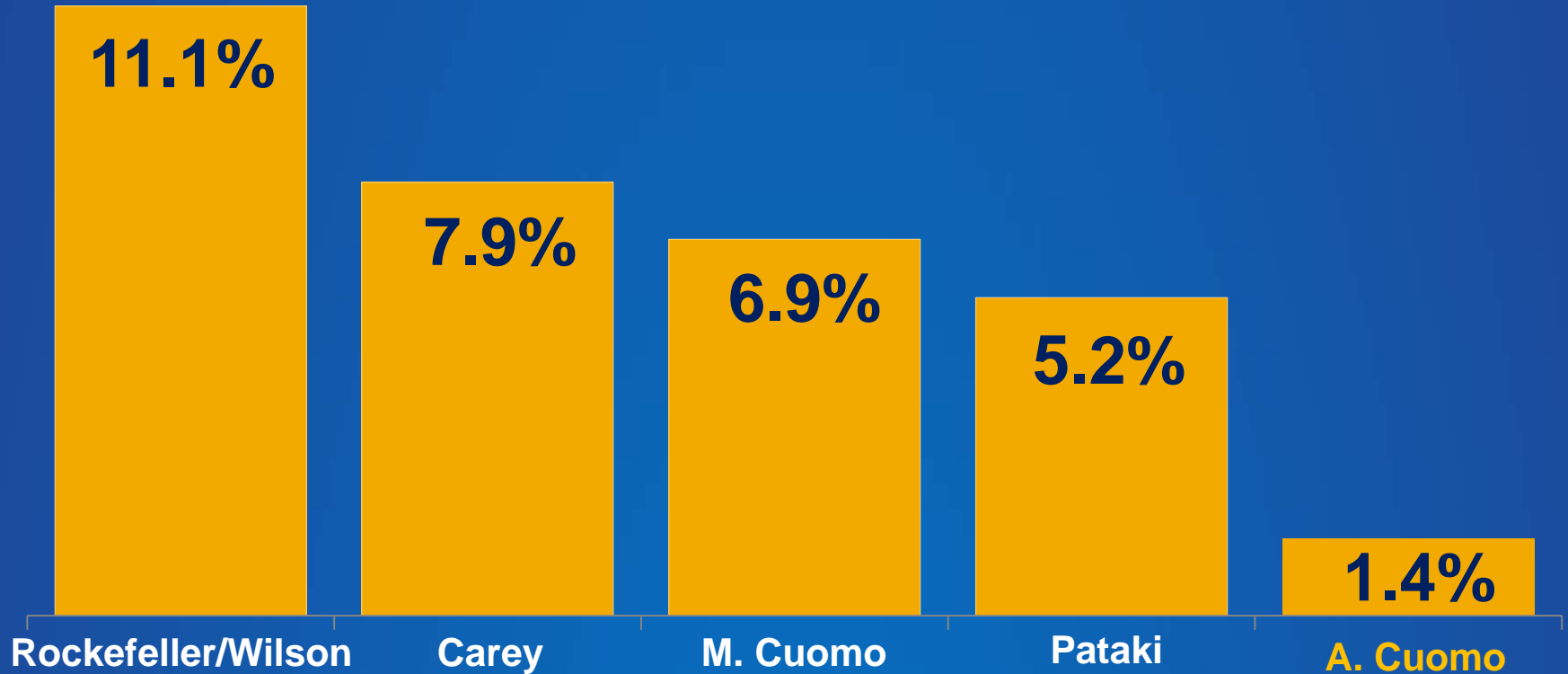
# We went from 50 years of out-of-control State spending...

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# To limiting the State's new spending to less than 2%.

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# **We've cut taxes for every New Yorker.**

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**Everyone in New York pays a lower income tax rate today than they did the day Governor Cuomo took office**



**Lowest middle class tax rate since 1953**



**Lowest corporate income tax rate since 1968**



**Lowest manufacturers tax rate since 1917**



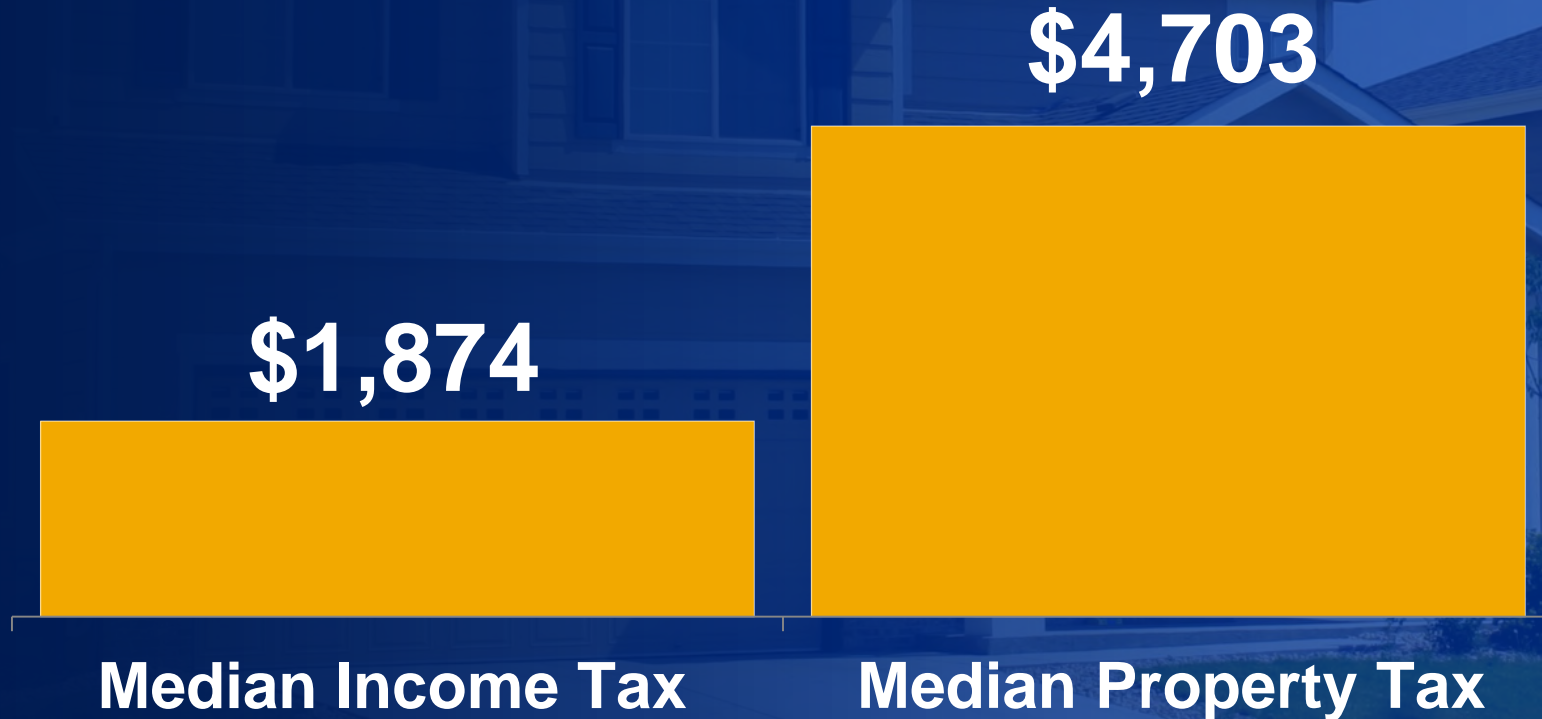
A modern two-story house with a garage and a front porch. The house has light-colored siding, dark shutters, and a grey roof. A concrete driveway leads to a two-car garage. The front porch has white columns and a dark door. A small tree is planted in the front yard.


And focused on the  
biggest tax burden  
in the state...

# Property taxes

# New Yorkers pay more in property taxes than they do in income taxes.

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A man in a dark suit and yellow tie is smiling and looking down at a document on a table. He is surrounded by a family: a woman in a blue shirt, a young girl in a pink dress, and a young woman in a grey tank top and glasses. They are outdoors in front of a house.


**We passed a 2%  
property tax cap,  
freeze and cut – and  
they’ve made a real  
difference.**

**\$2,800**

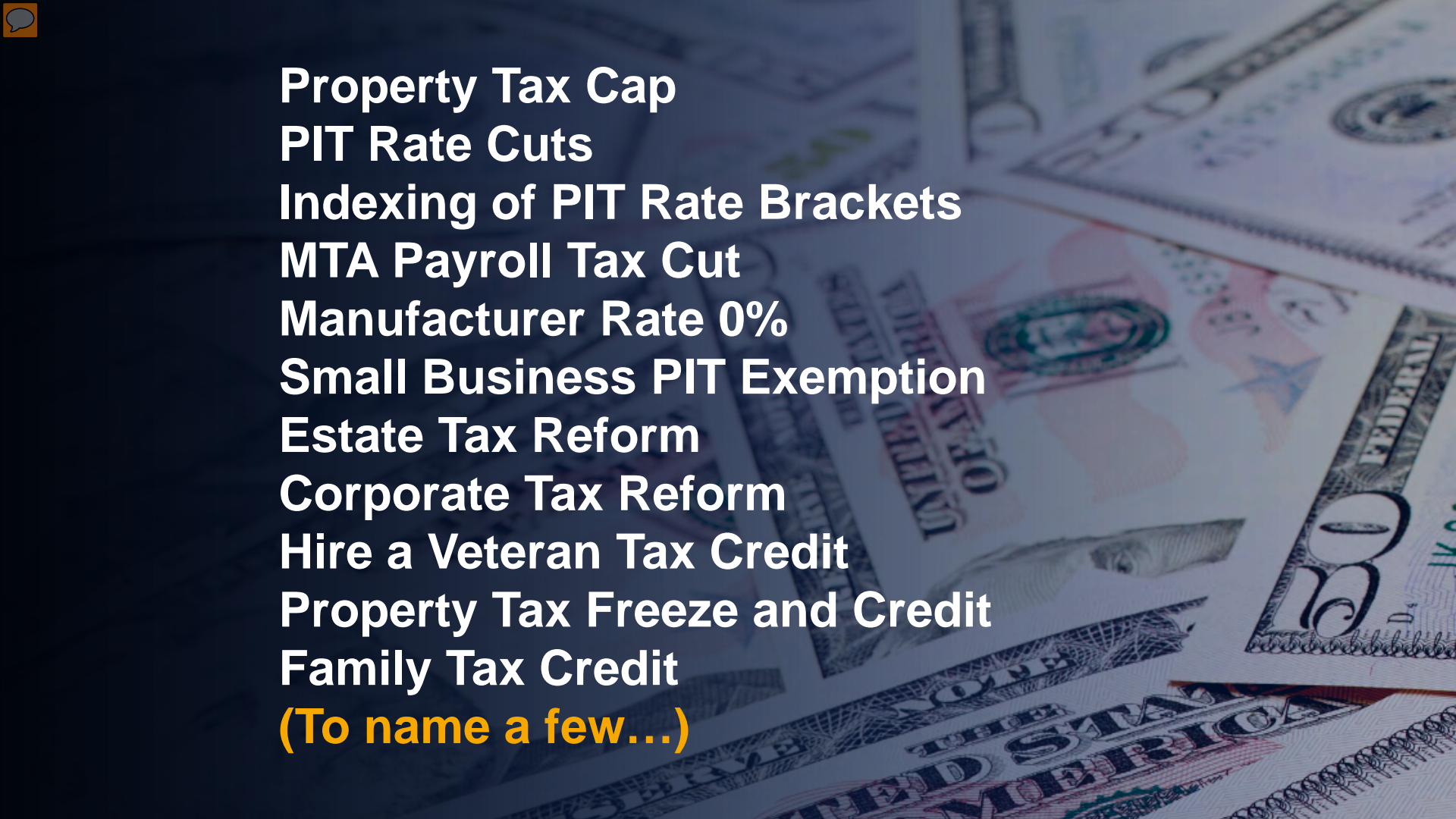
**AVERAGE SAVINGS BY 2017**

Protecting Taxpayer Dollars



The background of the image is a collage of various US dollar bills, including \$100, \$20, and \$10 bills, arranged in a slightly overlapping and angled manner. The bills are rendered in a semi-transparent, light blue-grey color, creating a textured, financial backdrop. In the top-left corner, there is a small, dark orange square icon containing a white speech bubble with a tail pointing towards the top-left.

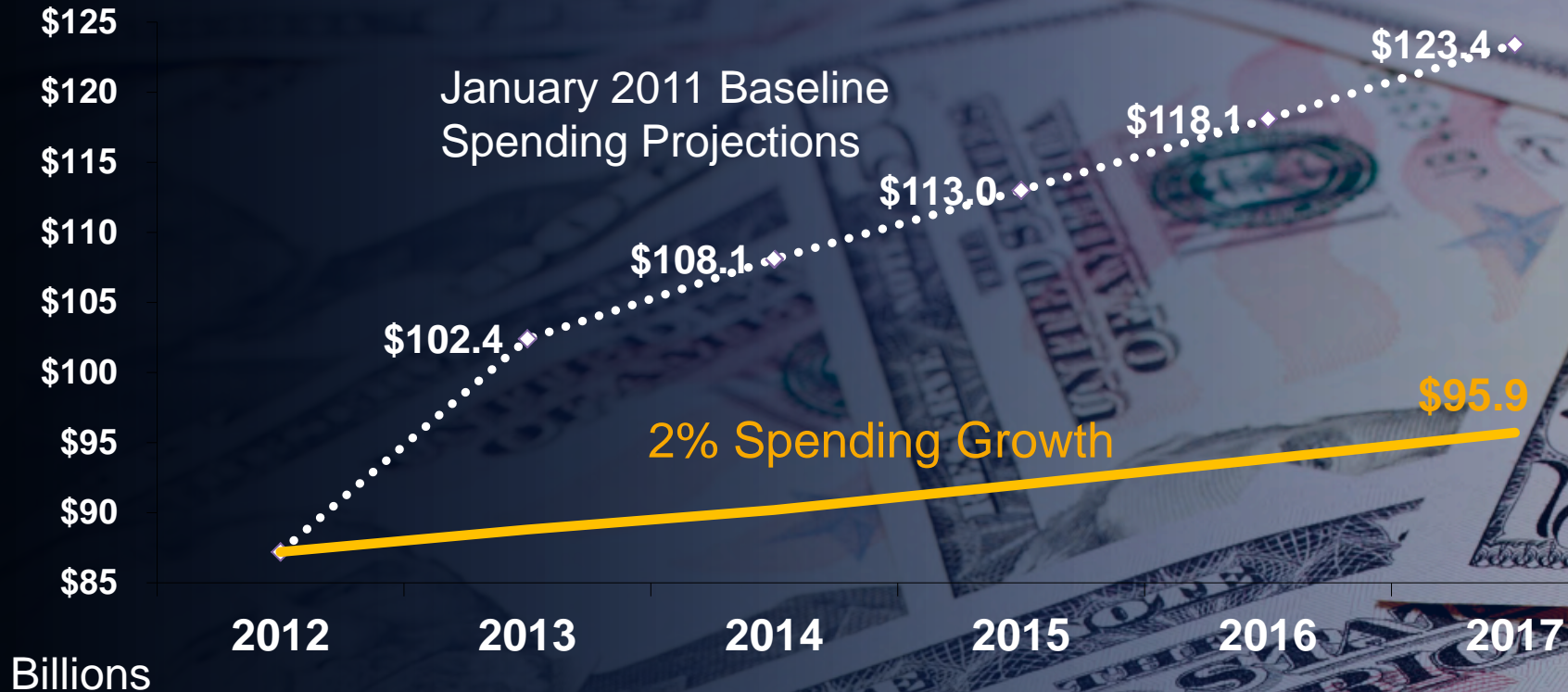
In total, our tax cut program  
has saved taxpayers  
**\$114 billion**


The background of the slide is a collage of various US dollar bills, including \$100, \$20, and \$10 bills, arranged in a slightly overlapping and angled manner. The text is overlaid on the left side of this background.

**Property Tax Cap**  
**PIT Rate Cuts**  
**Indexing of PIT Rate Brackets**  
**MTA Payroll Tax Cut**  
**Manufacturer Rate 0%**  
**Small Business PIT Exemption**  
**Estate Tax Reform**  
**Corporate Tax Reform**  
**Hire a Veteran Tax Credit**  
**Property Tax Freeze and Credit**  
**Family Tax Credit**  
**(To name a few...)**



# Most Importantly: Spending Restraint





Reducing taxes is part of our strategy to create jobs and opportunity – **and it's working.**



# Today unemployment is down in every region of the state.



Source: NYS Dept. of Labor

**And New York State has  
more private sector jobs  
than ever before in its  
history.**



**7.9 million**  
**JOBS**



**This year, we are proposing the highest level of education spending in state history.**

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**We are proposing the  
largest roads and  
bridges investment  
in history...**

**\$22 billion**

**5-year investment**



A black semi-truck is driving on a highway. Above the truck is a sign that reads "E-ZPass ONLY" and "5 MPH". The truck has a yellow license plate with the number "33816-PC".

# We are proposing a **\$1 billion** Thruway Toll Reduction Plan.

- Cut tolls in half for nearly 1 million residents and commercial trucks who are frequent users.
- Eliminate tolls for farms.
- Freeze tolls for everyone else.

# FY 2017 Executive Budget

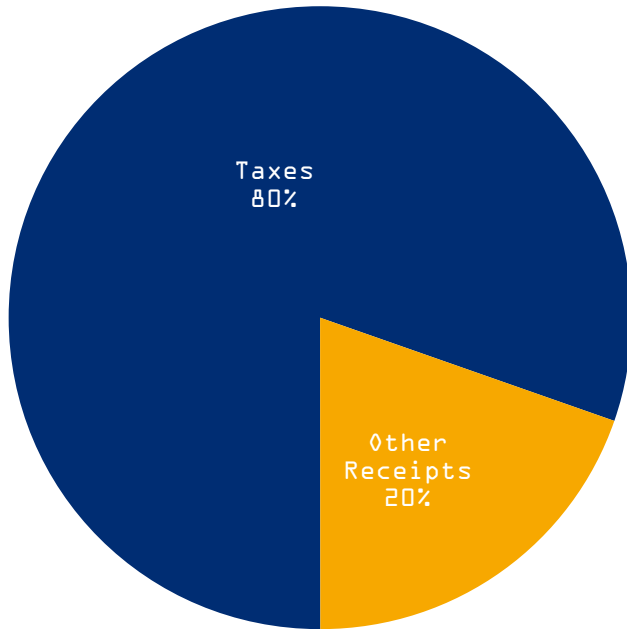
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- 1. Financial Plan Overview**
- 2. Revenue Projections**
- 3. Capital and Debt Management**

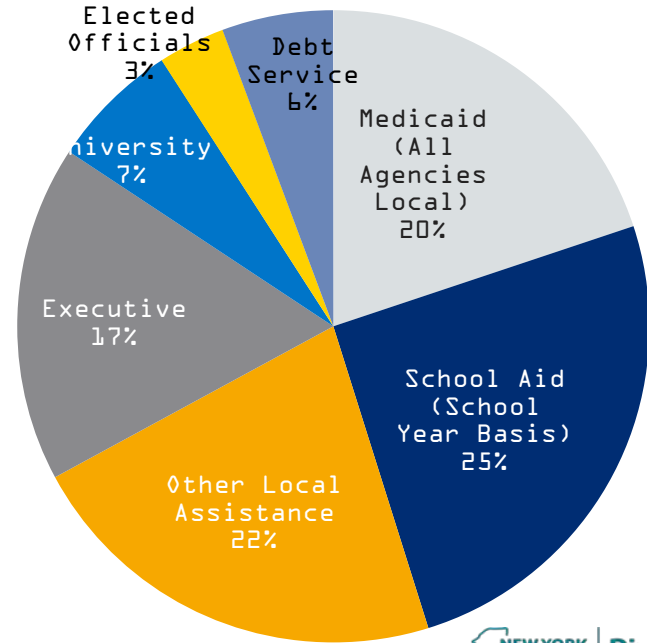
# FY 2017 Executive Budget \$95.9B

## State Operating Funds

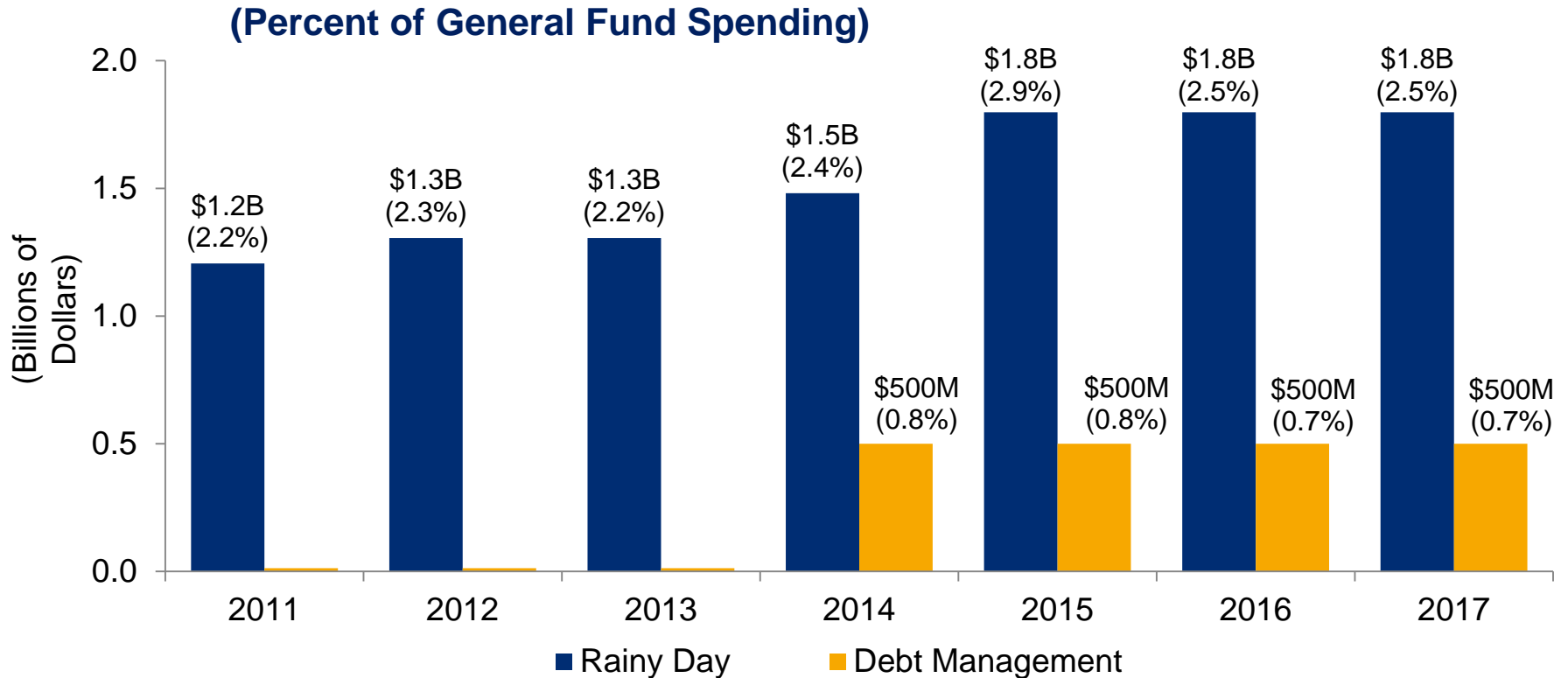
Where it Comes From



Where it Goes



# Year-End Reserves Bolstered by More than \$1 B



Note: New York rainy day reserves include the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund.



# Financial Plan Overview

	FY 2016	FY 2017	Change	Percentage Growth
<b>State Operating Funds</b>	\$94.3 B	\$95.9 B	\$1.6 B	1.7%
<b>All Governmental Funds (Excl. Extraordinary Aid)*</b>	\$143.6 B	\$145.3 B	\$1.7 B	1.2%
<b>All Governmental Funds (Incl. Extraordinary Aid)*</b>	\$152.1 B	\$154.5 B	\$2.4 B	1.6%

\*Extraordinary Aid includes Hurricane Sandy Aid, Affordable Care Act, Basic Health Plan, and spending funded with bank settlement money.

# Executive Budget Spending

FY 2016 Current Spending (State Operating Fund)	\$94.3 B
SY 2017 School Aid: \$991M for operating, \$150M for increase in Smart Schools disbursements (capital)	\$1.14 B
Medicaid Cap Index (3.4%)	\$558 M
Agency Operations	-\$2 M
All Other	\$56 M
Subtotal	\$1.6 B
FY 2017 Executive Budget SOF Spending	\$95.9 B

# How We Achieved 1.7 Percent Spending

<b>FY 2017 Mid-Year Estimate (\$ in Millions)</b>	<b>\$98,183</b>
Re-estimates/Program Timing/Cost Controls	(776)
Agency Operations Flat; Fringe Benefit Revisions	(384)
Debt Management	(225)
TANF Funds for Child Care	(100)
CUNY Equity Cost Sharing (Gross) <sup>1</sup>	(393)
STAR Reform	(240)
Medicaid Growth Rebalance	(180)
<b>FY 2017 Executive Budget Estimate</b>	<b>\$95,885</b>

<sup>1</sup> Budget proposes reinvesting \$240 million of the savings to fund potential labor agreements with CUNY employee unions.

# SY 2017 School Aid Increase of \$1.14 Billion

Category of Increase	Change (millions)
Reimbursement for Expense-Based Aids / Other	\$408
Additional Foundation Aid	\$266
Gap Elimination Adjustment Restoration	\$189
Community Schools Aid	\$100
Empire State Prekindergarten Program for Three-Year-Olds	\$22
Early College High Schools	\$4
QUALITYstarsNY	\$2
Increase in Smart Schools Bond Act Disbursements	\$150
<b>Total School Aid Increase</b>	<b>\$1.14 Billion</b>

# Medicaid

- In FY 2017, Medicaid spending is capped at 3.4 percent and grows by \$588 million from the prior year. Similar to prior years, a balanced package is presented to live within Medicaid Global Cap.

(\$ Millions)	FY 2016	FY 2017	FY 2018	FY 2019
DOH Global Cap	\$17,104	\$17,692	\$18,259	\$18,812
CPI%	3.6%	3.4%	3.2%	3.0%



# STAR Reforms

- **Convert NYC STAR PIT credit into a State PIT credit.**
  - There is no impact for taxpayers or for New York City.
- **Gradually convert STAR into a PIT credit for new homeowners or those who move.**
  - The STAR formula would stay the same for taxpayers, only the timing of the benefit payout would change.
- **Eliminate STAR's 2% inflator.**
  - The Property Tax Cap and Property Tax Freeze Program have eliminated the need for automatic STAR inflator.

# FY 2017 Executive Budget

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# Actual and Estimated Tax Receipt Growth (percentage)

Category	Actual			Estimated			
	FY 2013	FY 2014	FY 2015	FY 2016 (\$ Mill)	FY 2016 (%)	FY 2017 (\$ Mill)	FY 2017 (%)
Personal Income Tax	3.8	6.8	1.7	47,094	7.7	49,960	6.1
User Taxes	0.3	3.3	1.9	15,640	1.7	16,194	3.5
Business Taxes	7.4	(2.4)	3.0	8,406	(1.1)	8,017	(4.6)
Other Taxes	(2.8)	12.6	2.0	3,943	14.7	3,512	(10.9)
<b>TOTAL</b>	<b>3.1</b>	<b>5.1</b>	<b>1.9</b>	<b>75,083</b>	<b>5.7</b>	<b>77,683</b>	<b>3.5</b>

# Tax Cuts for 1 Million Small Businesses

## **Cut Small Business Corp Net Income Tax Rate From 6.5% to 4% (\$22M)**

*Example:* A small business taxpayer with \$285,000 in net income:

Current, at 6.5% - \$18,525 liability

Proposed, at 4% - \$11,400 liability

## **Increase Sole Proprietor PIT Business Income Exemption From 5% to 15% (\$120M)**

*Example:* A farmer or sole proprietor with net business income of \$240,000 and an effective tax rate of 6%:

Current, at 5% exemption - \$720 savings

Proposed, at 15% exemption - \$2,160 savings

## **Expand PIT Business Income Exemption to Members of S-Corps, Partnerships, and LLCs (\$156M)**

*Example:* A member of a qualifying partnership with net business income of \$200,000, at an effective tax rate of 6%:

Current, with no exemption - \$12,000 liability

Proposed, at 15% exemption - \$1,800 savings

# FY 2017 Executive Budget

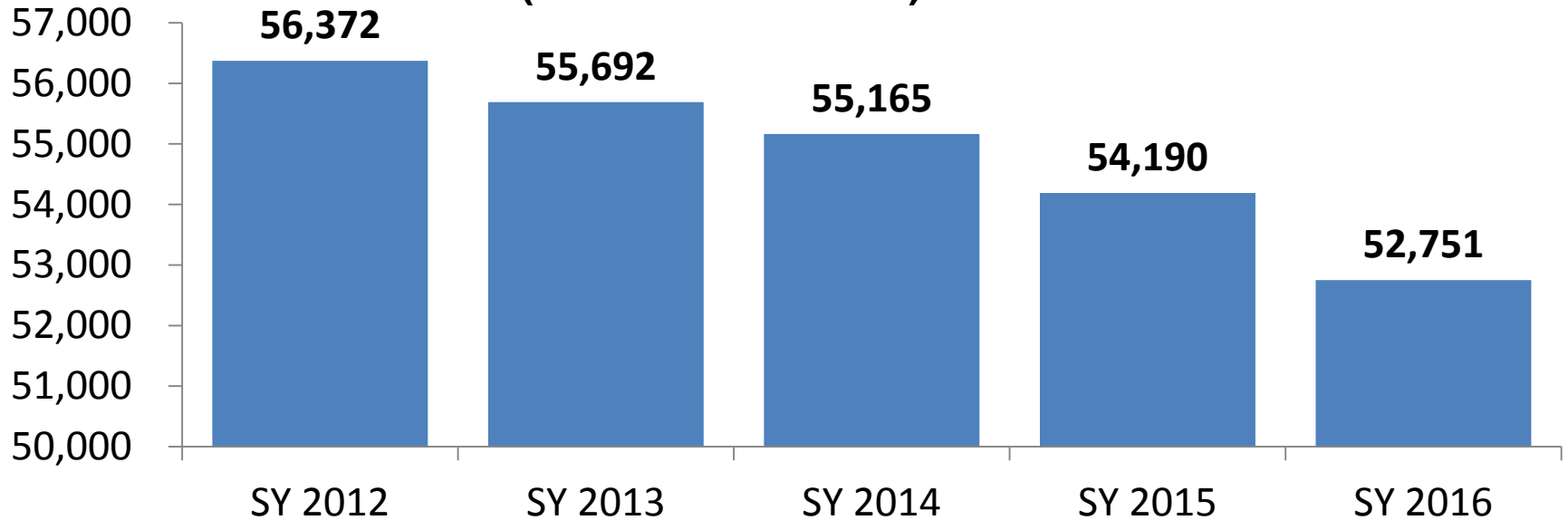
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3. **Capital and Debt Management**

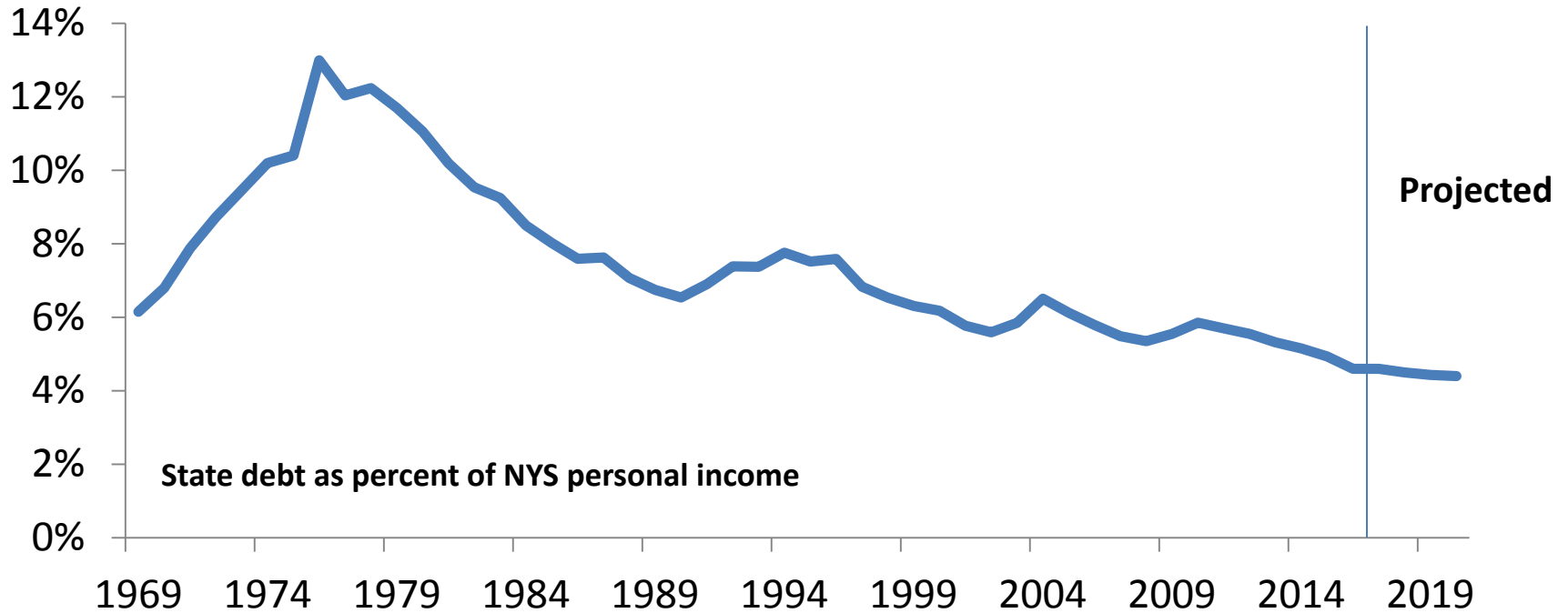


# Debt Declines for 4<sup>th</sup> Consecutive Year

**State Debt Outstanding  
(Millions of Dollars)**



# Debt Burden is Steadily Improving and is at Lowest Level Since the 1960s



# **\$2.3 Billion in Settlement Funds is Prudently Invested**

- **Transportation Capital Plan (\$900 million)**
- **Thruway Toll Reduction Plan (\$340 million)**
- **Homeless and Affordable Housing (\$640 million)**
- **Environmental Protection (\$120 million)**
- **Economic Development (\$255 million)**
- **Empire State Poverty Reduction Initiative (\$25 million)**
- **Municipal Consolidation (\$20 million)**



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