

# Seeking Re-Election, Cuomo Makes Tax Breaks State-of-State Focus

By MARK TOOR | Posted: Monday, January 13, 2014 5:15 pm

Delivering a State of the State address that sounded at some points like he was launching his re-election campaign, Governor Cuomo Jan. 8 spotlighted a program to cut personal, corporate and estate taxes that his office said could save New Yorkers \$2 billion.

His tax proposal is designed to pressure municipal governments to keep property-tax increases below the 2-percent annual cap and would provide significant relief to businesses and people who inherit sizeable estates.

## 'Back From Precipice'

Mr. Cuomo said that after his election in 2010 he took over a state with “fundamental structural problems.” State taxes were “the highest in the nation,” driving away businesses, he said.

“We were on the precipice of an abyss,” he said, but “we reversed decades of decline and made undeniable progress.”

He listed achievements including passage of a cap on property-tax increases and bills to allow same-sex marriage and casino gambling; revising the income-tax system to make it more progressive; pushing through three on-time budgets in a state infamous for passing them months after deadline; and closing juvenile-justice centers in favor of community-based rehabilitation efforts.

He said New York had attracted 380,000 new private-sector jobs since 2010 and created “new economic life” in the North Country and the western part of the state.

“We changed the direction of the state for the better,” he said. “...We have gone from a \$10-billion deficit to a \$2-billion surplus in just three years.”

Public-employee unions were less enthusiastic.

## 'Tale of Two States'

“The speech seemed to be reaching out to New Yorkers with ideas to address the state’s many challenges, but the proof will be in whether it is followed with meaningful actions that benefit all New Yorkers,” the Civil Service Employees Association said on its website.

“Governor Cuomo laid out some lofty goals in his State of the State message, and at the same time spelled out a ‘tale of two states,’” Public Employees Federation President Susan Kent said in a

statement.

Improvements in the state budget and the addition of private-sector jobs were both good news, she said, “but what about the public employee? Many state agencies are understaffed, services are being cut in communities, and expensive privatization is on the upswing. We believe the public-sector workers we represent, the Governor’s own workforce, should have the same expectation of job growth and stability as those workers in the private sector.”

The state can now afford to increase funding for education, health care and economic development and still provide tax relief, Mr. Cuomo said.

### **Key Tax Breaks**

The components of his tax plan, according to his speech and a more-detailed announcement released Jan. 6:

- Freeze property taxes for two years, providing rebates averaging \$350 a year to residents of jurisdictions that stay within the state’s 2-percent-a-year property-tax cap and, during the second year, share services with other governments or consolidate multiple layers of government. “If a locality wants state tax relief, it must perform,” he said in his speech.
- Establish a “circuit-breaker” giving tax relief to low- and middle-income taxpayers whose property taxes exceed a certain percentage of their income. The tax credit would average \$500 and be available to households earning up to \$200,000 a year.
- Provide businesses with a tax credit of 20 percent of property taxes they pay, with a higher credit for upstate businesses.
- Reduce corporate income taxes to 6.5 percent, the lowest rate since 1968. The corporate tax rate is now 7.1 percent. For manufacturers in the economically-troubled upstate area, cut the rate to 2.5 percent.
- End the 2009 surcharge on energy consumption, now scheduled to be eliminated in 2018, in 2014 for industrial customers. Phase it out more rapidly for other customers.
- Increase the threshold for the state inheritance tax from \$1 million to \$5.25 million, indexed for inflation, and reduce the rate from a maximum of 16 percent to 10 percent.

### **Late Break for Renters**

After complaints that his Tax Relief Commission, chaired by former Gov. George Pataki and former State Comptroller Carl McCall, seemed to ignore residents of New York City, Mr. Cuomo added an income-tax credit for renters earning less than \$100,000 that increases with family size.

Mr. Cuomo offered the usual grab bag of additional proposals. He said the state will continue economic-development efforts, including having regional councils compete for funds on the basis of projects they attract. And, he said, “we want to redouble our tourism efforts.” He also talked about easing the flow of electrical power from upstate to downstate areas.

He proposed to allow limited medical use of marijuana, which according to news reports he would do as an Executive Order rather than going through the Legislature. He urged that body to pass a plan on women’s issues such as reproductive rights, equal pay and domestic violence that died in the Legislature last year. “Stop playing politics with women’s rights,” he told lawmakers.

### **Pre-K Funding Mystery**

He called for New York to have “the best educational system in the world,” with emphasis on improving technology in the schools. He also called for universal pre-kindergarten on a statewide basis, but did not mention Mayor de Blasio, who campaigned on a platform that included pre-K and has been pushing Mr. Cuomo to support a tax on the wealthy to subsidize it. Mr. Cuomo did not say how the statewide program might be funded.

He also proposed a Teacher Excellence Fund that would provide stipends of about \$20,000 a year, and called for the top 10 percent of high school graduates to get scholarships to state- and city-run colleges if they major in STEM fields (science, technology, engineering and mathematics) and agree to work in the state for five years after college.

Mr. Cuomo said New York would have to harden its infrastructure to deal with future big storms like Hurricanes Irene and Sandy, possibly including inflatable plugs that could seal off subway entrances from flooding. He urged an expansion of Metro-North Railroad in The Bronx.

### **Kelly’s Advisory Role**

He called for the state to establish the nation’s most advanced weather-detection system, as well as the country’s first college of emergency preparedness and homeland security. He said former Police Commissioner Raymond W. Kelly had signed on as a special adviser on the latter project.

After the Legislature ignored his call for further ethics reform last year, Mr. Cuomo appointed a Moreland Commission to investigate government-corruption issues in New York State. He said in his speech that he hoped the lawmakers would pass his ethics plan, which includes expanded disclosure of their business interests and public financing of campaigns, this year. “The more trust we have from the public, the more we can do,” he said.