

LONG ISLAND **BUSINESS NEWS**

State set to hike taxes on rich, boost spending in budget

By: The Associated Press
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New York will spend billions of dollars of federal funds over the next year on schools and relief for struggling businesses, tenants and landlords under a spending plan that New York's Legislature passed Wednesday.

The state Senate passed the revenue bill early Wednesday morning with a 38-25 vote, while the 150-member Assembly passed the bill with a 88-61 vote following hours of debate Wednesday evening. Gov. Andrew Cuomo has said he'll sign the budget.

Democrats, who won a veto-proof supermajority last year, won passage of their top — and long politically contentious — priorities, including a tax hike on millionaires and a \$2.1 billion fund for undocumented immigrants and other workers who have been excluded from COVID-19 assistance. Supporters hope the tax increase could bring in at least \$2.8 billion this upcoming year and prevent the need for spending cuts in years to come. New York also plans to boost school aid by \$1.4 billion. Opponents, however, argue that the tax increases for top earners will prompt an exodus, as wealthier New Yorkers will move themselves and their businesses to more tax-friendly states like Florida.

"I have a number of clients who are corporate owners who have decided the State of New York has essentially issued them an eviction notice," said attorney Ronald J. Rosenberg of the Garden City-based Rosenberg Calica & Birney law firm. "They have asked me about the legal and financial guidelines for relocating out of state. Fortunately, I am also admitted to practice in Florida, but as a

Long Islander I am deeply concerned about this coming exodus for it will come without any kind of formal acknowledgment but, rather, a dawning recognition that there is a serious absence of future economic growth and investment in our region. The successful entrepreneur now has a fiscal target on his back."

Kyle Strober, executive director of the Association for a Better Long Island, said Albany's actions are driven not by budget realities but political ideology.

"Based on the billions of dollars in federal aid being funneled into New York that has been championed by Senator Schumer, it is unfathomable that Albany politicians have put into place a draconian tax structure that invites high-net-worth individuals and corporations to leave thereby shifting the burden onto the backs of Long Island's middle class," Strober said. However, others on Long Island support the tax hike.

"The tax increase in the state budget is good for New York State, as wealthy corporations benefit significantly doing business here and should significantly share in the tax burden," said Elizabeth Wellington, deputy director of the Long Island African American Chamber of Commerce. "Socially

conscious corporations in New York State will view this as the right thing to do and their actions will be viewed favorably in the New York marketplace. Small business owners who are members of our chamber of commerce realize significantly less tax breaks, so it is a sound practice for larger corporations to contribute significantly more to New York State's tax base."

Corrinne Graham, owner of Port Jefferson-based Graham Consulting and Research, said much of the tax burden has been on lower- and middle-income earners and the state's millionaires need to pay their fair share.

"Social responsibility is critical to successful businesses, but not necessarily a trait of millionaires who are focusing on growing their wealth and not creating a viable and equitable economic society," Graham said. "Innovation, equity, diversity, inclusion and affordability are some of the areas that drive economies all over, not the handful who are making a fortune based on lack of competition." This year's \$212 billion budget is a 9.9% increase over last year's \$194.6 billion budget.

That increase is due in part to extra federal COVID-19 relief that New York won't get again next year: including an expected \$12 billion for state government alone. Freeman Klopott, Cuomo budget office spokesperson, said state spending alone will increase 3.8% under the budget if that extra federal funding is excluded.

The majority of Democratic state lawmakers have called on the governor to resign as he faces multiple investigations over allegations ranging from sexual misconduct to his months-long refusal to release data about COVID-19 deaths among nursing home residents.

Cuomo has dismissed concerns that he is distracted or that the scandals hurt his negotiating ability this year — though budget negotiations were late-starting and drawn out this year, and Cuomo in past years has resisted raising taxes on the rich.

The governor said budget negotiators didn't follow the tradition of meeting in-person this year because Assembly Speaker Carl Heastie tested positive for COVID-19 March 23. Still, Heastie said his "diagnosis and any quarantine of staff" wouldn't affect budget negotiations.

The budget did include the governor's proposals to legalize mobile sports betting and to require internet providers to offer a \$15-a-month plan for low-income families. Cuomo is also touting a \$16 billion plan to expand and reconstruct Penn Station, and hundreds of millions of dollars in economic development grants.

"I laid out the priorities that were important to me a couple of weeks ago," Cuomo told reporters Wednesday. "And all those priorities have been met. The legislature had laid out priorities also, as they do every other year. And there's always a question of compromise and we did that again here. I don't think we've done a better budget than the budget you see before you today."

Some Democrats blasted party members for backing down from demands for a larger tax hike on New York's top earners.

"We acquiesced to a governor who said that we could not afford to ask the wealthiest among us to pay more so the least among us could suffer less," Assembly Member Yuh-Line Niou, of lower Manhattan, said.

Assembly Member N. Nick Perry criticized the budget for not setting funds aside for health care workers who have toiled throughout the pandemic, but complimented the governor for working with Democrats. "He said yes when he could have said no," Perry said.

Additional reporting by LIBN's David Winzelberg.