

Tax hikes may have clearer path

Cuomo's political woes give leeway to progressives

BY YANCEY ROY
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ALBANY — Business groups and fiscal hawks historically have been able to count on Gov. Andrew M. Cuomo to temper a progressive State Legislature's desire to raise taxes on corporations and the wealthy.

But with the governor fighting for his political life, they say there may be no stopping New York from raising some tax rates to levels not seen since the 1970s. And that's despite an influx of funds from Washington that effectively closes out New York's budget hole.

Opponents of the tax hikes, outnumbered in the legislature, are trying to apply public pressure to halt the plans — while knowing the political tide

makes this a long shot bid.

"With these billions inbound from Washington, it is ludicrous and unconscionable for the New York State Legislature to propose raising taxes while our state and region dig out of a pandemic-induced economic hole," said Kyle Stroblor, executive director of the Association for a Better Long Island, a business group. **"It defies common sense" and could drive businesses out of state, he added.**

"These tax increases are both unnecessary and economically risky," said Andrew Rein, president of the Citizens Budget Commission, a watchdog group. "The legislature's tax proposals present more risk than those proposed by the governor. They are larger, broader than just the personal income tax, and permanent."

At issue are budget proposals set to be adopted in the Senate and Assembly Monday which would make tax changes that would generate at least \$6 billion annually. The proposals set

the parameters for negotiations on the state budget, due April 1.

Taxes on corporations, capital gains and estates would rise under the legislators' plans. The income tax rate for couples earning more than \$2.1 million annually could jump a full percentage point, to 9.85%. The top rate, for couple earning \$50 million or more (Senate plan) or \$25 million (Assembly), would jump 3 percentage points to 11.85%.

That would be the highest top rate in New York since 1979, according to E.J. McMahon, a fellow with the Empire Center, an Albany fiscally conservative think tank and a former Assembly Ways and Means Committee staffer.

Cuomo, in contrast, had proposed tax hikes just for a small percentage of high earners and gave the tax an expiration date. He signaled the proposed hikes are a concern for him.

"If you're not careful the way you do it, you may actually lose money for the state, because

business and residents will make changes," Cuomo said, implying people and companies could leave the state.

Under the legislators' proposals, the state's overall budget would go past \$200 billion for the first time, up from \$193 billion. The Assembly's version approaches \$207 billion.

Critics contend no tax hikes are needed at all, thanks to a Biden administration stimulus plan sending \$12.6 billion to the state government and another \$10.8 billion to cities, towns and villages. That, along with steady increases in ordinary tax revenue, has wiped out most of New York's projected budget deficits for the next several years, Rein said.

But the majorities in both houses, along with progressive activists, say structural tax changes are still needed because the federal aid is a one-time influx. It would send more money to schools while also providing grants and commercial rent relief to small businesses still struggling to survive the pandemic.

"Our budget must meet the moment," Assembly Speaker Carl Heastie (D-Bronx) said.

They also say it would reverse a two-decade trend in the state to generally lower taxes on high incomes and corporations. They say it's a scare tactic to say the wealthy or businesses will flee the state.

"The legislature's proposals recognize the need for support to ensure all New Yorkers can live, work, access health care, and receive a sound education," the labor-backed Fiscal Policy Institute said.

The governor typically controls 90% or more of what gets into the budget. But Cuomo is in a weaker political position this time, facing an impeachment inquiry, an attorney general's investigation and a federal investigation over sexual harassment allegations and nursing home issues.

Further, he is facing a more united legislature.

Democrats control veto-proof "supermajorities" in the state

Leaked audio exposes Dems wrangling over

BY YANCEY ROY
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ALBANY — Newly leaked audio shows Assembly Democrats wrangled for hours behind closed doors over whether to impeach Gov. Andrew M. Cuomo immediately or launch an investigation that might lead to the same result.

In the end, most agreed with Assembly Speaker Carl Heastie (D-Bronx), who announced the investigation right after the March 11 Democratic meeting, according to Yahoo News, which published excerpts of the audio recording Tuesday.

According to the report, Heastie spelled out that the impeachment investigation would focus not only on sexual harassment allegations made against Cuomo by former aides but also nursing home policies amid the pandemic and a report of faulty bolts were used to finish building of the Tappan Zee Bridge replacement over the Hudson River. A Heastie spokesman declined to comment on the Yahoo report.

The 107 Democrats who control the 150-seat Assembly met



The state Assembly chamber, where members reportedly discussed the governor's political fate.

Report: Gov's staff prepared letter attacking accuser A14

after a number of Assembly and Senate members called for Cuomo to resign.

According to Yahoo, several outspoken Cuomo critics in the Assembly wanted to move forward by bringing articles of impeachment immediately. They didn't want the Assembly Judi-

ciary Committee, which would be tasked with overseeing the investigation and making recommendations, to take the lead.

"The idea of a committee feels like we're just kicking a can to be quite honest," said Assemb. Jessica Gonzalez-Rojas (D-East Elmhurst). "I don't think the judiciary committee goes far enough and I do worry we're just buying time."

But Heastie and many others said an investigation would pro-

vide due process for the embattled governor while allowing attorneys to gather statements made under oath rather than simply going by newspaper stories. If the probe recommends impeachment, then the entire Assembly can vote to bring charges against the governor.

"I try to come up with something that's best for the body," Heastie said during the meeting, referring to lower house of the State Legislature.

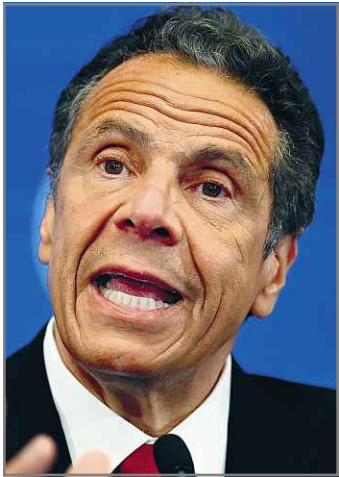
Biden weighs in on Cuomo

President Joe Biden said Tuesday New York Gov. Andrew M. Cuomo should resign if the state attorney general's investigation confirms the sexual harassment allegations against him.

Biden made the remarks in an interview with ABC News scheduled to air Wednesday morning. When asked by anchor George Stephanopoulos if the probe confirms claims of the women, should Cuomo resign, Biden said "yes."

"It takes a lot of courage to come forward so the presumption is it should be taken seriously," Biden said. "And it should be investigated, and that's what's underway now." — AP

At another point, the speaker told members: "We need to get witness testimony. We need to hear from people who have this



AFP VIA GETTY IMAGES / JOHANNES EISELE

Gov. Andrew M. Cuomo

Senate and Assembly and “relations between the legislature and governor are strained, to say the least, now,” McMahan said. The governor could issue line-item vetoes to strike down taxes and spending, but that comes with a political risk.

Said McMahan: “Even if Cuomo can make a veto (or veto threat) stick, and if the final budget deal doesn’t include this whopper of a soak-the-rich tax hike, many in the targeted class of high earners could see it as a harbinger of things to come.”

Cuomo

information. You put them under oath,” according to Yahoo.

But a number of legislators were concerned that Cuomo would try to influence the probe. They noted that Jay Jacobs, the state and Nassau County Democratic chairman, issued a statement before the meeting was ended disclosing that the Assembly would launch an investigation. Jacobs is a Cuomo ally who has urged Democrats to withhold an opinion until the investigations are complete, according to Yahoo.

“You are already being co-opted because Jay Jacobs just sent around a statement,” Assemb. Linda Rosenthal (D-Manhattan) said to Heastie. “Why would he do this?”

Jacobs on Tuesday denied Rosenthal’s implication.

“I never spoke to anybody on the governor’s staff before I issued that statement,” Jacobs said. “I had heard from a number of people in advance of the (Assembly Democrats’) conference that the Speaker was planning on doing this. . . . I didn’t get it from any nefarious source and they’re making a mountain out of a mole hill.”

LI HOME PRICES SOAR AS LISTINGS PLUMMET

Despite scarce supply, housing market is busy

BY MAURA MCDERMOTT
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Long Island’s real estate boom is still going strong.

Suffolk County homes sold for a median price of \$475,000 last month, an 18% gain compared with the previous February, and in Nassau County the median home price jumped annually by 14.3%, to \$600,000, the OneKey MLS multiple listing service reported Tuesday.

The median price of homes that went into contract last month made year-over-year gains of almost 20% in Suffolk and 17% in Nassau, the listing service reported.

Low mortgage rates and high demand are driving up prices, said Amy Girimonti, broker with Prime Properties Long Island in Huntington. “There’s definitely bidding wars in most cases, lines outside of open houses,” she said. “Buyers are having to offer way over the asking price to be competitive.”

The average mortgage rate was 3.05% last week, down 0.31 percentage points from a year earlier, mortgage giant Freddie Mac reported. The number of homes listed for sale plunged by nearly 49% in Suffolk and 33% in Nassau, compared with the previous February, listing service figures show.

“It just really seems like people are on hold and not putting their homes on the market,” whether due to fears of COVID-19 or because they do not yet know whether they can continue to work remotely for the foreseeable future, which will factor into their decisions about where to live, said Jim Speer, CEO of OneKey MLS.

At last month’s pace of pending sales, it would take just



JAMES CARBONE

Homes listed for sale fell by nearly 49% in Suffolk and 33% in Nassau last month, over a year ago.

	February 2020 median price	February 2021 median price	Percent change	February 2020 # of sales	February 2021 # of sales	Percent change
Nassau	\$525,000	\$600,000	14.3%	891	1,082	21%
Suffolk	\$402,444	\$475,000	18.0%	1,134	1,383	22%

SOURCE: ONEKEY MLS

over two months to sell all the homes listed in Suffolk and 2.8 months in Nassau. Brokers say a balanced market has a six- to eight-month supply of homes.

Despite the scarce supply of listings, the housing market remained busy last month. In Suffolk, the number of home sales increased by 22% and pending sales jumped by 19%, compared with the previous February. In Nassau, home sales activity made year-over-year gains of 21% and the number of homes going into contract rose by 16% annually, OneKey MLS said.

Girimonti said she hopes warmer weather and increasing vaccination rates will prompt more homeowners to put properties on the market.

For buyers, she said, “It’s be-

come very challenging for them to actually find anything that meets their criteria.”

Earlier this month, the brokerage Douglas Elliman and the appraisal company Miller Samuel reported a different trend, with the number of pending sales leveling off in February compared with a year earlier. According to OneKey and Miller Samuel, the difference is the result of variations in how the information was gathered.

The earlier report by Miller Samuel included pending sales that were recorded through the end of February. Also, Newsday’s article on the leveling off of pending transactions reflected sales of single-family homes in Nassau and western Suffolk, outside of the East End.

Miller Samuel publishes separate data on East End sales. Newsday’s article on the report noted in February, pending sales skyrocketed year-over-year by 72% in the Hamptons and grew by 14% on the North Fork.

By contrast, the OneKey report released Tuesday includes pending sales that went into contract in February and were recorded through March 8, when OneKey compiled the information. The additional contract signings that occurred in February — but were recorded in early March — affected the final tally. Also, the OneKey report reflects pending sales of single-family homes, co-ops and condos throughout Nassau and Suffolk, including the big increase in sales on the East End.