



Office of the
New York City Comptroller
John C. Liu

STATEMENT

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TESTIMONY ON PROPOSED STATE BUDGET

ALBANY, NY - New York City Comptroller John C. Liu today stated the following in his remarks at a joint hearing of the New York State Assembly and Senate about the effects of Governor Paterson's proposed budget on New York City.

Remarks as delivered below:

"Thank you Chairmen Farrell and Kruger. I am honored to be testifying before you and the Committees today. I have supplied copies of my testimony as submitted, but if you'd allow me to make a brief statement on how the Governor's proposed budget would affect New York City, I'd like to do so now.

"The Governor has both my respect and my empathy for the difficult choices facing him as he closes a \$7.4 billion budget gap, but his preliminary budget plan unfairly and disproportionately targets New York City, plain and simple.

"The Governor's proposal totally eliminates revenue sharing for New York City while preserving it virtually untouched for almost every other jurisdiction in the state. This will cause an immediate gap of \$350 million in the City's current fiscal year budget, which at this point is balanced, and another \$328 million next year, and may force layoffs within the City's workforce. As we are all aware, the City's unemployment rate is already at its highest since 1993 and is much higher than both the State and nation.

"The proposed budget plan will leave a hole in the DOE budget of nearly \$500 million. This will fail the State's obligation to ensure that adequate resources are provided to educate our children. When the Federal Stimulus Funding dries up beyond 2011, that number will grow to \$1 billion. In addition, the reimbursement cap on summer school Special Ed costs removes critical resources to students who need it most. Our kids deserve better. This budget plan can do better.

"One way is through TAX RELIEF. The property tax circuit breaker is biased against City residents because more than two-thirds of New York City households rent. The STAR exemption cap on those earning \$250,000 or more increases taxes on the city's high-income residents. If the

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City should need to resort to its own personal income tax increase to stave off draconian cuts, then the State's action will have made this more difficult.

"In recent years, the City provided \$11 billion more in resources to the State than was returned in services or assistance, yet no one can fault us for lack of self-help. Our City continues to struggle to find revenue for itself and has levied 21 separate taxes on its businesses and residents. This cannot continue. These deeply skewed and unfair practices must end. Our City's residents should not be made to shoulder this continuing burden.

"On the MTA, the Governor also has undermined the principle that the City and State should share equally in the costs incurred by the MTA for transporting schoolchildren. The State and City both need to fulfill their responsibilities to fund student transportation. First the Governor is cutting our students in the classroom and now they may not even be able to get to and from what classroom they have left.

"With the BATTERY PARK CITY AUTHORITY, it's understandable that in very austere fiscal times, different people drool over the very prospect of tapping into these funds for different purposes. Historically, however, these funds have been intended for investment in the need for affordable housing. It has not been abated and therefore these funds should remain committed for their original intent. The funds certainly should not be used as one-shots, even if to plug the current operating deficit.

"We must encourage our Wall Street firms and banking institutions to do more to invest the record profits they have reaped at our expense back into our communities to help create job growth.

"25 days on the job, I remain committed to do all in my power to help root out wasteful spending among New York City's agencies and work with Mayor Bloomberg to empower the agencies to do more with less. I'll work to help revamp the contractual system as it relates to no-bid contracts and focus the vendor selection process on job creation. City and State governments can use their purchasing power to reinvigorate our economy, and my office will seek ways to ensure this. I urge all my fellow elected officials to take a similar approach and look closely at how our government operates, and where we can make savings that will help offset some of the painful cuts that affect all of us."

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