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December 22, 2008

Dear Senators:

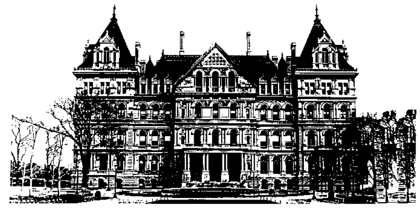
Please find attached the "Staff Analysis of the SFY 2009-10 Executive Budget." It is intended to assist the members of the Finance Committee, and the Senate as a whole, in their deliberations. We hope that our readers find it useful.

This analysis of the Executive Budget begins with a summary of the spending plan. It then examines an explanation of receipts and provides for Senate issues in focus. Finally, it examines appropriations and disbursements for each agency and program included in the budget. The report provides a comparison of the appropriations recommended this year with those approved last year, and an analysis of the Governor's recommendations.

Each member of the Senate Finance Committee devotes considerable time and effort to the passage of a budget that serves the interests of every New Yorker. I am most grateful for their cooperation. It is also my pleasure to thank the staff of the Senate Finance Committee, whose assistance has been invaluable.

Sincerely,

Owen H. Johnson



STAFF ANALYSIS OF THE SFY 2009-10 EXECUTIVE BUDGET

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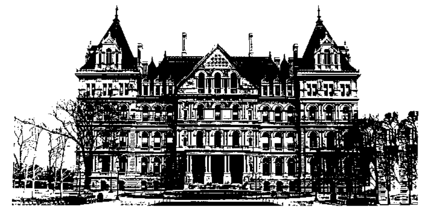

STAFF ANALYSIS OF THE SFY 2009-10 EXECUTIVE BUDGET

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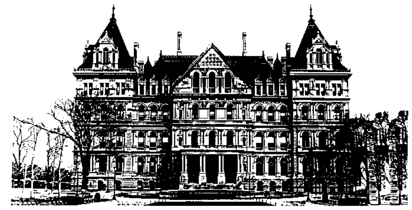

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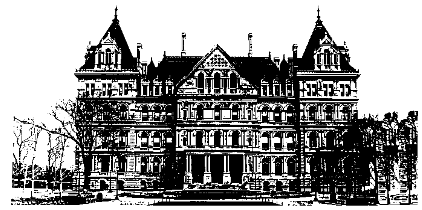
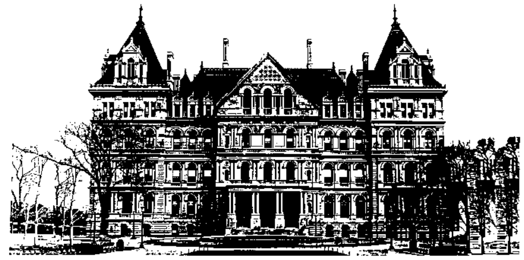


SECTION THREE

EXPLANATION OF RECEIPTS

ECONOMIC OUTLOOK



The National Economy

The crisis in the housing market and the subsequent collapse of the subprime mortgage market, which was in the economic forefront in the latter part of 2007, continued to have an impact on the economy in 2008. The bursting of the housing market bubble affected all sectors of the economy, from Main Street to Wall Street; plunging the economy into a recession.

2008

As 2008 began, the impact of the crises in the housing and subprime mortgage markets seemed to be under control as a result of a 75 basis point reduction in the Federal Funds rate at the end of 2007 and the coordinated effort of the world's central banks to inject liquidity into the credit markets. However, the full impact of the collapse of the subprime mortgage market had yet to be felt.

As housing prices continued to decline and foreclosures increased, losses continued to mount on the balance sheets of the banks that held the mortgages. In addition, with the proliferation of asset backed securities and collateralized debt obligations, the investment banks that dealt in these investments were realizing large losses as

United States Economic Indicators
(Calendar Year Percent Change)

	2007	Preliminary 2008	Forecast 2009	Forecast 2010	Forecast 2011
Real GDP	2.0	1.3	(0.9)	1.9	3.0
Personal Income	6.1	3.8	1.8	4.8	5.7
Wages	5.6	2.9	1.3	5.1	5.6
Consumption	2.8	0.3	(0.8)	2.4	3.0
Pre-tax Corporate Profits	(1.6)	(6.8)	(5.9)	2.8	4.9
S&P 500	12.7	(18.2)	(21.3)	10.5	6.7
Consumer Price Index	2.9	4.1	1.4	2.1	2.7
Non-Agricultural Employment	1.1	(0.2)	(1.2)	1.3	1.6
Unemployment Rate	4.6	5.7	7.6	7.4	7.0

Source: NYS Division of the Budget

well. In March, Bear Stearns collapsed and was acquired by JP Morgan Chase through Federal Government intervention. Six months later, Lehman Brothers failed; Merrill Lynch was bought out; and Morgan Stanley and Goldman Sachs reorganized as bank holding companies.

The investment banks were not the only victims of the credit crisis that ensued with the collapse of the subprime mortgage market. Insurance companies, specifically bond insurance companies, were impacted as well. As these bond insurers were downgraded, the bonds insured by these companies were subjected to higher interest rates, especially in relation to the variable rate debt market. No sector of the bond market was immune. State and local debt which was considered some of the safest debt and enjoyed interest rates in the 2-3 percent range were now incurring rate resets at 15 percent.

The crisis affecting the credit markets took its toll on the stock market in 2008. Where the stock market had reached record highs in 2007, it was now realizing precipitous declines. In addition, as the financial industry continued to weaken and the Federal government intervened with the Troubled Asset Relief Program (TARP), there was extreme volatility in the stock market. Overall, the stock market, as measured by the S&P 500 is estimated to decline by 18.2 percent in 2008.

Concurrent with the financial market crisis, inflation became a major concern in the first half of 2008, mainly as a result of increasing energy prices. By July, the price of oil had reached $150 per barrel which translated to gas prices of over $4 per gallon. This increase in the price in energy served to increase the price of all goods, including food. As a result, inflation, as measured by the Consumer Price Index, is estimated to increase by 4.1 percent in 2008.

The national economy was already experiencing a slowdown at the end of 2007. Although real Gross Domestic Product (GDP) exhibited growth in the first half of 2008, such growth was inflated as a result of the Federal stimulus package that gave tax rebates to the nation's consumers. For the second half of 2008, real GDP is estimated to decline; resulting in overall economic growth of only 1.3 percent.

Although most people associate a recession with the general rule of a decline in real GDP for two consecutive quarters, the National Bureau of Economic Research (NBER), the committee responsible for determining economic peaks and troughs, utilizes economic indicators other than real GDP to determine whether the economy is in a recession. These indicators include total employment, industrial production, real manufacturing and trade sales, and real personal income minus transfers. Based upon declines in these indicators, NBER has determined that the economic recession started in December of 2007.

As the housing market and financial market downturns continued and the recession took hold, employment and wages were likewise affected in 2008. Although wages are estimated to grow by 2.9 percent, employment declined by 0.2 percent, due primarily from financial sector layoffs.

With household wealth shrinking as a result of declining home and equity prices, household budgets were becoming more and more constrained. This combined with inflation had dampened consumer spending throughout 2008 even with the tax rebates that were distributed in May. As a result, consumption growth is estimated at only 0.3 percent in 2008.

As a result of the tightness in the credit markets and the volatility in the equities market, corporate profits continued to decline in 2008; declining by an estimated 6.8 percent. The lack of credit and the decrease in profits led to slow growth in nonresidential fixed investment of 2.8 percent.

Offsetting some of the declines in the economy was continued growth in exports, growing at 7.2 percent. This strong growth is mainly attributable to the continued depreciation of the dollar in 2008.

2009

By the end of 2008, the economic downturn was not just a national recession but a global one as well. The continued effects of the TARP, a possible auto industry bailout, and a possible Federal economic stimulus package will all play a major role in when the recession will end.

According to the Executive, the economy will continue to decline in 2009. Corporate profits will continue to fall, decreasing by 5.9 percent, as the turmoil in the financial markets continues and stock prices continue to decline.

Wages are still projected to grow, albeit at an anemic rate of 1.3 percent. Contributing to this slow growth is the projected decline in employment of 1.2 percent. Accompanying this decline in employment is an increase in the unemployment rate to 7.6 percent, up from 5.7 percent in 2008.

With the erosion of household wealth from declines in equity prices and employment income, consumer spending is projected to be extremely constrained. As a result, consumption is projected to decline by 0.8 percent. The only benefit to the consumer will be that inflation is projected to remain in check, increasing by 1.4 percent.

The saving grace to the economic slowdown in 2007 and the subsequent recession in 2008 was the strength in exports resulting from the depreciation of the dollar. However, since the downturn has become global and the dollar is projected to appreciate, exports are projected to decline by 3.8 percent

As with any economic forecast, there are risks associated with the projections. The major risks to the Executive forecast are a continued housing market contraction, continued write downs of overvalued assets in the financial sector, inflation, and the value of a potential economic stimulus package.

Should the housing market continue to contract, increasing foreclosures and further decreasing prices, residential construction would continue to decline. In addition, household wealth would decline, further decreasing consumption.

Inflation was a major concern in the first half of 2008 as the large increases in energy prices translated into price increases for all goods. A return to high energy prices would further constrain household spending, decreasing consumption. In addition, an increase in inflation would hinder the Federal Reserve's use of monetary policy to spur economic growth.

An economic stimulus package, similar to the one that was enacted in the first half of 2008, is anticipated for 2009. However, the size of that package is uncertain. Depending on the value of the tax rebates, additional money could be put in the pockets of consumers which would have a positive impact upon consumption.

The New York State Economy

Unlike the recession of 2001, the New York State economy in 2008 did not enter into a recession first. Although the financial market crisis has had a significant effect on the economy in the latter part of the year, the housing market downturn did not have as large of an impact as in other parts of the country. The absence of a "bubble" in home prices in some parts of the State has served to dampen the effects of the housing downturn that other states such as California and Florida have experienced.

The crisis in the financial markets did have a larger impact upon the New York economy than elsewhere as a result of New York City's role as the financial capital of the world. With many of the investment banks centering their operations in New York City, the subsequent layoffs increased New York's unemployment rate to 5.4 percent in 2008, up from 4.5 percent in 2007.

Along with the poor stock market performance in 2008, the other profit making segments in the financial sector such as Initial Public Offerings (IPO's) and mergers and acquisitions have declined. As a result of the tightening of the credit markets, the bond markets were constrained. This also adversely impacts the underwriting activities of the financial firms. Due to these factors, bonuses paid to employees in the industry are estimated to decrease by 45.6 percent.

Reflecting the decline in bonus income from 2007 (a majority of bonuses are paid in the first quarter of the succeeding year) as well as the effect of the recession on the economy, wages grew by only 1.2 percent in 2008. In turn, this low wage growth combined with slow growth in other income components results in personal income growth of only 2.4 percent. For 2009, the full impact of the recession will result in wages decreasing by 3.0 percent. Contributing to this decline is the large estimated decline in the amount of bonuses from 2008.

Due to the increasing dominance of service sector employment over manufacturing employment in New York, what happens in the national economy has a significant impact on New York's employment. The declines in business growth as a result of the recession will translate into declines in New York. Personal income and employment are projected to decline by 1.3 percent and 1.5 percent, respectively. In turn, the unemployment rate in New York is projected to increase to 7.1 percent in 2009 from 5.4 percent in 2008.

The risks to the State economic forecast are similar to those for the forecast for the national economy. Because the financial markets are centered in New York City, any additional shocks to the already weakened financial services industry would have a significant negative impact with respect to both bonus payments and employment in the securities industry.

In addition, the results of the fiscal and monetary policies of the Federal government could help or hinder the New York State economy. A positive result would allow for a quicker economic recovery, which, in turn, would stimulate financial market activity. A negative result would allow for a prolonged recession and/or continued declines in the financial services industry leading to higher unemployment and continued wage declines.

General Fund Receipts

(Millions of Dollars)

	Projected 2008-09	Proposed 2009-10	Change	Percent Change
Personal Income Tax				
Withholding	27,626	28,125	499	1.8%
Estimated Payments	12,452	10,106	(2,346)	-18.8%
Final Returns	2,728	2,386	(342)	-12.5%
Other Payments	947	1,116	169	17.8%
Gross Collections	43,753	41,733	(2,020)	-4.6%
STAR Special Revenue Fund	(4,440)	(3,416)	1,024	-23.1%
Refunds	(7,194)	(6,964)	230	-3.2%
Revenue Bond Tax Fund	(9,140)	(8,691)	449	-4.9%
Net Collections	22,979	22,662	(317)	-1.4%
User Taxes and Fees				
Sales and Use	8,038	9,096	1,058	13.2%
Cigarette/Tobacco	437	439	2	0.5%
Motor Vehicle Fees	(15)	37	52	-346.7%
Alcoholic Beverage	251	449	198	78.9%
Total	8,711	10,021	1,310	15.0%
Business Taxes				
Corporate Franchise	3,166	3,475	309	9.8%
Corporate Utilities	650	714	64	9.8%
Insurance	1,100	1,268	168	15.3%
Bank	729	627	(102)	-14.0%
Total	5,645	6,084	619	11.0%
Other Taxes				
Estate and Gift	1,244	1,024	(220)	-17.7%
Pari-mutuel	23	23	0	0.0%
Other	1	1	0	0.0%
Total	1,268	1,048	(220)	-17.4%
Total Tax Collections	**38,603**	**39,815**	**1,212**	**3.1%**
Miscellaneous Receipts	3,040	3,764	724	23.8%
Total Receipts	**41,643**	**43,579**	**1,936**	**4.6%**

Assumes enactment of Executive's proposed Tax and Fee Increases.

All Funds Receipts

(Millions of Dollars)

	Projected 2008-09	Proposed 2009-10	Change	Percent Change
Personal Income Tax	36,569	34,770	-1,799	-4.9%
User Taxes and Fees				
Sales and use	11,443	13,299	1,856	16.2%
Motor vehicle	766	908	142	18.5%
Cigarette and tobacco	1,311	1,384	73	5.6%
Motor Fuel Tax	523	528	5	1.0%
Alcoholic Beverage	251	449	198	78.9%
Highway Use tax	147	160	13	8.8%
Auto Rental Tax	53	63	10	18.9%
Total	14,494	16,791	2,297	15.8%
Business Taxes				
Corporation Franchise	3,599	3,902	303	8.4%
Corporation and Utilities	858	928	70	8.2%
Insurance	1,221	1,397	176	14.4%
Bank Tax	894	731	(163)	-18.2%
Petroleum Business	1,143	1,175	32	2.8%
Total	7,715	8,133	418	5.4%
Other Taxes				
Estate and Gift	1,244	1,024	(220)	-17.7%
Real Estate Transfer	750	640	(110)	-14.7%
Pari-Mutuel	23	23	0	0.0%
Other	1	1	0	0.0%
Total	2,018	1,688	(330)	-16.4%
Total Taxes	**60,796**	**61,382**	**586**	**1.0%**
Miscellaneous Receipts	19,812	22,901	3,089	15.6%
Total Receipts	**80,608**	**84,283**	**3,675**	**4.6%**
Federal Grants	35,978	35,837	(141)	-0.4%
Total Receipts and Federal Grants	**116,586**	**120,120**	**3,534**	**3.0%**

Assumes Enactment of the Executive's Proposed Tax and Fee Increases.

ALCOHOL BEVERAGE LICENSE FEES

(millions of dollars)	2004-05	Projected 2008-09	Forecast 2009-10	Change	2008-09 to 2009-10 Percent Change	2004-05 to 2009-10 Average Annual Percent Change
General Fund	42.3	44.4	151.8	107.4	242%	29.3%
All Fund	42.3	44.4	151.8	107.4	242%	29.3%

Summary:

General Fund

New York State requires distillers, brewers, wholesalers, retailers, and others who sell alcoholic beverages to be licensed by the State Liquor Authority. Prior to SFY 1997-98, licensees were required to purchase a three year license. Legislation, which took effect on December 1, 1998, allowed licensees the option to purchase their licenses for a one, two or three year period. Legislation enacted in 2002 eliminated the two-year installment option and required two-year licensees to pay all fees upon renewal or initial application.

Special Revenue Funds

Collections from this fee do not flow to any special revenue funds.

Proposed Legislation:

The Executive proposes **allowing wine to be sold in grocery and drug stores** with a corresponding $110 annual wine license fee and a franchise fee ranging from $825 to $495,000 per location. This proposal is expected to generate $105 million in SFY 2009-2010

Receipts:

Overall receipts for SFY 2009-10 are forecasted to be $151.8 million. This is an increase of $107.4 million, or 242 percent from SFY 2008-09. This increase is the result of new wine license and franchise fees for grocery and drug stores owners who are now allowed to sell wine in their place of business.

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ALCOHOLIC BEVERAGE TAX

(millions of dollars)

	2004-05	Projected 2008-09	Forecast 2009-10	Change	2008-09 to 2009-10 Percent Change	2004-05 to 2009-10 Average Annual Percent Change
General Fund	185	206	297	91	44.3%	9.9%
All Fund	185	206	297	91	44.3%	9.9%

General Fund

New York State imposes an excise tax on liquor, beer, wine and specialty alcoholic beverages. In addition, New York City imposes a tax on beer and wine which is administered by the State. The State and the City have suffered significant revenue losses due to bootlegging of alcoholic beverages from other states. Legislation enacted in 2002, and since made permanent, provides for increased penalties and enforcement activities designed to mitigate these revenue losses.

Special Revenue Funds

Collections from this tax do not flow to any special revenue funds.

Proposed Legislation:

The SFY 2009-10 Executive Budget proposal includes legislation to **increase the beer tax** from 11 cents per gallon to 24 cents per gallon; and the **wine tax** from 19 cents per gallon to 51 cents per gallon. This proposal will increase Alcohol Beverage Tax Revenue in SFY 2009-10 and each year thereafter by $63 million.

The Executive also proposes to allow **the sale of wine in grocery and drug stores.**

The SFY 2009-10 Executive Budget includes legislation that would create a **new classification for flavored malt beverages** and impose the excise tax on this category at the low liquor tax rate. Flavored malt beverages would be taxed at the rate of $2.54 per gallon, increasing from the beer tax rate of 11 cents per gallon. This proposal will generate $15 million for SFY 2009-2010 and $18 million thereafter.

The Executive also proposes to impose certain reporting requirements on wholesalers who must report the total value of sales made to vendors, operators or recipients whom did not pay the sales tax upfront to the Wholesaler. The Wholesaler must also provide each entities state liquor authority license number.

Receipts:

The Alcohol Beverage Tax Receipts are projected to be $297 million for SFY 2009-10, an increase of 44.3 percent. The majority of the estimated receipts, $175 million, are derived from the tax on liquor. Beer and wine will generate an estimated $98 million and $33 million in tax revenue, respectively.

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AUTO RENTAL TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
All Fund	40	53	63	10	17.6%	9.5%

Summary:

General Fund

Collections from the auto rental fees are not deposited into the General Fund.

Special Revenue Funds

New York State imposes a five percent tax on the rental of passenger vehicles weighing less than 9,000 pounds and having seating capacity for nine or fewer passengers. All collections are deposited into the Dedicated Highway and Bridge Trust Fund.

Receipts:

Receipts from the auto rental tax are influenced by consumer and business spending on travel. It is estimated that receipts in SFY 2009-10 will increase by $10 million due to the **one percent increase in the tax** ($8 million) and because of the historical rate of growth for the auto rental tax ($2 million).

Budget Proposal:

The Executive Budget proposes **increasing the Auto Rental Tax from five percent to six percent**. This proposal

will increase Auto Rental Tax revenue by $8 million in SFY 2009-10 and $10 million thereafter.

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Kevin Bronner Jr. ext. 2752

BANK TAX

					(millions of dollars)	
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	587	729	627	(102)	-14%	1.3%
All Fund	676	894	731	(163)	-18.2%	1.6%

Summary:

General Fund

Under Article 32, New York State taxes banking corporations that conduct operations within the state. The bank tax is calculated as the greatest of four measures: a computation based on 7.1 percent of allocated net income before eligible credits and deductions; a three percent alternative minimum income; asset value; or a $250 minimum tax.

Special Revenue Funds

See the analysis of the Regional Business Tax Surcharge (MTA) within the Receipts section of this report.

Proposed Legislation:

The Executive proposes requiring bank taxpayers whose preceding years tax liability is in excess of $100,000 to remit 40 percent (instead of 30 percent) of its preceding years bank tax and 40 percent of their Metropolitan Commuter Transportation (MCTD) surcharge as its mandatory first installment. ($45 million revenue spin up for SFY 2009-2010)

The Executive proposes reforms to the Empire Zone program including verification that banks certified in the program continue to meet cost benefit analysis goals set forth by regulations. This proposal will generate an additional $13 million in bank tax receipts.

Receipts:

All fund receipts for SFY 2009-10 are projected to decrease $163 million, to $731 million. The large decrease in revenue is a result of the economic downturn and the financial crisis created by the collapse of the housing market and defaulting mortgage backed security market. General Fund receipts are projected to decrease by $102 million, or 14 percent, to $627 million.

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CIGARETTE AND TOBACCO TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	406	437	439	2	0.5%	1.6%
All Fund	406	1,311	1,384	73	5.6%	27.8%

<u>Summary:</u>

General Fund

New York imposes an excise tax on cigarette and tobacco products sold and/or used within the State. As a result of the New York Health Care Reform Act of 2000 (HCRA), the tax rate on cigarettes increased on March 1, 2000 from 55 cents to $1.11 per pack, and then rose an additional .39 cents to $1.50 per pack. In June, 2008, the state cigarette tax was increased to $2.75 a pack. New York City increased its cigarette tax to a $1.50 per pack in 2002. The State and City combined tax on a pack of cigarettes sold in New York City is $4.25. In addition, the Federal government imposes a tax that was increased from 24 cents to 39 cents per pack on January 1, 2002. Total State, City and Federal taxes per pack in New York City are now $4.64.

The State also imposes a tax on other tobacco products at a rate of 37 percent of wholesale price, and the Federal government imposes an excise tax on manufacturers and importers of tobacco products.

Special Revenue Fund

Beginning in SFY 2005-06, spending related to the Health Care Reform Act (HCRA) was included in the State's financial plan through special revenue funds. The cigarette tax distribution to the HCRA Special Revenue Fund is currently 70.63 percent or $945 million.

<u>Proposed Legislation:</u>

The Executive proposes legislation that would change the definition of "cigarette" to include a little cigar.

The Executive proposes legislation to change the tax rate on Cigars from 37 percent of the wholesaler's price to 50 cents per cigar.

The Executive proposes legislation that enhances penalties on people who violate the law with regards to tobacco products and cigarette taxes. This legislation would authorize the Department of Taxation and Finance to revoke a retailer's certificate of registration if the retailer is found to possess or sell unstamped tobacco products. The legislation also places more stringent civil penalties on those found to be evading tobacco taxes. The Penalty would be up to 200 percent of the amount of tobacco products tax on tobacco, other cigars and snuff that was not paid or assumed when due. The Penalty applies for all snuff and cigars, and when the amount of cigarettes exceeds 5 pounds.

The Executive proposes legislation that will increase the prepaid sales tax from seven percent to eight percent of the retail price on a package of cigarettes. This will be a cash flow increase of $14 million in the 2009-2010 fiscal year.

Receipts:

The implementation of the statute requiring that tax be collected on sales by Native Americans to non-Native Americans is expected to increase cigarette receipts by $85 million for SFY 2009-10. This legislation was enacted in 2005 and became effective March 1, 2006. In December of 2008, the Governor signed chapter 642 into law (Prohibits agents from selling illegal unstamped cigarettes). According to the Executive, Chapter 642 will increase revenues by $400 million in SFY 2009-2010.

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CORPORATE FRANCHISE TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	1,858	3,166	3,475	309	9.3%	13.3%
All Fund	2,111	3,599	3,902	303	8.4%	13.1%

Summary:

General Fund

The corporation franchise tax (Article 9-A) is levied on corporations doing business in New York. Historically, tax receipts have shown great fluctuation due to changes in profit rates, the relative strength of various sectors of the New York State economy and in the tax law. From SFY 2002-03, through SFY 2006-07, revenues rapidly grew due to increased profits and a series of measures adopted to limit a firms' ability to shelter income from tax.

Article 9-A currently requires corporate taxpayers to be taxed under the highest of four alternative tax calculations. The four bases are:

1. Federal taxable income apportioned to New York State solely on sales. The resulting net taxable income is then taxed at 7.1 percent. Defined small businesses, manufacturers and high-technology firms are taxed at a lower 6.5 percent rate.

2. An alternative minimum taxable income base adjusted for certain net operating losses and specific economic development credits taxed at 1.5 percent.

3. A capital base at a rate of 0.15 percent of allocated business and investment capital with a maximum yearly tax of $10 million or $350,000 for manufacturers.

4. A fixed dollar minimum tax of between $25 and $5,000 based on the size of New York State corporate gross income.

In addition to the taxes paid under the four bases, firms paying under the Corporate Franchise Tax are liable to a tax of 0.9 mils of each dollar of subsidiary capital allocated to New York State.

Special Revenue Funds

Corporations doing business within the Metropolitan Commuter Transportation District pay a seventeen percent surcharge on modified Article 9-A receipts that is deposited into the Mass Transportation Operating Assistance Fund. For further details see the analysis of the Metropolitan Transportation Authority (MTA) Regional Business Tax Surcharge within the Receipts section.

<u>Proposed Legislation:</u>

The SFY 2009-10 Executive Budget proposes a series of measures designed to further increase the amount of corporate income liable to the tax and incentivize a few targeted activities including:

- changing the mandatory first installment of tax due from 30 percent to 40 percent of the taxpayer's previous year liability. This change would provide a $165 million one-time revenue increase in SFY 2009-10.

- clarifying that electric generation facilities do not meet the definition of "manufacturer" for taxpayers paying under the capital base. Capital base limits were increased from $1 million to $10 million a year in SFY 2008-09, but manufacturers were exempted from the cap increase. This proposal will raise an estimated $17 million in SFY 2009-10 and $14 million in SFY 2010-11.

- requiring captive insurance companies that receive less than 50 percent of its gross receipts from qualifying insurance premiums would no longer meet the definition of an insurance company, and would be forced to file a combined return with its parent entity. This measure is expected to raise $31 million in SFY 2009-10 and $25 million each year thereafter.

- eliminating several tax credits that the Executive believes are being underutilized. The affected credits are the automated external defibrillator credit, the alternative fuel vehicle refueling credit, the electric generating fuel cell credit, the security guards training credit, the Qualified Emerging Technology Company capital credit and the transportation improvement contributions credit. These eliminations are expected to save the State $5.9 million in SFY 2009-10 and $9 million each year thereafter.

- authorizing an additional $4 million in low-income housing credits for ten years. This would allow the Commissioner of Housing and Community Renewal to allocate a total of $24 million in these credits per year.

- modifying the Empire Zone program to ensure that participating companies provide real investments and jobs in the State and to limit benefits to certain types of industries. This measure would reduce tax expenditures by $132 million in SFY 2009-10, $137 million in SFY 2010-11 and $145 million a year when fully effective.

- enact a reciprocal program with the U.S. Treasury to intercept vendor payments to satisfy State tax debts. This measure is estimated to increase State receipts by $2.5 million in SFY 2009-10 and $15 million each year thereafter.

- create a new Research and Development Credit program to be administered by Empire State Development Corp. The credit would incentivize article 9-A taxpayer activities by $23 million in SFY 2010-11 and $25 million each year thereafter.

- adjust the current Qualified Emerging Technology Company Facilities, Operations and Training Credit to encourage firms to add more employees and to support alien firms to come to New York. An estimated $5 million in additional annual incentives would begin in SFY 2011-12.

- clarify that income from digital products shall be sourced by the ultimate destination of the delivered digital product.

Receipts:

Receipts are estimated to increase by $303 million to $3.9 billion in SFY 2009-10 mainly due to the revenue measures enacted during SFY 2007-08 and SFY 2008-08 and new proposals in the Executive Budget.

Legislation Enacted in 2008-09

Legislation enacted in SFY 2008-09 changed the alternative minimum tax from one based on gross payroll to one based on gross income; increased the capital base cap for non-manufacturers from $1 million to $10 million for a three year period while reducing the rate from 0.178 percent to 0.15 percent; (decoupled New York from the Federal Qualified Production Activities Incentive deduction; forced, for three years, all captive REIT's and RIC's to file a combine return with the closest controlling entity); required a thirty percent (from a twenty-five percent) estimated payment of tax based on the prior year liability; (and capped the brownfield credit program that is estimated to reduce funds available for contaminated site cleanup and redevelopment by $500 million a year when fully effective).

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CORPORATION AND UTILITIES TAXES

(millions of dollars)

	2004-05	Projected 2008-09	Forecast 2009-10	Change	2008-09 to 2009-10 Percent Change	2004-05 to 2009-10 Average Annual Percent Change
General Fund	617	650	714	64	9.8%	3.0%
All Fund	1,006	858	929	71	8.3%	-1.6%

Summary:

General Fund

The Article 9 Corporation and Utility Taxes are imposed on energy, telecommunications, agricultural cooperatives, and certain rail and trucking companies. Because of statutory changes enacted during the last ten years, charges on telecommunication companies rather than energy firms have become the primary source for Article 9 revenues. The Gross Receipt Tax on energy was eliminated except for a two percent levy on transmission costs for residential customers. Another factor that substantially affected Article 9 revenues was the transfer of electric utilities from Article 9 to Article 9-A (the Corporate Franchise Tax).

Special Revenue Funds

Taxes collected under Sections 183 and 184 of Article 9 (the franchise tax and additional franchise tax on transportation and transmission companies) are dedicated to the Mass Transportation Operating Assistance Fund and the Dedicated Highway and Bridge Trust Fund. In addition, a 17 percent surcharge is placed on Article 9 receipts raised from within the Metropolitan Commuter Transportation District.

<u>Proposed Legislation:</u>

The following legislation proposed in the SFY 2009-10 Executive Budget affect Corporation and Utilities Tax receipts and related revenues:

- The Executive proposes to increase the installment payment due in a taxpayer's mandatory first quarterly payment from thirty to forty percent. The imposition of the accelerated payment would result in a $51 million All Funds "one-shot" for SFY 2009-10 (+$48 million for the General Fund).
- The Executive seeks to modify the Empire Zone program to ensure that eligible firms are providing clear and demonstrable benefits to the State and disallowing certain static industries from prospective participation. Firms not meeting certain criteria will see benefits rescinded.
- The Executive requests authorization to transfer $476 million from the New York Power Authority to the General Fund. The SFY 2008-09 Deficiency Bill includes a $306 million payment and the remaining $170 million proposal is in the SFY 2009-10 Executive Budget. A dry appropriation for these amounts is located in the SFY 2009-10 Executive Budget in case the Authority

requires these funds for bond covenant coverage or other required functions.

- The Executive Budget does not extend the Power for Jobs program which expires on June 30, 2009. This program provided nearly $100 million annually in benefits to New York State firms such as manufacturers, hospitals and financial companies ect. to make them more competitive by reducing their utility costs.

- The Executive again proposes to authorize local governments to begin imposing and collecting a **gross receipts tax on mobile phone services**. This measure is expected to increase local taxes by an estimated $12.5 million a year

Receipts:

Receipts are estimated to increase $71 million from the previous year to $929 million during SFY 2009-10.

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ESTATE AND GIFT TAXES

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	895	1,242	1,024	(218)	-17.5%	2.7%
All Fund	895	1,242	1,024	(218)	-17.5%	2.7%

Summary:

General Fund

As of February 1, 2000, New York's estate tax rate is equal to the maximum value of the Federal estate tax credit a person can take for state estate taxes paid. In addition, the amount of the State exemption was set to equal the amount of the Federal exemption; capped at $1 million. As such, New York estates with a value of $1 million or less owe no estate taxes. For those estates that exceed $1 million, the tax rate increases from 0.8 percent to 16.0 percent depending upon the value of the estate. The gift tax complemented the transfer tax on estates but was repealed as of January 1, 2000.

Special Revenue Funds

Collections from this tax are not deposited into any special revenue funds.

Receipts:

The amount of estate taxes collected in any fiscal year depends not only upon the state of the economy (i.e. stock market performance and housing market) but, the quantity of taxable estates which are classified by the amount of tax imposed. Small estates are those whose tax liability is less than $250,000; large estates incur tax liabilities between $250,000 and $4 million; extra-large estates incur tax liabilities from $4 million to $25 million; and super-large estates incur tax liabilities over $25 million.

Receipts from the estate tax are estimated to increase by $205 million, 19.8 percent, in the current fiscal year. The downturn in the stock market and housing market has served to dampen growth from small and large estates, estimated at 1.8 percent. However, the overall increase in estate taxes in the current year is attributable to a large increase, $191 million, in collections from extra large and super large estates.

In SFY 2009-10, estate tax receipts are projected to decrease by $218 million, reflecting the continued effects of the recession on the stock and housing markets as well as a projected decline in super large estates. Receipts from small estates are projected to decrease by $71 million. Receipts from large estates are projected to decrease by $50 million and receipts from estates in the extra-large and super-large classes are projected to decrease by $97 million.

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HIGHWAY USE TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
All Fund	151	147	160	13	8.8%	1.2%

Summary:

General Fund

No collections from the Highway Use tax are deposited into the General Fund.

Special Revenue Funds

Commercial vehicles pay a tax for using New York State highways. The highway tax is comprised of three separate assessments: the truck mileage tax, highway registration fees, and the fuel use tax. All highway use tax receipts are deposited into the Dedicated Highway and Bridge Trust Fund.

The truck mileage tax is based upon the weight of the vehicle and the number of miles traveled on New York's highways. An additional supplemental tax is imposed at forty percent of the basic truck mileage tax.

The fuel use tax is imposed upon fuel that is purchased outside the State but consumed within New York. This tax is computed by taking the sum of the motor fuel tax rate and the sales tax rate set quarterly.

Highway registrations are required for vehicles subject to the highway use tax. Registrations are issued for a three year period at a fee of $15. This registration system was instituted during SFY 2007-08 due to the Federal Government outlawing the permit system the State previously had in place.

Proposed Legislation:

- The Executive Budget proposes to increase the replacement fee for a certificate of registration from $4 to $15 for a motor vehicle and from $2 to $15 for a trailer, semi-trailer, dolly or other drawn devices. This measures is estimated to increase revenues by $4.6 million in SFY 2009-10.
- The Executive seeks to reauthorize the Commissioner of Tax and Finance to require vehicle decals (at a cost of $4 per decal) rather than the current registration system due to a clarification provided by recent Federal legislation.

Receipts:

Total receipts are estimated to rise to $160.2 million for SFY 2009-10, an increase of $13.0 million over SFY 2008-09.

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INSURANCE TAXES

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	1,007	1,100	1,268	168	15.3%	4.7%
All Fund	1,108	1,221	1,397	176	14.4%	4.7%

Summary:

General Fund

Article 33 of the Tax Law, and the Insurance Law, imposes a franchise tax on insurance corporations who do business in New York and a tax on the value of premiums on policies in New York.

Special Revenue Funds

See the analysis of the Regional Business Tax Surcharge (MTA) within the Receipts section.

Proposed Legislation:

The Executive proposes that **captive insurance companies**, that receive 50 percent or less of their gross receipts from insurance premiums, would have to file a **combined return** with their closest affiliated taxpayer or parent company. This proposal will increase insurance tax revenue by $2 million SFY 2009-10 and $4 million in SFY 2010-11.

The Executive proposes limiting the exemption provided for **town or county cooperative insurance companies** that existed before 1937 on the insurance franchise tax. The exemption will now only apply to corporations that have direct written premiums of $25 million or less for the taxable year. This proposal is expected to generate $19 million for SFY 2009-10 and $15 million annually thereafter.

The Executive proposes changing the **franchise tax on Life Insurance companies** so that all insurance companies are taxed in an uniformed manner by paying a tax based on premiums. The tax rate on premiums will be 2 percent. This proposal also increases the premiums tax rate for Accident and Health Insurance from 1.75% to 2%. This proposal will increase insurance taxes by $62 million in SFY 2009-10 and $50 million in SFY 2010-11.

The Executive proposes to require insurance franchise taxpayers whose preceding years tax liability is in excess of $100,000 to remit 40 percent (instead of 30 percent) of its preceding years insurance tax and 40 percent of their Metropolitan Commuter Transportation (MCTD) surcharge as its mandatory first installment. ($75 million revenue spin up for SFY 2009-2010)

The Executive proposes to reform the Empire Zone program by making sure insurance companies certified in the program are continuing to meet cost benefit analysis goals set forth by regulation.

Receipts:

All Funds receipts for SFY 2009-10 are projected to be $1.4 billion. This is an increase of

$176 million, or 14.4 percent, above the SFY 2008-09 level. General Fund collections for SFY 2009-10 are projected to be $1.2 billion, an increase of $168 million, or 15.3 percent above the SFY 2009-09 level. The $168 million increase in General Fund collections reflects the expected impact of Executive Budget tax increase proposals described above.

The Other Funds balance is projected to be $129 million for SFY 2009-10. This is a $8 million increase over 2008-09 resulting from Executive Budget Tax and Revenue Increases.

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MOTOR FUEL TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
All Fund	530	523	528	5	1.0%	-0.1%

Summary:

General Fund

No Motor Fuel Tax receipts are placed in the General Fund.

Special Revenue Funds

The Motor Fuel Tax is imposed upon the sale of gasoline and diesel motor fuel in New York State at a rate of eight cents per gallon. In order to enhance compliance, the tax is collected upon first importation into New York State and is subsequently passed on to the consumer.

Seventy-nine percent of receipts from the Motor Fuel Tax are deposited into the Dedicated Highway and Bridge Trust Fund and twenty-one percent into the Dedicated Mass Transportation Trust Fund.

Proposed Legislation:

There are no proposals in the SFY 2009-10 Executive Budget that affect the Motor Fuel Tax.

Receipts:

Receipts from the Motor Fuel Tax are projected to be $527.9 million during SFY 2009-10, an increase of $5.2 million from SFY 2008-09.

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MOTOR VEHICLE FEES

(millions of dollars)

	2004-05	Projected 2008-09	Forecast 2009-10	Change	2008-09 to 2009-10 Percent Change	2004-05 to 2009-10 Average Annual Percent Change
General Fund	4	(15)	38	N/A	N/A	56.9%
All Fund	666	766	909	143	18.7%	6.4%

Summary:

General Fund

In SFY 08-09, 5.71 percent of Motor Vehicle Fees will be deposited into the General Fund.

Special Revenue Funds

The Dedicated Mass Transit Fund receives 30.3 percent of Motor Vehicle Fees; the Dedicated Highway and Bridge Trust Fund receive 65.9 percent. The remaining 3.8 percent flows into various Dedicated Funds.

<u>Proposed Legislation:</u>

The executive proposes increasing most registration fees by 25 percent; increasing all original and renewal license fees by 25 percent; and raising the license plate reissuance fee from $15 to $25. See the miscellaneous receipt fee chart in this report for details on the individual fees.

<u>Receipts:</u>

Receipts for SFY 2009-10 are estimated at $909 million, an 18.7 percent increase over SFY 2008-09, of which $450.5 million of the receipts are estimated to come from vehicle registrations and $367.8 million from license applications and other fees. The General Fund is required to cover any shortfalls in motor vehicle fees going into dedicated funds. In SFY 2008-09, $14.6 million of General Fund moneys were transferred into dedicated funds to cover a shortfall.

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OTHER TAXES

	(thousands of dollars)					
		Projected	Forecast	2008-09 to 2009-10		2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	731	700	700	0	0	-0.9%
All Fund	731	700	700	0	0	-0.9%

Summary:

General Fund

This category includes the 4 percent admissions tax placed on racetracks and simulcast theaters and the 3 percent tax imposed on gross receipts of boxing and wrestling events and exhibitions held in New York State. Year to year revenue collections have historically shown great fluctuations due to one or two high-profile boxing events that generate large incomes. Additionally, some racing facilities have eliminated admission charges due to increased competition from video lottery terminals.

Special Revenue Funds

Collections from this tax do not flow to any special revenue funds.

Racing Admission Tax: The historical pattern of declining attendance at New York State racing and simulcast locations has stabilized due to the increased daily attendance and extension of the Saratoga event.

Boxing and Wrestling Exhibition Tax: On October 1, 1999, the tax rate on these events was reduced from 5.5 percent to 3 percent of gross receipts and a cap was placed on per event taxes to encourage more events to be held in New York State.

Receipts:

Revenues, paid attendance and the number of boxing and wrestling exhibitions are expected to remain level consistent with SFY 2008-09.

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PARI-MUTUEL TAXES

	(thousands of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	26,029	23,000	23,000	0	0	-2.4%
All Fund	26,029	23,000	23,000	0	0	-2.4%

Summary:

General Fund

Pari-Mutuel receipts have declined steadily over the years due to competition from nearby casinos and the growth of other gaming venues such as video lottery terminals, resulting in a reduction of handle and attendance at on and off track betting locations (OTB's). Additionally, the expansion of out-of-state simulcasting to New York racetracks and OTB facilities has also shifted wagers to the simulcast events, which is typically taxed at a lower rate than most on track wagers.

Special Revenue Funds

Collections from this tax do not flow to any special revenue funds.

Proposed Legislation:

The Executive Budget proposes to extend lower pari-mutuel tax rates and rules governing simulcasting of out-of-state races. This proposal has no SFY 2009-10 fiscal impact because the reduced rates are built into the base of the SFY 2009-10 financial plan.

Receipts:

Included in the total collection amount of $23 million, are receipts from the thoroughbred handle ($7.9 million), harness racing handle ($0.6 million) and the Off Track Betting handle ($14.5 million).

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PERSONAL INCOME TAX

	(millions of dollars)					
		Projected	Forecast	2008-09 to 2009-10		2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	18,781	22,979	22,662	(317)	-1.4%	3.8%
All Fund	28,100	36,559	34,769	(1,791)	-4.9%	4.4%

Summary:

General Fund

The personal income tax, New York's largest source of revenue, accounts for almost 60 percent of General Fund receipts. The tax is imposed at a graduated rate (from 4 percent to 6.85 percent) on a taxpayer's taxable income: adjusted gross income less deductions. Following closely to the Federal definitions of adjusted gross income, New York's adjusted gross income is comprised of five major components: wages, capital gains, interest and dividends, taxable pensions, and business and partnership income. Similar to the Federal income tax, taxpayers are allowed to either itemize their deductions which are also closely aligned with Federal deductions or to take the standard deduction which ranges from $3,000 to $15,000 depending on the type of filer.

Special Revenue Funds

As part of the STAR program enacted in 1998, a portion of personal income tax receipts is dedicated to a special revenue fund, the School Tax Relief (STAR) Fund, in order to reimburse localities for lost school tax revenues resulting from the program as well as to pay the Middle Class STAR rebates.

In addition, 25 percent of personal income tax revenues, net of refunds, are deposited into a debt service fund, the Revenue Bond Tax Fund, to pay the debt service on the State's personal income tax revenue bonds. Deposits in this fund in excess of the required debt service are then transferred back to the General Fund.

<u>Proposed Legislation:</u>

- The Executive proposes to eliminate itemized deductions for taxpayers with incomes over $1 million. However, these taxpayers would still be allowed a deduction for charitable contributions. This proposal would increase taxes by approximately $140 million in SFY 2009-10.

- The Executive proposes imposing a filing fee on non-LLC partnerships with New York gross income over $1 million. Currently LLC's and LLP's are subject to this filing fee. This proposal would increase personal income tax receipts by $50 million in SFY 2009-10.

- The Executive proposes to require nonresidents to report the gain on the sale of an interest in a partnership, LLC, or S-corporation as New York source income if the sale of such interest entails the sale of real property and the value of the real property comprises over 50 percent of the value of the business' interest. This proposal would increase revenues by $10 million in SFY 2010-11.

- The Executive proposes to amend the definition of a New York State resident to include those taxpayers who are living in a foreign country for at least 450 days but whose spouses and/or minor children are living anywhere in New York for more than 90 days. This proposal would increase revenues by $5 million in SFY 2010-11.

- The Executive proposes to allow the Tax Department to enter into a reciprocal agreements with the federal government or other states to "intercept" nontax payments (e.g. vendor payments) paid by these entities to taxpayers who owe outstanding New York State taxes. This proposal would increase revenues by $2.5 million in SFY 2009-10.

- The Executive proposes to reform the Empire Zones program to ensure that benefit recipients have passed the 20:1 benefit test outlined in regulations. This proposal would increase receipts by $118 million in SFY 2009-10.

- The Executive proposes eliminating the Middle Class STAR rebates. This proposal would decrease the deposit to the STAR fund by $1.7 billion in SFY 2009-10.

- The Executive proposes to treat income earned by nonresidents performing investment management services in New York as New York source income. This proposal would increase the revenues by $60 million in SFY 2009-10.

<u>Receipts:</u>

As a result of the fallout of the collapse of the subprime mortgage market in 2007, its impact on the credit and financial market, and the onset of the recession, income subject to the personal income tax is projected to decrease drastically, with declines in most of the underlying components. This is especially apparent in capital gains. After double digit increases for each of the past five years as a result of the strong stock market and the housing bubble, capital gains are projected to decline by double digits, 27.5 percent, in 2009. This decline is on an estimated decline in capital gains of 42.0 percent in 2008. Wages, the major component of income, are projected to decline by 3.0 percent; down from the 1.3 percent growth in 2008. The other components of income are projected to decrease by 1.2 percent.

In addition to the components of adjusted gross income that make up the base of the personal income tax, actual tax collections are comprised of a number of components: withholding, estimated payments, final returns, and delinquent collections which are subsequently reduced by refunds. Of these components, the most significant is withholding. Withholding accounts for approximately 66 percent of personal income tax collections. For SFY 2008-09, withholding is estimated to decrease by $814 million, 2.9 percent, from SFY 2007-08, reflecting an estimated decrease of 45.6 percent in financial sector bonuses for December to March bonus period. Withholding is projected to increase in SFY 2009-10 by $499 million, or approximately 1.8 percent due to the proposal to eliminate itemized deductions on high income taxpayers in addition to a projected increase in bonus income at the end of the fiscal year.

The amount of refunds paid to taxpayers negatively affects income tax collections. Refunds are impacted by the number and type of deductions and credits a taxpayer is allowed to claim. In SFY 2008-09 refunds are estimated to increase by $588 million, or 8.9 percent. This increase in refunds is due to the Executive's decision to increase the amount of refunds to be paid in the January to March period from $1.5 billion to $1.75 billion as well as increased refunds being claimed as a result of the economic slowdown. For SFY 2009-10, refunds are projected to decrease by $230 million, or 3.2 percent, again, as a result of the "spin-up" of refunds into the current fiscal year.

In SFY 2009-10, All Funds net personal income tax receipts are projected to decline by 4.9 percent, from $36.6 billion to $34.8 billion. SFY 2009-10 General Fund income tax collections are projected to decrease by $317.2 million from $23.0 billion to $22.7 billion mainly as a result of the impact of the recession on wage and job growth as well as the decline in tax liability from the 2008 tax year.

The deposit to the STAR fund is projected to decrease by $1.02 billion from $4.44 billion to $3.42 billion. This large decrease in attributable to the Executive's proposal to eliminate the Middle Class Star rebate program as mentioned above.

Deposits into the Revenue Bond Tax Fund are projected to decrease by $449 million, from $9.14 billion to $8.7 billion. This decrease reflects the projected decrease in tax collections resulting from the recession.

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PETROLEUM BUSINESS TAXES

	(millions of dollars)				2008-09 to 2009-10	2004-05 to 2009-10
		Projected	Forecast			
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
All Fund	1,085	1,143	1,175	32	2.8%	1.6%

Summary:

General Fund

At present, all Petroleum Business Taxes are deposited into dedicated special revenue funds.

Special Revenue Funds

Petroleum Business Taxes (PBT) are imposed on petroleum related businesses doing business in New York State. PBT tax rates are annually indexed to the refined petroleum products component of the Producers' Price Index. However, rates cannot rise or fall more than five percent in a single year. PBT rates declined 1.2 percent on January 1, 2008. The rates will rise 5 percent on January 1, 2009, and it is currently anticipated that PBT rates will fall 5 percent on January 1, 2010. Gasoline tax rates will be 17.1 cents in 2009 and should fall to 16.3 cents in 2010.

The Mass Transportation Operating Assistance Fund receives 12 percent of PBT receipts. 32.6 percent of the PBT is deposited into the Dedicated Mass Transportation Trust Funds, and the balance of 55.4 percent is placed in the Dedicated Highway and Bridge Trust Fund.

Proposed Legislation:

The SFY 2009-10 Executive Budget contains no provisions that would affect the PBT.

Receipts:

Receipts from taxes on gasoline are estimated to bring in $949.7 billion in SFY 2009-10, an increase of $19.2 million from SFY 2008-09. Diesel motor fuels collections are estimated to rise $1.4 million to $133.6 million and all other fuels are expected to rise $11.3 million to $31.9 million.

The Mass Transportation Operating Assistance Fund is estimated to receive $141.7 million, $382.2 million is expected for the Dedicated Mass Transportation Trust Fund, $650.8 million will be deposited in the Dedicated Highway and Bridge Trust Fund. The Executive estimates that $16.8 million of the PBT will come from increased enforcement on sales to non-Native American residents taking place on New York State contained reservations.

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REAL ESTATE TRANSFER TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
All Fund	730	750	640	(110.00)	-14.7%	-2.6%

Summary:

General Fund

None of the collections from this tax are deposited into the General Fund.

Special Revenue Funds

The real estate transfer tax (RETT) was enacted in 1968. It imposed a tax of $4 for every $1,000 of consideration on each conveyance of real property. Real Estate Investment Trusts (REITs) are taxed $2 for each $1,000 of consideration. In 1990, an additional real estate transfer tax, the "Mansion Tax," was imposed at a rate of one percent on residential property transfers valued at $1 million or more.

<u>Receipts:</u>

In SFY 2008-09, $237 million of tax receipts from the RETT will be deposited into the Environmental Protection Fund. For SFY 2009-10, the Executive Budget proposes the statutory deposit to be $80 million, a $200 million reduction. The remainder, estimated at $512 million in SFY 2008-09 and $559 million in SFY 2009-10, will be deposited into the Clean Water/Clean Air Bond Debt Service Fund. Any fund balance in the Clean Water/Clean Air Fund not used for debt service is transferred into the General Fund. For SFY 2008-09 its expected that $390.1 million will be transferred into the General Fund and $442.5 million in SFY 2009-10.

The projected $110 million decrease in All Funds receipts for SFY 2008-09 reflects the volatile nature and dependence upon the vitality of the commercial real estate market, as well as a projected decrease in New York housing starts and the median sales price of a home due to the financial crisis.

Senate Finance Contact:
Kevin Bronner Jr. ext. 2752

REGIONAL BUSINESS TAX SURCHARGE (MTA)

(millions of dollars)

	2004-05	Projected 2008-09	Forecast 2009-10	2008-09 to 2009-10 Change	2008-09 to 2009-10 Percent Change	2004-05 to 2009-10 Average Annual Percent Change
All Funds	571	842	790	(52)	-6.2%	-6.69

Summary:

General Fund

All of the MTA tax surcharge collections are deposited into dedicated funds.

Special Revenue Funds

The MTA surcharge was instituted in 1982 to provide a dedicated source of financing for the New York City Metropolitan Mass Transportation System. This 17 percent surcharge is imposed on the portion of the State's business taxes (Corporate Franchise, Corporation and Utilities, Bank and Insurance) allocated to the Metropolitan Commuter Transportation District. Corporate Franchise tax filers pay the 17 percent surcharge based on the tax rates that were in effect on July, 1, 1997. Even though it is referred to as an MTA surcharge, a small portion of the receipts collected are directed to other transportation systems such as Westchester Bus, Suffolk Transit and Long Island Bus.

Proposed Legislation:

The Executive proposes requiring taxpayers whose preceding years tax liability is in excess of $100,000 to remit in their first estimated tax installment 40 percent (instead of 30 percent) of its preceding years tax and 40 percent of their Metropolitan Commuter Transportation (MCTD) surcharge . ($75 million revenue spin up for SFY 2009-2010)

Receipts:

Receipts for SFY 2009-10 are expected to decrease by $52 million. The decrease is a result of lower business tax collections due to the economic downturn.

Senate Finance Contact:
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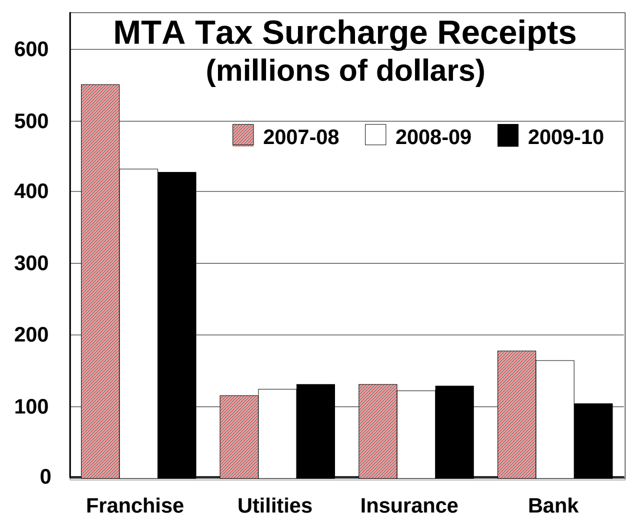

SALES AND USE TAX

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	8,094	8,038	9,097	1,058	13.2%	2.4%
All Fund	11,016	11,444	13,299	1,856	16.2%	3.8%

Summary:

General Fund

The sales and use tax is imposed upon the sale of tangible personal property and certain services in the State. As such, the sales and use tax is the second largest revenue source for the State, behind the personal income tax.

Special Revenue Funds

To pay the debt service on bonds issued by the Local Government Assistance Corporation (LGAC), one-fourth of the State's sales tax is deposited to the Local Government Assistance Tax Fund. Receipts in excess of debt service costs are subsequently transferred back to the General Fund. In addition, a sales tax of 0.375 percent is imposed within the counties comprising the Metropolitan Commuter Transportation District. Receipts from this sales tax are deposited to the Mass Transportation Operating Assistance Fund.

The proposed state sales tax on certain high calorie soft drinks (the "Obesity Tax") is intended to counterbalance the growth of childhood obesity and therefore its receipts will be deposited directly into the Health Care Reform Act special revenue fund.

Proposed Legislation:

The SFY 2009-10 Executive Budget includes several pieces of legislation to increase sales tax receipts. The Executive Budget proposes to:

- Eliminate the year round $110 Clothing Exemption, replacing it with two one week periods with an exemption level of $500: generates $462 million in 2009-10 and $660 million thereafter;
- Extend the New York City sales tax on personal and credit services statewide. Currently New York City taxes services such as barbering, manicures, massages and gymnasium services, as well as credit rating and reporting services. These services would become taxable statewide: generating $78 million in 2009-10 and $104 million annually thereafter;
- Extend sales tax to cover all admissions charges into places of amusement, including, but not limited to: theaters, fairs, golf courses, swimming pools, and bowling alleys. This proposal would expand taxation with regards to club dues and cabaret charges: generating $53 million in 2009-10 and $70 million annually thereafter;
- Extend sales tax to transportation related services including taxi-cab, limousine, intra-state charter bus, fishing, and sight-seeing service. This includes all receipts, including those for baggage handling, booking service, or

other charges made in conjunction with the transportation service. Commuter services (mass transportation) are exempt. This change generates $45 million in 2009-10 and $60 million annually thereafter;

- Repeal the eight cents per gallon sales tax cap on fuel and restore the four percent rate of tax on these fuels. This would also restore all local sales tax to the local sales tax rate: generating $90 million 2009-10 and $120 million annually thereafter;
- Extend Sales Tax to cable and satellite television and radio. The legislation will impose both state and local tax on cable services, and where federal law prohibits local sales tax on satellite service, will increase state sales tax to equal the combined state and local tax and remit the difference to the locals: generating $136 million in 2009-10 and $180 million annually thereafter;
- Impose a new tax on digital products, including all digital music, books, games, and other retail products. The tax would be assessed on those individuals who purchase, download, or use the product: generating $15 million in 2009-10 and $20 million annually thereafter;
- Increase the rate of the prepaid sales tax on cigarettes from seven percent to eight percent: spins-up cash flow by $14 million in 2009-10;
- Creates an additional five percent sales tax on select luxury goods. The tax would be assessed on the amount of the sales price above the threshold: $60,000 for passenger cars, $200,000 for vessels, $500,000 for aircraft, and $20,000 for jewelry, fur clothing and footwear: generating $12 million in 2009-10 and $15 million annually thereafter;
- Impose a special 18% state sales tax on select beverage products (the "Obesity Tax"). All non-diet soda drinks and those fruit drinks that contain less than 70% juice will be taxed. Water, tea, coffee, and cocoa would be exempt. The funding from this state sales tax would be dedicated to HCRA: generating $404 million for 2009-10 and $539 million annually thereafter;
- Change the law to treat all coupons the same. This would impose the sales tax on the sales price, prior to the discounted price: generates $3 million in 2009-10;
- Require businesses that own planes, vessels or motor vehicles which are purchased out of state but are used in state for carrying employees, affiliates, partners or stock holders to be charged a use tax: generates $4 million in SFY 2009-10 and $6 million in SFY 2010-11;
- Repeal the credit card bad debt refund provisions, enacted in 2006, which currently allow lenders issuing credit cards on behalf of New York State vendors to apply for a refund for sales taxes paid on debts that have been deemed uncollectable: generates $8 million in 2009-10 and $10 million annually thereafter;
- Expand the definition of vendor to now include the online affiliates of brick and mortar companies that operate in New York: generates $9 million dollars in 2009-10 and $12 million annually thereafter;
- Narrow the definition of the capital improvement sales tax exemption to only include new construction, an addition to, or a total reconstruction of existing construction: generates $120 million in 2009-10 and $160 million annually thereafter;
- Repeal the Empire Zone sales and use tax exemption and replace it with a tax credit refund. See the Empire Zone section for details.

<u>Receipts:</u>

All Funds sales and use tax receipts for SFY 2009-10 are estimated to increase by $1.9 billion over the previous fiscal year reflecting the new tax additions, increases, and definition changes. Receipts are only expected to increase by $302 million absent the tax law changes.

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MISCELLANEOUS RECEIPTS

	(millions of dollars)					
		Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
General Fund	2,226	2,999	3,763	764	25.5%	11.1%
All Fund	15,868	21,718	24,776	3,048	14%	9.3%

Summary:

General Fund

Miscellaneous Receipts cover a wide range of unrelated revenue sources. Recurring income sources include abandoned property, investment earnings, fees and transfers of funds from other State entities. Additional revenues are derived from licenses, fines and various reimbursements to the State's General Fund. Revenues often fluctuate greatly from year to year due to nonrecurring income and fund captures, although greater stability has been realized in recent years.

Special Revenue Funds

Miscellaneous Receipts that are deposited to special revenue funds include: State University of New York (SUNY) tuition, lottery receipts for education, programs funded by Health Care Reform Act (HCRA), assessments on regulated industries and various other fees and licenses. These funds are dedicated to support specific programs, capital spending and debt service.

Proposed Legislation:

Reference corresponding Fee Chart on the following page.

Receipts:

In SFY 2009-10, General Fund revenues are expected to increase by $763.7 million, to $3.763 billion. The increase in deposits to the General Fund is mainly due to a utility fee assessment. Proposed fee increases to the General Fund are expected to total $181.1 million in SFY 2009-10.

HCRA funded programs were included in the State's financial plan for the first time in SFY 2005-06 and contributed to an unusually large increase in deposits. In SFY 2009-10, HCRA deposits are expected to account for $4.3 billion of deposits into Special Revenue Funds. Total Miscellaneous Receipts deposited into Special Revenue Funds are projected to increase by $2.3 billion in SFY 2009-10.

Senate Finance Contact:
Kevin Bronner Jr ext. 2752

Summary of Statutory Tax and Fee Increases SFY 2009-10 Executive Budget (thousands of dollars)	SFY 2009-10	Full Annual Impact
General Fund Fee Increases Total	$140,195	$309,221
Special Revenue Fund Fee Increase Total	$293,230	$463,438
Fee Increases Grand Total	**$433,425**	**$772,659**
Tax Revenue Increase Total	$5,767,800	$6,756,500
Sub-Total Tax and Fee Increases	**$6,201,225**	**$7,529,159**
Other Revenue Sources	$693,000	$293,000
Grand Total Revenue Increases	**$6,894,225**	**$7,822,159**
Tax Credits Total	($4,000)	($49,000)

New or Expanded Tax Credits					
1/1/2009	Expand the Low Income Housing Tax Credit Program	N/A	N/A	($4,000)	($4,000)
1/1/2009	Create an Enhanced Research and Development Credit	N/A	N/A	$0	($40,000)
1/1/2009	Expand the Qualified Emerging Technology Company FOT Credit	N/A	N/A	$0	($5,000)
Total Amount of Tax Credits				**($4,000)**	**($49,000)**

Statistory Fee Increases

SFY 2009-10 Executive Budget

(thousands of Dollars)

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
General Fund Fee Increases					
Agriculture and Markets					
3/1/2009	Food Safety Violation Penalties	Various	1st Offense: $1000 2nd Offense: $2000	$1,200	$1,200
Insurance					
4/1/2009	Violation of Insurance Law	$500	$10,000	$90	$90
4/1/2009	Failure to File Annual Statement	$250	$500	$5	$5
4/1/2009	Failure to Respond to Special Report	$500	$1,000	$5	$5
4/1/2009	Failure to Comply with Reporting Requirements of the Financial Security Act	$500	$1,000	$5	$5
4/1/2009	Doing Insurance Business Without a License	$1,000	$10,000	$90	$90
4/1/2009	Violation of Section 1222	N/A	$10,000	$90	$90
4/1/2009	Violation of Insurance Law Article 15	$500	$1,000	$1	$1
4/1/2009	Doing Business as Agent, Broker, Adjuster or Reinsurance Intermediary Without a License	$5,000	$10,000	$90	$90
4/1/2009	Act as Agent for Unauthorized Insurer	$500	$10,000	$90	$90
4/1/2009	Penalty in Lieu of Revocation of License Issued under Article 21	$500	$5,000	$20	$20
4/1/2009	Violation of Article 23, Prior Arrival Not Required	$1,000	$5,000	$20	$20
4/1/2009	Violation of Article 23, Prior Arrival	$25	$100	$1	$1
4/1/2009	Violation of Article 2324	$500	$1,000	$4	$4
4/1/2009	Unfair Methods of Copetition, Power of the Superintendent	$500	$1,000	$4	$4
4/1/2009	Violation of Prompt Pay	$500	$1,000	$4	$4
4/1/2009	Failure to Comply with Workers' Compensation Law	$2,500	$10,000	$90	$90
4/1/2009	Violation of Holocaust Insurance Act	$1,000	$2,000	$5	$5
4/1/2009	Violation of Section 3216	$100	$5,000	$20	$20
4/1/2009	Violation of Section 3224	N/A	$1,000	$5	$5
4/1/2009	Inspection and Coverage of Physical Damage for Private Passenger Auto	$500	$5,000	$20	$20
4/1/2009	Gap Insurance, Failure to Notify Lessee or Debtor	$500	$1,000	$5	$5
4/1/2009	Violation of Section 4224	N/A	$5,000	$20	$20
4/1/2009	Violation of Section 4228	$1,000	$10,000	$90	$90

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
General Fund Fee Increases					
4/1/2009	Violation of Section 4241	$1,000	$5,000	$20	$20
4/1/2009	Willful Failure to Comply with Article 44	$2,500	$10,000	$90	$90
4/1/2009	Failure to File per Section 4504	$500	$10,000	$90	$90
4/1/2009	Violation of Section 4228	$1,000	$2,000	$5	$5
4/1/2009	Soliciting Membership in Unauthorized Societies	$100	$1,000	$5	$5
4/1/2009	False Statements Filed with MVIAC	$500	$1,000	$5	$5
4/1/2009	Violation of Section 6409	$1,000	$2,000	$5	$5
4/1/2009	Alternate Penalty that can be Leveled Under Section 7711	$100	$1,000	$5	$5
4/1/2009	Failure to Comply with Reporting Requirements or Payments Listed in Section 9109b	$100	$500	$1	$1
Department of Criminal Justice Services					
3/1/2009	Expand Insurance Fingerprinting Fee	N/A	$75	$6,250	$1,750
3/1/2009	Establish Security Guard Instructor	N/A	New: $500 Renewal: $250	$120	$120
3/1/2009	Establish Security Guard Training School Fee	N/A	New: $1000 Renewal: $500	$326	$326
Department of Motor Vehicles					
4/1/2010	Reissue License Plates	$15	$25	$0	$129,000
6/1/2009	Establish Fee for MV-278 Certificate	N/A	$50	$500	$500
6/1/2009	Remove Cap on Surcharges	$100 Cap	No Cap	$9,900	$9,900
6/1/2009	Increase Vehicle and Safety Fines for Repair Shops and Inspection Stations	Various	Various	$395	$395
6/1/2009	Increase Vehicle and Safety Fines for Dealers and Transporters	Various	Various	$326	$326
6/1/2009	Increase License Suspension Termination Fee	$25	$50	$2,722	$2,722
6/1/2009	Increase License Reinstatement Fee	$50	$100	$747	$747
6/1/2009	Increase Scofflaw Termination Fee	$35	$70	$12,600	$12,600
Department of Labor					
3/1/2009	Establish Explosives Fees and Penalties	N/A	Various	$294	$289
3/1/2009	Establish Uncertified Crane Operation Penalty	N/A	Various	$436	$436
Office of Real Property Tax Services					
6/1/2009	Increase Real Property Transfer Fee	Residential: $75 Commercial: $165	Residential: $125 Commercial: $250	$14,250	$19,250

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
General Fund Fee Increases					
Department of State					
3/1/2009	Increase Cosmetology Fee	$15	$75	$219	$219
3/1/2009	Increase Esthetics Fee	$15	$75	$219	$219
3/1/2009	Increase Nail Specialty Fee	$15	$75	$219	$219
3/1/2009	Increase Natural Hair Styling Fee	$15	$75	$219	$219
3/1/2009	Increase Waxing Fee	$15	$75	$219	$219
3/1/2009	Increase Bail Enforcement Agent Fee	$15	$75	$219	$219
3/1/2009	Increase Barbering Fee	$15	$75	$219	$219
3/1/2009	Increase Hearing Aid Dispenser Fee	$50	$75	$219	$219
3/1/2009	Increase Home Inspector Fee	$50	$75	$219	$219
3/1/2009	Increase Notary Public Fee	$50	$75	$219	$219
3/1/2009	Increase Private Investigator Fee	$15	$75	$219	$219
3/1/2009	Increase Real Estate Appraiser Fee	$50	$75	$219	$219
3/1/2009	Increase Real Estate Broker Fee	$15	$75	$219	$219
3/1/2009	Increase Real Estate Salesperson Fee	$15	$75	$219	$219
3/1/2009	Increase Security or Fire Alarm Installer Fee	$15	$75	$219	$219
3/1/2009	Increase Watch Guard or Patrol Agency Fee	$15	$75	$219	$219
Department of Taxation and Finance					
3/1/2009	Establish Processing Fee for Paper Tax Returns	N/A	$10	$6,800	$6,800
3/1/2009	Establish Bad Check Fee	N/A	$50	$1,500	$1,500
3/1/2009	Establish Installment Payment Fee	N/A	$75	$4,500	$4,500
3/1/2009	Establish Tax Preparer Fee	N/A	$100	$6,000	$6,000
1/1/2009	Establish Cigarette and Tobacco Retail Registration Fee	$100	Various	$16,700	$6,200
Department of Housing and Community Renewal					
3/1/2009	Allow Civil Penalties for Non-Housing Cases	N/A	Various	$125	$156
State Police Department					
3/1/2009	Automated Speed Enforcement Cameras	N/A	Speed Zone: $50 Work Zone: $100	$50,000	$100,000
General Fund Fee Total				**$140,195**	**$309,221**

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
Special Revenue Funds Fee Increases					
Agriculture and Markets					
3/1/2009	Increase Feed Tonnage Fees	$.05/ton	$.10/ton	$146	$146
3/1/2009	Double Food Processor Licensing Fees	$200 (Biennial)	$400 ($900 for larger, complex operations) (Biennial)	$2,241	$2,241
3/1/2009	Increase Retail Food Store Licensing Fees	$100 (Biennial)	$250 (Biennial)	$663	$663
3/1/2009	Increase Food Warehouse Licensing Fees	$200 (Biennial)	$400 (Biennial)	$276	$276
3/1/2009	Establish Seed Dealer Licensing Fees	N/A	$100	$500	$500
Child and Family Services					
3/1/2009	Increase and Expand New Statewide Central Register Fees	$0 and $5	$25	$2,700	$2,500
Civil Service					
3/1/2009	Expanded Local Centralized Written Exam Fees	Limited $5, $3	Expanded $5, $3	$300	$300
3/1/2009	Open Competitive Exam Fee Schedule	$20, $30, $35, $40	$25, $35, $40, $45	$210	$210
3/1/2009	Establish Promotion Exam Fee	N/A	$10, $15, $20, $25	$850	$871
3/1/2009	Establish a Local Fee for Hiring a Public Retiree	N/A	$200	$60	$60
4/1/2009	Increase Public Management Intern Placement Fee	$5,000	$7,600	$175	$175
Department of Military and Naval Affairs					
3/1/2009	Increase Nuclear Power Plant Fee	$550,000	$1,000,000	$2,700	$2,700
Department of Motor Vehicles					
8/1/2009	Passenger Vehicle Registration Fee Increases	Various	Various	$36,381	$62,077
8/1/2009	Re- Registration Fee Increases	$7.75	$10	$2,139	$3,667
8/1/2009	Commercial Registration Fee Increases	Various	Various	$12,010	$20,589
8/1/2009	Trailer Registration Fee Increases	Various	Various	$4,587	$7,863
8/1/2009	Taxi and Bus Registration Fee Increases	Various	Various	$2,395	$4,106
8/1/2009	Motorcycle Registration Fee Increases	Various	Various	$119	$204
8/1/2009	Motorboat Registration Fee Increases	Various	Various	$896	$1,536
8/1/2009	All Terrain Vehicle (ATV) Registration Fee Increase	$10	$12.50	$150	$267
8/1/2009	Custom Vehicle Registration Fee Increases	Various	Various	$1,520	$2,606
8/1/2009	Intransit Permits Registration Fee Increases	$10	$12.50	$116	$198

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
Special Revenue Funds Fee Increases					
8/1/2009	Heavy Vehicle Registration Fee Increases	Various	Various	$187	$320
8/1/2009	Original Motor Vehicle License Registration Fee Increases	Various	Various	$2,165	$3,712
8/1/2009	Renew Motor Vehicle License Registration Fee Increases	Various	Various	$13,102	$22,517
8/1/2009	Photo Document Motor Vehicle License Fee Increases	$10	$12.50	$6,633	$11,371
Department of Environmental Conservation					
3/1/2009	Increase State Pollutant Discharge Elimination System Fees: Phase II Storm	$50	$100	$300	$300
3/1/2009	Increase State Pollutant Discharge Elimination System Fees: SW Initial Authorization Fee & New General Permit	Various	Various	$2,000	$2,000
3/1/2009	Increase State Pollutant Discharge Elimination System Fees: GP for PCI & Industrial	Various	Various	$2,700	$2,700
3/1/2009	Establish New Marine Fishing License	N/A	Various	$3,000	$6,000
3/1/2009	Establish Trout and Salmon Stamp	N/A	$10	$3,000	$4,000
3/1/2009	Increase Education Camp Fee	$250	$325	$115	$115
Department of Health					
3/1/2009	Increase Physician Fees	$600	$1,000	$16,400	$16,400
3/1/2009	Establish Early Intervention Parent Fee	N/A	$15 - $150	$0	$27,500
3/1/2009	Assess Early Intervention Provider Fee	$0	Individual: $270 Agency: $345	$1,700	$3,600
3/1/2009	Restructure Clinical Lab Fees	Retrospective Flat	Prospective 1% of Gross Annual Receipts	$36,500	$36,500
3/1/2009	Increase Certificate of Need Fees	Various	Various	$4,000	$4,000
1/1/2009	Establish Third Party Administrator Fee	N/A	$1	$63,100	$126,200
Department of Labor					
3/1/2009	Asbestos Handler Fee Increase	$50	$100	$491	$453
3/1/2009	Asbestos Air Sampling Tech Fee Increase	$75	$150	$120	$111
3/1/2009	Asbestos Inspector Certification Fee Increase	$100	$200	$288	$266
3/1/2009	Asbestos Management Planner Certification Fee Increase	$150	$300	$107	$99
3/1/2009	Asbestos Project Designer Certification Fee Increase	$150	$300	$106	$98
3/1/2009	Asbestos Project Monitor Certification Fee Increase	$150	$300	$302	$279
3/1/2009	Asbestos Supervisor Certification Fee Increase	$75	$150	$378	$349

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
Special Revenue Funds Fee Increases					
3/1/2009	Asbestos Project Notification Fee Increase	$1,000	$2,000	$6,988	$6,450
3/1/2009	Asbestos License Fee Increases	Initial: $500 Renewal: $300	Initial: $1,000 Renewal: $600	$372	$343
3/1/2009	Boiler Inspection Fee Increases	$75	$150	$1,076	$993
3/1/2009	Insurance Company Boiler Inspection Report Fee Increase	$50	$100	$1,091	$1,007
Parks and Recreation					
3/1/2009	Parks Camping Fee Increases	Various	Various	$1,200	$1,200
3/1/2009	Parks Cabin Fee Increases	Various	Various	$750	$750
3/1/2009	Parks Golf Fee Increases	Various	Various	$2,250	$2,250
3/1/2009	Parks Marina Fee Increases	Various	Various	$350	$350
3/1/2009	Parks Empire Passports Fee Increases	Various	Various	$400	$400
3/1/2009	Parks Access Pass Fee Increases	Various	Various	$1,000	$1,000
3/1/2009	Parks Permit Fee Increases	Various	Various	$300	$300
3/1/2009	Parks Golden Park Fee Increases	Various	Various	$250	$250
Racing Reform					
3/1/2009	Establish Horse Entrance Fee	N/A	$10	$1,000	$1,000
State Police Department					
6/1/2009	Increase in Surcharge on Auto Insurance	$5	$10	$48,375	$64,500
Special Revenue Funds Fee Increases				**$293,230**	**$463,438**

Effective Date	Description	Current Fee	Proposed Fee	SFY 2009-10 (000's)	Full Annual (000's)
Other Revenue Sources					
Department of Taxation and Finance					
10/1/2009	Allow the Sale of Wine in Grocery Stores Registration Fee	N/A	Various	$105,000	$3,000
3/1/2009	Improve the Non-Voluntary Tax Collections	N/A	N/A	$85,000	$85,000
3/1/2009	Reciprocal Vendor Offset	N/A	N/A	$5,000	$30,000
3/1/2009	Increase Prepaid Sales Tax Rates on Cigarettes	7%	8%	$14,000	$0
3/1/2009	Allow Decals for TMT Carriers	N/A	N/A	$0	$0
1/1/2009	Increase Prepayment to 40%	30%	40%	$351,000	$0
3/1/2009	Pari-Mutuel Tax Extender	N/A	N/A	$0	$0
Division of Lottery					
3/1/2009	Eliminate Quick Draw Restrictions	N/A	N/A	$40,000	$59,000
3/1/2009	Extend VLT Hours of Operation	N/A	N/A	$45,000	$45,000
3/1/2009	Allow for Additional Multi-Jurisdictional Lottery Games	N/A	N/A	$11,000	$21,000
3/1/2009	Lottery Prize Fund Investment	N/A	N/A	$37,000	$50,000
3/1/2009	Authorize VLT's at Belmont Park	N/A	N/A	$0	$0
Other Revenue Sources				**$693,000**	**$293,000**

Tax Increases			
3/1/2009	Eliminate STAR Rebates	$1,668,000	$2,160,000
3/1/2009	Increase Utility Assessment (18-A)	$651,600	$651,600
1/1/2009	Eliminate sales tax clothing exemption on clothing and footwear under $110 and replace with two one week exemptions of $500	$462,000	$660,000
3/1/2009	Additional Sales Tax (18%) on Soft Drinks for Health Care Programs	$404,000	$539,000
1/1/2009	Reform the Empire Zones Program	$272,000	$309,000
3/1/2009	Expand the Bottle Bill to non-carbonated beverage containers	$118,000	$118,000
3/1/2009	Further Limit Itemized Deduction Limiation for Millionaires	$140,000	$150,000
3/1/2009	Extend the Sales Tax to Cable and Satellite Television and Radio Services	$136,000	$180,000
3/1/2009	Limit Capital Improvement Exemption	$120,000	$160,000
3/1/2009	Repeal the Sales Tax Cap on Gasoline and Diesel	$90,000	$120,000
3/1/2009	Extend NYC Personal and Credit Services Tax Statewide	$78,000	$104,000
4/1/2009	Increase the Beer ($0.11/gal to $0.24/gal) and Wine ($0.19/gal to $0.51/gal) Tax Rate	$63,000	$63,000
3/1/2009	Restructure the Insurance Tax to a premiums based tax	$65,000	$58,000
3/1/2009	Expand Tax on Nonresident Hedge Fund Income	$60,000	$60,000
3/1/2009	Extend Sales Tax to Entertainment (Movies, Sporting Events, etc.)	$53,000	$70,000
1/1/2009	Non-LLC Partnership Fee	$50,000	$50,000
3/1/2009	Impose Sales Tax on Transportation (Limos, Taxis & Chartered Services)	$45,000	$60,000
3/1/2009	Reinstitute Hospital Assessment	$316,400	$271,200
3/1/2009	Reinstitute Home Care Assessment	$19,100	$21,800
1/1/2009	Increase Hospital Surcharges	$126,000	$108,000
1/1/2009	Increase Covered Lives Assessment from $920 million to $1.04 billion	$240,000	$120,000
3/1/2009	Extend the Covered Lives Assessment	$5,000	$5,000
3/1/2009	Establish Physical Procedure Surcharge	$49,800	$98,500
3/1/2009	Increase Insurance Assessment for Public Health Programs	$99,800	$49,900
3/1/2009	Establish Timothy's Law Insurance Assessment	$179,000	$91,000
3/1/2009	Increase Insurance Assessment for Tobacco Control & Early Intervention	$92,600	$93,700
1/1/2009	Extend Insurance Assessment to Foreign Insurers	$0	$134,800
3/1/2009	Repeal Bad Debt Provisions	$8,000	$10,000
4/1/2009	Change the Cigar Tax Base from a wholesale price to 50 cents per cigar	$10,000	$15,000
6/1/2009	Create New Definition for Flavored Malt Beverages and increase tax	$15,000	$18,000
1/1/2009	Eliminate Underutilized Tax Credits (Automated External Defibrillator, Alternative Fuel Vehicle Refueling Property, Electric Generating Fuel Cell, Security Guards Training, QETC Capital, Transportation Improvement Contributions)	$5,900	$9,000
3/1/2009	Tax coupon sales at the original price, not the coupon discount price	$3,000	$3,000
3/1/2009	Increase Sales Tax on Luxury Goods	$12,000	$15,000
3/1/2009	Tax Nonresident Gain From the Sale of Business Interests	$0	$10,000
1/1/2009	Amend the Definition of Presence in New York	$0	$5,000
3/1/2009	Tax Instate of Use of our State Vehicles	$4,000	$63,000
3/1/2009	Expand Definition of Affiliate Nexus for Internet Sales	$9,000	$12,000
3/1/2009	Tax Digital Property	$15,000	$20,000
1/1/2009	Disallow Utility Definition as Manufacturers for Capital Base	$18,000	$16,000
1/1/2009	Change Filing Requirement for Overcapitalized Captive Insurance Corps	$33,000	$29,000
1/1/2009	Eliminate Exemption for Large Cooperative Insurance Companies	$19,000	$15,000
3/1/2009	Increase Auto Rental Tax	$8,000	$10,000
3/1/2009	Increase Highway Use Tax Renewal Fees from $2/$4 to a $15 fee	$4,600	$0
Tax Increase Total		**$5,767,800**	**$6,756,500**

LOTTERY

	(millions of dollars)					
	Actual	Projected	Forecast		2008-09 to 2009-10	2004-05 to 2009-10
	2004-05	2008-09	2009-10	Change	Percent Change	Average Annual Percent Change
All Fund	2,031	2,954	2,879	(75)	-2.5%	7.20%

<u>Summary:</u>

Special Revenue Funds

The New York State Lottery is an independent division of the Department of Taxation and Finance. It was established in 1966 as a result of a voter referendum. The purpose of the Lottery is to raise revenues for education in the State of New York through the sale of Lottery products. The six basic game types include:

- Instant scratch-off games;
- Pari-mutuel numbers games with drawings conducted nine times per week, payouts are based upon sales;
- Twice daily fixed payout games ("Numbers" and Win-4");
- Nightly "Pick 10" which allows patrons to choose ten numbers from a field of eighty and "Quick Draw" consisting of an on-line game drawn every four minutes;
- "Mega Millions" which is a multi-jurisdictional game in which the Lottery participates with Georgia, Illinois, Massachusetts, Maryland, Michigan, New Jersey, Ohio, Texas, Virginia, Washington and California, the game has a pari-mutuel payout for the first prize and fixed payouts for lower tier prizes; and
- Video Lottery Terminal (VLT) games offered at various pari-mutuel racetracks throughout the State.

Net proceeds resulting from gross sales less payout from prize awards, range from a low of 40 percent for Lotto and Instant Win to 92 percent for Video Lottery games. These revenues are deposited in Special Revenue Fund accounts to support the Division of Lottery and education programs of the State.

<u>Receipts:</u>

Gross receipts (net of awarded prizes) for **traditional Lottery Games** are projected at approximately $6.8 billion in SFY 2009-10, an increase of $334 million or 4.9 percent. On an All Funds basis, net receipts for education under current law, for SFY 2009-10, are projected at approximately $2.3 billion, an increase of $149 million or seven percent.

Gross receipts (net of awarded prizes) for **VLTs** are projected at approximately one billion dollars in SFY 2009-10, an increase of $24 million or approximately 2.5 percent. On an All Funds basis, net receipts for education under current law, for SFY 2009-10, are projected at approximately $478 million, a decrease of $357 million or approximately 43 percent. This amount is based upon SFY 2008-09 VLT revenue of $835 million, which includes a one time payment of the Aqueduct franchise fee in the amount of $370 million. Net of the franchise fee, VLT revenue for SFY 2009-10 is projected to increase by 13 million or 2.8 percent (based upon SFY 2008-09 VLT revenue of $465 million, which is net of the $370 million franchise fee).

Including revenue from the franchise fee (paid in SFY 2008-09), combined Traditional Lottery and VLT revenue for SFY 2009-10 would decline by $208 million (under current law).

The Executive Budget proposals (proposed law), if fully implemented, would provide $104 million in additional revenue for SFY 2009-10. However, due to the nonrecurring franchise fee of $370 million paid in SFY 2008-09, Lottery revenue for SFY 2009-10 is projected to decrease by $75 million (including the SFY 2008-09 franchise fee payment).

Article VII Legislation:

- Extends VLT Hours of Operation, makes technical amendments and repeals the sunset date for the VLT program. This proposal is estimated to increase VLT revenue by **$45 million** for SFY 2009-10.

- Authorizes VLT gaming at Belmont Park and modifies commission rates at Aqueduct Racetrack. There is no fiscal impact anticipated for SFY 2009-10, however; this proposal is estimated to generate $370 million in SFY 2010-11, based upon the State receiving a franchise payment similar to that received for Aqueduct.

- Eliminate the Quick Draw sunset provisions and certain game restrictions. This proposal is estimated to generate **$11 million** in revenue for education for SFY 2009-10 and $22 million at full implementation.

- Permit the State to participate in more than one multi-jurisdictional lottery game. The introduction of the new game pursuant to this legislation is expected to generate an additional **$11 million** for education in SFY 2009-10.

- Allows the Division of the Lottery more investment options for the Lottery Prize Fund. The Division anticipates adopting an investment strategy similar to that employed by the Office of the State Comptroller. The full annual value of this proposal is **$37 million** for SFY 2009-10.

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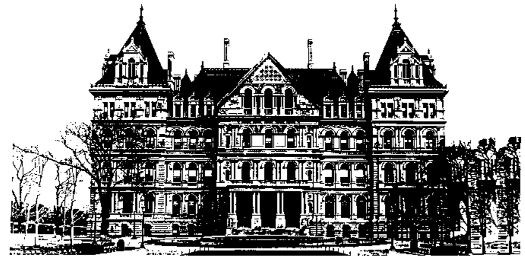
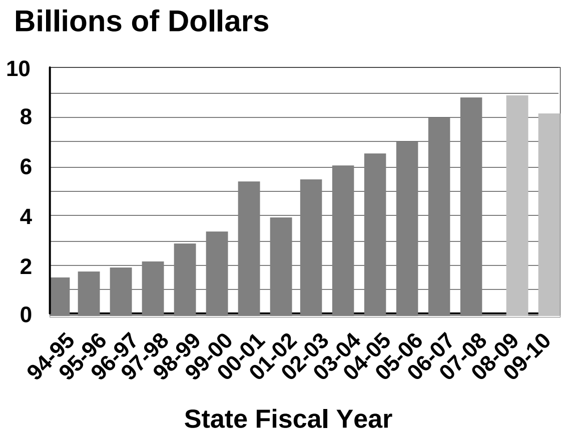
DEDICATED FUNDS



Dedicated Fund Receipts (Millions of Dollars)	Estimated SFY 08-09	Projected SFY 09-10
Gross Fund Dedication	19,681	18,618
Transfers Back to General Fund	10,963	10,601
Net Dedicated Receipts	8,718	8,017
Annual Growth Rate	0.5%	-8.1%
5 Year Average Growth		4.6%



At present, eight major funds receive a growing portion of dedicated revenues that were previously available for General Fund purposes. These dedicated funds fall under three general categories: Special Revenue, Debt Service, and Capital Projects funds. The eight major dedicated funds and the years when they began receiving contributions are:

- Mass Transit Operating Assistance Fund (MTOA) – SFY 1981-82
- Dedicated Mass Transportation Trust Fund -- SFY 1993-94
- Dedicated Highway and Bridge Trust Fund -- SFY 1993-94
- Environmental Protection Fund (EPF) – SFY 1994-95
- Local Government Assistance Tax Fund (LGATF) – SFY 1990-91
- Clean Water/Clean Air Bond Fund – SFY 1997-98
- School Tax Relief Fund (STAR) -- SFY 1998-99
- Revenue Bond Tax Fund (RBTF) -- SFY 2002-03.

Prior to 1990, only the Mass Transit Operating Assistance Fund (MTOA) had diverted General Fund resources in addition to specific revenues dedicated by statute.

For those dedicated funds classified as debt service funds, receipts in excess of the statutory requirements of the fund are transferred to the General Fund. Of the $18.6 billion estimated to be dedicated in SFY 2009-10, over $8.0 billion will be spent and $10.6 billion will be transferred back to the General Fund.

The table on the following page outlines the growth in dedicated fund revenues from SFY 2005-06 through SFY 2009-10. A brief summary description of these funds follows.

Selected Dedicated Funds
Funded through General Fund Sources
Millions of Dollars

	FUND	2005-06	2006-07	2007-08	2008-09	2009-10
		Selected State Fiscal Years				
Special Revenue Funds	MTOA					
	Petroleum Business Tax	$143.0	$132.0	$138.0	$137.0	$142.0
	Corporation & Utilities Taxes MTOA (other than surcharge)	74.0	68.0	68.0	68.0	68.0
	Total General Funds Sources	$217.0	$200.0	$206.0	$205.0	$210.0
	Dedicated Mass Transportation Trust Fund					
	Petroleum Business Tax	$371.0	$355.0	$376.0	$372.0	$382.0
	Motor Fuel	111	108	110.0	110.0	111.0
	Motor Vehicle Fees	163	186	189.0	185.0	193.0
	Total General Funds Sources	$645.0	$649.0	$675.0	$667.0	$686.0
	School Tax Relief (STAR) Fund					
	Personal Income Tax	$3,213.0	$3,994.0	$4,664.0	$4,440.0	$3,416.0
Capital Projects Funds	Dedicated Highway & Bridge Trust Fund					
	Petroleum Business Tax	$632.0	$604.0	$641.0	$634.0	$651.0
	Motor Fuel	420.0	406.0	415.0	413.0	417.0
	Highway Use	160.0	153.0	148.0	147.0	160.0
	Motor Vehicle Fees	557.0	557.0	569.0	555.0	637.0
	Auto Rental Tax	42.0	45.0	47.0	53.0	63.0
	Corporation & Utilities Taxes (183 & 184)	18.0	17.0	15.0	17.0	17.0
	Total General Fund Sources	$1,829.0	$1,782.0	$1,835.0	$1,819.0	$1,945.0
	Environmental Protection					
	Real Estate Transfer Tax	$112.0	$147.0	$212.0	$237.0	80
Debt Service Funds	LGAT					
	Sales and Use Tax	$2,614.6	$2,512.0	$2,646.0	$2,662.0	$3,031.0
	Transfers *	2,294.8	2,092.6	2,357.9	2,266.7	2,634.1
	Net General Fund Sources	$319.8	$419.4	$288.1	$395.3	$396.9
	Clean Water/Clean Air Bond Fund					
	Real Estate Transfer Tax	$826.0	$875.0	$809.0	$513.0	$560.0
	Transfers *	714.7	753.4	681.9	390.1	442.9
	Net General Fund Sources	$111.3	$121.6	$127.1	$122.9	$117.1
	Revenue Bond Tax Fund					
	Personal Income Tax	6,899.9	$7,647.0	$9,141.0	$9,138.0	$8,690.0
	Transfers *	6,499.5	7,135.5	8,473.2	8,306.0	7,524.4
	Net General Fund Sources	400.4	$511.5	$667.8	$832.0	$1,165.6
	TOTAL GENERAL FUND SOURCES	$6,847.5	$7,824.5	$8,675.0	$8,718.2	$8,016.6

N/A Not Applicable

* *Net payments reflect statutory payments less excess receipts not needed to make debt service commitments. The excess receipts are then transferred to the General Fund.*

Mass Transit Operating Assistance Fund

The MTOA fund was created in 1981 to finance public transportation needs and projects. This Special Revenue Fund receives revenues from a portion of the Corporations and Utilities Tax (Sections 183 and 184 of Article 9) and the Petroleum Business Tax. However, it is worth mentioning that the largest sources of dedicated revenues to MTOAF are from Non-General Fund sources. The first is the 17 percent regional business tax surcharge levied on business within the Metropolitan Commuter Transportation District (MCTD - New York City, Long Island and the counties of Dutchess, Orange, Putnam, Rockland and Westchester). In SFY 2009-10, estimated surcharge deposits are expected to be $790 million. The second is the special 0.375 percent sales tax imposed within the MCTD which is estimated at $768 million in SFY 2009-10.

Dedicated Mass Transportation Trust Fund

The Dedicated Mass Transportation Trust Fund was created in 1991 to augment funding for mass transit needs in the State. It is funded by dedications of the petroleum businesses tax, the motor fuel tax and motor vehicle fees which were previously General Fund revenues.

School Tax Relief (STAR) Fund

Created in SFY 1998-99, the School Tax Relief (STAR) Fund supports the STAR program and the Middle Class STAR Rebate Program to provide homeowners with relief from burdensome school property taxes. Personal income tax receipts dedicated to this fund decrease by nearly $1.7 billion due to the Executive Budget proposal to eliminate the Middle Class STAR Rebate Program.

Dedicated Highway and Bridge Trust Fund

Initially funded in 1993 to help finance reconstruction, replacement and preservation of bridges and highways in New York, the Dedicated Highway and Bridge Trust Fund (DHBTF) receives its funding from a combination of revenues from the Petroleum Business Tax, the Motor Fuel Tax, the Highway Use Tax, Section 183 and 184 Transportation and Transmission Utilities Tax and Motor Vehicle fees. Effective April 1, 2002, all of the Auto Rental Tax is dedicated to this Fund and effective April 1, 2004, 20 percent of Section 183 and 184 taxes are also dedicated to this Fund.

Environmental Protection Fund

Created in 1993, the Environmental Protection Fund (EPF) receives a portion of its funding from proceeds diverted from New York State's real estate transfer tax. Revenue sources for this fund include non-General Fund sources such as the proceeds from the sale/lease of State property. A statutory portion of the proceeds from the Real Estate Transfer Tax is diverted from the General Fund to partially fund the EPF. The Executive Budget is proposing to redirect over $200 million in real estate transfer taxes from the EPF to the Clean Water / Clean Air Bond Fund.

Local Government Assistance Tax Fund

Created in 1990 as a mechanism to eliminate New York's costly annual spring borrowing, the Local Government Assistance Tax Fund receives a statutory 25 percent of net General Fund Sales and Use Tax collections which are used to pay debt service on bonds issued by the Local Government Assistance Corporation. Fund receipts in excess of debt service requirements are returned to the General Fund.

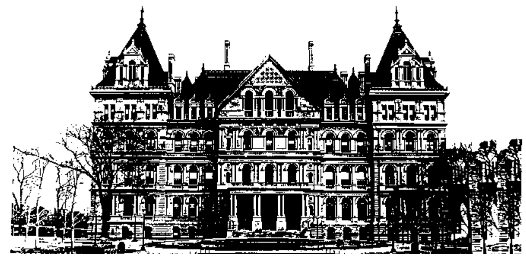
Clean Water/Clean Air Bond Fund

In 1996, the $1.75 billion Clean Water/Clean Air Bond Act was approved by voters in a November referendum. The Act specifies that beginning April 1, 1997, the debt service for these bonds will be supported by Real Estate Transfer Tax collections not otherwise diverted to the Environmental Protection Fund (EPF). The Executive Budget is proposing to redirect over $200 million in real estate transfer taxes from the EPF to the Clean Water / Clean Air Bond Fund.

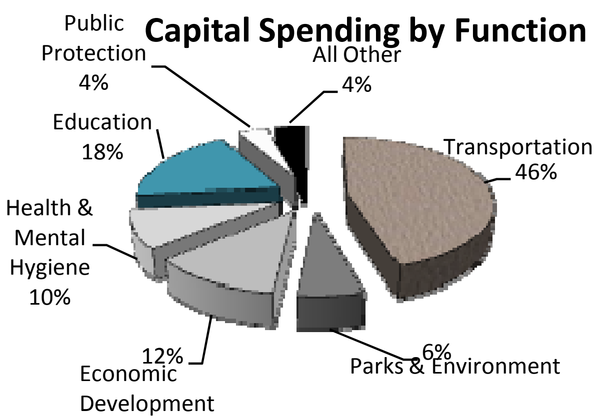
Revenue Bond Tax Fund

Created by Chapter 383 of the Laws of 2001, revenue bonds will lower the cost of State borrowing by improving the marketability and credit worthiness of the debt. Debt service on these bonds will be paid out of the Revenue Bond Tax Fund (RBTF) which receives 25 percent of net personal income tax receipts (without contributions from the refund reserve account). Receipts that are not used for the payment of debt service are transferred back to the General Fund.

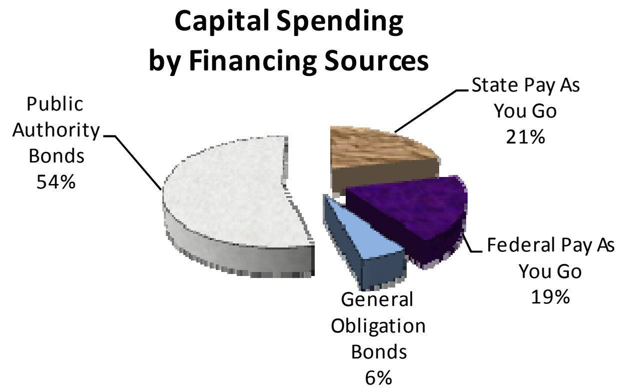
DEBT FINANCING



Each year, a five-year Capital Program and Financing Plan is required to be submitted with the Executive Budget. As part of the SFY 2009-10 Executive Budget, the Governor proposes $46.6 billion in capital spending over the life of the plan, an average of $9.3 billion annually. In SFY 2009-10, capital spending is projected to increase by 3.9 percent, from $9.0 billion to $9.3 billion. As in previous years, transportation spending still constitutes the largest share of all capital spending, as shown below.



Capital spending is financed through a combination of four funding sources: state-pay as-you-go, federal-pay-as-you-go, general obligation bonds, and authority bonds. Pay-as-you-go financing is cash financing of the capital project. General obligation bonds are those whose debt issuance is specifically approved by the voters. Authority bonds are those issued by various public authorities of the State and for which debt service is appropriated by the State. As shown below, authority bonds represent the largest funding source for the State's proposed capital spending.



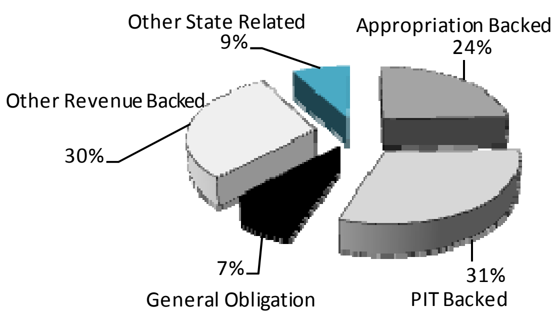
Debt Financing

State debt is characterized in two different ways. There is State-supported debt which is debt on which the State is obligated to make debt service payments. This type of debt includes general obligation bonds, appropriation backed debt, and revenue backed debt. Revenue backed debt includes personal income tax revenue bonds, Local Government Assistance Corporation bonds supported by sales tax revenues, State University dormitory bonds supported by dormitory fees, mental health bonds supported by patient fees and transportation debt supported by dedicated revenues.

Another way to characterize State debt is "State-related debt". The broader definition of State debt includes State-supported debt as well as debt where the State may need to use State resources to make debt service payments should the non-State funding sources be insufficient to make such payments. This type of debt includes

State guaranteed debt, moral obligation debt, and contingent contractual obligations. Some examples of State-related debt are the Tobacco Securitization bonds and the liability of the Dormitory Authority to assume bonds issued by the Medical Care Facilities Finance Agency. The following chart shows the breakdown of outstanding bonds by type of debt.

Total State Related Debt Outstanding



In the proposed 5-year capital plan, debt issuances are projected to increase by $772.4 million, from $4.9 billion currently to $5.6 billion in SFY 2009-10. By the end of the five year plan, debt issuances are projected to decrease by $1.3 billion, from $5.6 billion in SFY 2009-10 to $4.4 billion in SFY 2013-14. This decrease is mainly due to a decrease in bond issuances for economic development as current programs become fully funded and as part of the Executive's plan to fund future economic development programs with pay as you go resources rather than bond proceeds.

Debt Reform Act of 2000

The Debt Reform Act of 2000 statutorily limited the type and amount of debt the State could issue as well as limited the debt service costs associated with these new issuances. Any new debt issued by the State can only be used for capital purposes and is limited to a maturity of thirty years. In addition, new debt issuances and their associated debt service costs are subject to the following statutory caps: four percent of State personal income for new debt outstanding; and five percent of All Funds receipts for new debt service costs. New debt encompasses all debt issued subsequent to the enactment of the Debt Reform Act of 2000.

As shown in the table below, the bond issuances, for the proposed capital spending plan fall below the bond caps specified in the Debt Reform Act. However, the debt outstanding cap for any given year is based on personal income for the preceding calendar year. For example, the debt outstanding cap for SFY 2008-09 is based on the State's personal income for 2007.

Due to the recession, personal income is estimated to slow considerably in 2008; growth of 2.4 percent is projected after growth of 6.5 percent in 2007. In 2009, personal income is projected to decline by 1.3 percent. As a result, the amount of additional bonding capacity under Budget Reform is projected to narrow. In addition, in SFY 2010-11, the four percent cap on new debt outstanding is fully phased in.

New Debt Outstanding
(Millions of Dollars)

SFY	Debt Cap	Actual/Projected
2007-08	29,897.0	20,981.9
2008-09	33,942.6	24,922.2
2009-10	36,627.1	29,356.9
2010-11	37,874.4	33,897.6
2011-12	39,669.6	37,487.8
2012-13	41,662.8	40,412.9
2013-14	43,748.0	42,654.3

Debt issuances over the life of the capital plan average $5.3 billion per year. As shown above, the available cap by the end of the SFY 2009-10 capital plan would be approximately $1.1 billion. Assuming historical average personal income growth of 5.1 percent, the cap in SFY 2014-15 would increase by $2.2 billion, significantly constraining the amount of new debt that the State could issue.

Although the cap on new debt outstanding becomes an issue by the end of the proposed capital plan, the cap on new debt service, as shown in the following table, does not. One of the reasons for this is that the cap on debt service is not fully phased in until SFY 2013-14, the end of the proposed capital plan. Another reason is that the cap is calculated as a percentage of receipts of the State and not an economic variable, as personal income. As a result of the many tax and fee increases proposed in the Executive Budget, there is not projected to be any constraint imposed by the debt service cap as there is with the debt outstanding cap.

New Debt Service
(Millions of Dollars)

SFY	Cap	Actual/Projected
2007-08	3,832.0	1,708.3
2008-09	4,255.4	2,016.9
2009-10	4,780.8	2,498.5
2010-11	5,418.5	3,148.3
2011-12	6,074.2	3,631.5
2012-13	6,642.1	4,041.3
2013-14	6,843.9	4,325.3

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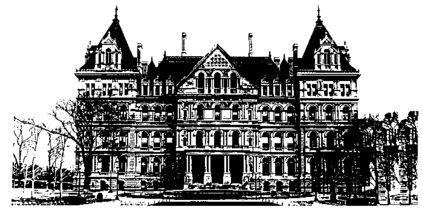
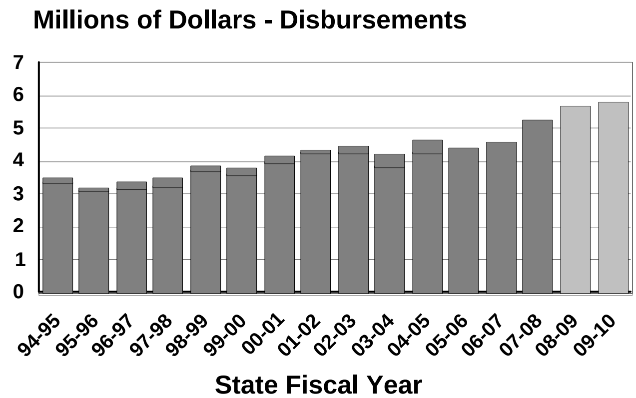


SECTION FOUR

AGENCY DETAIL

ADIRONDACK PARK AGENCY

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-010	Change Amount	Change Percent
General	5,869	5,457	(412)	-7.0%
Federal	700	700	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	6,569	6,157	(412)	-6.3%
Cash	5,703	5,802	99	1.7%



<u>Agency Overview</u>

The Adirondack Park Agency (APA) was created in 1973 and is responsible for State and private land use development plans within the Adirondack Park, a six million acre mix of public and private lands. The APA reviews and issues permits for private and State land use projects. It also administers the State's Wild, Scenic and Recreational River System and operates two Visitor Interpretive Centers in Franklin and Essex Counties.

<u>Budget Proposal:</u>

The SFY 2009-10 Executive Budget proposes All Funds appropriations of $6.15 million which is $412,000 below the adjusted APA appropriations for SFY 2008-09. This reduced funding reflects savings associated with reduced visitor center operations from seven days to five days; reductions in supply purchases; travel restrictions; reduced contractual commitments; and equipment purchases.

The Executive recommendation supports 72 staff positions to carry out the Agency's regulatory functions, unchanged from SFY 2008-09.

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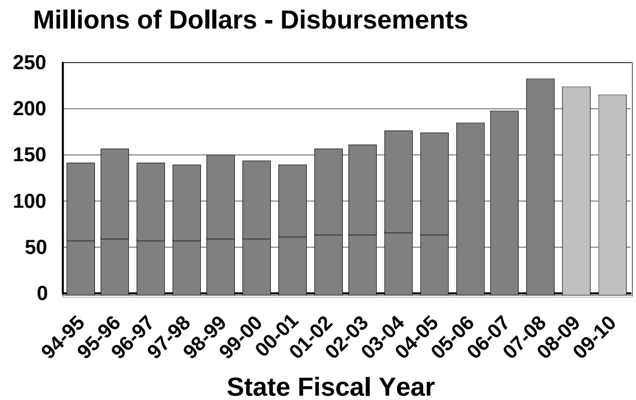
OFFICE FOR THE AGING

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	124,977	113,716	(11,261)	-9.0%
Special	4,052	1,230	(2,822)	-69.6%
Federal	118,625	118,587	(38)	-0.0%
Other	100	100	0	0.0%
Capital	0	0	0	0.0%
Total	247,754	233,633	(14,121)	-5.7%
Cash	225,774	217,368	(8,406)	-3.7%

Appropriations and Spending (Thousands of Dollars)



Agency Overview:

The State Office for the Aging (SOFA) administers the Federal, State, and local programs serving New York's senior citizens. All programs are operated at the local level by 59 area Agencies for the Aging, and a variety of not-for-profit providers.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $234 million, a decrease of $14.1 million from SFY 2008-09. The decrease reflects the reduction and elimination of programs and discontinuation of the SFY 2009-10 cost-of-living adjustments offset by increased funding to the Elderly Pharmaceutical Insurance Coverage (EPIC) programs. Staffing levels remain unchanged from the current year at 133 full time equivalents.

Cost of Living Adjustments (COLA):

The Executive Budget proposes to discontinue the COLA for providers of the Expanded-In-Home-Services for the Elderly Program (EISEP), Community Services for the Elderly (CSE), and the Supplemental Nutrition Assistance Program (SNAP) one time for a SFY 2009-10 General Fund savings of $7.1 million.

Program Spending Reductions and Eliminations:

The Executive proposes reducing the following programs:

- Managed Care Consumer Assistance Program (50 percent)
- Congregate Services Initiative (10 percent)
- Stony Brook Evaluation of Geriatric In-Home Care (60 percent)
- Long Term Care Ombudsman Program (10 percent)
- New York Connects (50 percent)

The Executive proposes eliminating the following programs:

- Individual living Senior Housing Project
- Geriatric In-Home Care
- Social Workers for Geriatric In-Home Care
- Sustainable Transportation
- End of Life Care
- Enriched Social Adult Day Centers

The total General Fund savings associated with the above program reductions and eliminations would be $8.1 million in SFY 2009-10.

<u>Article VII:</u>

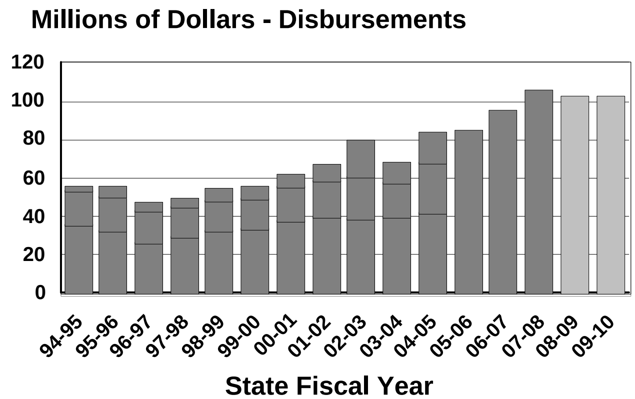
Article VII legislation is proposed to implement the proposed program eliminations.

Senate Finance Contact:
Megan Baldwin ext. 2939

Department of Agriculture and Markets

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	67,428	47,722	(19,706)	-29.2%
Special	45,523	48,424	2,901	6.4%
Federal	49,778	49,644	(134)	-0.3%
Other	26,073	26,197	124	0.5%
Capital	13,750	3,750	(10,000)	-72.7%
Total	202,552	175,737	(26,815)	-13.2%
Cash	103,084	102,463	(621)	-0.6%

Appropriations and Spending (Thousands of Dollars)



Agency Overview:

The Department of Agriculture and Markets supports the State's agricultural industry for the benefit of both producers and consumers, protects consumers from unsafe food and economic fraud through inspection and testing, promotes the prudent use of the State's farmland, and oversees the testing of animal and plant industries.

The Department, together with the Industrial Exhibit Authority, is responsible for managing the annual 12-day New York State Fair and the State Fairgrounds in Syracuse, a 365-acre complex consisting of 20 exhibit halls and over 100 other structures. Operating costs of the Fair and the Fairgrounds are funded solely from admissions, rental and concession fees.

In 2007 the Executive established the New York State Council on Food Policy a panel of farm, public sector, labor, and academic leaders that will work to establish policies to ensure the availability of safe, fresh, nutritious and affordable food for all New Yorkers. The Department, in its food inspection and agriculture support capacity, will ultimately be responsible for implementing many of the Council's recommendations.

Budget Proposal:

The SFY 2009-10 Executive Budget proposal includes All Funds appropriations of $175.7 million for the Department of Agriculture and Markets. This represents a decrease of $26.8 million or 13.2 percent from the SFY 2008-09 funding level. This decrease is a result of a reduction in funding for local initiatives and capital projects, partially offset by growth in personal service and non-personal service expenses.

The General Fund decrease of $19.7 million results from a shift in spending from the General Fund to Special Revenue Other and a decrease in funding for local initiatives. The decrease of $10 million in Capital Projects is a result of the elimination of a one-time funding for the Grape Genomics Lab in SFY 2008-09.

The Executive recommends $14.8 million from the General Fund to continue programs for local assistance that provide valuable services to the State's agricultural community. This includes continued funding for the Agribusiness Child Development program and the New York State Veterinary Diagnostic Laboratory.

The Executive Budget recommends 611 total FTE's for SFY 2009-10, a decrease of five from SFY 2008-09. This decrease will be accomplished solely through attrition and is not tied to any specific program or function in the Department.

Increased funding is proposed in the Executive Budget for the following established programs (amount shown is total program appropriation):

- $480,000 for Johnes Disease prevention;
- $480,000 for farm family assistance;
- $6.5 million for migrant worker child care;

The Executive proposes reducing or eliminating funding for all other agricultural program line items that were included in the SFY 2008-09 adopted budget. These reductions also incorporate the August Special Session Reductions. These local program changes result in a $13.4 million net reduction in funding for local programs.

The SFY 2009-10 Executive Budget proposal provides $1.75 million in Capital Funding for maintenance and improvements of facilities at the State Fairgrounds and $2 million for a Capital Special Revenue Fund to develop private partnerships at the Fair.

Article VII Legislation:

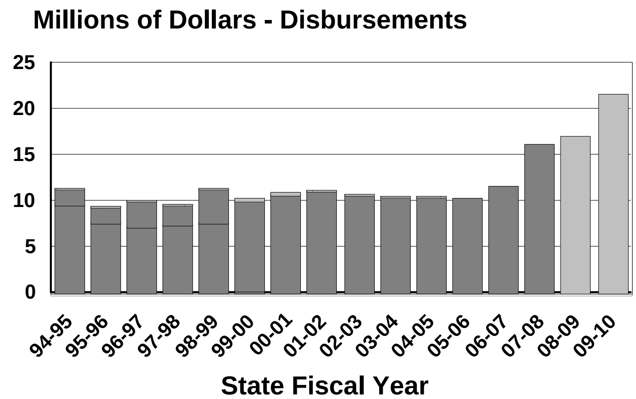
The Executive proposes Article VII legislation to increase food inspection penalties for violations which represent a risk to public health. This bill would increase the maximum penalty on initial critical health deficiency findings from $300 to $1,000 and from $600 to $2,000 for each finding thereafter, and also increases the maximum penalty from $200 to $1,000 for the first critical health deficiency finding related to a rule or order from the Department of Agriculture and Markets. This penalty would go from $400 to $2,000 for the second and each finding thereafter. This proposed legislation would generate an additional $1.2 million in revenues in SFY 2009-10.

The Executive also proposes Article VII legislation to increase food safety inspection and licensing fees, and require the seed labelers and distributors to obtain a license. Fees for retail food establishments would increase from $100 to $250 biennially, and fees for food processors and warehouses would increase from $200 to $400 biennially. Fees for larger, more complex food processors that require multiple inspections each year would be increased to $900. The bill also requires home processors to obtain a license and pay a $50 annual fee. Seed labelers and distributors would now have to apply for a license before doing business in the State and the biennial license fee would be $100, plus an additional $.25 per $100 in gross annual dollar volume sales. The additional fees proposed would result in increased revenues of $4.1 million and would decrease General Fund costs of the Department.

Senate Finance Contact:
Marcie Sorrentino ext. 2820

DIVISION OF ALCOHOLIC BEVERAGE CONTROL

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	0	0	0	0.0%
Special	18,480	21,480	3,000	16.2%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	18,480	21,480	3,000	16.2%
Cash	17,142	21,634	4,492	26.2%



Agency Overview:

The Division of Alcoholic Beverage Control regulates and controls the manufacture, sale and distribution of alcoholic beverages within New York State. The Division issues and renews licenses and permits to manufacturers, distributors, wholesalers and retailers; works with local law enforcement agencies to ensure compliance with the Alcoholic Beverage Control Law; and regulates trade and credit practices for the sale and distribution of alcoholic beverages by such actions as registering brand labels and controlling wholesale and retail prices.

Budget Proposal

The SFY 2009-10 Executive Budget recommends Special Revenue Fund appropriations of $21.4 million, a $3 million increase above SFY 2008-09 levels. This increase reflects additional funds for 50 new Full Time Equivalent (FTE) positions. The additional personnel would be used to facilitate the anticipated increase in license applications from the Executive's proposal to sell wine in grocery stores and drug stores. Once the initial increase of applications has slowed, the license inspectors would be used to decrease the current backlog of applications.

Article VII

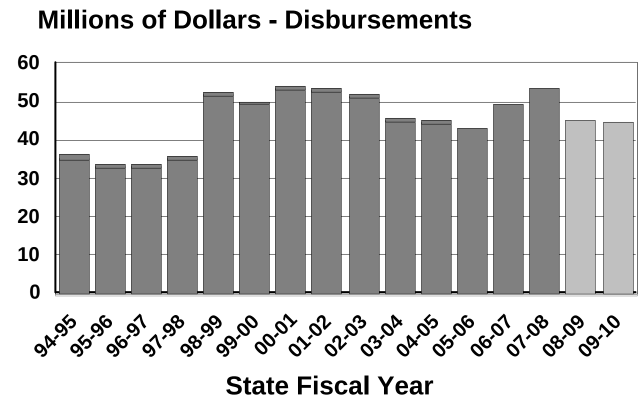
The Executive proposes to expand liquor licenses of grocery and drug stores to allow them to sell wine. The Executive anticipates $100 million in revenue generated from new application fees in SFY 2009-10. The Executive also proposes increasing the tax on beer and wine from eleven to twenty four cents and eighteen to fifty one cents per gallon respectively. The Executive estimates a $63 million increase in revenue from this proposal.

Senate Finance Contact:
Nicole C. Fosco, ext. 2928

COUNCIL ON THE ARTS

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	52,344	44,382	(7,962)	-15.2%
Special	4,228	3,846	(382)	-9.0%
Federal	1,513	1,513	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	58,085	49,741	(8,344)	-14.4%
Cash	45,246	44,863	(383)	-0.8%



Agency Overview:

The New York State Council on the Arts (NYSCA) was established in 1965 to foster an environment for visual and performing arts, stimulate public interest and participation in and access to the arts, and expand the State's cultural resources and artistic heritage. NYSCA supports the activities of nonprofit arts and cultural organizations in New York State and helps to bring quality artistic programs to its citizens. The State Legislature directed NYSCA to maintain the "paramount position of this State in the nation and the world as a cultural center" through support of State arts organizations.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $49.7 million for SFY 2009-10, a decrease of $8.3 million or 14.4 percent from current levels.

State Operations:

The Executive Budget reduces State Operations spending by $4.9 million in SFY 2009-10. This reduction is the result of a shift in funding for the Empire State Plaza Performing Arts Center Corporation ($4 million) from State Operations to Aid to Localities. Also, there is a $930,000 savings attributed to the elimination of three full time equivalent positions at NYSCA, and nonpersonal service cost reductions.

Aid to Localities:

The Executive Budget reduces Aid to Localities appropriations by $3.3 million. **Grant funding for NYSCA decreases by $7 million** in SFY 2009-10 for a total of $38.9 million. This decrease is offset by an increase of $3.65 million which reflects the shift of funding for the Empire State Plaza Performing Arts Center from State Operations to Aid to Localities. This shift was undertaken to more accurately demonstrate the public benefit aspect of the Center.

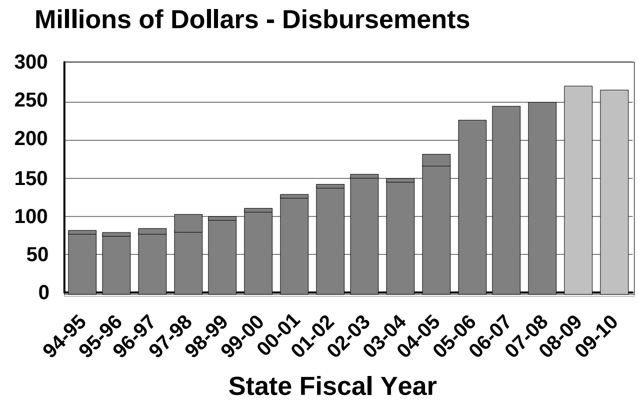
Article VII Proposal:

The Executive Budget recommends merging the New York State Theatre Institute (NYSTI) with the Empire State Plaza Performing Arts Center Corporation (The Egg) to achieve administrative efficiencies and further the advancement of their shared missions to bring affordable cultural activities to the citizens of New York State. Currently, NYSTI and The Egg operate independently with separate boards of directors and budgets. This proposal would merge their budgets under one appropriation and create a larger board of directors (three additional members) to represent the interests of both entities. NYSTI would remain in its current location in Troy; however, the Office for General Services would now be responsible for the maintenance and preservation of NYSTI's capital facilities. This merger is anticipated to generate $274,000 in savings as a result of operational efficiencies.

Senate Finance Contact:
Lauren King ext. 2935

DEPARTMENT OF AUDIT AND CONTROL

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	188,164	173,482	(14,682)	-7.8%
Special	89,246	89,008	(238)	-0.3%
Federal	0	0	0	0.0%
Other	103,252	105,648	2,396	2.3%
Capital	0	0	0	0.0%
Total	380,662	368,138	(12,524)	-3.3%
Cash	268,777	263,980	(4,797)	-1.8%



Agency Overview:

The Department of Audit and Control provides staff resources for the State Comptroller. The State Comptroller is a statewide elected official whose primary duties include providing fiscal oversight for State and local governments. In performing these duties, the Comptroller has the responsibility of developing and maintaining the accounting and financial management systems for the State and its localities.

The State Comptroller conducts, on a continuing basis, financial and management audits of State agencies, public authorities and local governments and provides assistance to the New York City Financial Control Board in carrying out their responsibilities with respect to the financial affairs of the City. The State Comptroller is the sole trustee of the State and Local Employee Retirement Systems, administers the State's retirement programs and invests the assets of the Common Retirement Fund.

Budget Proposal

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $368.1 million, a $12.5 million decrease, or 3.3 percent from SFY 2008-09 levels.

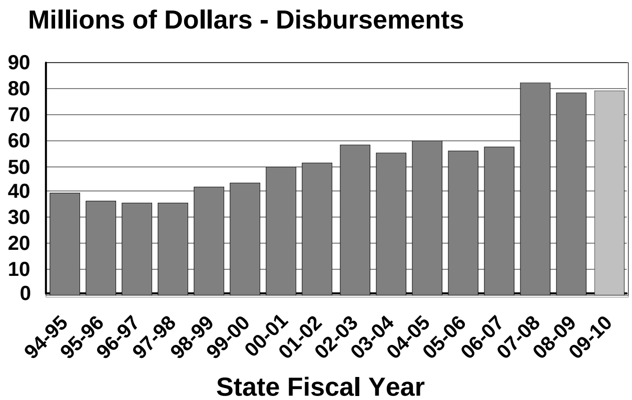
In State Operations, the Executive recommends General Funds reductions of $14.6 million to reflect reductions associated with SFY 2008-09 mid-year deficit reductions of 3.3 percent and 7 percent as well as savings initiatives undertaken to reduce costs in the following areas: travel; overtime and consulting contracts; timing of information technology projects; limiting out of State travel; and postponing or eliminating some equipment purchases.

The Executive recommends a Department workforce of 2,643 by March 31, 2009, which is unchanged for SFY 2008-09.

Senate Finance Contact:
Richard C. Mereday ext. 2934

BANKING DEPARTMENT

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	0	0	0	0.0%
Special	105,110	105,110	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	105,110	105,110	0	0.0%
Cash	78,993	79,690	697	0.9%



Agency Overview:

The Banking Department regulates all State-chartered banks and financial institutions, including more than 3,400 commercial and savings banks, foreign banks, trust companies, savings and loan associations, credit unions and mortgage bankers and brokers. The Department approves acquisitions, branch expansions, mergers and other forms of consolidation, levies fines and orders cessation of unsound banking practices. The Department is funded completely by fees charged to the regulated financial institutions.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $105.1 million, no change from SFY 2008-09.

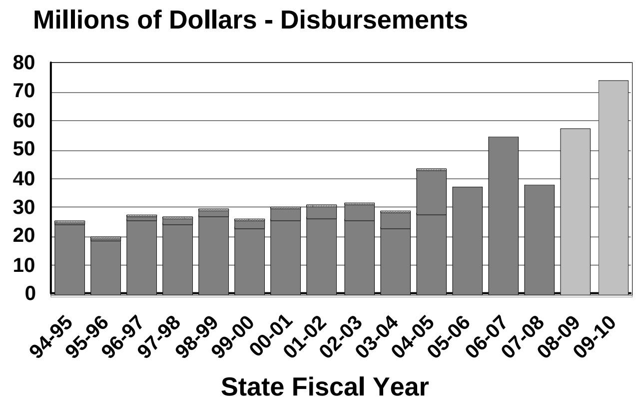
Article VII Legislation:

The Executive proposes a onetime sweep of $8 million from the Banking Department's Special Revenue Fund into the General Fund. The funds being swept are normally credited back to the banking industry. There is no pay back provision.

Senate Finance Contact:
Kevin Bronner Jr. ext. 2752

DIVISION OF THE BUDGET

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	34,932	34,422	(510)	-1.5%
Special	64,763	24,763	(40,000)	-61.8%
Federal	0	0	0	0.0%
Other	1,650	1,650	0	0.0%
Capital	0	0	0	0.0%
Total	101,345	60,835	(40,510)	-40.0%
Cash	57,450	73,822	16,372	28.5%



Agency Overview:

Under the State Constitution, the Governor is responsible for the preparation and execution of the State's expenditure and revenue plans. The Division of the Budget prepares a proposed budget under the direction of the Governor and executes a budget as adopted by the Legislature.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $60.8 million in SFY 2009-10, a decrease of $40.5 million or 40 percent from current levels.

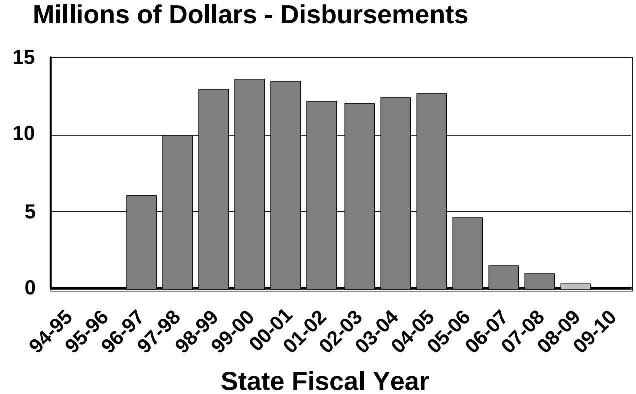
The significant decrease in the Division's budget is primarily the result of eliminating appropriations in the amount of $40 million for the Statewide Financial System (SFS). Given the current economic climate, new funding for the project was not recommended, however, $129.7 million in reappropriations is included in the Executive Budget proposal. The SFS project continues to move forward as planned. Such progress is reflected in the Division's $16.3 million increase in projected cash spending for SFY 2009-10.

In addition to the SFS funding decrease, there is a reduction of $510,000 resulting from New York's abstention from participation in the Council on State Governments and its associated membership dues.

Senate Finance Contact:
Lauren King ext. 2935

CAPITAL DEFENDER OFFICE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	387	0	(387)	-100.0%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	387	0	(387)	-100.0%
Cash	361	0	(361)	-100.0%



Agency Overview:

The Capital Defender Office (CDO) was created in 1995 and authorized to defend any indigent person charged with a capital crime.

Death Penalty Legislation:

In 2004, the New York Court of Appeals in *People v. Lavalle*, determined that the "deadlock" provision of the death penalty statute was unconstitutional. The "deadlock" provision is a sentencing instruction that the trial courts are obligated to give to deliberating juries, and was determined to be coercive by the Court of Appeals. The Court stated that first degree murder charges could not be prosecuted as capital cases, unless the Legislature acted to correct the statute. In *People v. Lavalle* the Court of Appeals invalidated the State's death penalty statute.

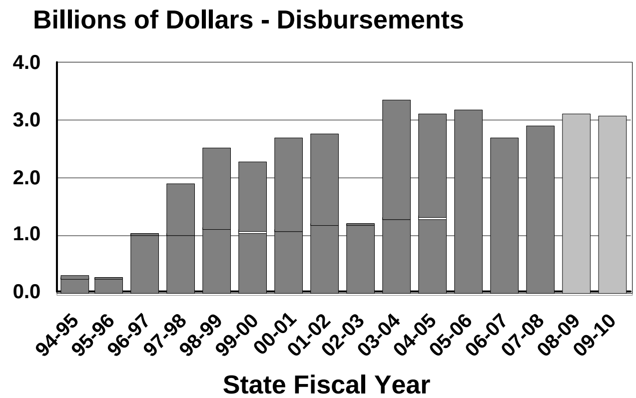
Budget Proposal:

The SFY 2009-10 Executive Budget includes an adjustment to the SFY 2008-09 Enacted Budget of $19,000 related to collective bargaining agreements. In June of 2008 the Capital Defenders Office was closed and ceased operations per the SFY 2008-09 Enacted Budget.

Senate Finance Contact:
Maria LoGiudice ext. 2936

OFFICE OF CHILDREN AND FAMILY SERVICES

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	2,137,554	2,025,565	(111,989)	-5.2%
Special	125,553	123,460	(2,093)	-1.7%
Federal	1,487,024	1,484,925	(2,099)	-0.1%
Other	575	575	0	0.0%
Capital	38,488	37,675	(813)	-2.1%
Total	3,789,194	3,672,200	(116,994)	-3.1%
Cash	3,123,976	3,087,147	(36,829)	-1.2%



Agency Overview:

Created in 1997, the Office of Children and Family Services (OCFS) is responsible for administering all of the programs formerly run by the Division for Youth and the children and family supportive service programs of the former Department of Social Services. The Office of Children and Family Services provides programs and services for children, vulnerable youths, adults and families in New York State.

Budget Proposal:

The SFY 2009-10 Executive Budget provides $3.7 billion in All Funds appropriation support, a decrease of $117.0 million or 3.1 percent below SFY 2008-09. This net change primarily reflects funding reductions in several program areas and the elimination of SFY 2008-09 legislative additions.

The programs that the Executive has proposed to reduce or eliminate are delineated in the following table:

Proposed Program and Spending Eliminations and Reductions SFY 2009-10 (thousands of dollars)

Program	SFY 08-09	SFY 09-10
Advantage Afterschool (-25%)	$25.6	$19.2
Home Visiting (-25%)	$23.3	$17.5
Post-Placement (-25%)	$0.9	$0.7
Hoyt Children and Family Trust Fund (-25%)	$1.8	$1.4
Kinship/Caretaker Relative (-50%)	$2.0	$1.0
Preventive Services	$23.7	$ -
Amy Watkins	$0.9	$ -
Caseworker Training	$4.6	$ -
Caseload Reduction	$1.7	$ -
Portable Technology Pilot	$0.9	$ -
Substance Abuse Demo	$4.2	$ -
Preventive Services COLA	$8.8	$ -
TOTAL	**$98.4**	**$39.8**

Youth Facility Closures:

Based on underutilization of several non-secure and limited secure youth residential facilities, the SFY 2009-10 Executive Budget proposes closing or downsizing eight residential facilities and three evening reporting centers

(ERC) as of June 1, 2009. The following facilities would be closed:

- Adirondack Residential (Clinton County)
- Cattaraugus Residential (Cattaraugus County)
- Great Valley Residential (Cattaraugus County)
- Pyramid Reception Center (Bronx County)
- Rochester Community Residential (Monroe County)
- Syracuse Community Residential (Onondaga County)
- Capital District ERC (Albany County)
- Buffalo ERC (Erie County)
- Syracuse ERC (Onondaga County)

The following facilities would be downsized:

- Allen Residential by 25 percent (Delaware County)
- Tryon Residential by 28 percent (Fulton County)

Savings from the proposed closures and downsizings would total $12.4 million in SFY 2009-10 and would grow to $17.8 million in SFY 2010-11 when fully annualized. The closures would eliminate 255 full time equivalents (FTEs), of which 164 positions (65 percent) are located in Upstate and provide the majority of savings.

The closures would remove 214 beds from the juvenile justice system, reducing statewide vacancy rates from 33 percent to 24 percent. OCFS would operate 25 residential facilities with 1,390 beds and five day placement centers under this proposal.

Family and Children's Services Program:

The Executive recommends $624.8 million in General Fund support for Child Welfare Services, an increase of $16.9 million, or 2.7 percent. The Executive Budget includes $228.0 million for adoption subsidies, an increase of $5.7 million due to projected caseload growth.

The Executive Budget includes $5.8 million for Child Advocacy Centers (CACs), a reduction of $658,000 reflecting the elimination of a legislative add. CACs provide a method for coordinating and conducting interviews of children who are victims of abuse in a non-threatening environment.

The Executive proposes Article VII legislation to create a $90 million Youth Programs Block Grant comprised of the following children's programs: Detention Services, Youth Development and Delinquency Program (YDDP), Special Delinquency Prevention Program (SDDP), Runaway Homeless Youth Act (RHYA), Alternatives to Detention, and Alternatives to Residential Placement. Separate appropriations totaling $118 million for these programs would be eliminated in SFY 2009-10. This proposal would generate $28 million in SFY 2009-10 savings. If enacted there would be no local or municipal matching requirement for any block grant programs. An allocation formula based on claims and youth population figures determined by OCFS would be required.

Foster Care:

Recommended funding for the Foster Care Block Grant (FCBG) totals $434 million, a decrease of $1.9 million attributed to the proposed elimination of the SFY 2009-10 Human Services COLA (further explained in the Human Services summary).

As part of the proposed Deficit Reduction Plan the Executive proposes to delay the implementation of the Bridges to Health Medicaid Waiver program. The number of Medicaid waiver slots associated with enhancing services to children in foster care with multiple needs would remain at its current level of 610 for SFY 2008-09, and would begin phasing in the remaining 2,695 slots in SFY 2011-12.

The Executive Budget reduces NY/NY III State funding from $2.4 million to $854,000, a reduction of $1.3 million. The program currently supports 200 youth beds for young adults aging out of the foster care system and at risk of becoming homeless. One hundred of the beds are funded by New York City and the other 100 beds are funded by the State. Due to underutilization the Executive has proposed to reduce the State's funding to support only 40 beds in SFY 2009-10.

The Executive also proposes maintaining $6.1 million for the Office of Mental Health's home and community based waivers. Local districts would be able to use the 64 percent State reimbursement match for preventive services to meet the mental health needs of children in foster care or at risk of placement.

The Office of National and Community Service

The Office of National and Community Service is its own separate entity but is co-located in the OCFS. The Executive proposes a $500,000 increase to encourage regional volunteerism around the State. Assistance would be awarded by grants through one or more competitive processes to eligible community-based organizations.

Child Care Program:

The SFY 2009-10 Executive Budget recommends $510.3 million for the Child Care Block Grant (CCBG). In addition, the proposed Flexible Fund for Family Services (FFFS), appropriated in the Office of Temporary and Disability Assistance (OTDA) would allow local districts to determine the appropriate amount of Temporary Assistance for Needy Families (TANF) funds to transfer into the CCBG to support child care in their respective locality.

Child Care Block Grant
(millions of dollars)

Category	SFY 08-09	SFY 09-10
CCDF	312	299
TANF line outs:		
Subsidies	356	0
Migrant Workers	2	2
SUNY	2	2
CUNY	1	1
TANF FFFS	2.6	TBD
State	139	137
Local MOE	68	68
Prior Year funding	14	0
TOTAL FUNDING	**896**	**510**

Article VII Legislation:

The SFY 2009-10 Executive Budget includes the following Article VII proposals:

Elimination of State reimbursement for Community Optional Preventive Services (COPS) and the reauthorization of child welfare financing: The Executive proposes to eliminate the State reimbursement for COPS, which supports an array of non-mandated programs for youth at risk of foster care placement, unless funds are specifically appropriated. The State will continue to provide 64 percent reimbursement for all mandated preventive services. This provision would generate $34.1 million in savings in SFY 2009-10.

The proposal also includes the language necessary to continue the current Foster Care Block Grant and to prevent a return to an open ended 50 percent State/50 percent local funding structure. A reversion to the old structure could create a fiscal incentive for local districts to make unnecessary out-of-home foster placements for children, rather than emphasizing programs that keep families intact.

The proposal also includes language to continue the Committee on Special Education (CSE) to prevent a return to a 50 percent State/50 percent local shares funding structure from the current 37 percent State/43 percent local/ 20 percent local school district funding structure. The change was made in 2003 to increase district responsibility in educational placements. Both spending formulas mentioned above are set to sunset on June 30, 2009. The sunset of these provisions would increase State spending for these programs by $60 million annually.

Remove the 12-month notification requirement prior to youth facility closures: The Executive proposes to eliminate the twelve month closure notification requirement effective March 1, 2009 in order to close facilities. Closure notice requirements were increased from nine months to twelve months in 2006.

Modify the fee structure for the Statewide Central Registry (SCR) clearance checks: State Law requires that individuals who work alone with children receive clearance checks through the SRC. The SRC receives calls alleging child abuse/maltreatment and maintains records of all persons who have been the subject of child abuse investigations. The cost of a clearance check for OCFS is roughly $25.

This proposal would increase the fee to individuals requiring security clearance from $5 to $25 (to cover the actual cost) and would impose a $25 fee on certain individuals who are currently exempt. Exemptions from the fee would include foster parents, adoptive parents adopting foster children, and individuals in family care home who serve clients of the Office of Mental Health or the Office of Mental Retardation and Developmental Disabilities. The increased and new fees would be effective March 1, 2009 and would generate $2.7 million in revenue in SFY 2009-10.

Increase OTDA's access to the Department of Taxation and Finance's (DTF) Wage Reporting System (WRS) records: This proposal would authorize OTDA to collect household information from the DTF wage reporting system in order to determine the eligibility for Federal funding for children in foster care or those receiving adoption assistance. Existing law permits DTF to share WRS records on employee earnings with OTDA for a variety of other purposes and requires DFT to protect the confidentiality of employees' wage records.

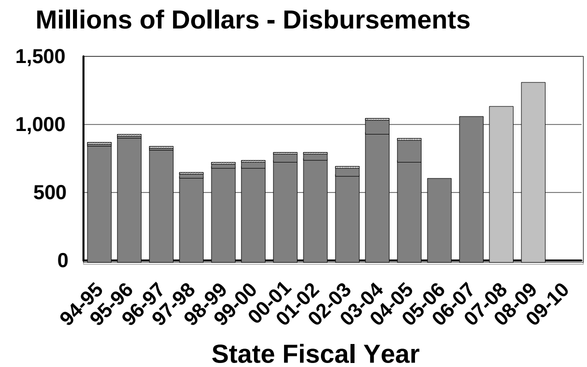
Senate Finance Contact:
Megan Baldwin ext. 2939

CITY UNIVERSITY OF NEW YORK

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Percent
General	1,290,517	1,254,237	(36,280)	-2.8%
Special	145,000	145,000	0	0.0%
Federal	0	0	0	0.0%
Other	1,837,210	1,961,626	124,416	6.8%
Capital	1,828,844	284,222	(1,544,622)	-84.5%
Total	5,101,571	3,645,085	(1,456,486)	-28.5%

Cash	918,936	1,766,118	847,182	92.2%



Agency Overview:

The City University of New York (CUNY) is the nation's third largest public university system educating more than 232,000 students in the urban community of New York. The City University has 11 Senior Colleges, a Graduate School and University Center, a Graduate School of Journalism, a Law School and six Community Colleges. New York City is statutorily required to pre-finance the CUNY Senior Colleges, while the State reimburses the City for those costs. The Fiduciary Fund Budget represents the entire academic year operating cost of the senior colleges. The Aid to Localities budget represents the State General Fund portion that is transferred to the Fiduciary Fund. In effect, this portion of the budget is double counted when looking at the All Funds appropriation. The City University operating budget supports an estimated 11,000 full-time equivalent (FTE) positions. Community Colleges are funded in the traditional way with operating costs paid by tuition, the local sponsor and the State.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $1.96 billion for the CUNY Senior Colleges, an increase of $124.4 million, or 6.8 percent over the current year. This increase is attributable primarily to rising costs of collective bargaining agreements, fringe benefits, and contractual obligations. General Fund appropriations for the CUNY system decrease by $36.2 million or 2.8 percent, from $1.29 billion to $1.254 billion. CUNY’s Senior Colleges General Fund appropriations represent $1.076 billion of the total, a decrease of $63 million or five percent. The bulk of this decrease relates to the Executive’s proposal to use $88 million in new tuition revenues to offset General Fund support. Appropriations for CUNY Senior Colleges’ employee fringe benefits and pension programs total $438.6 million, an increase of $48.9 million or 12.6 percent over the current level.

Senior College Tuition Increase

The Executive recommends increasing resident undergraduate tuition at CUNY by $600 or 15 percent, from $4,000 to $4,600 in AY 2009-10. Non-resident undergraduate, graduate, and professional tuition rates would also rise by 20 percent. Under the Executive proposal, CUNY would only be allowed to retain $22 million or 20 percent of the $110 million in revenue related to tuition increases, while 80 percent or $88 million is expected to relieve the General Fund. To accommodate the increased tuition revenue, CUNY's General Revenue Offset Account is recommended to increase by 27 percent or $188 million, from $697 million in the current year to $885.3 million in SFY 2009-10. Within this amount is an additional $40 million authorization to accommodate revenues related to enrollment growth.

University Income Accounts:

As mentioned above, the SFY 2009-10 Executive Budget recommends $885 million for CUNY's General Revenue Offset Account, representing an increase of 27 percent or $188 million from the current level. The Executive is proposing to offset General Fund support with $3.6 million of positive operating cash flow from the University's Income Fund Reimbursable Account (IFR), which has been reflected in the General Revenue Offset increases. The increases in the General Revenue Offset Account also reflect the annualization of the Deficit Reduction Plan amount of $50.6 million, as well as a $20 million reduction in General Fund support for University-wide programs, costs now shifted to University-generated revenues.

Funding for Opportunity and Financial Aid Programs:

Funding for the Search for Education, Elevation and Knowledge (SEEK) Program is recommended at $17 million, an increase of $702 million or 4.6 percent from the current level. The SEEK program provides supplemental financial aid, academic support, counseling and mentoring services for students at CUNY's Senior Colleges.

Community Colleges:

The SFY 2009-10 Executive Budget reduces CUNY community college base operating aid per full-time equivalent student (FTE) by an average of $270 or 10 percent, from $2,675 to $2,405. The proposal would reduce base aid funding for CUNY community colleges by $18 million in the 2009-10 academic year. As part of the Executive Deficit Reduction Plan, the remaining payments in 2008-09 are also being reduced by $4.2 million, equivalent to an average $270 reduction per student.

The recommended SFY 2009-10 appropriations for community college Workforce Development ($1.88 million); child care centers ($813,000); rental aid ($7.2 million); and College Discovery ($828,000) are at the adjusted SFY 2008-09 levels (i.e., after the DRP impact of six percent from the enacted levels).

Capital Plan:

The SFY 2008-09 Executive Budget recommended $1.8 billion for CUNY's new five-year capital plan – 2008-09 through 2012-13. The SFY 2009-10 Executive Budget recommends $284 million in new capital appropriations for critical maintenance projects at CUNY Senior colleges pursuant to five year capital plan scheduled levels.

Article VII Language

The Executive Budget proposal includes a series of Article VII provisions intended to provide CUNY greater flexibility in the areas of procurement, contracts, and property management. This proposal reflects aspects of the recommendations contained in the report of the Commission on Higher Education.

The deregulation provisions would amend the education, public authorities and the State finance law to:

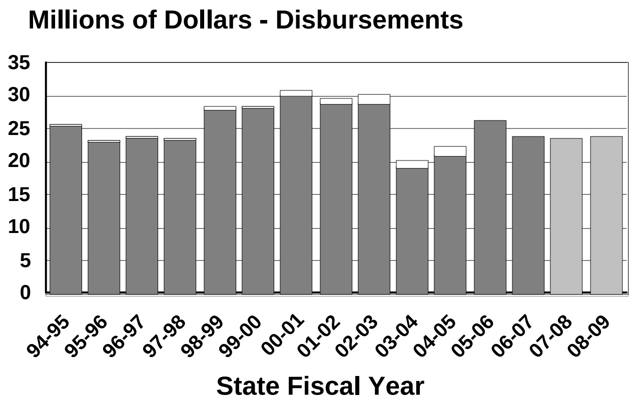
- Permit CUNY to purchase goods and services without prior approval, subject to post-audit review by the Comptroller.

- Authorize CUNY to establish differential tuition rates for non-resident students.

Senate Finance Contact:
Ade Somide ext. 2760

DEPARTMENT OF CIVIL SERVICE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	24,389	22,211	(2,178)	-8.9%
Special	2,352	2,246	(106)	-4.5%
Federal	0	0	0	0.0%
Other	44,170	39,855	(4,315)	-9.8%
Capital	0	0	0	0.0%
Total	70,911	64,312	(6,599)	-9.3%
Cash	23,370	22,630	(740)	-3.2%



Agency Overview:

The Department of Civil Service provides human resource management services to New York State employees and 100 municipal civil service agencies throughout the State. The two primary functions of the Department are to administer employee benefits, including health and disability benefits on behalf of 1.2 million employees, and to provide workforce services to State agencies and job seekers, including job classification, recruitment, testing and training. Other functions provided by the Department include monitoring affirmative action programs, providing medical screenings, developing testing instruments, and job title classification.

Budget Proposal:

In SFY 2009-10 the Department will focus on investments in technology to improve services to State agencies, employees and retirees. They will accomplish this with the following:

- Integrated Testing System (ITS) to enhance the quality of test development, administration and scoring.
- Eligible List Management System (ELMS) to automate what is now largely a paper-driven process that would result in faster, more reliable eligible list information to agencies for their use to fill open positions.
- MyNYSHIP allowing employees to view information on their benefits, submit changes, order Empire Plan ID cards submit option transfer requests and process new enrollment requests all via the Internet.

The SFY 2009-10 Executive Budget proposes $64.3 million in All Funds appropriations, a 9.3 percent decrease from SFY 2008-09. The decrease is mainly due to the elimination of funded vacant positions, attrition, adjustments for fringe benefits and indirect costs, reducing the number of exam review sites and other administrative savings initiatives.

In addition, the following new fees and existing fee increases are incorporated into the budget for SFY 2009-10:

- Public Management Intern Program (PMI) fee increases for agencies that use this service. This would generate $175,000 in SFY 2009-10.
- Increase the open competitive exam fee by $5 per exam to generate $210,000 in revenues.
- New promotion exam fees of $10-$25 on a sliding scale dependant on salary grade to generate revenues of $850,000.
- Charge local exam fees on a per application basis rather than a per completed exam basis. This would generate revenues of $300,000.
- New fee of $200 for Section 211 waivers to generate $60,000 in revenue.

The Executive Budget recommends a staffing level of 544 FTE's for SFY 2009-10, a decrease of 16 FTE's from SFY 2008-09.

Legislative Changes:

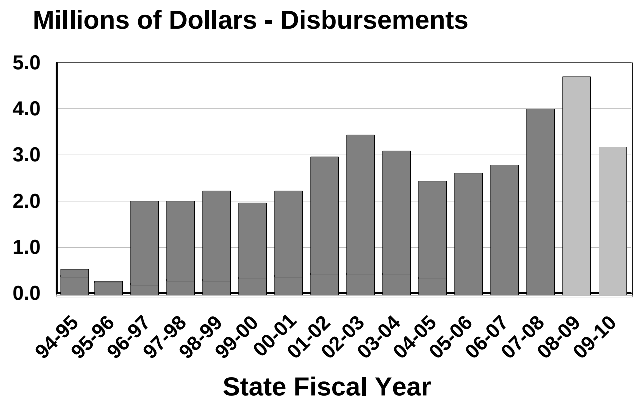
The Executive proposes Article VII legislation to establish a fee to cover the state cost of processing waivers under Section 211 of the Retirement and Social Security Law ("RSSL"). This bill would impose a new $200 application fee for each request made to the Civil Service Commission to employ a public retiree under the provisions of RSSL Section 211. This action is expected to generate $60,000 in revenues in SFY 2009-10 and be used to defray State costs.

In addition, the Executive proposes Article VII legislation to provide the New York State Health Insurance Program (NYSHIP) the option to operate as a self-insured plan. This bill would give the State more flexibility to enter into contracts for employee health benefits that are in the financial interests of the State and local governments participating in the Empire Plan. Estimated savings to the State total $2.5 million in 2008-09 and $30 million in 2009-10.

Senate Finance Contact:
Marcie Sorrentino ext. 2820

CONSUMER PROTECTION BOARD

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	3,514	3,094	(420)	-12.0%
Special	1,796	400	(1,396)	-77.7%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	5,310	3,494	(1,816)	-34.2%
Cash	4,720	3,209	(1,511)	-32.0%



Agency Overview

The Consumer Protection Board was created to protect the rights of New York State's consumers. The Board represents consumers in utility rate cases and related proceedings, advises the Governor on consumer issues, helps draft legislation to protect consumers, handles complaints and consumer disputes, promotes consumer education and fraud prevention, and maintains New York's Telemarketing "Do Not Call" registry.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $3.5 million in SFY 2009-10, a decrease of $1.8 million or 34.2 percent from current levels. The Board's funding decrease is the result of the following:

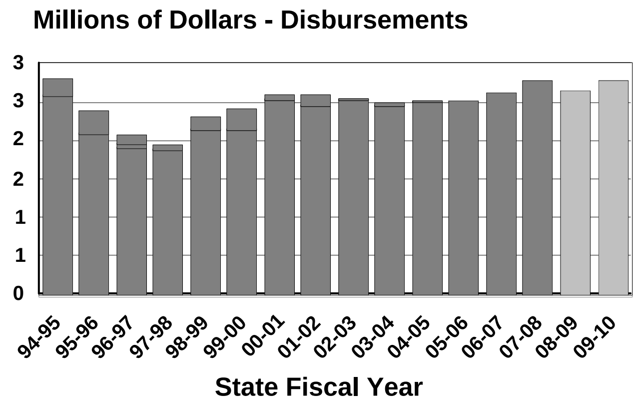
- Shifting fringe benefit and indirect costs in the amount of $1.2 million to General State Charges.
- Eliminating $320,000 in funding for the Office of the Airline Consumer Advocate, as a recent Federal ruling determined establishment of the Office was unconstitutional.
- Reducing funding by $124,000 to reflect the removal of a vacant position in the current year and savings accrued from other management efficiencies.

Senate Finance Contact:
Lauren King ext. 2935

STATE COMMISSION OF CORRECTION

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	2,998	3,011	13	0.4%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	2,998	3,011	13	0.4%
Cash	2,653	2,785	132	5.0%



Agency Overview:

The State Commission of Correction (SCOC), required under New York's Constitution, regulates and oversees the operation and management of State and local correctional facilities and the four Office of Children and Family Services secure juvenile facilities. The Agency's mission is to provide a safe, stable and humane correctional system while maintaining the accountability of correction officials. The Commission is comprised of a three member board appointed by the Governor, with one member designated as chairperson.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments to the SFY 2008-09 Enacted Budget General Fund appropriations of $191,000 associated with collective bargaining agreements.

The SFY 2009-10 Executive Budget proposes a decrease of $94,000 related to various cost containing measures including controlling vacancies and non personal service reductions. This decrease is offset by an increase of $29,000 related to personal service costs for salary adjustments and $78,000 in non personal service increases related to inflationary costs.

Article VII Legislation:

Modifies the Responsibilities of the State Commission of Correction and Provides Options to Administrators of Local Jails to Reduce their Operating Costs: This bill would limit the State Commission of Correction's (SCOC's) mandates in order for the Agency to perform more effectively with regard to the oversight of State and local correctional facilities. Currently, SCOC has the constitutional and statutory authority to visit, inspect and appraise the management of correctional facilities with regard to security and safety. This bill would provide that routine SCOC oversight would not be necessary if the

Department of Correctional Services (DOCS) or a local correctional facility is accredited by the American Correctional Association. Under this bill SCOC would still retain the right to visit, inspect and appraise any facilities if it has reason to believe the facility is not meeting accreditation standards or if the health, safety and security of staff or inmates is a factor. This bill would not change SCOC's oversight of the Office of Children and Family Services secure facilities.

This bill also identifies several of SCOC'S operational mandates which are either eliminated, limited or transferred. The Municipal Police Training Council and Division of Criminal Justice Services (DCJS) would assume responsibility for establishing and overseeing a basic correctional training program for personnel employed by correctional facilities; SCOC's data analysis obligation would be eliminated; and SCOC would only provide the rules and regulations establishing the minimum standards for the review of the construction or improvement of correctional facilities. Additionally, SCOC would only approve or reject construction plans that directly affect the health, safety, and security of staff and inmates.

Finally, this bill would provide county jails with the option to reduce their operating costs by clarifying the circumstances when the Commissioner of DOCS can exercise his or her discretion to accept inmates from local facilities. This would include specifying that DOCS can accept such inmates if a local facility is unable to provide one or more inmates with essential services such as medical care. This bill would give the Commissioner discretion to determine whether or not a county would be required to reimburse the State for any or all of the actual expenses of confinement subject to the approval of the Director of the Budget. This bill further gives a judge in any criminal case, in any county, authority to dispense with the need for a personal appearance by a defendant, except for an appearance at a hearing or trial, and instead would allow the defendant to appear electronically.

Senate Finance Contact:
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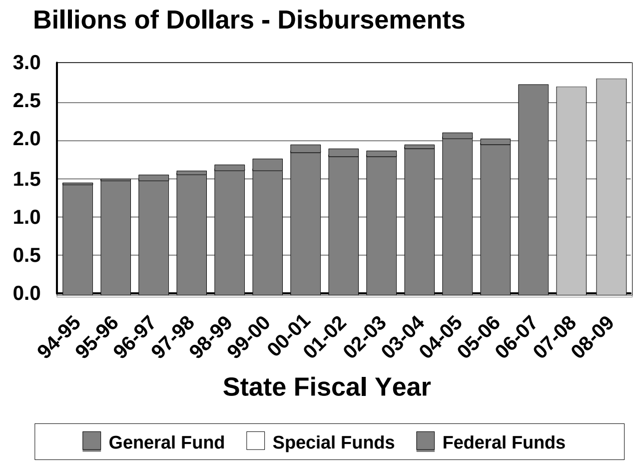
DEPARTMENT OF CORRECTIONAL SERVICES

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2007-08	Proposed 2008-09	Change Amount	Change Percent
General	2,565,998	2,465,897	(100,101)	-3.9%
Special	19,950	35,750	15,800	79.2%
Federal	38,520	37,300	(1,220)	-3.2%
Other	120,751	121,319	568	0.5%
Capital	320,000	320,000	0	0.0%
Total	3,065,219	2,980,266	(84,953)	-2.8%
Cash	2,702,380	2,797,864	95,484	3.5%



Agency Overview

The Department of Correctional Services (DOCS) is responsible for the secure confinement of convicted felons and the preparation of those confined for successful reintegration into the community.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments to the SFY 2008-09 Enacted Budget appropriations of $41 million for personal service costs associated with binding arbitration awards. The Executive also adjusts the SFY 2008-09 Enacted Budget by $144,000 related to a six percent reduction in Correctional Officer equipment.

The SFY 2009-10 Executive Budget recommends an All Funds decrease of $84.9 million or 2.8 percent over SFY 2008-09, and a total General Fund spending decrease of $101.1 million. The Executive recommends an increase of $32.7 million in General Fund support for mandated salary increases offset by savings from staff turnover. In addition, the Executive proposes increasing spending by $16.4 million for general facility operational costs including inmate health care, food, utilities and technology costs.

These increases are primarily offset by a proposed savings of $81.4 million for cost containment measures including: dorm consolidations, ceasing farm operations, using bond financing for capital-related security costs, reducing Information Technology projects, shortening summer school classes for inmates, and the elimination of certain inmate program contracts, $26.3 million associated with the prison closure proposal and the closure of various facility annexes which would result in a reduction of 554 Full Time Equivalents (FTEs) (detailed later in this section).

In addition, funding is reduced by $15 million due to the Executive's proposed elimination of 1,600 beds. This decreased capacity proposal is a result of ongoing population decline and reduced demand as a result of enactment of proposed sentencing modifications and parole “reforms” and a reduction of 750 FTEs. *(The Executive’s Article VII proposal can be found under the Division of Parole’s Agency Detail section of this report).*

The Executive proposes delaying the expansion of mental health programs which would provide a $10 million General Fund savings and a reduction of 388 FTEs.

The SFY 2009-10 Executive Budget reduces $3.6 million in funding related to efficiencies in security staffing including a reduction in annual training costs and reducing inmate movement to four days per week instead of five days per week eliminating 75 FTEs. The Executive proposes limiting existing program for inmates including further reduction in the summer school inmate program, reducing funding to the Center for Community Alternatives and the elimination of six HUB Supervising Correctional Counselors for a savings of $2.7 million.

The Executive also proposes reducing changes in the medical parole process which would result in reduced pharmaceutical and outside hospital costs for DOCS for a General Fund savings of $2 million. Also $1.5 million in savings would be achieved through the reevaluation of the staffing needs to deliver in prison sex offender treatment programs and retain sex offenders in prison during the probable cause period.

In SFY 2008-09 DOCS offered food services (Cook Chill Products) from the Food Production Center at the Oneida Correctional Facility to local jails. For SFY 2009-10 The Executive proposes decreasing this funding (Special Revenue State Operations) by $9.2 million as a result of the over estimation of participation in SFY 2008-09. This reduction is offset by a new appropriation of $25 million to allow the State to contract to house local, State or Federal prisoners.

The Executive proposes to increase the Correctional Industries Program by $1.5 million for license plate reissuance within the Correctional Industries Program. The Executive also proposes a decrease of $1 million in the Farm and Recycling Account attributable to the Executive’s elimination of farm operations within the State’s correctional system.

The Executive further proposes the discontinuation of Prison Farm Operations. Farms at 12 correctional facilities would be closed for a reduction of 90 FTEs, of which 48 are non-security. The Executive’s principal rationale for the closure of these farms is the diminished value of these programs as a vocational tool. It is estimated that this would save $4 million in SFY 2009-10 and $4 million in SFY 2010-11. DOCS would work with the New York State Department of Agriculture and Markets to assist in decommissioning the farms.

Under the Executive plan, the DOCS workforce would be reduced to 30,331 from 32,202. This reduction of 1,342 Full-Time Equivalents (FTEs) is primarily due to the proposed facility closures and various operational cost saving measures. This is offset by an increase in housing sex offenders under the civil confinement process and Corcraft license plate reissuance. The table below lists staffing level changes occurring within DOCS.

Department of Correctional Services SFY 2009-10 Full-Time Equivalents (FTEs)	
Program Description	**Changes**
Delay Mental Health Program (Amend Special Housing Unit Exclusion Bill)	(388)
Prison Camp Closures	(322)
Closing Annexes	(232)
New Sentencing and Parole Reforms	(750)
Re-Evaluation of Sex Offender Management Treatment Act	(28)
Security Staff Efficiencies	(75)
Curtail Existing Programs for Inmates	(6)
Closure of 12 Farm Facilities	(90)
Housing of Sex Offenders During Civil Confinement Process	10
Corcraft License Plate Reissuance	10
Total Change in FTEs	**(1,342)**

<u>Executive's Prison Closure Proposal:</u>

The SFY 2009-10 Executive Budget includes a proposal to close four minimum security correctional facilities: Camp Pharsalia located in Chenango County; the Camp at Mount McGregor located in Saratoga County; Camp Gabriels located in Franklin County, and Camp Georgetown located in Madison County. In addition, the Executive proposes the closure of annexes, however to date the Commissioner of DOCS has not determined which annexes would close.

The Executive anticipates that the closure of the four correctional facilities would generate operating savings of $26.3 million in SFY 2009-10 and capital savings of $6.5 million.

The Executive's proposal includes modifying the current prison notification statute by permitting the Commissioner of DOCS to eliminate excess prison capacity with only a 90-day notice in times of financial crisis and authorize DOCS to house local inmates and Federal prisoners.

The principal rationale for the closures cited by the Executive is the declining prison population. Since 1999, the State's prison population has decreased from a high of almost 71,600 inmates to a population below 61,100, a decrease of 10,500 inmates. However, the Executive projects that the inmate population will continue to decline, by an additional 1,600 inmates at the end of SFY 2009-10 resulting from **various sentencing and parole modifications proposed in the Executive SFY 2009-10 budget to provide for early release and shorter prison sentences.**

The tables listed at the end of this section outline: the number of employees affected; the estimated cost/savings achieved by the closure; cost/savings in capital needs and the number of inmates/capacity levels at each of the facilities proposed for closure.

<u>Aid to Localities:</u>

DOCS is required to take custody of felons who have been sentenced to State prison and remain in local jails, within 10 days after being notified that an inmate is ready for transfer. Currently, the State reimburses counties for housing these prisoners, referred to as "State-ready" inmates, at a daily rate of $37.60 per inmate. The SFY 2009-10 Executive Budget proposal reduces the amount of reimbursement per inmate which reduces the total payment to localities by $6 million.

The Executive eliminates a total of $396,000 in Legislative adds from SFY 2008-09 (Consortium of the Niagara Frontier $227,000;

Osborne Association $123,000; Osborne Association Family Resource Center $46,000).

State Criminal Alien Assistance Program (Federal):

The State will receive $34 million in Federal Funds in SFY 2009-10 to incarcerate illegal aliens who have committed a crime in New York State, a decrease of $200,000 from SFY 2008-09. In addition, the SFY 2009-10 Executive Budget reduces $1 million of Federal funding for Residential Substance Abuse Treatment Programs.

Capital Projects:

The SFY 2009-10 Executive Budget recommends $320 million in Capital Funding, with no change from the prior year. The Executive increases Health and Safety of Facilities Capital Projects by $6 million. This would fund fire alarm system replacement projects at several facilities. Program Improvement of Facilities Projects is increase by $5 million, with a corresponding decrease of $5 million for the Preservation of Facilities Capital Projects and a decrease of $6 million in the Environmental Conservation of Facilities Capital Projects.

Article VII Legislation:

The SFY 2009-10 Executive Budget includes the following Article VII proposals:

Modify the Prison Closure Notification Requirement and Authorize the Acceptance by the Department of Correctional Services to House Local Inmates and Federal Prisoners:
This section would amend the One-Year Prison Notification and Adaptive Re-Use Plan Statute to expedite the prison closure process in times of economic crisis. Under the proposal, the closure notification of the four minimum security camp facilities and various annexes would be made in March 2009 with closure expected in June 2009. This section would allow the Commissioner to consider the prompt closure of one or more correctional facilities in the wake of an economic downturn. An economic downturn is defined as two consecutive quarters of decline in gross domestic product as reported by the Bureau of Economic Analysis of the United State Department of Commerce. Under the Executive proposal, the one-year notice requirement would be suspended (under certain conditions) and the Commissioner would be authorized to close a facility upon 90 days notice. The expedited process would remain in effect until the third fiscal year immediately following the fiscal year in which the economic downturn occurred.

The Commissioner would only be allowed to invoke the expedited prison closure process when the following terms and conditions were met:

- There are more than 300 vacant general confinement beds in existing cell blocks or housing units;
- DOCS is in compliance with all court orders governing the acceptance of state-ready inmates;
- DOCS would continue to have at least 300 vacant general confinement beds within existing housing units or cell blocks; and,
- DOCS would not have to increase the number of variance beds (temporary beds) needed for general confinement.

In determining which prisons would be closed the Commissioner would have to take into account:

- The bed need of the Department in relation to the overall demands for prison capacity;
- The specific use of the facility;

- The age and condition of the facility's infrastructure; and,
- The degree to which facility staff would be offered alternate positions within the Department.

In addition, correctional facility annexes and Special Housing Units (SHUs) would be eliminated from all closure notice requirements. This bill would give the Commissioner the authority to use unneeded prison space and generate revenue by entering into agreements to accept sentenced inmates in a local correctional facility and Federal prisoners.

Delay the Expansion of Mental Health Programs authorized by the Special Housing Unit (SHU) Exclusion Bill and Curtail or Modify Other Provisions of the Bill that Do Not Generally House Inmates with Serious Mental Illnesses, and Training of DOCS Personnel: This section would delay the implementation of the Special Housing Unit (SHU) Exclusion Bill (enacted in 2008) by changing the effective date by three years from July 2011 until July 2014. The proposal would also limit the scope of the SHU Bill to level one and level two mental health designated correctional facilities and would reconfigure the mental health training requirements for DOCS personnel. The SHU Exclusion Bill imposed requirements for the housing of inmates with mental illness that exceed those in a Private Settlement Agreement (PSA) that DOCS and the Office of Mental Health (OMH) reached with the Disability Advocates, Incorporated in April 2007. The PSA required the expansion of several existing mental health programs and the creation of a new 100 bed Residential Mental Health Unit at Marcy Correctional Facility for inmates who are in disciplinary housing and have been assessed with a serious mental health illness. This section would allow DOCS and OMH more time to re-evaluate the effectiveness of the new RMHU program and reevaluate the need for expanded RMHU capacity.

This section further eliminates the application of the SHU bill to level three and level four and level six correctional facilities. Currently, there are five designated levels for mental health services (one, two, three, four and six). Levels one and two generally house inmates who have the most serious mental health conditions therefore level three, four and six should not be used to house inmates with serious mental health needs. In addition, this section sets appropriate levels of training for DOCS staff that are transferred to RMHUs. The amount of training would be reduced to eight hours plus and orientation program to allow staff to receive hands-on experience in the units, and modifies annual training to two four hour sessions. This bill is estimated to save $19 million in SFY 2009-10 and $27.4 million in SFY 2010-2011 for both DOCS and OMH.

Expand Eligibility Criteria for State Inmates to Qualify for Medical Parole and Streamline the Medical Parole Application Process: This section expands the eligibility criteria of medical parole for terminally ill inmates and permits chronically ill inmates to utilize the current medical parole statute. Medical parole was implemented for terminally ill State inmates in 1992 and was used primarily for inmates over the age of 50 with the lowest recidivism rates. Provisions of the bill include:

- Authorization for the release of inmates who suffer from significant and non-terminal conditions that renders them so physically or cognitively debilitated that they do not present a danger to society. In evaluating the threat posed by these inmates the Board must consider certain criteria including the position of the victim;

- Allows inmates who have been convicted of certain violent felonies to be eligible for medical parole if they have served at least one-half of their sentence (excludes first degree/attempted/conspiracy to commit murder); and

- Allows inmates who are ambulatory, but who suffer from disabilities that limit their ability to perform normal activities of daily living to be eligible for consideration for medical parole.

This bill is estimated to result in savings of $2 million in DOCS for SFY 2009-10.

Authorizes DOCS to sell Cook-Chill Products to Not-For-Profit Organizations at the Cost to Produce and Deliver the Products: This section would allow DOCS to sell food products made at the Food Production Center to charitable organizations for the cost of the food, production and transportation. The cost of this action would equal the revenues.

Expand Eligibility For The Shock Incarceration Program and Establish a New Limited Credit Time Allowance for Inmates: This bill would implement some of the recommendations made by the Commission on Sentencing Reform by allowing inmates from general confinement facilities and reception centers to participate in Shock Programs and raises the age of inmates eligible to participate. In addition, this bill would provide a limited Credit Time allowance for inmates serving indeterminate or determinate sentence. The following are provisions of this section:

- Expand the Eligibility for the Shock Incarceration Program: Inmates would be eligible for the program if they are within three years of parole release for an indeterminate term of imprisonment or would become eligible for conditional release within three years for a determinate term of imprisonment. The age of the inmates allowed to participate would be raised from 40 to 50 years of age.

- Establish Credit Time Program: Under current law offenders serving sentence for class A-1 (non-drug) or violent felony offenses are not eligible to earn merit time. This section would provide a limited credit time for some of these inmates. Inmates who have committed murder in the first degree and sex offenses would not be eligible.

This section is estimated to provide a General Fund savings of $4 million in SFY 2009-10 and $16 million annually.

Eliminate Reimbursement of Local Jails for Housing Parole Violators and State-Ready Inmates, Except where the Department of Correctional Services (DOCS) Cannot Provide A General Confinement Bed Within 10 Business Days After Notification That An Inmate Is State-Ready: This section would amend the Correction Law and the Executive Law to eliminate State payments to localities for housing and boarding felony prisoners. Currently DOCS and the Division of Parole reimburse counties for housing state-ready inmates and alleged parole violators at a rate of $37.60 per day for each inmate or alleged parole violator. The Board of Prisoner payments made by DOCS were originally established at a time when there was limited space in DOCS facilities. This no longer is the case, as the number of state-ready inmates waiting to be transported to State facilities has fallen from a high of 4,425 inmates in 1999 to a low of 300 inmates. The impact on local jails from the incarceration of alleged parole violators is also decreasing due to various strategies to expedite the parole revocation process, and Parole has recently implemented changed in their violation process by using a national Transition from prisons to the Community Initiative Model.

This bill requires the Commissioner of DOCS to accept felony offenders within ten days of receiving written notification from a local official of an inmate's state-ready statue. Should DOCS fail to accept an inmate, in the time frame outlined, the locality would be paid either $100 per day or the actual per day per capital cost for the board of that inmate, whichever is less and payment would be retroactive to the date of notification.

This bill is estimated to result in a savings of $10 million in SFY 2009-10 and $20 million annually thereafter.

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Maria LoGiudice ext. 2936

Prison Closure Capital Five-Year Cost/Savings	
Facility	**Capital Costs/Savings**
Camp Pharsalia	$775,000
Camp at Mt. McGregor	$520,000
Camp Gabriels	$4,600,000
Camp Georgetown	$654,000
Total	**$6,549,000**

SFY 2009-10 Executive Proposed Correctional Facility Closures - Capacity/Inmate Impact

Facility	County	Total Number of Beds	Total Number of Inmates	Capacity Level
Camp Pharsalia	Chenango	258	107	41.47%
Camp at Mt. McGregor	Saratoga	300	69	23.00%
Camp Gabriel	Franklin	336	132	39.29%
Camp Georgetown	Madison	262	124	47.33%

Source: Department of Correctional Services - Daily Population Capacity Report as of 12/11/08.

Prison Closure Cost/Savings
SFY 2009-10/SFY 2010-11

	Cost/Savings	
Facility	**SFY 2009-10**	**SFY 2010-11**
Camp Pharsalia	$4,690,000	$5,628,000
Camp at Mt. McGregor	$2,365,000	$2,838,000
Camp Gabriels	$5,768,000	$6,921,000
Camp Georgetown	$4,293,000	$5,152,000
Camp Total	**$17,116,000**	**$20,539,000**
Annexes Subtotal	**$9,253,000**	
Total	**$26,369,000**	

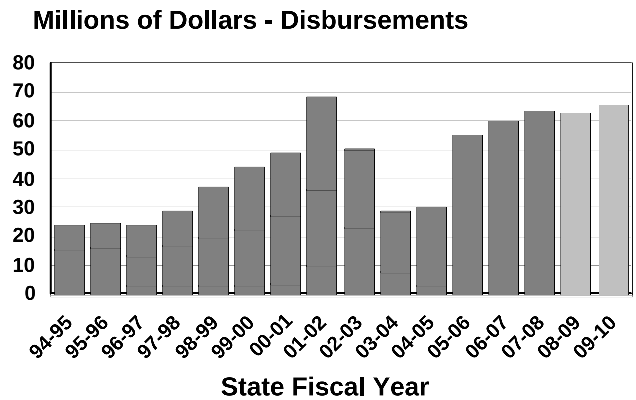
SFY 2009-10 Executive Proposed Correctional Facility Closures – Employee Impact

Employee Impact:	Camp Pharsalia (Chenango)	Camp at Mt. McGregor (Saratoga)	Camp Gabriels (Franklin)	Camp Georgetown (Madison)	Total
Security	55	45	73	60	**233.0**
Program	7	1	8	9.5	**25.5**
Support	16	3	21	18	**58.0**
Health	1	1	2	1.5	**5.5**
Total	**79**	**50**	**104**	**89**	**322.0**

Note: The number of FTE associated with the proposed annexes closure amounts to 232 for a total FTE impact of 554. To Date the Commissioner of DOCS has not determined which annexes would close.

CRIME VICTIMS BOARD

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	4,979	0	(4,979)	-100.0%
Special	32,313	38,241	5,928	18.3%
Federal	38,606	38,554	(52)	-0.1%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	75,898	76,795	897	1.2%
Cash	62,709	62,483	(226)	-0.4%



Agency Overview

The Crime Victims Board (CVB) serves as the lead State agency in assisting persons who have been the victims of crime, particularly crimes of a violent nature. The Board's principal mission is to provide financial assistance to victims for financial losses they incur as a result of a crime. The Board also provides grants to local agencies that assist witnesses and victims and serves as the State's advocate for crime victims' rights, needs and interests.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments to SFY 2008-09 Enacted Budget of $97,000 in General Fund appropriations, $499,000 in Special Revenue Funds, and $52,000 in Special Revenue Federal Funds related to personal service costs associated with collective bargaining agreements. In addition, Special Revenue appropriations are adjusted by $4.8 million from the transfer of all General Fund State Operations to the Special Revenue Fund Criminal Justice Improvement Account (CJIA) affecting 62 Full Time Equivalent Positions (FTEs), and $175,000 associated from the shift of three FTE's and other non personal service costs from the General Fund to the Special Revenue Restitution Account.

The SFY 2009-10 Executive Budget recommends an All Funds increase of $897,000 or 1.2 percent over SFY 2008-09. The Executive proposes a General Fund reduction of $4.9 million related to shifting all General Fund appropriations to the Special Revenue Account. The Executive Budget proposal includes a decrease of $604,000 related to personal service salary adjustments, and $119,000 in savings associated with the Board's new automated claims systems.

These reductions are offset by an increase of $1.6 million in fringe benefits and other indirect costs.

Article VII Legislation:

The SFY 2009-10 Executive Budget includes Article VII provisions for the following:

Expanded Use of Funds Deposited into the Criminal Justice Improvement Account (CJIA): The Executive proposes to expand the uses of funds deposited into the Criminal Justice Improvement Account (CJIA). Currently, funds are used exclusively to fund crime victims programs administered by the Crime Victims Board. The Executive proposes to use the fund for a variety of programs that aim to reduce violent crime, and prevent future victimization, and clarifies that these resources also may be used to support operations of the Crime Victims Board. Full funding for crime victim programs would continue. *This proposal is further detailed under the Division of Criminal Justice Services Agency Detail section of this report.*

Limit Reimbursement to Health Care Providers for Performing Forensic Rape Examininations to Actual Costs up to $800; establish a one year time limit on submission of claims for reimbursement of medical and counseling expenses and allow restitution to be paid by credit card: This bill proposes the following changes under the Crime Victims Board, and is estimated to generate $422,000 in General Fund revenues.

- Limits Reimbursement to hospitals and health care providerers for the actual cost of conducting a forensic rape examination. Currently, the Crime Victims Board provides a flat reimbursement rate of $800. However, the cost of conducting a rape examination varies.

- Establishes a one year limit for individuals to submit claims for reimbursement of medical and counseling expenses. Currently there is no time limit for submitting such claims making it difficult and time consuming for CVB to investigate and validate the authenticity of the claim, delaying payment time.

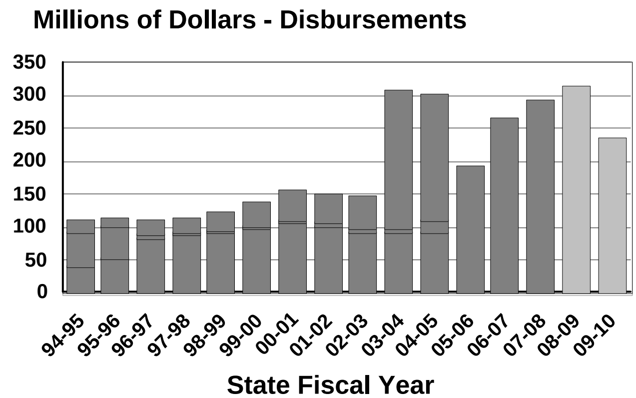
- Allows restitution to be paid by credit card, thereby increasing the likelihood that restitution would be ordered and collected by the Court at the time of sentencing.

Senate Finance Contact:
Maria LoGiudice ext. 2936

DIVISION OF CRIMINAL JUSTICE SERVICES

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	147,637	119,075	(28,562)	-19.3%
Special	50,359	53,209	2,850	5.7%
Federal	50,166	46,100	(4,066)	-8.1%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	248,162	218,384	(29,778)	-12.0%
Cash	313,794	234,370	(79,424)	-25.3%



Agency Overview

The Division of Criminal Justice Services (DCJS) is charged with increasing the effectiveness of the criminal justice system. The Division identifies fingerprints and maintains computerized criminal history and statistical data for Federal, State and local law enforcement agencies, provides training and management services to municipal police and peace officers, conducts criminal justice research and analysis, and distributes local aid to various components of the criminal justice system including prosecution, defense services, and local law enforcement.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments to the SFY 2008-09 Enacted Budget of $2.4 million in General Fund appropriations, $59,000 in Special Revenue Funds, and $866,000 in Special Revenue Federal Funds related to personal service costs associated with collective bargaining agreements. In addition, Special Revenue appropriations are adjusted by a reduction of $353,000 in the Crimes Against Revenue Program and $5.1 million from reductions in Aid to Localities funding enacted in the August Special Legislative Session.

The SFY 2009-10 Executive Budget recommends an All Funds decrease of $29 million and a reduction of $28 million in General Fund appropriations. Increases in the Executive proposal include $1.9 million associated with personal service salary adjustments, $2 million for costs associated with the Statewide Automated Biometrics Information System (SABIS), $386,000 in rent and utilities, and $163,000 for inflationary and other nonpersonal service costs.

These increases are offset by reductions of $2.2 million related to the Executive's cost containment measures including the reduction of five Full Time Equivalent (FTEs) positions, vacancy controls, overtime reductions, travel controls, reductions in training courses, limited spending on supplies, materials and equipment, and $4.7 million related to additional cost containment measures including the reduction of six FTEs, replacing consultants with state employees, replacing a paper file operation with a digital archive, delaying the replacement of Information Technology equipment and increased control measures on all nonpersonal service costs. In addition, the Executive reduces General Fund appropriations by $3 million associated with reviews on Information Technology efficiencies, and contract re-negotiations, and $600,000 from the reduction of ten FTEs.

The Executive proposes a decrease of $3.2 million in Federal appropriations. Reductions of $1.5 million in the Crime Identification and Technology Account, and $3 million in Federal Edward Byrne Justice Assistance Grant (JAG) Programs, are offset by an increase of $300,000 for the Juvenile Justice and Delinquency Prevention Formula Program, and $1 million for Federal Violence Against Women Discretionary Programs. These Federal appropriations have been reduced to reflect the anticipated size of the corresponding Federal awards.

Local Assistance:

The SFY 2009-10 Executive Budget proposes a total decrease of $32.3 million in funding for General Fund, Aid to Localities appropriations. This decrease is primarily the result of the Executive shifting funding from the General Fund to other Special Revenue Aid to Localities Accounts and the elimination of all Legislative Additions.

The SFY 2009-10 Executive Budget proposes the elimination of all Legislative Additions, totaling $8.1 million (see Table A at the end of this section). In addition, the Executive eliminates funding of $2.6 million for the Westchester County Policing Program, $4.1 million for the Road to Recovery Program, $1.8 million for the Innovative Neighborhood Based Strategies to Promote Youth Redirection and Empowerment (NSPYRE) project, and $500,000 for Laboratory Analysis funding associated with the Anti-Gun Trafficking Initiative. The Executive also eliminates additional funding of $26,320 for the New York State Defenders Association and $209,620 for Aid to Defense. The Executive further eliminates $3.4 million for additional District Attorney Salaries that were contingent on Judicial Salary increases in SFY 2008-09.

The SFY 2009-10 Executive Budget proposes a number of fund shifts resulting in a reduction of $15.5 million in General Fund spending to other Special Revenue Aid to Localities Accounts. These fund shifts can be seen below in Table B.

TABLE B
SFY 2009-10 Proposed Fund Shifts

Aid to Locality Program	SFY 2009-10 Proposed Shift Amount	Fund Shift Account
Operation IMPACT	$9,146,000	CJIA
Aid to Prosecution	$3,200,000	LSAA
Aid to Defense	$3,200,000	LSAA
Total	**$15,546,000**	

Note: Criminal Justice Improvement Account (CJIA)
Legal Services Assistance Account (LSAA)

The Executive reduces the Division's Aid to Localities programs by six percent or $2.5 million with the exception of Operation IMPACT and Local Re-Entry Task Forces (see Table C at the end of this section).

In addition, the Executive consolidates a $1.3 million appropriation for the Anti-Gun Trafficking Initiative into Operation IMPACT funding, bringing the total proposed funding for IMPACT to $17.4 million.

The SFY 2009-10 Executive Budget proposes Article VII Legislation that expands the allowable uses of the Criminal Justice Improvement Account

(CJIA), currently used for crime victim services. The Executive proposes partial funding under the CJIA of $9.4 million for Operation IMPACT. Further, the Executive eliminates $1.2 million in Legislative Additions for domestic violence funding from the CJIA in SFY 2008-09.

Moreover, the Executive eliminates funding of $200,000 for the Division's Gifts and Bequests Account, and $392,000 for the Drug Enforcement Task Force Account.

The Executive proposes a reduction of $4.9 million in various programs funded from the Legal Services Assistance Account. As in SFY 2008-09, the Executive proposes shifting a portion of local assistance funding for Aid to Prosecution and Aid to Defense, previously funded from General Fund appropriations, to the Legal Services Assistance Fund. The Executive eliminates funding for two programs, funded by the Legislature, including $1.5 million for District Attorney Retention and Recruitment and $3 million for Civil Legal Services (see Table D at the end of this section).

These reductions in Special Revenue Funds are offset by an increase of $473,000 in the Crimes Against Revenue Account, $30,000 in the District Attorney Tuition Reimbursement Program, and $9.1 million in partial funding of Operation IMPACT to the CJIA.

Justice Assistance Grant (JAG) / formally Edward Byrne Memorial State/Local Law Enforcement Program:

The SFY 2009-10 Executive Budget anticipates $9 million in funding for the Federal Edward Byrne Justice Assistance Grant (JAG) Program, a decrease of $3 million from SFY 2008-09 funding. The Executive includes the same appropriation language in SFY 2009-10 as the previous year for the distribution of JAG funding through a competitive process. Historically these funds have been allocated in a discretionary manner by the Legislature and the Executive to fund priority local law enforcement initiatives. The Executive proposal does not specifically include the Legislature in the grant allocation process.

Article VII Legislation:

The SFY 2009-10 Executive Budget includes Article VII provisions for the following:

Expanded Use of Funds Deposited into the Criminal Justice Improvement Account (CJIA): The Executive proposes to use the fund for a variety of programs that aim to reduce violent crime and prevent future victimization, and clarifies that these resources may also be used to support operations of the Crime Victims Board. Currently, funds in the CJIA are used exclusively to fund crime victim programs. This proposal provides a funding system for programs that would otherwise be reduced due to fiscal constraints, while reducing the need for General Fund support by $15 million in SFY 2009-10.

Requires applicants to be licensed as an insurance agent, broker, adjuster to submit their fingerprints to DCJS: This bill would require any individual who is seeking a license pursuant to Article 21 of the Insurance Law to submit their fingerprints to DCJS as part of a background check. This bill would add a new section 2113 to the Insurance Law, requiring fingerprinting to allow more accurate determination of the trustworthiness of licensees, and thereby enhanced insurance consumer protection in New York State. The Division estimates that enactment of this bill would result in an additional 125,000 fingerprints processed during the first two fiscal years of implementation. This proposal would generate additional revenue of $6.25 million in SFY 2009-10 and SFY 2010-11 and $1.75 million annually thereafter into the Fingerprint Identification and Technology Account.

Establishes Fees For New and Renewal Certification of Security Guard Instructors and Security Guard Training Schools Operating in New York State: This bill would require an individual applying for security guard instructor certification to pay an initial fee of $500 and pay a renewal fee of $250 every five years. Organizations applying for security guard training school certification would pay an initial fee of $1,000 and a renewal fee of $500 every two years. This bill would allow the State to recoup some of the funds DCJS spends on this service related to administrative resources to process and approve the applications.

This bill is estimated to generate $120,000 in annual revenue for the General Fund by the imposition of a $500 fee on instructors for initial certification and a $250 certification renewal fee every five years. In addition, imposing a $1,000 fee on schools for initial certification, and a $500 certification renewal fee every two years would generate $326,000 in annual revenue for the General Fund in SFY 2009-10.

Modify the Maintenance of Effort (MOE) Requirement for Counties and the City of New York to Receive Funds from the Indigent Legal Services Fund and the Formula for Distribution of Such Funds: This bill would ensure that counties and the City of New York do not forfeit all allocations from the Indigent Legal Services Fund (ILSF) in the event that they do not meet the stringent Maintenance of Effort (MOE) requirements. In 2008, nine counties did not meet the MOE requirements for distribution of the ILSF funds which led to enactment of two bills. Certain ILSF funds were held in temporary reserve while allocations were made to the other counties and New York City. Legislation modified the MOE test and the fund distribution formula but only for those distributions made in 2008. Under this bill, the Office of the State Comptroller (OSC) would consider the MOE to be met in circumstances where a County's expenditures for Indigent Legal Services during the calendar year were greater than the average expenditure for the services over the preceding three calendar years. If a County or the City is unable to comply with the MOE requirement, this bill would allow the locality to receive an allocation from the ILSF but in an amount reduced in proportion to the County's MOE shortfall. In addition, this bill allows the Comptroller to make adjustments in ILSF payments to account for audit findings regarding local spending on indigent legal services.

Extends Various Criminal Justice Programs that would otherwise Sunset: This bill would extend the authorization of various criminal justice programs and fees that would expire in 2009 or 2010 for five years, and makes permanent statutes related to medical parole and merit termination of parole.

Senate Finance Contact:
Maria LoGiudice ext. 2936

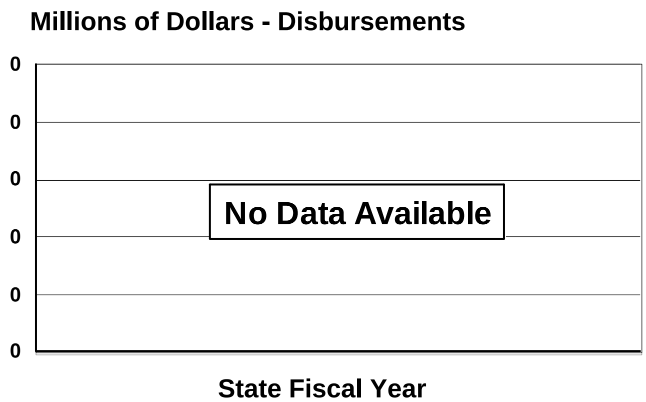
TABLE A	
Local Assistance Programs for which the Executive Eliminates Funding	
Program	**Amount**
Indigent Parolee Program	($545,000)
Education and Assistance Corporation	($580,000)
Erie County District Attorney (Comprehensive Assault Abuse Rape Program)	($71,000)
Finger Lakes Law Enforcement	($470,000)
Onondaga County Project PROUD	($47,000)
Onondaga County Information Technology	($173,000)
Westchester County District Attorney Youth Violence Gang Intervention Program	($188,000)
Mercy College Bachelor of Science Degree in Homeland Security	($94,000)
Catholic Family Center of Rochester	($235,000)
CopsCare Safety Means Abduction Registration and Training SMART Program	($282,000)
Homeland Security Consortium at Schenectady County Community College	($517,000)
Dutchess County Sheriff Department Law Enforcement	($71,000)
Nassau County District Attorney Medicaid Fraud Unit	($705,000)
Southern Tier Regional Drug Task Force	($282,000)
New York Association for New Americans (NYANA)	($188,000)
Putnam County Sheriff's Department	($24,000)
Village of Brewster Police Department	($94,000)
NADAP	($94,000)
Osborne Association – Court Advocacy Services	($383,000)
Neighborhood Defender Service of Harlem	($276,000)
Indigent Parolee Representation Program	($614,000)
The Legal Aid Society – Queens Point of Entry (state) – Legal Aid Adjudication	($38,000)
The Legal Aid Society – Mentally Ill Inmate Project	($257,000)
The Legal Aid Society	($456,000)
Center for Alternative Sentencing and Employment Services (CASES)	($128,000)
Center for Employment Opportunities	($24,000)
Education and Assistance Corporation – Brooklyn TASC	($121,000)
Legal Action Center	($134,000)
Oneida County District Attorney	($92,000)
New York County District Attorney – Construction Industry and Bid Rigging Prosecution	($123,000)
Queens County District Attorney – Point of Entry (State) Prosecution	($132,000)
Queens County District Attorney – Early Case Intervention System	($24,000)
Sanctuary for Families	($72,000)
Simon Wiesenthal Center	($160,000)
Vera Institute of Justice – Adolescent Re-Entry Initiative	($46,000)
The Bard Prison Initiative	($71,000)
Vera Institute of Justice – Services for Justice System – Involved Youth	($87,000)
CEO – Neighborhood Work Project	($70,000)
New York County District Attorney – Crimes Against Revenue Program	($186,000)
Total Reduction	**($8,154,000)**

TABLE C SFY 2009-10 Proposed Six Percent Agency Program Reductions			
Programs	**SFY 2008-09 Adjusted Amount**	**SFY 2009-10 Proposed Change**	**SFY 2009-10 Proposed Amount**
Aid to Prosecution	$13,711,780	($822,780)	$12,889,000
Aid to Defense	$7,070,063	($424,063)	$6,646,000
New York Prosecutors Training Institute	$2,957,240	($177,240)	$2,780,000
Witness Protection Program	$390,000	($23,000)	$367,000
District Attorney Salaries	$2,869,000	($334,000)	$2,535,000
Special Narcotics Prosecutor	$1,059,380	($63,380)	$996,000
New York State Defenders Association	$1,289,680	($77,680)	$1,212,000
Aid to Crime Labs	$8,519,220	($511,220)	$8,008,000
Soft Body Armor	$658,940	($39,940)	$619,000
Drug Diversion Program	$793,360	($47,360)	$746,000
Re-Entry Task Forces	$3,697,020	($20)	$3,697,000
Grand Total:	**$43,015,683**	**$2,520,683**	**$40,495,000**

TABLE D SFY 2009-10 Proposed Funding Under Legal Services Assistance Account			
Programs to be Funded under the Legal Services Assistance Account - Special Revenue	**SFY 2008-09 Enacted Amount**	**SFY 2009-10 Proposed Change**	**SFY 2009-10 Proposed Amount**
Aid to Prosecution	$3,400,000	($200,000)	$3,200,000
Aid to Defense	$3,430,000	($230,000)	$3,200,000
DA Tuition Reimbursement Program	$1,470,000	$30,000	$1,500,000
District Attorney Retention and Recruitment	$1,500,000	($1,500,000)	$0
Legal Services (Legislative adds)	$3,000,000	($3,000,000)	$0
Grand Total:	**$12,800,000**	**($4,900,000)**	**$7,900,000**

DEFERRED COMPENSATION BOARD

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	185	157	(28)	-15.1%
Special	804	804	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	989	961	(28)	-2.8%
Cash	N/A	N/A	0	N/A



Agency Overview

The State's Deferred Compensation Plans help public employees achieve their retirement savings goals through offering quality investment options and investor education that will help build well-diversified portfolios. Voluntary employee salary deferrals to the plan exceeded $863 million in SFY 2008-09, an increase of almost 6 percent during the past fiscal year. In addition, more than 1,200 local governments participate in the State Plan.

The three member Deferred Compensation Board provides administration and oversight of Deferred Compensation Plans including both State and locally operated plans. The Majority Leader of the Senate, Speaker of the Assembly and the Executive each appoint one member of the Board. Local plans are governed by local committees but must operate in compliance with the Board's rules. The Board is supported by four professional staff members that provide direct service through its office, promulgate rules that govern the locally administered programs and oversee administrative and professional services provided by contract staff.

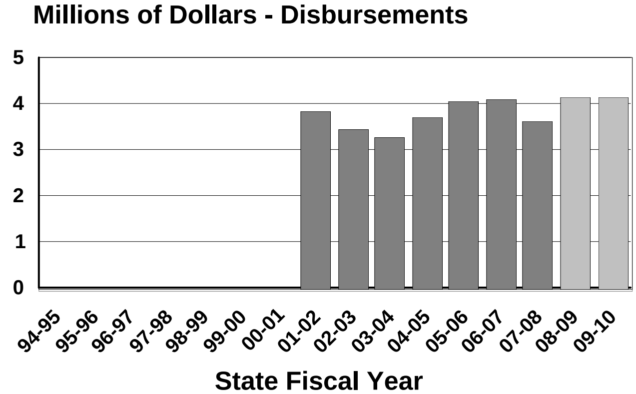
Budget Proposal:

The Executive Budget recommends All Funds appropriations of almost $1 million in SFY 2009-10, a 2.8 percent decrease over current year funding attributed to administrative savings initiatives. The recommended staffing level of four remains unchanged for SFY 2009-10.

Senate Finance Contact:
Marcie Sorrentino ext. 2820

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	0	0	0	0.0%
Special	0	0	0	0.0%
Federal	4,550	4,550	0	0.0%
Other	10	10	0	0.0%
Capital	0	0	0	0.0%
Total	4,560	4,560	0	0.0%
Cash	4,150	4,150	0	0.0%



Agency Overview

The New York State Developmental Disabilities Planning Council (DDPC) is funded under the Federal Disabilities Assistance and Bill of Rights Act of 1975. The Act authorizes the Council to prepare, implement and monitor a plan for improving the quality of life for people with developmental disabilities. The Council is comprised of 34 members who have been appointed by the Governor to three-year staggered terms.

Senate Finance Contact:
David K. King ext. 2937

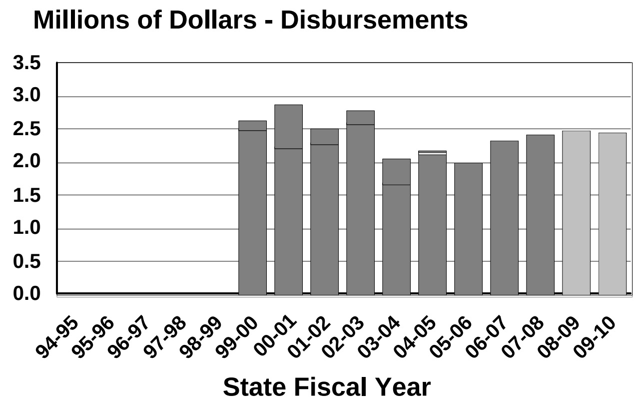
Budget Proposal

The SFY 2009-10 Executive Budget recommends appropriations of $4.5 million in Federal Funds. This reflects no change from SFY 2008-09 and is based on the level of anticipated Federal Funding. The recommended funding is sufficient to support the Council's role in coordinating information about persons with developmental disabilities and the services available to them, and in overseeing grant funding. The Council's staffing level remains unchanged from SFY 2008-09 at 18 positions.

OFFICE FOR THE PREVENTION OF DOMESTIC VIOLENCE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	2,669	2,343	(326)	-12.2%
Special	70	70	0	0.0%
Federal	118	100	(18)	-15.3%
Other	890	890	0	0.0%
Capital	0	0	0	0.0%
Total	3,747	3,403	(344)	-9.2%

Cash	2,471	2,439	(32)	-1.3%



Agency Overview:

The Office for the Prevention of Domestic Violence (OPDV) is responsible for the development of Statewide policies to protect victims of domestic violence. In addition, the Office conducts family violence training programs for judges, prosecutors, police, attorneys, probation and parole personnel, social services and health care providers. OPDV is headed by an Executive Director appointed by the Governor.

Budget Proposal:

During SFY 2008-09 OPDV implemented Executive Order 19, requiring all agencies in New York State to adopt a domestic violence workplace policy. A report illustrating these results will be issued in 2009. In addition, OPDV has partnered with the Division of Criminal Justice (DCJS) and Operation IMPACT to strengthen the criminal justice response to domestic violence through the following actions:

- Update and republish the domestic violence victim guide.
- Offer the guide in five different languages.
- Launch a series of conferences for child welfare and child protective staff to address working with abusive fathers.

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $3.4 million, a decrease of $344,000 or 9.2 percent from SFY 2008-09. The proposed budget continues an Internal Service Fund appropriation of $890,000 supporting domestic violence training services that were previously funded by other agencies. The recommended staffing level of 33 remains unchanged from SFY 2008-09.

Article VII Legislation:

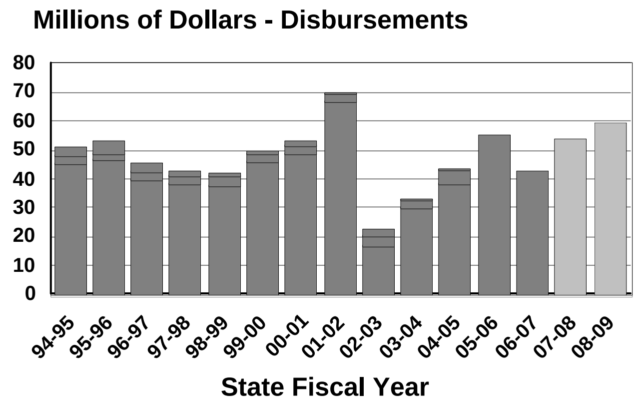
The Executive proposes Article VII legislation to eliminate Batterers Project funding administered by OPDV. Currently OPDV distributes $210,000 in local assistance funds to five programs that provide battering prevention and educational services with the goal of helping clients end abusive behaviors. If enacted this proposal would take effect on April 1, 2009 and would save $52,000 in SFY 2009-10, and $210,000 thereafter.

Senate Finance Contact:
Marcie Sorrentino ext. 2820

DEPARTMENT OF ECONOMIC DEVELOPMENT

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	9,456	0	(9,456)	-100.0%
Special	0	0	0	0.0%
Federal	0	0	0	DIV0
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	9,456	0	(9,456)	-100.0%
Cash	103,055	97,937	(5,118)	-5.0%



Budget Proposal:

The SFY 2009-10 Executive Budget proposes legislation (Part EE, S.59) eliminating the Department of Economic Development (DED) and transferring its core programs to the Urban Development Corporation, which does business under the name Empire State Development Corporation (ESDC).

Core Programs:

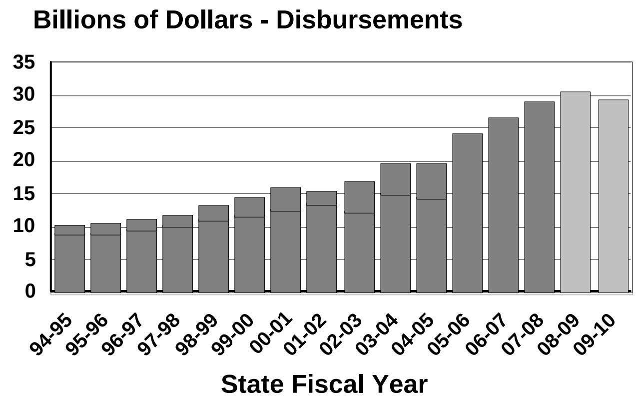
- Promoting State tourism resources;
- Promoting International Trade;
- Operating regional offices;
- Administering Empire Zones;
- Publishing the Procurement Opportunity Newsletter;
- Providing pollution prevention and compliance assistance to small businesses;
- Managing the Linked Deposit program; and
- Developing recycling markets.

If adopted, this proposal would have a significant impact on the DED staff due to elimination from the State workforce of all 230 full time equivalent (FTE) positions (200 currently filled) at DED. The plan does not require transfer of existing staff, to fill positions at ESDC, but instead would allow ESDC to determine how to provide for staffing and oversight of the programs transferred from DED. If any staff are transferred from DED to ESDC their pension and civil service benefits would be maintained. The budget proposal for ESDC provides for new funding for 116 FTE positions.

Senate Finance Contact:
Lilian Kelly ext. 2931

STATE EDUCATION DEPARTMENT

Appropriations and Spending (Millions of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	19,516	19,379	(137)	-0.7%
Special	8,138	6,332	(1,806)	-22.2%
Federal	4,179	4,199	20	0.5%
Other	31	31	0	0.0%
Capital	57	21	(36)	-63.2%
Total	31,921	29,962	(1,959)	-6.1%
Cash	30,205	29,008	(1,197)	-4.0%



Agency Overview:

The State Education Department (SED) is overseen by the 16 member Board of Regents that has broad powers to govern the education policy of the State, in accordance with Article XI of the New York State Constitution. The Board of Regents and the Department's mission is to oversee public elementary and secondary education programs throughout New York State and to promote goals for educational excellence.

Budget Proposal:

The SFY 2009-10 Executive Budget provides All Funds appropriations of $29.96 billion for the State Education Department, representing a $1.96 billion decrease or 6.14 percent change from SFY 2008-09.

The Executive recommends decreases of $138 million for the General Fund and $1.78 billion for Special Revenue Funds over the SFY 2008-09 adjusted Enacted Budget. The reductions include $1.72 billion in the School Tax Relief (STAR) program, $43 million reduction in the Lottery/VLT Aids, $107 million in non-GSPS programs as well as $113.5 million reduction in the State's share of pre-school handicapped education. While the Executive has advanced a $698 million school year reduction in General Support for Public Schools, the program actually increases on a fiscal year basis by $43 million due to the increase in the tail of the 2008-09 school year.

State Operations:

The Executive Budget for SFY 2009-10 recommends a staffing level of 3,199 FTEs for the State Education Department. This FTE level represents a 21 FTE decrease from SFY 2008-09. The Executive proposes to reduce state operations by $27 million in SFY 2009-10.

Elementary, Middle, Secondary, and Continuing Education Program:

The Executive proposes a $136.9 million All Funds decrease for this program over SFY 2008-09. State operations spending is reduced by $12.8 million. Of that amount $2.9 million results from the elimination of nine General Fund positions and $4 million is attributable to

General Fund non-personal service reductions. Special Revenue Funds are also reduced by $5.7 million.

School Aid: The SFY 2009-10 Executive Budget reduces General Support for Public Schools by $698 million. This proposal provides $20.7 billion for school year 2009-10. The Executive proposes to maintain Foundation Aid, High Tax Aid and Universal Pre-K at 2008-09 levels as well as providing present law funding for Building Aid, Transportation Aid, BOCES and special education funding. All of this is affected by a one time Deficit Reduction Assessment (DRA) applied to all school districts totaling $1.098 billion. Overall, formula aids are reduced by $635 million, a three percent reduction from the 2008-09 school year.

Categorical programs including several teacher programs, math and science initiatives and a Rochester Community School Pilot Project are also reduced by $62.7 million under the Executive's school aid proposal.

This year to year reduction delays progress of a four year phase in plan that was expected to provide an additional $7.6 billion increase in school aid by the 2010-11 school year. School aid was expected to grow by $1.7 billion in 2009-10 with the largest component of that being Foundation Aid at $1.37 billion.

The Executive is proposing to alter the phase-in of the aid formula by freezing the formula for two years. After the two year freeze the Executive proposes to extend the phase-in period to 2014-15. This would alter the 2007-08 agreed upon phase-in period from 4 to 8 years. As a result, the SFY 2009-10 Executive Budget proposal provides $1.37 billion less in Foundation aid than present law would have driven. There is no minimum increase for school years' 2009-10 or 2010-11 provided in the proposal as advanced by the Executive. Foundation aid in total amounts to $14.87 billion under the Executive's proposal for 2009-10.

Building Aid: The Executive proposal fully funds the $211.76 million present law increase for Building aid in the 2009-10 school year. In addition, EXCEL funding is increased by $63 million over the 2008-09 allocations.

BOCES Aid: BOCES aid is increased by $33.3 million above 2008-09 which represents present law levels.

Transportation Aid: The Executive proposes to fully fund transportation aid at present law levels providing funding of $1.6 billion. This represents a $92.9 million increase over the 2008-09 school year.

Universal Pre-K: The Executive proposes to maintain Universal Pre-kindergarten at $401.23 million for the 2009-10 School Year. The Executive proposes to extend the phase-in period for this program from 4 to 8 years. One-third of all the school districts in the State have chosen not to opt into this program.

High Tax Aid: The Executive maintains funding at $205 million for the 2009-10 school year.

Supplemental Excess Cost aid: The Executive maintains funding at $4.3 million for the 2009-10 school year.

Academic Achievement /Education Improvement Grants: The Executive maintains these grants at $27 million for the 2009-10 school year.

Additional Formula School Aids: The Executive proposes to fund present law for private excess cost aid (+$37.84 million), high cost excess cost aid (+$52.01 million), reorganization operating (+$0 million), charter school transition aid (-$1.87 million), textbook aid (-$1.18 million), software aid (+$237,559), Library materials (-$109,992), and hardware aid (+$256,071).

Deficit Reduction Assessment (DRA): Amounts to be received by school districts in the 2009-10 school year will be reduced by a deficit reduction assessment of $1.098 billion. The DRA is calculated to distribute the reduction considering school district pupil need, wealth and tax effort. The minimum reduction proposed is three percent with a maximum reduction of 13 percent. High need districts are capped at a percent reduction of 2.5 percent of their total general fund expenditures. Building aid, EXCEL and the Building Reorganization Incentive are not included in the calculation of the DRA.

Preschool Special Education: The Executive is proposing to reduce Counties and the State's liability for Preschool costs while shifting certain costs to school districts.

Currently, the State pays 59.5 percent of the costs of this program and counties contribute the remaining 40.5 percent. The Executive's plan reduces the State's share by 12.5 percent and County's share by 2.5 percent. Under the proposal advanced by the Executive, school districts would be required to make up the difference amounting to a 15 percent share in the costs. The value of this unfunded mandate is $133 million for SFY 2009-10. In addition, the Executive proposes to amend Section 4410 of the Education Law providing funding for special education itinerant services based upon actual services rendered and the full time equivalent attendance of preschool children receiving such services.

Nonpublic School Aid: This program is reduced by $44 million. This action is taken in conjunction with statutory changes notwithstanding the Commissioner's regulations requiring participation in the comprehensive attendance taking program.

Afterschool Programs: The Executive Budget proposes to eliminate all $9.8 million for the 21st Century Community Learning Centers while maintaining current funding levels for the Extended Day/School Safety afterschool programs ($27.8 million).

Teacher Programs: The Executive eliminates teacher centers (-$40 million) and the teacher mentor intern program (-$10 million).

Other Education Program Changes:

- Roosevelt Union Free School District Academic Grants (-$6 million);
- Rochester Community Schools Pilot (-$2 million);
- Universal Pre-K planning grants (-$1 million);
- Apprenticeship Training (-$1.7 million)
- Prior Year Aid Claims (-$10.2 million);
- Workplace Literacy (-$1.2 million);
- Fiscal Stabilization Grants (+$2 million); and
- School Lunch and Breakfast program (+$1.6 million)

Contracts for Excellence: For 2009-10 school year, the Executive is proposing to keep all 39 school districts subject to the program requirements in 2008-09 but with reduced financial constraints unless all school buildings in a school district are reported as in "good standing" as identified by the State's accountability system. School districts programmatic financial constraints are reduced under the proposal by the percentage of their respective DRA.

Mandate Relief: The Executive proposes a number of Article VII provisions intended to provide mandate relief to school districts including the following:

Wicks Law: The Executive proposes to eliminate for a five year period the current Wicks threshold of $50,000 which requires multiple bid contracting for school districts.

Paperwork Reduction: This proposal streamlines existing reporting requirements and eliminates required reports deemed to no longer be necessary or duplicative. In addition, the Commissioner is required to develop one consolidated reporting system.

Mandates with Fiscal Implications: This proposal delays the effective dates of mandates if in the middle of the school year until the following school year.

Employee Accrued Liability Benefit Reserve Fund Access: Consistent with the Comptroller's recommendations, this proposal allows school districts to access excess funds within this reserve fund beyond their current liability up to their DRA.

School Tax Relief (STAR):

The Executive proposes to reduce the STAR program by $1.72 billion in SFY 2009-10. This proposal includes the following:

STAR and Rebate Checks: In the SFY 2007-08 Budget, a three year expansion of the school property tax rebate check program was enacted.
Based upon this three year agreement the total value of the rebate checks in increased from $775 million to over $1.1 billion in SFY 2007-08 and over $1.2 billion in SFY 2008-09. Current law provides that the rebate checks should increase to $1.43 billion in SFY 2009-2010.
The Executive is currently proposing to eliminate the Middle Class STAR rebate checks ($1.43 billion) and reduce the New York City Personal Income Tax Credit ($112 million) by reducing the credit for persons who earn less than $250,000 to 2005 levels of $125 for married couples filing jointly and $62.50 for single filers. The Executive proposes to modify the traditional STAR program by allowing STAR exemptions to decline by as much as eighteen percent instead of the current floor of no more than ten percent. This action provides $109 million less in property tax relief than generated under the current STAR program. Lastly, the Executive permanently shifts the December NYC STAR payment to June ($20 million).

School For the Blind: The Executive proposes a $357,000 reduction for the Batavia School for the Blind.

School For the Deaf: The Executive proposes a $337,000 reduction for the Rome School for the Deaf.

Office of Higher Education and the Professions Program: The Executive proposes an All Funds decrease of $13.6 million for the Office. This is due primarily to the following reductions:

- $2.8 million reduction in the Office of Professions;
- $1.2 million elimination of the Student Lending Program;
- $3.6 million reduction to the College Science and Technology Entry Program;
- $2.6 million reduction for unrestricted aid to colleges and universities (Bundy aid).

Cultural Education Program: The Executive reduces this program by $32 million on an All Funds basis primarily due to proposed reductions in Library Aid ($18 million), Public Broadcasting ($9.4 million) and the Local Government Records Management Account ($2.8 million).

Vocational and Educational Services for Individuals with Disabilities Program (VESID):

The Executive maintains $1.07 billion in All Funds spending for the VESID program.

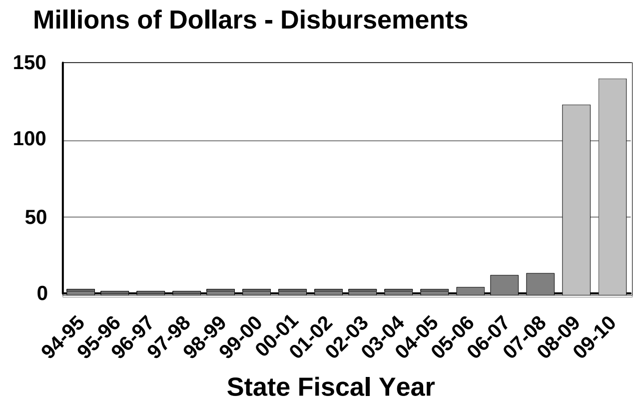
The Executive proposes the following funding for VESID programs at SFY 2009-10 levels:

- Case Services ($54 million/+$2.1 million);
- Independent Living Centers ($12.3 million/-$276.

Senate Finance Contact:
Nicole Fosco ext. 2928 or
Shawn MacKinnon ext. 2866

BOARD OF ELECTIONS

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	9,581	7,395	(2,186)	-22.8%
Special	2,000	5,000	3,000	150.0%
Federal	11,000	7,500	(3,500)	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	22,581	19,895	(2,686)	-11.9%
Cash	123,392	139,719	16,327	13.2%



Agency Overview:

The State Board of Elections was established on June 1, 1974 as a bipartisan agency entrusted with the responsibility of administering and enforcing all laws relating to elections in New York State. The Board regulates disclosure and enforces the Fair Campaign Code which governs campaign practices. By conducting a wide range of efforts, the Board offers assistance to local election boards and investigates complaints of possible statutory violations. Additionally, the Board is charged with the preservation of citizen confidence in the democratic process and the enhancement of voter participation in elections.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $19.9 million in SFY 2009-10, a decrease of $2.7 million or 11.9 percent over current levels.

General Fund:

The Executive Budget reduces General Fund spending by $2.1 million in SFY 2009-10. This reduction is primarily reflected in the elimination of 20 full time equivalent positions for a savings of approximately $1.4 million. These positions were funded vacancies. In addition, there is a decrease of $942,000 which results from attrition, reduced contractual costs and management efficiencies.

Special Revenue Funds:

The Executive Budget proposes an increase of $3 million in Special Revenue Funds to continue voting machine examination and certification. Such testing is necessary for New York to comply with the Federal Help America Vote Act and receive associated Federal funds.

Federal Funds:

The Executive Budget recommends $7.5 million in Federal Funds for SFY 2009-10. This figure represents a net reduction of $3.5 million due to the elimination of a one-time appropriation of $1 million for alteration of poll sites to provide accessibility for disabled voters, and a reduction of $2.5 million to the appropriation for purchase of new voting machines and disability accessible ballot marking devices for local boards of elections.

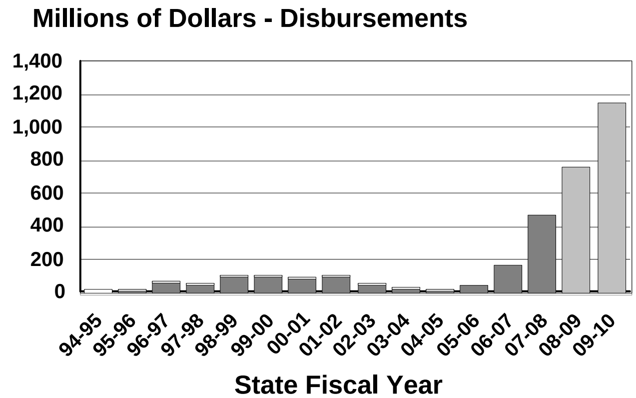
Help America Vote Act (HAVA):

New York State continues to work toward full compliance with HAVA's requirements by providing $7.5 million in funding for the certification and purchase of HAVA compliant voting machines. Also, the Executive Budget includes reappropriations of $197 million in unspent HAVA funds.

Senate Finance Contact:
Lauren King, ext. 2935

EMPIRE STATE DEVELOPMENT CORPORATION (ESDC)

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	160,922	154,171	(6,751)	-4.2%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	1,285,000	100,000	(1,185,000)	-92.2%
Total	1,445,922	254,171	(1,191,751)	-82.4%
Cash	764,000	1,145,000	381,000	49.9%



Agency Overview:

The Urban Development Corporation, operating under the name Empire State Development Corporation (ESDC) is currently one of three State economic development agencies. ESDC, a public benefit corporation, is authorized to issue bonds to finance large public and private development projects and provides capital grants directly to businesses. In addition, the Corporation administers a variety of economic development programs. ESDC may form subsidiaries to undertake large projects. For example, Erie Canal Inner Harbor Development Corporation, a ESDC subsidiary, manages the $300 million redevelopment of the waterfront and inner harbor in downtown Buffalo that will include a Great Lakes Museum, a market, a public plaza, hotel and mixed use development.

ESDC is governed by a nine member board of directors, all appointed by the Executive and is managed by a president and CEO appointed by the Executive. ESDC's operations are supported by revenues generated from its housing and real estate portfolio, bond proceeds, fees for service and other investments. According to ESDC's financial statements, the Corporation projects operating revenue of $819 million for the year ending March 31, 2008, an increase of $25 million over the prior year. The excess of revenue over expenses for the most recent fiscal year, 2007-08, was $89.3 million. The Corporation does not need State authorization through the budget process to spend these revenues. Additional funding for ESDC is provided from the State's General Fund.

Budget Proposal:

ESDC would become the sole economic development agency under the Executive's proposal to eliminate the Department of Economic Development (DED), and the Foundation for Science, Technology and Innovation (NYSTAR), and these two agencies' core programs would be transferred to ESDC (Part EE. S. 59).

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $254.1 million includes $51.3 million for ESDC programs; $18.3 million for programs transferred from DED; and $31.6 million for programs transferred from NYSTAR. The adjusted totals in the table for SFY 2008-09 on the prior page include the transfer of appropriation authority from DED and NYSTAR to ESDC.

The Executive requests $18.8 million to support ESDC operations, of which $8.8 million is for personal service associated with 116 additional FTEs, an average allocation of $75,900 per FTE, $13,400 more than the average for a State worker. The balance, $10 million is for nonpersonal and operating expenses including lease costs. The Corporation reports that for the year ending March 31, 2008, general and administrative expenses for ESDC, not including its subsidiaries, were $59 million. ESDC's budget will support 364 full-time equivalent (FTE) staff positions.

<u>Funding for ESDC programs:</u>

The SFY 2009-10 Executive Budget proposal includes funding at prior year's levels with the **two percent reduction** for the following "core" ESDC statutory programs:

- $31.2 million for the Economic Development Fund (EDF), which provides capital, wireless, infrastructure and training grants to smaller companies as well as municipalities;
- $3.4 million for the Urban and Community Development Fund;
- $3.4 million for the Minority and Women-Owned Business Development program; and
- $490,000 for the Entrepreneurial Assistance Program (EAP).

Funding is maintained at prior year's levels for the following programs;

- $6.9 million for Centers of Excellence operating support/ Each of the six designated Centers would received $1.2 million:
- $980,000 for military base retention;
- $3 million (contract expires 2013) for the Buffalo Bills Stadium;
- $1 million (contract expires 2011) for SUNY Buffalo, Krabbe Disease Research Center operations;
- $1 million (contract expires 2011) for SUNY Albany Institute for Nanoelectronics Discovery and Exploration (INDEX) operations.

The SFY 2009-10 Executive proposal includes funding for a new $50 million Growth, Achievement and Investment Strategy Fund (GAINs) that would provide capital or operating grants or loans. The funding would be targeted towards investments in businesses in the manufacturing, financial services, agribusiness, high technology and biotechnology industries. The language proposed is not specific with respect to the structure of the program and does not explicitly tie the funding to job creation goals. Requirements and criteria for the program would be established by ESDC (Part CC, S. 59).

The SFY 2009-10 Executive proposal eliminates support for all Legislative additions totaling $7 million that were included in the SFY 2008-09 Adopted Budget.

<u>Funding for DED programs:</u>

The SFY 2009-10 Executive Budget proposal maintains funding for the following DED programs:

- $1.5 million for the International Trade Program, a reduction of $2 million;
- $11 million for the I ♥ NY tourism promotion program, a reduction of $6 million;

- $4.2 million for local tourism matching grants, a reduction of $1 million;
- $392,000 for the Gateway Information Centers at Beekmantown and Binghamton ($400,000); and
- $1.2 million for the Small Business Pollution Prevention and Environmental Compliance Assistance Program.

The SFY 2009-10 Executive Budget proposal eliminates funding, totaling $8.3 million for the Business Marketing Program and the Explore New York tourism promotion matching grants program and DED's Legislative initiatives.

Funding for NYSTAR programs:

The SFY 2009-10 Executive Budget proposal provides funding for the following DED programs:

- $2.7 for the Faculty Development Program, a reduction of 33 percent of the historical funding level of $4 million;
- $2.9 million for the Technology Transfer Incentive Program, a reduction of 27 percent of the historical funding level of $4 million;
- $343,000 for the Science and Technology Law Center;
- $3.8 million for the Regional Technology Development Centers (RTDCs). These centers also receive additional funding through the Federal MEP program;
- $9.6 million for the Centers for Advanced Technology (CATs), a reduction reflecting a 20 percent decrease in funding for 13 currently designated centers and elimination of operating support for two CATs;
- $2 million for Focus Center operations, a reduction of $3 million;
- $599,000 for the Emerging Industries Alliance;
- $5.2 million for contracts to provide matching funds in support of Federal grants to research institutions throughout the State.

The SFY 2009-10 Executive Budget proposal eliminates funding for all legislative initiatives funded through NYSTAR. In addition, the proposal eliminates operating funds for the College Applied Research Centers (CARTs) at Marist College and CUNY Staten Island. The designation for both CARTs has expired.

The Executive proposes phasing out funding for the CAT program by letting the Center's designations expire. The following table shows each CAT and the date when its designation expires:

Designation Expires 2009	
Rensselaer Polytechnic Institute	Automation Technologies and Systems
Stony Brook University	Sensor Research and Development
Designation Expires 2014	
Binghamton University	Integrated Electronics Engineering
City University of New York	Photonics Applications
Columbia University	Advanced Information Management
Cornell University	Life Science Enterprise
Polytechnic University	Telecommunications
Rensselaer Polytechnic Institute	Future Energy Systems
Stony Brook	Medical Biotechnology
Syracuse University	Computer Applications and Software Engineering
University at Albany	Nanomaterials and Nanoelectronics
University of Rochester	Electronic Imaging Systems

Designation Expires 2017	
University at Buffalo	Biomedical and Bioengineering
Designation Expires 2018	
Alfred University	Advanced Ceramic Technology
Clarkson University	Advanced Materials Processing

Capital

The SFY 2009-10 Executive Budget includes $100 million for capital projects and programs, a significant decrease from the $1.285 billion in one-time capital funding included in the prior year.

The Executive proposes legislation (Part DD, S.59) that would require the Senate, Assembly and Executive to identify and eliminate $375 million in unused or low priority capital appropriations. Under this proposal, ESDC and the Dormitory Authority would not be allowed to approve pending capital projects until a three-way agreement on a $375 million capital allocation reduction plan is reached. A significant provision of this section is that of the $375 million, $200 million in capital spending authority would be reprogrammed for economic development purposes or programs not specified in the Executive's proposal.

The Executive proposal provides $50 million for an IBM electronics packaging center and $25 million for Albany Nanotech; however funding for these projects would be contingent on all parties agreeing to a reduction plan as described above.

Additional Article VII Proposals:

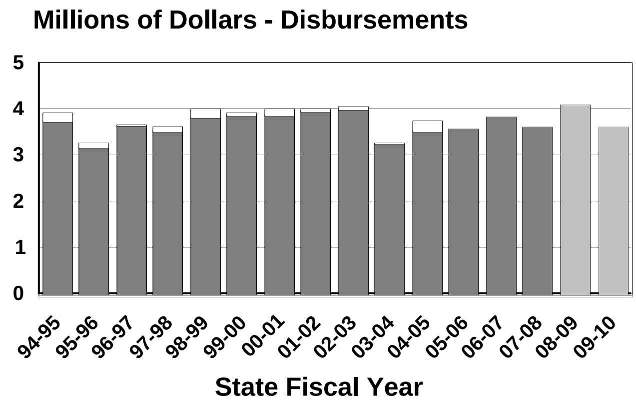
As in prior years, the Executive proposes to make permanent ESDC's power to grant loans, which otherwise would expire under current law on July 1, 2008 (Part X, S.59).

The SFY 2009-10 Executive Budget proposal includes a $60 million sweep to the General Fund of the accumulated balance of payments since 2003 from the Port Authority to UDC. This section would also require that Port Authority payments that would have been paid to UDC through 2023 will instead be remitted to the General Fund (Part BB, S.59).

Senate Finance Contact:
Lilian Kelly ext. 2931

OFFICE OF EMPLOYEE RELATIONS (OER)

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	4,518	3,715	(803)	-17.8%
Special	125	121	(4)	-3.2%
Federal	0	0	0	0.0%
Other	2,949	1,789	(1,160)	-39.3%
Capital	0	0	0	0.0%
Total	7,592	5,625	(1,967)	-25.9%
Cash	4,093	3,623	(470)	-11.5%



Agency Overview:

In accordance with the Taylor Law, the Office of Employee Relations (OER), sometimes called the Governor's Office of Employee Relations (GOER) represents the Governor in collective bargaining with nine public employee unions and also is responsible for implementing and administering the resulting agreements. OER's ongoing initiatives focus on improving the productivity of the State's workforce, workforce skill training, and implementing workforce changes. The Office's major focus for SFY 2009-10 will be continuing collective bargaining negotiations with the State's employee unions.

Budget Proposal:

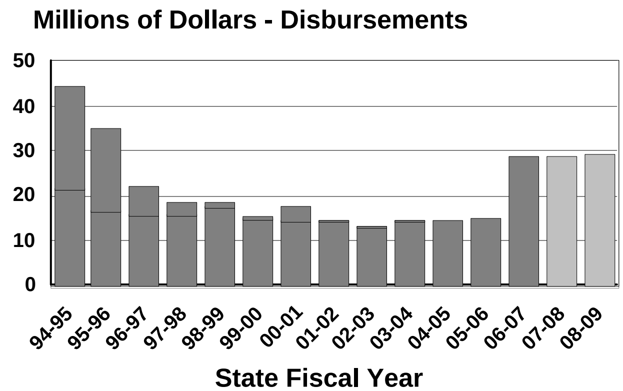
The SFY 2009-10 Executive Budget recommends a decrease of $2.0 million in All Funds appropriations, a 25.9 percent decrease from the prior year. This decrease is due to savings initiatives including consolidating functions and staffing efficiencies and transferring the Workforce & Organizational Development Unit (WODU) positions to the Labor Management Committee. The Executive proposes a staffing level of 51 full-time equivalent (FTE) positions, a decrease of five from SFY 2008-09. Currently four employees have retired with another retirement anticipated in SFY 2009-10.

Senate Finance Contact:
Marcie Sorrentino ext. 2820

ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	0	0	0	0.0%
Special	18,004	16,230	(1,774)	-9.9%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	13,500	13,500	0	0.0%
Total	31,504	29,730	(1,774)	-5.6%
Cash	27,054	29,560	2,506	9.3%



Agency Overview

Established in 1975 to initiate the development of new energy technologies and to foster innovative solutions to the State's energy needs, the Energy Research and Development Authority (ERDA) funds projects selected on a competitive grant basis to promote applied research. The grants are financed primarily through assessments on gas and electric utilities. The Authority also conducts its own energy research programs. In addition, the Authority manages the former nuclear fuel reprocessing plant at West Valley in Cattaraugus County and the Saratoga Technology and Energy Park (STEP). ERDA also issues tax-exempt bonds on behalf of private energy supply companies for capital improvements.

The Full Time Equivalents for ERDA are anticipated to be 270 during SFY 2009-10. This is an increase of 13 positions from SFY 2008-09.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends an All Funds decrease of $1.8 million from the prior year. Cash disbursements in SFY 2009-10 are expected to increase $2.5 million over SFY 2008-08 since ERDA did not receive the anticipated pay as you go capital contribution for West Valley from the Federal Government in SFY 2008-09. The Executive anticipates that the full Federal contribution for West Valley of $12.2 million will be received this year.

Off-budget Spending and Revenue Programs:

The vast majority of ERDA's sources and uses of revenues come from imposed fees, assessments, contributions, lease rentals and interest, bond proceeds and hidden taxes and fees. Chief amongst these taxes are the System Benefits Charge, the Energy Efficiency Portfolio Standard, the Renewable Portfolio Standard and Regional Greenhouse Gas Initiative offsets. These resources and associated spending programs are totally outside of the State Budget process, and thus are not held to normal accountability, transparency, and policy development standards.

ERDA’s total revenues for its upcoming fiscal year, which ends on April 1, 2010, are estimated at $568.5 million, an increase of $89.9 million, or 19 percent, over its current fiscal year. The Systems Benefit Charge is anticipated to generate $174.2 million in revenues, a $2 million increase from the previous year. The revenue estimate from the Energy Efficiency Portfolio Standard is $85.1 million. The Renewable Portfolio Standard is estimated to provide $90.8 million, which is $23.5 million more than 2008. The Regional Greenhouse Gas Initiative (RGGI) is scheduled to collect $115 million in new carbon offset charge revenues. This is the first year that RGGI offset revenues are estimated to be assessed and collected.

ERDA is expected to disburse all of its resources during its 2009-10 fiscal year.

Article VII Legislation:

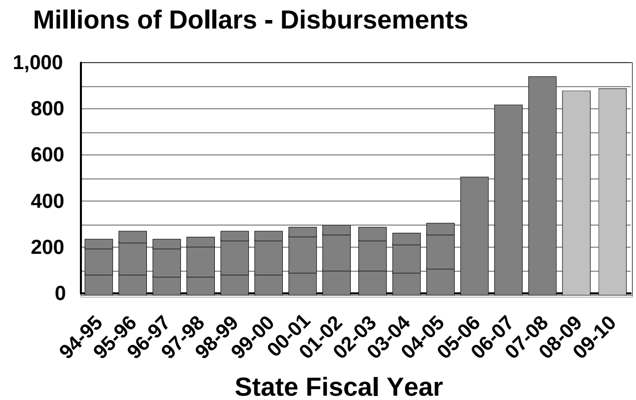
The Executive again proposes Article VII language to authorize ERDA to make a $913,000 payment to the General Fund from unrestricted corporate funds. The Legislature consistently authorizes this payment.

In addition, the Executive proposes to re-authorize assessments on intrastate gas and electric utility revenues (18-a assessments) to fund ERDA’s proposed $16.2 million on-budget research and development and energy analysis functions.

Senate Finance Contact:
Steven Taylor ext. 2747

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	161,439	144,596	(16,843)	-10.4%
Special	298,703	280,391	(18,312)	-6.1%
Federal	68,440	64,400	(4,040)	-5.9%
Other	60	60	0	0.0%
Capital	638,809	586,234	(52,575)	-8.2%
Total	1,167,451	1,075,681	(91,770)	-7.9%
Cash	883,502	891,394	7,892	0.9%



Agency Overview:

The Department of Environmental Conservation (DEC) is responsible for conserving, improving and protecting the State's natural resources and environment. The DEC also works to control water, land and air pollution in order to enhance the health, safety and welfare of all New Yorkers. In addition, the DEC plays a major role in the continued implementation of the Environmental Protection Fund (EPF), the 1996 Clean Water/Clean Air Bond Act and the State's Superfund/Brownfields Program.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriation of $1.075 billion, a decrease of $91.7 million or 7.9 percent below SFY 2008-09. The Executive recommends an agency workforce of 3,506, a reduction of 240 positions.

State Operations:

The SFY 2009-10 State operation General Fund decreases by $16.8 million through attrition of 240 positions; reductions in contractual services and agency vehicle fleets; and elimination of Aid to Localities legislative appropriations of $8.4 million.

The Executive also recommends an $18.3 million reduction in Special Revenue-Other funds which includes the elimination of the State pheasant farm and reductions in waste tire and oil spill contracts.

Capital:

The Executive recommends a net decrease in All Funds Capital appropriations of $52.5 million due a $50 million reduction to the Environmental Protection Fund; $3 million reduction to the Hazardous Waste Remedial Fund; and $4 million reduction to the Federal Capital account. Such reductions are offset by a $15.2 million increase in the General Fund Capital Projects Account.

Fee Increases:

The SFY 2009-10 Executive Budget includes Article VII new fee and fee increases as follows: increases State Pollutant Discharge Elimination System fees (SPDES) for private, commercial and institutional, industrial and stormwater facilities; establishes a new marine fishing license of $19; establishes a trout and salmon stamp of $10; and increases tuition at DEC education camps from $250 to $325 (see Summary of Agency Spending for DEC fee chart).

Environmental Protection Fund (EPF):

The Executive recommends an appropriation of $205 million for programs supported by the EPF. This is a $50 million reduction from the $255 million appropriated to the EPF in SFY 2008-09. The EPF has been traditionally supported by revenues from the Real Estate Property Tax (RETT), sale or lease of State property and by EPF interest earnings. The Executive recommends transferring $157 million in RETT support to the General Fund and substituting such revenues with $118 million generated from an expanded Bottle Bill. Under the Executive's new EPF revenue formula, the EPF would be supported by $80 million from the RETT, $118 million from an expanded Bottle Bill and the remainder through State property sales, leases and interest earnings.

The Executive recommended EPF funding reductions will reduce or eliminate funding for many programs including, elimination of funding for zoos, botanicals and aquaria; a reductions of $1.1 million for the Finger Lakes, Lake Ontario Watershed program and a $12.5 million reduction in farmland protection.

Article VII Legislation:

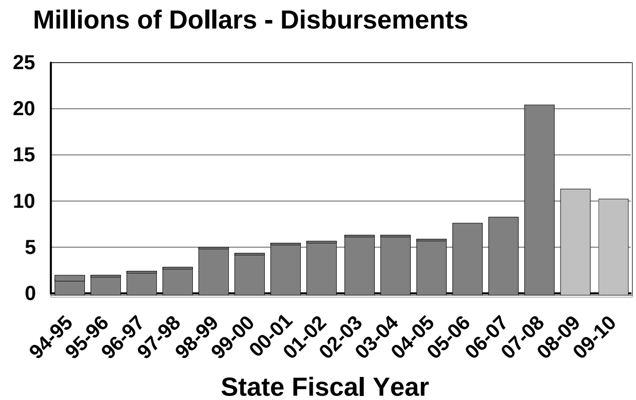
The SFY 2009-10 Executive Budget proposal includes legislation to expand the State's Returnable Container Act, also known as the Bottle Bill, to include non-carbonated beverage containers. The proposal is expected to generate $118 million in SFY 2009-10 and is recommended to support the programs funded through the EPF.

In addition, the Executive is recommending the following; eliminating the Hudson River Valley Greenway Communities Council and the Hudson River Valley Greenway Heritage Conservancy and transferring liabilities, assets and responsibilities of those entities to the Department of State; and eliminating the Northeastern Queens Nature and Historical Preserve Commission.

Senate Finance contact:
Richard C. Mereday ext. 2934

ENVIRONMENTAL FACILITIES CORPORATION

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	14,536	13,031	(1,505)	-10.4%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	343	343	0	0.0%
Total	14,879	13,374	(1,505)	-10.1%
Cash	11,417	10,272	(1,145)	-10.0%



Agency Overview:

The Environmental Facilities Corporation (EFC) is a public benefit corporation established to help local governments, State agencies and private industry comply with State and Federal environmental laws and regulations. The EFC works with these entities to design, construct, operate and finance air pollution control, drinking water, wastewater treatment, and solid and hazardous waste disposal facilities.

The EFC administers the Clean Water State Revolving Loan Fund Program, a subsidized reduced interest-rate loan program for the construction and improvement of municipal wastewater treatment plants. In conjunction with the Department of Health, the EFC administers the Safe Drinking Water State Revolving Loan Fund Program which provides reduced rate interest loans to communities for the financing of safe drinking water projects. Federal funding is provided for these programs, with State matching funds provided from the Clean Water/Clean Air Bond Act.

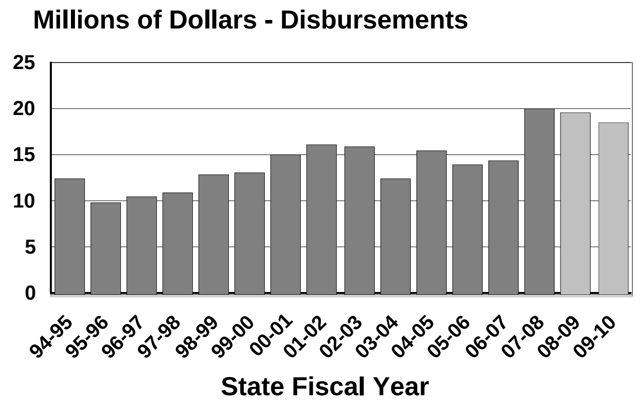
Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $13.4 million, a decrease of $1.5 million from SFY 2008-09 reflecting the attrition of three positions and reductions in supplies and materials expenditures.

Senate Finance Contact:
Richard C. Mereday ext. 2934

EXECUTIVE CHAMBER

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	21,476	20,397	(1,079)	-5.0%
Special	100	100	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	21,576	20,497	-1,079	-5.0%
Cash	19,577	18,605	(972)	-5.0%



Agency Overview:

The Executive Chamber, or Office of the Governor, includes the immediate staff necessary to assist the Chief Executive in managing the State of New York.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $20.5 million, a decrease of $1 million or five percent from current levels. The five percent reduction in the Chamber’s budget is comprised of the following:

Personal service decrease of $422,000 to reflect the loss of five full time equivalent positions.

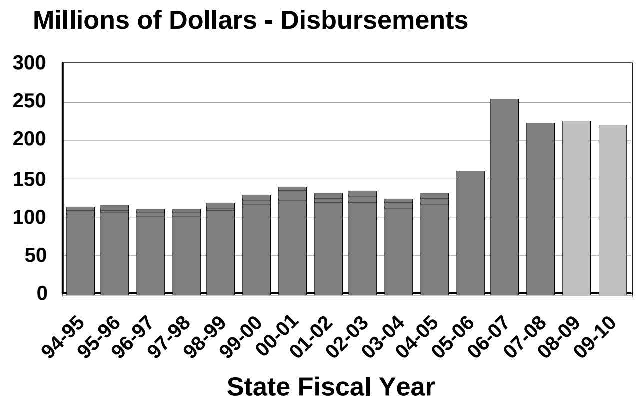
Nonpersonal service decrease of $657,000 for diminished utilization of contractual services.

Senate Finance Contact:
Lauren King ext. 2935

OFFICE OF GENERAL SERVICES

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	163,577	148,457	(15,120)	-9.2%
Special	23,532	22,127	(1,405)	-6.0%
Federal	8,230	8,230	0	0.0%
Other	232,540	612,820	380,280	163.5%
Capital	83,140	98,000	14,860	17.9%
Total	511,019	889,634	378,615	74.1%
Cash	225,710	221,551	(4,159)	-1.8%

Appropriations and Spending (Thousands of Dollars)



Agency Overview:

The Office of General Services (OGS) provides a wide array of support services for New York State government. The Office is responsible for the operation, maintenance and renovation of 54 State-owned and operated buildings and 76 ancillary facilities statewide. In addition, OGS offers centralized contracting for commodities, services and printing, space planning and leasing, parking management and interagency mail and courier service.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $889.6 million in SFY 2009-10, an increase of $378.6 million or 74.1 percent from current levels.

Proposed cash spending decreases by $4.1 million or 1.8 percent for a total of $221.5 million in SFY 2009-10.

General Fund:

The Executive proposes a General Fund **decrease** of $15.1 million which results from the following actions:

- Transfer funding for 103 full time equivalent positions from OGS to the newly created Office of Procurement Services. ($7.6 million)
- Eliminate funded vacancies and optimize administrative staffing procedures for a reduction of 175 full time equivalent positions. ($4 million)
- Continue implementation of SFY 2008-09 savings initiatives which focus on travel restrictions and management efficiencies. ($2 million)
- Reduce the Office’s use of contractors and diminish materials and supplies as a result of personnel loss. ($1.5 million)

Special Revenue Funds:

The Executive proposes a $1.4 million decrease in Special Revenue funding resulting from continuation of SFY 2008-09 savings initiatives aimed at increasing management efficiencies and restricting travel across program areas.

Other Funds:

The Executive Budget includes an increase of $380.3 million in Proprietary Funds. The majority of this increase is in augmented Internal Service funding ($400 million) which is offset by the elimination of a $20 million appropriation for statewide aggregate purchasing. These funds are no longer necessary as procurement functions are being transferred from OGS to the new Office of Procurement Services.

There is a recommended Internal Service Fund increase of $400 million for the Real Property Management and Development Division to enable consolidation of the majority of State lease payments under OGS which intends to aggressively audit current leases to identify unnecessary costs. The SFY 2009-10 Executive Budget includes $15 million in the Financial Plan to reflect savings achieved through lease audits, relocations from leased space to State space and negotiated lease terms and improvements.

Capital Projects:

There is an increase of $14.9 million in capital projects appropriations. The majority of this increase ($13.3 million) results from a focus on sustainable projects, examples of which include green roofing, solar panels, wind and water turbines as well as other energy-efficient building concepts. OGS continues to preserve and maintain the Empire State Plaza, the State Capitol and other agency facilities statewide.

Article VII Proposal:

The Executive proposes to create the Office of Procurement Services to act as the official procurement entity for the State of New York. The Office would focus on ensuring purchasing best practices, leveraging aggregate buying opportunities, standardizing the State's procurement process, maximizing the use of technology to reduce procurement time, and setting policies to enhance diversity among the State's vendor pool. Creation of this new Office effectively removes procurement responsibilities from OGS.

Additionally, the position of Chief Procurement Officer would be established. The Chief Procurement Officer would serve as the director of this agency and oversee the 102 full time equivalent positions which would be transferred to the Office for Procurement Services from OGS. General Fund appropriations of $7.6 million are shifted from OGS to the Office for Procurement Services to fund its employees and functions.

Several states, including Georgia, Pennsylvania, Minnesota, Virginia and Oregon, have created independent procurement offices to encourage strategic procurement practices. It is anticipated that streamlining the procurement process under the auspices of an individual agency will result in future savings to the State.

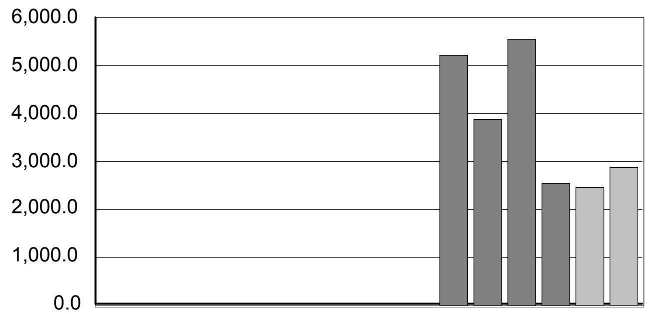
Senate Finance Contact:
Lauren King ext. 2935

GENERAL STATE CHARGES

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	1,774,761	1,948,665	173,904	9.8%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	241,300	211,000	(30,300)	0.0%
Capital	0	0	0	0.0%
Total	2,016,061	2,159,665	143,604	7.1%

Cash	2,469,182	2,879,840	410,658	16.6%

Millions of Dollars - Disbursements



Agency Overview

General State Charges (GSC) include the cost of fringe benefits and certain fixed costs.

Fringe benefits include the following:

- Health Insurance
- Pension Benefits
- Social Security and Medicare taxes
- Workers' Compensation
- Dental, Vision and Other Employee Benefits
- Fringe Benefits for State University of New York (SUNY) Employees

Fixed costs include the following:

- Taxes and other property assessments on State-owned land
- Court of Claims judgments and other litigation costs

GSC appropriations do not fund fringe benefits for employees of the New York State Legislature, the Judiciary, certain positions within the State University of New York or positions funded through Special Revenue Funds.

Budget Proposal

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $2.2 billion, an increase of approximately $144 million from the previous year with cash disbursements increasing by approximately $411 million, allocated as follows:

- Pension funding increase, $63 million (reflects prepays for pension costs)
- Health insurance increase, $154 million
- Social security decrease, ($874,000), assumes savings from elimination of three percent raise
- Fringe benefit offset from special revenue funds, decrease of $160 million
- Medicaid restructuring, $300 million

- Other employee benefits, $14 million

- Fixed costs, $11 million

Article VII

- Self Insurance. Amends the Civil Service Law to authorize the President of the State Civil Service Commission to self insure the New York State Health Insurance Plan (NYSHIP), provided that all benefits mandated under New York State law continue to be available to those insured by NYSHIP. There is no savings associated with this proposal.

- Retiree Sliding Scale. Currently the State pays 90 percent of the premiums for all employees (75 percent for dependents) who retire with at least ten years of service. This proposal would base retiree health insurance payments on a sliding scale, starting with 50 percent for individuals (35 percent for dependents) with ten years service. The State share increases by two percent for each additional year up to a maximum of 90 percent for individuals (75 percent for dependents). The SFY 2009-10 savings for this proposal is **$8 million dollars**.

- Medicare Part B. The State currently pays 100 percent of the Part B premium for employees and retirees. This proposal would require employees and retirees to pay a share of the Part B premium. The **SFY 2009-10 savings for this proposal is $30 million.**

- Salary Increases. This proposal eliminates negotiated wage increases scheduled to take effect on or after April 1, 2009. The SFY 2009-10 savings for this proposal is **$180 million**.

- Pension Reform. Creates Tier V of the New York State Pension plan. There is also a separate proposal to create Tier V of the New York City uniformed employees pension plan. SFY 2009-10 savings for this proposal is **$10 million**.

- Salary Deferral. State employees, including those employed by Executive agencies, the Legislature, statutory or contract colleges, nonjudicial officers and employees of the Judiciary, would have five days of salary deferred until April 1, 2011. The SFY 2009-10 savings for this proposal is **$121 million**.

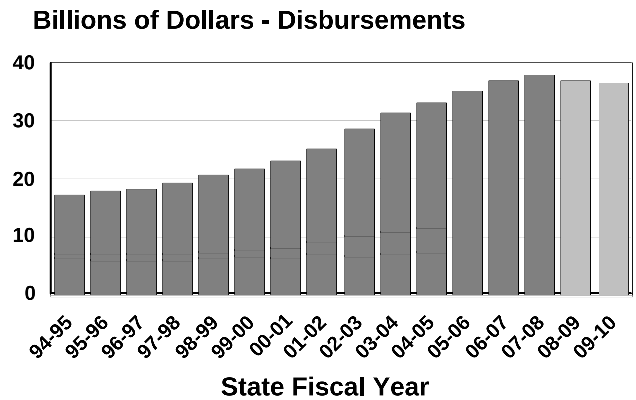
- Taxes on State Owned Lands. This proposal would freeze tax payments remitted by the State to local governments in SFY 2009-10 at SFY 2008-09 levels and would provide for a six percent reduction in State payments in lieu of taxes. The SFY 2009-10 savings for this proposal **is $9 million dollars**.

- Interest on Court Judgments. This proposal would accrue interest on Court judgments against the State at market rates with a nine percent cap as opposed to the current statutory rate of nine percent.

Senate Finance Contact:
Peter Drao ext. 2918

DEPARTMENT OF HEALTH

Appropriations and Spending (Millions of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	13,097	12,037	(1,060)	-8.1%
Special	6,967	7,692	725	10.4%
Federal	28,742	29,604	862	3.0%
Other	1,771	0	(1,771)	-100.0%
Capital	278	351	73	26.3%
Total	50,855	49,684	(1,171)	-2.3%
Cash	37,023	36,666	(357)	-1.0%



Agency Overview:

The Department of Health (DOH) promotes and supervises public health activities throughout New York State and monitors the quality and cost effectiveness of medical care provided to State residents. The Department also coordinates Medicaid policy and program administration. The Department is comprised of the Office of Medicaid Management, the Office of Managed Care, the Office of Continuing Care, the Office of Public Health and the Office of Health Systems Management. The Department's regional staff conducts health facility surveillance, public health monitoring and direct services, and oversees county health department activities. In addition, the Department is responsible for five health care facilities, including Helen Hayes Hospital and four veterans' nursing homes in Montrose, Oxford, New York City and Batavia.

Budget Proposal:

The SFY 2009-10 Executive Budget provides $49.68 billion in All Funds appropriations to the Department of Health, a decrease of $1.17 billion or 2.3 percent from current levels. This decrease is primarily attributed to the elimination of $1.7 billion in appropriation authority from fiduciary funds, and decreased General fund authority related to the proposed deficit reduction plan. The appropriation decreases are offset by increases in appropriation authority for the Medicaid program.

Medicaid and HCRA:

The Federal government requires that each State have a primary agency for Medicaid administration purposes. Prior to the SFY 2008-09 Executive Budget, only the Federal Medicaid funding for the Office of Mental Hygiene (OHM), the Office of Mental Retardation and Developmental Disabilities (OMRDD) and the Office of Alcohol and Substance Abuse Services

(OASAS) was appropriated within the Department of Health's budget. In an effort to reflect the total State spending for the Medicaid program, the SFY 2009-10 Executive Budget continues to appropriate the State share of Medicaid spending from OMH, OMRDD, and OASAS, in the Department of Health's Budget.

Recommended State Funds Medicaid spending totals $15.99 billion for SFY 2009-10, which reflects an increase of $578 million or 3.89 percent.

The SFY 2009-10 Executive Budget recommends General Fund Medicaid spending totals of $9.77 billion, a decrease of $404 million or four percent from the current fiscal year. The decrease reflects cost containment measures which reduce baseline spending growth. Absent any cost containment proposals, projected baseline Medicaid spending for SFY 2009-10 would be $10.8 billion or $1.8 billion over the current fiscal year.

Cost Containment:

The SFY 2009-10 Executive Budget includes health care containment measures that would result in State savings of $3.5 billion, including $1.67 billion in savings as a result of the implementation of the proposed Deficit Reduction Plan.

For ***Hospital and Ambulatory Care Services,*** the SFY 2009-10 Executive Budget includes several restructuring and reallocation actions that would result in $699.7 million in State savings.

The SFY 2009-10 Executive Budget once again proposes to change the way rates paid to hospitals for inpatient services are calculated. The goal of the Executive's proposal is to develop a system that would be "straightforward and transparent, while providing high quality and cost-effective care in the right setting" In other words, the SFY 2009-10 Executive Budget proposes to shift Medicaid funding from higher cost inpatient settings to less costly primary care types of services.

The SFY 2009-10 Executive proposes to change the Medicaid inpatient rate resulting in $151.2 million in State savings. Under the proposed reimbursement methodology for hospital inpatient services, rates would be calculated as follows:

- Updated methodology for calculating the rates would be based on cost reports from 2005 trended forward to 2007, instead of the 1981 cost reports that are currently being used;
- The rate paid to hospitals for inpatient services would also be adjusted to factor in the severity of a patient's illness:
- The formula for the distribution of Graduate Medical Education (GME) funding would be updated; and
- The rates paid to hospitals for inpatient services would still include capital costs.

The SFY 2009-10 Executive Budget includes additional costs saving measures for hospitals, which would result in $20.7 million in State savings. These include:

- $16.3 million State savings by accelerating the implementation of the reduction of the Medicaid rate for inpatient Detoxification services from four years to two years;
- $2.1 million State savings by reducing the Medicaid rates paid to hospitals for medically supervised detoxification services;
- $1.4 million State saving by establishing a prior authorization process for inpatient admissions to ensure medical necessity for procedures performed; and

- $900,000 in State savings by Implementing an all patient refined diagnostic related groups (APR DRG's), which is a new reimbursement methodology that better defines the intensity of services provided.

As part of the SFY 2009-10 Executive proposal to reform the reimbursement rates paid to hospitals for inpatient services, allocations for the Graduate Medical Education (GME) funds would be redirected to the indigent care pools for those teaching hospitals that serve the uninsured population in New York State. The redirection of GME funds to the indigent care pool would result in State savings of $141.3 million.

Finally the deficit reduction plan includes $535.3 million in cost saving measures for hospitals including: eliminating trend factor increases; implementing across the board rate reductions; and eliminating various grant programs.

The SFY 2009-10 Executive Budget proposes to reinvest $148 million in States funds for services and programs with a focus on primary care and ambulatory care. Building on the reimbursement reforms for primary care and ambulatory care services included in the SFY 2008-09 Enacted Budget, the SFY 2009-10 Executive Budget provides $41 million in State funds to increase the ambulatory patients group (APG's) method of outpatient services reimbursement for clinics, emergency rooms and hospital outpatient departments.

In addition to the increased funding for the primary care APG rates for outpatient services, the SFY 2009-10 Executive Budget establishes new APG rates for outpatient services for clinics overseen by the Office of Alcohol and Substance Abuse (OASAS), Office of Mental Health (OMH), and Office of Mental Retardation and Developmental Disabiltities (OMRDD), and includes $3.8 million in State funding.

The SFY 2009-10 Executive Budget provides $3.7 million in increased State funding to clinics and primary care physician practices that implement a "Medical Home" program that offers patient centered care. Under this program, enhanced funding would be provided to those primary care practices that offer enhanced services, such as case management services to individuals, especially those with severe and chronic illness.

The SFY 2009-10 Executive Budget proposes enhanced State funding of $5.8 million to community based clinics to encourage coordinated and comprehensive primary care services, such as smoking cessation counseling, referrals for substance abuse treatment, and cardiac rehabilitation services.

The SFY 2009-10 Executive Budget provides $10.5 million in State funds and establishes an "in-home crisis services" program, which would provide preventive services for children at risk of being placed in a Psychiatric hospital.

The SFY 2009-10 Executive Budget also includes $1.9 million in State funding to improve access to more community based detoxification services, thereby allowing individuals to avoid treatment from more costly inpatient detoxification services.

The SFY 2009-10 Executive Budget includes $75 million in State funding to assist hospitals as they transition to the new inpatient Medicaid reimbursement system. These transition funds would be provided to hospitals to enable them to adjust their operations to reflect a healthcare system that has shifted its focus to primary care. In order to be eligible for funding, hospitals would be required to submit a board certified plan, detailing how each hospital would reorganize their operations.

In addition to the reinvestment of State funds for ambulatory care, the SFY 2009-10 Executive Budget includes $ 7.1 million in State funds for increased physician fees. Phased in over a four year period, the rate paid to physicians for services would be increased to reflect 75 percent of the Medicare fee schedule. This increased funding represents the second year of the four year implementation plan.

For ***Pharmaceuticals***, the SFY 2009-10 Executive Budget recommends $111.4 million in State savings, including $25.2 million which is attributed to the deficit reduction plan. The proposed reductions include:

- Modifying the supplemental rebate program. Under this proposal New York State would no longer participate in the "National Medicaid Pooling Initiative", but would instead negotiate more favorable supplemental rebate payments directly with each manufacturer. This proposal would resulting in State savings of $1.8 million;
- Requiring Physicians to first prescribe effective lower cost drugs before prescribing higher cost alternative drugs. This proposal would result in $600,000 in State savings;
- Improving the prior authorization process to limit the quantity and frequency that certain drugs, especially those drugs that experience high incidences of fraud and abuse, are dispensed to Medicaid patients. This proposal would result in $9.4 million in State savings;
- Establishing a drug utilization review process for psychotropic drugs provided to patients under the Medicaid program. This proposal would result in State savings of $1.8 million.
- Allowing the Medicaid program to deny payment for a prescribed drug if it is determined that the drug is not medically necessary. This proposal would result in State savings of $2 million;
- Providing incentives for precribers and pharmacists that use an e-prescribing system to electronically send and receive prescriptions. Consistent with proposals being developed throughout the United States, this proposal would lead to greater healthcare as a result of reductions in erroneous prescribing of medication to patients. This proposal would result in State savings of $1.3 million;
- Requiring health care professionals to prescribe brand name drugs when those drugs are less expensive than the generic equivalent. This proposal would result in State savings of $1.8 million;
- Reducing the pharmaceutical reimbursement rates paid to HIV specialty pharmacies in order to be consistent with the reimbursement rates paid to all other pharmacies under the Medicaid program. This proposal would result in State savings of $300,000;
- Eliminating the Medicare Part D wrap-around drug coverage for the Elderly Pharmaceutical Insurance Coverage Program (EPIC) and Medicaid program, for dual eligible individuals. Currently, New York State provides drug coverage under these two programs for individuals whose prescriptions drugs are not provided under the Medicare Part D prescription drug program. Under the Executive's proposal pharmaceutical reimbursement for dual eligible individuals would be limited to those provided under the Medicare Part D drug program. This proposal would result in State savings of $52.7 million;
- Requiring all individuals enrolled in the EPIC program to enroll into the Medicare Part D prescription drug program regardless of whether or not these individuals would be

subjected to additional out of pocket expenses. Currently enrolling in the Medicare Part D prescription drug program is optional for EPIC enrollees. In addition, all eligible EPIC individuals would be required to enroll in the Medicare Part D prescription Drug program. These two proposals would result in State savings of $13.5 million;

- Eliminating pharmacy reimbursement under the EPIC program, for lifestyle drugs such as those used for cosmetic enhancements. This proposal would result in State savings of $100,000;
- Authorizing EPIC reimbursement for pharmaceuticals obtained through out of State mail order providers. This proposal would result in State savings of $900,000.

Finally, the deficit reduction plan includes $25.2 million in cost saving measures for pharmaceuticals including: reducing the reimbursement rates paid to pharmacies for prescription drugs; and expanding the preferred drug program.

The SFY 2009-10 Executive Budget provides State funding for initiatives which would lower the cost of prescription drugs for eligible seniors. These initiatives include: reduced fees for those EPIC enrollees with incomes at or below 150 percent of the federal poverty level (FPL), resulting in State costs of $10 million; and increased funding to local area agencies and community based organizations, who assist EPIC seniors in maximizing the use of the Medicare Part D prescription drug program, for State costs of $2 million.

Under ***Managed Care***, the SFY 2009-10 Executive Budget proposes $83.7 million in cost savings measures, including:

- Capping the premium amount paid to managed long term care plans for administrative costs. The amount of the premiums paid to these plans for administrative costs would be capped at the Statewide average. This action would result in State savings of $8.3 million;
- Capping the marketing expenses for the child health plus (CHP) program, the family health plus (FHP) program, and Medicaid managed care program to the Statewide average cost. Capping the marketing expenses of these programs would result in State savings of $18.5 million;
- Shifting the rate setting authoring for the CHP program from the Department of Insurance to the Department of Health. Currently, the Department of Health has the authority to set the rates for all other manage care programs under the Medicaid programs except the CHP program. Allowing the Department of Health to set the rates for the CHP program would enable that program to have rates consistent with other Medicaid managed care programs. This proposal would result in State savings of $26.1 million;
- Increasing the co- premiums paid by families participating in the CHP program. Under this proposal, the fees would increase so that a family of four with an annual income of $84,000 would be required to pay $1,800 per year in co-premiums. This increased fee would result in additional State revenues of $16.3 million;
- Maximizing Federal financial participation for family planning services provided under the Medicaid managed care plan. Under this proposal, New York State would pursue enhanced Federal reimbursement of 90 percent for family planning services provided to those individuals enrolled in a Managed care plan. This action by the State would result in State savings of $10.3 million;
- Establishing monthly co-premiums for the Medicaid Buy-in program which would be

paid by the working disabled. This monthly co-premium would range from $25 to $75 monthly. This increased fee would result in additional State revenue of $300,000;

- Requiring mandatory enrollment of those individuals dually eligible for Medicaid and Medicare into managed care plans that participate in both of the health insurance programs. This proposal would result in State savings of $3 million; and
- Requiring managed care plans to provide personal care services as part of the benefit package, which would result in more coordination of community long term care. This proposal would result in State savings of $900,000.

For ***home care services***, the SFY 2009-10 Executive Budget proposes $189.4 million in cost saving measures, including $142.3 million attributed to the proposed deficit reduction plan. The Executive proposes to reform the way Medicaid rates are paid for home care services, in order to develop a pricing system which is based on patient care needs. The proposed Medicaid reimbursement system for Home care would replace a current system that includes: provider specific rates which are based on cost reports; and does not include incentives to control actual costs; and various rate add-ons. The current reimbursement system excludes quality incentive measures. Components of the proposed reimbursement system include: a Statewide base rate; per episode payment; regional wage index; quality incentives; and patient needs assessment. Reform of the Medicaid reimbursement system for home care services would result in State savings of $37.6 million.

As part of the reimbursement reforms for home care services, the SFY 2009-10 Executive Budget proposes to reinvest $9.5 million in State funds on initiatives which would improve the quality of home care services provided in New York State. The proposed initiatives include:

- Establishing a quality incentive pool, which would provide incentive grants to those home care providers that offer improved quality of care to their patients. The Executive includes $2.5 million in funding for this proposal;
- Establishing long term care (LTC) assessment centers across the State, which would assist eligible individuals in obtaining appropriate home care services. The Executive includes $1 million in State funds for these centers;
- Establishing a "cash and counseling" demonstration program, which would allow elderly and disabled consumers who receive personal assistance services the option of directing all aspects of their own care. The Executive includes $1 million in State funds for this demonstration program; and
- Developing a Statewide uniform assessment tool for home care services. The uniform assessment tool would ensure that all patients are provided appropriate and quality home care services, using the same standards of determination. The Executive includes $5 million in State funds for this project.

The SFY 2009-10 Executive Budget also imposes a 0.7 percent gross receipts tax on all providers of home care services, including: personal care agencies; certified home health agencies; and long term home health care agencies. This assessment on home care services would result in $19.1 million in additional State revenues.

Finally, the deficit reduction plan includes $142.3 million in cost savings measures attributed to home care services including: elimination of trend factor increases; across the board rate reductions; and capping the reimbursement of administration services.

For ***nursing homes services,*** the SFY 2009-10 Executive Budget includes $420.2 million in cost saving measures, including $252.4 million which is attributed to the proposed deficit reduction plan. The Executive proposes to reform the Medicaid payment structure for nursing home services. As part of the SFY 2005-06 Enacted Budget the methodology for calculating the Medicaid rates for nursing home services was updated to incorporate more recent data. Components of the 2005 nursing home rebasing proposal included: costs using the 2002 base year instead of the 1983 base year; hold harmless provisions for facilities negatively impacted by the new base year; non-Medicaid cost factors; and various rate add-ons aimed at addressing facility needs to provide specific types of care. This rebasing proposal was to be implemented over a three year period, and was estimated to provide $600 million ($300 million State share) in additional funding to nursing homes across New York State.

The SFY 2009-10 Executive Budget includes a proposal that would once again change the methodology for calculating Medicaid rates for nursing home services. Under the Executive's proposal components of Medicaid rates paid for nursing home services would include: a pricing methodology based on regions; data from 2005 cost reports trend forward to 2007; and incentives that shift the focus of service to quality of care. This new methodology would result in State savings of $175.8 million.

The SFY 2009-10 Executive Budget also includes other cost savings measures for nursing homes including:

- Phasing out 6,000 nursing home beds over a five year period. Under this proposal, New York State would shift its long term care resources to less costly and appropriate type of community based care, such as the assisted living program. This proposal would result in State savings of $8.7 million;
- Reducing the Medicaid rates paid for assisted living programs, for a State savings of $1.7 million;
- Reducing the Medicaid rates paid for AIDS nursing home services, for a State savings of $5 million;
- Eliminating the payments made to nursing homes to hold a bed open in the event of a patient temporary hospitalization. This proposal would result in State savings of $10.8 million; and
- Reducing payments made to nursing homes for lower acuity patients, for State savings of $5.3 million.

As part of the Executive's proposal to reform the Medicaid payments for nursing home services, the SFY 2009-10 Executive Budget proposes to reinvest $39.5 million in funding for nursing home initiatives as follows:

- Establishing the Nursing Home Quality Incentive Pool, which would provide incentive grants to those nursing home providers that provide improved quality of care to their patients. The SFY 2009-10 Executive Budget includes $25 million in State funding for this program;
- Phasing in over a five year period, 6000 assisted living beds. In an effort to "right-size" the nursing home system and shift the State's resources to lower cost and appropriate community based care, the 6,000 beds that are being eliminated from nursing homes would be transferred to assisted living programs. The SFY 2009-10 Executive Budget includes $3.7 million for this initiative;
- Increasing funding for the financially disadvantaged nursing home pool. Under this proposal, financially disadvantaged nursing homes would be able to apply for

financial assistance, but must submit a comprehensive reorganization plan in order to qualify for funding. The SFY 2009-10 Executive Budget includes $5 million in State funding;

- Establishing a program that provides incentive funding to assist nursing homes in providing care for hard to serve patients, as well as developing initiatives that assist nursing homes in preventing nursing home falls by their patients. The SFY 2009-10 Executive Budget includes $3.3 million in State funding for these initiatives; and
- Establishing the LTC nurse scholarship and loan repayment program. In order to address the shortage of professional nurses in the long term care system, this scholarship and loan repayment program is established to encourage individuals to look at nursing as a career option. The SFY 2009-10 Executive Budget includes $2.5 million in State funding for this program.

Other ***Cost Containment Measures*** provide State savings and include the following: increasing the Medicaid fraud collections target to $820 million, ($125 million); authorizing the Commissioner of Health to establish transportation managers to coordinate Medicaid transportation services, ($9.3 million); eliminating funding for the telemedicine program, ($2 million); reducing funding for the long term care restructuring initiative, ($4.3 million); eliminate funding for the Roswell Park Research Institute's "Anti-tobacco" initiatives, ($14.5 million); capping at ten percent the amount of money that can be kept in a supplemental trust and therefore sheltered from Medicaid recovery, ($500,000); maximizing federal drug rebate program funds to pay for the Aids Drug Assistance Program (ADAP), ($65 million); improving Medicaid utilization management of various services, ($14.7 million); delaying the 53rd Medicaid cycle payment until April 1, 2010, ($400 million); and implementing the deficit reduction plan, ($69.6 million).

<u>Health Insurance Coverage:</u>

The SFY 2009-10 Executive Budget includes several initiatives aimed at further "streamlining" the eligibility process for the Family Health Plus and Medicaid program as well as expanding access to coverage. Upon the implementation of these initiatives, the Executive expects to increase enrollment into the Medicaid and Family Health programs by 14,000 individuals. These changes to the enrollment process include:

- **eliminating current application requirements such as, face to face interviews, finger imaging, and asset requirements;**
- allowing 19 and 21 year old individuals that live alone to enroll into the FHP program;
- allow income eligible public employees to enroll in to the FHP program; and
- increases the eligibility standards for the FHP program to 200 percent of the federal poverty level (FPL). The current eligibility standard is 150 percent of FPL.

The Executive's plan to expand coverage is based on **removing obstacles to enrollment, and removing safeguards against fraudulent activities in the system,** which could result in diverting the State's ever dwindling resources to ineligible individuals.

<u>Insurance Assessments and Other Fees:</u>

The SFY 2009-10 Executive budget proposes the increases of State fees and insurance assessments that would provided $883.2 million in additional revenues, $644.8 million of this would be attributed to the proposed deficit reduction plan. The additional revenues generated from the increased insurance assessment and fees would be deposited to the Health care Reform Act (HCRA) account to offset State Medicaid spending. The Executive proposal for increased insurance fees and assessments are as follows:

- Extend the Insurance industry and the Covered Lives assessments to include out-of-State insurance companies. Under this proposal those insurance companies that are located outside of New York State but provide policies for State residents would have these two assessments applied to the premiums. Applying these two assessments to out-of-State insurance companies would result in additional revenue of $5 million;
- Establish a third-party administrator claims processing fee. The SFY 2009-10 Executive proposal would assess a one dollar per claim fee on those companies that administer self-funded health insurance plans. This proposal would result in State savings of $63.1 million;
- Establish a surcharge on procedures performed by physicians. Similar to the 9.63 percent surcharge imposed on hospitals for services, New York State would now impose a 9.63 percent surcharge on all surgical and radiological services performed by physicians in an ambulatory care setting, such as physician offices, urgent care centers, and ambulatory surgery centers;
- Establish a one percent assessment on the gross receipts of all clinical labs, resulting in $3.4 million in State revenues;
- Increase the biennial physician registration fee from $600 to $1,000. This fee increase would result in $6 million in additional revenues, and be used to support the activities of the Office of Professional Medical Conduct (OPMC).
- Increase the retail tobacco fee. The current fee is $100 annually and the Executive proposes a graduated fee schedule based on the amount of retail sales as follows: $1 million or less in sales, $1,000; $1,000,000 - $9,999,999 or less in sales, $2,500; and $10,000,000 or greater in sales, $5,000. Increasing the retail tobacco fee would result in $18.5 million in additional revenue for SFY 2009-10.
- Financing the Tobacco control and the Early Intervention programs through an increase in the insurance industry assessments. These programs are currently funded through the HCRA account and the General fund. Shifting some of the costs of these programs to the insurance industry assessments would result in $92.6 million in State savings.

The proposed deficit reduction plan includes $644.8 million in increased insurance assessments and fees including an increase in the covered lives assessment.

Public Health:

Early Intervention

The Early Intervention (EI) program provides services to infants and toddlers, up to three years of age, with developmental delays and disabilities. The State provides reimbursement to localities for 50 percent of their EI program costs for non-Medicaid eligible children. EI costs for Medicaid eligible children are financed through the Medicaid program with the State and localities responsible for 50 percent of the costs and Federal funds covering the remaining 50 percent. The SFY 2009-10 Executive Budget recommends $160 million to provide services to an estimated 72,000 children. The Executive also proposes to fund the early intervention program through an increase in the insurance industry assessment, which would provide $20.7 million in additional funding for these services.

The SFY 2009-10 Executive Budget also includes other actions for the EI program including: Establishing EI parental fees, which would range from $25 to $215 per month based on a family's income, resulting in SFY 2010-11 State savings of $27.5 million; Increasing efforts to improve third party insurance by requiring EI providers to directly bill insurance companies, for SFY 2010-11 State savings of $500,000; imposing a fee on providers of EI services, for SFY 2009-10 State savings of $1.7 million; recouping overpayments for EI services made to New York City for State savings of $9 million; and modifying the EI eligibility standards for speech therapy, consistent with national evidence based treatment recommendations, for SFY 2010-11 State savings of $1.7 million.

General Public Health Works (GPHW) Program

The General Public Health Works program provides funding to localities to support programs in the areas of family health, disease control, health education, community health assessment and environmental health. Current State reimbursement to the counties is 36 percent for core and optional services. The SFY 2009-10 Executive Budget includes $202 million to support this program, which is a decrease of $31 million in State support.

The SFY 2009-10 Executive Budget proposes to eliminate the reimbursement for certain optional services provided to local governments. Under the Executive's proposals, local governments would no longer receive reimbursement for less essential programs, such as county emergency medical services, non-public health laboratories, and services provided by medical examiners. The elimination of reimbursement for these services would result in State savings of $16 million. The SFY 2009-10 Executive also includes $15 million in State savings from the recoupment on overpayments made to New York City for GPHW services.

Other Public Health Initiatives

The SFY 2009-10 Executive Budget eliminates the cost of living adjustments for human service providers, resulting in State savings of $16.7 million. In addition, the Executive proposes to extend the authority for the human service agencies COLA to March 31, 2013.

The SFY 2009-10 Executive Budget invests $12.3 million in additional State funds for various public health initiatives, as follows:

- Increase Cancer Screening, $3.2 million;
- Enhance lead poisoning prevention, $2.5 million;
- Community based Obesity Prevention Programs, $1 million;
- Increase funding for food banks, $4.4 million;
- Emergency preparedness funding, $1.2 million;

The SFY 2009-10 Executive Budget eliminates funding for various public health initiatives resulting in State savings of $2.4 million.

The SFY 2009-10 Executive Budget establishes a tax on non-dietetic soft drinks. The Executive claims that this is an effort to reduce the obesity problem that many residents of New York State face, which can lead to illnesses such as diabetes, hyper-pretension, and cardiac illnesses. The Executive imposes a **18 percent tax on all beverages that contain sugar which would result in $404 million** of increased revenues to New York State. The Executive proposes to use this additional revenue to offset Medicaid spending.

Health Care Efficiency and Affordability Law for New Yorkers (HEALNY)

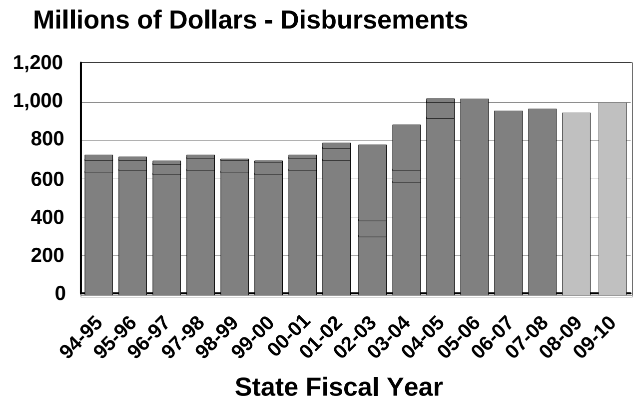
The Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY) was established as part of the SFY 2005-06 Enacted Budget and provided $1 billion in capital funding over a four year period at $250 million annually. The funds from this program are available for information technology enhancements, facility reconfiguration, right sizing or closing of health care institutions. The SFY 2009-10 Executive Budget proposes to extend the HEAL NY program for an additional two years and provides $650 million in increased funding authority. These funds would be used for various health care improvement initiatives, including capital funding for the Roswell Park Cancer Institute. The fiscal plan for the SFY 2009-10 Executive Budget projects $31 million in HEAL NYspending.

Senate Finance Contact:
Jacqueline Donaldson ext. 2020

HIGHER EDUCATION SERVICES CORPORATION

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	872,149	928,829	56,680	6.5%
Special	117,610	105,391	(12,219)	0.0%
Federal	5,000	5,000	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	994,759	1,039,220	44,461	4.5%
Cash	947,591	994,380	46,789	4.9%



Agency Overview

Established in 1974, the Higher Education Services Corporation (HESC) administers the State Tuition Assistance Program (TAP), the Federal Family Assistance Program as well as other State and Federal aid programs. The majority of HESC employees are supported by Federal Funds received for the administration of Federal student loans. The State's Tuition Assistance Program is a need-based State financial aid program that provides assistance to approximately 350,000 students.

Budget Proposal:

The SFY 2009-10 Executive Budget provides All Funds appropriations of $1.04 billion, an increase of $44.5 million or 4.5 percent from SFY 2008-09. The Agency is expected to decrease its current staff level by 18, from 700 employees to 682, almost all of whom are supported by HESC's business revenues.

General Fund support totals $928 million, an increase of $56.7 million or 6.5 percent from the current year. Of the General Fund total, $789 million would support the Tuition Assistance Program (TAP), an increase of $21.3 million or 2.7 percent from current year's level. The SFY 2009-10 TAP cost increases by $73.9 million to reflect increased award recipients due to enrollment growth ($10.6 million), and the impact of tuition rate increases at SUNY and CUNY ($31.7 million). These increases are offset by $65 million in savings from various reforms advanced by the Executive (see below).

In SFY 2008-09, General Fund support for TAP was offset by $32 million from an HESC operating fund balance. The HESC operating account consists of interest and fees derived by HESC from administering Federal student loan programs. Excess funds in the account have been used in the past to offset costs to the General Fund ($51 million in SFY 2005-06 and $20 million in SFY 2006-07). However, the SFY 2009-10 Executive budget recommends using the General Fund to fully support TAP because HESC's operating balance has been negatively impacted by the on-going financial market crisis. The Executive budget includes special revenue appropriations totaling $22.2 million in hopes that the financial markets would rebound and HESC's operating fund balance could still be used to offset the General Fund.

Tuition Assistance Program (TAP) Reforms

The SFY 2009-10 Executive Budget advances TAP reform legislation to:

(1) Increase TAP full-time eligibility threshold to 15 credit hours per semester in order for a student to be considered for full TAP award. The TAP lifetime eligibility limit would also be converted from a semester limit (8) to a maximum credit limit (120). A pro-rated award would be available for students taking between 10 and 14 credits. For example, currently, a student taking 12 credits is eligible for up to $5,000 in TAP award. Under this new proposal, the student taking 12 credits would receive approximately $4,000. Those taking under 10 credits would be able to receive part-time TAP. This proposal would achieve a **savings of $31 million** in SFY 2009-10.

(2) Strengthen academic standards by requiring that non-remedial students achieve a minimum of 18 credits and 1.8 Grade Point Average (GPA), approximately a C- average, after two semesters of study, instead of the current 15 credits and 1.5 GPA, approximately a D+ average. This proposal would produce a **savings of $6.5 million** in SFY 2009-10.

(3) Include public pension income in TAP award eligibility determinations. Currently, only private sector pension incomes are considered. This proposal would result in a savings of $15 million.

(4) Eliminate TAP awards for graduate study, generating $3 million in savings in SFY 2009-10.

(5) Eliminate TAP award enhancements for multiple family members. Enhanced TAP awards are currently provided for a family with multiple family members in college. This measure is expected to generate $6 million in savings.

(6) Establish default parity which would disqualify students who are in default on federal and any other educational loans from receiving TAP. Currently, only those in default of HESC loans are disqualified from receiving TAP. This proposal is expected to generate $3.7 million in savings to the General Fund in the first year of implementation.

The Executive TAP proposal continues the current maximum award of $5,000 and minimum of $500 for qualified students in full-time attendance. TAP expenditures and TAP recipients have decreased over the past three years owing to accountability reforms enacted to prevent abuse. This year, approximately 312,000 students are projected to receive an average TAP award of $2,591. Last year, 312,000 students received an average of $2,578 in awards.

New York State Higher Education Loan Program (NYHELPs)

In response to the June 2008 report of the Commission on Higher Education (CHE), the Executive is proposing to establish a state-supported student loan program that would provide New York State residents with low cost student loans. The proposed low cost student loan program would be administered by the Higher Education Services Corporation (HESC) in conjunction with the State of New York Mortgage Agency (SONYMA), which will be authorized to issue $350 million in tax-free bonds to finance fixed rate loans of up to $10,000 per borrower. The State will provide $50 million in initial default reserve funds in

2009-10 and $10 million annually thereafter. There is no additional cost to the State beyond the default reserve fund. The program will be supported by interest and fees paid by borrowers. Participating institutions would also be assessed fees equivalent to one percent of their students' loan dollar volume. In addition, the program is authorized to provide separate variable rate loans through private lending partners.

Other Financial Programs:

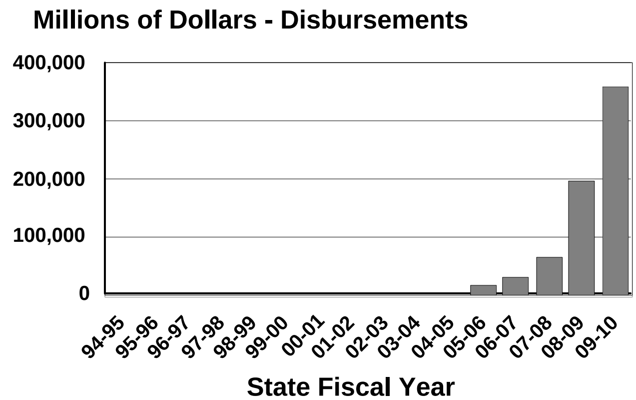
The Executive recommends $43.3 million to continue funding for existing scholarship and fellowship programs administered by HESC. This level of funding represents an increase of $6 million from the current year.

Funding authorizations for the Senator **Patricia K. McGee Nursing Faculty Scholarship and Nursing Faculty Loan Forgiveness Program** is reduced from $3.9 million to $2.5 million. The **Regents Health Care Opportunity and Regents Professional Opportunity Scholarship Program** would be allowed to sunset at the end of the current year. **The Volunteer Recruitment Scholarship Program**, currently funded at $3.9 million, is also being discontinued. The World Trade Center Memorial Scholarship program; the scholarship program for the families of the victims of American Airline Flight 587 that crashed in Queens on November 12, 2001; the Social Worker Loan Forgiveness program; the Veterans Tuition Awards; and the Aid for Part-time Study (APTS) program would continue to be funded at last year's levels.

Senate Finance Contact:
Ade Somide ext. 2760

HOMELAND SECURITY

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	11,441	18,102	6,661	58.2%
Special	10,944	4,701	(6,243)	-57.0%
Federal	350,000	500,000	150,000	42.9%
Other	1,500	1,500	0	0.0%
Capital	0	0	0	0.0%
Total	373,885	524,303	150,418	40.2%
Cash	196,611	359,617	163,006	82.9%



Agency Overview

The Office of Homeland Security (OHS) was established by anti-terror legislation enacted by the Legislature and signed into law in July of 2004. OHS is divided into the Administration and Cyber Security Programs.

The Office's mission is to detect, protect against and respond to terrorist related activities and events. The mission is accomplished by coordinating New York State public security matters on behalf of the Governor.

The programmatic functions and services provided by the Office include: vulnerability assessments of critical infrastructure; policy development; allocation of Federal Homeland Security funds; detection of cyber security threat related events; collection and dissemination of counter terrorism information and alerts; and development of a Statewide strategy for disaster related preparedness training.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments of $400,000 in General Fund appropriations and $216,000 in Federal Fund appropriations for personal service costs associated with collective bargaining agreements.

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $524 million, an increase of $150 million or 40 percent from current levels.

State Operations:

The SFY 2009-10 Executive Budget recommends General Fund appropriations of $18.1 million, an increase of $6.6 million or 58 percent over SFY 2008-09. Of this increase, $103,000 is attributable to collective bargaining agreements, and $3.7 million results from shifting personal service costs related to the State Preparedness Training Center from the Homeland Miscellaneous Account to the General Fund. In addition, $5.1 million of personal service and nonpersonal service costs related to the 18-A Account are being offloaded to the General Fund.

These increases are offset by a $1.1 million deduction in Fringe Benefits related to the personal service shift, a savings of $400,000 for operational expenses; $1 million related to delay in construction at the Oneida Training Center and technology consultant contracts; $700,000 from a reduction of ten administrative positions; and $100,000 from the reduction of one Full Time Equivalent (FTE) position under the Security Guard Tax Credit.

Aid to Localities:

The SFY 2009-10 Executive Budget recommends $500 million in Federal Funds for Homeland Security grant programs. This represents an increase of $150 million or 43 percent and is the result of the State's efforts in obtaining Federal Grant awards.

Homeland Security / Miscellaneous:

The SFY 2009-10 Executive Budget recommends a decrease of $3.7 million related to the shift of costs associated with the Oneida Training Center to the Office of Homeland Security's General Fund. The Executive eliminates $6 million in funding related to Empire Shield Mission at Indian Point. The Executive also shifts the costs of $3.6 million related to Empire Shield Mission to Federal Grant funding.

These decreases are offset by inflationary adjustments of $1.8 million related to State Active Duty (SAD) federally mandated salary increases to maintain a National Guard Troop strength of 420.

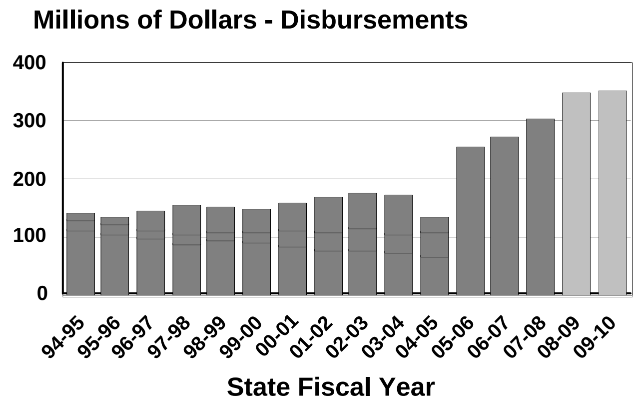
Article VII Legislation:

Creates a Not-For-Profit Corporation and Transfers the Office of Cyber Security and Critical Infrastructure Coordination to That Corporation: This bill would convert CSCIC into a not-for-profit corporation to provide cyber security operations, integration, and geographic information systems services. The State would contract with the corporation to perform any and all of its related functions, powers, and duties. This bill would facilitate the development of critical and strategic partnerships between the Federal, State, local governments and private sector through the creation of the not-for-profit corporation. This Corporation would be in a position to act as the focal point for the nationwide exchange of cyber security and critical infrastructure information by State and local governments.

Senate Finance Contact:
Maria LoGiudice ext. 2928

DIVISION OF HOUSING AND COMMUNITY RENEWAL

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	95,317	68,795	(26,522)	-27.8%
Special	0		0	0.0%
Federal	103,101	130,607	27,506	26.7%
Other	66,993	69,936	2,943	4.4%
Capital	74,200	105,200	31,000	41.8%
Total	339,611	374,538	34,927	10.3%
Cash	348,220	351,980	3,760	1.1%



Agency Overview

The mission of the Division of Housing and Community Renewal is to make New York State a better place to live by supporting community efforts to preserve and expand affordable housing, home ownership and economic opportunities, and by providing equal access to safe, decent and affordable housing.

The Division of Housing and Community Renewal is responsible for the supervision, maintenance and development of affordable low and moderate-income housing. The Division oversees and regulates:

- Community Development - Administration of housing development and community preservation programs, including State and Federal grants and loans to housing developers to partially finance construction or renovation of affordable housing.
- Housing Operations - Oversight and regulation of the State's public and publicly assisted rental housing.
- Rent Administration - Administration of the rent regulations for over one million rent-regulated apartments in New York City, and localities in the counties of Albany, Erie, Nassau, Schenectady, Rensselaer, Westchester and Rockland.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $374.5 million. Excluding a non-recurring increase in Federal Weatherization Funds and the change of capital funding, this figure represents a $61.7 million decrease from SFY 2008-09 levels. The General Fund decreases by 27.8 percent or $26.5 million from SFY 2008-09.

The Executive Budget recommends a staffing level for the Division of **923 full time equivalents (FTEs)**, which is a reduction of 17 positions from the SFY 2008-09 budget. Attrition causes the elimination of seven positions and the other ten are to be funded through the Office of Housing Trust Fund.

State Operations:

State Operations appropriations are decreased by $3.3 million for SFY 2009-10. Administrative efficiencies in office operations will produce these savings.

Aid to Localities:

The SFY 2009-10 Executive Budget proposes to **reduce** over $13.2 million in Aid to Localities funding for local housing programs, including **elimination** of funding for the Lead Poisoning Prevention Program. The Executive Budget also recommends significant **reductions** in funding for the Rural Rental Assistance Program of $2 million, and $8.5 million for the Neighborhood Preservation and the Rural Preservation Programs. These reductions include the reductions made in the August Special Session.

The Executive also recommends the elimination of the $3 million annual operating subsidy to the New York City Public Housing Authority (PHA), the only PHA to receive a subsidy from the State. Lastly, the Executive proposes to **further reduce any remaining unexpended funds for Legislatively Added housing programs by 50 percent**, resulting in a $2 million reduction to these programs.

Capital Projects:

In SFY 2008-09, the Legislature authorized the establishment of four new housing programs from the release of $100 million in excess reserves held by the New York State Mortgage Agency (SONYMA) Mortgage Insurance Fund (MIF). The Executive proposes to transfer the remaining funds of $31 million for the Mitchell-Lama Rehab Program; the Catskill Flood Relief Program; and the Long Island Housing Partnership into the State General Fund and replace these funds with bonded capital. The Sub-Prime Mortgage Foreclosure Program shall retain the $25 million allocated in Capital Fund support last year.

The Executive recommends $105.2 million in Capital Funds for SFY 2009-10, which is a $62.5 million decrease from SFY 2008-09 for the Housing Finance Agency (HFA). The two subsidiary agencies of HFA, the Affordable Housing Corporation (AHC) and the Low Income - Housing Trust Fund (HTF) would utilize the existing pool of $430 million of appropriated funds from prior years to continue their mission of financing low and moderate income housing construction programs throughout the State.

Article VII:

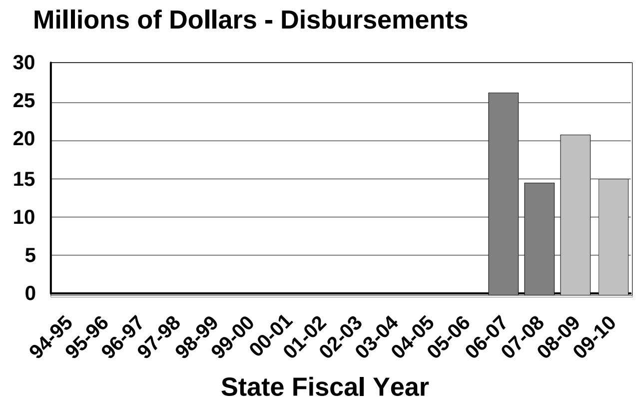
The Executive proposes to seek statutory authority to eliminate the requirement for the Division to maintain local rental offices at its housing developments, and close three out of its eight offices. The rental offices designated for closure are Hempstead-Nassau County, Spring Valley-Rockland County, and Staten Island-New York City.

Other Executive Budget proposals include authorizing an additional $4 million annually for Low-Income Housing Tax Credits for ten years, which increases the overall total annual tax credit issuance limit to $24 million. This program is designed to spur affordable housing construction in New York State.

Senate Finance Contact:
Gerard Zabala ext. 2912

HUDSON RIVER PARK TRUST

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	25,000	6,000	19,000	0.0%
Total	25,000	6,000	19,000	-76.0%
Cash	20,682	15,000	(5,682)	-27.5%



Agency Overview:

The Hudson River Park Trust (HRPT) is a public benefit corporation established in 1999 to design, develop and maintain the 550 acre Hudson River Park, which when complete will extend five miles along the Hudson River waterfront from Battery Park to 59th Street. The Trust is governed by a thirteen member board: five members appointed by the Governor; five by the Mayor of New York City; and three by the Manhattan Borough President. The Trust is headed by a President and Chief Executive Officer who is appointed by the Board.

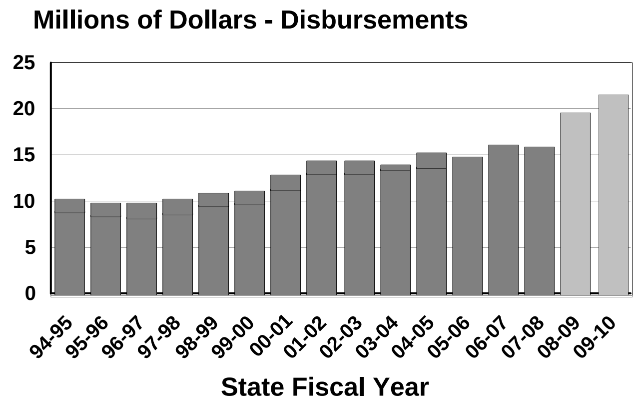
Budget Proposal:

The SFY 2009-10 Executive Budget recommends a capital advance of $6 million for New York City's share of the Hudson River Park Project. This advance appropriation is utilized by New York State to make disbursements for New York City's share of the project. Within 90 days of notification, New York City must reimburse the State for these expenditures. This amount is in addition to the $25 million advance provided HRPT for SFY 2008-09 which has not been disbursed to date.

Senate Finance Contact:
Richard C. Mereday ext. 2934

DIVISION OF HUMAN RIGHTS

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	15,658	14,788	(870)	-5.6%
Special	0	0	0	0.0%
Federal	6,904	8,241	1,337	19.4%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	22,562	23,029	467	2.1%
Cash	19,768	21,565	1,797	9.1%



Agency Overview:

The Division of Human Rights (DHR) enforces the New York State Human Rights Law which prohibits discrimination in employment, housing, public accommodations, education, and credit because of race, creed, color, national origin, sex, age, disability, and marital status. Protection under this law also includes prohibiting discrimination based on military status and sexual orientation. The Division investigates and resolves complaints of discrimination, develops and articulates human rights policy and legislation, and promotes human rights by providing leadership for civil rights, human rights, and community groups.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends $23 million in All Funds appropriations, an increase of $470,000 or 2.1 percent. The proposed increase is a result of salary increases from collective bargaining agreements offset by savings from shifting 14 positions from the General Fund to Federal Funds. Staffing levels remain unchanged from the current year at 208 full time equivalents. Federal appropriation authority will allow DHR to hire up to 20 additional staff, if needed, to process caseload increases.

Article VII Legislation

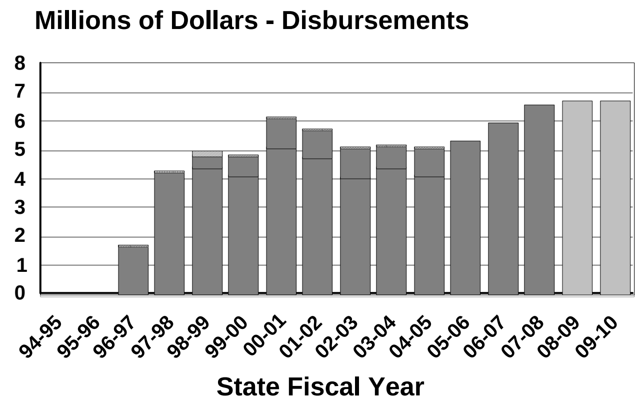
The Executive includes language to expand the Human Rights Law to allow a maximum assessment of $50,000 in civil penalties and fines in all appropriate DHR cases other than housing discrimination. Currently these are the only cases that can warrant such a penalty. If the offending act is proven to be malicious or willful the maximum penalty will be increased to $100,000. The bill would also allow employers with less than 50 employees who incur civil penalties to pay those penalties in installments with interest for a period of up to three years.

Senate Finance Contact:
Megan Baldwin ext. 2939

OFFICE OF STATE INSPECTOR GENERAL

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	7,348	6,825	(523)	-7.1%
Special	100	100	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	7,448	6,925	(523)	-7.0%
Cash	6,687	6,704	17	0.3%



Agency Overview:

The mission of the State Inspector General is to ensure that State government maintains the highest standards of integrity and accountability.

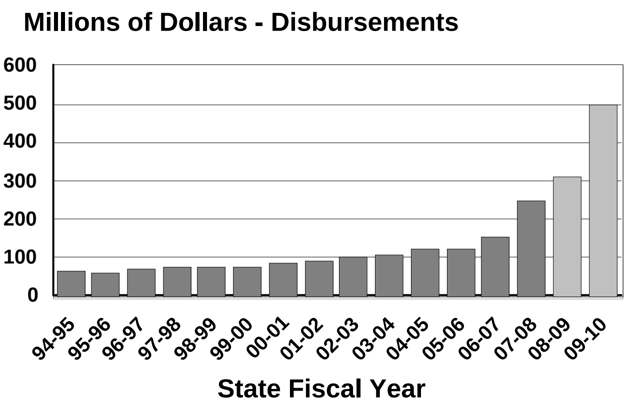
Budget Proposal:

The SFY 2009-10 Executive Budget recommends a General Fund decrease of $523,000 from the elimination of vacant positions and administrative savings initiatives.

Senate Finance Contact:
Nicole C. Fosco, ext. 2928

INSURANCE DEPARTMENT

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	100,061	0	(100,061)	0.0%
Special	250,090	542,075	291,985	116.8%
Federal	150	150	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	350,301	542,225	191,924	54.8%
Cash	310,974	500,405	189,431	60.9%



Agency Overview:

The Insurance Department is charged with regulating the insurance industry to ensure that the interests of insurance consumers and companies are balanced. The Department is fully funded by assessments on domestic insurance carriers and by examination fees.

Budget Proposal:

The Executive recommends All Funds appropriations of $542.2 million for the Insurance Department in SFY 2009-10, an increase of $192 million over SFY 2008-09. The Executive recommends a staffing level of 925 full time employees (FTEs), a decrease of 12 FTEs from the 2008-09 Enacted Budget. The decrease is a result of the Executive's implementation of a state wide hiring freeze and the conclusion of the Commission to Modernize the Regulation of Financial Services and the Universal Health Care Task Force.

Budget Highlights:

The SFY 2009-10 Executive Budget funds Timothy's Law via Insurance Special Revenue Fund Assessments. The program is currently funded from the General Fund. This change of funding for Timothy's Law is contingent on the 2008-09 Deficit Reduction Plan being passed into law.

The SFY 2009-2010 Executive Budget has also added the Department of Health/HCRA offloads from the General Fund and the 6 percent savings for aid to localities programs from the August Special Session. These programs will be funded by Insurance Assessments increases, which total approximately $186.3 million.

Article VII Legislation:

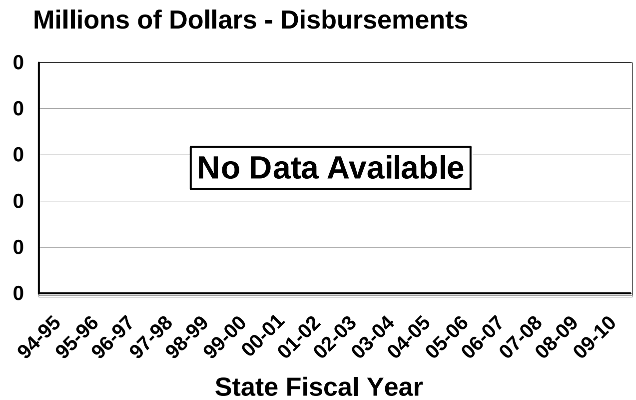
The Executive includes legislation that amends the insurance law to increase civil penalties; authorize the Superintendent of

Insurance to issue cease and desist orders; and increase the length of time that an insurer must wait to obtain a license after revocation. The SFY 2009-10 Executive Budget estimates $1 million in additional General Fund revenues would be generated as a result of the increased fines and penalties.

Senate Finance Contact:
Kevin Bronner Jr. ext. 2752

INTEREST ON LAWYER ACCOUNT

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	72,190	47,050	(25,140)	-34.8%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	72,190	47,050	(25,140)	-34.8%
Cash	NA	NA	0	NA



Agency Overview:

The Interest on Lawyer Account (IOLA) was established in 1983 to finance civil legal services for the indigent. Revenues are derived from the interest earned on small trust accounts held by attorneys for their clients. Banks transfer the interest earned on these accounts to IOLA, which in turn funds grants to organizations that provide civil legal services to the indigent, elderly and disabled.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends a decrease of $25 million in spending authority for local grants. In August 2007, the Executive initiated new regulations to ensure that banking institutions pay a fair interest rate on IOLA accounts. The decrease of $25 million in Local Assistance grant funding is based on a decline in projected interest rates. The actual amount disbursed is dependent on the amount of interest generated by the trust accounts which fund the programs.

The SFY 2009-10 Executive Budget includes adjustments of $56,000 to the SFY 2008-09 Enacted Budget appropriations for personal service costs associated with collective bargaining agreements.

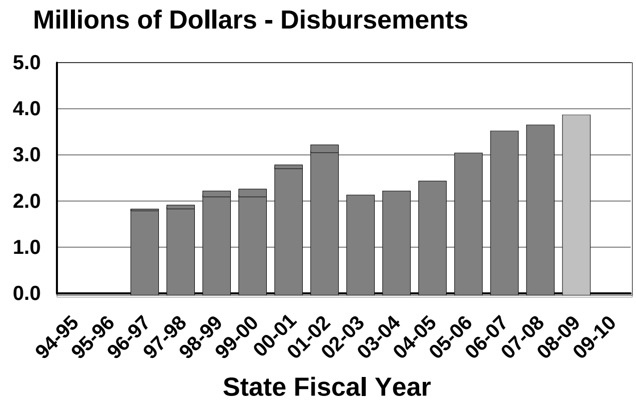
The SFY 2009-10 Executive Budget recommends a decrease of $140,000 to reflect cost adjustments related to continuing current programs.

Senate Finance Contact:
Maria LoGiudice ext. 2936

TEMPORARY STATE COMMISSION OF INVESTIGATION

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	3,866	0	(3,866)	-100.0%
Special	287	0	(287)	-100.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	4,153	0	(4,153)	-100.0%
Cash	3,882	0	(3,882)	-100.0%



Agency Overview:

The Temporary State Commission of Investigation was established to serve as a bipartisan fact-finding Agency investigating and reporting on organized crime and racketeering, the conduct of public officers and other matters affecting public peace, safety and justice.

The Commission consists of six salaried members, two each appointed by the Governor, Temporary President of the Senate, and the Speaker of the Assembly. In addition to the six commissioners there are 21 staff positions at the Commission, which has its main office in New York City.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends an adjustment to the SFY 2008-09 Enacted Budget of $177,000 for personal service costs associated with collective bargaining agreements. The SFY 2009-10 Executive Budget reflects the planned sunset of the Commission on March 31, 2009.

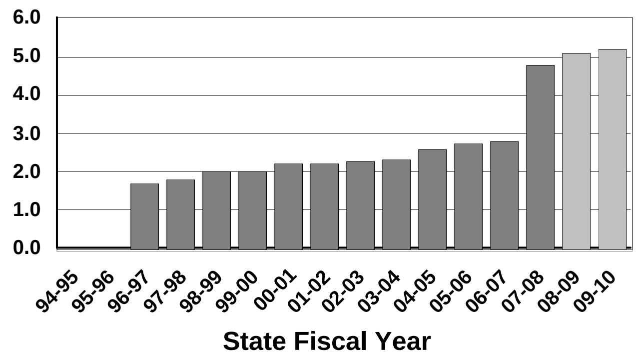
Senate Finance Contact:
Maria LoGiudice ext. 2936

JUDICIAL COMMISSIONS

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	5,372	5,268	(104)	-1.9%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	5,372	5,268	(104)	-1.9%

Cash	5,075	5,214	139	2.7%

Millions of Dollars - Disbursements



Agency Overview

The Commission on Judicial Conduct investigates and acts upon allegations of Judicial misconduct. The Commission on Judicial Nomination, and the Governor's Judicial Screening Committees evaluate potential nominees for Judicial appointments by the Governor.

Budget Proposal:

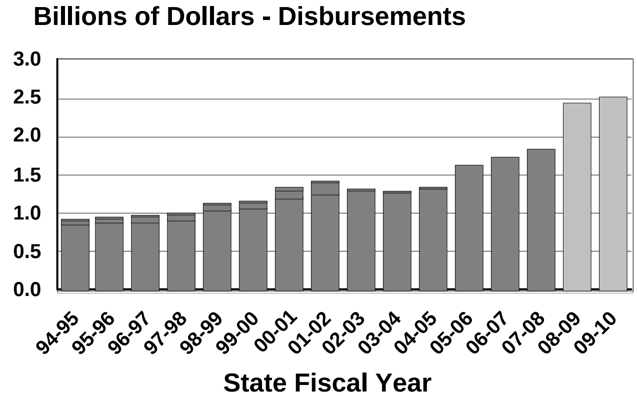
The SFY 2009-10 Executive Budget decreases General Fund support by $104,000. The reduction reflects administrative savings. The Commission will remain at the SFY 2008-09 level of 51 positions.

Senate Finance Contact:
Nicole C. Fosco, ext. 2928

JUDICIARY

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	2,175,252	2,269,057	93,805	4.3%
Special	241,356	247,599	6,243	2.6%
Federal	9,100	9,100	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	2,425,708	2,525,756	100,048	4.1%

Cash	2,433,666	2,505,026	71,360	2.9%



Agency Overview

Through the Unified Court System (UCS), the Judiciary provides a forum for the resolution of civil claims, family disputes, criminal charges, charges of juvenile delinquency and challenges to government actions. It also supervises the administration of estates, adoptions and the dissolution of marriages, and provides legal protection for children and mentally ill persons. The Judiciary regulates the admission of lawyers to the New York State Bar and once admitted, regulates their conduct.

Budget Proposal:

The SFY 2009-10 proposed Judiciary Budget increases All Funds spending by $100 million or 4.1 percent over the current fiscal year. General Fund spending increases by $93 million or 4.3 percent.

Significant changes include:

- An increase of $40.7 million for increments, salary increases, longevity bonuses and other mandated collective bargaining costs.
- An increase of $ 9 million to annualize the costs of current year line adjustments, including approved temporary service conversions and transfers from local to state-paid public safety services.
- An increase of $6.3 million in baseline overtime personal services increases, primarily attributable to public safety related staffing.
- An increase of $1.8 million in real estate rental costs, court office space, chambers and legal staff space to implement Chapter Laws of 2007 (civil confinement of sex offenders).
- An increase of $6.6 million in child legal representation costs.
- An increase of $12.4 million for increased employee benefit costs.

- A decrease of $20.1 million in personal service savings as a result of the vacancy control program.

- A decrease of $4.1 million in nonpersonal service savings for the elimination of planned public safety enhancements.

- A decrease of $4.6 million for savings in reductions to legal reference materials, business related travel and equipment.

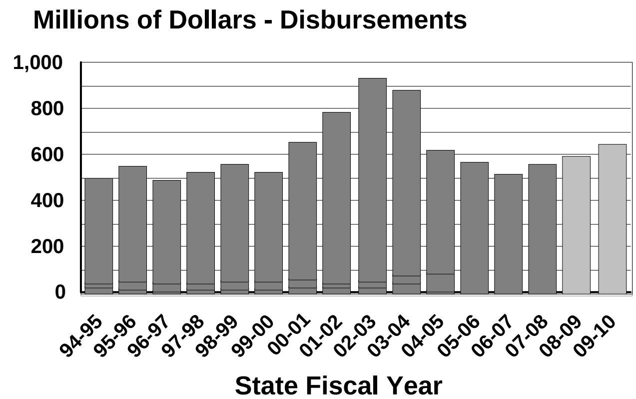
Judicial Pay Raises:

The SFY 2009-10 Judiciary Budget proposal includes language to implement judicial pay raises retroactive to April 1, 2005, however offers no appropriation. The language only allows for money that is available in the current year.

Senate Finance Contact:
Nicole Fosco, ext. 2928

DEPARTMENT OF LABOR

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	20,958	0	(20,958)	-100.0%
Special	80,478	85,478	5,000	6.2%
Federal	759,763	738,077	(21,686)	-2.9%
Other	4,000,000	4,500,000	500,000	12.5%
Capital	0	0	0	0.0%
Total	4,861,199	5,323,555	462,356	9.5%
Cash	593,616	650,260	56,644	9.5%



Agency Overview:

The Department of Labor (DOL) has three primary functions: unemployment insurance (UI) administration, workforce development, and Labor law compliance and regulation.

Approximately 84.5 percent of DOL's appropriation authority ($4.5 billion) allows payment of claims to unemployed workers from the unemployment insurance taxes collected from employers. The State receives Federal funds to support UI program administration. For example, DOL now operates UI benefit Tele-claims call centers in Endicott and Troy.

DOL's workforce programs, including DOL's network of 76 local One-Stop career centers are Federally funded and operate under a framework provided by the Federal Workforce Investment Act (WIA).

Budget Proposal:

Annual funding for workforce programs are significantly reduced. In SFY 2008-09, the Legislature provided funding to support 25 local or State wide workforce programs including on-the job-training, cooperative workforce programs with labor unions, and youth work opportunity programs. Funding for these programs are eliminated.

In SFY 2009-10 the Executive Budget proposes 3,461 full time equivalents (FTEs) positions, a reduction of 86 FTEs from SFY 2008-09. This reduction results from the elimination of the State Employment Relations Board (SERB) and the transfer of its functions to the Public Employment Relations Board (PERB) and aligning authorized workforce levels with filled positions.

Unemployment Insurance System

The SFY 2009-10 Budget appropriates $478 million for UI administration and $21.5 million for occupational training programs for unemployed workers. This is an overall increase of $17.5 million from SFY 2008-09 due to salary increases and the increased workload expected in SFY 2009-10 for unemployment claims.

The SFY 2009-10 Executive Budget increases the appropriation for unemployment insurance by $1.5 billion from $3 billion to $4.5 billion. This increase is based on estimates that project higher claim levels in the upcoming year due to current economic conditions.

In June 2008, the Federal Extended Unemployment Compensation Program (EUC08) was enacted, which provides an additional 13 weeks of benefits to eligible claimants whose regular UI benefits are used up. This EUC08 program would continue into the first quarter of 2009-10, and possibly beyond June 2009 based on current legislation. Additional Federal legislation was passed in November 2008 to extend UI benefits for an additional seven weeks for eligible claimants.

UI System Modernization Project - DOL continues to implement a $100 million project to overhaul the UI computer system. Some elements of the existing system are forty years old. This year the Executive proposes providing $12 million, a decrease of $5.8 million from SFY 2008-09 including the removal of the UI Interest and Penalty Fund ($5 million).

Employment and Training Programs

The SFY 2009-10 Executive Budget provides $238 million for WIA initiatives that would provide employment and training services to youth, adults and dislocated workers. This is a reduction of $13.7 million over SFY 2008-09. FTEs would remain unchanged at 74 for SFY 2009-10.

SFY 2008-09 Legislative initiatives - The Executive Budget proposal eliminates $7.9 million for Legislative initiatives that decrease funding for 25 programs.

Worker Protection Programs

The State's worker protection programs are funded through fees, penalties and license payments.

Labor Standards-The Executive recommends $28.2 million in funding, a $1.5 million increase over the SFY 2008-09. Recommended staffing for this unit is 269 FTEs, unchanged from SFY 2008-09.

Occupational Safety and Health -The Executive recommends $42.6 million in funding for programs, a $1.1 million increase over SFY 2008-09. The Executive's budget proposal recommends that FTEs remain unchanged at 272 for SFY 2009-10.

State Employment Relations Board (SERB)

The Executive's Budget proposal eliminates SERB and transfers its functions to PERB. This would result in a General Fund savings of $1.7 million. SERB is the only program in DOL supported by the General Fund.

Article VII Legislation:

The Executive proposes the following Article VII legislation:

Extend the Unemployment Insurance (UI) interest assessment surcharge

This bill extends the statutory authority to assess a surcharge to pay interest due to the Federal government, on employers who take out substantial loans to keep the UI Trust Fund solvent in the case of a severe economic downturn. This extension would be effective through December 31, 2011. Without this extension DOL would have no means to assess surcharges, even though it is not anticipated they will need to.

Increase boiler inspection and asbestos licensing, certification, and notification fees

The Executive recommends doubling all fees related to asbestos management as well as all fees related to boiler inspections. Please see fee table in Miscellaneous Receipts Section for a detailed breakout of each fee and related increases. These increased fees would generate $11.3 million in penalty revenue to be used for DOL inspection activities and General Fund relief in SFY 2009-10. These fees have not been increased for five years.

Expand enforcement mechanisms and civil penalties regarding explosives and update provisions relating to pyrotechnics

This bill would increase public safety by creating more specific licensing requirements for owning, manufacturing, possessing, storing, using, transporting, purchasing, selling, or gifting of explosives. In addition, this bill would create civil penalties for violations, enhance certain related criminal penalties, apply licensing and enforcement provisions to pyrotechnicians, and update safety requirements to make them consistent with actual public safety needs. Current law allows imposing a $50 fee for licenses to own and possess explosives and a minimum $100 fee for manufacturing licenses and certificates to store explosives. This bill would make obtaining these licenses mandatory therefore increase the amount of fees collected. It is estimated that these fees would generate $294,000 in revenue for SFY 2009-10.

Include certification requirement for crane operators and impose civil penalties for non-certified crane operation on operators and their employers

This bill would authorize DOL to impose civil penalties for unlicensed crane operation. DOL currently requires crane operators outside of New York City to hold a "certificate of competence" with the Commissioner of Labor. The Commissioner has no authority to impose monetary penalties on operators without a certificate, nor on employers who knowingly use an uncertified crane operator. See table below for penalty fee breakout.

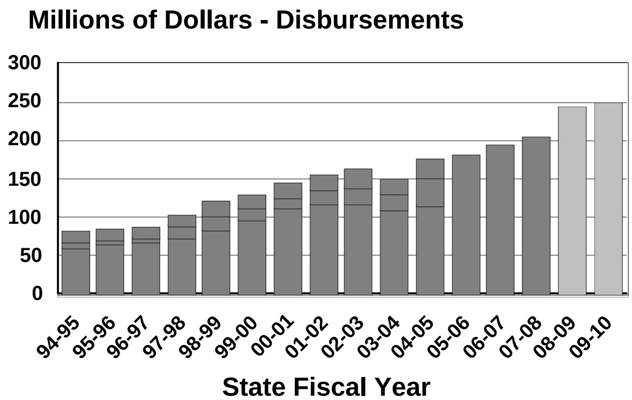
Violation	1st	2nd	Subsequent
Person caught operating a crane without a certificate of competence issued by the Commissioner	$1,000	$2,000	$3,000
Employer or contractor, or their agent who knowingly allows a person to operate a crane without a certificate of competence or a license issued by the Commissioner	$5,000	$10,000	$10,000

Persons who have received two final determinations of unauthorized crane operation will be barred from applying for a certificate of competence for two years. This bill is expected to generate $436,000 in additional revenues for SFY 2009-10.

Senate Finance Contact:
Marcie Sorrentino ext. 2820

DEPARTMENT OF LAW

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	140,453	133,431	(7,022)	-5.0%
Special	78,040	74,866	(3,174)	-4.1%
Federal	41,083	41,083	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	259,576	249,380	-10,196	-3.9%
Cash	244,050	248,256	4,206	1.7%



Agency Overview:

The Department of Law was created in 1926 and is headed by the State Attorney General, who is elected by the people of New York State. The Department is responsible for protecting the legal rights of New York State and its citizens by representing the State in litigation and in other legal affairs.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $249.4 million in SFY 2009-10, a decrease of $10.2 million or four percent from current levels. The Executive's submission is in accordance with the budget proposed by the Attorney General.

General Fund:

The Executive Budget advances a General Fund reduction of $7 million across all eight programmatic divisions, with a personal service decrease of $2.2 million and a nonpersonal service decrease of $4.8 million. The savings comes from reductions to salaries, supplies and material, and contractual services.

Special Revenue Funds:

The Executive Budget proposes a reduction of $3.1 million in nonpersonal service costs for four divisions.

Article VII Proposal:

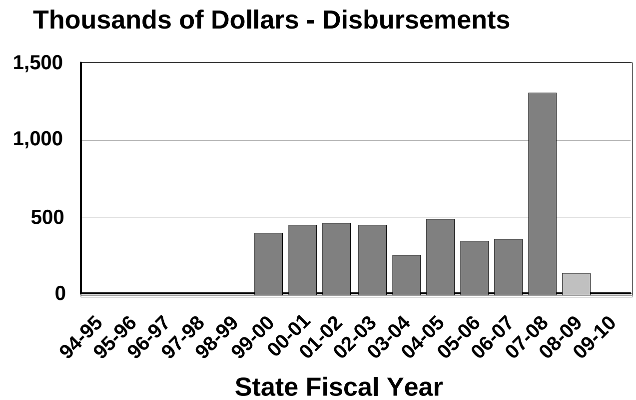
The Executive proposes to transfer accumulated excess revenues from litigation settlements or prosecutions conducted by the Attorney General from a special account in the Department to the General Fund. Ongoing operations of the Department would not be effected by this transfer because language is included to return funds from the General Fund to the special account in the event revenue is insufficient. This action is part of the Executive's proposed Deficit Reduction Plan.

Senate Finance Contact:
Lauren King ext. 2935

OFFICE OF LIEUTENANT GOVERNOR

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	1,378	0	(1,378)	-100.0%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	1,378	0	(1,378)	-100.0%

Cash	133	0	(133)	-100.0%



Agency Overview:

This Office includes the staff necessary to assist the Lieutenant Governor in performing his duties.

Budget Proposal:

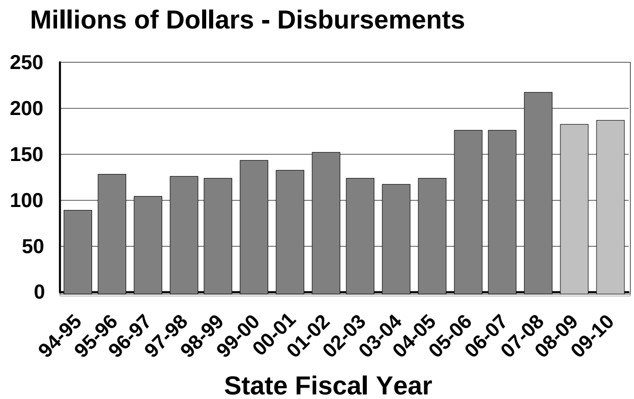
The Executive Budget recommends elimination of all funding for the office as the position of the Lieutenant Governor is currently vacant. This action would result in General Fund savings of $1.37 million in SFY 2009-10.

The fifteen full time equivalent positions funded in SFY 2008-09 are not affected by abolition of the Office as these positions transitioned to the Executive Chamber when Governor Paterson assumed his new role in March 2008.

Senate Finance Contact:
Lauren King ext. 2935

DIVISION OF THE LOTTERY

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	122,552	117,552	(5,000)	-4.1%
Federal	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	122,552	117,552	(5,000)	-4.1%
Cash	184,139	188,569	4,430	2.4%



Agency Overview:

The New York State Lottery is an independent division of the Department of Taxation and Finance. It was established in 1966 as a result of a voter referendum. The purpose of the Lottery is to raise revenues for education in the State of New York through the sale of Lottery products.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends $117.6 million, a decrease of $5 million or 4.1 percent from the previous year. The net decrease is primarily attributable to nonpersonal services expenditures in the Core Lottery and Video Lottery Terminal (VLT) Administration Programs.

State Operations:

The Division of Lottery anticipates a workforce reduction of three full time equivalents (FTE) due to attrition. Lottery also proposes to enter into a host agency agreement with the Racing and Wagering Board to realize administrative savings by combining some aspects of their support services (the entities share the same building).

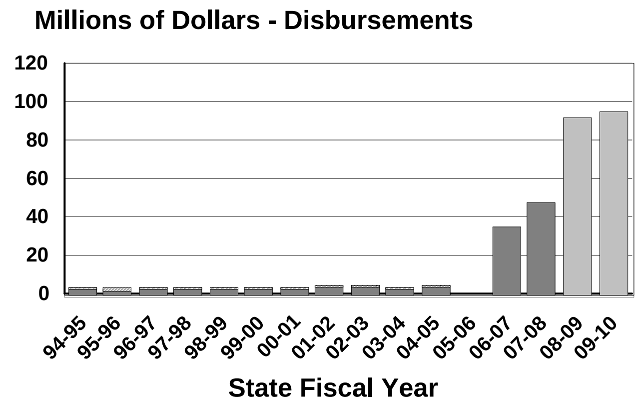
Cash disbursements exceed appropriation authority because the Division has contractual agreements with vendors that result in refunds to appropriations. The funds come from vendors that sell lottery tickets. The current contract stipulates that the vendor can keep 3.94 cents on every dollar of lottery tickets sold; however, the vendor must in turn rebate 3.2 cents of that amount to the Division of the Lottery. That rebate is recorded as a refund to the contractual services appropriation (currently $72 million) in the Administration of the Lottery Program. The refunded amount is then spent on advertising for lottery games. This practice is reviewed and allowed by the Office of the State Comptroller in some instances.

Senate Finance Contact:
Peter Drao ext. 2918

OFFICE OF MEDICAID INSPECTOR GENERAL

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	35,514	35,187	(327)	-0.9%
Special	6,488	5,274	(1,214)	0.0%
Federal	52,348	52,284	(64)	-0.1%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	94,350	92,745	(1,605)	-1.7%

Cash	92,248	95,555	3,307	3.6%



Agency Overview

The Office of Medicaid Inspector General (OMIG) was created as part of the SFY 2006-07 Enacted Budget. The mission of this organization is to eliminate fraudulent activities in New York State's Medicaid program. The Office of Medicaid Inspector General is charged with working with other State agencies including the Department of Health and the Department of Law to conduct fraud, waste and abuse control activities in the Medicaid Program.

Budget Proposal:

The SFY 2009-10 Executive Budget includes $92.8 million in All Funds support for the agency, reflecting a decrease of $1.6 million or 1.7 percent. This decrease in funding is a result of non-personal service changes, a reduction in the use of contractors for certain functions, and the elimination of funding sub allocated to the Department of Law. Actual disbursements for the office are expected to increase by $5.2 million or 6.2 percent.

The SFY 2009-10 Executive Budget proposes to merge the Office of the Welfare Inspector General (OWIG) and the Office of Medicaid Inspector General (OMIG) into one agency and transfer all positions along with their functions and responsibilities.

As part of the proposed merger the SFY 2009-10 Executive Budget proposes the following:

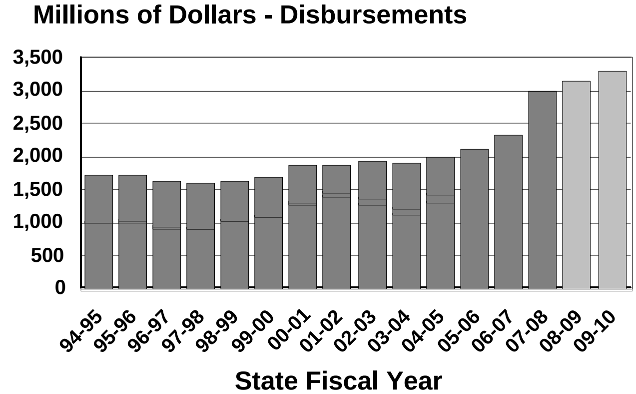
- Transferring authority to investigate welfare fraud and abuse to the OMIG;
- Eliminating prosecutorial authority from OMIG. As a result of this transfer of prosecutorial authority to the Attorney General's Office, OMIG will retain its investigative powers and functions.

The SFY 2009-10 Executive Budget includes a $125 million State savings as a result of increased fraud recoveries from the Medicaid program. The total expected audit recovery target for SFY 2009-10 is $820 million, an increase of 20 percent over last year.

Senate Finance Contact:
Ryan Spelman ext. 2917

OFFICE OF MENTAL HEALTH

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	559,327	557,292	(2,035)	-0.4%
Special	2,712,006	2,620,378	(91,628)	-3.4%
Federal	45,984	45,197	(787)	-1.7%
Other	11,276	11,360	84	0.7%
Capital	446,822	576,543	129,721	29.0%
Total	3,775,415	3,810,770	35,355	0.9%
Cash	3,136,245	3,303,547	167,302	5.3%



Agency Overview

The public mental health system of New York State encompasses programs operated by the Office of Mental Health (OMH), as well as those that are certified and funded by the State, but operated in local communities by local governments, not-for-profit and for profit providers. The primary populations served by these programs are adults who have a serious and persistent mental illness and have experienced substantial problems in functioning independently, and children with serious emotional disturbances.

Budget Proposal

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $3.8 billion, an increase of $35 million above the SFY 2008-09 funding level. This increase is largely attributable to increased capital projects funding for the continued development of beds already in design.

State Operations

The SFY 2008-09 Executive Budget recommends $14.3 million in cost savings by reducing staff for the Sex Offender Management and Treatment Act (SOMTA). Under this initiative, OMH would reduce staffing levels from its current staffing model to standards used in civil confinement programs in other states, reducing costs from $225,000 per bed annually to $175,000. In addition, the Executive Budget recommends a three year delay in the implementation of the Special Housing Units bill, saving $8.6 million in SFY 2009-10.

The SFY 2009-10 Executive Budget recommends closing 450 state-operated adult inpatient beds, shifting the staffing resources associated with 150 beds to less costly programs, and converting 300 adult inpatient beds to a less intensive outpatient level of care. This initiative is anticipated to save $6.1 million.

Local Assistance

The SFY 2009-10 Executive Budget proposes reducing the 2008-09 Human Services cost of living adjustment (COLA) from 3.2 percent to 2.2 percent effective January 1, 2009, saving $9.5 million. In addition, the Executive eliminates the COLA in 2009-10, saving $56.5 million.

The SFY 2009-10 Executive Budget proposes deferring and restructuring new commitments from the prior year. This proposal delays implementation of the third year of the reimbursement enhancement for Community Residence and Family-Based Treatment models, saving $11.1 million in SFY 2009-10. In addition, this budget temporarily delays implementation of the initiative to add Family Support Services to the Child and Family Clinic Plus program.

Capital Projects

The SFY 2009-10 Executive Budget provides increased capital projects funding for the continued development of beds already in design or construction and priority housing initiatives such as the New York/New York III program. However, the Executive proposes to temporarily freeze the community residential bed pipeline by halting new construction , saving $6 million in SFY 2009-10.

Article VII

The SFY 2009-10 Executive Budget includes language which would allow for alternative facility options for Sex Offender Management and Treatment Act (SOMTA) responders. This bill authorizes respondents who have passed their maximum sentence expiration date to stay in Department of Correctional Services (DOCS) facilities or on parole until their trial. In addition, this bill authorizes the use of video teleconferencing capabilities at certain court proceedings. Enactment of this bill would generate savings of $2 million in SFY 2009-10.

The SFY 2009-10 Executive Budget eliminates the Human Services cost-of-living (COLA) for 2009-10 and extends the adjustment for an additional year, through March 31, 2013. This proposal eliminates the 2009-10 COLA for several state agencies including the Office of Mental Health, Office of Alcoholism and Substance Services, the Department of Health, the State Office for the Aging and the Office of Children and Family Services.

The Executive includes language to extend until January 1, 2014 the current social worker and mental health professional licensing exemptions for employees of the Department of Mental Health (OMH, OMRDD and OASAS) and the Office of Children and Family Services. Enactment of this bill will allow the State to avoid costs preliminarily projected at over $10 million.

The SFY 2009-10 Executive Budget includes language to extend the authorization of annual federal Disproportionate Share (DSH) funds to support the provision of mental health and substance abuse services by Article 28 hospitals. The authorization for annual DSH payments has previously been extended at three-year intervals.

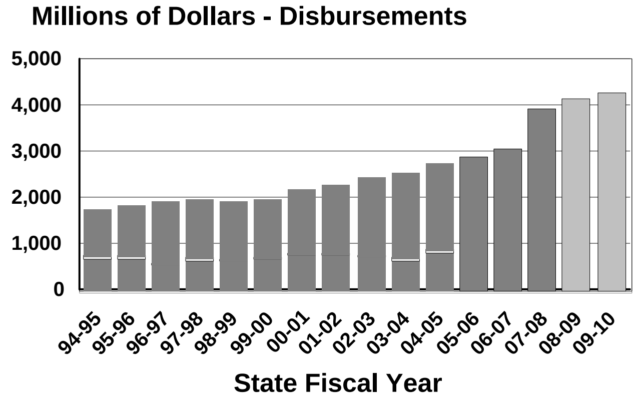
The Executive includes language which ensures that OMH adult inpatient ward closures would not be subject to the one year notification provisions of the Mental Hygiene Law. The Executive estimates the savings to be $6 million in SFY 2009-10.

Senate Finance Contact:
David K. King ext. 2937

OFFICE OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	1,424,487	1,491,249	66,762	4.7%
Special	2,908,607	2,897,403	(11,204)	-0.4%
Federal	751	751	0	0.0%
Other	2,819	3,019	200	7.1%
Capital	192,420	127,315	(65,105)	-33.8%
Total	4,529,084	4,519,737	-9,347	-0.2%
Cash	4,149,566	4,272,660	123,094	3.0%



Agency Overview

The Office of Mental Retardation and Developmental Disabilities (OMRDD) oversees an institutional and community-based system of care for 140,000 developmentally disabled New Yorkers and their families through a network of not-for-profit providers, fourteen State developmental centers and numerous State-operated community-based programs. The Office presently serves approximately 38,000 persons in conjunction with local governments and not-for-profit providers in certified community residential settings. In addition, OMRDD provides community day services to about 55,000 persons annually, assists in the care of 20,000 persons with developmental disabilities who live alone and another 42,000 individuals who live with their families.

Budget Proposal

The SFY 2009-10 Executive Budget recommends All Fund appropriations of $4.5 billion to support a comprehensive OMRDD developmental disabilities system, a decrease of $9.3 million from SFY 2008-09. This decrease is largely attributable to the annualization of prior year initiatives and savings associated with various program efficiencies.

State Operations

The SFY 2009-10 Executive Budget proposes various state operations efficiencies, including the consolidation of the State's Developmental Disabilities Services Offices (DDSOs). Included in this initiative is the merging of the administrative functions of the Valley Ridge DDSO with the Broome County DDSO. These efficiencies are anticipated to generate savings of $1.6 million.

The SFY 2009-10 Executive Budget proposes to streamline activities at OMRDD's Institute for Basic Research (IBR) which would result in the elimination of 11 research positions not considered core to the OMRDD mission. In addition, IBR's business and payroll functions would be consolidated with the nearby Staten Island DDSO, providing an anticipated savings of $900,000 in SFY 2009-10.

The SFY 2009-10 Executive Budget also calls for the closure of the Howard Park OMRDD satellite residential services unit of the Bernard Fineson DDSO in Queens. This proposal would require the relocation of 41 individuals currently living in the facility to either the Creedmoor campus, or into an appropriate community setting. This initiative saves $900,000 and eliminates 28 funded positions. The SFY 2009-10 Executive Budget also proposes a reduction of 65 positions in OMRDD's central office through various efficiencies and consolidations resulting in a savings of $3.1 million.

Local Assistance

The SFY 2009-10 Executive Budget provides resources to support existing and new Family Support Services to help families care for their loved ones with disabilities at home. New funding of $7.9 million is recommended for services to families in the areas of respite, services for individuals with complex medical needs, and those with challenging behaviors. In addition, the Executive Budget recommendation continues SFY 2008-09 funding to support services to approximately 1,300 individuals with autism or autism spectrum disorder.

The SFY 2009-10 Executive Budget provides certain individuals who are currently served in out-of-state facilities with the option of relocating to an in-State OMRDD certified facility or continuing to reside in their current setting and receive reimbursement at an amount no greater than what OMRDD would reimburse the appropriate in-State setting. This proposal would provide $3.3 million in savings in SFY 2009-10.

Rationalize Mental Hygiene Reimbursement

The SFY 2009-10 Executive Budget continues OMRDD's multi-year efforts to rationalize, reform and restructure Medicaid funding of services. Under the Executive proposal, OMRDD will be implementing regional rates based on actual costs for Day Habilitation services, reducing reimbursement for less intensive case management services, and eliminating enhanced funding to certain Article 16 and Article 28 clinics. In addition, OMRDD will impose tighter controls on Medicaid and non-Medicaid payments to its non-profit provider network and achieve efficiencies where appropriate in a myriad of programs, including Sheltered Workshops, Respite and Clinical services. These efforts will produce $31 million in State savings in SFY 2009-10.

Deinstitutionalization

Beginning in the current fiscal year, OMRDD initiated a multiyear plan to downsize and eventually close all developmental center units. The SFY 2009-10 Executive Budget provides funding to continue the State's commitment to deinstitutionalize those individuals who can benefit from an integrated community-based environment. Over the next three years, OMRDD will expand State-operated community residential capacity by 108 beds for difficult to serve individuals who are currently living in institutional settings, including nursing homes.

Article VII

The SFY 2009-10 Executive Budget includes language which would consolidate the administrative functions of OMRDD's Broome Developmental Disabilities Services Office (DDSO) and the Valley Ridge Center for Intensive Treatment. This proposal is intended to result in the elimination of duplicative staff and will generate a savings of $200,000 in SFY 2009-10. In addition, the Executive includes language regarding the authority of facility directors to receive Federal benefits as representative payees.

The SFY 2009-10 Executive Budget eliminates the Human Services cost-of-living (COLA) for 2009-10, saving $13 million in the OMRDD budget. In addition, this bill extends the COLA for a full three years by continuing the adjustment for one additional year, through March 31, 2013. This proposal eliminates the 2009-10 COLA for several state agencies including the Office of Mental Health, Office of Alcoholism and Substance Services, the Department of Health, the State Office for the Aging and the Office of Children and Family Services.

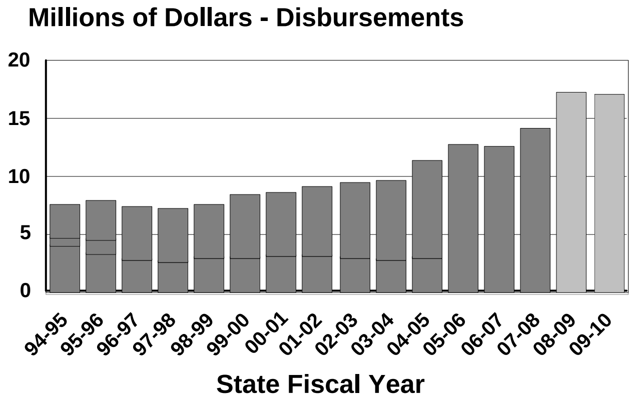
Capital Projects

The SFY 2009-10 Executive Budget recommends $127.3 million in capital appropriations, a decrease of $65.1 million from the current fiscal year. This is primarily related to the closing of the Howard Park campus in Queens.

Senate Finance Contact:
David K. King ext. 2937

COMMISSION ON THE QUALITY OF CARE AND ADVOCACY FOR PERSONS WITH DISABILITIES

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	5,738	5,873	135	2.4%
Special	4,381	4,438	57	1.3%
Federal	7,434	7,274	(160)	-2.2%
Other	45	45	0	0.0%
Capital	0	0	0	0.0%
Total	17,598	17,630	32	0.2%
Cash	17,227	17,169	(58)	-0.3%



Agency Overview

The mission of the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQCAPD) is as follows: to promote inclusion of persons with disabilities in all aspects of community life; to play an active role in developing innovative opportunities and supports that respond to the needs of New Yorkers with disabilities; to provide oversight of the Department of Mental Hygiene that collectively spends more than $8 billion annually; to monitor conditions of care for people with mental disabilities in State institutions, licensed residential facilities and outpatient programs; and to make recommendations to improve quality of care with respect to persons with mental and physical disabilities.

Budget Proposal

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $17.6 million, an increase of approximately $32,000 from SFY 2008-09. This increase is primarily attributed to legislation enacted in SFY 2008-09 aimed at enhancing investigations of child abuse in mental hygiene facilities (Chapter 323, Laws of 2008). The Commission has been charged with performing these investigations, and the SFY 2009-10 Executive Budget provides $140,000 to facilitate this increased workload.

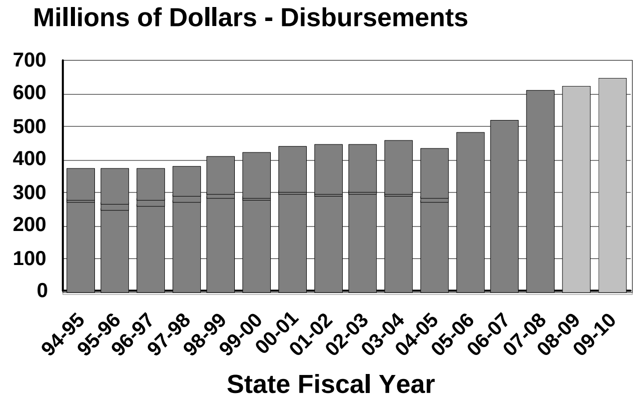
Senate Finance Contact:
David K. King ext. 2937

OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	144,886	141,780	(3,106)	-2.1%
Special	362,993	312,350	(50,643)	-14.0%
Federal	142,669	141,918	(751)	-0.5%
Other	0	0	0	0.0%
Capital	121,336	98,883	(22,453)	-18.5%
Total	771,884	694,931	(76,953)	-10.0%

Cash	625,541	646,189	20,648	3.3%



Agency Overview

The Office of Alcoholism and Substance Abuse Services (OASAS) administers the State's comprehensive program for treating persons addicted to alcohol and other chemical dependencies, for preventing the harmful use of substances, and for researching the basic aspects of addictions.

Budget Proposal

The SFY 2009-10 Executive Budget recommends an All Funds operating budget of $694 million, a decrease of $76.9 million from SFY 2008-09. This decrease is largely attributable to the annualization of prior year initiatives and savings associated with various program efficiencies.

State Operations

The SFY 2009-10 Executive Budget recommends the closing of the 52 bed state operated Manhattan Addiction Treatment Center (ATC), saving $4.6 million annually. In addition, the Executive proposes $2.1 million in savings by continuing to limit new hires to only those vacant positions that are critical to the health and safety of agency operations.

Local Assistance

The SFY 2009-10 Executive Budget proposes restructuring OASAS funding for prevention services in New York City schools that are not predicated on evidence-based practices. Currently, the New York City Department of Education (NYCDOE) receives $19 million in annual funding to deliver prevention services. The Executive proposes to reduce funding to the NYCDOE by a total of $10 million and reinvests $8 million to community-based provider organizations.

The SFY 2009-10 Executive Budget proposes various local assistance efficiencies, including eliminating $6.5 million in HIV/AIDS services in OASAS treatment programs. The Executive maintains these services are duplicative because OASAS regulations now require certified programs to have a Health Care Coordinator who is responsible for AIDS education and awareness. In addition, the Executive proposal eliminates Managed Addiction Treatment Services outside of New York City for a savings of $2.5 million.

The SFY 2009-10 Executive Budget includes new funding of $6 million to support diversion programs intended to direct criminal offenders into treatment and case management programs instead of more costly prison sentences in collaboration with the Division of Criminal Justice Services. In addition, the Executive proposal redirects $2 million from the Department of Parole to OASAS to partially offset their elimination of funding for relapse prevention services to parolees in outpatient and residential programs.

The SFY 2009-10 Executive Budget proposal includes other state agency recommendations that impact the OASAS system of care. Specifically, the Office of Temporary and Disability Assistance (OTDA) is proposing to reduce the personal needs allowance of the 7,000 public assistance recipients currently residing in OASAS-certified treatment facilities to $45 a month. The existing personal needs allowance is $146 per month, and this initiative would save $9 million in SFY 2009-10.

Capital Projects

The SFY 2009-10 Executive Budget provides capital appropriations of $98.8 million. This funding continues to support the development of 415 pipeline community residential treatment opportunities over the next five years for high priority populations.

Article VII

The SFY 2009-10 Executive Budget includes legislation to close the Manhattan Addiction Treatment Center. This initiative will generate operating savings of $4.6 million annually and avoid $14 million in potential capital costs. In addition, the Executive includes language to extend the authorization of annual federal Disproportionate Share (DSH) funds to support the provision of mental health and substance abuse services by Article 28 hospitals. The authorization for annual DSH payments has previously been extended at three-year intervals.

The SFY 2009-10 Executive Budget includes language to extend for five years the exemption for social workers and other mental hygiene professionals from certain education law provisions thereby avoiding additional education requirements and salary costs. Enactment of this bill would allow the State to avoid costs preliminarily estimated at over $10 million.

The SFY 2009-10 Executive Budget includes language which eliminates the Human Services cost-of-living (COLA) for SFY 2009-10 and extends the adjustment for an additional year, through March 31, 2013. This proposal eliminates the SFY 2009-10 COLA for several state agencies including the Office of Mental Health, Office of Alcoholism and Substance Services, the Department of Health, the State Office for the Aging and the Office of Children and Family Services.

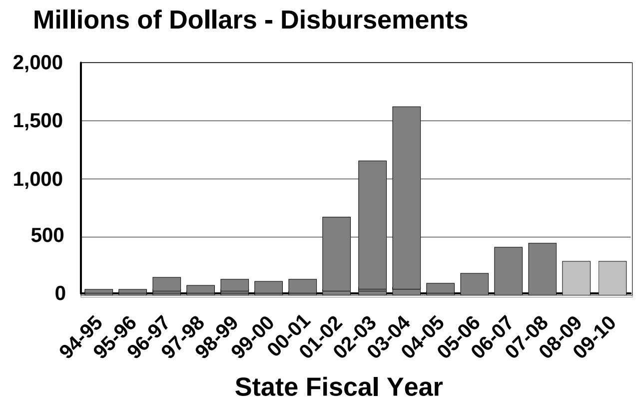
In addition, the Executive includes legislation to transfer the alcohol and drug rehabilitation program from the Department of

Motor Vehicles to OASAS. The Office will seek to use a portion of the Federal Governor's Traffic Safety Grant to administer this program.

Senate Finance Contact:
David K. King ext. 2937

DIVISION OF MILITARY AND NAVAL AFFAIRS

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	24,671	115,293	90,622	367.3%
Special	17,882	18,541	659	3.7%
Federal	54,041	367,442	313,401	579.9%
Other	0	50,000	50,000	0.0%
Capital	30,700	30,700	0	0.0%
Total	127,294	581,976	454,682	357.2%
Cash	279,501	285,673	6,172	2.2%



Agency Overview:

The Division of Military and Naval Affairs (DMNA) has a dual mission.

First, it is responsible for the provision of a well trained and equipped reserve military force which includes the Army National Guard, Naval Militia and Air National Guard. The State Militia must be capable of immediate integration with their active force counterparts in the event of a Federal mobilization and be capable of assisting civil authorities in the event that disasters, disturbances or other emergencies occur.

Second, DMNA is responsible for the State Emergency Management Office (SEMO). SEMO is tasked with coordinating the State's response to disasters and oversees disaster preparedness planning and programs.

Budget Proposal: The SFY 2009-10 Executive Budget recommends All Funds appropriations of $582 million, an increase of $455 million from the SFY 08-09 Budget. This increase includes $16 million to support Empire Shield, which conducts random missions with flexible threat based, rapid response units in the new York City metro area and $50 million for establishment of the Enterprise Fund to allow the NY Alert emergency notification system to be used by other entities across the Northeast. The New York Alert account, as established in the SFY 2008-09 Enacted Budget, provides state of the art rapid emergency notification in "real time".

The largest portion of the increase stems from $412 million in new State and Federal disaster assistance funds in the event of future disasters. The Executive increases the annual Radiological preparedness fee assessed on nuclear power plants for disaster preparedness planning from $550,000 to $1 million. This would generate $2.7 million in increased revenue.

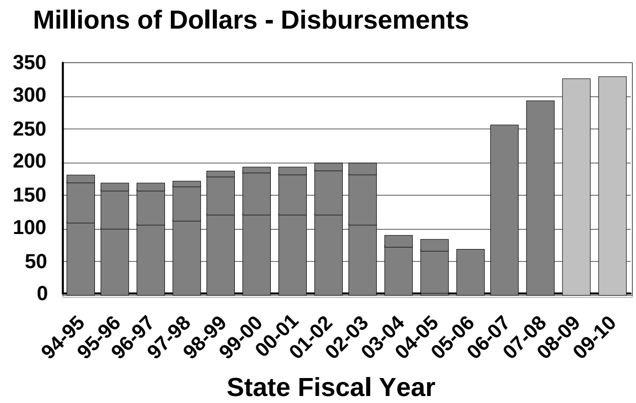
State Operations: A decrease of $366,000 would be taken from the New York Guard and Honor Guard. There would be a reduction of seven FTEs for a savings of $773,000.

Proposed Legislation: The Executive increases the annual Radiological preparedness fee assessed on nuclear power plants for disaster preparedness planning from $550,000 to $1 million. This would generate $2.7 million in increased revenue.

Senate Finance Contact:
Nicole C. Fosco, ext. 2928

DEPARTMENT OF MOTOR VEHICLES

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	103,479	93,202	(10,277)	-9.9%
Federal	32,207	35,400	3,193	9.9%
Other	10,500	10,500	0	0.0%
Capital	231,782	219,035	(12,747)	-5.5%
Total	377,968	358,137	(19,831)	-5.2%
Cash	328,689	331,225	2,536	0.8%



Agency Overview

The Department of Motor Vehicles (DMV) promotes safety on the State's highways by licensing drivers, registering motor vehicles and providing consumer protection and information services. DMV operates from its headquarters in Albany, three regional offices in Albany, Long Island and New York City, and 28 district and branch offices. County Clerk offices act as DMV agents at 101 locations throughout the state. DMV served more than 20 million customers last year, and collected over $1.35 billion in revenue for the State and localities. In addition, over two million transactions per year are processed via the DMV website.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $358.1 million, a decrease of approximately $19.8 million, or 5.2 percent from the current year. The reduced funding reflects the full annual impact of the agency spending reductions put in place by the 2008-09 fiscal year financial management plan (FMP), including savings in personal services due to a hiring freeze, and lower non-personal service spending on information technology, contractual services, and consultants.

Of total projected appropriations, $219 million, or 61 percent of DMV's budget is financed by revenues from the State's Dedicated Highway and Bridge Trust Fund (DHBTF), which supports 1,961 full-time equivalent (FTE) positions within the Department. The Executive's total recommended staffing level for DMV is 2,876, representing an increase of 15 FTEs from the reduced levels of the 2008-09 FMP budget. The added personnel are required to service an expected tripling of driver license renewal volumes in SFY 2009-10, a result of changing license expiration cycles from five years to eight years. Although additional spending of about $7 million will be required to provide the additional license renewals, these transactions provide a net revenue gain for the DHBTF and the Dedicated Mass Transportation Trust Fund (DMTTF).

Administrative Adjudication Program:

DMV adjudicates traffic violations at 11 locations in New York City and other locations across the State. The program is financed with fines collected from violators and supports 430 FTEs. The SFY 2009-10 Executive Budget recommends an appropriation of $44.8 million to support the program, a decrease of $81,000 (two tenths of one percent) from the current year.

Governor's Traffic Safety Committee (GTSC):

The State's highway safety program is financed with mostly Federal funding to support initiatives including the promotion of proper child safety seat use, the Click It or Ticket campaign to increase seatbelt use, and educational programs for motorists convicted of alcohol or drug-related driving offenses. The SFY 2009-10 Executive Budget includes $35.4 million in Federal funding for the program, up $3.2 million from the current year to reflect a projected increase in grants.

Internet Point Insurance Reduction Program:

The SFY 2009-10 Executive Budget proposes to fund the pilot Internet Point Insurance Reduction Program (IPIRP) at $1.2 million, a decrease of $228,000 from the current year. Funding for IPIRP was included in the SFY 2008-09 enacted budget after having been proposed by the Executive and rejected by the Legislature each of the two preceding years.

Proposed Revenue-Raisers:

The Executive Budget proposes several revenue-raising actions that would reduce the General Fund subsidy (transfer) to the Dedicated Highway and Bridge Trust Fund, or provide revenue for the General Fund directly. The following changes would increase SFY 2009-10 DHBTF receipts by a total of $82.4 million and GF receipts by a total of $69.2 million:

Increasing vehicle registration fees by 25 percent would provide an additional $60.5 million for the DHBTF in SFY 2009-10 (and $103.7 million fully annualized). The exact amount of the fee varies by vehicle type and weight; for example, the fee for a 3400-pound passenger car would rise from $44 to $55.

Increasing driver license document fees by about 25 percent would provide $21.9 million for the DHBTF in SFY 2009-10 and $37.6 million in SFY 2010-11. The increases would apply to both new documents and renewals. The fee to renew a standard driver's license for eight years is currently $50. The $30 endorsement fee for a Western Hemisphere Travel Initiative (WHTI)-compliant license or ID card (introduced during SFY 2008-09) would not be affected.

Increasing the license plate fee from $15 to $25 and requiring reissuance of license plates in SFY 2010-11 and SFY 2011-12 would raise $129 million for the General Fund each year.

Adding a new one dollar fee for each pre-licensing course completion certificate would raise approximately $500,000 per year for the General Fund. Books of 50 certificates are currently provided to driving schools free of charge. The proposed language prohibits driving schools from charging students for the certificate.

Eliminating the $100 cap on surcharges for multiple traffic violations during the same incident is estimated to provide $9.9 million in General Fund revenues per year. Currently the surcharge is $60 per violation, but no more than $100 can be collected even for two or more violations.

Increasing penalties for fraud by car repair shops, inspection stations, and dealers is expected to raise $721,000 annually for the General Fund.

Doubling several fees related to traffic violations is expected to generate $16.1 million in annual GF revenues. These are fees charged for license suspension and reinstatement, for alcohol-related suspension, and for failing to appear for tickets or pay a fine (scofflaw fee).

Allowing photo-radar speed enforcement in work zones and other highway locations is projected to net $42 million for the General Fund in SFY 2009-10 (and $84 million fully annualized).

The Executive Budget also includes language that would permanently extend the New York City **Red Light Camera program**, increase the maximum fine for violations, remove the cap on the number of intersections, and expand the program from New York City to other large cities and counties that choose to adopt it. While this action would not raise money for the State, it could provide $100 million or more in additional revenue to the City, and $50 million for other cities and counties.

Other Proposed Legislation:

The Executive proposes to **eliminate the requirement that applicants for a non-commercial learner's permit pass a DMV-administered written test**. Instead, applicants for learner's permits would need to have completed a five-hour pre-licensing classroom course or driver education course, which is currently a prerequisite to sign up for a road test. The proposed language allows the DMV commissioner to require through regulation that course providers give a written test. This measure is expected to save DMV $1.4 million per year.

The Executive proposes Article VII legislation to conform New York State law with requirements for receipt of certain Federal funds. These proposals would:

Make permanent the statute requiring driver's licenses to be suspended for alcohol-related violations. This law would otherwise expire on October 1, 2009, putting in jeopardy $19 million annually in Federal highway aid.

Make permanent the statute requiring licenses to be suspended or revoked for drug-related violations. This law, too, would otherwise expire on October 1, 2009, costing $63 million annually in Federal highway aid.

Bring New York State law into compliance with Federal requirements for commercial driver's licenses (CDLs). Failure to comply would cost the State $31 million annually in Federal highway aid.

Three Executive proposals would extend existing statutes relating to the collection and use of motor-vehicle related state revenues. The proposals would:

Make permanent the authorization to pay DMV operating costs out of the DHBTF. The trust fund was originally established to pay for highway and bridge infrastructure projects. In 2002, DMV expenses were added to the list of eligible costs, the reasoning being that DMV collects much of the revenue going into the fund.

Extend for two years provisions of the Motor Vehicle Financial Security Act relating to penalties for lapsed vehicle insurance. The associated revenue impact is $26 million per year, some of which funds the DMV's Compulsory Insurance program.

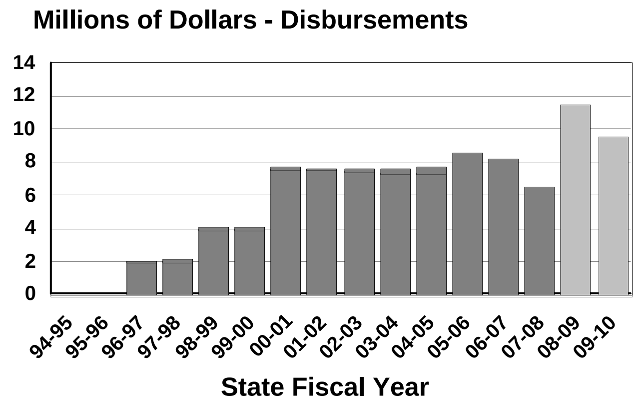
Extend for two years laws authorizing surcharges on traffic violations. The surcharges generate approximately $80 million in annual revenue for the General Fund.

Make permanent the authority to collect $275 million of transportation-related revenues. The revenues, which include title fees, data sales fees, certificate sales fees, and transmission taxes, are deposited in the DHBTF and DMTTF, and used to pay for highways, bridges, and transit.

Senate Finance Contact:
Eugene Sit ext. 2754

OLYMPIC REGIONAL DEVELOPMENT AUTHORITY

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	8,626	7,826	(800)	-9.3%
Special	400	400	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital		0	0	0.0%
Total	9,026	8,226	(800)	-8.9%
Cash	11,559	9,509	(2,050)	-17.7%



Agency Overview:

The Olympic Regional Development Authority (ORDA) was established in 1981 to create and administer a post-Olympic program for the Lake Placid facilities. These facilities include: Whiteface Mountain Ski area; the Olympic Training Center; Mt. Van Hoevenberg bobsled, luge, cross country ski trails and biathlon range; Intervale Ski Jumping Complex; Olympic Ice Rinks and the Olympic Speed-skating Oval. In 1984, ORDA's responsibility was expanded to include the management of the Gore Mountain Ski Center in North Creek, Warren County.

Budget Proposal:

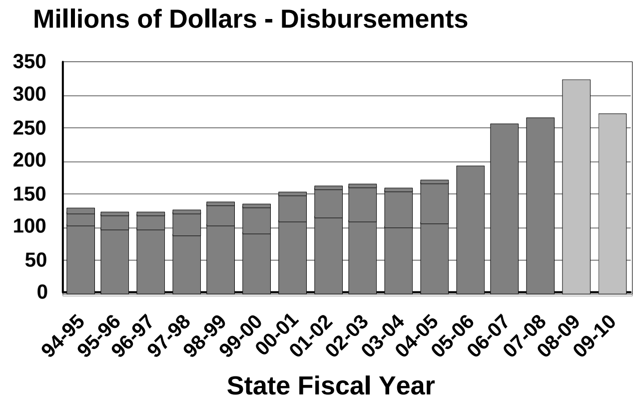
The SFY 2009-10 Executive Budget recommends All Funds appropriations of $8.2 million for the Authority. This appropriation reflects an $800,000 decrease from SFY 2008-09. The reductions include $200,000 in supplies and materials purchases and the elimination of three positions through attrition. It is anticipated that some of these reductions will be recouped through increased consumer use of ORDA programs and facilities.

State funds of $7.8 million are provided to ORDA for 21 percent of the Authority's $36.4 million operating budget. The remaining funding is generated from venue marketing and ticket sales ($27.3 million), the Town of North Elba ($900,000), the Winter Sports Education Fund ($200,000) and the Olympic Training Center Account ($200,000).

Senate Finance Contact:
Richard C. Mereday ext. 2934

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	169,576	143,555	(26,021)	-15.3%
Special	78,714	86,184	7,470	9.5%
Federal	10,320	9,320	(1,000)	-9.7%
Other	1,500	1,500	0	0.0%
Capital	147,000	56,000	(91,000)	-61.9%
Total	407,110	296,559	(110,551)	-27.2%
Cash	322,939	273,084	(49,855)	-15.4%



Agency Overview:

The mission of the Office of Parks, Recreation and Historic Preservation (OPRHP) is to provide safe, enjoyable, recreational and interpretive opportunities for all New York State residents and visitors, as well as to be a responsible steward of the State's valuable natural, historic and cultural resources. Services open to the public at State Parks include performing arts centers, golf courses, marinas, beaches, cabins, swimming pools, campgrounds, a variety of restaurants, and other historic sites.

Parks operations are administered through a network of 11 regional offices with the central office located in Albany. The OPRHP operates and maintains 178 parks and 35 historic sites.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $296.5 million, a decrease of $110.5 million or 27.2 percent below SFY 2008-09

The Executive recommends a General Fund decrease of $26 million including the following: $16 million in Aid to Localities community project funds; $500,000 from the elimination of 57 positions through attrition; $1 million in Natural Heritage Trust funding; and $1.5 million from consolidation of services and reduced park operations Statewide. The Executive also recommends $6.5 million in funding to support various State park operations be shifted from the General Fund to Special Revenue Funds.

The Executive recommends a reduction of 57 positions for a total workforce of 2,214 by March 31, 2010.

Fee Increases:

The Executive is recommending a number of new State parks fee increases, including: a camping rate increase from $13 to $15 per night; a 15 percent increase in cabin rentals depending on the size of the cabin; an increase in the Empire Passport from $59 to $65; a 15 percent increase in golf fees, except Bethpage Black for the 2009 season; and a 25 percent increase in marina slip rental rates. (see the Summary of Agency Spending- Environment, Agriculture and Housing section for Parks fee increase chart.)

Capital Spending:

The SFY 2009-10 Executive Budget recommends $147 million in capital spending, a $91 million decrease from SFY 2008-09. This significant decrease reflects the reduction of $95 million for Statewide parks improvements included in OPRHP's budget in SFY 2008-09, offset by an additional $4 million for continued support of the Walkway over the Hudson River project.

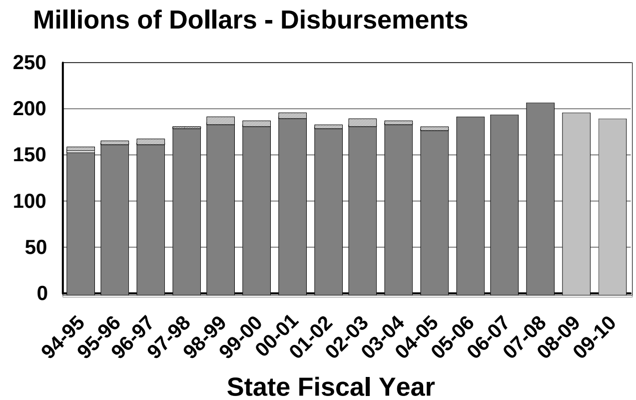
Article VII:

The SFY 2009-10 Executive Budget recommendation includes legislation to clarify the authority of OPRHP to sell merchandise, goods, commodities or food, and that proceeds from such sales should be deposited into the patron services account to support park maintenance and general operations.

Senate Finance Contact:
Richard C. Mereday ext. 2934

DIVISION OF PAROLE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	224,238	183,647	(40,591)	-18.1%
Special	825	825	0	0.0%
Federal	500	500	0	0.0%
Other	9,250	9,250	0	0.0%
Capital	0	0	0	0.0%
Total	234,813	194,222	(40,591)	-17.3%
Cash	196,122	190,652	(5,470)	-2.8%



Agency Overview

The Division of Parole, which consists of the Board of Parole and Division staff, oversees all offenders who are released from prison prior to the full completion of their maximum sentence. The Division determines when offenders should be released, supervises parolees in the community, investigates alleged violations, revokes parole when warranted, and arranges for community support.

Budget Proposal:

The SFY 2009-10 Executive Budget adjusts the SFY 2008-09 enacted personal service appropriation level to reflect an increase of $10.3 million for costs related to binding arbitration awards.

The SFY 2009-10 Executive Budget proposes a General Fund reduction of $40.5 million. The SFY 2009-10 Executive Budget increases General Fund personal service by $8.6 million related to salary adjustments. An increase of $1.6 million is associated with rent increases, and $630,000 for inflationary costs.

These increases are offset by $5.7 million in personal service and nonpersonal service costs related to the Executive's cost containing measures which include, Strict and Intensive Supervision Treatment population reestimations; improved timing of parole Board Hearings from two months to four months resulting in less Community Preparation; vacancy controls; and delays in equipment purchases and other operational efficiencies. The Executive also proposes a reduction in nonpersonal service costs of $2.5 million including cancellation of two training classes, postponement of information technology projects, a hiring freeze and other operational efficiencies.

In addition, the Executive reduces General Fund spending by $3.5 million associated with the Risk Assessment Supervision of Parolees affecting 60 Full Time Equivalent (FTE) positions, and $2.9 million associated with 133 FTEs related to Post Release Supervision and Strict Intensive Supervision Treatment population decreases. The Executive also reduces General Fund by $785,000 related to the elimination of ten administrative positions, and $2.5 million attributable to non personal service efficiencies.

Aid to Localities:

Currently, New York State is required to reimburse counties for housing parole violators at a daily rate of $40 per inmate. The SFY 2009-10 Executive Budget eliminates $20 million in Board of Prisoner Payments. The Executive also eliminates $8.1 million for all treatment contracts, and $5.1 million for sex offender housing funding.

Article VII Legislation:

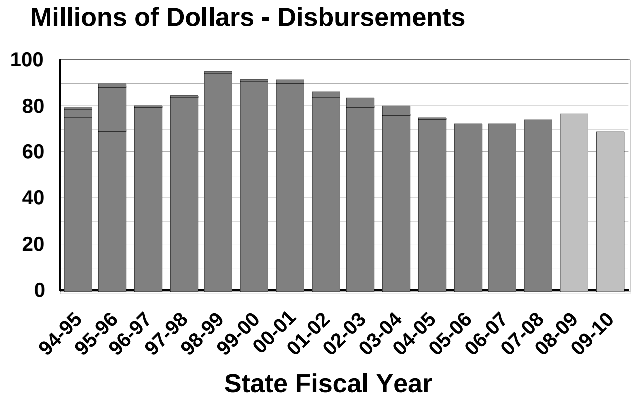
Adoption of Graduated Sanctions for Parole Violators; The Use of Risk and Needs Assessment Instrument; and Protects The Confidentiality of Information About Arrests and Prosecutions That Were Terminated In An Individuals Favor: This bill allow the Chairman of the Board of Parole to consider the implementation of a graduated sanctions program for parole violators that utilizes a risk and needs assessment that is administered to all inmates eligible for parole. Graduated sanctioning is the principle of providing swift and appropriate punishment based on the gravity of the offense and an assessment of the potential risk of re-offending. Graduated sanctions can include increases use of curfews, home confinement, electronic monitoring, or weekend incarceration in a local jail. The risk and needs assessment tool would allow the Parole Board in determining which inmates could be released to parole supervision.

In addition, this bill would establish that individuals are not required to divulge information about arrests or prosecutions terminated in favor of the accused, youthful offender adjudications and sealed violations. This bill is estimated to save $11 million for the Department of Correctional Services (DOCS) in SFY 2009-10 and $44 million when fully annualized.

Senate Finance Contact:
Maria LoGiudice ext. 2936

DIVISION OF PROBATION AND CORRECTIONAL ALTERNATIVES

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	80,033	71,382	(8,651)	-10.8%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	80,033	71,382	(8,651)	-10.8%
Cash	76,716	69,253	(7,463)	-9.7%



Agency Overview

The Division of Probation and Correctional Alternatives (DPCA) oversees county probation departments. It provides training, technical assistance and distributes reimbursements for county expenses. The Agency also provides localities with grants to fund Alternatives to Incarceration programs designed to divert offenders from the State prison system with appropriate community based services.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments to the SFY 2008-09 Enacted Budget appropriations to reflect an increase of $136,000 related to collective bargaining agreements in General Fund State Operations Funding, and $300,000 is included for the shift of four Full Time Equivalent (FTE) positions to State Operations funding for the 200 percent Poverty Program. The Executive further adjusts the SFY 2008-09 Enacted Budget to reflect a reduction of $3.4 million or six percent in Aid to Localities funding.

The SFY 2009-10 Executive Budget recommends an All Funds decrease of $8.6 million. The Executive recommends a decrease of $100,000 in General Fund support related to the Executive cost containment measures which include a hard hiring freeze, reduced funding for the Correctional Offender Management Profiling for Alternative Sanction (COMPAS) contract and other operational efficiencies. In addition, $63,000 in savings is taken for further reductions in the COMPAS contract.

These decreases are offset by an increase of $8,000 related to the Office of General Services lease increase; $35,000 for salary adjustments and $19,000 for inflationary increases.

The SFY 2009-10 Executive Budget proposes a decrease of six percent or $4.3 million in all Aid to Localities funding. The Executive eliminates $2.9 million of a

Legislative add for Alternative to Incarceration funding. The Executive further decreases General Fund spending by $940,000 due to the elimination of a Legislative add for Pilot Programs for Global Positioning Systems (GPS) to track sex offenders.

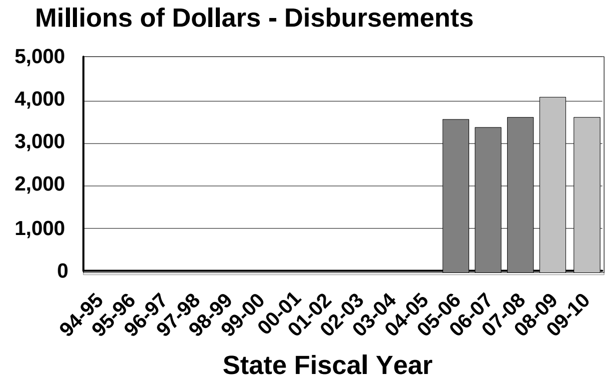
Article VII Legislation:

Credit Probation Sentences For Time Served Under Interim Supervision; and Implement a One-Time $25.00 Probation Registration Fee: This bill would credit probation sentences for time successfully served under Interim Probation Supervision (IPS). IPS is a trial probation period that assists prosecutors and the courts in determining whether a defendant who is at risk of incarceration would be suitable for a probation sentence. This bill would allow the probationer to have his/her period of probation reduced by the period of time served and satisfactory complied with IPS. The Executive expects to reduce probation officer caseloads by allowing defendants to receive credit for time served under the period of successful IPS. In addition, this bill mandates a $25.00 fee for adult probationers registering with the Statewide Integrated Probation Registrant System (I-PRS). The one-time fee would not be imposed as a condition of probation and the fee collected would be used by local probation departments. The Executive estimates that the one-time probation fee of $25.00 would generate $1 million for New York City and County Probation Departments. The new fee would help to offset the six percent reduction to County Probation Departments recommended by the Executive SFY 2009-10 budget proposal.

Senate Finance Contact:
Maria LoGiudice ext. 2936

PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	4,212	4,116	(96)	-2.3%
Special	257	568	311	121.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	4,469	4,684	215	4.8%
Cash	3,985	4,396	411	10.3%



<u>Agency Overview:</u>

The Public Employment Relations Board (PERB), established upon enactment of the Taylor Law, assists public employers and public employee representatives in resolution of collective bargaining disputes through mediation, fact-finding, and arbitration. PERB's services are available to 4,760 negotiating units. In addition to conciliation activities, the Board reviews petitions requesting new negotiating units or employee transfers between units and rules on charges of improper employment practices.

The Board consists of a full-time chair and two part-time members nominated by the Governor for six year terms, and has jurisdiction over State, county and local governments and some service districts, school districts and public authorities.

<u>Budget Proposal:</u>

The Executive proposes $4.7 million in All Funds support, a 4.8 percent increase over SFY 2008-09. The proposal recommends PERB fully absorb the responsibilities of the State Employment Relations Board (SERB), saving $1.7 million to the State. PERB's staffing level would increase by one to 38 FTE’s as a result.

The PERB would perform conciliation activities for private employers and their unions as a result of the absorption of SERB and would resolve improper labor practices in the private sector that are not within the jurisdiction of the National Labor Relations Board.

<u>Article VII Legislation:</u>

The Executive proposes Article VII legislation to abolish the State Employment Relations Board (SERB) and shift responsibilities to the Public Employment Relations Board (PERB). This would expand PERB’s current responsibilities of labor mediation and other services to public employers and their employee unions to include the private sector and Indian Nations. This bill would eliminate duplicative efforts between the Boards and generate $1.7 million in savings for SFY 2009-10.

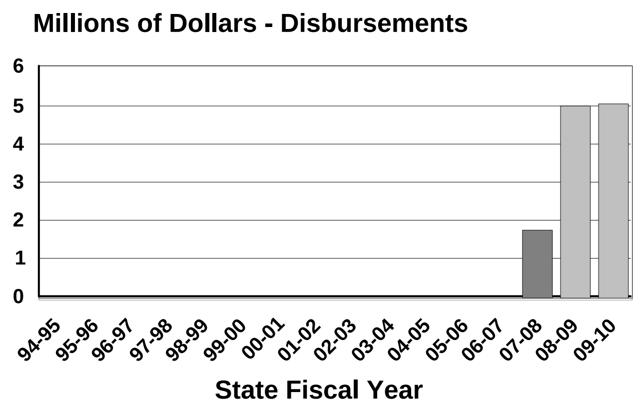
Senate Finance Contact:
Marcie Sorrentino ext. 2820

COMMISSION ON PUBLIC INTEGRITY

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	5,902	5,162	(740)	-12.5%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	5,902	5,162	(740)	-12.5%

Cash	4,984	5,018	34	0.7%



Agency Overview:

The Commission on Public Integrity was established pursuant to Chapter 14 of Laws of 2007. The Commission is the result of the merger of the State Ethics Commission and the Temporary State Commission on Lobbying. The Commission is charged with the responsibility of administering and enforcing the State's ethics and lobbying statutes.

Budget Proposal:

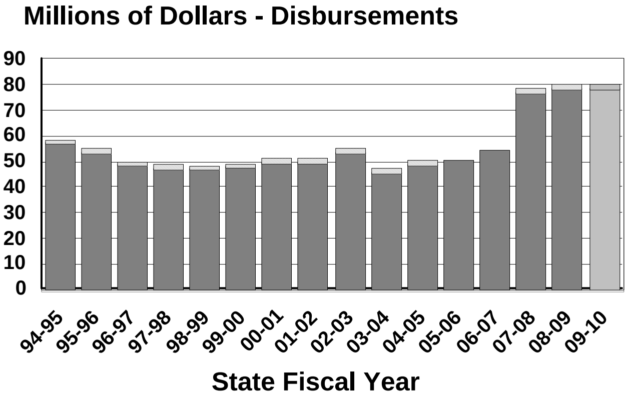
The Executive recommends an All Funds appropriation of $5.16 million, a net decrease of $740,000 below SFY 2008-09 budget. This decrease reflect reductions including fixed cost savings adjustments, elimination of seven positions through attrition and reducing paper filings to the Commission and instead increasing the utilization of electronic filing. These reductions are offset by an increase of $123,000 for collective bargaining agreements. The Executive recommends a Commission workforce of 55 positions for SFY 2009-10.

Senate Finance Contact:
Richard C. Mereday ext. 2934

DEPARTMENT OF PUBLIC SERVICE

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	0	0	0	0.0%
Special	78,687	81,111	2,424	3.1%
Federal	1,691	1,847	156	9.2%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	80,378	82,958	2,580	3.2%
Cash	77,793	80,612	2,819	3.6%



Agency Overview

The Public Service Commission (PSC) is charged by Article I of the Public Service Law with the regulation of rates and services for the State's public utilities; including electric, gas, steam, water and telephone companies. The Department of Public Service is the staff arm of the Commission. The Commission and its proposed staff of 560 Full Time Equivalents (an increase of 20 positions over SFY 2008-09) also oversee the siting of major electric and gas transmission lines, and ensure the safety of natural gas and liquid petroleum lines. Effective January 1, 1996, the Cable Television Commission, which includes 48 positions and all responsibilities for cable television oversight, was merged into the Department of Public Service. In addition, the Department also has a broad mandate to ensure that all New Yorkers have access to reliable and low-cost utility services.

The Department is also charged with implementing, in cooperation with the Department of Environmental Conservation and the Energy Research and Development Authority, an energy efficiency and diversification program (the Systems Benefit Charge - SBC) and a renewable energy policy designed to increase the proportion of electricity generated from renewable resources from the current 18 percent to at least 25 percent by 2013 (the Renewable Portfolio Standard - RPS).

In 2006, the Executive announced that New York State had entered an agreement with six other Northeastern states to reduce the production of greenhouse gasses through new charges imposed upon electricity generators and perhaps other industrial firms. This new program, which began full implementation in SFY 2008-09, has been designated as the Regional Greenhouse Gas Initiative (RGGI).

All three of these programs are completely off-budget and currently beyond Legislative review or oversight. Despite the worthiness of the program goals, they serve as hidden taxes on consumers and businesses in New York State. A total of $478.3 million is currently being raised by these hidden taxes and fees.

The Department's priorities are developing energy efficiency programs to reduce electricity use in the State by 15 percent by 2015, long-range electricity planning, continued expansion and implementation of the Renewable Portfolio Standard and ensuring greater reliability of energy and telecommunication networks.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends additional spending of $2.6 million from increased utility and cable charges to cover increased costs for personal service contracts, fringe benefits, information technology and other equipment upgrades and higher real estate and other inflationary costs. An additional $550,000 is expected from siting request intervener fees and $3.59 million is reappropriated from funds generated from previous siting requests for possible local intervener assistance.

The Department has received a special exemption from the Executive order to hold spending flat from the adjusted SFY 2008-09 levels. The increased spending request is being authorized in the Executive Budget to meet four designated crucial priorities of the Executive.

- Developing energy efficiency programs to ensure the goal of reducing electricity consumption by 15 percent below forecasted levels in calendar year 2015;
- Continuing to develop a long-range State energy plan;
- Sustained implementation of the RPS; and,
- Ensuring reliability of the State's utility networks.

Article VII Legislation:

Proposed Article VII language would authorize a total of $727.1 million in 18-a utility assessments imposed on intrastate gas, water, steam, hardwire telephony and electric utility revenues. This is a $637.1 million increase from the SFY 2008-09 assessment level.

The 18-a assessments currently are imposed at a rate of one-third of one percent on rate payers of publically owned utilities not served by the New York and Long Island Power Authorities. The Executive proposal would increase this assessment level to one percent. A new assessment of one percent of utility bills would be added to current payers and this additional one percent levy would extend to Long Island Power Authority and Energy Service Company revenues.

These assessments of an estimated $75.6 million will be utilized to fund the Department. The remaining $651.6 million in anticipated revenues would be deposited in the General Fund.

The Executive has also asked for authorization to transfer $476 million from the New York Power Authority to the General Fund. The SFY 2008-09 Deficiency Bill requests a $306 million payment and the remaining $170 million is requested in the SFY 2009-10 Executive Budget. A dry appropriation for these amounts is located in the SFY 2009-10 Executive Budget in case the Authority requires these funds for bond covenant coverage or other required functions.

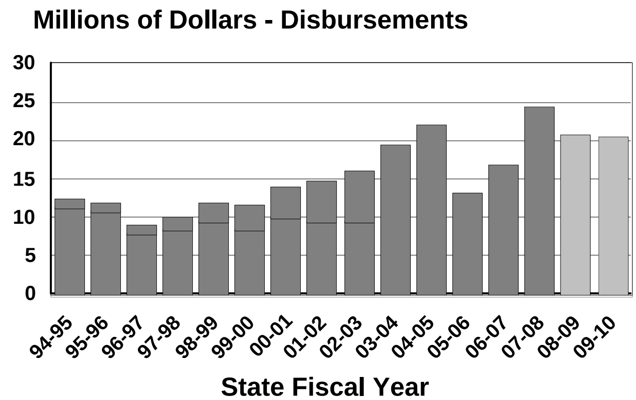
The Executive also proposes legislation to allow the Department of Public Service to streamline the approval processes for confirming cable franchises, to reduce regulatory provisions on telephone companies, to serve orders of notice by e-mail absent objection from expected recipients, and exempts housing of less than four units from a shared metering charge.

All of the State's Economic Development Power programs, including Power for Jobs, expire on June 1, 2009. The Executive Budget contains no provisions regarding the future of this development energy program.

Senate Finance Contact:
Steven Taylor ext. 2747

STATE RACING AND WAGERING BOARD

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	25,829	25,203	(626)	-2.4%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	25,829	25,203	-626	-2.4%
Cash	20,701	20,515	(186)	-0.9%



Agency Overview:

The Racing and Wagering Board regulates all legalized gambling activities in New York State, except the State Lottery. The Board directly regulates Off Track Betting (OTB), horse racing and Indian casino gambling. The Board is fully funded through fees, reimbursements, fines and assessments imposed on raceways, gaming, OTBs and casinos.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends a total appropriation of $25.2 million, a $626,000 decrease, or 2.4 percent from the previous year. Of this amount, $14.7 million supports personnel and related expenditures associated with processing racing licenses, oversight of OTBs, testing of race horses and violation enforcement. Revenues include $2.4 million from charitable gaming proceeds ("bell jar") and $8.1 million from fees charged to Indian casinos to pay for on-site monitoring and investigations.

The Executive Budget proposes to reduce estimated full time equivalent (FTE) positions to 105, a reduction of 17 FTE realized through attrition. This FTE reduction relates to the hiring freeze and the Executive proposal to have the Division of Lottery implement a host agency initiative with the Racing and Wagering Board, which will combine various administrative functions.

Aid to Localities:

The Executive Budget includes a Miscellaneous Appropriation for Tribal State Compact Revenue in the amount of $47.6 million, a $7.6 million increase from the previous year. These funds are scheduled to be distributed on December 31st of each calendar year to local governments in jurisdictions where Indian casinos are located.

Funding for this appropriation is derived from provisions in the Seneca Nation Compact, which generated an estimated $28 million from the Seneca Niagara Casino, $12 million from the

Seneca Alleghany Casino, $3.4 million from Seneca Buffalo Creek Casino and $4.2 million from the St. Regis Mohawk Tribe's Akwesasne Casino.

Article VII:

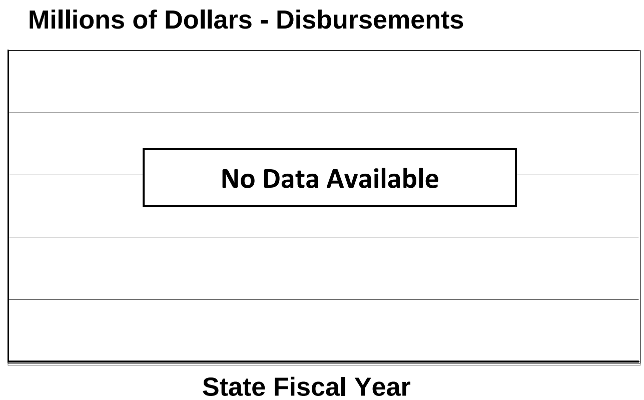
- **Casino Revenue Sharing.** Amends section 99-h of the State Finance Law to allocate the full local share of State revenues received from the Seneca Nation's Buffalo Creek Casino to the City of Buffalo.

- **Horse Entry Fee.** Amends the Pari-Mutuel Wagering and Breeding Law to assess an entry fee of $10 per horse that competes in pari-mutuel races in New York State. The fee is estimated to generate $1 million in revenue in SFY 2009-10 and on a full annual basis thereafter. The proceeds are allocated to the Racing and Wagering Board to pay operating costs. The purpose of the fee is to finance steroid testing of horses.

Senate Finance Contact:
Peter Drao ext. 2918

RACING REFORM PROGRAM

Appropriations and Spending (Thousands of Dollars)				
Fund	Adjusted 2007-08	Proposed 2008-09	Change Amount	Change Percent
General	1,000	0	(1,000)	-100.0%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	1,000	0	(1,000)	-100.0%
Cash	0	0	0	0.0%



Agency Overview:

Chapter 354 of the Laws of 2005 established a five member Non-Profit Racing Association Oversight Board (“Oversight Board”). This board was tasked with reviewing the administrative, contracting and financial practices of the New York Racing Association (NYRA). Additionally, Chapter 354 accelerated the creation of the Committee on the Future of Racing (“Ad Hoc Committee”) whose mission was to develop and administer the State’s procedure for selecting a franchise operator to manage the Aqueduct, Belmont and Saratoga Thoroughbred Racetracks.

NYRA’s franchise of the three racetracks expired on December 31, 2007 and was extended to February 13, 2008. At that time, upon completion of a vetting process during which other potential vendors were considered, NYRA was awarded a 25 year contract to continue managing the tracks.

Budget Proposal:

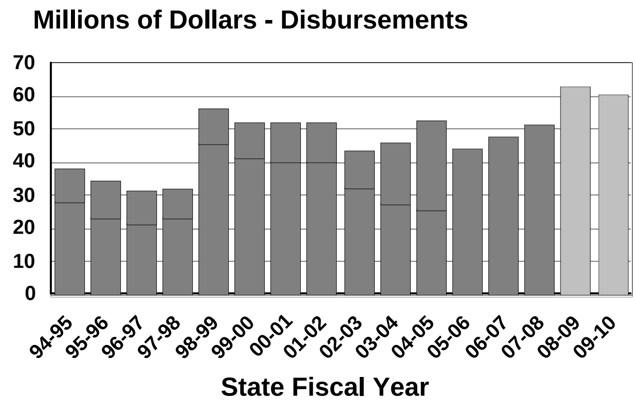
The SFY 2009-10 Executive Budget does not appropriate funds for the NYRA Oversight Board, however; two million dollars in re-appropriations from SFY 2007-08 and SFY 2008-09 are included.

The purpose of these re-appropriations is to fund costs that may arise as the Oversight Board fulfills its responsibilities pursuant to Chapters 18 and 140 of the Laws of 2008. There is no cash behind either of these re-appropriations.

Senate Finance Contact:
Peter Drao ext. 2918

OFFICE OF REAL PROPERTY SERVICES

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	21,397	41,065	19,668	91.9%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	48,373	5,457	(42,916)	0.0%
Capital	0	0	0	0.0%
Total	69,770	46,522	(23,248)	-33.3%
Cash	62,770	60,855	(1,915)	-3.1%



Agency Overview:

The Office of Real Property Services (ORPS) is responsible for the general supervision of local property tax administration in New York State. The Office is involved with all State-level responsibilities related to the property tax, which represents the largest revenue source for counties, municipalities and school districts.

The Office of Real Property Services (ORPS) has programs to determine the full market value of taxable property for more than 1,000 municipalities. It also provides guidance as well as technical and financial assistance to local assessing units and other State agencies with information and administrative support related to property tax administration.

Budget Proposal:

The Executive Budget recommends an All Funds appropriation of $46.5 million, a decrease of $23.2 million over SFY 2008-09. This change consists of a $19.7 million increase in the General Fund, offset by a $42.9 million decrease in Other Funds. The proposed All Funds decrease is attributed to ongoing efforts to achieve administrative efficiencies.

State Operations:

The SFY 2009-10 Executive Budget recommends a staffing level of 328 Full Time Equivalent (FTEs) positions, a decrease of 30 positions from SFY 2008-09 due to restructuring of agency administrative support functions, the assumption of some tax related duties by the Department of Taxation and Finance and by reducing its central office space lease by $1 million.

ORPS spending is generated through three revenue accounts: the Improvement of Real Property Tax Administration Account; the Industrial and Utility Services Account; and the Local Services Account. These accounts are funded from the State's share of the Real Property Transfer Recording Fee, charge backs for assessment services to industrial, utility and railroad property, and charges for miscellaneous consulting and computing services.

Local Assistance:

The SFY 2009-10 Executive Budget provides continued financial incentives to local municipalities to work toward commonality of real property assessment services at the county level of government. The Executive Budget proposes phasing out and eliminating certain Local Assistance appropriations. These reductions in spending include:

- $3.3 million for local administration of the School TAx Relief (STAR) and Middle Class STAR programs.

- $4.1 million to reimburse local governments for discretionary grant funding to promote changes in local property tax administration.

- The Executive recommends targeted increases in the real property transfer fee whenever a deed is recorded in order to fund continuing operations and State and local improvements in property tax administration. This fee increase is scheduled to generate $9 million in additional revenue for SFY 2009-10 and $16 million in SFY 2010-11. The proposed schedule for the Real Property Transfer Fee is:

	Current	Proposed
Co-op	50	100
Residential	75	125
Commercial	165	250

- The Executive also recommends that all real property transfer fees be redirected from ORPS and deposited into the State general fund.

- Reduce State payments in Lieu of Taxes (PILOT) and other tax payment to local government on State-owned land by $9 million in SFY 2009-10 and by $16 million in 2010-11.

Middle Class STAR Proposals:

The SFY 2009-10 Executive Budget proposes to eliminate the STAR Middle Class Rebate Program and end property tax rebates totaling $1.4 billion to homeowners. The SFY 2009-10 Executive Budget recommends continuing the property tax exemptions for the STAR Tax relief program, providing $3.25 billion in tax relief to homeowners.

Article VII Proposals:

- Changes the adjustment that limits annual reductions in assessed value of STAR property exemption from 11 percent to 18 percent, increasing homeowners' liabilities by $109 million in SFY 2009-10.

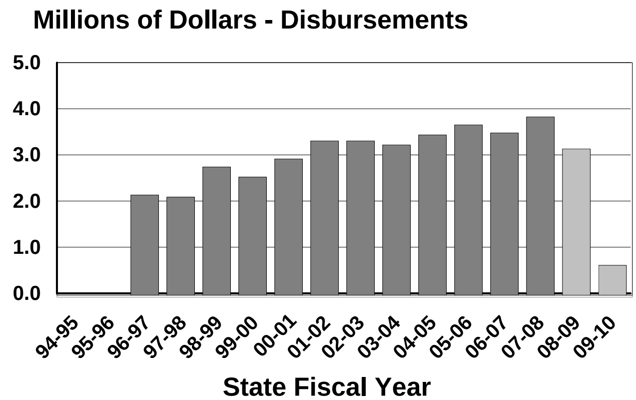
- The SFY 2009-10 Executive Budget also proposes to extend authorization for property valuation assessment fees levied upon oil and natural gas producers.

Senate Finance Contact:
Gerard Zabala ext. 2912

GOVERNOR'S OFFICE OF REGULATORY REFORM

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	3,773	3,072	(701)	-18.6%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	3,773	3,072	(701)	-18.6%

Cash	3,168	640	(2,528)	-79.8%



Agency Overview:

The Governor's Office of Regulatory Reform (GORR) was restructured in 1995 and is charged with the promotion of private sector job growth in New York State through the review and reform of State regulations.

Budget Proposal:

The Executive Budget recommends a single General Fund appropriation of $3.07 million in SFY 2009-10, a decrease of approximately $701,000 or 18.6 percent from current levels.

The proposed decrease results from the elimination of 13 full time equivalent positions for a savings of $254,650 and a reduction in nonpersonal service spending of $445,829 due to administrative efficiencies.

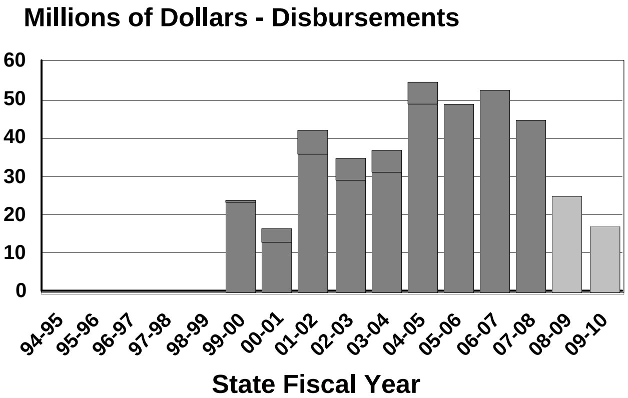
Senate Finance Contact:
Lauren King ext. 2935

FOUNDATION FOR SCIENCE, TECHNOLOGY AND INNOVATION (d.b.a.NYSTAR)

0.0%

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	3,077	0	(3,077)	-100.0%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	3,077	0	(3,077)	-100.0%
Cash	24,557	16,729	(7,828)	-31.9%



Agency Overview:

The Foundation for Science Technology and Innovation's mission is to support both the State's research and development infrastructure and the establishment and growth of technology based companies. The Foundation, known as NYSTAR, is a public authority that is governed by a 13 member Board of Directors, six appointed by the Legislature.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends eliminating NYSTAR (Part EE, S.59) and transferring its core programs to the Urban Development Corporation, which does business under the name Empire State Development Corporation (ESDC).

Core Programs:

- Centers for Advanced Technology (CATs);
- Regional Technology Development Centers (RTDCs);
- Technology Transfer Incentive Program;
- Faculty Development program; and
- Science and Technology Law Center.

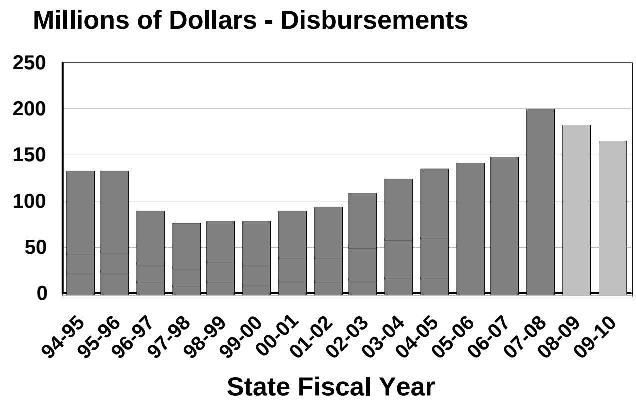
Currently, NYSTAR has an authorized staff level of 30 full-time equivalent (FTE) positions, all of which would be eliminated in the Executive Budget proposal. The plan does not require the transfer of NYSTAR's staff, but instead would allow ESDC to determine how to provide for staffing and oversight of the programs transferred from NYSTAR. Under this proposal if any staff were transferred from NYSTAR to ESDC their pension and civil service benefits would be maintained. The budget proposal for ESDC provides for new funding to fill 116 full time equivalent (FTE) positions.

Senate Finance Contact:
Lilian Kelly ext. 2931

DEPARTMENT OF STATE

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	54,595	22,923	(31,672)	-58.0%
Special	62,125	60,011	(2,114)	-3.4%
Federal	72,802	72,735	(67)	-0.1%
Other	0	0	0	0.0%
Capital	0	2,750	2,750	0%
Total	189,522	158,419	(31,103)	-16.4%
Cash	183,743	165,908	(17,835)	-9.7%

Appropriations and Spending (Thousands of Dollars)



Agency Overview:

The Department of State provides technical assistance to local governments, administers fire prevention and control services, conducts arson investigations, administers the building code program, assists the public by providing ombudsman services, administers the Federal Community Services Block Grant program and is responsible for a variety of programs relating to business and governmental regulations, and public safety. In addition to these duties, the Department operates the Academy of Fire Science in Montour Falls, Schuyler County.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $158.4 million in SFY 2009-10, a decrease of $31.1 million or 16.4 percent from current levels.

The decrease is reflected in the elimination of $31.4 million in Aid to Localities funding and reduced State Operations spending in the amount of $2.4 million across various programs. These reductions are offset by $2.75 million in proposed capital appropriations for the Department to administer the Brownfields Grant Program in concert with the Department of Environmental Conservation.

Additionally, a decrease of 47 full time equivalent positions from the current level of 907 positions is recommended. These positions will be reduced as a result of attrition and the statewide hiring freeze on funded vacancies.

Aid to Localities:

The Executive Budget proposes to **eliminate** $31.4 million in appropriations as follows:

- $24.5 million for Community Projects
- $4 million for Civil Legal Services
- $1.9 million for Automated External Defibrillators for the New York City Police Department's Vehicles
- $980,000 for Indigent Civil Legal Services

State Operations:

The Executive Budget proposes to reduce State Operations spending by $2.4 million as follows:

- A $764,000 decrease in the Local Government and Community Services Program as a result of the elimination of 24 full time equivalent positions.
- A $615,000 decrease in the Business and Licensing Services Program as a result of the elimination of 20 full time equivalent positions.
- A $369,000 decrease in Local Government and Community Services Program funding to more accurately reflect historic under-spending in accounts such as fire protection, manufactured housing and fire safe cigarettes.
- A $320,000 decrease in contractual service and nonpersonal service costs for the Tug Hill Commission Program.
- A $168,000 decrease from the transfer of funding for the Law Revision Commission back to the Division of the Budget.
- A $130,000 decrease in personal and nonpersonal service costs in the Lake George Park Commission Program to properly align appropriation levels with actual spending.
- A $67,000 decrease in the Local Government and Community Services Program associated with reduced Federal aid for several programs.

Article VII Proposals:

Part R: The Executive proposes to extend for one year the distribution formula for the Community Services Block Grant Program. Historically, this formula has been extended annually.

Part S: The Executive proposes to increase examination fees associated with certain disciplines regulated by the Department of State. This action would generate approximately $3.5 million in additional revenue in SFY 2009-10 and beyond.

Discipline	Old Fee	New Fee
Cosmetologists, Waxing Specialists, Estheticians, Natural Hair Stylists and Nail Specialists	$15	$75
Fire and Security Alarm Installers	$15	$75
Real Estate Appraisers	$50	$75
Barbers	$15	$75
Hearing Aid Dispensers	$50	$75
Home Inspectors	$50	$76
Private Investigators, Bail Enforcement Agents, Watchmen, Guards or Patrol Agents	$15	$75
Notary Publics	$50	$75
Real Estate Brokers and Salespeople	$15	$75

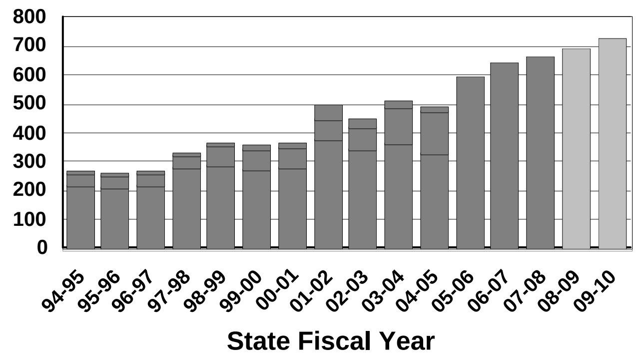
Part RR: The Executive proposes to extend for one year provisions of law which allow the Secretary of State to charge increased fees for the expedited handling of documents issued by or requested from the Department's Division of Corporations.

Senate Finance Contact:
Lauren King ext. 2935

DIVISION OF STATE POLICE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	478,217	434,076	(44,141)	-9.2%
Special	175,049	224,590	49,541	28.3%
Federal	7,235	7,235	0	0.0%
Other	0	0	0	0.0%
Capital	11,500	11,500	0	0.0%
Total	672,001	677,401	5,400	0.8%
Cash	690,401	726,217	35,816	5.2%

Millions of Dollars - Disbursements



Agency Overview

The Division of State Police is responsible for patrolling the roads and highways outside major urban centers, and providing specialty and investigative police services throughout the State. The work of the State Police ranges from traditional patrol duties to that of specially trained investigators who conduct operations against drug traffickers and other criminals.

Budget Proposal:

The SFY 2009-10 Executive Budget includes adjustments to SFY 2008-09 Enacted Budget General Fund appropriations of $3.6 million and $121,000 in Special Revenue Funds related to personal service costs associated with collective bargaining agreements.

The SFY 2009-10 Executive Budget recommends an increase of $5.4 million in All Funds appropriations, a .8 percent increase over the SFY 2008-09 level. The Executive proposes reducing General Fund appropriations by $44.1 million, of which $48.4 million is attributable to an increase in the Motor Vehicle Law Enforcement (MVLE) Fee. The Executive also reduces General Fund spending by $3.8 million related to the redeployment of 30 Troopers from the Patrol Account to the Thruway Account.

The Executive proposes General Fund reductions of $6 million associated with the Division's reconfiguration of efficiency in purchasing vehicles initiative, and $2 million from a multi agency information technology collaboration and consolidation of voicemail and information technology projects.

These reductions are offset by an increase of $6.6 million in the Patrol Activities Account for personal service salary adjustments. In addition, $9.4 million is included for non personal services attributable to the Executive proposal for Speed Enforcement Cameras in work zones and certain stretches of highway for costs associated with the administration, lease, and litigation costs of the program.

The SFY 2009-10 Executive Budget increases Special Revenue appropriations by $49.5 million. Article VII Legislation to increase the amount collected on the MVLE fee from $5.00 to $10.00 is expected to generate $48.4 million, of which $4.7 million would be dedicated annually to the Motor Vehicle Theft and Insurance Fraud Prevention Fund and the remaining balance to the State Police Motor Vehicle Law Enforcement Account. The Executive also increases Special Revenue funding by $3.8 million from the transfer of 30 Troopers from the Patrol Account to the Thruway Account and includes $117,000 related to salary increases.

These increases are offset by a savings of $2.8 million in adjustments made to personal services, fringe and other indirect costs.

The Executive proposes a decrease of $5.4 million in Federal appropriations resulting from reestimations, $4.5 million in Federal Motor Carrier Safety Assistance, and $965,000 for the Federal National Institute of Justice DNA grants.

Capital Improvements:

The Executive proposes $5.5 million in capital for various projects for health, safety, preservation and maintenance of existing State Police facilities. In addition, the Executive proposes issuing $6 million in authority bonds for the consolidation of dispatch operations at various Troops.

Article VII Legislation:

The SFY 2009-10 Executive Budget includes Article VII provisions for the following:

Motor Vehicle Law Enforcement (MVLE) Fee Increase: The Executive proposes an increase in the current Motor Vehicle Law Enforcement (MVLE) Fee of $5.00 to $10.00 to support the cost of State Police operations, and makes the fee and other related programs that would otherwise expire in 2009 permanent.

The Executive proposes that $4.7 million be dedicated annually to the Motor Vehicle Theft and Insurance Fraud Prevention Fund and the remaining balance to the State Police Motor Vehicle Law Enforcement Account. This fee increase is expected to generate $48.4 million in SFY 2009-10, and $64.5 million annually.

Photo-Monitoring Enforcement of Speed Limits in Work Zones and Designated Stretches of Highway: The Executive proposes authorizing the Division of State Police to establish a photo monitoring enforcement of speed limits in work zones (50) and designated stretches of highway (ten). Signs alerting motorists would be placed 300 feet in advance of the work zone and a fine of $100 would be imposed on the registered owners of vehicles caught speeding through a photo monitored work zone, while $50 would be imposed on those speeding in designated stretches of highway. While the fine is levied against the owner of the car, registered owners would not be convicted as operators, be assessed points against their driver's license, or be subject to increased automobile insurance premiums.

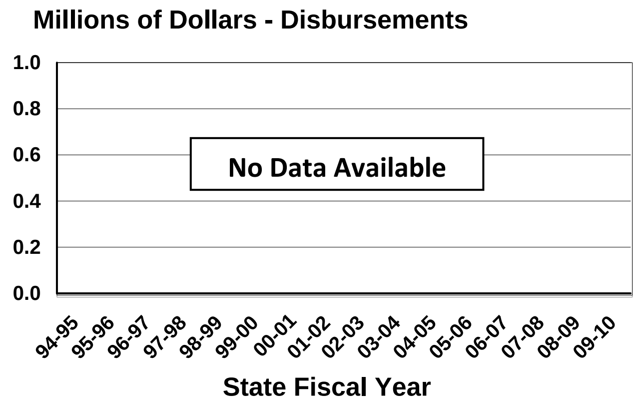
The Division of Criminal Justice Services (DCJS) would be responsible for adjudication of contested violations. It is estimated that these fines would generate $42 million in State revenue in SFY 2009-10 and $84 million when fully annualized.

Senate Finance Contact:
Maria LoGiudice ext. 2936

STATE OF NEW YORK MORTGAGE AGENCY

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	331,809	233,300	(98,509)	-29.7%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	331,809	233,300	-98,509	-29.7%
Cash	0	0	0	0.0%



Agency Overview

The State of New York Mortgage Agency (SONYMA) is a public benefit corporation created to increase the supply and affordability of dwellings for low and moderate income individuals and families. The Agency mission is to provide low interest single family mortgages through the issuance of mortgage revenue bonds and provides mortgage insurance on loans for mixed residential, commercial and community service-related properties. These programs are supported by a Special Mortgage Recording Tax. The appropriations contained in the Agency's budget are required by statute to guarantee certain obligations of the Agency and no disbursements are anticipated to be made from these appropriations.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends a General Fund appropriation of $233.3 million, reflecting a $98.5 million decrease. The decrease is attributed to a decline in mortgage activities and the special issuance in SFY 2008-09 of $100 million in excess funds from the Mortgage Insurance Fund (MIF) to benefit four new housing assistance programs.

Article VII Legislation:

The SFY 2009-10 Executive Budget recommends expanding the role of SONYMA by establishing a new account, the New York Higher Education Program (NYHELPs). This program would utilize the tax exempt status of SONYMA to issue $350 million in tax-free bonds to finance the New York Higher Education Loan Program. NYHELPs would be authorized to provide fixed interest rate loans up to $10,000 per borrower. The interest rate on these loans would be approximately eight percent, lower than the prevailing rate of ten percent currently available from private lenders.

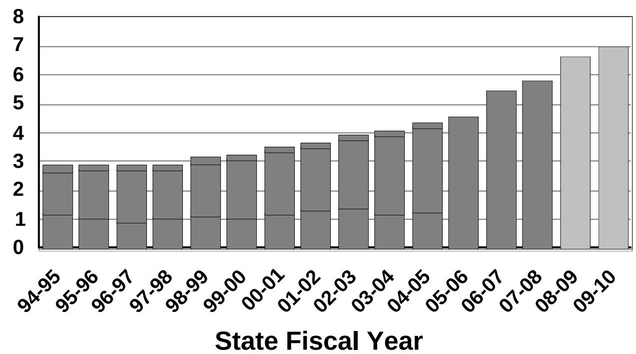
Senate Finance Contact:
Gerard Zabala ext. 2912

STATE UNIVERSITY OF NEW YORK

Appropriations and Spending
(Millions of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	2,995,421	2,794,255	(201,166)	-6.7%
Special	4,410,501	4,713,602	303,101	6.9%
Federal	275,500	298,500	23,000	8.3%
Other	12,410	15,300	2,890	23.3%
Capital	4,138,766	591,965	(3,546,801)	-85.7%
Fiduciary	0	0	0	0.0%
Total	11,832,598	8,413,622	(3,418,976)	-28.9%
Cash	6,633,687	6,980,050	346,363	5.2%

Billions of Dollars - Disbursements



Agency Overview

The State University of New York (SUNY), the nation's largest public university system, offers academic, professional and vocational programs of study to more than 426,000 students at its 64 campuses. The University is governed by a Board of Trustees consisting of 16 members, 15 appointed by the Governor and approved by the Senate, and one ex-officio trustee representing the student assembly of the State University. The State University operating budget supports an estimated 40,632 full-time equivalent (FTE) positions. Community College staffs are not included in this total as they are not State employees.

Budget Proposal:

The SFY 2009-10 Executive Budget includes All Funds appropriations of $7.82 billion (excluding capital funds), an increase of $127.8 million or 1.6 percent over the adjusted SFY 2008-09 levels. All Funds appropriations, including capital, represent $8.4 billion, a decrease of $3.4 billion or 29 percent over the current level. The decrease is mainly attributable to a non-recurring $3.6 billion five-year capital plan enacted in SFY 2008-09. The increases in non-capital appropriations reflect a $300 million or 6.8 percent growth in Special Revenue appropriations, offset by $201 million or a 6.7 percent decrease in General Fund support. The interchange reflects an additional appropriation authority of $165 million to accommodate new revenues from tuition rate increases, offset by a General Fund reduction of $132 million. The Executive recommendations also include inflationary growth in the Dormitory ($10.3 million or 3.6 percent) and Hospital ($160 million or 8 percent) Income Reimbursable Accounts. Appropriations for SUNY's employee fringe benefits and pension programs total $1.159 billion, an increase of $97.7 million or 9.2 percent over the current level.

Under the Executive proposal, General Fund support for the SUNY system, including the community colleges, totals $2.79 billion, a decrease of $201 million or 6.7 percent from the current year. Gross operating support for the State-operated and statutory campuses totals

$3.68 billion, an increase of $193 million or 5.5 percent from the current level. State-operated campuses would receive gross operating appropriations totaling $2.194 billion, a decrease of $167.8 million or seven percent over the current year level. The bulk of this decrease relates to the Executive's proposal to use $122 million in new tuition revenues to offset General Fund support. General Fund support for SUNY's core instructional budget totals $1.2 billion, a decrease of $99.8 million or 7.67 percent over the adjusted SFY 2008-09 levels.

In addition, the Executive Budget eliminates or reduces funding for various University-wide programs, generating an additional $23 million in savings to the General Fund. Funding for the Neil D. Levin Graduate Institute, the Maritime Cadet Scholarship Program, the Nanoscale Science and Engineering program, and the Sportsmanship Institute at Cortland would be eliminated. Reductions to other University-wide programs range from 15 to 50 percent (see the chart at the end of this section for a full list of programs that are being eliminated or reduced).

SUNY Tuition:

The Executive recommends increasing resident undergraduate tuition at SUNY by $620 or 14.2 percent, from $4,350 to $4,970 in Academic Year (AY) 2009-10. The Executive further recommends implementing half of the proposed tuition increase, $310, in the Spring of 2009, immediately raising tuition to $4,660. The remaining half would be implemented during the AY 2009-10. Non-resident undergraduate, graduate, and professional tuition rates would also rise by 21 percent. Under the Executive proposal, SUNY would only be allowed to retain $7.6 million or 10 percent of the $76 million in revenue related to tuition increases in the Spring, while 90 percent or $68.4 million is expected to be transferred to the General Fund. For the tuition revenues associated with the proposed tuition rate increases in SFY 2009-10, the Executive recommends that SUNY be allowed to retain 20 percent, while 80 percent would be used for General Fund relief. To accommodate the increased tuition revenue, SUNY's General Revenue Offset Account is recommended to increase by 17 percent or $195.7 million, from $1.126 billion in the current year to $1.321 billion in SFY 2009-10. This amount includes $59 million to accommodate revenues related to enrollment growth.

Statutory and Contract Colleges:

The SFY 2009-10 Executive Budget separates out appropriations for the State's statutory colleges at Cornell and Alfred universities from the State-operated campuses. Total recommended appropriations for the five statutory colleges are $165.7 million, an increase of $3.8 million or 2.2 percent from the current funding level. Of this amount $99.7 million would support Cornell's statutory schools and $10.4 million would support the College of Ceramics at Alfred University. The SFY 2009-10 Executive Budget continues the practice, begun in SFY 2006-07, which recognizes Cornell's land grant status by providing $55 million for its land grant mission. In the past, Cornell has relied on SUNY's Budget Allocation Process (BAP) for setting funding levels for its academic and land grant missions. Specific funding in the Executive Budget for Cornell's land grant mission provides stability for programs not funded with tuition.

University Income Accounts:

As mentioned above, the SFY 2009-10 Executive Budget recommends $1.321 billion for SUNY's General Revenue Offset Account, representing an increase of 17 percent or $195.7 million from the current level. The Executive is proposing to offset General Fund support with

$40 million of positive operating cash flow from the University's General Income Fund Reimbursable Account (IFR), which has been reflected in the General Revenue Offset Increases. A separate $75 million appropriation has also been carved out from the IFR positive operating cash flow, which would be used to protect against future faculty and staff layoffs. The IFR is a depository for various revenue generating activities on all SUNY campuses, including student fees, parking fees, summer and international programs and others.

Community Colleges:

The SFY 2009-10 Executive Budget reduces SUNY community college base operating aid per full-time equivalent student (FTE) by an average of $270 or 10 percent, from $2,675 to $2,405. The proposal would reduce base aid funding for SUNY community colleges by $22 million in the AY 2009-10 academic year. This is a tiered reduction under which base aid per FTE in community colleges with less than 3,000 FTE enrollment would be reduced by $160. Community colleges with enrollment of between 3,000 and 6,000 would be reduced by $230, while those with enrollment of more than 6,000 would be reduced by $300. As part of the Executive Deficit Reduction Plan (DRP), the remaining payments in 2008-09 would be reduced by $11 million, equivalent to an average of $270 reduction per student.

The recommended SFY 2009-10 appropriations for community college contract courses ($1.88 million); child care centers ($1.001 million); community colleges with low enrollment ($940,000); high need programs ($1.69 million); and rental aid ($8.63 million) are at the adjusted SFY 2008-09 levels (i.e., after the DRP impact of six percent from the enacted levels). Funding for the Cooperative Extension program administered by Cornell is level at $3.92 million, representing the net available funding in SFY 2008-09 after effecting a DRP of six percent.

SUNY Hospitals:

The SFY 2009-10 Executive Budget maintains the existing appropriation structure (instituted in SFY 2001-02), under which the SUNY Hospitals' finances are separated from SUNY system finances. This structure allows the hospitals to pay their own operating and debt service costs. In accordance with this arrangement, the Executive Budget proposal provides for a subsidy of $129 million, a decrease of $25 million or 16.2 percent, for the three teaching hospitals at Stony Brook, Syracuse and Brooklyn.

Capital Plan:

In SFY 2008-09, the Legislature enacted a new $4.1 billion five-year capital plan for strategic initiative and critical maintenance projects at SUNY campuses, SUNY Hospitals, SUNY Dormitories, and SUNY Community Colleges. The SFY 2009-10 Executive Budget recommends $550 million in new capital appropriations for the SUNY State-operated and Statutory campuses to continue addressing the accumulated backlog of critical maintenance projects. The Executive proposal also includes $41 million in capital appropriations to support projects at SUNY community colleges.
(See chart at the end of this section).

Article VII Language:

The Executive Budget proposal includes a series of Article VII provisions intended to provide SUNY greater flexibility in the areas of procurement, contracts, and property management. This proposal reflects aspects of the recommendations contained in the report of the Commission on Higher Education.

The deregulation provisions would amend the education, public authorities and State finance law to:

- Permit SUNY to purchase goods and services without prior approval, subject to post-audit review by the Comptroller.

- Allow not-for-profit organizations affiliated with SUNY to participate in Office of General Services-maintained centralized contracts.

- Indemnify students who are enrolled in required academic residency and internship programs.

- Authorize the State University Construction Fund (SUCF) to adopt its own procurement guidelines, pursuant to Article IX of the Public Authorities Law.

- Permit SUNY Healthcare centers to enter into contract and participate in joint ventures, subject to annual reporting.

- Increase the threshold from $50,000 to $250,000 for projects that require performance bonds.

- Permit the SUCF to establish standards and guidelines for procurement consistent with that of public authorities, and to use alternative construction methods.

- Authorize SUNY to establish differential tuition rates for non-resident students.

- Expand investment choices for the Optional Retirement Program for the State University of New York to include corporations that manage or invest in mutual funds.

Senate Finance Contact:
Ade Somide ext. 2760

2009-10 SUNY Community Colleges - Projects
(in thousands of dollars)

Corning Community College	Estimated 50 Percent State Share
Corning Community College	
Athletic Center - Field House	5,137
Commons Renovation	507
Library Expansion and Renovation	5,496
Fulton-Montgomery Community College	
Critical Maintenance Projects Campus-wide	625
Fashion Institute of Technology	
Improvement Projects Campus-wide	2,169
Jamestown Community College	
Critical Maintenance Projects Campus-wide	1,000
ARSC Third Floor Renovations	1,000
Demolition of Dilapidated Housing	250
Parking Lot Expansion	500
Library Learning Center Improvements (Cattaraugus)	500
North County Center Purchase	2,000
New Science Building	6,000
Monroe Community College	
Building 9 Renovations, Phase II	2,190
Property Preservation	3,800
Nassau Community College	
Security System Expansion	350
Fire Alarm Upgrades	1,000
Road and Parking Lot Paving	4,800
Tompkins-Courtland Community College	
Upgrade/Modernization of Electrical Panel	800
Classroom Upgrade	1,000
Westchester Community College	
Health and Safety Improvements, Phase I	1,146
Supplement campus-wide impr for projects previously approved: Site; Hartford Hall; Health Sci; Admin and PE Buildings	1,695
Total	**41,965**

SUNY - 2009-10 Critical Maintenance Schedule
(in thousands of dollars)

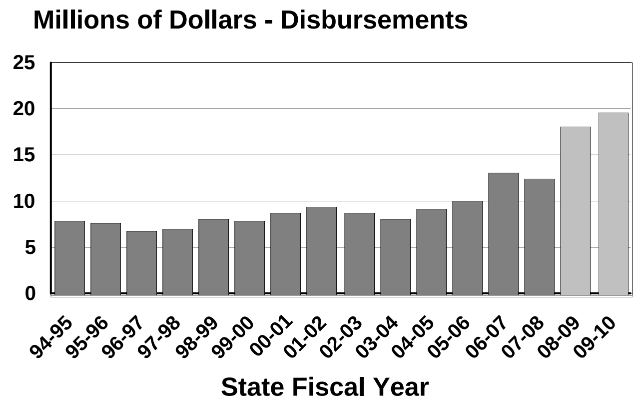
Project	Amount
Albany	33,927
Alfred Ceramics	2,845
Alfred State	7,343
Binghamton	32,129
Brockport	19,429
Brooklyn Health Science Center (HSC)	12,884
Buffalo College	23,974
Buffalo University	67,395
Canton	5,174
Cobleskill	6,989
Cornell	32,817
Cortland	16,646
Delhi	6,150
Empire State	872
Environmental Science and Forestry	8,386
Farmingdale	15,059
Fredonia	13,396
Geneseo	14,191
Maritime	6,049
Morrisville	8,428
New Paltz	16,020
Old Westbury	9,158
Oneonta	13,957
Optometry	3,176
Oswego	21,400
Plattsburgh	14,233
Potsdam	13,837
Purchase	18,143
State University Plaza	4,596
Stony Brook, incl Health Science Center (HSC)	73,847
Syracuse Health Science Center (HSC)	7,862
Utica-Rome	3,152
University-Wide Alterations and Improvements	16,500
Total	**549,964**

2009-10 Executive Budget – SUNY University-Wide Eliminations / Reductions

Program	Base	Reductions	Recommendations	Action
Canine Research	138.0		Moved	to Cornell
Cornell Land Scrip	35.0		Moved	to Cornell
Cornell Land Grant	55,367.1		Moved	to Cornell
Nanoscale Science & Engineering	2,052.0	(2,052.0)		Eliminated
Sportsman Institute at Cortland	698.6	(698.6)		Eliminated
Levin Grad Institute	3,073.3	(3,073.3)		Eliminated
Maritime Appointments	239.6	(239.6)		Eliminated
Earthquake Center	1,841.2	(920.6)	925.0	50%
Library Cons and Pres	326.0	(163.0)	187.0	50%
Research Inst On Addictions	3,057.4	(1,528.7)	1,615.0	50%
Sea Grant	435.2	(217.0)	255.0	50%
Two Year College Dev	41.0	(20.5)	21.0	50%
Stony Brook/Cold Harbor/Brookhaven	215.4	(107.7)	123.0	50%
Acad Equip Rep	5,320.4	(2,628.7)	2,750.0	50%
Dev Centers Bus & Indust	108.0	(54.0)	65.0	50%
NY Network	665.8	(327.9)	383.0	50%
Strategic Part for Indus Resurge	2,002.0	(1,001.0)	1,068.0	50%
Faculty Diversity Program	472.8	(236.4)	237.0	50%
U-Wide Governance	59.4	(29.7)	34.0	50%
Student Comput Access	3,422.2	(1,711.1)	1,985.0	50%
GRI Non-Doctoral	193.0	(29.0)	171.0	15%
Empire Innovation	11,076.0	(1,661.4)	9,412.0	15%
High Need Programs	3,605.3	(540.8)	3,067.0	15%
High Needs Nursing Program	2,000.0	(300.0)	1,700.0	15%
Native American Program	167.3	(25.1)	207.0	15%
Rockefeller Institute	508.0	(76.2)	741.0	15%
Charter Schools	660.7	(99.1)	751.6	15%
Philip Weinberg	70.7	(10.6)	62.4	15%
Computer Center	2,789.3	(418.4)	3,306.0	15%
Educational Technology	2,586.7	(388.0)	4,043.0	15%
Library Automation	994.7	(149.2)	1,028.0	15%
Small Business Development	1,265.3	(189.8)	1,900.0	15%
Telecommunication Network	668.0	(100.2)	806.0	15%
Tuition Reimbursement	35,700.0	(5,355.0)	29,775.0	15%
SUSTA	1,571.3	(235.7)	1,335.0	15%
Child Care Centers	1,150.0	(172.5)	1,382.0	15%
Empire State Scholarships	619.3	(92.9)	529.0	15%
Just for the Kids	232.7	(34.9)	222.0	15%
Graduate Diversity Fellowships	6,028.7	(904.3)	5,135.0	15%
Diversity/Educational Equity	379.3	(56.9)	438.0	15%
Cord Blood Bank (Upstate)	231.0		231.0	Not Reduced
Com College Transfer Prog	250.0		250.0	Not Reduced
Student Loan	3,075.0		3,075.0	Not Reduced
Student Support Services	589.0		589.0	Not Reduced
Educational Opportunity Centers	52,218.0		52,218.0	Not Reduced
Educational Opportunity Programs	20,428.0		20,428.0	Not Reduced
Totals	**$228,628**	**($25,850)**	**$152,450**	

STATE UNIVERSITY CONSTRUCTION FUND

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	19,722	19,586	(136)	-0.7%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	19,722	19,586	(136)	-0.7%
Cash	18,255	19,586	1,331	7.3%



Agency Overview:

The State University Construction Fund is a public benefit corporation established in 1962 to serve as a construction agent for the State University of New York. The Construction Fund is responsible for the acquisition, construction, reconstruction, rehabilitation and improvement of academic buildings and other facilities at State operated campuses and statutory colleges. The Fund is administered by a Board consisting of three members. Support for the Construction Fund is provided solely from proceeds from the sale of revenue bonds issued to finance the construction and reconstruction of academic facilities. As of March 31, 2006, the Fund has completed 4,930 academic, dormitory and dining hall capital projects with a replacement value exceeding $20 billion.

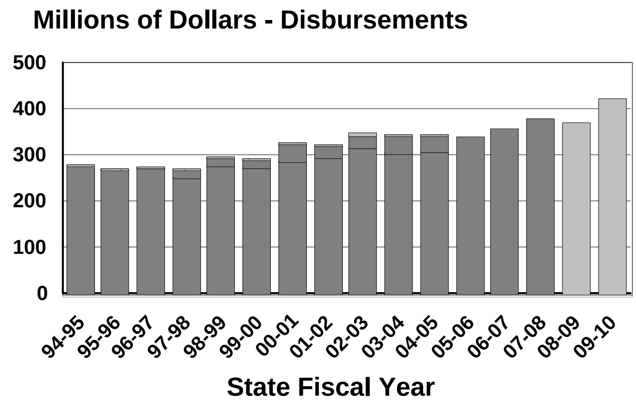
Budget Proposal:

The SFY 2009-10 Executive Budget recommends $19.56 million to support the State University Construction Fund (SUCF), a decrease of $136,000, or .7 percent from the current level. The decrease is primarily related to savings from the Fund's non-personal service spending. The Fund's workforce for SFY 2009-10 would be 135 fulltime equivalent (FTE) positions. SUCF is currently managing SUNY's $4.1 billion Multi-Year Capital Investment Program enacted in SFY 2008-09.

Senate Finance Contact:
Ade Somide ext. 2760

DEPARTMENT OF TAXATION AND FINANCE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	335,383	349,554	14,171	4.2%
Special	87,060	87,342	282	0.3%
Federal	2,582	2,582	0	0.0%
Other	46,202	46,202	0	0.0%
Capital	0	0	0	0.0%
Total	471,227	485,680	14,453	3.1%
Cash	372,194	425,470	53,276	14.3%



Agency Overview:

The Department of Taxation and Finance administers State taxes and various local taxes and also manages the State Treasury. The Department executes its mission through eight programs: Audit, Collections and Enforcement; Centralized Operations Support; Office of Conciliation and Mediation; Management, Administration and Counsel; Revenue Processing and Reconciliation; Tax Policy, Revenue Accounting and Taxpayer Guidance; Technology and Information Services; and Treasury Management.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $485.7 million, an increase of $14.5 million or 3.1 percent from current levels. The Executive recommends the addition of 300 new full time employees (FTEs) to assist the Department's Audit, Collection and Enforcement Program with carrying out the voluntary compliance initiative passed in SFY 2008-09 Budget. Of the 300 FTEs appropriated for, 125 auditors were not funded by the Division of Budget in SFY 2008-09.

Article VII Legislation:

The Executive has submitted legislation that creates the following fees:

- A $75 dollar fee on persons entering into installment payment agreements on tax liability owed; or on persons whose installment agreement must be altered or modified; or on persons whose installment agreements have been terminated but are now being reinstated;

- A $50 Bad Check Fee paid by any taxpayer whose payment of a tax by check, money order, or electronic funds withdrawal is returned without payment;

- A $100 registration fee to be paid by commercial tax return preparers who prepared 10 or more New York tax returns in the preceding calendar year. Failure to pay the fee would result in a penalty of $50 dollars for each return filed with the Tax Department in that calendar year; and

- A $10 processing fee for paper Personal Income tax filings. The fee will be waived for low income filers ($15,000 single, $30,000 filing jointly). This is an effort to push more taxpayers to filing electronically.

The Executive also proposes legislation that prohibits tax return preparers and software companies from charging a separate fee to file a New York State Tax return. The first offense for committing such an act will be $500 fine and is increased to $1,000 for each additional violation.

The Executive also proposes legislation mandating each tax return preparer, who has prepared at least one return during the calendar year, to register electronically with the Tax Department. In doing so, each tax preparer will be given their own unique ID number. The preparer, upon preparing a return must also personally sign the document and include their unique ID number. Failure to sign a return will result in a fine of $250 for each return not signed. Failure to provide a unique ID number on a return will result in a penalty of $100 for each return without an ID number.

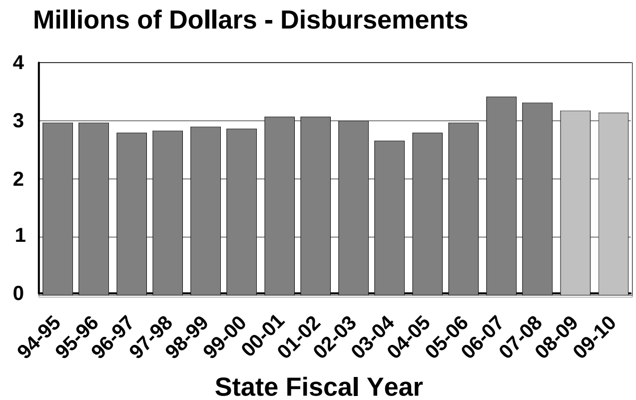
The Executive has submitted legislation mandating the Commissioner of Taxation and Finance to create a Task Force on how to better regulate tax return preparers. The Task Force will also set regulatory qualification and education minimum requirements for tax return preparers. The Commissioner of Taxation and Finance will have the authority to promulgate regulations to implement any or all recommendations made by the Task Force.

Senate Finance Contact:
Kevin Bronner Jr. ext. 2752

DIVISION OF TAX APPEALS

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	3,228	3,273	45	1.4%
Special	0	0	0	0.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	3,228	3,273	45	1.4%

Cash	3,233	3,273	40	1.2%



Agency Overview:

The Division of Tax Appeals provides the public with a due process system for resolving disputes with the Department of Taxation and Finance.

The Division of Tax Appeals is headed by the Tax Appeals Tribunal, which is comprised of three commissioners appointed by the Governor and confirmed by the Senate. Under the direction of the Tax Tribunal, dispute adjudication is provided through small claims hearings, formal hearings and the Tribunal appeals process. The Division will have a workforce of 30 positions, a decrease of one full time employee (FTE) due to retirement in SFY 2009-10.

The Division's functions are supported entirely with State tax dollars, which finance the Tribunal's staff and other expenses such as rent and supplies.

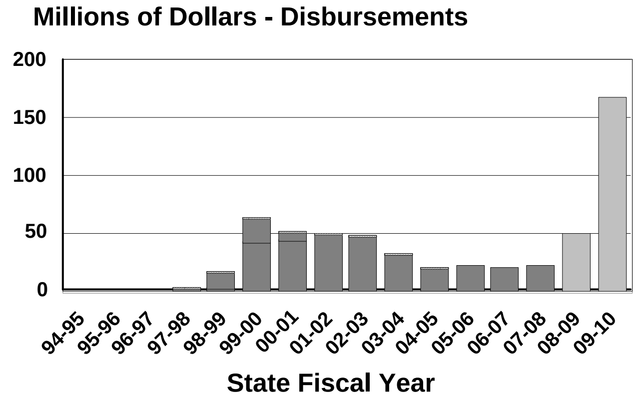
Budget Proposal:

The Executive Budget recommends $3.35 million in General Fund support for the Division, a net decrease of $150,000, or 4.3 percent from SFY 2008-09 levels.

Senate Finance Contact:
Kevin Bronner Jr. ext. 2752

CHIEF INFORMATION OFFICER/OFFICE FOR TECHNOLOGY

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	26,228	28,858	2,630	10.0%
Special	20,868	20,905	37	0.0%
Federal	0	0	0	0.0%
Other	323,555	405,752	82,197	25.4%
Capital	61,000	80,000	19,000	0.0%
Total	431,651	535,515	103,864	24.1%
Cash	48,815	168,333	119,518	244.8%



Agency Overview:

The Chief Information Officer/Office for Technology (CIO/OFT) was statutorily created in 1997 and charged with planning and coordinating the State's technology investments. Over time, the Office has evolved into an organization responsible for setting a statewide agenda for technological improvement and advancement. The Office has also taken on significant operational duties in relation to customer State agencies.

Budget Proposal:

The Executive Budget recommends All Funds appropriations of $535.5 million in SFY 2009-10, an increase of $104 million or 24.1 percent from current levels.

Projected cash disbursements for CIO/OFT increase by $119.5 million or over 240 percent in SFY 2009-10. This increase is primarily due to augmented capital spending of $118.9 million to address the State's need for a Consolidated State Data Center, Interim Data Center Space and construction of a Disaster Recovery facility.

General Fund:

The Executive proposes an increase of $2.6 million in General Fund spending. There is an increase of $4 million for the State to lease disaster recovery space as currently, New York does not have sufficient dedicated disaster recovery facilities in place. There is also an increase of $180,000 to reflect the cost of continuing existing programs and adjusting salaries and fixed costs. These increases are offset by a reduction in software and service costs ($850,000), a shift in customer agency care costs from the General Fund to Internal Service Funds ($376,000) and a reduction in Data Center Facility costs ($324,000).

Internal Service Funds:

The Executive proposes a $82.2 million Internal Service Funds increase. This increase is mainly the result of a $73.1 million initiative to centralize procurement and delivery of selected technology services for customer agencies. The Chief Information Officer would partner with the proposed Chief Procurement Officer to strategically procure technology on behalf of all State agencies. A $6.4 million appropriation is included for disaster recovery leased space. Agencies will contribute funds, in addition to the $4 million General Fund appropriation, to address the State's disaster recovery needs. Also, approximately $2.6 million is appropriated to continue current programs.

<u>Capital Projects:</u>

The Executive proposes $80 million in capital spending in SFY 2009-10, an increase of $19 million over current levels. The Executive Budget recommends utilization of the entire $80 million for costs associated with the development of the statewide wireless network, including the acquisition of property.

In SFY 2006-07, the Legislature included $99.5 million for construction of a consolidated State Data Center. A small portion of capital, $400,000, has since been expended on a study to determine the appropriate location for the Center. This study was completed in 2008, however, the findings have not yet been announced. As a result, the remaining $99.1 million is reappropriated.

<u>Statewide Wireless Network (SWN):</u>

The Executive recommends Special Revenue Fund appropriations of $20.9 million for SWN in SFY 2009-10, an increase of $37,000 over current levels.

<u>Status of the SWN Project:</u> On March 31st, 2008, the first phase of the SWN project was certified by the contractor, M/A-COM, after which CIO/OFT conducted operational testing through August 2008. On September 2nd, 2008, a letter of default was issued by the State to M/A-COM identifying 19 deficiencies in the system. At this time, M/A-COM was granted a 45 day remediation period. Since that period ended on October 15th, 2008, CIO/OFT has been retesting the system. A final determination of acceptability is anticipated in early 2009.

<u>Article VII Proposal:</u>

The Executive proposes to make technical changes to the State's wireless surcharge as follows:

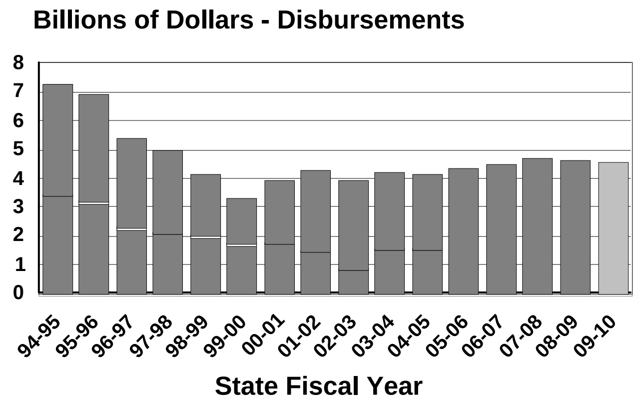
- Clarify that the purpose of the surcharge is to provide revenue for a variety of public safety purposes not merely 911 and enhanced 911 services.
- Move the surcharge provisions from County Law to the Tax Law. Currently, the Tax Department handles collection of the fee.
- Add administrative provisions to allow the Tax Department to enforce payment of the surcharge and issue refund claims.
- Change the name of the surcharge to the *Public Safety Communications Surcharge* and require it be identified as such on wireless bills. This action will provide greater transparency to consumers.
- Provide an exemption from the surcharge to the State, its agencies, instrumentalities and political subdivisions.
- Conform the revenue distribution mechanism to existing practice.

Senate Finance Contact:
Lauren King, ext. 2935

OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	1,362,302	1,219,818	(142,484)	-10.5%
Special	186,006	177,038	(8,968)	-4.8%
Federal	3,400,804	3,819,994	419,190	12.3%
Other	11,200	11,200	0	0.0%
Capital	36,500	30,000	(6,500)	-17.8%
Total	4,996,812	5,258,050	261,238	5.2%

Cash	4,591,345	4,541,429	(49,916)	-1.1%



Agency Overview:

Created in 1997, the Office of Temporary and Disability Assistance (OTDA) provides financial assistance for elderly and disabled persons who are unable to work and also provides support for those families that are attempting to gain self-sufficiency through employment. In addition, OTDA, in cooperation with the Department of Labor, assists many needy families in achieving economic independence through employment and job-training opportunities. OTDA has evolved from an agency that focused on recipient eligibility to one that fosters self-sufficiency in families by helping clients obtain other means of support including employment.

Budget Proposal:

The SFY 2009-10 Executive Budget provides $5.3 billion in All Funds appropriation support, an increase of $261 million or 5.2 percent from current levels. Although General Fund spending would significantly decrease, the All Funds increase can be attributed to a $124.5 million increase in Federal Temporary Assitance for Needy Families (TANF) funding and a $265 million increase in Federal appropriation authority for the Federal Home Energy Assistance Program (HEAP). The New York State HEAP allocation has increased from $359 million to $539 million in Federal Fiscal Year 2009.

The Executive Budget proposes significant spending reductions and program eliminations, delineated in the following chart, to achieve General Fund savings which are offset by the proposed increase to the basic allowance portion of the public assistance grant.

Proposed Program Eliminations and Reductions SFY 2009-10 (millions of dollars)

Program	SFY 08-09	SFY 09-10
Supplemental Nutrition Assistance	$0.8	$ -
Nutrition Outreach	$0.9	$ -
Homeless Prevention	$5.0	$ -
Fatherhood Program	$2.8	$ -
HIV Welfare to Work	$1.3	$ -
Homeless Intervention (HIP)	$3.7	$3.0
Single Room Occupancy (SRO)	$19.6	$16.1
Citizenship Program	$2.3	$1.6
Refugee Resettlement	$2.3	$1.6
TOTAL	**$38.7**	**$22.3**

The Executive proposes to shift $5 million in General Fund support for software development costs for the Statewide Welfare Management System (WMS) to capital bond proceeds to finance the costs. Computer systems development spending for various activities, including the WMS and the E-Food Stamp Benefits/MyBenefits Initiatives, are decreased by $2.5 million from $9.3 million to $6.8 million.

The Executive proposes to reduce the reimbursement for New York City Adult Homeless Shelters by capping State reimbursement at $79.7 million, a reduction of $10.6 million from SFY 2008-09. Adult Shelter reimbursement for the rest of the State would not be affected.

Additionally, the Executive proposes to limit the State's share of Public Assistance reimbursements to Local Social Services Districts (districts) to the year in which the services were incurred. Districts can currently submit claims at any time. The Fair Hearings Chargeback to districts is proposed to increase by 37 percent. The State currently provides grievance-related hearings for public assistance recipients and then "charges back" the local share to the districts. The statewide chargeback amount has remained flat at $4.3 million since SFY 2004-05 and would increase to $5.9 million to reflect increases in the number of public assistance hearings.

Temporary and Disability Assistance:

New York State receives a $2.4 billion block grant allocation annually from the Federal government as a result of the 1997 Welfare Reform Act. The Executive utilizes Federal TANF funds to provide a variety of support services to eligible families.

The SFY 2009-10 Executive Budget projects a public assistance caseload of 503,751, a 1.7 percent increase from the current year estimate of 494,961 cases. The caseload is down from 523,411 in SFY 2007-08 and from an all time high of 1.7 million in 1994.

The Executive Budget proposes $663.1 million in TANF spending on required benefits for eligible families. TANF surplus funding is allocated as follows: $441.1 million for the Earned Income Tax Credit (EITC), a decrease of $261.7 million from the current year level; $1.3 billion for the Flexible Fund for Family Services (FFFS), an increase of $666.9 million over the current year; and $73.8 million on various support programs, a decrease of $390.3 million from the current year. These decreases are due primarily to the Executive eliminating allocations for various programs.

TANF surplus spending is proposed at $1.84 billion, an increase of $15.8 million from the SFY 2008-09 spending level.

The following chart details proposed SFY 2009-10 Executive spending for the available TANF surplus. It should be noted that under the Executive proposal, the $310.6 million Local Administration Fund (LAF) previously supported in the General Fund is replaced by Federal TANF support and added to the Flexible Fund for Family Services (FFFS) to create General Fund savings of $67 million. In order to offset the movement of the LAF to the FFFS, the Executive has reduced EITC by $261 million and has proposed to reduce or eliminate several TANF programs totaling $34 million that were included in the SFY 2008-09 surplus. The $356 million allocated for Child Care Subsidies in the surplus in the current year has also been shifted to the FFFS contributing to its proposed increase.

In order to offset State and local child welfare spending and achieve General Fund saving from transferring the LAF to the FFFS, the amount of the FFFS that local districts are required to spend on child welfare services would be raised from $237 million to $342 million.

TANF Surplus Spending SFY 2009-10 (millions of dollars)		
Program	**SFY 08-09**	**SFY 09-10**
Earned Income Tax Credit	$702.8	$441.1
Child Care Subsidies	$356.3	$ -
Child Care for Migrant Workers	$1.8	$1.8
Child Care Demos	$11.9	$ -
Child Care SUNY/CUNY	$3.4	$3.4
Transportation	$8.3	$6.2
DV Screening	$3.0	$3.0
Summer Youth Employment	$35.0	$35.0
Refugee Resettlement	$1.4	$ -
BRIDGE	$8.5	$6.5
Wage Subsidy Program	$4.0	$4.0
Technology Training	$7.0	$ -
Language Immersion/ESL	$1.0	$ -
Adult & Family Literacy	$0.5	$ -
VESID / LIVES	$1.5	$ -
Supplemental Homeless Intervention	$4.0	$4.0
Emergency Homeless	$1.0	$1.0
Disability Advocacy	$1.0	$1.0
Supportive Housing for Families	$5.0	$5.0
Basic Education	$0.5	$ -
NYS AFL-CIO WDI	$0.4	$ -
Jack Kennedy Build NY	$0.8	$ -
Intensive Case Services	$3.0	$3.0
Displaced Homemakers	$2.1	$ -
ACCESS- Welfare to Careers	$0.3	$ -
Career Pathways	$2.5	$ -
FFFS	$654.0	$1,320.9
TOTAL	**$1,820.1**	**$1,835.9**

Article VII Legislation:

The SFY 2009-10 Executive Budget includes the following Article VII proposals:

Increase the Public Assistance Grant: The monthly public assistance grant is comprised of a shelter allowance, heating allowance, and a basic allowance, and varies based on the county of residence and the composition of the family. The Executive provides legislation to increase the basic allowance portion of the public assistance grant by ten percent per year for three consecutive years for approximately 200,000 eligible households.

Currently the monthly basic allowance grant is fixed at $307 for a family of four and would increase to $345 in January 2010, $386 in January 2011, and $432 in January 2012. If fully implemented, the average public assistance family would be eligible for approximately $100 more in monthly benefits. This proposal would also increase the income threshold by approximately five percent a year for three years because the amount of income a household may earn and still qualify for public assistance is statutorily linked to the amount of the basic allowance.

The SFY 2009-10 cost of increasing the non-shelter allowance portion of the public assistance grant is $7.7 million, increasing to $40.5 million in SFY 2010-11. The SFY local cost of implementation would be $5.3 million, increasing to $27.9 million in SFY 2010-11.

Reduce the Supplemental Security Income (SSI) State benefit and authorize the pass-through of the 2010 Federal Cost of Living Adjustment: The Executive proposes to reduce the 2009 State monthly benefit for SSI recipients living in the community effective June 1, 2009. A slight increase of $5 to $8 to the State's 2010 monthly benefits is included but would not be restored to the 2008 level. Recipients would receive a 5.8 percent cost of living increase to their Federal benefits portion in January 2009, however they would see an overall decrease of between $16 and $28 in their monthly benefits beginning on June 1, 2009 due to the proposed State reduction. Recipients would receive an average increase of 3.2 percent in calendar year 2009.

This proposal also sets forth the dollar amounts of the 2009 personal needs allowance and the standard of need for eligibility and payment of additional State payments. The proposal would authorize those amounts to be automatically increased in 2010 by the percentage of any Federal SSI COLA which becomes effective within the first half of calendar year 2010. Lastly, the proposal would provide an increase to the State supplemental portion of the benefit for recipients in Congregate Care Level 3 facilities, as required by existing law.

Make permanent the authority of the Department of Motor Vehicles (DMV) to suspend the driver licenses of persons delinquent in the payment of child support: The Executive proposes to make permanent the law that requires the DMV to notify those who fail to pay child support orders that their drivers license will be suspended until payments are made. The Federal government requires that each state have a mechanism in place to assist in the collection of child support payments. This provision was established in 1995 and has since been extended every two years. The most recent extension will expire on June, 30 2009. Although there is no General Fund impact, making this authority permanent in New York State Law would conform with Federal requirements and mitigate the potential loss of Federal funding for the child support enforcement program.

Discontinue the Work Incentive Bonus for Local Social Services Districts (LSSDs): The Work Incentive Fund was created in SFY 2006-07 to encourage LSSDs to engage their public assistance recipients in work-related activities. LSSDs that place at least 50 percent of their public assistance recipients in eligible work activities are eligible to receive an additional allocation which can be used to supplement public assistance related administration costs. Allocations have previously been appropriated from the Local Administration Fund (LAF).

The Executive proposes to discontinue the bonus on the basis that less than ten percent of districts would be eligible for additional funding for SFY 2009-10. Although the LAF is proposed to be eliminated by replacing General Fund monies with Federal TANF support, the amount proposed to be eliminated has been reduced by $11.4 million to reflect the elimination of the bonus.

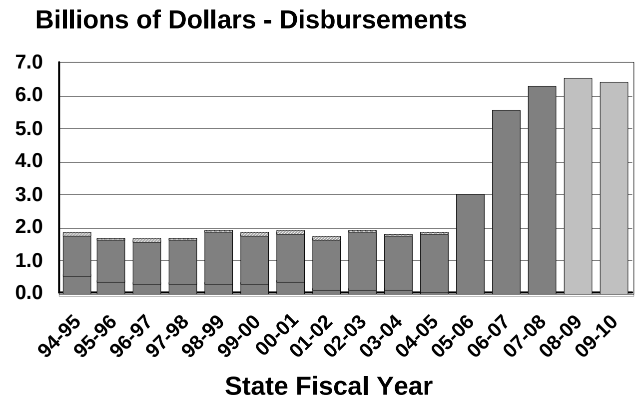
Reduce the Personal Needs Allowance (PNA) of Public Assistance Recipients residing in OASAS Treatment Facilites: The Executive proposes to reduce the monthly PNA of $142 provided to the 7,000 recipients residing in chemical dependence treatment facilities to $45 per month. Currently the recipients cash assistance is linked to the amount given to individuals receiving SSI. The proposed reduction would align the amount of the cash benefit to recipients residing in other room and board facilities such as maternity homes and domestic violence shelters.

Senate Finance Contact:
Megan Baldwin ext. 2939

DEPARTMENT OF TRANSPORTATION

Appropriations and Spending
(Millions of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	110	78	(32)	-29.1%
Special	2,954	2,694	(260)	-8.8%
Federal	72	71	(1)	-1.4%
Other	50	50	0	0.0%
Capital	4,421	4,164	(257)	-5.8%
Total	7,607	7,057	(550)	-7.2%
Cash	6,514	6,437	(77)	-1.2%



Agency Overview:

The Department of Transportation (DOT) directly maintains and improves the State's more than 38,000 highway lane miles and 7,500 bridges. In addition, the Department subsidizes locally operated transit systems and partially funds local government highway and bridge construction, and rail and airport programs. The Department's headquarters are in Albany, with 11 regional offices in Schenectady, Utica, Syracuse, Rochester, Buffalo, Hornell, Watertown, Poughkeepsie, Binghamton, Hauppauge and New York City. DOT's full time workforce by the end of the current fiscal year (SFY 2008-09) will total approximately 9,897 positions.

Budget Proposal:

Recommended DOT appropriations for SFY 2009-10 total $7.1 billion, reflecting a decrease of $550 million or seven percent from the current year. Actual disbursements are expected to fall by $77 million or one percent as a result of decreased transit operating aid and capital plan reductions. Legislative initiatives included in the SFY 2008-09 Enacted Budget that have been **eliminated** in the SFY 2009-10 Executive Budget include: $282,000 for the Seaway Trail, and $1.05 million for expanded Highway Local Emergency Patrol (HELP) Truck services.

Capital:

A five-year $35.8 billion state transportation capital plan for highways, bridges and mass transit was approved in 2005, splitting funding evenly between the Department of Transportation ($17.9 billion) and the Metropolitan Transportation Authority ($17.9 billion). As SFY 2009-10 will be the final year of the five-year plan, both DOT and MTA will be developing new five-year capital spending programs to commence in 2010.

The capital plan has undergone adjustments since its inception, most notably to account for changes in Federal highway aid. Prior to the current budget proposal, the DOT program totaled approximately $18.52 billion. To decrease the need for subsidies and to lower bonding levels, the Executive proposes reductions of $569 million to the Capital Plan. With these changes, the five-year plan would total $17.95 billion, close to the initial program total in 2005.

The largest component of the $569 million capital plan reduction is in the SFY 2009-10 construction contract level for state-owned roads and bridges (letting level), which would go from $1.891 billion to $1.617 billion (a $274.3 million, or 12 percent reduction). Engineering, program management, and administrative costs are decreased proportionally, from $815 million to $707 million. The Executive also proposes to eliminate $100 million in multi-modal project funding, $50 million in both SFY 2008-09 and 2009-10. Other reductions in capital obligations over the final two years of the plan are $12.5 million for rail development and $8 million for aviation, including AIR '99. The chart on the following page outlines the proposed changes to five-year capital plan spending.

Local highway and bridge capital programs include the Consolidated Local Street and Highway Improvement Program (CHIPS), and the Municipal Streets and Highways Program ("Marchiselli" Program). These programs are funded by bonds issued by the Thruway Authority with debt service paid from the Dedicated Highway and Bridge Trust Fund (DHBTF). The Executive proposes CHIPS capital program funding of $250.9 million in SFY 2009-10, reflecting a decrease of $112.2 million from the current year and a $58.8 million decrease from scheduled levels. Annual CHIPS apportionments to individual localities are based on the number of center line miles of roadway under local jurisdiction, along with the number of motor vehicle registrations. The SFY 2009-10 Executive Budget includes $39.7 million for the Marchiselli program, leaving the funding at the same level as SFY 2008-09.

Dedicated Highway and Bridge Trust Fund:

The Dedicated Highway and Bridge Trust Fund, which was established in 1993 to finance state and local highway programs, has faced large and growing shortfalls since SFY 2008-09. To address this shortfall, the Executive has proposed a $308 million transfer from the General Fund in SFY 2009-10 and a $675 million transfer in SFY 2010-11. It should be noted that in SFY 2009-10 the Executive Budget includes a $219 million appropriation from the DHBTF to pay for approximately 60 percent of Department of Motor Vehicle (DMV) expenses. The SFY 2009-10 Executive Budget also proposes to extend permanently the 2002 law allowing DMV costs to be funded from the DHBTF. This law was previously extended in 2005.

The DHBTF shortfall amount of $308 million already takes into account a number of transportation-related tax and fee increases included in the SFY 2009-10 Executive Budget. In addition to the 25 percent vehicle registration and driver's license fee increases described in the DMV section of this report ($81.4 million in SFY 2009-10), the auto rental tax would increase from five percent to six percent ($8 million), and the truck registration component of the highway use tax would rise from $2 or $4 to $15 ($4.6 million). Altogether, these changes are projected to bring in $95 million for the DHBTF in SFY 2009-10, and $151 million in SFY 2010-11.

TOTAL CAPITAL PLAN OBLIGATIONS	2008-09 Amended ($ millions)	2009-10 Proposed ($ millions)	Change ($millions)
Construction Contracts	10,228	9,954	-274
Engineering & Management	3,650	3,542	-108
Preventive Maintenance	1,154	1,144	-10
Right of Way	282	285	3
Maintenance Facilities	173	173	0
Industrial Access	18	18	0
Special Federal Programs	260	260	0
Rail Development	234	222	-13
Aviation Systems	107	99	-8
Non-MTA Transit	238	238	0
Canal Infrastructure	50	50	0
Capital Aid to Locals	1,777	1,718	-59
Multi-Modal Projects	350	250	-100
Total	**18,521**	**17,953**	**569**

Operating Budget:

The primary focus of DOT operations is on preventive maintenance, especially snow and ice removal from State highways. The SFY 2009-10 Executive Budget provides $665 million in appropriations for snow and ice removal and preventive maintenance performed on State roads and bridges. This funding level reflects an increase of $62 million over the current year level to cover salary increases and recent inflation in the cost of needed commodities such as fuel and salt. These operational programs are financed by the DHBTF.

The Executive Budget increases total staffing by 28 full time equivalents positions (FTEs) to 9,925. This change reflects 36 additional FTEs for snow and ice control on roads that had been maintained by municipalities, and 15 additional information technology FTEs to replace consultant contracts. Position increases are partially offset by a 23-position reduction in capital program administration, planning, and management.

Transit Funding:

DOT classifies transit systems as either upstate or downstate based on the location of their service area. Downstate systems serve the Metropolitan Commuter District and include the Metropolitan Transportation Authority (MTA), two commuter rail operations, and systems serving the counties of Nassau, Suffolk, Dutchess, Westchester, Putnam, Orange, and Rockland. The upstate transit system grouping includes the four public transportation authorities, including the Niagara Frontier Transportation Authority (NFTA), the Rochester Genesee Regional Transportation Authority (RGRTA), the Central New York Regional Transportation Authority (CNYRTA) and the Capital District Transportation Authority (CDTA).

The SFY 2009-10 Executive Budget includes nearly $2.68 billion for transit operating assistance. This reflects a decrease of $286 million or 9.6 percent from amended SFY 2008-09 levels. Of the total, $2.32 billion in operating aid is proposed for the MTA, including Long Island Bus, reflecting a $263 million decrease (10.2 percent). This amount meets the level anticipated in the MTA's financial plan for 2009, and includes $634 million from the Dedicated Mass Transportation Trust Fund (DMTTF). Non-MTA transit systems would receive $364 million in operating aid, $22 million less than the amended budget level for this year. Of this total, upstate transit systems would receive $163 million, for a decrease of $13.3 million from the current year or 7.6 percent overall. However, rates of decrease among agencies vary, with the Capital District Transit Authority (10.1 percent) and Rochester Genesee Regional Transportation Authority (15.7 percent) receiving the largest decreases, and other systems seeing 4.6 percent declines. The non-MTA downstate transit plans would receive $201 million, or $9.1 million (4.3 percent) below current levels. All of the major downstate transit systems other than the MTA would receive funding reductions of the same percentage (4.4 percent).

Other Executive Proposals:

- Extend for one year DOTs single audit program. This provision was extended for one year in the SFY 2008-09 Adopted Budget, and is projected to save $300,000 in auditing costs.

- Change the DHBTF reporting requirements in the Capital Program and Financing Plan. This proposal was rejected last year by the Legislature.

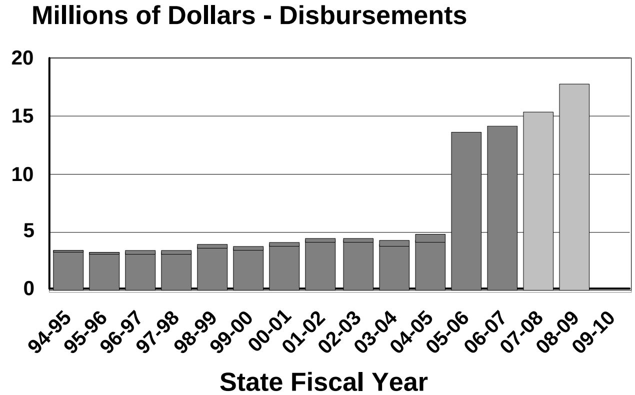
- Extend permanently the authority to collect $275 million of transportation-related revenues. The revenues, which include title fees, data sales fees, certificate sales fees, and transmission taxes, are deposited in the DHBTF and DMTTF, and used to pay for highways, bridges and transit.

Senate Finance Contact:
Eugene Sit ext. 2754

DIVISION OF VETERANS' AFFAIRS

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	15,805	15,241	(564)	-3.6%
Special	0	0	0	0.0%
Federal	2,466	2,466	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	18,271	17,707	(564)	-3.1%
Cash	16,268	17,481	1,213	7.5%



Agency Overview:

The New York State Division of Veterans' Affairs assists New York State veterans, members of the armed forces, their dependents and survivors in securing benefits through counseling programs, as well as through claims and outreach services.

Budget Proposal:

The SFY 2009-10 Executive Budget recommends All Funds appropriations of $17.7 million, reflecting a net decrease of $564,000 or 3.1 percent from the current fiscal year. The Executive recommends the addition of four new positions to assist with counseling services, increasing the staffing level to 112 full time equivalents.

The proposed decrease is associated with the expiration of the $1.6 million Merchant Marines Bonus Program offset by the addition of $1 million mobile counseling services, for the four additional staff, and the restoration of the temporary reductions to the Blind Veterans Annuity.

Mobile Counseling Services

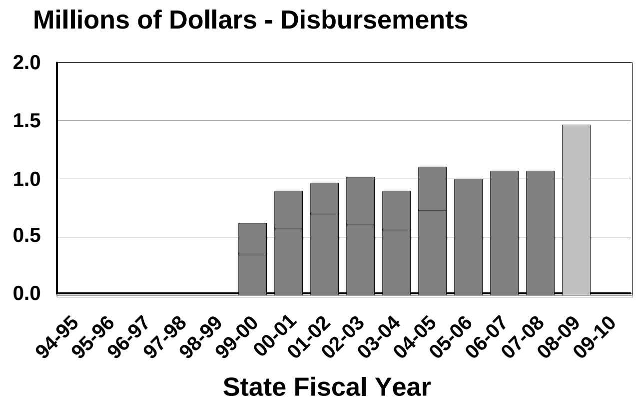
The SFY 2009-10 Executive Budget Proposal includes $310,000 to provide mobile counseling services to rural State veterans. The intent is to maximize outreach to veterans who do not have immediate access to the Division's counseling staff.

Senate Finance Contact:
Megan Baldwin ext. 2939

OFFICE OF WELFARE INSPECTOR GENERAL

Appropriations and Spending
(Thousands of Dollars)

Fund	Adjusted 2008-09	Proposed 2009-10	Change Amount	Change Percent
General	420	0	(420)	-100.0%
Special	1,177	0	(1,177)	-100.0%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	1,597	0	(1,597)	-100.0%
Cash	1,476	0	(1,476)	-100.0%



Agency Overview:

The Office of Welfare Inspector General, established in 1992, is responsible for the investigation, prevention and prosecution of public assistance fraud. The Office of Welfare Inspector General works with the Department of Law, the Office of Temporary and Disability Assistance, the Office of Children and Family Services, and many local social services districts to prevent and prosecute fraudulent activity in the welfare system.

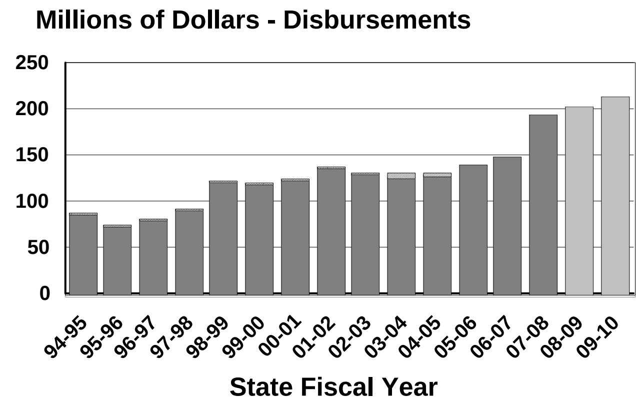
Budget Proposal:

The SFY 2009-10 Executive Budget proposes that the Office of the Welfare Inspector General be merged into the Office of the Medicaid Inspector General. The proposed merger would include the transfer of $1.6 million and ten positions for the prevention and investigation of welfare fraud and abuse.

Senate Finance Contact:
Megan Baldwin ext. 2939

WORKERS' COMPENSATION BOARD

Appropriations and Spending (Thousands of Dollars)				
	Adjusted	Proposed	Change	
Fund	2008-09	2009-10	Amount	Percent
General	0	0	0	0.0%
Special	271,538	217,405	(54,133)	-19.9%
Federal	0	0	0	0.0%
Other	0	0	0	0.0%
Capital	0	0	0	0.0%
Total	271,538	217,405	(54,133)	-19.9%
Cash	203,807	214,070	10,263	5.0%



Agency Overview:

The Workers' Compensation Board (Board) reviews claims for workers' compensation payments and assists in resolving disputed claims. It is charged with the administration of numerous provisions contained in the: Workers' Compensation Law; Disability Benefits Law; Civil Defense Volunteers Law; Volunteer Firefighters Benefit Law and the Volunteer Ambulance Workers Benefit Law.

The Board is governed by twelve full time members. Each is nominated by the Governor and confirmed by the Senate and serves a seven year term. The Governor appoints the Chairperson from among the members to head the Board. Three major programs deliver the bulk of the Board services and are as follows: the Disability Benefits Program; the Systems Modernization Program; and the Workers' Compensation Program.

Assessments on the insurance industry and revenues generated by services provided fully fund the operations of the Board.

Budget Proposal:

The Executive recommends Special Revenue Fund appropriations totaling $217 million to support agency operations in SFY 2009-10, a decrease of $54 million or 19.9 percent from SFY 2008-09. The decrease over the prior year is primarily the result of the elimination of a one-time $59.5 million contingency appropriation for the group self-insurance program in SFY 2008-09. This decrease is offset primarily by increases in the cost to continue current programs, including salary and other fixed cost increases.

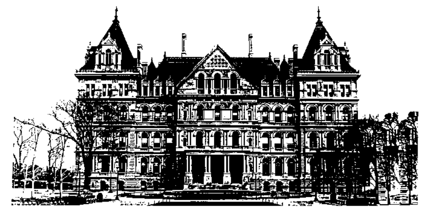
This one-time appropriation was used to continue payments to injured workers when employers defaulted on workers compensation payments. New legislation was passed in 2008 to solve this issue and as a result the appropriation is not necessary in SFY 2009-10. The new legislation strengthens the regulation of group self-insured trusts through regular review of trust finances by independent actuaries, heightened penalties for misconduct and new procedures to ensure that under-funded trusts become fully funded.

The Board would have a workforce of 1,533 in SFY 2009-10, unchanged from SFY 2008-09.

<u>Article VII Legislation:</u>

The Executive proposes a Deficit Reduction Plan (DRP) Proposal through Article VII legislation to clarify assessments paid by insurance companies to the Workers' Compensation Board. Currently the basis on which payments are collected by the insurers differs from the basis on which payments are made to the Workers' Compensation Board. To the extent any insurance company has identified and held funds as a result of this discrepancy, such funds would be paid to the Board and distributed according to a plan developed by the Chair of the Workers' Compensation Board. A portion of these existing surplus funds would be transferred into the General Fund under the SFY 2008-09 DRP.

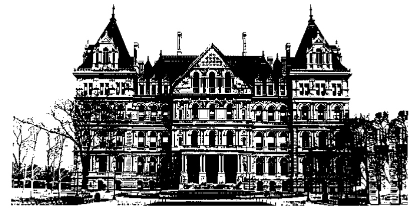
Senate Finance Contact:
Marcie Sorrentino ext. 2820



SECTION FIVE

SUMMARY OF ARTICLE VII LEGISLATION

APPENDIX



SUMMARY OF THE IMPLEMENTING BUDGET BILLS

This appendix contains a summary of the implementing legislation submitted with, and required to enact the SFY 2009-2010 Executive Budget. The Governor's presentation consists of eleven total bills, six appropriation and five article VII bills. While this section provides a brief summary and highlights the fiscal impact for each of the five article VII bills, any questions or additional information on any of the provisions contained in these bills should be addressed to the appropriate Senate Finance Committee analyst or through reference to the Executive's more complete Memorandum in Support which provides additional detail.

2009-2010 EXECUTIVE BUDGET BILLS

Appropriation Bills

S.50/A.150 - Public Protection & General Government

S.51/A.151 - Legislative & Judiciary

S.52/A.152 - Debt Service

S.53/A.153 - Education, Labor & Family Assistance

S.54/A.154 – Health & Mental Hygiene

S.55/A.155 - Transportation, Economic Development & Environmental Conservation

Article VII Bills

S.56/A.156 – Public Protection & General Government

S.57/A.157 – Education, Labor & Family Assistance

S.58/A.158 – Health & Mental Hygiene

S.59/A.159 – Transportation, Economic Development & Environmental Conservation

S.60/A.160 – Revenue

PUBLIC PROTECTION & GENERAL GOVERNMENT (S.56/A156)

Part A – Expand the use of funds deposited into the Criminal Justice Improvement Account

Summary

This bill would expand the use of the Criminal Justice Improvement Account to enable funding to be used for local criminal justice programs which support efforts to prosecute and reduce crime, and would clarify that the account may also be used to support the operation of the Crime Victims Board. All existing crime victims programs already supported by this source would remain fully funded.

Budget Implications

Part A provides $15 million in support for criminal justice and victims services programs, which would otherwise require General Fund support in SFY 2009-10.

Part B – Make technical changes to the State Wireless Communications Service Surcharge

Summary

This bill would move the State wireless communications service surcharge from the County Law to the Tax Law and would make technical and administrative amendments.

Specifically, this bill would preserve the substance of the existing State surcharge on wireless communications but would clarify that the purpose of the surcharge is to provide revenue for a variety of public safety purposes that are not specifically designated for the support or implementation of 911 or enhanced 911 services. Moving the surcharge to the Tax Law reflects the fact that the Tax Department currently handles the collection of the fee, and would incorporate the general administrative powers of the Commissioner that are applicable to other taxes imposed under the Tax Law. There are no administrative or enforcement provisions in the current surcharge. By adding administrative provisions, the bill would allow the Tax Department to enforce payment of the surcharge and pay refund claims

The new surcharge would be named the Public Safety Communications Surcharge and wireless communication service suppliers would be required to refer to it by that name on bills provided to their customers.

The bill would maintain the existing administrative allowance for suppliers, but would condition the allowance on timely payment of the surcharge and filing of the required return.

Amending the exemption from the surcharge to apply to the State, its agencies, instrumentalities and political subdivisions would correct an ambiguity in existing law.

The bill would not affect the county and city surcharges and would not affect the imposition of the surcharge and sourcing of prepaid wireless communications service.

Budget Implications

Part B is necessary to implement the SFY 2009-10 Executive Budget which continues to rely on $25.5 million in support for the Division of State Police from this service.

Part C – Establish a fee to cover the state cost of processing waivers under Section 211 of the Retirement and Social Security Law

Summary

This bill would authorize the Civil Service Commission to impose a new $200 application fee on any county, town, village, school district or other local government employer for each request made to the Civil Service Commission to employ a public retiree under the provisions of Retirement and Social Security Law ("RSSL") Section 211.

Budget Implications

Part C would generate an estimated $60,000 in revenue from this new fee, which would be deposited into the Examination and Miscellaneous Revenue Account, and used to defray State costs.

Part D – Create a not-for-profit corporation and transfer the Office of Cyber Security and Critical Infrastructure Coordination to that corporation

Summary

This bill would create a not-for-profit corporation to provide cyber security and critical infrastructure coordination services and transfer certain functions, officers and employees of the Office of Cyber Security and Critical Infrastructure Coordination (CSCIC) to such corporation. This bill would also authorize the State to contract with the corporation to perform any and all of its related functions, powers, and duties.

The not-for-profit structure would facilitate the development of critical and strategic partnerships between the Federal, state, and local governments and private industry. They would also provide access to a wide array of additional funding mechanisms, including, but not limited to, grants and joint ventures.

Budget Implications

Part D is necessary to implement the SFY 2009-10 Executive Budget as it would allow improved cyber security protections for the State while reducing reliance on General Fund support.

Part E – Limit reimbursement to health care providers for performing forensic rape examinations to actual costs not to exceed $800; establish a one year time limit on submission of claims for reimbursement of medical and counseling expenses; and allow restitution to be paid by credit card

Summary

This bill would improve the manner in which claims are processed by the Crime Victims Board (CVB) and would better align reimbursement with actual costs. It would also provide for payment of restitution by credit card.

Specifically, this bill would accomplish the following:

- Limit reimbursements to hospitals and health care providers for the actual cost of conducting a forensic rape examination;

- Establish a one year time limit for individuals to submit claims for reimbursement of medical and counseling expenses; and

- Allow restitution to be paid by credit card.

Budget Implications

Part E would provide $422,000 in additional revenue during SFY 2009-10.

Part F – Require applicants to be licensed as an insurance agent, broker, adjuster, consultant, or intermediary, to submit their fingerprints to the Division of Criminal Justice Services as part of a background check

Summary

This bill would require any person who is seeking a license pursuant to Article 21 of the Insurance Law, (agents, brokers, adjusters, consultants, intermediaries), to submit their fingerprints to the Division of Criminal Justice Services (DCJS) as part of a background check. It would also allow DCJS to charge a corresponding fee. Currently, the fee for fingerprint processing is $75 -- $50 of which is deposited into the General Fund, and $25 of which is deposited into the Fingerprint Identification and Technology Account.

Budget Implications

Part F is necessary to implement the SFY 2009-10 Executive Budget as it would generate additional revenue for the General Fund, ($6.25 million in revenue in both SFY 2009-10 and SFY 2010-11, and $1.75 million each year thereafter). DCJS has estimated that this new requirement would likely result in an additional 125,000 fingerprints processed during the first two years of implementation and 35,000 per year each year thereafter. This bill would also generate additional revenue into the Fingerprint

Identification and Technology Account which is used for technology projects that are critical to public safety.

Part G – Establish fees for new and renewal certification of security guard instructors and security guard training schools operating in New York State

Summary

This bill would establish fees for the initial certification and certification renewal of security guard instructors and security guard training schools operating in New York State.

Individuals applying for security guard instructor certification would pay an initial fee of $500 and pay a renewal fee of $250 every five years. Organizations applying for security guard training school certification would pay an initial fee of $1,000 and a renewal fee of $500 every two years.

Budget Implications

Part G would provide General Fund revenue of $446,000 in SFY 2009-10, and annually thereafter.

Part H – Modify the prison closure notification requirement and authorize the acceptance by the Department of Correctional Services to house local inmates and federal prisoners

Summary

This bill would amend the Correction Law to expedite the prison closure process in times of economic crisis, and would allow the Commissioner of Correctional Services to close correctional facility annexes and special housing units at his or her discretion. This bill also allows the Commissioner to enter into contracts for housing local and federal prisoners.

Under this bill, the Commissioner would be able to consider the prompt closure of one or more prisons in the wake of an economic downturn. This section defines an economic downturn as two consecutive quarters of decline in gross domestic product as reported by the Bureau of Economic Analysis of the United States Department of Commerce. When that occurs, the one-year notice requirement for closure would be suspended and the Commissioner would be authorized to close a facility upon 90 days notice. This expedited closure process would remain in effect until the third fiscal year immediately following the fiscal year in which the economic downturn occurred.

The Commissioner would only be able to invoke the accelerated closure procedure when the following additional terms and conditions are met: (1) there are more than 300 vacant general confinement beds in existing cell blocks or housing units; (2) the Department is in substantial compliance with all court orders governing the acceptance of state ready inmates; (3) the Department will continue to have at least 300 vacant general confinement beds within existing housing units or cell blocks; and (4) the Department will not have to increase the number of variance beds.

The Commissioner, when determining which prisons should be closed, would have to take into account: (1) the bed needs of the Department in relation to the overall demands for prison capacity; (2) the specific use of the facility; (3) the age and condition of the facility infrastructure, including the need for capital repairs or improvements; and (4) the degree to which facility staff can be offered alternate positions within the Department.

Additionally, the bill would eliminate correctional facility annexes and special housing units from all closure-notice requirements

Finally, this bill would give the Commissioner the authority to use unneeded prison space and generate revenue by entering into agreements to accept definitely-sentenced inmates who would normally be housed in a local correctional facility and federal prisoners

Budget Implications

Part H would result in $26.3 million in savings during SFY 2009-10. This estimate does not include revenue that may be received from the housing of local, other States' or Federal prisoners.

Part I – Delay the expansion of mental health programs authorized by the SHU Exclusion Bill and curtail or modify other provisions of the bill relating to the Department of Correctional Services (DOCS) facilities that do not generally house inmates with serious mental illnesses and the training of DOCS personnel

Summary

This bill would reduce the cost of implementing the Special Housing Unit (SHU) Exclusion by delaying the effective date of the bill by three years from July 2011 until July 2014, limiting the scope of the bill to level 1 and level 2 mental health designated correctional facilities, and re-configuring the mental health training requirements for Department of Correctional Services (DOCS) personnel.

Additionally, this proposal would eliminate the application of the SHU Exclusion Bill requirements to level 3 and level 4 DOCS correctional facilities

Finally, this proposal would set appropriate levels of training for DOCS staff that are transferred into residential mental health units. Instead of participating in sixteen hours of initial specialized mental health training, the amount of such training would be reduced to eight hours plus an orientation program that would allow staff to receive hands-on experience in the units.

Budget Implications

Part I would create savings of $19 million in SFY 2009-10, and $27.4 million in SFY 2010-11 for both DOCS and OMH.

Part J – Expand eligibility criteria for state inmates to qualify for medical parole and streamline the medical parole application process

Summary

This bill would expand the eligibility criteria of medical parole for terminally ill inmates and would permit chronically ill inmates to utilize the current medical parole law. No inmate would be released unless both the Commissioner of DOCS and the Board of Parole (BOP) determine that such a release is compatible with public safety. Specifically, the bill would:

- Authorize the release of inmates who suffer from significant and non-terminal conditions that render them so physically or cognitively debilitated that they do not present a danger to society. In evaluating the threat posed by these inmates, the BOP would have to consider certain criteria, including the position of the victim;

- Allow inmates who have been convicted of certain violent felonies to be eligible for medical parole consideration if they have served at least one-half of their sentence, except that inmates convicted of first-degree murder or an attempt or conspiracy to commit first-degree murder would not be eligible;

- Allow inmates who are ambulatory, but who suffer from significant disabilities that limit their ability to perform significant normal activities of daily living to be eligible for consideration.

- Allow an inmate's spouse, relative or attorney to initiate a request for medical parole on the inmate's behalf;

- Require the examining physician to recommend the types of care the inmate would require if released, and the types of settings where that care should be provided; and

- Require the Division of Parole, the Department of Health and the county in which the inmate resided and committed his crime to assist in formulating and implementing a medical discharge plan.

Budget Implications

Part J would result in General Fund savings of $2 million in SFY 2009-10.

Part K – Authorize the Department of Correctional Services to sell its cook-chill products to not-for-profit organizations (food kitchens and shelters) at the cost to produce and deliver the products

Summary

The bill would authorize the Commissioner to enter into agreements with homeless shelters, food kitchens and other eleemosynary organizations funded in whole or in part by Federal, State or local funds. It would ensure that all proceeds from these transactions would be used only for the continued operation of the DOCS Food Production Center. Additionally, this legislation would protect these charitable organizations by requiring that the fee charged for these products would not exceed the cost of food, production and transportation. Finally, it would allow the Commissioner to notify these organizations of the availability of these products.

Budget Implications

Park K would allow charitable organizations to take advantage of the excess capacity in the DOCS Food Production Center. The costs of this action would equal the revenues so there is no impact to the State, but there could be potential cost savings for the charitable organizations.

Part L – Expand eligibility for the Shock Incarceration Program and establish a new limited credit time allowance for inmates

Summary

This bill would implement some of the recommendations made by the Commission on Sentencing Reform (CSR) by allowing inmates from general confinement facilities as well as reception centers to participate in shock programs and raising the age of inmates who are eligible to participate in the program. In addition, the bill would provide a limited credit time allowance for inmates serving indeterminate or determinate sentences imposed for specified offenses.

This bill would make the following specific changes to these programs:

- Allow inmates for the shock incarceration program to be selected from general confinement facilities as well as reception centers;

- A general confinement inmate would be eligible for the program if he or she is within three years of parole release for an indeterminate term of imprisonment or would become eligible for conditional release within three years for a determinate term of imprisonment;

- The age of inmates allowed to participate in shock incarceration would be raised from 40 years of age to 50 years of age; and

- Establish a Credit Time Program for certain class A-I (non-drug) or violent felony offences whereby a single six-month allowance may be earned if they have not committed any serious disciplinary infractions and they have achieved significant programmatic objectives such as:

    - two years of college programming;

    - obtaining a masters of professional studies degree;

    - successfully participating as an inmate program associate for at least two years;

- ❖ receiving a Department of Labor certificate for successful participation in an apprenticeship program; or

- ❖ Successfully working as an inmate hospice aid for at least two years.

Budget Implications

Part L would result in a General Fund savings of $4 million in SFY 2009-10 and an annualized savings of $16 million.

Part M – Eliminate reimbursement of local jails for the housing of parole violators and state-ready inmates, except in instances where the Department of Correctional Services (DOCS) cannot provide a general confinement bed within 10 business days after notification that an inmate is state ready

Summary

This bill would eliminate State payments to localities for the housing and board of felony prisoners. While eliminating the Board of Prisoners payments, this proposal would nonetheless protect local jails by ensuring that the Commissioner of DOCS would accept felony offenders within 10 days of receiving written notification from a local official of an inmate's "state ready" status. If the Department fails to accept an inmate within this time period, provided that the inmate is not in need of immediate medical care, the locality would be paid either $100 per day or the actual per day per capita cost for the board of that inmate, whichever is less, and payment would be retroactive to the date of notification.

Budget Implications

Part M would result in $10 million in General Fund savings in FY SFY 2009-10 annualizing to $20 million each year thereafter.

Part N – Encourage the adoption of graduated sanctions for parole violators and the use of a risk and needs assessment instrument

Summary

This bill would encourage the adoption of graduated sanctions for parole violators and the use of a risk and needs assessment instrument and would protect the confidentiality of information about arrests and prosecutions that were terminated in an individual's favor. Graduated sanctions could take a number of forms, including:

- ➢ Increased use of curfews;

- ➢ Home confinement;

- ➢ Electronic monitoring; or

- Weekend incarceration in a local jail.

Budget Implications

Part N is necessary to implement the SFY 2009-10 Executive budget and would result in generating a portion of the overall department savings estimated at $11 million for SFY 2009-10 and an annualized savings of $44 million.

Part O – Credit probation sentences for time served under interim supervision; and implements a one-time $25 probation registration fee with the revenue to be retained by local probation departments

Summary

This bill would credit probation sentences for time successfully served under Interim Probation Supervision, (IPS). (IPS is a trial probation period that assists prosecutors and the courts in determining whether a defendant who is at risk of incarceration would be suitable for a probation sentence.) Upon sentencing, the court would be able to reduce the probation period by the IPS time served successfully.

This bill would also mandate a $25 fee for adult probationers registering with the Statewide Integrated Probation Registrant System (I-PRS). This one-time fee, which could not be imposed as a condition of probation, would be used to support local probation departments.

Budget Implications

Part O would generate approximately $1 million annually to support probation departments. The new revenue stream and the interim probation credit, which would reduce probation officers' caseloads, would help to offset the six percent reduction to county probation departments that is recommended as part of the SFY 2009-10 Executive Budget.

Part P – Eliminate Batterers Project funding administered by the Office for the Prevention of Domestic Violence

Summary

This bill will eliminate Batterers Program funding.

Budget Implications

Part P would provide $52,000 in SFY 2009-10 savings, and $210,000 annually thereafter.

Part Q – Modify the responsibilities of the State Commission of Correction and provide options to administrators of local jails to reduce their operating costs

Summary

This bill would provide that routine State Commission of Correction's (SCOC) oversight would not be necessary if either a Department of Correctional Services or a local correctional facility is accredited by the American Correctional Association. SCOC would retain the right to visit, inspect and appraise such facilities if it had reason to believe the facility was not meeting accreditation standards or if the health, safety and security of staff or inmates were being jeopardized. This bill would also preserves SCOC oversight of Office of Children and Family Services secure facilities.

Finally, the bill would clarify the circumstances when the Commissioner of DOCS could exercise his or her discretion to accept inmates from local facilities that had become unfit or unsafe for the confinement of some or all of the inmates, including specifying that DOCS could accept such inmates if a local facility is unable to provide one or more inmates with essential services such as medical care. If the Commissioner of DOCS should accept these inmates, the bill would give the Commissioner the discretion to determine whether or not a county shall reimburse the State for any or all of the actual costs of confinement, subject only to the approval of the Director of the Budget.

Budget Implications

Part Q would avoid costs and allow SCOC to operate within the same level that they have been doing for the last decade.

Part R – Increase the assessment on nuclear power plant facilities to support emergency preparedness planning efforts

Summary

This bill would increase the fee paid by nuclear electricity-generating facility operators to support radiological emergency preparedness activities from $550,000 to $1 million per reactor. This fee would be applied to each of the State's six nuclear reactors and would be divided between the State and certain localities pursuant to existing statute.

Budget Implications

Part R would generate $2.7 million in additional revenue, with 50 percent ($1.35 million) divided amongst the coalition of nuclear counties (Monroe, Orange, Oswego, Putnam, Rockland, Wayne and Westchester). The other 50 percent ($1.35 million) would be transferred from the Emergency Management Account to the General Fund.

Part S – Establish a program for photo-monitoring enforcement of speed limits in work zones and designated stretches of highway

Summary

This bill would establish a program for photo-monitoring enforcement of speed limits in work zones and designated stretches of highway. There would be 60 cameras in use, with 50 placed in work zones and 10 on designated stretches of highway. Signs alerting motorists to the presence of photo-monitoring devices would be posted approximately 300 yards before the work zone and speed zones.

A $100 monetary penalty would be imposed upon the registered owner of the vehicle found to be in violation of speed limit in work zones and $50 monetary penalty for those found to be in violation of speed limit in designated stretches of highway. Registered owners found liable for violations of the provisions of this bill would not be deemed convicted as an operator, and would not be assessed points against their driver's license, nor be subject to increased automobile insurance premiums. Adjudication of contested violations would be accomplished by a process established by the Division of Criminal Justice Services. Also, the Department of Motor Vehicles would be authorized to deny renewal and/or suspend the registration of owners who repeatedly failed to respond to a Notice of Violation or who refused to pay the fine.

Budget Implications

Part S would generate approximately $42 million in net revenue in SFY 2009-10, and $84 million when fully annualized.

Part T – Increase the Motor Vehicle Law Enforcement fee applied to the purchase of vehicle insurance to support the cost of state police operations

Summary

This bill would raise the Motor Vehicle Law enforcement fee from $5 to $10 dollars. It would also make permanent the fee and related programs that would have otherwise expired in 2009. A portion of the revenue generated from this bill, ($4.7 million annually), would be dedicated to the Motor Vehicle Theft and Insurance Fraud Prevention Fund and the remaining balance would be directed to the State Police Motor Vehicle Law Enforcement Account.

This bill would also make technical amendments to simplify the flow of these revenues into dedicated State accounts and eliminate the requirement that the Superintendent of Insurance distinguish between fees collected from passenger and commercial vehicle policies.

Finally, the bill would make permanent all provisions related to the Motor Vehicle Law Enforcement Account, as well as the New York Motor Vehicle Theft and Insurance Fraud Prevention Program and related provisions.

Budget Implications

Part T would generate $48.4 million in additional revenue in SFY 2009-2010 and $65.5 million when fully annualized. The Executive Budget is dependent upon Part T to support the proposed budget for the Division of State Police.

Part U – Extend various criminal justice programs that would otherwise sunset

Summary

This bill extends for five years various criminal justice programs that would otherwise expire in 2009 and 2010. It also makes permanent statutes related to medical parole and merit termination of parole.

Specifically, this bill would extend:

- Determinate sentencing;
- Inmate work release and furlough;
- Provisions related to substance abuse treatment for inmates;
- Alternatives to incarceration;
- Ignition interlock program for those convicted of alcohol-related violations;
- Mandatory arrest in cases of domestic violence;
- Protective measures for child witnesses; and
- Transfer of adult offenders between states.

Finally, this bill would make permanent certain statutory provisions related to medical parole and merit termination of parole.

Budget Implications

Part U is necessary to implement the SFY 2009-10 Executive Budget which relies on continuation of these programs to support the Financial Plan projections.

Part V – Abolish the State Employment Relations Board and shift responsibilities to the Public Employment Relations Board

Summary

This bill would abolish the State Employment Relations Board (SERB) and expand the responsibilities of the Public Employment Relations Board (PERB) for providing labor mediation and other services for public employers and their employee unions to include the private sector.

Budget Implications

Part V is necessary to implement the SFY 2009-10 Executive Budget, which includes annual savings of $1.7 million resulting from the abolition of SERB.

Part W – Establish the Office of Procurement Services to ensure that the state is undertaking procurement consistent with best practices to receive the maximum value at the lowest possible cost

Summary

This bill would create the Office of Procurement Services, a new Executive agency that could improve the State's ability to generate savings by making more strategic procurement decisions. The bill would also establish the position and duties of the State's Chief Procurement Officer to lead this new agency. It would furthermore enumerate the functions, powers and duties of the office and it also would address the transfer process and employee rights for those who could be affected by the creation of this agency.

Budget Implications

Part W is necessary to implement the SFY 2009-10 Executive Budget. While it would not generate significant savings in SFY 20009-10, it is estimated that once this agency is fully operational, its efforts would create future savings by improving overall State procurement practices and fostering statewide efficiencies and economies of scale.

Part X – Modify the maintenance-of-effort (MOE) requirement for counties and the City of New York to receive funds from the Indigent Legal Services Fund and the formula for distribution of such funds

Summary

This bill ensures that counties and the City of New York do not forfeit all allocations from the Indigent Legal Services Fund, (ILSF), in the event that they are unable to meet the stringent maintenance of effort (MOE) requirements set in current law.

These provisions in the bill would establish a less stringent MOE requirement and provide for a reduced award, but not a complete elimination of funding from the ILSF in the event that a county does not meet the MOE requirement. Under this bill, the Office of the State Comptroller (OSC) would consider the MOE to be met in circumstances where a county's expenditures for indigent legal services during the calendar year was greater than the average expenditure for such services over the preceding three calendar years.

Further, this bill would allow OSC to make adjustments in ILSF payments to account for audit findings regarding local spending on indigent legal services.

Budget Implications

Part X would be cost neutral for the State, but would provide for an alternative distribution of funds from the ILSF to counties and the City of New York for the cost of providing indigent legal services – one which would ensure each county received some benefit, in order to better protect the provision of indigent legal services.

Part Y – Provide the New York State Health Insurance Program, (NYSHIP**), the option to operate as a self-insured plan**

Summary

This bill would allow the State the option to be self insured for a variety of employee health benefits. The language change proposed in this bill would not require the State to change the current practice; it simply would give NYSHIP flexibility of choice going forward

Budget Implications

Part Y would provide the State more flexibility to enter into contracts for employee health benefits that are in the financial interests of the State and local governments which participate in the Empire Plan.

Part Z – Establish a sliding scale for retiree health insurance premium contributions for future state retirees

Summary

This bill would require employees retiring on or after 30 days from enactment of the bill to make health insurance premium contributions, on a sliding scale, based upon years of service at the time of retirement. The State would pay a minimum premium share of 50 percent for individual coverage and 35 percent for dependent coverage for employees who retire with 10 years of service. The State's contribution would increase by 2 percent of premium for each additional year of service up to a maximum contribution of 90 percent for individual coverage and 75 percent for dependent coverage for employees who retire with 30 or more years of service. The bill would make parallel adjustments in the contributions for employees who die prior to retirement, and dependents of such employees and of employees who die after they retire.

Budget Implications

Part Z would generate an estimated savings of $8 million in SFY 2009-10 and $17 million in SFY 2010-11.

Part AA – Require state employees and retirees to contribute to Medicare Part B premiums

Summary

This bill would incorporate the Medicare B premium costs into the overall cost of the Empire Plan and HMOs shared by the State, as employer and State employees and retirees.

This bill would recognize Medicare Part B premium costs as an appropriate cost of the Empire Plan and HMO employee/retiree health coverage. The State would continue the current practice of fully reimbursing retirees through pension payments for Medicare Part B premiums deducted from social security checks.

Under this bill both employees and retirees would pay a portion of Medicare Part B premiums (i.e., 10 percent for individual coverage and 25 percent for dependent coverage) consistent with the longstanding arrangement for Empire Plan health insurance premiums. By blending the Medicare Part B premium costs into the much larger Empire Plan and HMO premium calculations, approximately 14 percent of the costs would be recouped from both State employees and retirees. Employee/retiree health insurance contributions would increase by approximately $20 - $30 a year for individual coverage and $80 a year for family coverage.

Budget Implications

Part AA would save an estimated $2.5 million in SFY 2008-09 and $30 million in SFY 2009-10.

Part BB – Eliminate the general salary increases scheduled on or after April 1, 2009 provided for in collective bargaining agreements, interest arbitration awards, and for M/C employees

Summary

This bill would eliminate the pay increases for State employees that would otherwise take effect on or after April 1, 2009, pursuant to collective bargaining agreements, interest arbitration awards and legislation providing the terms of employment for management/confidential employees

This bill would go into effect, notwithstanding collective bargaining agreements for unions that have reached agreement with the State, to impose a freeze on general salary increases on or after April 1, 2009. Current collective bargaining agreements provide for general salary increases, some of which were codified in Chapters 10, 49, 113, 114, 219 and 287 of the Laws of 2008.

Budget Implications

Part BB is estimated to save $122 million General Fund, ($332 million All Funds), in SFY 2009-10 and in the out-years.

Part CC – Implement a Tier 5 pension benefit for newly hired state and local government employees

Summary

This bill would implement a Tier 5 pension benefit for newly hired State and local government employees. This bill would affect future members of the New York State and Local Employees' Retirement System (ERS), the New York State Teachers' Retirement System (TRS), the New York City Employees' Retirement System (NYCERS), the New York City Teachers' Retirement System (NYCTRS), the New York City Board of Education Retirement System (NYCBERS) and the New York State and City Optional Retirement Program (ORP). The changes proposed in this bill would not affect existing employees or future members of the New York State and Local Police and Fire Retirement System, the New York City Police Pension Fund, or the New York City Fire Pension Fund.

The new Tier 5 provisions would require future members of ERS and TRS to:

- Reach age 62 before becoming eligible to draw a pension benefit;
- Make three percent employee contributions for the duration of their employment;
- Have 10 years of credited service before qualifying for a vested pension benefit; and
- Reach 25 years of service before the multiplier used to calculate pension allowances is increased from one-sixtieth to one-fiftieth of final average salary times years of credited service.

The bill would also lower the amount of sick leave allowed to be used for additional service credit from the 200 days presently allowed for most State employees to 165 days for eligible employees, and exclude overtime payments from the final average salary (FAS) calculation used to determine pension allowances.

Future members of NYCERS and NYCTRS would be required to make employee contributions for the duration of their employment, and have 10 years of credited service before qualifying for a vested pension benefit. Overtime payments would also be excluded for the FAS calculation for NYCERS and NYCTRS members.

Future members of the State and New York City ORP would be required to make three percent employee contributions throughout the duration of their service.

Budget Implications

Part CC is expected to yield $10 million in savings to the State in SFY 2009-10 and $30 million in SFY 2010-11.

Part DD – Authorize a new tier of pension benefits for newly hired New York City uniformed employees, submitted at the request of the Mayor

Summary

This bill is advanced at the request of the Mayor of the City of New York, and would not be acted upon without a Home Rule message from the New York City Council. It would amend the Retirement and Social Security Law and the New York City Administrative Code to establish a modified pension plan for certain members of the New York City uniformed forces who become pension plan members after the enactment of the bill. The bill would apply to future New York City police officers, firefighters, uniformed correction officers and uniformed sanitation members and establish pension benefit uniformity among new employees in the New York City Uniformed Services.

Under the proposed new tier, uniform services would:

- Receive the full benefit after 25 years of service rather than 20;
- Require members to make 5 percent contributions for the first 25 years of their service;
- Have a minimum retirement age of 50;
- Become vested after 10 years of service rather than 5;
- Who resigned prior to retirement, but after vesting, their vested benefit of 2 percent of salary per year of service would not become payable until age 65;
- Base their retirement benefit on a three-year final average salary
- Be ineligible for Variable Supplement Fund benefits, and the permanent cost of living allowance enacted by Chapter 125 of the Laws of 2000.

Finally, under the bill, future New York City uniformed force members would need to be at least 50 years of age and have 25 years of uniformed force service in order to retire for service with immediate pay ability of an unreduced retirement allowance equal to 2% of salary for each year of credited service. The early service retirement provisions of the bill would permit members to retire after 20 years of service without regard to age, and receive immediate pay ability of a reduced retirement allowance which would be based on that same formula, but would be reduced by 5% for each year that the member's retirement precedes the age 50 and 25-year point.

Budget Implications

Part DD would result in savings to New York City of approximately $25 million in the year after enactment. Savings would increase by approximately $25 million per year as new employees are hired, such that the annual savings could be as much as $500 million in 20 years.

Part EE – Implement an additional 5-day pay deferral for all state employees

Summary

This bill would implement an additional 5-day pay deferral for all employees, achieved through a 10 percent reduction in salary per paycheck for five payroll periods. The additional deferral would be payable when an employee retires or otherwise separates from State service, or on April 1, 2011 unless the Director of Budget finds, on an annual basis, that continuation is necessary to address exigent financial circumstances.

Under Chapter 947 of the Laws of 1990, current and future employees are subject to a five-day pay deferral.

Budget Implications

Part EE is necessary to implement the Executive Budget which estimates a savings of $121 million General Fund ($264 million All Funds) in SFY 2009-10.

Part FF – Reduce state payments in lieu of taxes and freeze payments for taxes on state owned lands

Summary

This bill would amend Public Lands Law and Real Property Tax Law to reduce State payments in lieu of taxes (PILOTs) and freeze payments for taxes on State owned lands.

Commensurate with the reduction applied to many other local assistance programs, this bill would amend the Real Property Tax Law to freeze payments for taxes on State owned lands at the level paid during State fiscal year 2008-09. It would also amend various sections of the Public Lands Law to reduce payments in lieu of taxes by 6 percent from their scheduled amount.

Budget Implications

Part FF is estimated to yield $8.5 million of savings in SFY 2009-10.

Part GG – Modify the Aid and Incentives for Municipalities (AIM) Program

<u>Summary</u>

This bill would amend the Aid and Incentives for Municipalities (AIM) Program to implement necessary cost savings measures that would rescind aid increases scheduled for municipalities outside of New York City and eliminate AIM funding for New York City.

Specifically, the bill would:

- Eliminate the aid increases for municipalities outside the City of New York that are currently authorized in law for the next two years, generating savings of $61 million in SFY 2009-10 and $130 million in SFY 2010-11. Even after this action, the State will maintain $755 million in aid for these municipalities – an increase of $290 million (62 percent) since SFY 2004-05;

- Preserve the current-law requirement that cities, as well as villages meeting all four fiscal distress indicators under the AIM Program, would have to develop multi-year financial plans;

- Eliminate aid to the City of New York under the AIM Program starting in SFY 2009-10, generating $328 million in annual savings;

- Simplify the municipal merger incentives offered under the Local Government Efficiency Grant Program, which is appropriated under AIM. This proposal would eliminate two merger incentive options that always provide less aid to municipalities over the long term than the other option, which awards municipalities participating in a consolidation or dissolution additional aid equal to 15 percent of their combined property tax levy, subject to a cap of $1 million. The proposal also specifically addresses the calculation and allocation of this incentive in cases where one village dissolves into multiple towns;

- Expand eligibility for Local Government Efficiency Grants to include association libraries, municipal public libraries and school district public libraries. Currently, library districts are the only type of library that may apply for grants under the program.

<u>Budget Implications</u>

Part GG would generate a total of $389 million in savings for SFY 2009-10.

Part HH – Provide mandate relief for local governments

<u>Summary</u>

This bill would facilitate local government cost saving efforts by providing relief from certain State mandates. Specifically, this bill would:

- Revise multiple bidding requirements (the Wicks Law) for the State, municipalities, school districts and public authorities for a five-year period. This proposed would raise the multiple bidding thresholds in New York City to $10 million, exempt school construction from these thresholds altogether (including the NYC School Construction Fund), and remove apprenticeship requirements from the PLA provisions. In addition, the New York City School Construction Authority's Wicks exemption would be extended until 2014;

- Provide local governments with more contracting flexibility by increasing local competitive bidding thresholds, allowing for contracts to be awarded by "best value," and allowing for "piggybacking" on certain contracts;

- Reform collateral source offsets in personal injury and wrongful death actions against local governments and the State. This will ensure public employers are treated the same as private employers in such actions. (New York City estimates that it will save $14.5 million annually from this reform.);

- Set the interest rate paid on judgments against local governments and the State at market rates with a nine percent cap, rather than the existing nine percent interest rate maximum;

- Unify the Transitional Finance Authority's (TFA) statutory bonding authority with New York City's general obligation (GO) debt limit by providing that TFA debt issued above the current $13.5 billion statutory cap will count against the City's available GO debt limit, change TFA's statutory cap calculation from bonds issued to bonds outstanding, and apply TFA's current 20 percent variable rate bond cap to the unified cap/debt limit under this new structure; and

- Allow New York City to issue bond anticipation notes (BANs) with a longer maturity period.

Budget Implications

Part HH would provide fiscal relief and increased operational flexibility for local governments.

Part II – Extend authorization for the Office of Real Property Services to charge oil and natural gas producers for determining the property value of oil and gas units of production.

Summary

This bill would extend the schedule of fees charged to oil and natural gas producers, which support costs of the Office of Real Property Services in determining the property value of oil and gas production. The authority to charge such fees would be extended from March 31, 2009 to March 31, 2012.

Budget Implications

Part II would generate an estimated $43,000 in fees that are dedicated to support the operations of the Office of Real Property Services.

Part JJ – Increase the real property transfer fees that support expenses of the Office of Real Property Services, and redirect the deposit of these fees to the General Fund

Summary

This bill would address an accumulated deficit in funding for the Office of Real Property Services by increasing the real property transfer fee that is used to support agency operations.

This bill would authorize an increase in the real property transfer fee that is paid whenever a deed is recorded to the following amounts:

- From $50 to $100 for housing cooperatives,
- From $75 to $125 for residential or farm property; and
- From $165 to $250 for commercial property.

The county that collects the fee would retain $9, and the remainder would be dedicated to support expenses of the Office of Real Property Services currently funded in the Improvement of Real Property Tax Administration Account. However, under this proposal, the State's share of revenue from real property transfer fees will be redirected to the General Fund where the SFY 2009-10 Executive Budget proposes to discontinue use of the Improvement of Real Property Tax Administration Account and instead support expenses of the Office of Real Property Services directly from the General Fund

Budget Implications

Part JJ is necessary to implement the SFY 2009-10 Executive Budget, as the increases in real property transfer fees would enable the State to address an accumulated deficit in funding for the Office of Real Property Services by raising an estimated $14 million in SFY 2009-10 and $19 million in future-year annual revenue. The redirection of real property transfer fee revenue to the General Fund would be consistent with proposed changes in appropriations for the Office of Real Property Services.

Part KK – Restructure state aid provided to municipalities in which a video lottery gaming facility is located

Summary

This bill would establish new limitations on State aid provided to municipalities that host a video lottery gaming facility. Specifically, the bill would:

- Limit the aid program to current recipients;
- Set payments in SFY 2009-10 and thereafter at the amount paid in SFY 2008-09 for the city of Yonkers; and

- Set payments at 50 percent of the amounts paid in SFY 2008-09 for the 17 other eligible municipalities.

Aid to the City of Yonkers would be held harmless because, unlike other eligible municipalities, its payment is used to directly fund the city's school district. Further growth in this program would be contained by limiting the aid to current recipients, making New York City ineligible for an estimated $19.6 million payment when a video lottery gaming facility opens at Aqueduct.

Budget Implications

Part KK would reduce the State cost of providing aid to municipalities where video lottery gaming facilities are located by an estimated $28.9 million in SFY 2009-10.

Part LL – Expand New York City's Red Light Camera Traffic Safety program, and provide certain cities and counties authorization to administer a similar program

Summary

This bill would expand the Red Light Camera Traffic Safety Program currently authorized for New York City and extend authorization for the program to the cities of Buffalo, Rochester, Syracuse and Yonkers, as well as Nassau and Suffolk counties.

The current Red Light Camera Traffic Safety Program would be modified as follows:

- The maximum fine would be increased from $50 to $100 for each violation.
- The number of intersections in which cameras can be installed would no longer be capped at 100, and instead become a local determination.
- Statutory authorization for the program would be made permanent, (Scheduled to sunset 12/1/09).
- State reporting requirements related to New York City's demonstration program would be repealed.

Budget Implications

Part LL would offer the State's largest cities and counties the ability to improve traffic safety and raise additional revenue that could help offset reductions in other State aid programs. This expansion of the Red Light Camera Traffic Safety Program is estimated to raise additional annual revenue net of program expenses totaling $100 million for New York City in CFY 2009-10, growing to $233 million by CFY 2011-12, and approximately $50 million for the other eligible cities and counties combined.

Part MM – Authorize cities and villages to collect utilities gross receipts taxes on mobile phone services

Summary

This bill would include mobile telecommunications service within the scope of the utility gross receipts tax that may be imposed by cities and villages. The amendments would conform to Federal Mobile Telecommunications Sourcing Act requirements to source mobile telecommunications services to the "place of primary use," which generally is the customer's residence or place of business.

Budget Implications

Part MM would offer local governments a revenue alternative to ease the local property tax burden. Extending the utility gross receipts tax to mobile telecommunications is estimated to provide $12.5 million in additional annual revenue for cities and villages outside of New York City.

Part NN – Enact recommendations made by the Commission on Local Government Efficiency and Competitiveness

Summary

This bill would facilitate local restructuring and efficiency by enacting several of the recommendations of the Commission on Local Government Efficiency and Competitiveness. Specifically, the bill would:

- Relax the requirements for forming a municipal cooperative health benefit plan pursuant to Article 47 of the Insurance Law as follows:

    - Require insurers to provide up to three years of claims experience to a municipal corporation when it requests such information for the purposes of forming or joining such a cooperative;

    - Reduce the minimum number of municipal corporations needed to establish such a cooperative from five to three;

    - Provide flexibility in the reserve requirements for such cooperatives by allowing a qualified actuary to determine the amount of reserves each individual cooperative needs, and by allowing new cooperatives to amass these reserves over a five-year transition period. All such cooperatives are currently held to the same reserve requirements, regardless of the characteristics of their covered population, and are currently obligated to meet this requirement at the time of their formation; and

    - Direct the Insurance Department to order a study, to be completed by September 1, 2010, of the impact on the community-rated health insurance market of allowing municipalities with 50 or fewer employees to join with larger municipalities to purchase experience-rated policies.

- Allow multiple counties to share one Director of Weights and Measures pursuant to an inter-municipal agreement.

- Facilitate shared services agreements among municipalities and between municipalities and State agencies. These amendments would:

- Expand the list of services that can be the subject of shared service contracts;

- Authorize non-monetary exchanges of goods and services;

- Allow the State Department of Transportation (DOT) to contract with municipalities for terms of up to five years;

- Broaden the range of emergency situations for which DOT can provide assistance, and allow municipalities to similarly assist the State.

- Allow certain county and part-county health districts to share the same commissioner/director and, under these circumstances, to also have common district board members, subject to the approval of the State Department of Health (DOH). DOH would be required to periodically review approved director- and board-sharing arrangements to verify that such joint membership continues to serve the interest of public health;

- Prohibit special district commissioners from receiving compensation for their services. However, such commissioners may still receive reimbursement for any actual and necessary expenses they incur in the performance of their official duties;

- Address the wide variation in special district sanitation collection costs. The bill would transfer to town boards most of management responsibilities for town special districts providing sanitary, refuse, or garbage services, but allows elected special district commissioners to continue to hold referenda on whether the level of services provided to district residents should be changed;

- Create a unified merger process for towns and villages as well as a unified petition process for fire districts and fire protection districts. Specifically, it would

    - Allow for an action by the governing board or a petition from 10 percent of residents of the jurisdiction to initiate the merger process in towns and villages and the consolidation process in fire districts and fire protection districts;

    - Repeal the many different town and village consolidation and dissolution processes and creates a single merger process in a new article of the general municipal law;

    - Allow a town board to convert the positions of town clerk, town highway superintendent, and town receiver of taxes and assessments from elected to appointed, subject to permissive referendum;

- ❖ Allow first class towns to consolidate the positions of town receiver of taxes and assessments and the town clerk; and

- ❖ Allow a town board to consolidate the positions of public works commissioner and town highway superintendent, subject to permissive referendum.

Budget Implications

Part NN is necessary to implement the SFY 2009-10 Executive Budget because it adopts recommendations of the Commission on Local Government Efficiency and Competitiveness, including proposals with the potential to create efficiencies and generate cost savings for municipalities.

Part OO – Authorize the City of New York to increase certain fees

Summary

This bill would allow the City of New York to generate additional revenue by increasing certain local fees. Specifically, this bill authorizes the City to:

- ➢ Increase the fee collected by the city clerk to perform a marriage ceremony from $25 to $40.

- ➢ Increase the fee collected by the city clerk for issuing a marriage certificate or a certified copy of a marriage certificate from $10 to $15.

- ➢ Provide for a $15 fee to be collected by the city clerk for the priority handling of a marriage certificate or license.

- ➢ Increase the fee collected by the city clerk for a marriage license from $25 to $40.

- ➢ Increase the fee collected by the city clerk to perform a marriage license search for one year from $5 to $15.

- ➢ Increase the fee collected by the city clerk from $25 to $30 for filing the oath of office from the commissioner of deeds.

- ➢ Increase the fee for a birth or death certificate collected by the city department of health and mental hygiene from $15 to $30.

- ➢ Provide for a $15 fee to be collected by the city department of health and mental hygiene for the priority handling of a birth or death certificate.

- ➢ Increase the fee that the City can impose on owners participating in the rent stabilization program from $10 to $50 to cover the actual costs of the program.

Budget Implications

Part OO would generate an additional $40 million annually to support the operations of the City of New York.

Part PP – Authorize transfers, temporary loans and miscellaneous capital/debt provisions, including certain bond caps

Summary

This bill would provide the statutory authorization necessary for the administration of funds/accounts included in the SFY 2009-10 Executive Budget and proposes certain modifications to improve the State's General Fund position within the fiscal year.

Specifically, the bill would:

- Authorize specific State funds and accounts to receive temporary loans during the SFY 2009-10 fiscal year;
- Authorize transfers between designated funds and accounts;
- Authorize the State Comptroller to deposit funds to the banking services account;
- Authorize transfers between the miscellaneous special revenue fund patient income account, the miscellaneous special revenue fund mental hygiene program fund, and the General Fund in any combination up to $200 million;
- Authorize the transfer of the unencumbered balance of any Special Revenue Fund to the General Fund up to $200 million;
- Allow the State Comptroller to make deposits in the School Tax Relief Fund in fiscal year SFY 2009-10;
- Authorize the Power Authority to make contributions to the General Fund;
- Authorize the loan of moneys from the Contingency Reserve Fund to the General Fund and would require repayment within the same fiscal year, consistent with the provisions governing the Tax Stabilization Reserve;
- Authorize the loan of moneys from the Rainy Day Fund to the General Fund and would require repayment within the same fiscal year, consistent with the provisions governing the Tax Stabilization Reserve;

- Authorize the General Fund, similar to many other funds and accounts, to receive a temporary loan, for cash-flow purposes, but subject to a stricter repayment timetable. The loan would have to be repaid in full within four months of its origination or by the end of the fiscal year, whichever comes sooner;

- Repeal subdivisions (b) of section 1 of part MM of chapter 59 of the laws of 2008 relating to deposits into the Community Projects Fund;

- Repeal subdivision (a) of section 2 of part MM of chapter 59 of the laws of 2008 relating to deposits into the Community Projects Fund;

- Repeal section 3 of part MM of chapter 59 of the laws of 2008 relating to deposits into the Community Projects Fund;

- Authorize reimbursement to the General Fund from the Correctional Facilities Capital Improvement Fund for costs related to capital projects;

- Authorize the State Comptroller to deposit reimbursements for certain capital spending from multiple appropriations contained in various chapters of the laws of 1999 through 2009 into various funds including the Capital Projects Fund;

- Continue the authorization to use excess debt service appropriation for Mental Hygiene facilities to make rebates necessary to protect the tax-exempt status of the bonds;

- Continue authorizations for disbursements for hazardous waste site remediation projects;

- Amend section 69-c of State Finance Law to add that any variable rate bonds that are converted or refunded to a fixed rate shall be assumed to generate a present value savings;

- Update maximum bonding authorization amounts across several areas;

- Allow any public authority that is authorized to issue Personal Income Tax (PIT) Revenue Bonds to issue debt for any other public authorities' authorized purposes for this program, subject to existing Public Authorities Control Board (PACB) approval requirements. In addition this bill would amend the related capital reimbursement provisions to permit issuer flexibility without disrupting the existing capital responsibility of authorities;

- State that the State's right to require redemption of bonds shall not apply to state-supported debt and that these bonds will remain subject to redemption provisions pursuant to any contract with the holders of such bonds;

- Authorize transfers from the Health Care Reform Act (HCRA) to the General Debt Service Fund to pay for related debt service costs;

Budget Implications

Part PP would be necessary to implement the SFY 2009-10 Executive Budget. Such legislation is enacted annually to authorize the transfer of funds budgeted in the financial plan but that do not have permanent statutory authorization, as well as to provide for other transactions, including temporary loans from the State Treasury for cash flow purposes. Part PP would also be necessary to reimburse projected Capital Projects Funds spending with the proceeds of bonds sold by public authorities, to maximize debt service savings from State-supported refundings, to ensure the continued tax-exempt status and reduced borrowing costs for certain State-supported debt, and to permit the State to carry out basic administrative functions.

Education, Labor & Family Assistance (S.57/A157)

Part A – Amend the Education Law to provide a one-year reduction in School Aid, adjust the planned phase-in of Foundation Aid, provide mandate relief to school districts and make other changes necessary to implement the Executive Budget

Summary

This bill would amend the Education Law to continue funding selected formulas at the 2008-09 level for the next two school years. Specifically, State support funding for Foundation Aid, Universal Prekindergarten, High Tax Aid, Supplemental Excess Cost Aid, Academic Enhancement Aid and Supplemental Valuation Impact grants would be continued at 2008-09 levels for the 2009-10 and 2010-11 school years. Additionally, Education Law would be modified to adjust the phase-in schedule for Foundation Aid so that this aid category would be fully phased-in by 2014-15.

The Education Law would also be amended to provide a Deficit Reduction Assessment formula that would reduce formula-based School Aid (excluding Universal Prekindergarten and Building Aid) for all school districts based on ability to pay, student need and tax effort. Key features of the proposed formula include a minimum reduction of 3 percent and a maximum reduction of 13 percent of formula-based School Aid. Additionally, there is a proposed maximum reduction of 2.5 percent of Total General Fund Expenditures (TGFE) for High Need school districts.

Other proposed amendments to the Education Law include:

- Limiting State liabilities for School Aid to those that result from data and claims on file with the State Education Department by the statutory deadline for the production of data used for development of the Executive Budget;

- Providing mandate relief measures to reduce school district costs including eliminating selected school district reporting requirements, delaying the effective date of any new mandate until the start of a new school year, and allowing school districts to withdraw excess funds in an employee benefits accrued liability reserve fund in order to maintain educational programming during the SFY 2009-10 school year;

- Modifying Contract for Excellence requirements, in recognition of the two year suspension of increases for Foundation Aid, by reducing the amount that a school district would be required to spend on Contract for Excellence activities. All 39 districts currently in the program would be required to continue in the program unless all school buildings in a school district are reported as "In Good Standing" for the State accountability system. The school districts which remain in the program would be required to maintain funding on existing Contract for Excellence programs less the percentage reduction of the Deficit Reduction Assessment for the 2009-10 school year. School districts in the Contract for Excellence program for the 2010-11 school year would be required to maintain spending on Contract for Excellence programs at 2008-09 levels;

- Allocating 15 percent of the costs of the preschool special education program to school districts and reducing the State and county shares of the program costs to 47 percent and 38 percent respectively;

- Modifying reimbursement for the preschool special education itinerant teacher (SEIT) program;

- Exempting nonpublic schools from the Commissioner's regulations relating to comprehensive attendance policies beginning with the 2007-08 school year and eliminate the associated State fiscal liability;

- Extending a number of existing statutory provisions for one additional year;

- Reducing the amount of a special academic improvement grant; and

- Modifying limitations on the use of Teacher of Tomorrow grant funds.

Budget Implications

Part A is necessary to implement the SFY 2009-10 Executive Budget.

Part B – Merge the New York State Theatre Institute with the Empire State Plaza Performing Arts Center

Summary

This bill would merge the New York State Theatre Institute (NYSTI) into the Empire State Plaza Performing Arts Center to achieve necessary efficiencies and to better achieve the overlapping missions of both entities. All of NYSTI's functions, goal and responsibilities would continue under the auspices of the Egg, and NYSTI's performances would continue to be held at its facilities in Troy.

Budget Implications

Part B would result in $274,000 of savings to the Cultural Education Account and is necessary to implement the SFY 2009-10 Executive Budget.

Part C – Increase academic standards for non-remedial Tuition Assistance Program (TAP) recipients

Summary

This bill would amend the Education Law by defining remedial students and then imposing increased academic standards upon non-remedial students. Students defined as remedial, or students enrolled in a program of remedial study approved by the Commissioner of Education, would remain on the current academic standards and TAP eligibility schedules. TAP recipients meeting the definition of non-remedial students would be placed on a more stringent standards schedule that would require them to earn a total of 18 credits (minimum) and a 1.8 GPA by the end of their second semester of study. The current standards schedule requires a minimum of 9 credits and a 1.2 GPA after the second semester.

Budget Implications

Part C is necessary to implement the SFY 2009-10 Executive Budget, which assumes savings of $4.6 million in SFY 2009-10 and $10 million annually thereafter from increasing academic standards for TAP recipients classified as non-remedial students.

Part D – Amend the eligibility requirements for the Tuition Assistance Program (TAP) relating to students in default on federal loans

Summary

This bill would modify the award eligibility criteria for the Tuition Assistance Program (TAP) to create parity by eliminating TAP eligibility for all students who are in default on Federal Family Education Loans and William D. Ford Direct Loans, regardless of guarantor.

Budget Implications

Part D is necessary to implement the SFY 2009-10 Executive Budget, which assumes savings of $2.6 million in SFY 2009-10 related to establishing TAP default parity and $3.7 million of savings on a recurring basis.

Part E – Eliminate the Tuition Assistance Program (TAP) eligibility for graduate students

Summary

The bill would eliminate TAP eligibility for graduate students.

Budget Implications

Part E is necessary to implement the SFY 2009-10 Executive Budget, which assumes $3 million of recurring savings related to its enactment.

Part F – Include public pension income in Tuition Assistance Program (TAP) award calculations

Summary

The bill would include public sector pension income in TAP award eligibility determinations. Currently, income from public sector pensions is not included in TAP award eligibility determinations, while income from private pensions and 401(k) and other tax deferred retirement savings accounts is included.

Budget Implications

Part F is necessary to implement the SFY 2009-10 Executive Budget, which assumes $10.5 million in SFY 2009-10 savings by including public sector pension income in TAP award calculations, and $15 million annually thereafter.

Part G – Enhance flexibility for the state and city universities of New York in the areas of procurement and capital construction

Summary

This bill would enhance flexibility for the State University of New York (SUNY) and the City University of New York (CUNY) in the areas of procurement and capital construction by effectuating a number of regulatory recommendations put forth by the Commission on Higher Education.

Specifically, the bill would:

- Permit SUNY and CUNY to purchase goods and services without prior approval by any state agency. Such transactions would remain subject to post-audit review by the Comptroller.
- Allow not-for-profit organizations affiliated with SUNY to participate in the centralized contracts maintained by the Office of General Services.
- Permit SUNY's participation in joint ventures. The bill further provides contracting flexibility to SUNY's health care facilities, but would require annual reporting on all such contracts.
- Allow the State University Construction Fund (SUCF) to:
    - establish guidelines for procurements that are consistent with the standards that apply to public authorities;
    - utilize alternative construction delivery methods; and
    - not require a performance bond for labor and material payments under $250,000.

Indemnify students whom are enrolled in required residency and internship programs.

Budget Implications

Part G is necessary to implement the SFY 2009-10 Executive Budget, as it effectuates cost savings through more efficient administration by SUNY and CUNY.

Part H – Pro-rate Tuition Assistance Program (TAP) awards for students enrolled in between 10 and 14 credits per semester, using 15 credit hours per semester as the basis for full TAP awards

Summary

This bill would redefine full-time study as 15 credit hours earned per semester and pro-rate Tuition Assistance Program (TAP) awards for students earning 10 to 14 credits per semester.

In addition, the bill would convert the lifetime TAP award eligibility limit from 8 semesters to 120 semester credits earned, to enable students who earn less than 15 credits per semester to remain eligible for TAP support until they earn enough credits to graduate.

Finally, the bill would redefine part-time study, in terms of the Part-Time TAP program, as at least six but less than ten semester credits or its equivalent, and would reformat the pro-ration formula used to determine Part-Time TAP awards based on the 15 credit redefinition of full-time study.

Budget Implications

Part H is necessary to implement the SFY 2009-10 Executive Budget, which assumes savings of $21.7 million in SFY 2009-10 and $31.0 million annually thereafter as a result of pro-rating TAP awards based upon a definition of full-time study as 15 credits earned per semester.

Part I – Eliminate the Tuition Assistance Program (TAP) award enhancements for TAP applicants with multiple family members in college

Summary

This bill would eliminate a Net Taxable Income (NTI) credit that has the effect of enhancing TAP awards for applicants with multiple family members in college.

New York State Net Taxable Income (NTI) is used to determine an applicant's TAP award. Under current law, students with parents or siblings enrolled in college receive a credit against their NTI or taxable income based on the number of additional family members enrolled in college, thus enhancing their TAP awards. The average TAP award enhancement due to this NTI credit is roughly $300, with approximately 18,000 TAP award recipients currently benefitting from this credit.

Budget Implications

Part I is necessary to implement the SFY 2009-10 Executive Budget, which assumes savings of $4.0 million in SFY 2009-10 and $5.7 million annually thereafter as a result of the elimination of enhanced TAP awards for applicants with multiple family members in college.

Part J – Establish the New York Higher Education Loan Program

Summary

This bill would establish the New York Higher Education Loan Program (the Program), which would provide students and parents with access to low-cost loans not currently available in the private loan market. Eligible students would have to be New York State residents attending degree-granting postsecondary education institutions in the State that are approved to participate in federal HEA Title IV student aid programs.

The Higher Education Services Corporation (HESC) would administer the Program in conjunction with the State of New York Mortgage Agency (SONYMA), or other public benefit corporations authorized to issue bonds under the Program. It is expected that SONYMA would issue $350 million in tax-free bonds in SFY 2009-10 to finance new fixed rate loans of up to $10,000 per borrower. There would also be unlimited private lender participation in an affordable variable rate loan program.

Specifically, the bill would:

- Establish the New York Higher Education Loan Program and key provisions of the Program including the powers and duties of administering agencies, program eligibility requirements, and reporting requirements;

- Clarify that the HESC's budget request should not include requests for appropriations under the Program, except for requests for funds to be deposited into the New York State Program account for purposes of administering the Program;

- Allow monetary contributions made to the Program to be deducted for tax purposes;

- Provide that the Corporation should not be required to pay taxes or assessments on bonds issued under the Program;

- Exclude education loans made under the Program from the general eligibility requirements and conditions governing awards and loans made pursuant to other sections of Article 14 of the Education Law;

- Repeal outdated sections of the Education Law (§682 and §683). Absent the repeal, language to exempt this Program from these sections would be required;

- Repeal and establish a new Section 2405-a of the Public Authorities Law to allow for SONYMA's participation in the Program;

- Authorize the State Comptroller to deduct payments for education loans made under this Program from the salaries of state employees;

- Establish a variable and fixed rate default reserve fund, respectively, to hold moneys designated for payment on defaulted education loans made under this Program; and

- Allow the Dormitory Authority of the State of New York's (DASNY) participation in the Program.

Budget Implications

Part J is necessary to implement the SFY 2009-10 Executive Budget, which would provide $50 million in General Fund resources for the Program's default reserve funds and $5 million in Other Funds to support administrative costs for the Program.

Part K – Authorize the State University of New York (SUNY) and the City University of New York (CUNY) to establish differential tuition rates for non-resident students

Summary

This bill would authorize the SUNY and CUNY Boards of Trustees to establish differential tuition rates at individual state-operated campuses by degree or program type.

The bill would also require the respective Boards of Trustees to establish maximum percentage thresholds for non-resident student enrollment by campus, degree or program type, to ensure continued access for students who are New York State residents or otherwise qualify for residential tuition rates.

Budget Implications

Part K is necessary to implement the SFY 2009-10 Executive Budget, which contains contingency appropriations in the amounts of $20 million for the State University of New York and $12 million for the City University of New York, to allow for the expenditure of any additional revenue generated by permitting differential tuition rates for non-resident students by program and campus.

Part L – Expand investment choices for the Optional Retirement Program for the State University of New York to include corporations that manage or invest in mutual funds

Summary

This bill would authorize the State University of New York (SUNY) to offer employees participating in the Optional Retirement Program (ORP) the alternative of investing in mutual funds.

Budget Implications

Part L is associated with the implementation of the SFY 2009-10 Executive Budget, which would appropriate funds constituting the State's contribution to ORP retirement accounts.

Part M – Eliminate the Middle Class STAR rebates and decrease corresponding New York City credit amounts

Summary

The bill would eliminate the Middle Class STAR Rebate Program for school years SFY 2009-10 and subsequent school years. In New York City, the Personal Income Tax Credit for resident taxpayers would be decreased.

In 2009, the New York City Personal Income Tax Credit for married individuals filing joint returns and surviving spouses would be decreased from $310 to $125 for tax years 2009 and thereafter. For all other taxpayers, the credit would be decreased from $155 to $62.50 for tax years 2009 and thereafter. Taxpayers with income of $250,000 or more would not receive a New York City Personal Income Tax Credit. The $250,000 income limitation would be indexed for inflation beginning in 2010.

Budget Implications

Part M is necessary to implement the SFY 2009-10 Executive Budget. Elimination of the Middle Class STAR Rebate Program and a decrease of the New York City Personal Income Tax Credit amounts would reduce General Fund spending by approximately $1.5 billion in SFY 2009-10.

Part N – Change the STAR "floor" adjustment from 11 percent to 18 percent

Summary

This bill would increase the "floor" adjustment used in the computation of STAR exemption benefits from 11 percent to 18 percent.

Budget Implications

Part N is necessary to implement the SFY 2009-10 Executive Budget. Increasing the STAR "floor" adjustment would reduce General Fund spending by $109 million in SFY 2009-10.

Part O – Eliminate the requirement for the Division of Housing and Community Renewal, (DHCR), to maintain local rent administration offices

Summary

The bill would eliminate DHCR's statutory obligation to operate rent administration offices to allow for the closure of DHCR's rent administration offices in Nassau, Rockland and Richmond (Staten Island) counties.

Budget Implications

Part O is necessary to implement the SFY 2009-10 Executive Budget, which assumes savings of $455,000 associated with closing the three DHCR rent administration offices in Hempstead, Spring Valley and Staten Island.

Part P – Establish a youth programs block grant

Summary

This bill would create a $90 million flexible funding source for municipalities to use in funding Detention Services and youth programs. Municipalities would be able to base funding decisions on local needs and priorities and would not be required to provide a local match.

The block grant would be allocated to municipalities based on a formula calculated from youth population figures, claiming history and other factors to be determined by the Office of Children and Family Services. Allocations would be subject to the approval of the Director of the Budget and Municipalities would be able to use the funds to support the following programs:

- Detention Services
- Special Delinquency Prevention Program (SDPP)
- Youth Development and Delinquency Prevention (YDDP)
- Runaway and Homeless Youth Act (RHYA)
- Alternatives to Detention and Alternatives to Residential Placement.

In addition, if municipalities did not claim block grant funding by the claiming deadline of nine months after the end of the quarter in which services were provided, the unclaimed funds would be reallocated to municipalities that had submitted claims for the same year in excess of their allocation. The block grant would be based on a calendar year cycle.

Budget Implications

Part P is necessary to implement the SFY 2009-10 Executive Budget, which assumes State savings of $28.1 million in SFY 2009-10 and $30.9 million on a full annual basis beginning in SFY 2010-11.

Part Q – Reauthorize child welfare financing and eliminate state reimbursement for Community Optional Preventive Services (COPS)

Summary

This bill would extend certain provisions related to funding for children and family services that are intended to keep families intact, while encouraging expedited permanency for children in foster care. The bill would continue the current Foster Care Block Grant and would prevent a return to a funding structure with open-ended 50/50 State/local shares.

Such a reversion could create a fiscal incentive for local social service districts (LSSD) to make unnecessary out-of-home foster placements for children, rather than emphasizing services with a greater chance of keeping families intact. In addition, school districts would no longer have a financial stake in the residential placement of their special education children, which could increase State and LSSD costs.

Child Welfare Financing Reform, enacted in 2002, created three important General Fund programs to support at-risk children and their families:

- The Foster Care Block Grant;
- An open-ended funding stream for preventive, protective and other child welfare services; and
- A Children and Family Services Quality Enhancement Fund.

In 2003, the Committee on Special Education (CSE) Reform was also enacted to provide for enhanced school district responsibility in educational placements for children by shifting maintenance (i.e., room and board) cost shares from 50 percent State and 50 percent local social service districts (LSSD) to 40 percent State, 40 percent LSSD and 20 percent local school district. As a result, school districts have a greater financial stake in ensuring the appropriate placement of special education children. It should be noted that, after the 2 percent and 6 percent across-the-board Local Assistance reductions enacted in SFY 2008-09, the cost shares for CSE were changed to 36.8 percent State, 43.2 percent LSSD and 20 percent local school district.

Child Welfare Financing Reform also created an open-ended funding stream for preventive, protective and other child welfare services to help keep families intact and, if that outcome is determined not to be in the best interest of the child, establish permanent placements for foster children as quickly as possible. This program provided a 65 percent open-ended State reimbursement to LSSDs for the non-Federal share of child preventive, child protective, after care, independent living and adoption services and administrative costs, while capping reimbursement for foster care services. It also included a Children and Family Services Quality Enhancement Fund to increase the availability and quality of children and family services programs through the testing of special initiatives and innovative models of service delivery. It should be noted that, as a result of the 2 percent SFY 2008-09 across-the-board Local Assistance reductions, the cost shares for this program are now 63.7 percent for the State and 36.3 percent for LSSDs.

Both the Child Welfare Financing Reform and CSE statutes are scheduled to sunset on June 30, 2009.

This bill would also make Community Optional Preventive Services (COPS) reimbursement available only to the extent that funds are specifically appropriated. Under current law, COPS reimbursement is authorized through the open-ended child welfare services funding stream.

Budget Implications

Part Q is necessary to implement the SFY 2009-10 Executive Budget, which assumes that the proposed changes to Child Welfare Financing are enacted. If the Child Welfare Financing Reform provisions were to sunset, the State would face over $60 million in unbudgeted costs from changes in foster care and CSE reimbursement. In addition, the Executive Budget assumes $34.1 million in SFY 2009-10 savings by making COPS available only to the extent that funds are specifically appropriated.

Part R – Make permanent the authority of the Department of Motor Vehicles to suspend the driver licenses of persons delinquent in the payment of child support

Summary

This bill would make permanent provisions of the Social Services Law, the Vehicle and Traffic Law, and the Family Court Act authorizing the suspension of driver licenses as a mechanism for enforcing child support orders.

Budget Implications

Part R would conform New York State Law with federal requirements and, thus, mitigate the risk of a potential loss of federal funding for the child support enforcement program. However, there is no General Fund impact associated with this bill.

Part S – Discontinue the work incentive bonus for local social services districts engaging at least 50 percent of their public assistance population in eligible work activities

Summary

This bill would discontinue the work incentive bonus, which provided additional funding to local social services districts that engaged at least 50 percent of their public assistance recipients in work-related activities.

Budget Implications

Part S is necessary to implement the SFY 2009-10 Executive Budget, which does not assume any funding for the work incentive bonus.

Part T – Align the cash benefit of public assistance recipients in chemical dependence residential treatment facilities with the benefit of those recipients residing in comparable settings

Summary

This bill would reduce the personal needs allowance provided for Safety Net recipients in chemical dependence residential treatment facilities to $45 per month, equal to the amount that is given to recipients residing in similar settings that provide room and board (e.g., domestic violence shelters, maternity homes).

Budget Implications

Part T is necessary to implement the SFY 2009-10 Executive Budget, which assumes $4.4 million in General Fund savings.

Part U – Reduce the increase in the total benefit amount for Supplemental Security Income (SSI) payments by reducing state supplemental benefits for recipients in the community and authorize the pass-through of the 2010 federal cost-of-living-adjustment (COLA)

Summary

This bill would reduce the increase in Social Security Income (SSI) benefits for recipients living in the community for the last seven months of 2009 and authorize SSI benefits to be increased in 2010 by the percentage of any Federal SSI COLA.

Budget Implications

Part U is necessary to implement the SFY 2009-10 Executive Budget, which assumes $84.1 million in General Fund savings.

Part V – Increase the Office of Temporary and Disability Assistance's (OTDA) access to the Department of Taxation and Finance's Wage Reporting System records in order to obtain income eligibility data to access additional federal revenue

Summary

This bill would authorize the Office of Temporary and Disability Assistance (OTDA) to collect household income information from the Department of Taxation and Finance (DTF) wage reporting system in order to determine the eligibility for Federal funding for children in foster care or those receiving adoption assistance.

Budget Implications

Part V is projected to generate approximately $7 million in additional Federal revenue on an annual basis.

Part W – Remove the 12 month notice requirement prior to youth facility closures

Summary

This bill would eliminate the requirement that the Office of Children and Family Services (OCFS) provide twelve months notification prior to closing a youth facility.

Budget Implications

Part W would generate an estimated $12.4 million in savings in SFY 2009-10.

Part X – Modify the fee structure for the Statewide Central Registry (SCR) clearance checks

Summary

This bill would increase, (from $5 to $25) or impose a fee, ($25) on all individuals requiring a Statewide Central Registry (SCR) clearance check, except for foster parents, adoptive parents adopting foster children and individuals in family care homes who serve clients of OMH or OMRDD.

Employees of the following institutions and types of organizations would be required to pay the $25 fee:

- Office of Children and Family Services, (OCFS) (prospective employees);
- Runaway and homeless youth shelters and programs certified by OCFS;
- Residential schools operated by the State Education Department;
- Early intervention programs;
- Preschool services;
- Office of Alcoholism and Substance Abuse Services (OASAS) programs and facilities;
- Residential facilities and non-facilities programs under the Office of Mental Health (OMH) and the Office of Mental Retardation and Developmental Disabilities (OMRDD);
- Residential facilities under OCFS;
- Prospective applicants of safe houses for children program;
- Child care providers; and
- Applicants to operate summer camps under the Department of Health (DOH) and County Departments of Health.

Budget Implications

Part X would result in $ 2.7 million in revenue in SFY 2009-10.

Part Y – Increase the Public Assistance Grant

Summary

This bill would increase the non-shelter portion of the public assistance grant by ten percent per year for three consecutive years.

Budget Implications

Part Y is necessary to implement the SFY 2009-10 Executive Budget, which assumes $7.7 million in General Fund expenditures.

Part Z – Extend the Unemployment Insurance (UI) interest assessment surcharge

Summary

This bill would extend, until December 31, 2011, the statutory authorization for the Department of Labor (DOL) to assess a surcharge on employers for payment of interest due on Unemployment Insurance (UI) benefit loans from the federal government.

Budget Implications

Part Z is necessary to implement the SFY 2009-10 Executive Budget. If DOL is required to make Federal interest payments and there is no mechanism in place to assess employers for this cost, the State could incur General Fund liabilities, which are not assumed in the Executive Budget, or face Federal sanctions.

Part AA – Provide for the assessment of civil penalties in appropriate human rights cases

Summary

This bill would extend Human Rights Law provisions regarding civil penalties and fines to all appropriate cases of discrimination. The bill would also allow the Division of Human Rights (DHR) to promulgate regulations to allow employers with fewer than 50 employees who incur civil penalties in employment discrimination cases to pay those penalties with interest in installments for not longer than three years.

Budget Implications

Part AA is necessary to implement the SFY 2009-10 Executive Budget, which assumes recurring General Fund revenues of $125,000.

Part BB – Increase boiler inspection and asbestos licensing, certification, and notification fees

Summary

This bill would double boiler inspection and asbestos licensing, certification and notification fees.

Budget Implications

Part BB is necessary to implement the SFY 2009-10 Executive Budget, which assumes $11.3 million in penalty revenue generated by these fees.

CC – Expand enforcement mechanisms and civil penalties regarding explosives and update provisions relating to pyrotechnics

Summary

This bill would impose more specific licensing requirements concerning explosives; authorize the Department of Labor (DOL) to impose a civil penalty to enforce State requirements for explosives and explosive storage magazines; increase criminal penalties for violations relating to explosives and create civil penalties; apply certain State licensing requirements and enforcement provisions to pyrotechnicians; and allow licensed pyrotechnic companies to apply for firework display permits.

Budget Implications

Part CC is necessary to implement the SFY 2009-10 Executive Budget, which assumes $294,000 in revenue generated by these fees and penalties.

Part DD – Include certification requirement for crane operators and impose civil penalties for non-certified crane operation on operators and their employers

Summary

This bill would authorize the Department of Labor to impose civil penalties for unlicensed crane operation.

Specifically, the bill would allow the Commissioner to impose a civil penalty against a person who operates a crane without a certificate of competence issued by the Commissioner, in an amount of up to $1,000 for a first violation, $2,000 for a second violation and $3,000 for subsequent violations. This would also establish that an employer or contractor, or their agent, who willfully allows a person to operate a crane without a certificate of competence or a license issued by the Commissioner would be subject to a civil penalty in an amount of up to $5,000 for a first violation and up to $10,000 for subsequent violations. Persons who have received two final determinations of unauthorized crane operation would be barred from applying for a certifacte of competence for two years.

Budget Implications

Part DD is necessary to implement the SFY 2009-10 Executive Budget, which assumes $436,000 in additional revenues from these new penalties.

HEALTH & MENTAL HYGIENE (S.58/A.158)

Part A - Improve public health services and achieve savings by modifying the Early Intervention (EI) and General Public Health Work (GPHW) programs, increase revenue collections in selected programs and eliminate non-essential spending within the Department of Health (DOH) and the State Office for the Aging (SOFA)

Summary

This bill would generate State Financial Plan savings by modifying the Early Intervention (EI) Program, including the institution of cost sharing requirements for parents and providers, restructuring the General Public Health Work (GPHW) Program and eliminating non-essential programs. The bill would also update fees used to finance the Office of Professional Medical Conduct (OPMC) and the oversight of clinical labs. Specifically the bill would:

- Modify EI eligibility for children with speech-only delays to be evidence-based, require the use of an evaluation tool from a list of preferred tools, and consolidate the responsibility for the monitoring and approval of providers within DOH to eliminate duplication with the State Education Department (SED);

- Add provider approval criteria, establish provider application fees and authorize DOH to deny approval if sufficient provider capacity exists in a municipality;

- Make conforming changes to modify standards for the EI Program and require parents to submit income documentation for the implementation of parental fees;

- Clarify EI billing requirements for Medicaid and other forms of third party health insurance and set guidelines for State reimbursement of local governments as part of a proposal to shift health insurance costs of the EI Program to the Insurance Department assessment;

- Establish graduated EI parental fees based upon income, similar to those for Child Health Plus;

- Eliminate the requirement that municipalities claim for reimbursement of EI costs under private insurance coverage, except for children who are dually enrolled in Medicaid and private insurance plans. Further, the responsibility for claiming under Medicaid and private insurance for dually enrolled children would be shifted to providers effective April 1, 2010;

- Make a conforming change to the Commissioner of Health's authority to establish EI regulations;

- Establish the EI Program Account to collect revenue resulting from the proposed EI parental and provider fees;

- Eliminate duplicative SED approval of EI providers;

- Specify that health insurance policies that cover EI services cannot apply such payments against maximum annual or lifetime monetary limits;

- Restructure the General Public Health Work (GPHW) Program to expand reimbursement for basic services to include:
  - Dental services to children (less than 21 years of age);
  - EI Program administration and service coordination (when performed directly by local government);
  - Inpatient tuberculosis treatment;
  - Radiation inspections;
  - Radiation producing equipment;
  - Housing hygiene and occupancy;
  - Individual water supplies;
  - Sewage systems; and
  - County-operated home care services and certain laboratory services.

  - Eliminate reimbursement for certain optional services including:
    - Emergency medical services;
    - Non-specified laboratory services;
    - Medical examiners;
    - Long term home health care;
    - Hospice services; and
    - The administration of the pre-school special education program.

- Restructure the clinical laboratory fee collection from a current flat fee based on DOH's costs to administer the clinical laboratory program to a one percent assessment on each laboratory's clinical gross revenue;

- Impose an annual assessment of one percent on the gross receipts of tissue banks and storage facilities;

- Increase the physician registration fee from $570 to $970 to support the operations of Office of Professional Medical Conduct (OPMC).

- Eliminate the following non-essential programs:
  - Water System Backflow Tester Certification;
  - Food Worker Trainer Certification; and
  - Temporary Residence Inspections.

- Strengthen lead prevention and remediation efforts, including linking the immunization and lead registries, requiring reporting of lead test results to the immunization registry, and permanently extending the Childhood Lead Poisoning Primary Prevention Program;

- Eliminate the following non-essential programs, currently administered by SOFA:
  - Enriched Social Adult Day Services; and

- Long Term Care Insurance Outreach and Education and Economically Sustainable Transportation.

Budget Implications

Part A would generate total State Financial Plan savings of $52.5 million in SFY 2009-10 and $102.6 million in SFY 2010-11 as follows:

- $23.4 million savings in SFY 2009-10 ($56.1 million in SFY 2010-11) from implementing changes in the EI Program;

- $16 million savings in SFY 2009-10 ($32.8 million in SFY 2010-11) associated with restructuring the GPHW Program;

- $3.7 million savings in SFY 2009-10 and SFY 2010-11 associated with the elimination of certain non-essential programs within SOFA; and

- $9.4 million additional revenues in SFY 2009-10 ($10 million in SFY 2010-11) associated with modifying fees for the oversight of physicians and clinical laboratories.

Part B - Implement additional Medicaid cost savings measures, establish an assessment on home care providers, merge the Office of the Welfare Inspector General (OWIG) with the Office of the Medicaid Inspector General (OMIG), extend expiring laws and make other technical changes

Summary

This bill would reinstitute the home care assessment, merge the Office of the Welfare Inspector General (OWIG) with the Office of the Medicaid Inspector General (OMIG), preserve savings associated with prior year cost containment measures and extend various expiring laws.

Specifically, this bill would include the following components:

- Establish a 0.7 percent assessment on providers of home health care and personal care services;

- Allow payments to be modified in the event that the application of Federal regulations on case management, provider taxes, Graduate Medical Education and Medicaid rehabilitation services result in the loss of Federal funding;

- Merge the OWIG with the OMIG and eliminate OWIG's prosecutorial authority;

- Extend various expiring laws including:
  - extending the Chronic Care Demonstration Program to meet contractual obligations;
  - continuing public hospital Disproportionate Share payments;
  - continuing Upper Payment Limit (UPL) payments;
  - continuing nursing home UPL payments to public facilities; and

    - continuing Bad Debt and Charity Care payments for Certified Home Health Agencies (CHHAs)

- Continue prior year cost containment provisions for hospitals, nursing homes, ambulatory care, clinics, CHHAs and home care and extend other necessary measures;

- Extend various programmatic provisions related to
    - Medicaid managed care
    - Medicaid applications for those on medical parole
    - Foster care demonstration program for persons who are elderly or disabled
    - Presumptive eligibility for transfers to hospice or residential care facilities
    - Diagnostic and treatment center reimbursements
    - Tobacco regulation; and the Long Term Home Health Care Service Demonstration program

Budget Implications

Part B would generate State Financial Plan savings totaling $288 million in SFY 2009-10 and $291 million in SFY 2010-11 as follows:

- $19 million savings in SFY 2009-10 ($22 million in SFY 2010-11) from implementing various cost containment measures including establishment of the 0.7 percent assessment for home health care and personal care; and

- $269 million savings in SFY 2009-10 ($269 million in SFY 2010-11) from implementing various prior year cost containment measures.

Part C - Reform Medicaid reimbursement structures, improve access to affordable health insurance coverage and authorize cost containment initiatives

Summary

New York State taxpayers support a $45 billion Medicaid program that provides an array of services to nearly four million New Yorkers. This bill would build on achievements begun in 2007-08 to rationalize reimbursement, expand access and coverage to public health insurance programs and contain escalating health care costs.

Specifically, the Health Care Improvement Act would:

- Reform reimbursement methodologies for hospital inpatient and substance abuse and inpatient psychiatric services;

- Advance pharmacy measures that would achieve savings through effective management of pharmaceutical benefits;

- Limit the influence of pharmaceutical manufacturers over prescribing decisions;

- Improve public health insurance coverage for the State's most vulnerable populations by streamlining access and rationalizing cost sharing;

- Modernize the Elderly Pharmaceutical Insurance Coverage (EPIC) program to maximize Federal Medicare Part D funds;

- Ensure equal treatment of in-state and out-of-state insurers in the application of insurance assessments; and

- Provide additional revenues to support the Health Care Reform Act (HCRA).

- Redirect a portion of savings attributable to hospital reform to hospital outpatient, primary care and preventive services;

- Provide investments in the Health Care Efficiency and Affordability Law for New Yorkers (HEAL- NY) for continued capital investments in the State's health care delivery system;

- Encourage improvements and efficiency in operations;

- Modernize the reimbursement methodology for hospital acute and exempt services, including updating costs from the current 1981 base year to actual 2005 costs and implementing a new All Patient Refined (APR) Diagnostic Related Group (DRG) rate system allowing for more precise inpatient Medicaid payments;

- Eliminate hospital rate add-ons consistent with hospital inpatient rebasing reforms;

- Accelerate implementation of rates of payment to certain hospitals for services provided to patients diagnosed with substance abuse;

- Implement new psychiatric inpatient per diem rates

- Provide a new Medicaid reimbursement methodology for inpatient exempt unit rates

- Invest in hospital outpatient, diagnostic, substance abuse and mental health clinic Ambulatory Patient Group (APG) methodology reimbursement;

- Provide incentives to primary care practices, primary care hospital outpatient departments and other programs to meet specific care standards;

- Create the Statewide Health Care Home Program to improve patient care continuity and coordination of health services;

- Establish the Adirondack Medical Home pilot program;

- Enhance programs related to smoking cessation, cardiac rehabilitation, and the Screening, Brief Intervention and Referral to Treatment (SBIRT) for persons at risk of substance abuse in trauma centers/ERs;

- Provide contingency language for hospital investments;

- Manage transportation services throughout the State to ensure the safe and efficient transportation of Medicaid recipients;

- Expand primary care case management programs to ensure that Medicaid recipients have a medical home;

- Authorize HEAL-NY to be used for the purpose of providing hospitals with increased, and cost effective, access to capital markets to improve the operation and efficiency of the State's health care delivery system.

- Provide funding for HEAL-NY;

- Revamp the supplemental drug program to authorize direct negotiations with drug manufacturers for the purpose of realizing additional drug rebate revenues;

- Require drug step therapy to encourage the use of less expensive drugs and to limit the quantity, frequency and duration of drug therapy through an integrated, prior authorization process;

- Eliminate Medicare Part D wraparound coverage

- Eliminate the HIV Specialty Pharmacy designation and the associated higher drug reimbursement rates;

- Allow the Commissioner of Health to deny Clinical Drug Review Program (CDRP) prior authorization requests when clinical criteria is not met and the prescriber fails to demonstrate medical necessity;

- Require the use of certain brand drugs when the net cost after rebates is less than the generic equivalent;

- Provide incentives for e-prescribing to reduce medication errors;

- Allow for Pharmacy reform by prohibiting certain pharmaceutical and medical device manufacturers' payments to prescribers and requiring the disclosure of other payments as follows:

    - prohibit certain payments from drug manufacturers to physicians and other prescribers;

    - provide that a prescriber's failure to comply with requirements constitutes professional misconduct under the Education Law;

- ❖ require presenters at continuing medical education (CME) programs to make certain disclosures of financial relationships;
- ❖ provide that a presenter's failure to disclose a financial relationship with a manufacturer or distributor constitutes professional misconduct; and
- ❖ require disclosure of information by pharmacy benefit managers (PBMs).

- ➢ Improve public health insurance coverage by streamlining access, eliminating barriers to coverage, rationalizing cost sharing and payments, covering indigent care costs and modernizing the EPIC program;

- ➢ Achieve savings related to HCRA as follows:

  - ❖ establish a fee on select physician office-based procedures;
  - ❖ extend certain HCRA assessments to out-of-state insurers;
  - ❖ shift anti-tobacco funding to the State Insurance Department;
  - ❖ mandate health insurers or other parties that are legally responsible for payment of a Medicaid claim to provide the State with information as required by the Federal Deficit Reduction Act;
  - ❖ extend assessments to out-of-state insurers;
  - ❖ funding for the telemedicine demonstration program;
  - ❖ impose a fee on registered claims adjusters;
  - ❖ provide changes related to HCRA administration and a technical change relating to the Medical Assistance Program; and
  - ❖ increase the application fees and related civil penalties for cigarette and tobacco product retail dealers and vending machine owners and operators.

- ➢ Advance the time frames for notice, emergency rule promulgation, severability, and effective dates.

- ➢ Continue health system reform for hospitals, building upon reimbursement reform initiatives enacted in 2008-09;

- ➢ Manage pharmaceutical benefits effectively and efficiently;

- ➢ Ensure access to affordable health coverage; and

- Advance forward with insurance and HCRA reimbursement reform.

This bill would also advance reforms and investments to promote access to health insurance coverage by:

- Streamlining access by eliminating unnecessary and duplicative processes under Medicaid and Family Health Plus (FHP); making Medicaid consistent with other public health insurance programs; and removing barriers to FHP coverage for public employees and 19 and 20 year olds.

- Authorizing the State to submit a waiver request to the Federal government that would allow the expansion of FHP to 200 percent of the Federal Poverty Level which would be financed with Federal funds, the reallocation of Disproportionate Share and Upper Payment Limit payments that currently go to public hospitals and other savings identified pursuant to the waiver.

Budget Implications

Part C would provide State Financial Plan savings totaling $767 million in SFY 2009-10 and $1.1 billion in SFY 2010-11 as follows:

- $336 million savings in SFY 2009-10 ($420 million in SFY 2010-11) to implement various cost containment measures including: instituting hospital inpatient rate reform actions; reallocating Graduate Medical Education funds, reforming prescription drug utilization and coverage; modernizing EPIC; reflecting offsetting investments in hospital outpatient services, primary care improvement standards, and enhancements to certain clinic fees and rates; and

- $189 million savings in SFY 2009-10 ($435 million in SFY 2010-11) related to insurance and HCRA initiatives, including expanding certain assessments to out-of-State insurers; establishing a fee on registered claims adjusters, and establishing a fee on physician office-based procedures.

This bill would also require targeted State investments of $31 million for HEAL-NY in SFY 2009-10 ($118 million in SFY 2010-11), $5 million in SFY 2009-10 ($5 million in SFY 2010-11) to streamline access to the Medicaid and FHP programs, and $10 million in SFY 2009-10 ($13 million in SFY 2010-11) to effectuate cost-sharing provisions in EPIC.

Absent these measures, total Medicaid program spending -- Federal, State and local government combined -- would reach an estimated $48.2 billion in SFY 2009-10.

Part D – Reform Long Term Care (LTC) reimbursement by implementing program efficiencies and cost savings measures, revising reimbursement methodologies for nursing homes and home care, promoting alternatives to residential care and providing targeted investments to support quality and cost effective care

Summary

This bill would generate State Financial Plan savings by replacing current cost-based nursing home and home care reimbursement methods with pricing models that provide appropriate payments for services, developing alternatives to costly institutional beds and making targeted investments to promote quality and effective care. Specifically, the bill would:

- Eliminate the planned rebasing of nursing home payments.

- Implement a new regional pricing system for nursing homes to replace the existing provider-specific cost-based system. Specifically it would:

  - require the operating component of the nursing home reimbursement rate to be calculated using 2005 costs, adjusted for case-mix on a regional basis, and authorize additional transitional rate adjustments;

  - limit the administrative rate appeal process to: corrections of computational errors by the Department of Health; capital cost reimbursement adjustments; and other reasons the Commissioner of Health may deem appropriate;

  - promote the rehabilitation and renovation of facilities eligible for residual capital reimbursement; and

  - distribute transition funding proportionally based on relative Medicaid days if Federal financial participation is not available.

- Increase funding for financially distressed nursing homes and modify the distribution of this funding.

- Discontinue nursing home worker recruitment and retention funding, which is no longer required as the costs are reflected in new the regional pricing system.

- Prohibit nursing homes from withdrawing or transferring assets in an amount that is more than three percent of a facility's Medicaid revenues.

- Eliminate the outdated occupancy adjustment for AIDS specialty nursing home beds.

- Provide for a five-year phase-out of 6,000 nursing home beds and a corresponding phase-in of 6,000 Assisted Living Program (ALP) beds.

- Allow AIDS Adult Day Health Care providers to receive inflationary trend adjustments.

- Replace the current Certified Home Health Care Agency (CHHA) reimbursement methodology with a pricing methodology based on patient conditions and episodes of care.

- Modify the CHHA bad debt and charity care (BDCC) program to require community service plans and annual performance reviews to improve access to the underserved.

- Modify the Long Term Home Health Care Program (LTHHCP) expenditure caps to authorize monthly expenditures of up to 100 percent of nursing home services in the district for AIDS home care program participants.

- Include personal care services in the managed care benefit package to improve care coordination and continuity for members.

- Clarify the role of the State Insurance Department in the oversight of Managed Long Term Care plans.

- Establish a Long Term Care Assessment Center for the purpose of assessing recipients accessing home care services.

- Reduce payments to CHHAs by 3.5 percent, LTHHC providers by 1.5 percent and Personal Care by 1.5 percent.

- Establish a nursing home quality incentive pool to reward facilities for quality and efficiency improvements.

- Establish a home care quality incentive pool to reward providers for quality and efficiency improvements.

- Establish the Long Term Care Nursing Initiative Demonstration Project to provide educational incentives in the form of scholarships and loan forgiveness programs to address the geriatric nursing shortage.

- Establish the Cash and Counseling Demonstration Program to provide flexible monthly allowances to Medicaid eligible recipients to hire, train and direct their own personal care and other community-based services.

- Provide for CHHA Accountability Initiatives to ensure that home health care services are provided directly by CHHA, LTHHCP or AIDS home care providers and not sub-contracted.

- Authorize eligibility for Medicaid extended coverage under the Partnership for Long Term Care Program based on income standard rather than requiring those who exhaust their coverage under the Partnership Program to spend down their income.

- Advance the time frames for notice, emergency rule promulgation and severability.

- Provide for the effective dates of this bill and language to ensure that all investments in the nursing home and home care reform proposals are contingent upon the enactment of the cost containment measures.

Budget Implications

Part D would generate savings of $165.8 million in SFY 2009-10 and $167.8 million in SFY 2010-11 as follows:

- $345.7 million in savings in SFY 2009-10 ($390.2 million in SFY 2010-11) associated with the elimination of nursing home rebasing, the five year phase-out of nursing home beds and the elimination of an obsolete AIDS nursing home rate add-on.

- $212.9 million in investments in SFY 2009-10 ($269.5 million in SFY 2010-11) to implement value-based reimbursement including a quality incentive pool, the phase-in of ALP beds and a long term care nursing initiative demonstration.

- $36.5 million in savings in SFY 2009-10 ($57.6 million in SFY 2010-11) associated with the home care restructuring initiative and establishing a Long Term Care Assessment Center.

- $3.5 million in investments in SFY 2009-10 ($10.5 million in SFY 2010-11) to implement a home care quality incentive pool and the Cash and Counseling Demonstration Program.

Part E - Eliminate exempt income in Long-Term Sheltered Employment (LTSE) programs

Summary

This bill would provide the State with flexibility to recognize all income for LTSE programs, which currently can exempt as much as $1,000 of the revenues they receive from 100 percent State funded net deficit calculations. This proposal would enable the State – in tough fiscal times – to require that all revenues received by LTSE programs be recognized in the program's net deficit calculation, thereby reducing State costs for these services.

Budget Implications

Part E would generate recurring savings of $5 million annually.

Part F - Reduce and convert inpatient wards operated by the Office of Mental Health (OMH)

Summary

This bill would ensure that the Office of Mental Health (OMH) adult inpatient ward closures in psychiatric centers designed to provide for the efficient operation of hospitals by OMH would not be subject to the one year notification and reinvestment provisions of the Mental Hygiene Law.

The Executive Budget recommends the closure or restructuring of eighteen wards in selected Adult facilities. Implementation of these ward efficiencies would reduce staffing needs and allow OMH to redirect a portion of these staff resources into State-operated community-based programs.

Budget Implications

Part F would generate $6 million of net savings in SFY 2009-10, growing to $12 million in SFY 2010-11. Roughly $50 million of full annual gross savings would result from the restructure/closure of the wards, of which $38 million would be redirected into community and other care, including the creation of the transitional program.

Part G - Extend current social worker and mental health professional licensing exemptions for the agencies of the Department of Mental Hygiene (DMH), the Office of Children and Family Services (OCFS), and local government programs

Summary

This bill would provide for an extension, until January 1, 2014, of the current exemption for employees of the Department of Mental Hygiene, the Office of Children and Family Services, and local government operated, regulated, funded or approved programs from certain social work and mental health professional licensure requirements.

Budget Implications

Part G would allow the State to avoid costs preliminarily projected at over $10 million annually. State agencies and the State Department of Education are still working to clarify the State titles impacted by the current laws and those provider organizations that will be impacted, and thus this projection will be fine-tuned as that analysis is completed.

Part H - Allow alternative facility options and courtroom procedures for Sex Offender Management and Treatment Act (SOMTA) respondents

Summary

This bill would reduce the cost of the program for the civil commitment of dangerous sex offenders by retaining certain respondents in Department of Correctional Services (DOCS) facilities or on parole after their probable cause hearing but before their trial and by authorizing video teleconferencing for certain court proceedings.

Under the Sexual Offender Management Treatment Act statute, after a court determines that there is probable cause to believe that an offender is a sex offender requiring civil management, the offender must be placed in a secure treatment program operated by the Office of Mental Health (OMH) upon the expiration of his or her criminal sentence. This bill would authorize respondents who have passed their maximum sentence expiration date to stay in DOCS custody or on parole until their trial. In addition, this bill would authorize the use of video teleconferencing capabilities for psychiatric examiners, respondents, or witness testimony at certain court proceedings.

Budget Implications

Part H would generate net savings of $2 million in SFY 2009-10 as a result of the roughly 25 offenders that are anticipated to remain in DOCS custody or on parole, rather than shift to more expensive OMH custody. Furthermore, certain travel, security, and staffing costs that would be reduced should video-teleconferencing be used for certain court proceedings.

Part I - Clarify the role of facility directors as representative payees and the use of federal entitlement benefits in accordance with federal laws and regulations

Summary

This bill would clarify the authority of facility directors of State-operated facilities to continue to act as representative payees to pay for the cost of care and treatment for persons who have assets, consistent with all applicable federal laws and regulations. The proposal would also clarify that funds received by such directors acting as representative payees are not subject to the $5000 statutory limit on funds or property that may be held by facility directors and that such funds should be used in accordance with applicable federal laws and regulations.

Budget Implications

Part I would ensure that the Office of Mental Health and the Office of Mental Retardation and Developmental Disabilities (OMRDD) would not lose significant revenue (in excess of $30M) both retroactively and prospectively.

Part J - Consolidate administrative functions of the Office of Mental Retardation and Developmental Disabilities' (OMRDD) Broome Developmental Disabilities Services Office (DDSO) and the Valley Ridge Center for Intensive Treatment

Summary

The bill would allow for the consolidation of the Broome DDSO and the Valley Ridge Center for Intensive Treatment, which are located in the same geographic catchment area and would result in the elimination of duplicative administrative staff. However, OMRDD would continue to operate and serve individuals at the former Valley Ridge Center for Intensive Treatment facility as part of the Broome DDSO.

Budget Implications

Part J would result in the reduction of five high-level administrative positions, generating savings of $0.2 million in SFY 2009-10, annualizing to $0.7 million in SFY 2010-11.

Part K - Close the Manhattan Addiction Treatment Center (ATC)

Summary

The bill would allow for the closure the Manhattan Addiction Treatment Center (ATC). The services currently provided at Manhattan would be distributed to one of four other ATC's in the City or to not-for-profit providers.

Budget Implications

Part K would generate recurring savings of $4.6 million annually and avoid $14 million in capital costs.

Part L - Establish a one year deferral of the human services cost-of-living adjustment (COLA)

Summary

This bill would eliminate the Human Services cost-of-living (COLA) for SFY 2009-10 and extend the adjustment for an additional year, through March 31, 2013.

Budget Implications

Part L would generate recurring savings of $171 million annually.

Part M - Modify and/or eliminate a variety of duplicative or redundant reporting requirements related largely to the provision of community mental health services

Summary

This bill would remove the requirement that the Office of Mental Health (OMH) submit a discrete report for a variety of program areas. The reports that would be eliminated or modified include:

- Child and Adult Non-Geriatric Inpatient Bed Closures;
- Unmet Mental Health Service Needs;
- Community Mental Health Support and Workforce Reinvestment Program;
- Comprehensive Psychiatric Emergency Program; and
- Delivery of Care and Services in Family Care Homes and Other Community Residences.

Budget Implications

Part M would represent a savings of about $750,000 to the SFY 2009-10 Financial Plan and modest annual savings thereafter.

Part N - Extend the authority for Article 28 hospitals to replace state aid grant funds provided by the Office of Mental Health (OMH) and the Office of Alcoholism and Substance Abuse Services (OASAS) with federal Disproportionate Share (DSH) funds

Summary

This bill would extend the authorization of annual Federal DSH payments to support the provision of mental health and substance abuse services by Article 28 hospitals through March 31, 2012.

Budget Implications

Part N would provide an annual net State savings totaling approximately $27.8 million. The two State agencies impacted are OMH ($16.4M) and OASAS ($11.4M).

Part O - Extend the Manhattan Psychiatric Center and Kirby Forensic Psychiatric Center lease

Summary

The bill would permit the continued operation of Manhattan Psychiatric Center and Kirby Forensic Psychiatric Center by authorizing the Office of Mental Health (OMH) and New York City to extend the term of the lease of the property on which the hospitals operate for an additional fifty years. The current lease provides for the use of the hospital property at no rent and the extension will continue to do so.

Budget Implications

Part O would be a cost avoidance, failure to implement Part O would require the acquisition of new premises for the operation of Manhattan Psychiatric Center and Kirby Forensic Psychiatric Center, and such planning would need to commence in SFY 2009-10.

Part P - Transfer the Alcohol and Drug Rehabilitation Program from the Department of Motor Vehicles (DMV) to OASAS

Summary

The bill would allow for the transfer the alcohol and drug rehabilitation program, (known as the Drinking Driver Program or DDP) from DMV to OASAS.

Budget Implications

Part P would allow OASAS to use a portion ($435,000) of the Federal Governor's Traffic Safety Board Grant, which is currently administered by the Department of Motor Vehicles, to administer this program.

Transportation Economic Development & Environmental Conservation
(S.59 / A.159)

Part A – Extend the Department of Transportation's (DOT) Single Audit Program

Summary

This bill would extend for one year the provisions of Section 21 of the Transportation Law, which unifies and simplifies the audit process for State transportation assistance to municipalities and public authorities by aligning that process with Federal single audit requirements. Since the inception of Section 21, there has been a decrease in workload for DOT auditors, allowing more time for audits of State-only programs and smaller programs. The municipalities and authorities that receive State transportation assistance benefit by performing both Federal and State audits in a unified and simplified manner.

Budget Implications

Part A is necessary to implement the 2009-10 Executive Budget. Absent these changes, DOT would incur approximately $300,000 in additional annual auditing costs.

Part B – Provide the annual authorization for the CHIPS and Marchiselli Programs

Summary

This bill would authorize funding for the Consolidated Local Street and Highway Improvement Program (CHIPS) and Marchiselli program for SFY 2009-10. The CHIPS and Marchiselli capital aid programs to counties, cities, towns and villages for SFY 2009-10 would be authorized at $250.9 million and $39.7 million respectively.

Budget Implications

Part B is necessary to implement the 2009-10 Executive Budget.

Part C – Make permanent the suspension of driver licenses for certain alcohol-related charges

Summary

This bill would prevent the State from losing vital transportation capital grants from the Federal government, by conforming State law to Federal requirements regarding penalties for use of alcohol while operating motor vehicles. The current law has been extended numerous times in the past. Part C of Chapter 59 of 2007 extended the law until October 1, 2009 (after the end of the Federal fiscal year).

Budget Implications

Part C is necessary to implement the 2009-10 Executive Budget. Failure to do so would require the State to transfer highway capital funds (approximately $19 million annually) to highway safety programs.

Part D – Make permanent the suspension/revocation of driver licenses for certain drug-related offenses

Summary

This bill would prevent the State from losing vital transportation capital grants from the Federal government, by conforming State law to Federal requirements regarding penalties for use of drugs while operating motor vehicles. The current law has been extended numerous times in the past. Part N of Chapter 59 of 2007 extended the law until October 1, 2009 (after the end of the Federal fiscal year).

Budget Implications

Part D is necessary to implement the 2009-10 Executive Budget. Failure to do so would cost the State ten percent of certain categories of Federal highway capital funds (approximately $63 million annually).

Part E – Make permanent authorization to pay Department of Motor Vehicles (DMV) costs from the Dedicated Highway and Bridge Trust Fund

Summary

This bill would allow the State's Dedicated Highway and Bridge Trust Fund (DHBTF) to continue to disburse funds, pursuant to appropriations and re-appropriations, for the expenses of the Department of Motor Vehicles (DMV). The current law must be extended to avoid the DMV losing its ability to fully fund operations. The authority to fund DMV expenses was given to the DHBTF in 2002; prior to that time, these expenses were paid by the General Fund. Section 1-b of Chapter 63 of 2005 extended the law until March 31, 2010.

Budget Implications

Part E is necessary to implement the 2009-10 Executive Budget. Failure to do so would impair the ability to fully fund DMV's operations.

Part F – Increase driver license fees by 25 percent

Summary

This bill would increase driver's license fees by 25 percent and direct the additional revenues to the Dedicated Highway Bridge Trust Fund (DHBTF). Specifically it would:

- Increase the commercial driver's license from seven dollars and fifty cents to nine dollars and fifty cents;

- Increase class C and Class E licenses from five to six dollars and twenty five cents; and

- Increase the class D, DJ, M or MJ licenses from two dollars and fifty cents to three dollars and twenty five cents.

- These fees are based on a six month interval.

It would also increase the photo image fee from ten dollars to twelve dollars and fifty cents

Budget Implications

Part F would generate $21.9 million in 2009-10 and $37.6 million thereafter.

Part G – Increase registration fees by 25 percent

Summary

This bill would increase registration fees by 25 percent for most motor vehicles, as well as, increasing fees for distinctive plates by 25 percent. Receipts from this increase would be directed to the Dedicated Highway and Bridge Trust Fund. These increased fees would become effective on August 1, 2009.

Budget Implications

Part G would generate $60.5 million in SFY 2009-10 and $103.7 million thereafter.

Part H – Reissue license plates at a cost of $25

Summary

This bill would require the reissuance of license plates at a cost of $25. It would require the Commissioner of the Department of Motor Vehicles to reissue reflectorized number plates. The fee would be increased from $15 to $25. Revenues would continue to be directed to the General Fund. This increase would become effective on April 1, 2010.

Budget Implications

Part H would generate $129 million for the General Fund in SFY 2010-11 and 2011-12.

Part I – Eliminates the $100 cap on surcharges for violators with two or more convictions arising out of the same incident

Summary

This bill would eliminate the $100 cap on surcharges for violators with two or more convictions arising out of the same traffic incident. This bill would require violators to pay the full amount of all ticket surcharges for multiple violations arising from the same traffic incident. In the case of two convictions arising from one incident, the violator would now be required to pay $120 for surcharges; under the cap, the maximum surcharges paid would have only been $100. In 2003, the moving violation surcharge was increased from $50 to $60, but the cap remained unchanged at $100.

Budget Implications

Part I would generate $9.9 million for the General Fund in SFY 2009-10 and thereafter.

Part J – Extends provisions relating to the Motor Vehicle Financial Security Act

Summary

This bill would extend certain provisions relating to the Motor Vehicle Financial Security Act, which requires motorists to maintain vehicle insurance at all times. DMV's Compulsory Insurance program is funded by the fines/penalties for driving uninsured. This program's mission is to ensure driver safety. Under current law these provisions would sunset on June 30, 2009. This bill would extend the provisions for two years until June 30, 2011.

Budget Implications

Part J would generate $26 million in SFY 2009-10 and thereafter.

Part K – Conform Vehicle and Traffic Law with federal requirements governing operators of commercial motor vehicles

Summary

This bill would conform the Vehicle and Traffic Law to the provisions of the Federal Motor Carrier Safety Improvement Act of 1999 (MCSIA) that governs operators of commercial motor vehicles.

The Federal Motor Carrier Safety Administration (FMCSA) conducted an audit in April of 2006 to assess the Department's compliance with MCSIA. This bill addresses the deficiencies noted in the audit and is necessary to avoid the loss of highway funding and the potential for decertification.

Budget Implications

Part K would ensure the State does not lose $31 million in federal highway funds during SFY 2009-10.

Part L – Add a new $50 fee for each book of pre-licensing classroom certificates (MV-278) issued to driving schools

Summary

This bill would create a $50 fee for each book of fifty pre-licensing classroom certificates (MV-278) issued to driving schools. A certificate is awarded to each student upon successful completion of the non-Commercial Driver's License (CDL) pre-licensing safety course. The bill states that the fee shall be paid by the driving schools and not charged to a person who takes the course.

Budget Implications

Part L would generate $500,000 for the General Fund in SFY 2009-10 and thereafter.

Part M -- Extend provisions for collecting surcharges on traffic violations

Summary

This bill would extend for two years the provisions for collecting State surcharges on traffic violations. These provisions are scheduled to expire on September 1, 2009. This bill will extend these provisions for two years until September 1, 2011. The authority to collect these surcharges has been extended every two years since first enacted in 1991. In total there are nine distinct State surcharges for traffic violations. The most common surcharge is $60 for moving violations

Budget Implications

Part M would preserve approximately $80 million in revenue.

Part N – Authorize the DMV to replace the Non-Commercial Driver License written examination with completion of either a 5-hour pre-licensing course or a driver education course

Summary

This bill would allow the Commissioner of Motor Vehicles to accept completion of either the 5-hour pre-licensing course or a driver education course instead of the non-CDL written permit test (known as the knowledge test). This change saves the Department resources and allows the redeployment of staff to more critical customer service areas. The CDL knowledge test would continue to be offered by DMV.

Budget Implications

Part N would generate $1.4 million in savings for SFY 2009-10 and thereafter.

Part O – Modify the Dedicated Highway and Bridge Trust Fund (DHBTF) reporting requirements

Summary

This bill would modify the State Finance Law by altering and improving several reporting requirements in the Capital Program and Financing Plan (CPFP) and in appropriation itemization requirements with regard to the Dedicated Highway and Bridge Trust Fund.

This bill would clarify existing law while attempting to preserve its original intent by separating reporting on individual appropriations and reappropriations and their associated disbursements from a more comprehensive and complete financial plan for the DHBTF; by eliminating onerous or duplicative reporting on capital projects that can be satisfied through broader distribution of existing required reports; and by amending existing law where it requires reporting or appropriation itemization on items that cannot be produced due to the financial structure and budgeting procedures of the DHBTF.

Budget Implications

Part O is necessary to implement the SFY 2009-10 Executive Budget to clarify CPFP reporting requirements and appropriation content.

Part P – Make permanent certain revenues to the Dedicated Highway and Bridge Trust Fund

Summary

This bill would allow the State's Dedicated Highway and Bridge Trust Fund (DHBTF) and Dedicated Mass Transportation Trust Fund (DMTTF) to continue and make permanent the authority to collect certain DMV and other revenues originally associated with the 2003 budget year and the 2005-10 capital plans. These include approximately $275 million annually of title fees, data sales fees, certificate of sale fees, transportation/transmission taxes, and former transportation safety account revenues.

Budget Implications

Part P would preserve approximately $275 million in annual revenues.

Part Q – Increase food inspection penalties for violations which represent a risk to public health

Summary

This would increase the maximum penalty on initial critical health deficiency findings from $300 to $1,000, and from $600 to $2,000 for each subsequent finding, and would increase the maximum penalty from $200 to $1,000 for the first critical health deficiency finding related to a rule or order of the Department of Agriculture and Markets, and from $400 to $2,000 for the second and each subsequent finding.

This would allow the Department to increase penalties for health violations for the first time since 1990 (AML §39) and 1968 (AML §40). These increased penalties reflect the increase in the cost of operating a food-related business, and therefore are intended to enhance compliance.

Budget Implications

Part Q would raise $1.2 million in additional penalty revenues which are included in the Executive Budget Financial Plan.

Part R – Extend for one year the funds distribution formula for the Community Services Block Grant (CSBG) Program

Summary

This bill extends for one year the distribution formula for the Community Services Block Grant Program. This distribution formula would otherwise expire on September 30, 2009. The Department's authority to distribute CSBG funds is predicated upon the receipts of funding from the Federal government. Historically, this statute has been extended annually to authorize the Department of State (DOS) to distribute Federal grant awards to community action agencies.

Budget Implications

Part R anticipates continued Federal funding for the CSBG Program and the State Financial Plan assumes these funds will be disbursed during the SFY 2009-10.

Part S – Increase examination fees related to the licensure of disciplines regulated by the Department of State

Summary

This bill would increase the examination fees associated with certain disciplines and professions licensed and regulated by the Department of State. The exam fee increases proposed by this bill will align the Department's fee schedule for regulated professions with that of other states.

Budget Implications

Part S would generate additional revenue of approximately $3.5 million in SFY 2009-10.

Part T – Reduce the amount of real estate transfer tax revenue deposited into the Environmental Protection Fund

Summary

This bill would reduce the amount of Real Estate Transfer Tax (RETT) that is deposited into the Environmental Protection Fund (EPF) beginning in SFY 2009-10 from $287 million to $80 million. Anticipated revenues from enactment of an expanded state returnable container act (the "Bottle Bill") will be deposited into the EPF to replace a portion of these funds.

Budget Implications

Part T is necessary to implement the SFY 2009-10 Executive Budget. Any RETT receipts that remain after transfers to the Clean Water/Clean Air debt service account will be returned to the General Fund.

Part U – Authorize and direct the Comptroller to deposit to the General Fund a payment of up to $913,000 from the New York State Energy Research and Development Authority

Summary

This bill would authorize and direct the Comptroller to receive for deposit to the credit of the General Fund a payment of up to $913,000 from the New York State Energy Research and Development Authority (NYSERDA) from unrestricted corporate funds. The $913,000 transfer will help offset New York State's debt service requirements related to the Western New York Nuclear Service Center (West Valley). Without this authorization, NYSERDA could not make this contribution.

Budget Implications

Part U is necessary to implement the SFY 2009-10 Executive Budget because it authorizes NYSERDA to make these payments to the General Fund as contemplated in the financial plan.

Part V – Assess a fee upon the entry of a horse in NYS pari-mutuel races

Summary

This bill would assess a fee upon the entry of a horse in New York State pari-mutuel races. The additional revenue would support the operations of the State Racing and Wagering Board. Additionally, this bill would establish penalty and interest provisions in the event of non-payment and provides the Racing and Wagering Board the authority to conduct audits of these receipts.

Budget Implications

Part V would generate additional revenue of approximately $1 million to fund the operations of the Racing and Wagering Board.

Part W – Increase the maximum penalties for Insurance Law violations

Summary

This bill would amend the Insurance Law to increase civil penalties; authorize the Superintendent of Insurance to issue cease and desist orders; and increase the length of time that an insurer must wait to obtain a license after revocation.

Budget Implications

Part W would generate $1 million in additional General Fund receipts as a result of the increased fines and penalties included in this bill.

Part X – Make permanent the general loan powers of the New York State Urban Development Corporation

Summary

This bill makes permanent the general loan powers of the New York State Urban Development Corporation (UDC). This authorization has been renewed annually and is currently set to expire on July 1, 2009.

Budget Implications

Part X assumes that UDC would provide certain economic development assistance through loans, rather than grants. Absent this bill, the Corporation could not fund loans approved through the Metropolitan Economic Revitalization Fund.

Part Y – Authorize the NYSERDA to finance a portion of its research, development and demonstration and policy and planning programs from assessments on gas and electric corporations

Summary

This bill would authorize NYSERDA to finance its research, development and demonstration and policy and planning programs with revenues from assessments on gas corporations and electric corporations. Section 18-a of the Public Service Law authorizes the Department of Public Service to assess gas corporations and electric corporations for expenses related to these programs. This is an annual Article VII provision that was last enacted as Chapter 59 of the Laws of 2008.

Budget Implications

Part Y authorizes the collection of assessments to fund NYSERDA's research, development and demonstration, and policy and planning programs. A $16.1 million appropriation is included in NYSERDA's budget for these energy programs.

Part Z – Require an appropriation in the Executive Budget for each fiscal year that reflects the value of assets transferred from the Power Authority of the State of New York (NYPA) to the state pursuant to a MOU between NYPA and the state

Summary

This bill would require the inclusion of an appropriation in the Executive Budget for specified fiscal years that reflects the value of certain assets transferred from NYPA to the State pursuant to a memorandum of understanding between NYPA and the State. It further provides that the Comptroller be required to encumber the amount so appropriated before the end of the fiscal year. If for any of the fiscal years commencing during the period from April 1, 2009 until such time as the assets have been returned by the State, an Executive Budget bill is not submitted which contains an appropriation of such amount - such amount appropriated and encumbered during the preceding fiscal year shall be payable to NYPA on the last day of June of such year.

Budget Implications

Part Z is necessary to implement the 2009-10 Executive Budget.

Part AA – Authorize the Battery Park City Authority to make contributions to the State Treasury

Summary

This bill would authorize the Battery Park City Authority (BPCA) to transfer up to $270 million to the General Fund. Since its inception in 1968, the Battery Park City Authority has created a significant amount of development and cash flow resulting in substantial fund balances.

Budget Implications

Part AA is necessary to implement the SFY 2009-10 Executive Budget.

Part BB – Authorize the New York State Urban Development Corporation to make contributions to the State Treasury

Summary

This bill would authorize the New York State Urban Development Corporation (UDC) to transfer up to $60 million in excess funds received from the Port Authority of New York and New Jersey to the General Fund by March 3, 2009. The Corporation would also be required to remit any additional payments received after March 1, 2009 from the Port Authority to the General Fund, subject to a plan approved by the Director of the Division of Budget Since 2003, $60 million has been held by UDC pursuant to provisions of the Public Authorities Control Board resolutions 04-UD-838A and 06-UD-900.

Budget Implications

Part BB is necessary to implement the SFY 2009-10 Executive Budget.

Part CC – Establish a new $50 million New York Growth, Achievement and Investment Strategy Fund

Summary

This bill would establish a new $50 million New York Growth, Achievement and Investment Strategy Fund to be administered by the New York State Urban Development Corporation. State funding from this Fund would target firms in industries that facilitate significant job creation that would unlikely take place without State financial assistance. Project applications would be solicited from those industries categorized as manufacturing, financial services, agribusiness, high technology and biotechnology. Priority would be given to projects that produce long-term employment creation or retention, and provide substantial economic benefit to the State of New York.

Budget Implications

Part CC is necessary to implement the SFY 2009-10 Executive Budget, which assumes that a new New York Growth, Achievement and Investment Strategy Fund will be established.

Part DD – Authorize the development of an economic development capital spending reduction plan and strategic reinvestment plan

Summary

This bill would authorize the Governor, the Senate Majority Leader, and Speaker of the Assembly to develop a $375 million economic development capital spending reduction plan. Since 1997, nearly $6.8 billion has been authorized to support various economic development programs and projects. To achieve substantial debt service savings, the Executive Budget would propose to freeze any new project approvals by ESDC and Dormitory Authority effective March 1, 2009 until such time as the Governor and legislative leaders had jointly identified savings. Moreover, the bill would authorize select reinvestment of up to $275 million.

Budget Implications

Part DD assumes debt service savings that would be generated by this bill.

Part EE – Authorize the consolidation of the state's economic development entities

Summary

This bill would authorize the elimination of the Department of Economic Development and the Foundation for Office of Science, Technology and Innovation, and transfer certain functions to the New York State Urban Development Corporation. This would allow restructuring of the State's economic development agencies to further streamline and improve the delivery of economic development services. ,

Budget Implications

Part EE would eliminate duplicative administrative functions and generate savings of over 11 million in State taxpayer dollars.

Part FF – Increase a Bond Issuance Charge

Summary

This bill would increase the rate of the Bond Issuance Charge (BIC) by twenty percent over existing levels. The existing BIC rate schedules were enacted in 2002, while central State agency operating costs have continued to increase.

Budget Implications

Part FF would generate $20 million in additional BIC revenues.

Part GG – Eliminate the Northeastern Queens Nature and Historical Preserve Commission

Summary

This bill would eliminate the Northeastern Queens Nature and Historical Preserve Commission by repealing Chapter 919 of the Laws of 1973, and transfers all functions, powers, duties, obligations and assets of the Commission to the New York State Office of Parks, Recreation and Historic Preservation (Parks).

Budget Implications

Part GG would generate $122,000 in Financial Plan savings.

Part HH – Eliminate the Hudson River Valley Greenway Communities Council and Hudson River Valley Greenway Heritage Conservancy and transfer liabilities, assets, and responsibilities of the Greenway, Council and Heritage Conservancy to the Department of State

Summary

This bill would eliminate the Hudson River Valley Greenway Communities Council ("Council") and Hudson River Valley Greenway Heritage Conservancy ("Heritage Conservancy"), reestablishes the Hudson River Valley Greenway ("Greenway") in the Executive Law, and transfers liabilities, assets, and responsibilities of the Greenway, Council and Heritage Conservancy to the Department of State (DOS).

Budget Implications

Part HH would generate $939,000 in Financial Plan savings associated with transfer described above, and the elimination of the Council and Heritage Conservancy.

Part II – Increase food safety inspection and licensing fees, and require the licensure of seed labelers and distributors

Summary

This bill would establish new fees, increases license fees, increases existing food safety inspection fees to allow the State to recover more of the costs of program administration and inspections, and requires the licensure of seed labelers and distributors to ensure seed quality.

In particular, fees for retail food establishments would increase from $100 to $250 biennially, and fees for food processors and warehouses would increase from $200 to $400 biennially. Fees for larger, complex food processors requiring multiple inspections per year would increase to $900. In addition, the bill would require home processors to obtain a license and pay an annual fee of $50. Finally, this bill would require seed labelers and distributors to apply for a license before conducting business in the State, and would establish a biennial license fee of $100, plus a fee of $0.25 per $100 in gross annual dollar volume sales.

Budget Implications

Part II would generate $3.6 million in additional revenues from the new and increased fees that would be deposited into the Consumer Food Services Account; as well as $512,000 from seed labelers and dealers that would be deposited to the Plant Industry Account. These revenues would enable a greater portion of the Department of Agriculture and Market's inspection and licensing activities to be financed through industry fees, rather than the State's General Fund.

Part JJ – Increase certain State Pollution Discharge Elimination System Program fees

Summary

This bill would amend the Environmental Conservation Law (ECL) to increase certain State Pollutant Discharge Elimination System (SPDES) program fees. The proposed fee increases would raise revenues that would be used to enhance the Department of Environmental Conservation's ability to inspect and monitor regulated facilities.

Budget Implications

Part JJ would generate additional revenue of $5 million that would be deposited into the Environmental Regulatory Account, which would otherwise end SFY 2009-10 with an estimated $8.3 million deficit.

Part KK – Establish a trout and salmon stamp

Summary

This bill would amend the Environmental Conservation Law to establish a trout and salmon stamp and require all persons fishing for trout and salmon to possess such stamp. A trout and salmon stamp would generate additional revenues to support the Conservation Fund, which funds the Department of Environmental Conservation's management of New York's trout and salmon resources, as well as the operation of the Department's hatchery system.

Budget Implications

Part KK would generate $4 million in additional revenues that would be deposited into the Conservation Fund, which would otherwise have a negative balance of $9.8 million.

Part LL – Establish a recreational marine fishing license

Summary

This bill would amend the Environmental Conservation Law (ECL) to establish a recreational marine fishing license, and require all persons fishing in the marine and coastal district, or for migratory fish of the sea in any waters of the state, to possess such a license. The marine fishing license would also serve as a registry of New York marine anglers and would fulfill requirements of the National Saltwater Angler Registry and State Exemption Program. The license fee would be $19 for residents and $40 for non-residents.

Budget Implications

Part LL would satisfy a Federal requirement to establish a Marine Fishery registry. Fully effective revenues of $6 million would be deposited into the Conservation Fund, which would otherwise have a negative balance of $9.8 million.

Part MM – Authorize the Department of Public Service (DPS) to streamline its processes and improve administrative efficiency and prioritize resources

Summary

This bill would authorize the Public Service Commission (PSC) to streamline the process for confirming cable franchises, refrain from the application of telecommunications and cable regulation, and distribute PSC orders by email, and modifies shared meter requirements, which will allow PSC and DPS to improve administrative efficiency and more effectively prioritize resources.

Budget Implications

Part MM is necessary to implement the 2009-10 Executive Budget, which assumes that PSC/DPS would reallocate resources to improve administrative efficiency.

Part NN – Increase the utility assessment cap imposed by section 18-a of the Public Service Law, establish a temporary state energy and utility service conservation assessment, and authorize aggregate energy purchases for state agencies and other entities by the New York Power Authority

Summary

This bill would increase the cap imposed by Section 18-a of the Public Service Law (PSL) from 1/3 of one percent to one percent of a public utility's gross intra-state utility revenues, for purposes of: (1) financing Public Service Commission (PSC) and Department of Public Service (collectively, "DPS") activities; (2) covering the cost of expenses incurred by other State agencies that provide DPS support and energy management services; and (3) covering the cost of utility services purchased by the State (collectively, the "Utility and Utility Service Assessment").

This bill would also establish a State energy and utility service conservation assessment on utility entities, capped at two percent of a utility entity's gross intrastate utility revenues less the amount such entity is assessed for the PSL § 18-a Utility and Utility Service Assessment.

This bill would also authorize the Office of General Services (OGS), in partnership with the Power Authority of the State of New York (NYPA), to make: cost-effective aggregate purchases of electricity and renewable energy; renewable energy credits or attributes, and engage in energy-related and resource conservation projects; and programs and services available for State agencies and other entities.

Finally, this bill would raise the minimum gross revenue assessment threshold from $25,000 to $500,000 and the minimum assessment amount from $10 to $200.

Budget Implications

Part NN would authorize the collection of revenue to finance costs and expenses related to DPS, department support, and energy management, defray the cost of utility services purchased by the State, and fund other activities. It is estimated to generate $637 million in net revenues.

Part OO – Increase the civil penalty for repair shops, inspection stations, certified inspectors and automobile dealers

Summary

This bill would increase the civil penalty for repair shops, inspection stations, and dealers, who falsify safety and emission inspections or falsify vehicle repairs, from a maximum of $350 per violation to a minimum of $350 for the first violation, $500 for the second violation and $1,000 for the third violation. This bill will also increase the civil penalty for dealers from a maximum penalty of $1,000 to a maximum of $1,500.

Budget Implications

Part OO would generate $721,000 for the General Fund in SFY 2009-10 and thereafter.

Part PP – Increase the license termination fee, the license reinstatement fee, and the scofflaw termination fee

Summary

This bill would increase the license suspension fee from $25 to $50, the license reinstatement fee from $50 to $100, the license suspension fee for driving after consuming alcohol from $100 to $200, and the fines for failing to appear for ticket or pay a summons or fine from $35 to $70.

The Department collects approximately $3 million annually in license suspension termination fees, $830,000 annually in license reinstatement fees and $14 million in scofflaw suspension termination fees. There are an average of 121,000 individuals a year that pay the license suspension termination fee, 16,600 a year that pay the license reinstatement fee, and another 400,000 that pay the scofflaw suspension termination fee.

Budget Implications

Part PP would generate an additional $16.1 million for the General Fund annually.

Part QQ – Dedicate the local share of state receipts from the gaming facility in the County of Erie to the City of Buffalo

Summary

This bill would amend the Tribal State Compact Revenue Account statute to specify that the local share of State revenue received from the Seneca Buffalo Creek Casino be directed to the City of Buffalo. This funding will reimburse the City of Buffalo for costs incurred as a result of the casino operating in downtown Buffalo; it will also support economic development initiatives to help revitalize Buffalo.

Budget Implications

Part QQ is necessary to implement the 2009-10 Executive Budget, which assumes a $1.2 million payment to the City of Buffalo for the local share of revenue generated by the Seneca Buffalo Creek Casino.

Part RR – Extend for one year the authority of the Secretary of State to charge increased fees for expedited handling of documents

Summary

This bill would extend for one year, provisions of law permitting the Secretary of State to charge increased fees for the expedited handling of documents issued by or requested from the Department's Division of Corporations. The increased fees for expedited handling are necessary to reimburse the Department of State for increased administrative costs associated with expedited handling.

Budget Implications

Part RR is necessary to implement the SFY 2009-10 Executive Budget. Failure to enact this legislation would result in the Department of State bearing additional expenditures with no additional revenue available to support these costs.

Part SS – Expand the state's "Bottle Bill" to cover additional beverage containers, and to provide for the return of unclaimed deposits on beverage containers to the state for deposit into the Environmental Protection Fund

Summary

This bill would expand the State’s “Bottle Bill” to cover additional types of beverage containers, and to provide for the return of unclaimed deposits on beverage containers to the State for deposit into the Environmental Protection Fund (EPF).

Specifically, the Bottle Bill would be expanded to cover additional beverage containers, with exceptions for liquor, wine, infant formula, milk, milk substitutes, nutritional supplements, medications, concentrates and soups. Additionally, the bill would establish a mechanism by which deposit initiators (generally, bottlers or distributors) would be required to pay unclaimed deposits to the Department of Tax and Finance quarterly. These moneys would be deposited in the EPF. The bill would also increase the industry "handling fee" from two cents to three-and-a-half cents.

Budget Implications

Part SS would generate an estimated $118 million annually from unclaimed deposits. Revenues from unclaimed deposits would be deposited in the EPF to support ongoing environmental programs.

Part TT – Clarify the authority of the Office of Parks, Recreation and Historic Preservation with regard to retail sales

Summary

This bill would clarify the authority of the Office of Parks, Recreation and Historic Preservation (OPRHP) to sell merchandise, goods, commodities or food. Revenues generated from such sales would be deposited into the patron services account of the miscellaneous special revenue fund to support park maintenance and general operations.

Budget Implications

Part TT would clarify the Agency's ability to generate revenue for maintenance and operating costs through retail sales.

Part UU – Recover the cost of centralized state services provided on behalf of industrial development agencies

Summary

This bill would authorize the State to assess and collect cost recovery fees from industrial development agencies (IDAs) up to an aggregate amount of $5 million, for central government services provided on their behalf.

Budget Implications

Part UU would generate an additional $5 million in annual General Fund revenues.

Part VV – Impose fees related to certain activities conducted by the Department of Taxation and Finance and prohibit tax return preparers and software companies from charging separately for electronic filing of New York tax documents

Summary

This bill would impose fees for certain activities, to prohibit tax return preparers and software companies from charging separately for electronic filing of New York tax documents, and require the registration of all tax return preparers preparing New York tax returns and reports for compensation. Highlights of the increased fees include:

- Imposing a $75 fee on persons entering into installment payment agreements with the Department of Taxation and Finance (DTF).

- Imposing a bad check or failed electronic funds withdrawal fee of $50 in the event a taxpayer's payment of tax by check, money order or electronic funds withdrawal is returned without payment.

- Prohibiting tax return preparers and software companies from charging separately for electronic filing of New York tax documents. A civil penalty of $500 would be imposed for a first violation. The penalty would be increased to $1000 for each subsequent violation.

- Requiring the electronic registration of tax return preparers with the Department of Taxation and Finance (DTF). Upon registration, tax return preparers would receive a tax preparer registration certificate.

- Requiring commercial tax return preparers (a tax return preparer who prepared ten or more New York tax returns) to register electronically pay an annual fee of $100 to DTF in order for their registration or re-registration to be complete.

Budget Implications

Part VV is necessary to implement the 2009-10 Executive Budget.

Revenue (S.60/A.160)

Part A – Amend definition of "resident individual" for determining residency for the Personal Income Tax

Summary

This bill amends the Tax Law and the Administrative Code of the City of New York to amend the term "resident individual" for purposes of determining a taxpayer's New York residency status.

Under the current law, a taxpayer domiciled in New York is not taxed as a resident if, within any 548 consecutive day period:

- The taxpayer is present in a foreign country or countries for at least 450 days;
- The taxpayer is not present in the state for more than 90 days; and
- The taxpayer's spouse and minor children do not reside at the taxpayer's permanent place of abode in New York for more than 90 days.

This bill would amend the law by providing that the taxpayer would be taxed as a resident of New York unless the taxpayer's spouse and minor children are not present in New York for more than 90 days, regardless of whether the spouse and children have spent any of their time in New York at the taxpayer's principal place of abode.

Budget Implications

Part A would increase personal income tax receipts as reflected in the State Financial Plan by $5 million annually beginning in SFY 2010-11.

Part B – Clarify that electric generation facilities do not meet the definition of "manufacturer" under the capital base of the corporation franchise tax

Summary

This bill would conform the definition of manufacturer under the capital base to the definition of manufacturer under the entire net income base for tax years beginning on or after January 1, 2009. The conforming amendments would specifically exclude electricity generation from the definition of manufacturing and restrict the benefits under the reduced capital base liability cap to taxpayers manufacturing in New York.

Budget Implications

Part B would increase corporation franchise tax receipts reflected in the State Financial Plan by an estimated $18 million in SFY 2009-10 and $16 million in SFY 2010-11. There would be no fiscal impact for this bill after SFY 2010-11 because of the $10 million capital base cap expiration.

Part C – Limit the exemption provided for town or county cooperative insurance corporations under the Insurance Franchise Tax

Summary

This bill would limit the exemption from the franchise tax on insurance corporations for certain town or county cooperative insurance corporations in order to prevent unfair competition.

The bill would amend the exemption for town and county co-operative insurance corporations in Tax Law §1512(a)(7) to provide that the exemption would apply only to corporations that properly reported direct written premiums to the Superintendent of Insurance of $25 million or less for the taxable year.

Budget Implications

Part C would increase insurance tax receipts reflected in the State Financial Plan by an estimated $19 million in SFY 2009-10 and $15 million annually thereafter.

Part D – Restructure the franchise tax on insurance companies so that all insurance companies are taxed in an identical manner by paying a tax based on premiums

Summary

This bill would simplify the franchise tax on insurance companies in New York and conform the tax base used by life insurance companies to the tax base used by property and casualty insurance companies. Under the bill, all insurance companies would pay a tax based solely on premiums at a rate of 2 percent.

Budget Implications

Part D would increase insurance franchise tax receipts reflected in the State Financial Plan by an estimated $62 million in SFY 2009-10 and $50 million in SFY 2010-11.

Part E – Enact a reciprocal program with the United States Treasury Department to intercept vendor payments to satisfy tax debts

Summary

This bill would provide additional authority for the New York State Department of Taxation and Finance ("Tax Department") to enter into certain offset agreements with the federal government and other states.

This bill would add a new Tax Law §171-t to clarify that the Tax Department would have the requisite authority to enter into agreements with the Federal government and other states to offset tax and nontax payments against tax and nontax debts, provided that the parties grant substantially similar privileges to each other. The debts that may be certified for offset would be debts that are final and no longer subject to administrative or judicial review.

As part of administering the terms of these agreements, the Tax Department would be authorized to share taxpayer information with the Federal government and other participating states and to add any fee for offset services imposed by the federal government or a participating state to the debt and to offset that fee as well. To comply with Federal Law, the United States would not be required under this section to offset tax overpayments owed by it except to the extent that it agrees to do so. This section also would include provisions for the debtor to request a review of the offset in limited circumstances (e.g., has the debt already been paid). Finally, this section would include payment priority rules for tax overpayments owed by New York State or where there is more than one debt owed by a person that is certified to the Tax Department for offset.

Budget Implications

Part E would increase personal income tax receipts reflected in the State Financial Plan by an estimated $2.5 million in SFY 2009-10 and $15 million annually thereafter. Likewise, Part E would also increase corporate franchise tax receipts by an estimated $2.5 million in SFY 2009-10 and $15 million annually thereafter.

Part F – Clarify that captive insurance companies receiving 50 percent or less of their gross receipts from insurance premiums would no longer meet the definition of an insurance business, and would file a combined return with their closest affiliated taxpayer

Summary

This bill would require a captive insurance company that has been capitalized with excessive amounts of assets (demonstrated by the fact that its yearly premiums are 50 percent or less of its total receipts) to file a combined return with its parent corporation if the parent is a taxpayer or is included in a combined report. If a captive has nexus with New York but is not required to file a combined return under these provisions, the bill would clarify that the captive is an Article 9-A taxpayer.

Budget Implications

Part F would increase corporate franchise tax receipts reflected in the State Financial Plan by an estimated $33 million in SFY 2009-10 and $29 million in SFY 2010-11.

Part G – Eliminate underutilized tax credits (automated external defibrillator, fuel cell, security guards, alternative fuels, qualified emerging technology company capital tax, and transportation improvement contributions)

Summary

This bill would eliminate underused tax credits allowed under the corporate franchise taxes and personal income tax for taxable years beginning on or after January 1, 2009.

Budget Implications

Part G would increase corporate franchise and personal income tax receipts reflected in the State Financial Plan by an estimated $5.9 million in SFY 2009-10 and $9.0 million in SFY 2010-11.

Part H – Include gain from the sale of partnership, S corporation and LLC interests as New York source income to non-residents to the extent the entity owns real property located in New York

Summary

This bill would ensure that the gain or loss on the direct or indirect sale of New York real property by a nonresident accomplished through the sale of an interest in an entity is subject to New York personal income tax.

Budget Implications

Part H would increase personal income tax receipts as reflected in the State Financial Plan by $10 million annually beginning in SFY 2010-11.

Part I – Change the mandatory first estimated tax installment payment under the corporate franchise taxes from 30 percent to 40 percent

Summary

This bill would increase the percentage used by large business taxpayers to compute the mandatory first installment of franchise tax and the Metropolitan Commuter Transportation District (MCTD) surcharge under Articles 9, 9-A, 32 and 33 of the Tax Law.

Budget Implications

Part I would increase business tax receipts reflected in the State Financial Plan by an estimated $351 million in SFY 2009-10.

Part J – Impose annual filing fees on partnerships, other than limited liability partnerships, based on their New York source income with an exemption for partnerships whose New York source income is less than one million dollars

Summary

This bill would expand the scope of Tax Law § 658(3)(c), which currently imposes filing fees on limited liability companies and limited liability partnerships, to impose such fees on general partnerships. Partnerships that are not limited liability partnerships and have New York source income of less than one million dollars would be exempt from this filing fee.

Budget Implications

Part J would increase personal income tax receipts as reflected in the State Financial Plan by $50 million annually beginning in SFY 2009-10.

Part K – Reform the Empire Zones Program

Summary

This bill would authorize numerous program reforms and administrative changes to the Empire Zones Program in order to achieve substantial cost savings and improve the program's strategic focus by more narrowly targeting benefits to firms creating jobs and making capital investment in the State.

Specifically, the bill would establish the following reforms.

- Expand the basis for decertification to include:
    - Making any misrepresentation of material fact on a business annual report;
    - Failure to invest in a facility substantially in accordance with representation made by the business enterprise in its applications; and
    - Failure to meet the requirements of the cost-benefit analysis provided, however, that the Commissioner of the Department of Economic Development (DED) may consider, in his or her sole discretion, other economic, social and environmental factors when evaluating the costs and benefits of a project to the state and whether continued certification is warranted based on these factors.

- Require business enterprises to be recertified by the Commissioner of DED by meeting or exceeding a 20:1 ratio of the actual value of wages, benefits and capital investments paid by a business enterprise for at least a three-year period at the location(s) approved by the Commissioner, versus the amount of state tax benefits actually claimed and used by the business enterprise for that time period at those location(s). Business enterprises certified prior to April 1, 2005 would be reviewed in 2009. If they were to be decertified, they would lose their EZ benefits for 2008 and thereafter. Business enterprises that would be reviewed and decertified thereafter would lose their benefits starting in the year in which they were decertified.

- For new business applicants seeking certification on or after April 1, 2009, the bill would require a 20:1 ratio of estimated value of wages, benefits and capital investments to be paid by a business enterprise versus the estimated value of state tax benefits that may be claimed by that business enterprise, for first three years of certification at locations approved by the Commissioner of DED.

- Limit new certifications beginning April 1, 2009 to firms that are manufacturing enterprises (including high-tech, bio-tech, clean-tech, and agri-business), financial service enterprises, or extraordinary projects. The Commissioner of DED would be the sole certification officer, and would be responsible for promulgating regulations that would:

    - Define high-tech, bio-tech, clean-tech, financial services, manufacturing, agri-business enterprises, and extraordinary projects,

    - Govern criteria for certification (including meeting the requirements of the cost-benefit analysis); and

    - Establish the application process for certification.

- Remove the "economic circumstance or unforeseen conditions" exception to the failure to create new employment or prevent loss of employment grounds for decertification.

- Terminate the authority to designate new Empire Zones and to increase the area of existing zones for applications filed after to April 1, 2009.

- Change the deadline date for submission to the Governor and the Legislature of an independent report evaluating the Empire Zones program from December 31, 2009 to August 31, 2010.

The bill would eliminate carryover credits for taxpayers that are decertified for failure to meet the 20:1 cost benefit analysis under Article 18-B of the General Municipal Law and would suspend the running of interest on refunds and the accrual of underpayment related penalties for the 2008 tax year during the pendency of the cost benefit analysis in 2009 for those taxpayers subject to review during that time.

The bill would also repeal the QEZE sales and use tax exemptions and replace them with a QEZE credit or refund containing similar provisions. In addition, the separate requirement that companies receive a

QEZE certification from the Department of Taxation and Finance in order to access the sales tax benefits would be repealed. The remaining sections would amend the various statutes that currently authorize counties, cities, and school districts to piggyback on the state QEZE sales and use tax exemption to conform to the new refund or credit scheme.

Finally, the bill would repeal the existing requirement that the Tax Department prepare an annual summary report on Empire Zones tax benefits claimed by certified businesses. This report would be replaced by a public report. This public report would be prepared by Tax Department and would provide the name of each taxpayer that had claimed an Empire Zones tax benefit and would specify the amount of Empire Zones tax benefits that was used by or refunded to each taxpayer.

Budget Implications

Part K would increase tax receipts reflected in the State Financial Plan by an estimated $272 million in SFY 2009-10 and by $292 million in SFY 2010-11.

Part L – Authorize additional credits of $4 million for low-income housing credit

Summary

This bill would allow the Commissioner of Housing and Community Renewal to allocate an additional $4 million of State low-income housing credits, which receiving taxpayers may claim each year for 10 years.

The bill would increase the aggregate amount of low-income housing tax credit the Commissioner may allocate from $20 million to $24 million.

Budget Implications

Part L would decrease annual tax receipts by an estimated $4 million beginning with SFY 2009-10 and ending with SFY 2018-19.

Part M – Limit the use of itemized deductions by individuals with incomes over $1 million

Summary

This bill would eliminate the use of itemized deductions, except charitable contributions, by individuals with New York State or New York City adjusted gross incomes over $1 million and allow these individuals to claim only the standard deduction.

Budget Implications

Part M would increase personal income tax revenues by $140 million in SFY 2009-10.

Part N – Treat income received by non-resident partners for performing investment management services as New York source income

Summary

This bill would treat income received by nonresident partners for performing investment management services for investment partnerships or other entities doing business in New York as New York source income. The bill would clarify that this income is New York source income and properly taxed by the State. Resident partners performing investment management services are currently taxed on all their income from the partnership, and this bill would equalize the treatment of non-resident and resident partners.

Budget Implications

Part N would increase personal income tax receipts as reflected in the State Financial Plan by $60 million annually beginning in SFY 2009-10.

Part O – Provide taxpayers with a refundable tax credit for increasing research activities

Summary

This bill would encourage New York State taxpayers to invest in research activities in New York by providing a credit for their increased research expenses and grant issuances.

The bill would establish a new research expenditure credit based on a Federal model (section 41 of the Internal Revenue Code), and would provide incentives for businesses in New York State to continue to make research expenditures and issue research-related grants to educational institutions, certain research consortiums, or State or Federal laboratories

The credit would be equal to ten percent of the taxpayer's New York research expenditures (which include grants) that exceed the average of the taxpayer's research expenditures for the two immediately preceding taxable years. The Urban Development Corporation (UDC) would allocate the credit among taxpayers by issuing research expenditure credit certificates that would specify the amount of the credit a taxpayer will be allowed to claim for a particular taxable year. There would be a limit on the total amount of the credit that the UDC may allocate during each fiscal year, as follows:

- $20 million for the State fiscal year commencing April 1, 2009;
- $33 million for the State fiscal year commencing April 1, 2010; and
- $45 million for the State fiscal year commencing April 1, 2011 and each fiscal year thereafter.

The Department of Taxation and Finance would be required by the bill to publish a "Research Expenditures Credit Report" by January 31, 2013, and annually thereafter.

Finally, the bill would provide that the Chairman of the UDC may not issue any research expenditure credit certificates until the Director of the Division of the Budget, in consultation with the Commissioner of Taxation and Finance, have validated that the Empire Zone Program reforms that may have been enacted as part of the SFY 2009-10 Executive Budget have resulted in $100 million in savings for the SFY 2009-10 State fiscal year.

Budget Implications

Part O would have no impact in SFY 2009-10 and could reduce tax receipts reflected in the State Financial Plan by an estimated $35 million in SFY 2010-11 and again in 2013-14 when fully implemented.

Part P – Expand the eligibility criteria for the qualified emerging technologies credits by allowing firms with more than 100 employees to continue receiving benefits and not considering employment outside New York State in determining eligibility

Summary

This bill would expand the eligibility criteria for the qualified emerging technologies credits by allowing firms with more than 100 qualifying employees to continue to receive benefits and not considering employment outside New York State in determining eligibility.

Budget Implications

Part P would have no fiscal impact in SFY 2009-10 or SFY 2010-11. It could reduce tax receipts reflected in the State Financial Plan by an estimated $5 million beginning in SFY 2011-12.

Part Q – Impose sales tax on cable and satellite television/radio services

Summary

This bill would impose sales tax on television and radio service provided by cable, satellite or other similar means.

The bill would amend the Tax Law to impose a State and local sales tax on cable service and tangible personal property or other services provided with cable service, but not on Internet access service, on which tax is prohibited by the federal Internet Tax Freedom Act (47 USC §151 (note §1101, et seq.)), "direct-to-home satellite service," on which local taxes are preempted by federal law (see 47 USC §152 (note)), and "telephony or telegraphy or telephone or telegraph service," the taxation of which is governed by Tax Law §1105(b)(1)(B).

As Tax Law §1105 imposes both a State and local sales tax and federal law prevents the imposition of a local tax on direct-to-home satellite service, it would be necessary to impose a separate State tax on that service to create parity between that service and similar services, and preserve local revenue in a manner consistent with federal law. Although, as noted above, local taxes on these services are preempted by federal law, states are expressly permitted to impose tax on these services and to share revenue with local jurisdictions. The State tax on direct-to-home satellite service would be imposed at a rate that is equal to the combined State and local rates in effect in each local jurisdiction where the service is delivered.

The bill would add new definitions of cable service and direct-to-home satellite service. "Cable service" would include the furnishing to purchasers of programs or other content broadcast by one or more television and radio stations or other persons, by means of wire, cable, fiber-optic, laser, microwave, radio wave, satellite, or any other means. "Direct-to-home satellite service" would be defined as only programming transmitted or broadcast by satellite directly to the subscribers' premises without the use of ground receiving or distribution equipment, except at the subscribers' premises or in the uplink process to the satellite.

The bill would also provide that the revenues received by the State from these State rates could be shared with localities and the Mass Transit Operating Assistance Fund based on the combined State and local rates in effect in each local jurisdiction and the Metropolitan Commuter Transportation District (MCTD). The bill would also provide that if the combined State and local rate provisions are found to be invalid by a court of final, competent jurisdiction, the State rate would revert to 8.75 percent.

Budget Implications

Part Q would increase revenues by $136 million in SFY 2009-10 and $180 million thereafter.

Part R – Reform the tobacco products and cigarette taxes to remedy various compliance and enforcement problems and convert the tax on cigars from a value-based tax to a per-unit tax

Summary

The bill would reform the tobacco products and cigarette taxes to remedy various compliance and enforcement problems and to change the method of calculating the tobacco products tax imposed on cigars from a percentage of wholesaler's price to a 50 cent tax imposed per cigar.

This bill would eliminate the condition that a product can be defined as a cigarette only if it is deemed a cigarette by Federal statute. It would thus allow little cigars that are practically indistinguishable from cigarettes to be treated and taxed like cigarettes. The imposition of a 50 cent per unit tax on cigars could be administered more easily, especially with respect to refunds. The bill would make clear exactly what tobacco products excise and use taxes are due on cigars, and eliminate the use of the wholesale price as a basis of tax.

This bill would also enhance compliance with, and enforcement of, the tobacco products tax by providing more effective penalties for the possession or sale of contraband tobacco products. Penalties for failure to file informational returns as required would be added to assist in the collection of third party information that is needed to identify unreported transactions on audit, to enable the Department to use its audit resources more efficiently, and to permit more effective audits.

In addition, the bill would incorporate, for both tobacco products and cigarette licenses, additional grounds for review based upon suitability and past criminal conduct to help address situations where the applicant should not be licensed or where a license should be canceled or suspended. The character and fitness amendment would provide authority similar (though somewhat narrower than) to that provided to the State Liquor Authority for determining whether to grant or deny a license and whether a current license should be canceled or suspended. Furthermore, the bill's addition of "responsible person" penalties to Article 20 would help control evasion of these taxes by having the liability for evasion attach to those individuals responsible for making sure the tax is paid.

Budget Implications

Part R would generate $10 million in revenue in SFY 2009-10 and $15 million annually thereafter.

Part S – Treat all discount coupons consistently for sales tax purposes

Summary

This bill would amend the Tax Law to include the amount of a discount obtained using a store coupon in the receipt subject to sales and use tax.

This bill would add a new definition of "coupon" for purposes of the sales taxes and the compensating use taxes imposed by the Tax Law. The definition would include any instrument presented and surrendered by a purchaser to a vendor to obtain a discount.

The definition in the bill would not include items presented to receive a discount that are kept by the customer, such as military or student identification cards, membership cards, or frequent shopper cards.

The bill would also not affect the treatment of coupons or other discounts for purposes of the taxes imposed on hotel occupancy or admissions.

Budget Implications

Part S would increase revenues by $3 million in SFY 2009-10 and annually thereafter.

Part T – Provide for the investment of lottery moneys available and retained on deposit for the payment of lottery prizes

Summary

This bill would permit the investment of long-term funds available and retained on deposit for the payment of Lottery prizes to be invested or caused to be invested in obligations other than those obligations provided in SFL §98-a, provided that such investment satisfies a prudent investor standard. Such other investments may be made by a money manager or other advisor recommended by the Division and approved by the Comptroller.

Budget Implications

Part T would generate an additional $37 million in aid to education in SFY 2009-10 and $50 million annually thereafter.

Part U – Replace the year-round sales tax exemption for clothing and footwear under $110 with two, one-week exemption periods with a $500 threshold

Summary

This bill would replace the year-round sales and compensating use tax exemption for clothing and footwear under $110 with two, one-week exemption periods for clothing and footwear under $500, and authorize counties and cities that impose sales and compensating use taxes to elect the exemption weeks.

The bill would provide that clothing and footwear costing less than $500 per item will be exempt from State sales and compensating use taxes during two one-week exemption periods. The periods consist of the Monday before the first Sunday in February through that Sunday and from August 25th through August 31st each year. The bill would allow for a county or city that imposes general sales and use taxes to elect to participate in the new exemption weeks. However, New York City's sales and use taxes would continue to exempt clothing and footwear year-round.

The bill would impose a 3/8 percent rate of State sales and use taxes in the Metropolitan Commuter Transportation District (MCTD), which includes seven downstate counties and New York City. These revenues are dedicated to the Mass Transportation Operating Assistance (MTOA). Tax Law §1109(g) provides that, if a county or city located in the MCTD that imposes sales and use taxes elects to provide the clothing and footwear exemption, then that exemption will also apply to the Tax Law §1109 tax in the area of the MCTD located in that county or city. In that case, the county or city must reimburse 50 percent of the revenue foregone on account of that exemption and the State must reimburse the other 50 percent. The bill would clarify that New York City, which will continue to have a year-round exemption under the bill, would be required to make that same 50 percent reimbursement with respect to revenue foregone during the two exemption weeks as if it exempted clothing and footwear costing less than $110 per item, just like other counties and cities. The State would likewise reimburse the MTOA Fund the other 50 percent.

The bill would repeal any local law, ordinance, or resolution or part of it providing for the clothing and footwear exemption existing on the day before the bill would be enacted. The bill would authorize counties and cities that impose general sales and use taxes to adopt a resolution effective August 1, 2009, to elect the new exemption weeks. This resolution must be adopted, in exactly the form prescribed by the Tax Department, by July 1, 2009, and must be mailed by certified or registered mail to the Commissioner by that date.

Budget Implications

Part U would increase revenues by $462 million in SFY 2009-10 and $660 million thereafter.

Part V – Expand state and local sales tax base to cover miscellaneous personal services and credit rating and reporting services now taxed in New York City

Summary

This bill would impose State and local sales and compensating use taxes on certain personal services and credit rating and reporting services

The bill would impose the State's sales tax on beauty, barbering, hair restoring, manicuring, pedicuring, electrolysis, massage services and similar services, every service sold by weight control salons, health salons, gymnasiums, Turkish and sauna bath and similar establishments and every charge for the use of such facilities, whether or not any tangible personal property is transferred in conjunction with those services or charges (together "personal services").

Services rendered by a physician, osteopath, dentist, nurse, physiotherapist, chiropractor, podiatrist, optometrist, ophthalmic dispenser or a person performing similar services licensed under title VIII of the education law, as amended, and such services when performed on pets and other animals would be excluded from this tax in this bill.

The bill would also impose the State's sales tax on credit rating and credit reporting services, including, but not limited to, those services provided by mercantile and consumer credit rating or reporting bureaus or agencies and credit adjustment or collection bureaus or agencies, whether rendered in written or oral form or in any other manner, except to the extent otherwise taxable under other provisions of Tax Law §1105.

The bill would clarify that the wages an employer pays its employee to perform these taxable services would not be subject to tax.

Furthermore the bill would provide the following:

- Those services rendered on or after June 1, 2009, although rendered or agreed to be rendered under a prior contract, would be subject to tax. When a service is sold on a monthly, quarterly, yearly or other term basis, the charge for the service would be subject to the new tax to the extent that the charge is applicable to any period on or after June 1, 2009, and the charge would be apportioned on the basis of the ratio of the number of days falling within that period to the total number of days in the full term or period.

- That, if the property on which the credit rating or reporting service is performed is delivered outside the State for use outside the State, then the charge for the service is exempt.

- Those personal services will not be exempt when purchased by a qualified empire zone enterprise.

- That an exempt organization's (EO) sales of personal services and credit rating and reporting services are not exempt unless the purchaser is an EO.

Budget Implications

Part V would increase State revenues by $78 million in SFY 2009-10 and $104 million thereafter.

Part W – Extend the hours of video lottery operation, repeal the sunset date for the VLT Program, and make technical corrections regarding the operation of video lottery gaming

Summary

The bill would remove the restriction on the hours of video lottery terminal (VLT) operation, repeal the sunset date for the VLT program, and make technical corrections regarding the operation of Video Lottery Gaming.

The bill would permit the hours of operation of Video Lottery Gaming to be prescribed by the Division of Lottery (Division) and would clarify the Division's authorization to license an entity to operate VLTs that does not hold a license pursuant to article two or three of the Racing, Pari-Mutuel Wagering and Breeding Law.

The bill would authorize the Division to approve the construction or alteration of any facility or building devoted to the operation of a VLT facility after a person or entity selected to operate such VLT facility shall have submitted a statement of the location of proposed facility or building on the premises of a racetrack, together with a plan of such racetrack, and plans of all existing buildings, seating stands and other structures in such form as the Division shall prescribe. This bill would also provides that the Division may order such engineering examination thereof as the Division may deem necessary and such construction and alteration may be made only with the approval of the Division and after issuance of a permit.

The bill would also remove the sunset date for Video Lottery Gaming.

Budget Implications

Part W would generate $45 million in additional revenue in SFY 2009-10 and thereafter.

Part X – Impose tax on flavored malt beverages at the low liquor tax rate

Summary

This bill would place flavored malt beverages in a new, separate category of alcoholic beverages for purposes of the alcoholic beverage excise tax and to impose the excise tax on this category at the low liquor tax rate.

This bill would create an alcoholic beverage category of flavored malt beverages for tax purposes, and would tax them at the low liquor rate for New York State. The bill would continue having flavored malt beverages fall within the definition of beer for distribution and regulation, but would impose a separate tax on beverages that contain both malt and liquor with an alcohol content of more than one half percent and no more than 24 percent by volume.

Flavored malt beverages would be taxed under this bill at the rate of $2.54 per gallon, the equivalent rate in gallons of the low liquor rate of 67 cents per liter.

The bill would further conform various provisions of Article 18 to the addition of the new flavored malt beverages category and would make clear that flavored malt beverages should be administered under the excise tax like beer and wines, rather than liquor. As a technical matter, references to wines also would be added whenever gallons are the measuring unit since wines are currently taxed on a per gallon basis.

The bill would also give a city of a million or more the option to impose a tax on flavored malt beverages. The tax rate on flavored malt beverages would be imposed at a rate of 39 cents per gallon. However, if New York City were to not exercise this option, they would no longer be able to tax these products at all, even as beer.

Finally, the bill would provide for a State floor tax to be imposed at a rate of $2.43 per gallon on any flavored malt beverages in the possession or control on April 1, 2009 of any wholesaler or retailer, as defined in the Alcoholic Beverage Control Law. It would also provide for a floor tax to be imposed on any flavored malt beverages in the possession or control on April 1, 2009 of any manufacturer or distributor where the taxes imposed under Article 18 of the Tax Law prior to April 1, 2009 have already been imposed. This floor tax would be imposed on amounts in excess of 25 gallons. If a city imposes a tax on flavored malt beverages to be effective on April 1, 2009, the bill also provides for a city floor tax, identical in operation to the State floor tax, at a rate of 27 cents per gallon at the same time as the floor tax for the State. However, if the city were not to exercise this option for April 1, 2009, Tax Law §445(2) would not apply and there would not be a city floor tax. The floor tax would have to be paid on or before June 22, 2009.

Budget Implications

Part X would provide $15 million in additional revenue in SFY 2009-10 and $18 million thereafter.

Part Y – Extend for one year lower pari-mutuel tax rates and rules governing simulcasting of out-of-state races

Summary

This bill would extend for a period of one year, various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law, which are set to expire during the SFY 2009-10 fiscal year including:

- In-home simulcasting from June 30, 2009 to June 30, 2010;
- Current percentage of total pools allocated to purses that a track located in Westchester County receives from a franchised corporation from June 30, 2009 to June 30, 2010;

- Simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is operating and to delay these provisions from governing the simulcasting of out-of-state thoroughbred races on all days whether or not the Saratoga thoroughbred track is operating from June 30, 2009 to June 30, 2010;

- Simulcasting of races conducted at out-of-state harness tracks from June 30, 2009 to June 30, 2010;

- Simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is closed from June 30, 2009 to June 30, 2010;

- Distribution of revenue from out-of-state simulcasting during the Saratoga meet through September 8, 2009;

- Off-track betting wagers on New York Racing Association, Inc. (NYRA) pools dedicated to purse enhancement from June 30, 2009 to June 30, 2010;

- Binding arbitration for disagreements from June 30, 2009 to June 30, 2010;

- Distribution of revenue from on-track wagering on NYRA races; and

- Authorization for account wagering from June 30, 2009 to June 30, 2010.

<u>Budget Implications</u>

Part Y is necessary to implement the SFY 2009-10 Executive Budget because it maintains the current pari-mutuel betting structure in New York State. The extension of these provisions would reduce pari-mutuel tax receipts by $5 million in SFY 2009-10.

Part Z – Increase prepaid sales tax on cigarettes

<u>Summary</u>

This bill would increase the rate of the prepaid sales tax from seven percent to eight percent of the base retail price on a package of cigarettes.

<u>Budget Implications</u>

Part Z would increase State revenues by $14 million in SFY 2009-10.

Part AA – Prohibit certain sales tax avoidance schemes

Summary

This bill would narrow the sales tax exemption for commercial aircraft and the use tax exemption for motor vehicles, vessels, and aircraft.

The bill would amend the definition of commercial airplane to provide that an aircraft used primarily to transport the purchaser's personnel or those of an affiliated entity does not qualify for the exemption. The bill would also provide that the new resident exemption would not apply to the use of an aircraft, vessel, or motor vehicle purchased by a business entity out-of-state for use in-state primarily to carry individuals employed by or otherwise associated in specified ways either (1) with the purchaser if any of the transported individuals were residents at the time of the property's purchase, or (2) with an affiliated entity of the purchaser if the affiliated entity was a resident when the property was purchased.

The bill would define "carry" to mean taking any person from one point to another, whether for business purposes or the pleasure of that person

Budget Implications

Part AA would generate $4 million in additional sales tax revenue in SFY 2009-10 and $6.3 million in SFY 2010-11.

Part BB – Repeal private label credit card (bad debt) law

Summary

This bill would repeal Tax Law §1132(e-1), which allows private label credit card lenders, as well as vendors who use private label credit card lenders to finance their credit card sales, to claim a sales tax credit or refund on accounts financed by or assigned to the lender that are written or charged off as uncollectible.

Budget Implications

Part BB would increase revenues by $8 million in SFY 2009-10 and $10 million thereafter.

Part CC – Impose a sales tax on digital products and clarify current administrative practice for sourcing receipts from the sale of digital products for purposes of calculating the business corporation franchise tax

Summary

The bill would impose sales tax on digital products, such as MP3 music files, ring tones, movies, digital books, digital photographs, downloaded and online games, and other entertainment services. This bill would define a "digital product" similarly for the business corporation franchise tax and the sales tax. The definition would encompass a broad category of property and services (e.g., audio works, video works, audio-visual works, graphic works, games, information and entertainment services, storage of digital products, software in non-tangible form) when delivered via wire, cable, fiber-optic, laser, microwave, radio wave, satellite, or similar or successor media, or any combination thereof.

For purposes of the business corporation franchise tax, the bill would source the receipts from the sale of a digital product to the destination of the digital product, and would create a sourcing hierarchy to determine user location based on the information available to the taxpayer.

The bill would explicitly exclude:

- Tangible personal property and services subject to sales tax under any other provision of Article 28 of the Tax Law;

- Services (other than games and entertainment services) unless those services would otherwise be subject to tax as currently-enumerated taxable services if delivered in tangible form or as services to tangible personal property or real property;

- Television or radio programming where the purchaser does not select both the content and the time at which the content is displayed;

- Purchaser-selected content sold with television programming for a single charge; and

- Custom computer software.

The bill would not impose sales tax on telecommunications services, digital storage, cable or satellite television programming, or satellite radio programming. However, tax would be imposed on pay-per-view or on-demand movies sold by a cable or satellite television provider for a separately-stated charge.

The bill would repeal Tax Law §1105(c)(9), which imposes tax on information and entertainment services delivered via telephony or telegraphy or telephone and telegraph service. The tax imposed by that paragraph would be incorporated into the tax on digital products. This would create parity between like products sold via telecommunications and by other means (e.g., cable, Internet). The bill would also eliminate the additional 5 percent rate of tax on information and entertainment services delivered aurally.

The bill includes provisions that would source the retail sale of a digital product under the sales tax to the place where it is delivered to the purchaser, based on information reasonably available to the vendor. The bill would define delivery to include furnishing, providing, delivering or accessing a digital product. The bill would also authorize vendors of electronically-delivered pre-written computer software to accept a "multiple points of use" (MPU) certificate from the purchaser under certain circumstances. This would permit the vendor to collect tax on the portion of the receipt allocable to the various jurisdictions in the State in which the software will be used.

An MPU certificate would be authorized for retail sales of software for which the receipt is $1,000 or more, or that include ten or more site licenses, or both.

A vendor that accepts an MPU certificate and collects and remits tax based on that certificate, under the good faith standards that currently exist for resale and exemption certificates, would be protected from liability for failure to collect and remit the correct amount of tax; liability would rest solely with the purchaser.

Budget Implications

Part CC would increase revenues by $15 million in SFY 2009-10 and $20 million thereafter.

Part DD – Repeal the sales tax cap on motor fuel and diesel motor fuel

Summary

This bill would repeal the State's eight cents per gallon rate of sales and use taxes on motor fuel and diesel motor fuel, and restore the State's 4 percent rate of tax on these fuels, effective June 1, 2009. It would also repeal the authority of counties and cities to elect a cents per gallon tax rate, likewise restoring the local percentage rates of tax. The cents per gallon rate was established by Part A of Chapter 35 of the Laws of 2006, as amended by Part M-1 of Chapter 109 of the Laws of 2006, and took effect June 1, 2006.

The bill would amend the subdivision in the Tax Law that currently provides that B20 fuel is taxed at 80 percent of the State's cents per gallon rate plus 80 percent of any county or city cents per gallon rate or, if the locality has not elected the cents per gallon rate, then 80 percent of the receipts or consideration subject to the locality's percentage tax rate. Since the bill would repeal the cents per gallon scheme, this bill would provide that B20 will be taxed at 80 percent of the receipts or consideration for both State and local tax purposes.

Budget Implications

Part DD would increase revenues by $90 million in SFY 2009-10 and $120 million thereafter.

Part EE – Reauthorize highway use tax decals

Summary

This bill would reauthorize the Commissioner of Taxation and Finance to require the use of decals as evidence that a carrier has a valid certificate of registration for the Article 21 highway use tax. The Commissioner may also require the use of distinctive decals for motor vehicles that transport automotive fuels. The bill would also provide the Commissioner with authority to take possession of suspended, revoked or misused decals and to issue replacement decals.

Budget Implications

Part EE is necessary to implement the SFY 2009-10 Executive Budget to preserve revenue.

Part FF – Modernize definition of “vendor” to include an affiliate nexus provision

Summary

This bill would expand the definition of “vendor” to preclude certain retailers from avoiding the requirement to collect sales and use taxes.

Specifically the bill would add to the definition of “vendor” to provide that the presence of an affiliate in the State makes the remote affiliate a vendor in either of two circumstances:

- Where the in-State affiliate uses in the State a trademark, service mark, or trade name the same as or similar to that of the remote affiliate; or

- Where the in-State affiliate engages in activities that help the remote affiliate develop or maintain a market for its goods or services, to the extent that those activities are sufficient to give the State nexus over the remote affiliate under the nexus requirement of the United States Constitution.

Budget Implications

Part FF would increase revenues by $9 million in SFY 2009-10 and $12 million thereafter.

Part GG – Authorize video lottery gaming at Belmont Park and modify commission rates at Aqueduct Racetrack

Summary

This bill would authorize the operation of video lottery terminals (VLTs) at Belmont Park, increase the commission rates paid to the operator of VLTs at Aqueduct, set the commission rates paid to the operator of VLTs at Belmont Park, and make modifications to the NYRA racing support payment schedule.

Specifically, the bill would:

- Create a local advisory board at Belmont Park;

- Provide a commission to the operator of VLTs at Belmont park of 36.5 percent of net machine income;

- Provide that the vendor's marketing allowance for any operator of a racetrack located in Nassau County shall not exceed 8 percent;

- Disallow the operator of VLTs at Belmont Park from qualifying for a vendor's capital award;

- Exclude Belmont Park from the distribution to breeding and purse funds;

- Establish a mechanism to select an operator of VLTs at Belmont;
- Establish racing support payments from the VLTs at Belmont; and
- Modify the racing support payment and commission rate at Aqueduct when video lottery gaming commences at Belmont Park;

Budget Implications

Part GG would generate a franchise payment of at least $370 million in SFY 2010-11 for the right to operate VLTs at Belmont Park.

Part HH – Impose a state sales and compensating use tax surcharge on certain beverage products

Summary

This bill would impose a new, additional 18 percent rate of sales and compensating use taxes on:

- Fruit drinks that contain less than seventy percent of natural fruit juice (such as drinks, -ades, punches, and certain fruit nectars); and
- Soft drinks, sodas and beverages such as are ordinarily dispensed at soda fountains or in connection therewith (other than coffee, tea and cocoa), whether or not the item is sold in liquid form (together, "beverage products").

However, diet soda and certain water products, (plain water, plain water to which only carbonation has been added and plain water, carbonated or not, with mere natural flavorings added), would not be subject to the new, additional tax. Pure bottled water is not a beverage product and would not be subject to this additional tax.

The bill would impose this additional 18 percent tax rate on direct purchases of the beverage products as well as purchases of these products in or at the following:

- Restaurants
- Bars, (including alcoholic beverages combined w/ the taxable products)
- Commercial Vessels
- Fishing Vessels
- Ferry Boats
- Schools

- Colleges, (including college food plans)

- Vending Machines

If the drink is sold in a restaurant operated by an exempt organization, the sale would be subject to the additional tax unless the purchaser is also an exempt organization. The exempt organizations whose sales would be taxable include:

- Charitable Organizations

- Armed Services Posts

- Indian Nations & Tribes

- New York State, its agencies and instrumentalities

No portion of the bill would tax any food that is exempt under the federal food stamp program.

The bill would further provide for special rules to determine how the new tax applies when the beverage product is sold together with other things for a single price and the other things are not subject to the new tax. (For example, all-inclusive meal, admission/cover charges, or mixed alcoholic beverages)

Revenues from this additional tax would be deposited into the Health Care Reform Act (HCRA) resources fund.

Budget Implications

Part HH would increase revenues to the HCRA Fund by $404 million in SFY 2009-10 and $539 million thereafter.

Part II – Eliminate the sunset of Quick Draw and eliminate certain restrictions on the game

Summary

This bill would make permanent the Division of the Lottery's (Lottery) authority to operate the Lottery's Quick Draw game and would eliminate the following restrictions:

- Requiring no more than 13 hours of daily operations, no more than 8 of which may be consecutive;

- Limiting Quick Draw ticket sales to only premises licensed for the sale of alcoholic beverages for on-premises consumption where at least 25 percent of gross sales are sales of food;

- Requiring premises that do not sell alcoholic beverages to be a minimum of 2,500 square feet; and

- Requiring a person to be 21 years of age or older to play Quick Draw while in the premises of a licensee who holds an alcoholic beverages license.

<u>Budget Implications</u>

Part II would generate additional revenues totaling $40 million in SFY 2009-10 and $59 million thereafter to support education.

Part JJ – Permit the state to participate in more than one multi-jurisdictional lottery game

<u>Summary</u>

This bill would remove the restriction from the Division of the Lottery (Lottery) prohibiting participation in the games of more than one government authorized group providing for the operation and administration of a joint, multi-jurisdiction and out-of-state lottery.

<u>Budget Implications</u>

Part JJ would generate additional revenues $11 million in SFY 2009-10 and $21 million thereafter to support education.

Part KK – Allow the sale of wine in grocery and drug stores upon payment of a franchise fee

<u>Summary</u>

This bill would allow persons qualified to hold a beer license to apply for a wine license for sale off premises. It would further provide for a franchise fee to be paid to the State Liquor Authority in conjunction with the application. It is would also provide that certain existing provisions regarding the sale of wine are waived.

<u>Budget Implications</u>

Part KK would provide $105 million in additional revenue in SFY 2009-10 through various franchise fees, excise taxes, sales taxes and license fees. In SFY 2010-11 it is expected that this proposal would generate $54 million and $3 million each year thereafter.

Part LL – Increase the excise tax on beer and wine

<u>Summary</u>

This bill would increase the excise tax as follows:

- Beer by 13 cents per gallon, (from 11 cents to 24 cents per gallon), and

- Wine by 8.47 cents per liter, (from 18.93 cents gallon/5 cents per liter to 51 cents per gallon/13.47 cents per liter).

The bill would also impose a floor tax on beer, (13 cent per gallon), and wines, (32.07 per gallon) in the possession or control as of April 1, 2009.

Budget Implications

Part LL would generate additional revenue totaling $63 million in SFY 2009-10 and each year thereafter.

Part MM – Increase the auto rental tax from 5 percent to 6 percent

Summary

This bill would increase the rate of tax under Tax Law Article 28-A, Special Tax on Passenger Car Rentals (commonly referred to as the Auto Rental Tax), from 5 percent to 6 percent.

This bill would increase the rate of tax from 5 percent to 6 percent on the receipts from every rental of a passenger car that is a retail sale. The bill would also increase the rate of tax from 5 percent to 6 percent on the use within this State of any passenger car rented by the user, that is a purchase at retail, but not including leases of one year or more that are subject to tax under Tax Law § 1111(i).

Budget Implications

Part MM would increase revenues in the Dedicated Highway and Bridge Trust Fund by $8 million in SFY 2009-10 and $10 million thereafter.

Part NN – Impose state and local sales taxes on certain transportation services

Summary

This bill would impose State and local sales taxes on certain transportation services and the State revenues from this bill would be directed to the General Fund.

This bill would define transportation service to include the service of transporting, carrying, or conveying a person or persons by any means, including but not limited to:

- Taxicab;

- Charter;

- Black car;

- Limousine;
- Coach;
- For-hire vehicle;
- Commuter van, or other vehicle service;
- Horse-drawn cab or coach service,
- Pedi-cab service;
- Intra-state charter bus, vessel, train, or plane service;
- Charter fishing service;
- Sightseeing service regardless of the means of conveyance;
- Whether one-way or round-trip;
- Whether to a single destination or to multiple destinations; and
- Whether the compensation paid by or on behalf of the passenger is based on mileage, trip, time consumed or anything else.

The bill would define a service that begins and ends in this state to be deemed intra-state even if it passes outside the State during a portion of the trip.

The bill would exempt from this tax:

- "Commuter service" consisting of mass transportation service (exclusive of limited stop service to airports, racetracks or any place where entertainment, amusement. or sport activities are held or where recreational facilities are supplied) provided pursuant to a franchise with, or consent of, the City of New York, local transit service, subway or commuter rail service, scheduled public bus service;
- Vessel or ferry service described in Tax Law §1119(b) or §1115(a)(43);
- Transportation of children to and from schools and day camps operated by an entity or organization described in Tax Law §1116(a)(1), (2), (3), (4) or (6);
- Transportation of persons in connection with funerals; or
- Ambulance, ambulette, or emergency service transportation, whether ground, water, or air.

The bill would impose the State's 4 percent sales tax on transportation service, whether or not any tangible personal property is transferred in conjunction therewith, and regardless of whether the charge is paid in this state or out of state as long as the service is provided in this State. Compensating use tax would not be imposed on transportation service, since the service would be taxed only when rendered in the State and is not intended to be taxed when rendered outside the State. But a charge for the service made outside the State for service rendered in the state would be taxable.

The bill would require that services rendered on or after June 1, 2009, although rendered or agreed to be rendered under a prior contract, would be subject to tax. When a service is sold on a monthly, quarterly, yearly, or other term basis, the charge for the service would be subject to the new tax to the extent that the charge is applicable to any period on or after June 1, 2009, and the charge would be apportioned on the basis of the ratio of the number of days falling within that period to the total number of days in the full term or period.

In addition, the bill would provide that, notwithstanding any law to the contrary:

- Any municipality or public corporation that establishes or regulates taxicab or other vehicle service fares must adjust those fares to include the new State tax and any local tax and must also require that any meters or other devices in the vehicles or otherwise that measure fares be adjusted to include those taxes.

- Any person that sells taxable transportation services would be required to adjust the meters or other devices in the vehicles or otherwise that measure fares, so that they timely reflect any change in the rates of the taxes.

- Neither the failure of a municipal or other public corporation to adjust fares nor the failure of a person to adjust the meters or devices would relieve that person from the obligation to collect any taxes due on a timely basis and at the correct combined rate.

The bill would provide that transportation services will not be exempt when purchased by a qualified empire zone enterprise.

Finally, the bill would provide that where a transportation service begins in one jurisdiction but ends in another jurisdiction, the local tax would be due the jurisdiction or jurisdictions (county/city) where the service commenced.

Budget Implications

Part NN would increase revenues by $45 million in SFY 2009-10 and $60 million thereafter.

Part OO – Impose a sales tax on various amusement charges

Summary

This bill would expand the types of amusement charges that are subject to State and local sales taxes. Amusement charges currently consist of (1) charges for admission to a place of amusement, (2) dues and initiation fees paid to a social or athletic club, and (3) charges of a cabaret, night club or other similar establishment. These taxes would generally be expanded by amending the definitions of charges subject to the taxes and by removing some exclusions from the tax impositions

Admissions Charges to a Place of Amusement

The bill would define "admission charge" to include charges for sports and amounts paid for the use of any equipment, apparatus, devices, rides and games at the place of amusement

The bill would define "place of amusement" to include places where a performance is given including:

- Theaters;
- Fairs;
- Race tracks;
- Exhibitions;
- Circuses;
- Golf courses;
- Gymnasiums;
- Bowling alleys;
- Swimming pools and other places where people engage in sports or athletic activities;
- Campgrounds and parks, and
- Any other place that has equipment, apparatus, exhibit, display, or other facilities for amusement such as devices, rides and games at an amusement park, whether or not contained in an enclosure defining the space and whether or not coin-operated, and such as sports, weight training, or other equipment or apparatus at a club or other place.

The bill would impose the State's 4 percent sales tax on admission charges to places of amusement in the State including:

- Horse racing tracks;
- Boxing and wrestling events
- Live dramatic and musical arts performances
- Circuses
- Motion picture theaters (whether or not to see a movie), and
- Places where patrons will participate in a sport such as a swimming, bowling, tennis, etc.

In addition, the bill would impose tax on the charge to use the equipment, apparatus and other facilities at the place of admission, such as amusement park rides and devices, games of chance or skill at an amusement park, or sports equipment, or apparatus at a sports club or other place, whether proprietary or otherwise.

Club Dues and Initiation Fees

The bill would expand the definition of "dues" to include charges made for athletic privileges and facilities and would delete the exclusion for charges made for sports privileges and facilities offered to guests of a club's members. The bill would define the term "social or athletic club" to add sporting clubs to the roster of clubs whose dues and initiation fees are taxable. "Sporting clubs" would include fishing, hunting and other sporting clubs

Cabaret Charges

The bill would define the term "charge of a roof garden, cabaret or other similar place" to include a charge made for the use of facilities for entertainment and amusement at the place. Currently, the term means any charge made for admission, refreshment, service, or merchandise.

Under the bill, the term "roof garden, cabaret or other similar place" (together, "cabaret") would add to the definition any hotel, restaurant, hall or other public place where music and dancing privileges or any other entertainment, other than instrumental or mechanical music alone, is offered to its customers in conjunction with serving or selling of food, refreshment or merchandise. Also under the bill, a performance would be regarded as being furnished for profit even though the cabaret's other charges are not increased on account of offering the performance

The bill would expand State's 4 percent sales tax on a restaurant or tavern's sales of food and drink to also include the restaurant or tavern's related charges, including any cover, minimum, entertainment, admission or other charge. The bill would clarify that the 4 percent sales tax on the charges of a roof garden, cabaret, or other similar place in the State would be subject to sales tax if the place is located in New York, even if the customer pays the charges outside the State.

<u>Budget Implications</u>

Part OO would increase revenues by $53 million in SFY 2009-10 and $70 million thereafter.

Part PP – Narrow the sales tax definition of capital improvement and its application

<u>Summary</u>

This bill would narrow the sales taxes definition and treatment of the term "capital improvement" and certain services related to capital improvements.

The bill would add fourth condition to the definition of "capital improvement" for purposes of the State and local sales and compensating use taxes as an addition or alteration to real property that:

- substantially adds to the value of the real property or appreciably prolongs its useful life;

- becomes part of the real property or is permanently affixed so that removal would cause material damage to the real property or to the article itself;

- is intended to become a permanent installation; and

- the addition or alteration must constitute new construction or a new addition to or total reconstruction of existing construction

Under the bill, adding a new door or new windows would not amount to a capital improvement, nor would an improvement to land that would not result in a building or structure.

Budget Implications

Part PP would result in increased revenue of $120 million in SFY 2009-10 and $160 million annually and thereafter.

Part QQ – Increase the highway use tax replacement fee

Summary

This bill would raise the fee highway use taxpayers must pay to replace a certificate of registration from $4 to $15 in the case of a motor vehicle, and from $2 to $15 in the case of a trailer, semi-trailer, dolly or other device drawn thereby for which a highway use tax certificate of registration is required.

Budget Implications

Part QQ would increase revenues by $4.6 million in SFY 2009-10.

Part RR – Impose additional sales and use tax on certain luxury property

Summary

This bill would impose an additional five percent sales and use tax on luxury passenger motor vehicles, vessels, aircraft, jewelry, fur clothing, and footwear over certain price thresholds as follows:

- Passenger motor vehicles to the extent the sale price exceeds $60,000;

- Vessels to the extent the sale price exceeds $200,000;

- Aircraft to the extent the sale price exceeds $500,000; and

- Jewelry or fur clothing and footwear, to the extent the sale price exceeds $20,000.

Budget Implications

Part RR would increase revenues by $12 million in SFY 2009-10 and $15 million thereafter.

Part SS – Create a comprehensive program to increase compliance with the Tax Law

Summary

This bill would create a comprehensive program to in order to encourage compliance with the Tax Law.

Specifically, the bill would:

- Require banks and other financial institutions to report annually the gross amount of bank settlements, cash deposits, and check deposits into accounts of registered sales tax vendors;

- Authorize the Commissioner of Taxation and Finance to use generally accepted statistical sampling techniques to perform audits for sales tax purposes. The bill would impose penalties on persons required to keep sales tax records:

    - For their failure to maintain these records;

    - When these records are actually maintained, for their failure to provide the records for the Department of Taxation and Finance's review in an auditable format; and

    - If the records are maintained in electronic format, for their failure to make the electronic records available and accessible for review by the Department.

- Increase penalties on taxpayers for failure to pay tax due to fraud, and on tax preparers for knowingly and purposefully assisting in the filing of clearly fraudulent tax returns. It also would impose a penalty on individuals for the submission of frivolous or fraudulent documents in connection with their personal obligation to pay personal income tax and create penalties for information return filers

- Provide an expedited hearing process in cases involving the cancellation, revocation, or suspension of a license, permit, registration, or other credential issued by the Department of Taxation and Finance, and in cases involving penalties for aiding or assisting in the filing of fraudulent tax documents.

- Enact a whistleblower statute for tax evasion, by authorizing the Commissioner of Taxation and Finance to pay awards for the reporting of information leading to the detection of substantial underpayments of tax or leading to the prosecution, conviction and punishment of persons guilty of violating, attempting to violate, or conspiring to violate provisions of the Tax Law.

- Change the last quarterly withholding filing date from February 28 to the last day of January

- Provide that a branch or office of a bank is not a separate bank for purposes of receipt of notification and compliance with a tax levy served on any branch or office of the same bank within New York.

- Treat tax crimes the same as comparable larceny charges and emphasize that a tax crime is a theft of State monies

- Allow criminal enforcement attorneys employed by the Department of Taxation and Finance to be appointed as special assistant district attorneys in state tax cases

- Clarify that the Voluntary Disclosure and Compliance Program would allow disclosure of return information to the Internal Revenue Service and other taxing authorities

- Increase the underpayment rate of interest to be paid on taxes and other amounts owed by taxpayers

- Decrease the overpayment rate of interest paid on refunds or credits owed to taxpayers

- Provide for an interest accrual date deferral and interest-free period for sales and use tax refunds or credits.

- Require certain third parties that transact business with sales tax vendors to file annual information returns

- Authorize the filing of all tax warrants by the Department of Taxation and Finance solely at the Department of State in order to affect liens and judgments against the real, personal, and other property of tax debtors.

- Apply the provisions regarding collection of sales and use taxes upon the sale of business assets in bulk to penalty and interest in addition to the tax itself.

Budget Implications

Part SS would preserve $234 million annually in State tax receipts and result in $85 million in additional annual State tax receipts.

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