Revenue-Raising and Cost-Saving Options		
Option	**Description**	**Value**
Federal Issue: Support the Call for Additional Fiscal Relief for the States	*At least 48 states are experiencing major budget shortfalls. We urge the NYS Congressional delegation to support additional fiscal relief for the states including the President's proposed 6-month extension of the increased Federal Medicaid Assistance Percentage (FMAP). In December, the US House of Representatives passed extensions of the Medicaid and education relief; and, similar proposals are now being considered by the US Senate. Since the states have to balance their budgets in good times and bad, it makes sense for the federal government to help the states to balance their budgets during recessions. This reduces the amount of economically harmful spending cuts that the states have to make during bad times.*	**$3 billion for state and local governments for the 6-month FMAP extension (for the state budget this means $1 billion in 2010-11 and $1 billion in 2011-12); the amount for the education fund is not yet determined**
Reform the Brownfield Clean-Up Program	*On July 23, 2008, Governor David A. Paterson signed into law legislation to reform certain aspects of the State's Brownfield Cleanup Program (BCP) which, among other things, provides tax credits in return for the cleanup and redevelopment of BCP sites. The principal reforms enacted in 2008 involved restructuring the tax credits to provide balance between the remediation and redevelopment credits. Even with these reforms, however, the cap on these tax credits is still set too high. New York and Connecticut have redevelopment incentives as well as cleanup incentives, while MA, NJ, PA, and VT only have cleanup incentives. The BCP tax credits should be more aligned with the amount of remediation and the level of clean up that is done and less with the cost of redevelopment. The major problem with the BCP is that many projects that were "grandfathered" at the time of the 2008 reforms are still scheduled to receive exorbitant redevelopment credits which could cost the state billions. A June 2008 report by the Comptroller estimated that current projects could cost the state $3 billion. This program needs to be further reformed so that state taxpayers are not excessively subsidizing the construction of lavish buildings on former brownfields sites.*	**approximately $300 million**
Eliminate the Empire Zone Program	*The Empire Zone program should be allowed to sunset in 2010 as currently scheduled. When fully phased out, this will save the state approximately $600 million per year. This program has proven to be ineffective and fraught with abuse, and the Better Choice Budget campaign has advocated its elimination for years. The governor states that the new program that he is proposing as a replacement for the Empire Zones program is more effectively linked to job creation than the current program. The need for such a new program is questionable given the existence of the state's extensive network of local Industrial Development Agencies (IDAs) which are themselves in need of significant reforms.*	**$600 million a year when fully phased out**
Reduce Contracting Out to "For Profit" Private Consultants	*In SFY 2008-09, the state spent $2.9 billion on consultants and paid them at an average annual rate of $160,719. Consultants charge 62% more than state employees who do the same work including the cost of state employee benefits. The state should reduce its use of high priced consultants before any state employees lose their jobs or pay. Replacing half of these consultants with state employees will save the state over $656 million over the next three years.*	**approximately $200 million a year**
Use New Yorks State's Purchasing Power to Get Better Prices on Prescription Drugs	*Language included in previous state budgets authorizes the Commissioner of Health to negotiate directly with drug companies for better prices for all state government purchasers of prescription drugs. New York State currently spends approximately $6.5 billion a year on prescription drugs for the Medicaid program and an addition $1 billion on the EPIC program. New York should use its purchasing power to get lower prices. New York could save hundreds of millions if it were able to buy drugs for just a couple of percent less than it currently does. The Progressive States Network also has model state legislation for reining in prescription drug costs.*	**approximately $200**

Revenue-Raising and Cost-Saving Options		
Option	**Description**	**Value**
Temporarily Add a $1 Million Bracket to the Personal Income Tax	*In 2009, New York State added two temporary brackets (for 2009, 2010 and 2011) to the State's Personal Income Tax: (1) an increase of 1% for single taxpayers with taxable incomes above $200,000 and married couples with taxable incomes above $300,000, and (2) an additional 1.12% for taxpayers with taxable incomes above $500,000. Adding an additional 1% bracket, for 2010 and 2011, for taxpayers with taxable incomes over $1 million a year, would raise $ 1 billion a year or more.*	**$1 billion**
Increase the Excise Tax on Cigarettes by $1	*The excise tax on cigarettes has been part of NYS's successful strategy for reducing the number of New Yorkers who smoke. Smoking has been proven to cause various illnesses, including cancer and heart diseases. Currently, the number of smokers is at its lowest point on record. This proposal would raise $200 million and reduce smoking by 14% according to Governor Paterson's FY 2011 Executive Budget.*	**$200 million**
Collect Taxes Due on Cigarettes	*The impact of price on cigarette consumption is well documented. The more expensive the product, the more people who quit smoking. The good news is that NYS now has one of the highest cigarette taxes in the nation at $2.75 per pack. But there's a problem. Hundreds of millions of dollars in cigarette taxes aren't being collected. New York has been unable or unwilling to collect taxes on tobacco products sold to non-Native Americans at or through Native American retail outlets. This creates both a significant public health problem and an economic burden for all New Yorkers. But a new law allows the state to put an end to this public health embarrassment by collecting all cigarette taxes before the products reach the reservations. Native Americans would be provided with coupons to purchase tax free cigarettes while the taxes due would be collected on sales to non-Native Americans.*	**approximately $500 million**
Adopt the Soda Tax	*A 1 cent per ounce tax on sugary drinks could result in an additional $1 billion in state revenue. Each New Yorker, on average, now drinks the equivalent of 11 cans of soda a week, up from five cans a week in 1970. Three of the six additional sodas per capita are sweetened with sugar. Three cans per week adds up to "13 more pounds of straight sugar" a year according to Dr. Richard Daines, the NYS Health Commissioner. That's about 21,000 calories worth of sugar. Daines also points out that 34% of NY children are overweight or obese. As part of 2010-11 Executive Budget, Gov. Paterson has proposed a syrup/sugar tax on sugar-sweetened drinks that would raise $465 million during 2010-11 and $1 billion a year in 2011-12 and thereafter.*	**$465 million in 2010-11 and $1 billion per year thereafter**
Enact a Plastic Bag Tax	*In an effort to reduce the use of plastic bags in New York, the state government should institute a per bag tax. New Yorkers currently use approximately 6.3 billion plastic bags per year with the average person in NYS using approximately 333 plastic bags per year. While a small percentage of these bags get recycled most are simply thrown away. This tax is an excellent way to help the environment while generating needed revenue. Other countries, states and cities already have this type of tax. Most notably, Ireland, with a charge of .33 cents per bag, has virtually eliminated the use of such bags. Mayor Bloomberg tried unsuccessfully to establish a .05 cent tax per bag in NYC.*	**$340 million with a 5 cent per bag tax**
Temporarily Reduce the Stock Transfer Tax Rebate to 80%	*The stock transfer tax is basically a sales tax on the transfer of shares of stock with a number of exemptions including an exemption for the original issuance of stock . This tax has been in effect since 1915 but it is currently handed right back to those who pay it, in the form of a 100% rebate. The rebate started at 30% in 1979; was increased to 60% in 1980 and then to 100% in 1981. The 100% rebate curently costs about $16 billion a year. Temporarily reducing this rebate to 80% would produce approximately $3.2 billion annually in state revenue. In order to discourage speculation, consideration should also be given to tying the underlying tax rate to a person's trading volume with the lower the trading volume, the lower the tax. This would lessen the frenzied volatility that caused many of Wall Street's problems in recent decades.*	**$3.2 billion**

Revenue-Raising and Cost-Saving Options		
Option	**Description**	**Value**
Enact a Severance Tax on Marcellus Shale Natural Gas Extractions	*Most states with significant mineral resources levy a tax on the extraction of those resources. State severance taxes compensate state residents for the extraction of valuable mineral resources. "IF" drilling for natural gas is allowed in the Southern Tier of NYS, a severance tax would have substantial benefits and few drawbacks. Since NYS is one of the few states in the nation with possibly significant mineral wealth that does not have a severance tax, establishing such a tax will not make NYS uncompetitive. The creation of a severance tax could compensate state and local governments for the costs associated with natural gas production, provide funds to mitigate potential environmental hazards, and serve as a valuable source of revenue. The tax would be paid by oil and gas developers, many of whom are from out-of-state. The Governor has proposed a 3 percent tax on natural-gas producers in the Marcellus and Utica Shale formation in the Southern Tier and central New York using a horizontal well. The state doesn't expect any revenue in the 2010-11 fiscal year, but estimates $1 million in the following fiscal year. Given the potential damages involved , this tax should be established at a much higher tax rate. New York should work with the state of Pennsylvania to ensure that the two states' taxes are similar in their rates and application.*	**$100 million conservatively**
Increase Annual Filing Fees for Large Limited Liability Companies (LLCs) and Other Large Partnerships	*New York State has imposed an annual Limited Liability Company (LLC) filing fee since 1994. Prior to 2008, this fee was assessed on a $50 per member basis with a minimum fee of $325 and a maximum fee of $10,000. In 2003, the maximum Limited Liability Company (LLC) filing fee was temporarily increased from $10,000 to $25,000. Initially authorized for two years and then extended for two more, this higher maximum fee was in effect for tax years 2003 through 2006. Filing fee collections, which are paid as part of New York State's Personal Income Tax, increased from $26.5 million in 2002 to an average of about $72 million for 2003 through 2006. In 2008, the "per member" fee system was replaced with a sliding-scale fee schedule based on each LLC's New York Source Gross Income. As part of this change, the maximum annual filing fee was reduced to $4,500, with this fee level applying to LLCs with New York Source Gross income of more than $25 million. The 2008 changes also applied similar fee structures to the calculation of the fixed dollar minimum (FDM) tax for S and C corporations. In 2009, annual filing fees were established for non-LLC partnerships with New York Source Income at or above $1 million, on the same fee structure as for LLCs. New York State should add several additional brackets at the top end of the current graduated fee structure. It should also restore the $25,000 maximum filing fee and have it apply to both LLCs and other partnerships with New York Source Gross Income over some very high threshold such as $100 million. Given the number and size of the LLCs and partnerships in New York, such a change might generate $50 million to $100 million in additional revenue.*	**$50 to $100 million**
Tax the New York Source Management Fees of Nonresident Hedge Fund Managers	*In his 2010-11 Executive Budget, Gov. Paterson proposed to expand the nonresident personal income tax to include income received from New York source hedge fund management fees. As the Governor's 2010-11 proposal explained only a small portion of such income is currently taxed. This proposal would result in equal treatment of this income for residents and nonresidents.*	**$60 million**
Extend sales tax to services not currently covered	*NYS should consider extending the sales tax to some of the services that are currently exempt from sales taxation. This could include accounting services, healthclubs, etc..*	**depends on the items covered**
Adopt Corporate Tax Disclosure	*Corporate tax disclosure should be adopted for publicly traded firms subject to taxation under the income taxes for banks (Article 32) and other business corporations (Article 9-A) and any successor taxes.*	

Revenue-Raising and Cost-Saving Options		
Option	**Description**	**Value**
Stop the Growth in Multi-State and Multi-National Corporations' "Nowhere Income"	*The amount of so-called "nowhere income" (corporate income that is not taxable by any state) is growing rapidly as a result of the interaction of (1) PL 86-272, a federal law which prohibits a state government from taxing any portion of the income of a corporation that has sales in that state (even if those sales are in the tens or hundreds of millions of dollars a year) but no payroll or property, and (2) the adoption by an increasing number of states of Single Sales Factor Apportionment (SSFA) for their corporate income taxes. Until PL 86-272 is repealed or substantially reformed, New York State should adopt a throwback rule. Alternatively, NYS should suspend its use of SSFA until PL 86-272 is repealed or revised enough to ensure that SSFA does not result in a huge amount of "nowhere income." In addition, the NYS Department of Taxation & Finance should be required to do a detailed analysis of the revenue and distributional impacts of SSFA and a temporary commission to evaluate the impact of SSFA should be established.*	
Tie More of the State's Lucrative Investment Tax Credits to the Creation and Retention of Jobs in New York State	*The rates of many NYS tax credits, particularly the state's Investment Tax Credit (ITC) and the related Employment Incentive Credit (EIC), are set so high relative to the corporate income tax rate that there is a huge and growing bank of unused tax credits being carried forward bu business corporations. This situation should be addressed by (1) changing the limit on the carry forward of unused tax credits back to the 5-year limit that was contained in New York State's 1987 corporate tax reform law; and (2) reducing the amount of ITC/EIC that can be earned with no employment test and increasing the amount that is based on increasing and then retaining jobs in the state. NYS should also establish a moratorium on the creation of any new business tax credits until a thorough review is completed of the state's existing credits and appropriate reforms are enacted.*	
Limit Banks' Bad Debt Deductions to Bad Debts	*This deduction would conform New York to federal rules and to the practices of other states that allow banks to deduct only those bad debts that have been actually written-off by the bank as bad debts. Currently, New York banks are allowed to take bad debt deductions based on their estimates of debts that are expected to become worthless in the future, thus providing a deduction for debts before they actually become "bad" or uncollectible. This approach generally inflates the amount of the deduction and thereby reduces taxable income.*	**$25 million**
Reform the Taxation of Banks' Subsidiary Capital	*This proposal would require the add back of expenses related to subsidiary capital under the bank tax, and eliminate the 20 percent reduction in the wage factor portion of the apportionment formula. Eliminating this discounting of the wage factor would ensure that a bank's tax liability appropriately reflects that bank's level of activity and presence in New York. Under current law, bank taxpayers are allowed to deduct 17 percent of interest income from subsidiary capital, 60 percent of dividend income and net gains from subsidiary capital, and 22.5 percent of income from government obligations from income subject to tax. However, unlike corporate taxpayers that are allowed similar deductions, bank taxpayers are not required to add back to income the expenses related to these deductions. In addition, banks use a three-factor formula of wages, deposits and receipts to apportion income to New York. Under current law, however, the wage factor is discounted such that only 80 percent (rather than 100 percent) of the bank's total New York wages are included in the apportionment formula.*	**$35 million**
Ensure that the Tax Exemption for Cooperative Insurance Companies is Limited to Its Intended Purposes	*This proposal would limit the exemption under the insurance tax for cooperative insurance companies. This proposal would ensure that insurance companies that provide the same types of services are treated equally under the Tax Law. It would also deny this exemption to companies that have expanded their activities beyond those intended for eligibility for the tax exemption and remove the unfair advantage afforded to these companies under current law.*	**$23 million**

Revenue-Raising and Cost-Saving Options		
Option	**Description**	**Value**
Tax the Full Cost of Remote Booking of Hotel Occupancy	*NYS should require travel companies that rent hotel rooms online or by telephone to collect the sales tax on the markups and service fees charged to customers. When the travel company books the room, it pays the hotel for all applicable taxes based on this discounted price and the hotel remits the sales tax to the State. The travel company then places additional service fees and markups on top of this discounted price and bills its customers. No State or local tax is currently collected on these fees or markups.*	**$15 million**
Refinance State Debt to Take Advantage of Lower Interest Rates	*The Senate Majority estimates that refinancing the state's outstanding tobacco settlement securitization bonds alone could save as much as $500 million. New York City has saved over $200 million recently.*	**$500 million**
Implement Energy Savings in Schools and State Agencies	*NYSERDA estimates that the Energy Smart Schools Program could reduce by up to 30% the $1 billion a year that taxpayers now spend on energy for schools. Additional savings could be realized by increasing participation in statewide energy efficiency programs such as purchasing "green" products and services directly through the state and using available low interest loans to purchase "green" products and implement "green" policies.*	**$200 million**
Increase and equalize the excise tax on alcoholic beverages	*NYS should tax all kinds of alcoholic beverages the same and raise the tax on alcoholic beverages by 10 cents per drink (including liquor, wine and beer).*	**$500 million**
Improve Audit and Compliance	*Increase tax compliance staff by more than 330 positions to ensure that a greater portion of taxes due are actually collected, as proposed by Governor Paterson's FY 2011 Executive Budget.*	**$221 million**