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Gov. Cuomo Begins His Campaign

By THE EDITORIAL BOARD JAN. 8, 2014

Gov. Andrew Cuomo's State of the State address on Wednesday was a campaign speech for re-election in both style and substance. Whether the policies he laid out are good for the people of New York is another matter. Mr. Cuomo proudly recounted his successes — on-time budgets, marriage equality, gun control. But the centerpiece was his plan to cut taxes by \$2 billion over the next three years.

This is undoubtedly good politics. The anti-tax, pro-business label could help his campaign for re-election, especially in conservative areas upstate and outside New York City. But his proposals, which tilt too heavily in favor of the wealthy, could mean less money for education, housing and other vital state services.

The Cuomo tax cuts do offer some modest relief to middle-class New Yorkers. A tax rebate for renters making less than \$100,000 a year could help many residents in New York City. He would give property tax credits to homeowners earning less than \$200,000; though this policy would be better if it provided more relief to those earning less money.

He also proposes that homeowners get a property tax "freeze" (essentially a tax rebate) if their local governments limit tax increases to 2 percent a year and begin consolidating services to save money.

The plan's broad tax cuts, however, could reduce public services in poor communities, especially those outside New York City where the 2 percent property tax cap championed by Mr. Cuomo has been in effect since 2011.

With Mayor Bill de Blasio of New York City sitting in the audience, Mr. Cuomo mentioned the need for universal prekindergarten — a top priority for

Mr. de Blasio. But the governor has repeatedly shied away from the mayor's plan to tax the rich to pay for it.

Instead, Mr. Cuomo wants to give a big tax break to the wealthiest New Yorkers. His plan would reduce estate tax rates from the current 16 percent to 10 percent, and raise the state estate tax exemption from \$1 million to the current federal level of \$5.25 million by 2019. Those changes would deprive the state of more than \$500 million in revenues a year, according to James Parrott of the Fiscal Policy Institute, a progressive think tank. To balance this wrongheaded fiscal plan, Mr. Cuomo announced a \$2 billion bond referendum to buy equipment like laptops and install high-speed broadband in schools. He vowed to redevelop and modernize LaGuardia and John F. Kennedy airports. He promised full scholarships for top math and science students, bonuses for teachers and more low-cost housing. It is not clear how he would pay for all these enticing programs and cut taxes as well.

He said he would prepare the state for the next Hurricane Sandy using primarily federal dollars and would promote women's rights, including abortion rights. Citing reports of "bad acts" by Albany politicians, he once again proposed ethics reform but barely mentioned reforming New York's scandalous campaign financing system.

But cutting taxes and helping businesses and the well-off was at the heart of this political agenda. The New York tax code is cumbersome, often unfair and in need of reform. More than a year ago, Mr. Cuomo appointed a Tax Reform and Fairness Commission led by Peter Solomon, an investment banker, and former Comptroller Carl McCall. That group put out a wide-ranging reform plan that would streamline the tax code, but it was also designed to keep tax revenues at about the same level. Mr. Cuomo's proposal has few of those elements.

Again and again, Mr. Cuomo has said he wants to end New York's reputation as a high-tax state. The question now is whether he can do that without making life worse for communities staggering through hard times.

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