



The Voice of the Human Services Community

REVENUE/SAVINGS OPTIONS FOR CONSIDERATION

HSC currently supports the following, all of which are included in the Governor's proposal:

\$1 B Sugary Beverage Tax

- Curtailing growing obesity rates in NY children by adding a 1 cent per ounce tax on sugary beverages.
- A 1 cent per ounce tax on sugary soft drinks could result in an additional \$1 billion in revenue. The basic argument is that each New Yorker 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 Doctor Richard Daines (NYS Department of Health Commissioner). That's about 21,000 calories worth of sugar. Daines also points out that 34% of NY children are overweight or obese. This year, Gov. Paterson proposed adding a syrup/sugar tax on sugar-sweetened drinks (raising \$400+ million this year a billion next) as part of a package of spending cuts and tax hikes aimed at closing the state's yawning budget gap

\$200 mm Cigarette Excise Tax

- Increase the excise tax on cigarettes by \$1.
- The excise tax has been part of the State's successful strategy to reduce 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 raises \$200 million and reduces smoking by 14%. (Governor Paterson's FY 2011 proposed budget).

\$ 59 mm Prison Closures

- Support the closing of prisons. The prison population is projected to decline by 1,100 inmates in the current fiscal year and by another 1,000 in FY11. The closure of four prisons in 2011 will create a savings of \$7 mm in FY11 and \$52 mm in FY12.

\$ 2.9 mm Rightsizing Juvenile Justice Facilities

- Support the closing of juvenile justice residential facilities. In total, 180 residential beds are proposed to be eliminated as well as 251 full time equivalent positions. Two facilities will reduce beds and one will close and merge with another facilities. Anticipated savings from the rightsizing of 3 facilities is \$2.9 mm in FY11.

HSC Supports the following additional revenue options:

\$600 mm Eliminate Empire Zone Program

- Making economic development/tax credit programs like Industrial Development Agencies (IDAs) and the Brownfield Clean Up Program more effective and accountable. And allowing the Empire Zones Program to expire.
- Empire Zone program sunsets in 2010 and should be eliminated in its current form. This would save the state approximately \$600 million per year. This program has proven to be ineffective and fraught with abuse. We have advocated its elimination for years. The governor is proposing a new program to replace it that he states is more linked to job creation than the current program. We already have IDAs at the local level (that also need to be reformed) but would serve the same function as a statewide program.

\$340 mm Plastic Bag Tax

- Helping the environment by a minimal plastic bag tax that reduces the use of 6.3 billion bags in NYS each year.
- In an effort to reduce the use of plastic bags in our state we could institute a per bag tax. The average person in NYS uses 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 and generate dollars for the state. Other countries/states/cities already have this type of tax (most notably San Francisco – and Ireland charges .33 cents for each bag) and Mayor Bloomberg tried to get a .05 cent tax per bag enacted in NYC. The Mayors efforts were in vain as the state would not approve such a tax at the time. It is estimated that a tax of between .05 cents and .25 cents would generate between \$340 million and \$3 billion. New Yorkers currently use approximately 6.3 billion plastic bags per year.

\$200 mm Energy Smart Schools Program

- Save Energy in Schools and State Agencies by implementing the Energy Smart Schools Program and reducing school energy bills by 30%.
- NYSEDA estimates that the Energy Smart Schools Program energy bills can be reduced up to 30%. New York taxpayers spend \$1 billion on energy for schools. Energy Smart Schools Program could save \$200 million. In addition, increase participation in statewide energy efficiency programs through collaborative efforts of state entities such as: Purchasing “green” products and services directly through the state using the low interest loans available to purchase green products and implement green policies.

\$200-\$500 mm Bulk Purchase of Pharmaceuticals

- Lowering prescription drug prices for state and local governments and New York consumers by using New York’s purchasing power to negotiate fair deals with the drug companies.
- Language inserted into last year’s budget allows the Department of Health to negotiate directly with drug companies for lower cost drugs. According to recent studies, New Yorkers spend over \$20 billion a year on prescription drugs. Approximately \$4 billion (or more) of this spending is in the Medicaid program. We should use our purchasing power to force drug companies to provide us with lower cost drugs. We could save

hundreds of millions or more if we were able to get drugs for what the federal government currently pays. The Progressive States Network has model legislation for states that are attempting to reign in prescription drug costs.

\$300 mm Reform Brownfield Clean-Up Program

- Reform Brownfield Clean-Up Program so that exorbitant redevelopment credits are not provided and credits are aligned with the amount of remediation and level of clean up that happens, rather than the cost of redevelopment.
- On July 23, 2008, Governor David A. Paterson signed into law legislation to reform certain aspects of the State's Brownfield programs. This legislation amends Chapter 1 of the Laws of 2003, which established the Brownfield Cleanup Program (BCP). The BCP, among other things, provides BCP tax credits in return for the cleanup and redevelopment of BCP sites. The principal reforms enacted relate to restructuring the tax credits to provide balance between remediation and redevelopment credits. Legislation was passed in 2008, but the cap for tax credits is still set too high. In a report by the Comptroller in June 2008, current projects could cost the state \$3 billion. New York and Connecticut have redevelopment incentives as well as cleanup incentives, while MA, NJ, PA, and VT only have cleanup incentives. Tax credits should be more aligned with the amount of remediation and level of clean up that happens, rather than the cost of redevelopment. The problem remains that many programs that were grandfathered in to the program prior to the changes will still receive exorbitant redevelopment credits which could cost the state billions. This program needs to be further reformed so we are not excessively subsidizing redevelopment.

\$500 mm Refinance State Debt

- Take advantage of Lower Interest Rates to Refinance State Debt.
- 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 mm Tax Stabilization Reserve Fund

- Using the Tax Stabilization Reserve Fund (TSRF) to cover the Governor's anticipated \$500 million gap in this year's budget rather than rolling it over to 2010-11. The TSRF is specifically for such end-of-year shortfalls.