

TUESDAY, MARCH 31, 2020

9:06 P.M.

ACTING SPEAKER AUBRY: The House will come to order.

In the absence of clergy, let us pause for a moment of silence.

(Whereupon, a moment of silence was observed.)

Visitors are invited to join the members in the Pledge of Allegiance.

(Whereupon, Acting Speaker Aubry led visitors and members in the Pledge of Allegiance.)

A quorum being present, the Clerk will read the Journal of Monday, March 30th.

Mrs. Peoples-Stokes.

MRS. PEOPLES-STOKES: Mr. Speaker, I move

that we dispense with the further reading of the Journal of March the 30th and ask that the same stand approved.

ACTING SPEAKER AUBRY: Without objection, so ordered.

Mrs. Peoples-Stokes.

MRS. PEOPLES-STOKES: Mr. Speaker and colleagues in and around the Capitol, just so that we keep some form of normalcy, we will continue to give a quote for the day. Today our quote comes from our 16th President of the United States, Abraham Lincoln. And he leaves these words with us today that I think are real appropriate for the times that we're in. And they are, *I am a firm believer in the people. If given the truth, they can depend upon to meet a national crisis. The great point is to bring them the real facts.* In other words, Mr. Lincoln at the time was putting huge value in the people of the United States because he was able to share the truth during a crisis. I think that's exactly what we're doing and looking for in this crisis that we experience now. So we thank our former President for those comments and we look forward to the same sort of truths in 2020.

With that Mr. Speaker, I will say thank you to the members who -- for their cooperation on yesterday because it -- it was different on yesterday and I want to thank folks for their cooperation on both sides of the aisle, and I want to ask members for their continued patience as we charter through some times that we've never, ever seen before. And to that end, we've had already today, Mr.

Speaker, the Ways and Means and Rules Committees and they have produced an A-Calendar, which there is a bill, the Debt Service bill, A.9502, that we will take up today.

Mr. Speaker, I would like to just take a moment to review our new procedures for the day in addition to the limit of 30 people in our Chamber at one time. I will review the rules which we will operate under given our adoption of a procedural resolution on yesterday. On debate, all members will have the ability to speak on the bill or ask questions for 15 minutes. To minimize the number of people on the floor at one time, members who wish to debate are asked to notify their respective floor leaders - Mr. Goodell over here, Member Peoples-Stokes over here - so that members may be called over to the floor and recognized by you, Mr. Speaker, in an organized manner. We ask that once a member has completed their debate, the member exit the Chambers to allow other members to have access for the purposes of either explaining their vote and/or debating the bill. Votes will be cast on a fast roll call. Every member who is here and has swiped into the attendance base will be recorded as a yes vote for the final passage of each bill unless the member comes to the Chamber to record a no vote. We will leave the roll open for sufficient period of time to allow members access to do exactly that. Members should come to the floor to cast a no vote, and if they desire to explain their vote they should have that opportunity as well.

Mr. Speaker, I believe that we are ready to proceed now, and before us is A-Calendar 9502.

ACTING SPEAKER AUBRY: On Mrs. Peoples-Stokes' motion, the A-Calendar is advanced.

The Clerk will read.

THE CLERK: Assembly No. A09502, Rules Report No. 15, Budget Bill. An act making appropriations for the legal requirements of the State debt service and lease purchase payments and other special contractual obligations.

ACTING SPEAKER AUBRY: On a motion by Mrs. Peoples-Stokes, the Senate bill is advanced.

Mr. Ra.

MR. RA: Thank you, Mr. Speaker. Will Mrs. Peoples-Stokes yield? I'm sorry, is that who's answering questions?

ACTING SPEAKER AUBRY: Mrs. Peoples-Stokes, will you yield?

MRS. PEOPLES-STOKES: Yes, Mr. Speaker, I will.

ACTING SPEAKER AUBRY: The member yields.

MR. RA: Thank you very much. I just -- I have a few questions on this bill in particular, but since this is the first of our budget bills, and as I think Ms. Glick said in Ways and Means earlier, *It's the beginning of the beginning*, quoting our great former Chair, Denny Farrell. The overall picture of this budget, do we have any sense of what the overall financial plan is and what this budget is going to spend in total?

MRS. PEOPLES-STOKES: Actually, I -- I do not have an overall picture of how the budget will look. Actually before

us today what I do have is an overall picture of how our debt service obligations will be handled.

MR. RA: Okay. So let's -- let's go to that then. How much is appropriated in this bill for debt service?

MRS. PEOPLES-STOKES: In this bill for debt service, the appropriation is \$11.2 billion. It's an increase of \$1.1 billion over last fiscal year.

MR. RA: Okay. And I know we don't have a complete financial plan yet, but do we know how much we anticipate, cash, being behind, you know, those debt service payments?

MRS. PEOPLES-STOKES: We anticipate \$6. -- \$6 billion, an increase of \$847 million over last fiscal year.

MR. RA: Do we have an agreement at this point on how much the total outstanding debt will be for 2020-2021 fiscal year?

MRS. PEOPLES-STOKES: Our outstanding debt for this year is estimated at \$60.2 billion, an increase of \$3.4 billion over last fiscal year.

MR. RA: Okay. And how much do we have remaining under the debt outstanding cap this year?

MRS. PEOPLES-STOKES: I'm sorry, could you repeat that?

MR. RA: How much do we have remaining under the debt outstanding cap for this year?

MRS. PEOPLES-STOKES: \$3.7 billion.

MR. RA: And in what year will the debt outstanding cap reach its lowest capacity and what is that number?

MRS. PEOPLES-STOKES: Fiscal year 2024. And \$28 million.

MR. RA: Okay. I know that there's been some talk as we come into this budget process because of the current situation and delays in some revenue coming to the State and obviously reductions in our revenue of the need for short-term borrowing for the State. Is there any short-term borrowing in this bill?

MRS. PEOPLES-STOKES: There is no short-term borrowing in this bill.

MR. RA: Do we anticipate short-term borrowing in a -- in a future bill that we'll be taking up within this budget process?

MRS. PEOPLES-STOKES: I suspect we can anticipate that, Mr. Ra.

MR. RA: Okay. In terms of the Debt Reduction Reserve Fund, is there any cash to support the \$500 million appropriation for the Debt Reduction Reserve Fund?

MRS. PEOPLES-STOKES: Is there any chance -- say that again, please.

MR. RA: Is there any cash to back up the \$500 million appropriation for the Debt Service -- the Debt Reduction Reserve Fund?

MRS. PEOPLES-STOKES: There is not.

MR. RA: Does the State have any cash funds

available to help support any debt management needs that may arise in the -- in the next year?

(Pause)

MRS. PEOPLES-STOKES: Closing Fund balance, there's \$500 million.

MR. RA: Okay. In terms of -- and -- and really as a result of the current situation, are there fears regarding, you know, having the flexibility to issue the debt that's being proposed in -- in this budget that we'll be voting on, given that our -- our bonds are backed up by personal income tax and sales tax receipts, which we're experiencing a very large reduction in?

MRS. PEOPLES-STOKES: I would say that, yes, there are concerns about that, Mr. Ra, as there are concerns about coronavirus in general and its impact just not on our economy, but on the bond market as well.

MR. RA: And in terms of the impact that, you know, that volatility in those receipts could have on our -- on our debt and -- and on our ability to handle our debt, many people are out of work right now, not receiving paychecks, and that is likely going to, you know, cause a decrease in our personal income rather than an increase which, you know, really just a month, six weeks ago, we were -- we were projecting. So how do -- how do we ensure -- or is there any actions being taken to ensure that we don't breach any of our debt caps this year in the future from a decrease in our personal income tax receipts?

MRS. PEOPLES-STOKES: Mr. Ra, it is not in this particular bill, but as you so well noted, it is something that we do have to pay attention to as a State. So, you will see that in a future budget bill.

MR. RA: Okay. Thank you. And the Executive Budget proposed a package of statutory and administrative reforms in order to be able to issue the amount of debt proposed over the five-year Capital Plan. Do we know if these are what the enacted budget package will follow?

(Pause)

MRS. PEOPLES-STOKES: There's no question that there is going to be a lot of detailed effort going into how do -- how do we move the State's fiscal issues forward in the midst of this crisis. So, Mr. Ra, yes. There are ongoing discussions on how that will look and it will be in a future budget bill.

MR. RA: Okay. And part of that plan was to add \$1.2 billion in hard-dollar resources to fund Capital Projects. Obviously, there is much speculation as to what our ultimate hit is in our -- in our revenues. And with that, you know, going on, is -- is that still anticipated or is it -- or would it be more fiscally responsible to use those cash resources to help with our -- our immediate economic needs?

MRS. PEOPLES-STOKES: I think because there are so many capital needs throughout our State that it's probably a combination of both, Mr. Ra.

MR. RA: Thank you very much.

Mr. Speaker, on the bill.

ACTING SPEAKER AUBRY: On the bill, Mr. Ra.

MR. RA: Thank you. I certainly want to thank the Majority Leader for -- for answering those questions. My -- my first time through this process on -- as Ranker and, you know, I'm -- I'm thankful for her -- her courtesies. Certainly, I send my best wishes to Chair Weinstein and, you know, we hope that in -- in the coming months, you know, we'll -- we'll-- see her back here and -- and well. These are obviously topics in this particular bill that are somewhat - I don't know, for lack of a better word - "geeky" topics, stuff that we have to deal with as a State to -- I can say that because I consider myself a little bit of a geek -- but, you know, things we have to consider as a State when we look at our debt. And I know that this is something that many of us on our side of the aisle and I'm sure many on the other side of the aisle have a concern with, the amount of debt that our State has issued in the past. Sometimes the manner in which we go out for the debt that doesn't seem to always be kind of by the book, by the Constitution, which requires debt on behalf of the State to be approved by -- by the voters. But at the same time, we are in times that are really unprecedented. And one of the most important things we need to do in this budget is be fiscally responsible and make sure that we don't do anything that is going to jeopardize the fiscal stability of our State going forward. You know, yes, we need to do everything we can to provide resources to those on the frontlines

fighting this virus. Yes, we need to do what we can to help, you know, our struggling businesses. Yes, we need to do everything we can to preserve all the resources we can for -- for our hospitals and for our schools. But this is the first budget bill, and it's one where I think we send a message to the financial markets that we make good on our debt.

And, you know, for that reason, I have many objections to -- to the budget bills that will be forthcoming if -- if a lot of the rumors are true about different things that may be inserted into them. But -- but on -- on this particular bill I'm going to be voting in -- in the affirmative. I think that while I don't agree with much of the debt, I think that, you know, extraordinary times, you know, call for us to -- to be responsible on behalf of our -- our State. And I -- and I again thank the Majority Leader for taking the time to answer the questions, and I look forward to, over the next day or -- or days, hopefully coming together on a responsible budget that hopefully focuses on the current needs of our State and not just on, you know, political needs that -- that some might want to put on the table, you know, for -- for whatever purposes.

Thank you.

ACTING SPEAKER AUBRY: Thank you, sir, and thank you for your kind remarks for our Chair of Ways and Means.

Mr. Walczyk.

MR. WALCZYK: Thank you, Mr. Speaker. I'm wondering if the Madam Majority Leader will yield.

ACTING SPEAKER AUBRY: Madam Majority Leader, will you yield?

MRS. PEOPLES-STOKES: Of course I will, Mr. Speaker.

MR. WALCZYK: Thanks so much. Always nice to have a dialogue with you and I look forward to having a spirited debate throughout this budget process. I think this is a good opportunity to get some of the lay of the land. And maybe you could start us off by mentioning how much has the State Operating Budget increased over the last ten years?

MRS. PEOPLES-STOKES: Mr. Walczyk, if I could share that with you perhaps on tomorrow or the next day when we're dealing with the entire State Operating Budget I would be happy to do that. But the data that -- the bill that we have before us is the Debt Service Bill, and I'm happy to explain any issues that you may have with that.

MR. WALCZYK: Sure. I -- I appreciate that. And -- and just for the -- for the record, the State Operating Budget has gone up 26.8 percent over the last decade, contrary to some of the talking points that are out there. Madam Majority Leader, do you know how much the All-Funds spending in the State of New York has increased over the same time period?

MRS. PEOPLES-STOKES: Mr. Walczyk, with all due respect, I think that's just the -- the question you just asked me. We have before us today the Debt Service Bill, which is 9502, and I

am prepared to answer any question as it relates to that as opposed to either All-Funds Budget or our entire appropriation budget for 2020.

MR. WALCZYK: Sure. I'll -- I'll -- I'll get to those very specific questions about this bill. I just wanted to use this opportunity to lay out some of the spending problems that New York State has had and sort of give the lay of the land of why we're in this debt problem to begin with. The All-Funds spending in the State of New York over the last decade has actually gone up 32 percent. So that's 32 percent over the last decade, contrary to some of the talking points that you'll hear out there.

Madam Majority Leader, if you'd continue to yield for a couple of more questions.

MRS. PEOPLES-STOKES: Of course I will.

MR. WALCZYK: How -- how much would the total budget be today if spending was at the rate of inflation over the -- over the last ten years? Do you know?

MRS. PEOPLES-STOKES: This bill that is before us today provides debt service payments for \$6.1 billion. Debt service payments in this bill are estimated to increase by \$846 million from the prior year and will remain in compliance with the limitations set forth by the Debt Reform Act of 2000. This bill is necessary for the State to make legally-required debt service payments on outstanding bonds and the new -- and the new State-supported bond issuances. Debt service pays the State's general obligation bonds, lease purchase agreements, special contractual payments and debt revenue financing

agreements. Debt service will remain under the debt cap for the State supported by bond payments of principal, interest and other related expenses. The debt service payments support \$60.2 billion in outstanding debt. State debt supports transportation, public protection, infrastructure SUNY, CUNY and other educational facilities, economic development projects, as well as housing and parks initiatives.

MR. WALCZYK: Thank you, Madam Majority Leader.

MRS. PEOPLES-STOKES: You're welcome.

MR. WALCZYK: Mr. Speaker, the -- the total debt today -- or the total budget today if over the last ten years we were increasing by the rate of inflation would be \$154 billion. And through you, if the sponsor would yield, I would ask her, what is this year's total budget, All-Funds?

MRS. PEOPLES-STOKES: Mr. Walczyk, I probably will have an answer for that for you on maybe tomorrow when the budget is complete. As I have stated previously to Mr. Ra and to you as well, the bill before us today is a Debt Service Bill. It does not necessarily deal with the entire budget. That is something that is still in the works and is anticipated to be done by hopefully tomorrow or the very next day.

MR. WALCZYK: I appreciate that. And on -- on Assembly Bill 9502, what is the total State-related debt for 2019-2020?

MRS. PEOPLES-STOKES: 2019 debt is...

(Pause)

\$60.3 billion.

MR. WALCZYK: Okay, so that would be the -- the debt for -- for this year. The 2019-20 was \$57 billion, and -- and that number is moving to \$60.3 billion in this fiscal year?

MRS. PEOPLES-STOKES: That is correct, sir.

MR. WALCZYK: Where does New York State rank in the nation when it comes to outstanding debt per state?

MRS. PEOPLES-STOKES: Well, I would say given that we're one of the largest and most populated states in the nation, I would say we're probably somewhere near the top of that.

MR. WALCZYK: You're -- you're a very intelligent woman, Madam Majority Leader. We rank Number 2.

I'm -- I'm wondering if you'll continue to yield. Will the increases in debt outpace projected rates of inflation over the next five years?

MRS. PEOPLES-STOKES: Sir, I -- I appreciate you commenting on my intellect. But you know, my -- my parents, actually my mom, would be very proud to hear you say that as well. She spent a lot of time and effort in making sure that my siblings and I not only did what we needed to do in school, but got to the library once a week. So your question, if it's not in regards to the Debt Service Bill that's before us, isn't -- isn't an appropriate question. So if you would restate it, I will either let you know it's inappropriate or I

will respond to it.

MR. WALCZYK: Yes, ma'am. I'm just trying to make sure that we're -- the debt in this State is not outpacing the rate of inflation. So what is the projection of debt for New York State over the next five years versus the rate of inflation in the United States or in New York State over the next five years?

MRS. PEOPLES-STOKES: Give us one second. We're going to look that up for you.

(Pause)

Well --

(Pause)

So, the debt is projected for the current year at \$56. some-odd billion, and for five years later we're looking at \$68. some-odd billion.

MR. WALCZYK: So the number that I've got, and that sounds about right, is about 3.8 percent over the next five years?

MRS. PEOPLES-STOKES: So, Mr. Walczyk, in other words, you're telling me you already knew what the number was but you just wanted to ask the question again and get it in public view?

(Pause)

Say yes.

MR. WALCZYK: I wanted to -- I wanted to make sure that the number that I had is consistent with --with the numbers that you're working off of.

MRS. PEOPLES-STOKES: It is consistent, sir.

MR. WALCZYK: Thank you. And the -- the number that I have for the United States - and this is a projection, I'm not sure if it's validated by the State Comptroller - is about 1 percent rate of inflation over the next five years. Is that -- is that also --

MRS. PEOPLES-STOKES: I -- (sidebar) -- I don't have that number, sir.

MR. WALCZYK: Thank you. The -- the line of questioning was designed to show that, in fact, where our debt is outpacing the rate of inflation. And if through you, Mr. Speaker, the sponsor would continue to yield.

MRS. PEOPLES-STOKES: Yes, of course.

MR. WALCZYK: Madam Majority Leader, what is the New York State's debt per -- per person?

MRS. PEOPLES-STOKES: Per person -- per person or per capita?

MR. WALCZYK: Per person. And I do have a number if you'd like to either validate it or...

MRS. PEOPLES-STOKES: I know you have the number, otherwise you wouldn't have asked the question. But we'll look it up for you.

MR. WALCZYK: Thank you.

(Pause)

MRS. PEOPLES-STOKES: In 2020 the current number is \$2,923.

MR. WALCZYK: Okay. The number that I have is slightly higher at \$3,300 per person, but they're in the -- in the same realm of thinking, I believe. I appreciate that.

MRS. PEOPLES-STOKES: Well, perhaps you might want to confer with our Ways and Means people and see if you can get those numbers to meet.

MR. WALCZYK: I will, and I'll check back with ours as well. Maybe we can get them to talk. That would be wonderful. Always is.

MRS. PEOPLES-STOKES: Awesome.

MR. WALCZYK: Madam Majority Leader, when -- when was this bill 9502 drafted or last amended?

MRS. PEOPLES-STOKES: Okay, so it was introduced in January, it was passed by the Senate a few weeks ago.

MR. WALCZYK: And since its date of introduction, has anything happened in the last few months that may impact the amount of debt that New York State is going to take on or should be prepared to take on?

MRS. PEOPLES-STOKES: You might be able to answer that one.

MR. WALCZYK: I could -- I could probably guess, and as you point out it's a rhetorical question. We know that we're not living in the same world today.

Mr. Speaker, on the bill. And thank you, Madam Majority Leader, for your time.

MRS. PEOPLES-STOKES: Thank you.

ACTING SPEAKER AUBRY: On the bill, Mr.

Walczyk.

MR. WALCZYK: When we started out this budget process we had \$6.1 billion in projected debt. We've heard numbers anywhere from \$10- to \$15 billion in lost revenue for New York State. I think that number is -- is on a sliding scale and going to continue to evolve as we fight this COVID-19 crisis. And I can't help but think about, you know, if -- what -- what would you tell a New Yorker who is out of work right now and has some credit card debt and they said, *Should I -- should I go to the bank, and how much should I ask the bank for a loan to cover this credit card payment that I've got to make?* I wouldn't know what to tell them today. And that's essentially what we're doing in this bill. We're saying, *Here's -- here's what we should borrow to pay our credit card bill for New York State while we continue to swipe in this State budget process.* We're -- we're saying, *How much are we prepared to borrow,* and we don't even know how much we're prepared to spend this year. I wouldn't know what to tell that individual or that household. And maybe I only have a Texas Instrument understanding of budget, but it seems like dollars and cents to me, and this bill doesn't make sense to me. New Yorkers are out of work, and we can't continue to swipe New York State's credit card and borrow on the backs of their grandchildren just so that we can continue with our political agendas here in Albany.

I will be voting no. Thank you for the time, Mr.

Speaker.

ACTING SPEAKER AUBRY: Thank you, sir.

Mr. Friend.

MR. FRIEND: Thank you, Mr. Speaker. Will the Madam Majority Leader yield for a few questions?

ACTING SPEAKER AUBRY: Mrs. Peoples-Stokes, will you yield?

MRS. PEOPLES-STOKES: Yes, of course, Mr.

Speaker.

ACTING SPEAKER AUBRY: The member yields.

MR. FRIEND: SolarCity, RiverBend, the Tesla Plant, multiple names for the same facility --

MRS. PEOPLES-STOKES: I'm sorry, can you speak right into the microphone?

MR. FRIEND: Sure thing. The plant that's up in Buffalo is referred to as SolarCity, RiverBend or the Tesla plant. I believe that we borrowed money, either the State or authorities. Do you know how much of that \$750 million is outstanding for that facility?

MRS. PEOPLES-STOKES: Actually, I do not. (Sidebar). I don't, but I will get that for you and get back to you, Mr. Friend.

MR. FRIEND: I would appreciate that. And I also believe that we purchased equipment for that facility. I don't have a total for the equipment purchased. But the same thing, if you could

get back to me on how much --

MRS. PEOPLES-STOKES: Would you like that number as well?

MR. FRIEND: Yes --

MRS. PEOPLES-STOKES: Okay, I will get that number for you.

MR. FRIEND: -- how much outstanding for the equipment, also. And that -- those are all my questions.

On the bill.

ACTING SPEAKER AUBRY: On the bill, sir.

MR. FRIEND: Thank you, Madam Majority Leader, for providing answers or providing answers in the future on SolarCity, RiverBend, Tesla. I appreciate that. But this Debt Service Bill that we're working on today is putting about \$6.1 billion in debt service payments. Of that \$6.1 billion we're looking at approximately \$4.3 billion that are paying on the principal. That -- that leaves \$1.8 billion to pay interest. \$1.8 billion, given the crisis we're going through currently with so many people out of work, could go an awful long way to provide support for those individuals. And we've done a lot to keep people in their homes, but at the same time, those people that are running apartment complexes or townhouses, renting out homes all across the State, they're calling us and saying that we can't make our ends meet by paying our utility payments, tax payments, paying for dishwashers, paying for the repair of the roof, paying to repair toilets. Things to keep all those individuals within our State in those

complexes for the next three months. And we've done nothing at this point to provide money for those individuals to keep those buildings functional. \$1.8 billion could go a long way to support those individuals. In this Debt Service Bill we're also supporting \$106.7 million for the Dedicated Highway Revenue Bond cash payment. Well, that's money that's coming from the Dedicated Bridge and Highway Trust Fund for payments and bond payments there that could be going back to our highways and bridges and culverts. \$106.7 million for a CHIPS program that's currently at \$460 million, give or take a few million. \$106 million. That's a pretty hefty amount of money that could support our local highways and bridges. Money -- money that could get people back to work and keep them working, improving our local roads and bridges and keeping the economy running.

State-related debt outstanding for 2019-20 is estimated to total \$57 billion and it's projected to grow to \$60.4 billion in 2020-21, an increase of \$3.4 billion or 6 percent. Voter-approved debt accounts for only 5.4 percent of State-related debt in the '20-21 budget for a total of \$3.2 billion outstanding. More than 95 percent of State-supported debt outstanding was issued by public authorities without voter approval. These authorities will issue 92.5 percent. 92.5 percent of total debt issuances over the five-year Capital Plan. New York State ranks as the second most indebted state behind California. According to the Comptroller, State-supported debt outstanding is projected to increase 3.8 percent annually for the next

five years, adding \$32.2 billion in new debt compared to only \$20.7 billion being retired. Again, that's \$32.2 billion in new debt and only \$20.7 billion being retired. During the same time period, debt issuances are projected to exceed retirements by 56 percent. New York's debt per capita, \$3,311 per person was ranked fifth-highest in the nation. State debt per capita is growing at a rate -- a higher rate; .8 percent, than the growth of the population, only .1 percent over the last ten years.

According to the Comptroller's Debt Impact Study of 2017, debt service costs have increased 53 percent over the last ten years. The study also states that New York follows Illinois with the second-highest debt service payments as a percentage of All-Funds receipts. This is an indicator of the amount of flexibility there is in a State's budget. Therefore, a large portion of New York's revenues are being used to pay down debt and does not provide the budget the ability to use cash for programmatic needs. That's really important, considering how many people were lobbying before us before the coronavirus epidemic hit. Our doors were open continuously with people pouring in saying that they needed more money in the budget. And here is a reason why: Rather -- but rather to keep up with increasing pace of debt issuances.

Like any family that has to manage their debt, I think we can do better, we need to do better, and I hope in the future this -- this epidemic that we're going through will force us to be more fiscally-conservative in the future. Thank you, Mr. Speaker, and

thank you, Madam Majority Leader.

ACTING SPEAKER AUBRY: Thank you, Mr. Friend.

Mr. Goodell.

(Pause)

Mr. Manktelow.

You have your light on, Mr. Manktelow?

MR. MANKTELOW: I do now, Mr. Speaker. Thank you, Mr. Speaker. Would the Madam Majority Speaker [sic] yield for a couple of questions?

ACTING SPEAKER AUBRY: Mrs. Peoples-Stokes, will you yield?

MRS. PEOPLES-STOKES: Of course, Mr. Speaker. I will yield.

ACTING SPEAKER AUBRY: The sponsor yields.

MR. MANKTELOW: Thank you so much, Madam, and I -- I look forward to talking with you again today. As my colleague just stated that according to the Debt Impact Study of 2017, we're about 53 percent increase over the last ten years as far as debt service to our State. And I was just wondering. Is there a long-term plan to alleviate this debt?

MRS. PEOPLES-STOKES: Is there a long-term plan to alleviate the debt?

MR. MANKTELOW: Yes.

MRS. PEOPLES-STOKES: I believe that is -- there

is long-term plan. In fact, it is a part of the act that was passed in 2000 to specifically look towards that direction and I believe that we're headed that way. It's a slow process. As you know, there are people who are regularly in our Chambers. A lot of them have on orange t-shirts that need road work. A lot of them have SUNY and/or CUNY banners around them that need capital projects on their campuses. And so we do have debt, but it's sometimes its debt that our constituencies are asking for.

MR. MANKTELOW: So we do have a plan moving forward. Is there -- is there a copy of this plan in place that I could look at?

MRS. PEOPLES-STOKES: I want to say the Debt Reform Act of 2000 is something that is in writing. It's a part of the Finance Law.

MR. MANKTELOW: Pardon me? I didn't --

MRS. PEOPLES-STOKES: I don't have the numbers. Let me have him write it down for me so I can tell you what it -- exactly what it is.

(Pause)

So, it's Article 5(a), 5(b) and 5(c) of the State Finance Law, and it's actually the Debt Reform Act of 2000. We weren't here in 2000, Mr. Manktelow.

MR. MANKTELOW: I definitely was not.

MRS. PEOPLES-STOKES: But it did happen, sir.

MR. MANKTELOW: If I forget that, can I reach out

to you and get that again sometime?

MRS. PEOPLES-STOKES: You sure can.

MR. MANKTELOW: Thank you so much. I appreciate that. Yeah, because looking at this as we continue to spend, spend, spend, then, of course, our debt goes up and up and up.

So again, could you just clarify, what is our debt right now, this year, going into this budget?

MRS. PEOPLES-STOKES: We said that already but let's say it again.

MR. MANKTELOW: It's around \$60 billion?

MRS. PEOPLES-STOKES: Yes, \$60 billion.

MR. MANKTELOW: Give or take a billion or so, depending on how we end up.

MRS. PEOPLES-STOKES: Okay, I'll go with that.

MR. MANKTELOW: So right now it's looking like from 2020 to 2021 that 71 percent of the debt service costs will go towards the principal payment and about 29 percent towards the interest? Do you agree with those numbers?

MRS. PEOPLES-STOKES: You're going to have to restate that.

MR. MANKTELOW: Okay. Looking forward, approximately 71 percent of our debt service will pay off principal and about 29 percent will pay off interest?

MRS. PEOPLES-STOKES: So -- so, in 2020 -- 2020 to 2021 we're anticipating that debt retirement would be \$4.3 billion.

MR. MANKTELOW: Okay. So -- so of that, 71 percent will go towards principal and 30 percent of that will go towards interest.

MRS. PEOPLES-STOKES: That sounds pretty accurate, yes.

MR. MANKTELOW: That's pretty accurate? Okay. Just doing the quick numbers - I'm a numbers guy, I like budgets - you know, at -- 30 percent of \$60 billion is roughly \$18 billion that we're going to pay in interest this year to someone.

MRS. PEOPLES-STOKES: We -- I don't have access to the interest and principal calculations right here today, but I can get that back to you.

MR. MANKTELOW: Well, I think I have them, but if you'd like to --

MRS. PEOPLES-STOKES: Oh, you have it?

MR. MANKTELOW: Well, I have a --

MRS. PEOPLES-STOKES: Maybe you could share it.

MR. MANKTELOW: Those are just rough numbers, Madam, but I just wanted to ask the question. Okay?

MRS. PEOPLES-STOKES: Okay.

MR. MANKTELOW: I couldn't hear you, I'm sorry. So Madam, thank you for taking the couple of quick questions.

I'd like to speak on the bill now.

MRS. PEOPLES-STOKES: Oh, sure. It's my

pleasure, sir.

ACTING SPEAKER AUBRY: On the bill, sir. Go right ahead.

MR. MANKTELOW: Thank you, Mr. Speaker. On the bill. You know, looking at this debt-to-spending ratio that we have right now in New York State, while having worked on county budgets, town budgets, working with a village that dissolved in my community, looking at their budget, looking at a farm budget, looking at our personal budgets and looking at what we're spending on debt-to-spending ratio, it's not sustainable. And just thinking about this, 30 percent -- 29 percent goes towards interest. There is no way possible that any business, any family, anybody could operate on an expense of 30 percent going to pay just the interest. Unsustainable. We have the people here, we have the votes, to put a stop to this. Let's stop spending what we don't have. Let's stop putting this on the backs of our children, of our grandchildren, my grandchildren. Let's put a stop here. We can do that here. I have faith in everyone in this Chamber that we can move this forward and we can accomplish this for all New Yorkers. It's time to take a stand and it's time to stop putting this debt on all the rest of our generations to come.

So please, let's work on a solution, Madam, as we move forward, Mr. Speaker, and making this happen for New York State. I'm here to put my hands and my elbows right into this and let's make this work, and I will be willing to offer any help that I possibly can. So please, let's put a stop to this and let's move forward as New

Yorkers.

Thank you.

ACTING SPEAKER AUBRY: Thank you, sir.

Mr. Goodell.

MR. GOODELL: Thank you, Mr. Speaker. Would the sponsor yield?

ACTING SPEAKER AUBRY: Mrs. Peoples-Stokes, will you yield?

MRS. PEOPLES-STOKES: Yes, Mr. Speaker.

MR. GOODELL: Thank you very much, Mrs. Peoples-Stokes. As -- as you know, my predecessor, Democratic Assemblyman Bill Parment, for 28 years served admirably in this Assembly and every year expressed a great concern about the amount of debt that the State of New York was incurring without voter approval. And as you know our State Constitution is quite clear that with various limited exceptions, the State cannot incur any debt -- or no debt can be incurred by or on behalf of the State without voter approval. It's my understanding that out of the \$60 billion that we're talking about here today, there's only \$3.2 billion, or 5.4 percent that was approved by the voters. So my first question is, how can we, consistent with the State Constitution, authorize the payment on \$57 billion of debt that was not approved by the voters as set forth in our Constitution?

MRS. PEOPLES-STOKES: Okay. So, the Court of Appeals has consistently recognized public authorities and legal

entities separate from the State enjoying the existence of separate and apart from the State and its agencies and political subdivisions. Also, public authorities have independent capacity to contract debt. That's Shulz. Identical private benefits will not invalidate the project which has for its primary object a public purpose, Bordeleau. So there are several points of law that highlight the point that we -- we are able to do this. It was that way when Mr. Parment was here. I do remember him having the same debate. I literally sat right across from him when he did it, and it's that way today, Mr. Goodell. We do have the authority of the general points of law to say that we can do this and in a legal way.

MR. GOODELL: I -- I think Mr. Parment and I, although we may be of different parties, were of the same opinion that the language of the State was -- of the Constitution was fairly clear, and while the Court of Appeals has said that agencies and public authorities had the power to borrow money, the State could not guarantee those payments. So the State had the ability of appropriating the funds but couldn't legally guarantee those payments. And so we've been talking about things like moral obligation bonds, which is a unique phrase that we use to describe the obligation of the State to pay off the debts of others that weren't approved by the taxpayers, as though we have a moral obligation to sidestep or circumvent the Constitution. And -- and when it comes to authorizing debt, we always seem to have that phrase that says, *Nothing in this authorization shall bind the State of New York beyond anything*

appropriated by the Legislature. And that's true for this debt as well, isn't it?

MRS. PEOPLES-STOKES: Yes, while the Legislature might make appropriations to service the authorities' debt, it is not bound to do so. Should it fail to do so, the authority defaults and the State is not liable to bondholders because the State does not become indebted to financing subject to appropriation does not constitute the lending of credit or the assumption of liability of a public corporation or the indebtedness of the State for the purposes of constitutional limits on such debt. Instead, the funds, if appropriated, constitute permissible gifts of money to the public corporation out of existing revenues, creating no debts. That's Schulz.

MR. GOODELL: And I think that's consistent with how I just described it. We have no legal obligation. Of course if we didn't make the payments, those borrowings by other entities would go into default, and that's presumably why we're being asked to make those payments. And I -- and I appreciate that technical distinction. The problem I have, though, is not only on the requirement that we have voter approval for any debt incurred by or on behalf of the State, but also, the provisions in Article 7, Section 8 of the State Constitution which states that the State -- or what it actually says is, quote, "... nor shall the credit of the State be given or loaned to or in aid of any individual or public corporation." And the leading scholar on this wrote, "Public corporations were added to the restriction on the State lending its credit in 1938. The target is primarily cities or

authorities which finding themselves in trouble or unable to sell their own securities could run to the State for assistance." So even though this clause was put in specifically to prevent the State from lending its -- lending any money to public authorities in 1938, aren't we violating, certainly, the intent if not the language of that?

MRS. PEOPLES-STOKES: I guess we can agree to disagree. In 1938 the constitutional amendment presently in place limited the prohibition of giving or loaning State money to any of the corporations or associations or private undertaking rather the former broader prohibited in aid of any association, corporate or private undertaking, Bordeleau. That's Article 8 -- Section 8 -- Article 7, Section 8.1. And there are some cases that will follow this up. Schulz v. State in 1994, Bordeleau v. State in 2011, and Local Government Assistance Corporation v. State in 2004.

MR. GOODELL: Taking a look at the actual language of this bill, if we may, I see on page 4 we appropriate \$5.5 billion, and we describe it as an appropriation for the payment, quote, "... to the Dormitory Authority, the Environmental Facilities Corporation, the Housing Finance Agency, the Thruway Authority and for other purposes." Did the State Legislature approve by a vote in any budget bill the spending by the Dormitory Authority, the Environmental Facilities Corporation, the Housing Finance Agency, the Thruway Authority or the Urban Development Corporation?

MRS. PEOPLES-STOKES: While the Legislature might make appropriations to service the authority debt it is not bound

to do so. Should it fail to do so, the authority default and the State is liable to its bondholders. Because the State does not become indebted, the financing subject to the appropriation does not constitute the lending or credit assumption of liability of the public corporation or the indebtedness of the State for the purposes of constitutional limits on debt. Instead, the funds, if appropriated, constitute permissible gift of money to the public corporation out of an existing revenue creating no debt. That's Schulz.

MR. GOODELL: Right. And I appreciate the fact that we don't have any legal responsibility to service any of this debt that was incurred by other organizations and entities without taxpayer approval. That's what you just read for me, and I appreciate that. And I appreciate that the -- the Court of Appeals said that we had the legal authority to cover it if we so desire. I appreciate that as well. My question really goes into who is making the decision on which projects are funded and how they're funded and what the terms and conditions are for the individual projects for the Dormitory Authority, the Environmental Facilities Corporation, the Housing Finance Agency, the Thruway Authority or the Urban Development Corporation. In other words, am I correct that we, as the State Legislative Body, are not voting on those projects or otherwise approving those projects? These are projects that are being approved by the Thruway Authority itself, for example. They're the ones that are deciding whether a bridge should be replaced or a rest area updated. It's -- none of that goes through the -- the Legislature, right?

MRS. PEOPLES-STOKES: Well, from my perspective I think some -- some of it actually does. I personally, along with my Senator, have put in requests for support through the Dormitory Authority to assist in the creation of the first-ever in the history of this country a monument that honors African-American veterans from all 12 wars that they've served in and/or current veterans. And that came with the approval of Senator Jacobs and myself, and we requested it and the Dormitory Authority -- Authority approved it. So to suggest that, you know, there is no legislative role, I would say that that's not necessarily correct, Mr. Goodell.

MR. GOODELL: And I'm very much aware of the fact that many legislators have asked for grant assistance from these organizations and that many of the projects may even be valuable and important and worthwhile projects, as you described. But that grant request was not in any way reviewed or approved by the full Legislature, correct? That was a decision that was made by the agency without any legislative vote of the full Body, correct?

MRS. PEOPLES-STOKES: With the exception of it being appropriated in the budget bill, the Debt Service bill, no, Mr. Goodell, you are right. But it is appropriated through the Legislature because we will have to take a vote on this Debt Service bill.

MR. GOODELL: Now I note that part of the \$5.5 billion that we're appropriating today includes the Thruway Authority, and it was my understanding that the revenues raised by all the tolls that our residents pay using the Thruway were entitled to -- were

intended to cover all the operating costs, including debt costs of the Thruway. Is that the case or are the taxpayers throughout the State of New York subsidizing the Thruway as part of this \$5.5 billion appropriation that's set forth on page 4?

MRS. PEOPLES-STOKES: I -- I will have to do further -- further look into that, Mr. Goodell, and get back to you on that. But if you look at the results of it, it's the taxpayers who benefit from the Thruway Authority and the condition that it's in and the construction opportunities that happen on it.

MR. GOODELL: It's also my understanding that the same type of analysis applied to the Dormitory Authority, the Environmental Facilities Corporation, the Housing Financing Agency. In other words, it was my understanding that projects funded by the Environmental Facilities Corporation, for example, were in the form of loans that were to be repaid. Is that correct?

MRS. PEOPLES-STOKES: Yes.

MR. GOODELL: So then why aren't the loan repayments covering the debt service? Why are they listed as part of this \$5.5 billion?

(Pause)

MRS. PEOPLES-STOKES: So, the public authorities have issued debt that you and I -- well, maybe not you, but some of us are about to vote on today.

MR. GOODELL: Just a personal word. Obviously, we were all concerned when the Chair of Ways and Means, Helene

Weinstein, tested positive. Our hearts and prayers were with her. We are very, very thankful that she and Mr. Barron and Jean-Pierre are recovering, along with our Mr. Miller. And the role of the Finance Chair is immense in terms of literally hundreds of hours of public hearings and review. And our Ranker, Mr. Ra, sat in hundreds of hours. So, Madam Majority Leader, for you to stand in and fill in on all these questions is truly amazing, and thank you so much for all you're doing to help us through this budget process under difficult circumstances. Thanks so much.

MRS. PEOPLES-STOKES: You're welcome, Mr. Goodell. I want to thank you for saying that, because if you -- if I recall my tenure in this Body, I never expected to be in a role like this. I watched for decades Denny Farrell do this, and I -- and I just always was -- was in awe of how he did it. And I watched Helene for the last couple years. I saw her sit through multiple days of hearings and I thought, *Oh my God, how is she able to do it and then come on the floor and provide an opportunity to share with not all of -- not just all of the, you know, colleagues in the Chambers, but quite honestly, New Yorkers across the State.* And so, I never expected to be here, but I do believe this: That everything happens in a divine order. And I know for a fact that I -- my purpose in life is to help people. So I'm doing the best I can to help people, and I hope that it, you know, is enough to satisfy those who are interested in helping. I'm doing the best I can.

MR. GOODELL: Well, thank you very much.

Thank you, Mr. Speaker.

ACTING SPEAKER AUBRY: Read the last section.

THE CLERK: This act shall take effect immediately.

ACTING SPEAKER AUBRY: The Clerk will record the vote.

(The Clerk recorded the vote.)

This is a fast roll call.

Members in Groups 1 and 2 who wish to vote no, please -- or explain their vote, please come to the Chamber as quickly as you can so that you may be able to do that. And we will call the proceeding groups as it rolls along. Thank you.

(Pause)

Groups 3 and 4, if you need to vote no or explain your vote, please proceed to the Assembly Chamber.

(Pause)

Groups 5 and 6, if you need to explain your vote or cast a negative vote, please come to the Chamber.

(Pause)

And finally, Groups 7, 8 and 9, if you need to explain your vote or vote in the negative, please come to the Chamber. Thank you.

(Pause)

Are there any other votes? Announce the results.

(The Clerk announced the results.)

The bill is passed.

Mrs. Peoples-Stokes.

MRS. PEOPLES-STOKES: Mr. Speaker, would you please ask the House to go into recess until we return at the call of the Speaker? Members should be aware that they should hang around and pay attention to your text messages. There will be a need for some additional committee meetings, and we'll be in recess until the call of the Speaker.

ACTING SPEAKER AUBRY: The House stands in recess until the Speaker calls.

(Whereupon, the House stood in recess until the call of the Speaker.)

ACTING SPEAKER MCDONALD: The House will come back to order.

Mrs. Peoples-Stokes.

MRS. PEOPLES-STOKES: Mr. Speaker, do you have any housekeeping or resolutions?

ACTING SPEAKER MCDONALD: We do not have any housekeeping or resolutions.

MRS. PEOPLES-STOKES: Then I move that the Assembly stand adjourned until Wednesday, April the 1st, tomorrow being a Session day, and that we reconvene at the call of the Speaker.

ACTING SPEAKER MCDONALD: The House stands adjourned.

(Whereupon, at 12:07 a.m, the House stood adjourned until Wednesday, April 1st at the call of the Speaker, that being a Session day.)