

REVENUES

SFY 2006

Executive Revises Revenue Projections Upward (Again)

Revenue collections have been significantly stronger than the Executive's earlier forecasts have predicted, resulting in an upward revision of \$756 million from the Mid-Year Financial Plan Update. Total Tax Collections are now estimated to total \$53.513 billion, which represents growth of 10.1 percent over the prior year (Table 19). This revision includes a decision by the Executive to increase the level of current year refunds paid from January 1st through March 31st from \$960 million to \$1.512 billion, reducing current year collections by \$552 million. After factoring in this administrative adjustment, the Executive predicts total revenues to increase by \$1.3 billion from the Mid-Year Update. More illustrative of the strength in revenues is that the Executive's current estimate is \$2.3 billion above the Enacted Budget estimate released last April.

The Executive's upward revision to General Fund receipts is \$809 million, which includes \$536 million in tax receipts, \$144 million in miscellaneous receipts and the remainder in transfers from other funds. Excluding transfers, General Fund receipts are \$680 million above the Mid-Year Update.

The Executive estimates that growth in the underlying tax base (growth after accounting for tax law changes and audits) was 11.2 percent in SFY 2005-06, the second consecutive year of double digit growth. Growth is attributed to:

- Improvements in the overall economy;
- The continued profitability and compensation gains of financial services companies;
- The continued strength in the real estate market; and
- The residual impact of the temporary revenue increases enacted in 2003, especially among high-income taxpayers.

SFY 2006-07 Forecast

All Funds Tax Collections are forecasted to total \$56.851 billion, which represents growth of 6.2 percent over 2005-06 estimates (Table 20). The Executive's forecast has been increased by \$1.4 billion from the Mid-Year Update. General Fund receipts have also been revised upwards by \$1.4 billion, with \$856 million in tax receipts earmarked for the General Fund, \$340 million in additional General Fund miscellaneous receipts and \$190 million in transfers to the General Fund from other funds.

The forecast assumes that the underlying growth in receipts will be 8.2 percent, still well above historical trends. A good portion of the growth in receipts will be the result of a strong settlement of 2005 personal income tax liability, which is received in the first quarter of the fiscal year. Receipts growth in the second half of the fiscal year is forecasted to slow, reflecting moderation in economic growth, the expiration of the temporary revenue increases and a decline in real estate tax receipts associated with the

cooling off of the housing market. Receipts growth will also be limited by proposed tax reductions, which total approximately \$400 million in SFY 2006-07. Under current law, if the Executive proposes any new tax expenditures in the SFY 2006-07 budget, the sales tax exemption on clothing and footwear is to be reinstated. Instead, the Executive has proposed repealing the exemption and using those revenues to support his tax cuts for the wealthiest

New Yorkers. This will reduce overall growth in collections to 6.2 percent.

Out-year estimates of revenue growth are, in the words of the Executive, consistent with the mature stage of economic expansion, ranging from 5 to 6 percent. However, proposed revenue actions will lower actual growth in receipts to 1.0 percent in 2007-08 and 3.7 percent in 2008-09.

Table 19

Executive Revenue Estimates - SFY 2005-06					
Category	2004-05 Actuals	2005-06 Predicted	Percent Change	Difference Mid-Year Update	Difference Enacted Budget
Personal Income Tax	28,100	30,988	10.3%	(235)	643
User Taxes	13,035	13,782	5.7%	132	(3)
<i>Sales Tax</i>	<i>11,015</i>	<i>11,181</i>	<i>1.5%</i>	<i>85</i>	<i>(38)</i>
Business	5,806	6,919	19.2%	561	810
Other	1,656	1,824	10.2%	304	307
<i>Real Estate Transfer</i>	<i>730</i>	<i>930</i>	<i>27.4%</i>	<i>191</i>	<i>191</i>
Total Taxes	48,597	53,513	10.1%	762	1,757

Table 20

All Funds Revenue Forecast - SFY 2006-07				
Category	2005-06 Predicted	2006-07 Forecast	Difference	Percent Change
Personal Income Tax	30,988	33,574	2,586	8.3%
User Taxes	13,782	14,613	831	6.0%
<i>Sales Tax</i>	<i>11,181</i>	<i>11,538</i>	<i>358</i>	<i>3.2%</i>
Business	6,919	6,964	44	0.6%
Other	1,824	1,700	(124)	-6.8%
<i>Real Estate Transfer</i>	<i>930</i>	<i>800</i>	<i>(130)</i>	<i>-14.0%</i>
Total Taxes	53,513	56,851	3,338	6.2%

Tax Reductions

The Executive Budget submission contains over 46 different tax law changes that would reduce revenues in the upcoming fiscal year by \$927 million, ballooning to over \$4 billion by SFY 2008-09. The Executive's proposed tax increases, many of which have been previously rejected by the Legislature, would offset a portion of the reductions. Net revenue actions would total \$399 million in SFY 2006-07 and \$2.642 billion in SFY 2008-09. The Executive's choices on revenue actions clearly favor the wealthy at the expense of the working families. The Executive proposes repealing the sales tax exemption on clothing and footwear, raising the cigarette tax by \$1.00 per pack and using the approximately \$1 billion in tax increases to pay for the elimination of the Estate Tax, which benefits the wealthiest New Yorkers and reductions for New Yorkers whose incomes exceed \$100,000 annually.

Personal Income Tax

Total personal income tax collections for 2005-06 are estimated to be \$30.988 billion, which is 10.3 percent above the previous year. However, the estimate is \$235 million below the Executive's midyear estimate. The decline is due to the Executive's decision to accelerate the payment of refunds in the current fiscal year by \$552 million.

Personal income tax collections during 2006-07 are expected to grow by \$2.586 billion or 8.3 percent over the 2005-06 fiscal year. Growth of 23.8 percent in final payments collections

and a slight decline in refunds is responsible for a large part of the growth.

During 2005-06 withholding payments are expected to increase by 5.8 percent. Withholding growth will be dependant on the collections received during December through March, when Wall Street bonuses are typically paid out. The Executive expects bonuses to grow by 21.2 percent to \$32.8 billion in 2005-06

During 2006-07 fiscal year withholding collections are expected to grow by 4.2 percent or \$923 million. The increase reflects projected wage growth of 5.5 percent and variable wage growth of 9.0 percent, offset by the expiration of the temporary surcharge.

In 2005-06 estimated payments grew exceptionally well and are estimated to end the year 32.5 percent higher than the previous year. Much of the growth is due to growth in non-wage income and capital gains. Capital gains are estimated to be \$69.9 billion in 2005, which represents a 41.5 percent increase over prior year.

The Executive expects that the pace of estimated payment growth will slow in 2006-07 to a rate of 9.9 percent. The leveling off of estimated payment collections is due to an expected slowdown in the growth of non-wage income. The expiration of the temporary surcharge is also expected to reduce estimated payment collections. Moreover, capital gains are expected to decline by 3.4 percent to \$67.5 billion, further slowing estimated payment collections.

Final payments are important as they are a component of the April Settlement. Final payments are estimated to increase by 11.5 percent in 2005-06. In 2006-07 final payments are expected to increase by 23.8 percent over 2005-06. The increase is due to higher liabilities from economic growth and payment patterns relating to the 2003 tax increase.

Refunds in 2005-06 are estimated to increase by 21.3 percent over the previous fiscal year. However, the Executive projects that refund payments will decrease by 2.9 percent during the 2006-07 fiscal year. Beginning in January – March of 2006 the tax department will pay out an additional \$552 million in refunds, bringing the total paid out during that period to \$1.512 billion. This will have no effect on the State's financial plan because the refund reserve deposit will be reduced by \$552 million on March 31st 2006.

Personal income tax revenue actions proposed by the Executive would reduce State revenue by \$130 million in 2006-07; an additional \$1.736 billion in 2007-08, and another \$1.986 billion in 2008-09.

User Taxes and Fees

Sales and Use Tax

All Funds receipts for 2005-06 are estimated to be \$11.181 billion, an increase of 1.5 percent. This estimate is \$85 million higher than the Mid-Year Update. General Fund collections are \$7.973 billion, a decline of 1.5 percent. Other funds (LGAC and MTOAF) are \$3.208 billion, an increase of \$287 million or 9.8 percent. This growth

is driven by the increase in the MTA rate to 0.375 percent from 0.25 percent effective June 1, 2005. This rate increase is estimated to have increased collections \$157 million in 2005-06. The underlying sales tax base is estimated to increase 5.3 percent. This growth is driven by consumer spending that was buoyed by tapping home equity and brisk home sales.

All funds receipts in 2006-07 are projected to be \$11.538 billion with \$8.143 billion deposited to the General Fund, \$2.714 billion to LGAC and \$681 million to the MTA. This represents an increase of \$357 million or 3.2 percent. The forecast includes revenue reductions of \$38 million.

The sales tax base in 2006-07 is projected to grow 4.2 percent. This growth is explained by the change in disposable income and employment. These economic variables are forecast to grow 6.0 percent and 0.7 percent, respectively, in 2006-07.

Of significance in the Executive Budget is the refusal to abide by the legislation enacted in SFY 2005-06 that would have re-instated the clothing and footwear exemption as of April 1, 2006 if the Governor's budget for SFY 2006-07 included any new tax expenditures. Instead, the Executive Budget repeals that section of the tax law. In its place the Executive is proposing a two week exemption on a permanent basis and changing the threshold from \$110 to \$250 per item which amounts to a \$600 million tax increase.

Other provisions include two Energy Star exemption weeks, an increase in the

vendor credit allowance, an exemption of alternative fuels from the sales tax and making the partial tax exemption for admission charges to amusement parks permanent.

Motor Fuel Tax

All Funds receipts for 2005-06 are estimated to be \$522.7 million, a decrease of \$7.1 million, or 1.3 percent below last year. The decline in estimated collections is due to the increased price of fuel, which has lowered overall consumption of motor fuel.

All Funds receipts are projected to be \$525.1 million, an increase of \$2.4 million, or 0.5 percent above 2005-06. The forecast is based on a 2.8 percent increase in fuel prices. Legislation submitted with this Budget will provide for an exemption for alternative fuels from the fuel use tax, which is expected to have a minimal impact on collections.

Cigarette and Tobacco Taxes

Total collections in 2005-06 are projected to be \$975 million, a decrease of \$4 million or 0.4 percent below last year including HCRA. This is \$26 million higher than the midyear update of \$949 million.

All Funds receipts in 2006-07 are projected to be \$1,415 million with \$432 million deposited to the General Fund and \$983 million allocated to HCRA. The total impact of the revenue proposals in the Executive Budget is \$411 million.

The Executive Budget is proposing to increase the State cigarette excise tax by \$1.00 per pack. This raises the State tax from \$1.50 per pack to \$2.50 per pack. In addition to raising the State excise tax, the Executive Budget proposes to reduce the City excise tax by \$1.00 per pack. NYC will be held harmless from the reduction in their tax rate. A mechanism will be put in place to reimburse NYC for lost cigarette tax receipts resulting from a change in the State's tax rate. A change in the cigarette tax distribution is proposed effective June 1, 2006. The allocation to the General Fund is lowered to 26.74 percent from 38.78 percent and the percentage dedicated to HCRA is increased to 73.26 from 61.22.

Two additional proposals are included in the Executive Budget. A one year implementation delay of legislation to allow the collection of the State's cigarette tax on cigarettes sold on Indian reservations to non-Indians until March 1, 2007 and the implementation of an Indian export decal program. Additionally, reform of the tobacco products and cigarette taxes to assist Tax and Finance in the collection of cigarette and tobacco tax and enforcement activities related to these taxes is also recommended. The Executive estimates no significant fiscal impact from these proposals.

Motor Vehicles Fees

All Funds receipts for 2005-06 are estimated to be \$665.7 million, a decrease of \$0.5 million, or 0.1 percent below last year. The estimate for registrations is \$430.9 million, and the estimate for licenses and other fees is \$234.5 million.

All Funds receipts are projected to be \$693.1 million, an increase of \$27.4 million, or 4.1 percent, above 2005-06. All Funds receipts from registrations are projected at \$426.0 million and net receipts from licenses and other fees are projected at \$267.1 million. Legislation enacted in the prior fiscal year is expected to increase overall registration fees by \$138 million.

Highway Use Tax

All Funds receipts for 2005-06 are estimated to be \$158.8 million, an increase of \$7.4 million, or 4.9 percent above last year. The increase is due to a combination of increased fuel prices, which cause fuel use taxes to increase and economic growth overall, which increase overall trucking activity in New York.

All Funds receipts are projected to be \$161.6 million, an increase of \$2.8 million, or 1.8 percent above SFY 2005-06. Increases in fuel use taxes are offset by a decline in highway permit fees, reflecting a non-peak triennial renewal year. Legislation submitted with the Executive Budget will provide for an exemption for alternative fuels from the fuel use tax, which is expected to have a minimal impact on revenues.

Alcoholic Beverage Taxes

Collections for 2005-06 are estimated to be \$189.4 million. This represents growth of 2.4 percent over last year. This estimate is unchanged from the midyear update.

2006-07 receipts are forecast to be \$190.7 million, an increase of 0.7 percent over the prior year. This forecast is based on consumption trends in each of the categories of liquor. The consumption of liquor and beer is expected to grow slightly, while wine consumption is expected to be relatively flat. There is no new legislation proposed for this tax in the Executive Budget.

Alcoholic Beverage Control License Fees

2005-06 receipts are forecast to be \$46.4 million. This is an increase of 9.6 percent over the prior year and is \$2 million lower than the midyear update. The increase is attributable to the larger number of two-year licensees who renew in even years.

2006-07 receipts are projected to be \$44.5 million, a decrease of \$1.9 million or 4.2 percent over 2005-06. This is due to a smaller number of two year licensees that renew in an odd numbered fiscal year. There is no new legislation proposed for these fees in the Executive Budget.

Auto Rental Tax

All funds receipts for 2005-06 are estimated to be \$43.1 million, an increase of \$3.3 million, or 8.2 percent above last year. This estimate is \$2 million higher than the midyear update.

Receipts in 2006-07 are projected to be \$44.9 million, an increase of \$1.8 million or 4.2 percent above 2005-06. There is no new legislation proposed for this tax in the Executive Budget.

Business Taxes

Corporate Franchise Tax

The Executive' estimate for SFY 2005-06 is \$2.991 billion, an increase of 41.7 percent over the prior year. Federal receipts and most states with similar tax schemes are seeing similar collections hikes. The increase is being attributed to several factors including a decline in prior year adjustments, a continuance of strong corporate growth, repatriation of foreign income, and large growth in audit and compliance receipts.

The Executive forecasts 2006-07 All Funds collections to total \$3.049 billion, an increase of 1.9 percent from the prior year. An expected increase in corporate profits should cause underlying growth in liability, but this is offset by legislation submitted with the Executive Budget. Growth in 2006-07 receipts are also dampened by an expected return to historical audit collections and an increase in refund payments.

There are several revenue actions contained in the Executive budget totaling \$104 million for 2006-07 and \$874 million through 2008-09. The Executive is proposing a major restructuring of the Article 9A tax base through the elimination of the tax on subsidiary capital, the capital base tax, the alternative minimum tax, and a reduction in the top tax rate.

Corporation and Utility Tax

The 2005-06 corporation and utility collections are expected to close out the fiscal year at \$772 million, a decrease of 6.7 percent over the prior year. The

decrease in revenue is mostly due to the final phase of rate reductions for power producers and transmission companies.

The Executive estimates 2006-07 All Funds collections to total \$780 million, an increase of 1.0 percent over the prior year. This increase is mostly reflected in the profitability of the telecommunications sector. There are no applicable legislative proposals that impact this tax.

Bank Tax

SFY 2005-06 Bank Tax collections are expected to close out the fiscal year at \$865 million, an increase of 28.0 percent over the prior year. The current collections spike is attributed to continued growth in the national and state economies which has increased profitability of the banking sector. Another major factor in this increase was an abnormal audit and compliance receipts increase which totaled \$144 million or 600 percent over prior year.

The Executive forecasts 2006-07 All Funds collections to total \$776 million a decrease of 10.3 percent over the prior year. The decrease in 2007-08 All Funds receipts reflects the underlying relationship between tax liability and expected bank profitability. A narrow spread between deposit and lending rates will dampen collections. Other contributing factors include a likely decrease in audits.

There are several Bank Tax revenue actions contained in the Executive budget, totaling \$53.7 million for SFY 2006-07. The proposed reductions are offset by an increase of \$57.2 million

from the Executive's proposal to eliminate favorable tax treatment for REIT (Real Estate Investment Trust) subsidiaries. Through 2008-09 proposed tax reductions will total \$373 million. There is a major restructuring of the Article 32 tax base by eliminating the tax on subsidiary capital, capital base tax, the alternative minimum tax, and a reduction in the top tax rate.

Insurance Franchise

The 2005-06 Insurance Tax collections are expected to end the fiscal year at \$1.150 billion, an increase of 3.8 percent over the prior year. This modest growth in collections is mainly due to the interplay between an increase in current year liability and a reduction in prior year liabilities. Revenues were boosted by a 50 percent increase in audits, which were partially offset by a decline of \$20 million on taxes imposed on excess line brokers

The Executive estimates 2006-07 All Funds collections to total \$1.116 billion, an increase of 10.3 percent over the prior year. The minimal increase in 2007-08 All Funds receipts reflects only a small decline in the accident and health premium base which offsets a portion of the normal growth in property and casualty premiums. Audit collections and retaliatory taxes imposed under Insurance Law are projected to remain at 2005-06 levels.

Revenue actions involving the Insurance Tax total \$18 million annually through 2008-09. This includes a reduction in the tax cap imposed on life insurance companies and a change in the way annuity premiums are included for tax purposes.

Petroleum Business Taxes

All Funds receipts for 2005-06 are estimated to be \$1,141 million, an increase of \$56 million, or 5.2 percent above last year. This estimate is \$4 million below the Mid-Year Update. Collections growth is the result of the 5 percent indexing of PBT rates in 2005 and 2006 and the increased use by utilities of residual fuels as prices for natural gas increase. All Funds receipts are projected to be \$1,192 million, an increase of \$51 million, or 4.5 percent above 2005-06. The increase can largely be explained by an increase in PBT rates of 5 percent to reflect increases in the price of fuel. Legislation submitted with the Executive Budget will provide for an exemption for alternative fuels, which is expected to have a minimal impact on revenues.

Other Taxes

Estate Tax

The Executive estimates that total estate taxes will be \$868 million, a decrease of \$27 million or 3.0 percent from 2004-05. The estimate is \$115.6 million higher than the Mid-Year Update, reflecting continued growth in small estates.

Collections for 2006-07 are forecasted at \$874 million, an increase of \$6 million from the current fiscal year. Growth in small estate collections is expected to be offset by a decline in receipts from "super-large" estates (estates with payments exceeding \$25 million).

The Executive Budget includes a provision that would conform New York's Estate Tax Law with the Federal Law,

thereby eliminating the Estate Tax by 2010. The proposal has no impact on 2006-07 receipts.

Real Estate Transfer Tax (RETT)

The Executive estimates State Fiscal Year 2005-06 Real Estate Transfer Tax (RETT) receipts of \$930 million, representing an increase of \$200 million or 27.4 percent over SFY 2004-05. Year-to-date growth has been 27.1 percent above the same period in the prior year. Regionally, the vast majority of growth can be attributed to Manhattan, and to a lesser extent the other boroughs of New York City. Through October, receipts throughout the rest of the State have been relatively stable or decreased compared to the prior fiscal year.

The Executive forecasts SFY 2006-07 RETT receipts will total \$800 million, representing a decrease of \$130 million or 14 percent from SFY 2005-06. The decrease in receipts can be attributed to an expected increase in mortgage rates, offset slightly by a continued rise in residential and commercial prices.

Real Estate Transfer Tax Receipts are generally a function of the price of housing and the frequency of conveyances. The recent housing boom continued into SFY 2005-06, spurred by low mortgage rates. In addition, as the price of housing has risen, a larger share of sales has been subject to the mansion tax, increasing net receipts considerably. Another important factor effecting RETT receipts are Manhattan vacancy rates, which decreased slightly in 2005, driving up prices of some of the expensive real estate in the state.

The Executive has proposed to increase the RETT dedication to the Environmental Protection Fund from \$137 million to \$147 million in 2006-07, rising to \$167 million in SFY 2008-09. This action would have no effect on total RETT collections.

Pari-Mutuel Taxes

All Funds receipts for 2005-06 are estimated to be \$23 million, a decrease of \$3 million, or 11.6 percent below last year. Much of the decline is due to the failure of NYRA to make statutory tax payments in the second half of the fiscal year.

All Funds receipts are projected to be \$25 million, an increase of \$2 million or 8.7 percent above 2005-06 estimates. The forecast assumes that NYRA will resume making its tax payments on schedule.

Lottery

The Executive estimates that Lottery Revenues will total \$2.153 billion in State Fiscal Year 2005-06. The Executive estimate includes \$160 million in Video Lottery Terminal (VLT) revenue.

The Executive forecasts that Lottery revenues will total \$2.431 billion in SFY 2006-07. This total includes a carry-in of \$46.5 million from SFY 2005-06 and VLT revenues of \$368 million. However, this forecast is dependent on Vernon Downs, Yonkers Raceway and Tioga Downs video lottery terminal facilities becoming operational in SFY 2006-07. Given the New York Racing Association's (NYRA) recent troubles and the persistent delays in VLT

facilities opening, the VLT estimate is extremely tentative. The Executive forecast is also contingent on a number of Legislative initiatives included within the SFY 2006-07 budget.

Proposed Legislation would authorize three additional Video Lottery Terminal Facilities. In addition, the Executive has proposed to permanently authorize the Division of Lottery to operate Quick Draw and remove certain restrictions related to the licensure of operators.

Demand for Lottery tickets is affected by the size of jackpots, the cost of participation, effectiveness of advertising, likelihood of winning, frequency of new games and competition from other forms of gambling. Revenues from the multi-state game Mega millions benefited from the participation of California, which began selling Mega millions tickets in June of 2005. The Executive estimates that Mega millions revenues will grow by 21 percent in SFY 2005-06. Revenues from Instant games experienced healthy growth in SFY 2005-06 and are expected to continue that growth into SFY 2006-07. In contrast, Lotto revenues are expected to decrease in SFY 2005-06 and continue decreasing in SFY 2006-07. Revenues from the other traditional lottery games are expected to remain relatively stable throughout SFY 2005-06 and SFY 2006-07.

Video Lottery Terminals are currently operational at five tracks throughout the state, and are projected to yield a total of \$160 million in revenues this fiscal year – approximately the same amount as SFY 2004-05. The three remaining

authorized facilities are expected to become operational in SFY 2006-07.

STAR

The Executive estimates that STAR benefits in SFY 2005-06 will total \$3.2 billion, which includes \$1.8 billion in regular STAR benefits, \$683 million in enhanced STAR benefits and \$692 million in New York City Personal Income Tax (NYCPIT) STAR benefits. The NYCPIT benefit includes \$97 million in a deficiency appropriation for SFY 2005-06 proposed simultaneously with the SFY 2006-07 Executive Budget. There are approximately 627,000 enhanced STAR exemptions and almost 2.7 million basic exemptions.

Assuming that all proposed law changes are enacted, the STAR program would cost \$3.9 billion in SFY 2006-07. This would represent an increase of \$679 million over SFY 2005-06 and \$602 million over current law costs. The Executive proposed two major changes to the STAR program in the SFY2006-07 Executive Budget.

The Executive proposes to increase the SFY 2006-07 enhanced STAR benefit for seniors by 13.6 percent. This proposal would also annually adjust the value of the senior exemption in following years in order to account for inflation. The Executive estimates that this proposal would increase the costs of the STAR program by \$72 million in SFY 2006-07.

The Executive has also proposed the creation of the STAR plus program. This proposal would provide every homeowner outside of New York City with a \$400 rebate if they reside in a

school district that has budget growth of less than four percent or 120 percent of CPI, whichever is less. The Executive estimates that this proposal would cost \$530 million in SFY 2006-07 and \$557 million in SFY 2007-08.

Table 21

Recommended All Funds Legislation			
(\$ In Millions)			
Tax Reductions	2006-07	2007-08	2008-09
Personal Income Tax	(130)	(1,736)	(1,986)
Cut Top Rate to 6.75%	--	(325)	(475)
Stretch Tax Brackets (tax brackets & rate recapture)	--	(325)	(475)
Eliminate Marriage Penalty (standard deduction & rate recapture)	(125)	(475)	(400)
Primary and Secondary Education Credit	--	(400)	(400)
Strengthening Families - Expanded EITC to Noncustodial Parents	(4)	(14)	(14)
National Guard Exemption	(1)	(1)	(1)
Farmers Land Conservation Credits	--	(1)	(1)
Special Expensing of NY Assets	--	--	(150)
Home Heating Credit for Elderly	--	(100)	--
Improve Home Energy Efficiency	--	(25)	--
Small Business and Armer Energy Assistance	--	(60)	(60)
Historic Homes	--	(10)	(10)
STAR	(602)	(671)	(737)
STAR Plus Rebate	(530)	(580)	(625)
Enhanced STAR	(72)	(91)	(112)
User Taxes and Fees	(20)	(51)	(76)
Exemption for Admission Charges to Amusement Parks	(1)	(1)	(1)
Exemption for Energy Star Products	(6)	(6)	(6)
Sales Tax Vendor Credit	(13)	(44)	(69)
Exemption for Alternative Fuels	--	--	--
Business Taxes	(176)	(363)	(926)
Cut Entire Net Income Rate to 6.75%	--	(29)	(57)
Special Expensing of NY Assets for Corporations	--	--	(331)
Eliminate Subcapital Tax	(5)	(10)	(15)
Eliminates S-Corp Differential Rate	(40)	(40)	(40)
Eliminate AMT and Capital Base for Corporations	(57)	(115)	(172)
Empire Zones	--	(20)	(20)
Make Film Credits Permanent and Increase Annual Allocation	--	--	--
Low Income Housing	(2)	(4)	(6)
Encourage Purchase of Alternative Fuel Vehicles	--	(10)	(5)
Encourage Alternative Fuel Production - Biofuel	--	(1)	(5)
Cut Bank Tax Rate to 6.75%	--	(8)	(16)
Special Expensing of NY Assets for Banks	--	--	(80)
Eliminate AMT and Capital Base for Banks	(54)	(108)	(161)
Marginal Tax Rate for Annuity Premiums	(3)	(3)	(3)
Lower Life Insurance Tax Maximum	(15)	(15)	(15)
Exemption for Alternative Fuels	--	--	--
Other Taxes	--	(152)	(329)
Eliminate Estate Tax	--	(152)	(329)
Total Tax Reductions	(928)	(2,973)	(4,054)

Table 22

Recommended All Funds Legislation			
(\$ In Millions)			
Revenue Enhancements	2006-07	2007-08	2008-09
Personal Income Tax	-	31	31
Higher LLC Fees Sunset 1/1/07 - 3-Year Extender	-	30	30
Stuckless Case - Non-Resident Income	-	1	1
Limitation on EITC Offset	-	-	-
User Taxes and Fees	287	928	925
Clothing Exemption - 2 weeks, permanent, \$250	(21)	605	605
Increase Cigarette Tax to \$2.50 per pack	308	323	320
Business Taxes	103	132	160
Article 9-A Fixed Dollar Minimum Tax - 3-year extension	46	46	46
Adjust Tax Treatment of REITS and RICS	57	86	114
All Other	138	57	296
Quick Draw Restrictions	38	57	57
VLT Expansion	-	-	239
Abandoned Property Dormancy Periods	100	-	-
Total Revenue Enhancements	528	1,148	1,412
Net Financial Plan Total	(400)	(1,825)	(2,642)

Table 23

Fee and Revenue Action List			
Description/Effective Date	Agency	New Annual Revenue SFY 2006-07	New Full Annual Revenue SFY 2008-09
Streamlined disciplinary process - 4/1/06	ABC	\$9,000	\$9,000
Sale of community residential homes - 10/17/06	CFS	\$100	-
Sale of YOCS building - 4/1/06	CFS	\$1,000	-
Youth facility chargeback - 4/1/06	CFS	\$2,000	\$1,000
Increase accident damage revenues - 4/1/06	DOT	\$500	\$750
PILOT payments - 4/1/06	NYPA	\$27,000	(\$100,000)
Real property sales proceeds - 4/1/06	OGS	\$20,000	-
Parks user fees - 4/1/06	PARKS	\$1,000	\$1,000
Food safety inspection penalty - 4/1/06	AGMKTS	\$1,100	\$1,100
Increase investigation application fees and fines - 4/1/06	BANKING	\$8,000	\$8,000
Increase child care fines - 4/1/06	CFS	\$56	\$75
Recoupment of administrative costs - 4/1/06	CPB	\$150	\$150
Automated speed enforcement fines - 4/1/06	DCJS	\$42,000	\$84,000
Increase criminal history record fees - 60 days after enactment	DCJS	\$4,000	\$8,000
Internet point insurance reduction program - 4/16/06	DMV	\$675	\$2,400
Increase Title V OPP Fees - 4/1/06	ENCON	\$6,100	\$6,100
Wetlands permit fee - 4/1/06	ENCON	\$1,000	\$1,000
Regulatory fees - 4/1/06	ENCON	\$3,700	\$3,700
HCRA compliance delinquency billings - 4/1/06	HLTHOTH	\$15,000	\$40,000
Increase maximum penalties - 90 days after enactment	INSUR	\$800	\$800
Increase asbestos handling license renewal fee - 4/1/06	LABOR	\$185	\$185
Continue nursing home reimbursable assessment - 3/31/07	MEDICAID	-	\$258,300
Accelerate dormancy periods for abandoned property - 4/1/06	OSC	\$100,000	-
New annual registration fee - 4/1/06	PERB	\$525	\$525
Prepaid phone fees - 9/1/06	SWN	\$3,500	\$8,500
Administrative and Statutory - Total		\$247,391	\$334,585