

# Overview

## FISCAL OVERVIEW

All Funds disbursements for the Enacted State Fiscal Year (SFY) 2013-14 Budget are projected to be approximately \$140.5 billion, an increase of \$7.4 billion or 5.6 percent from SFY 2012-13. Adjusted to exclude federal funding related to Superstorm Sandy and the Affordable Care Act, All Funds disbursements are approximately \$134.8 billion, an increase of \$2.3 billion or 1.8 percent from SFY 2012-13.

State Funds disbursements, which consist of the General Fund plus Debt Service Funds, Capital Funds and Other State Funds are projected to total \$96.4 billion, an increase of \$1.9 billion or two percent from SFY 2012-13. State Operating Funds, which are State Funds excluding Capital Funds, total \$90.2 billion, an increase of \$1.4 billion or 1.6 percent from SFY 2012-13.

General Fund disbursements are estimated to total \$61.2 billion, an increase of \$2.2 billion or 3.7 percent from SFY 2012-13.

Highlights of the SFY 2013-14 Enacted Budget include the following:

**Education.** The Legislature funds General Support for Public Schools (GSPS) at \$21.23 billion, an increase of \$436.36 million over the Executive proposal, which is an overall increase of \$992.16 million for the 2013-14 School Year (SY).

The Legislature provides for a two year school aid appropriation which includes an increase of \$936.61 million in formula based aids for SY 2013-14. The Enacted Budget provides for an increase in Foundation Aid, a partial restoration of the Gap Elimination Adjustment, a full restoration of High Tax Aid, and \$228 million in present law reimbursement of expense based aids. In addition, the Legislature accepts the Executive's provision of \$100 million in Performance Improvement and Management Efficiency Grants, and an additional \$75 million in grants for Prekindergarten, Community Schools, Extended Learning Time, Early College High School and Master Teacher programs.

**Higher Education.** The Enacted Budget includes \$21.5 million in additional base operating support for the State University of New York (SUNY) community colleges and \$9.3 million in additional base operating support for City University of New York (CUNY) community colleges over the Executive recommendation. This represents a base operating aid increase of \$150 per full-time equivalent (FTE) student, and brings base operating aid to \$2,422 per FTE. The Enacted Budget also restores \$27.8 million in operating support for SUNY Hospitals, which will be divided equally among the three teaching hospitals.

An additional \$1.7 million is included for opportunity programs administered by the State Education Department and all other opportunity programs were increased by three percent. Funding for childcare centers at SUNY and CUNY community colleges is

restored in the amount of \$1.2 million. Additionally, \$3.5 million is included to support programs that seek to improve remedial and graduation outcomes at SUNY and CUNY. This includes funding to create the Graduation, Achievement and Placement program at SUNY and funding for the Accelerated Study in Associate Programs at CUNY.

**Medicaid/Public Health.** The Enacted Budget provides appropriations to support \$55.7 billion in All Funds Medicaid spending, a year-to-year increase of \$3.1 billion, primarily attributable to an increase in federal support. The budget appropriates funding for the Medicaid program on a two-year cycle, and will continue to limit the year-to-year increase in State Medicaid spending to the ten-year rolling average of the medical component of the Consumer Price Index, or 3.9 percent.

The Enacted Budget includes a variety of proposals that will continue to implement the recommendations by the Medicaid Redesign Team. The Enacted Budget provides \$56.2 million in state share restorations to the Medicaid program, including the rejection of a proposal to eliminate spousal refusal; the continuation of existing “physician prevails” provisions and the expansion of these protections to additional drug classes in Medicaid Managed Care; the continuation of the current pharmacy reimbursement rates; and the denial of new supplemental rebate requirements for pharmaceutical manufacturers. These restorations are offset by Medicaid program spending re-estimates.

The Enacted Budget rejects the consolidation of 89 public health programs into six competitive public health program pools and restores discrete appropriations for each of these programs. In addition, the Enacted Budget provides a proportional \$18 million to these programs, a 4.4 percent restoration.

The Enacted Budget rejects all proposed changes to the Early Intervention program. In addition, the Enacted Budget includes \$16.2 million to support a continuation of the current rate-setting methodology for the Child Health Plus program. The Enacted Budget also included reforms to the General Public Health Works (Article 6) program that will provide fiscal and administrative relief to local health departments.

**Human Services.** The Enacted Budget provides \$21.04 million to restore various Temporary Assistance for Needy Families initiatives, including technology training, Career Pathways, and the Facilitated Enrollment program to prior year levels. Additionally, the Enacted Budget provides \$11.84 million for other human services priorities, such as the Safe Harbor initiative and child care subsidies. The Enacted Budget maintains \$25 million for the Summer Youth Employment Program.

**Transportation.** The Enacted Budget includes a two year, \$7.1 billion capital plan for the state’s transportation infrastructure, which includes a \$75 million increase in the Consolidated Highway Improvement Program (CHIPS). In addition, the budget also includes \$10 million in support for airports, \$21 million in capital support for non-MTA

transit systems, and additional funding for freight rail systems, including funds for the upgrade of one diesel train engine owned by the Long Island Railroad (LIRR) to meet higher emissions standards. In addition, the capital plan includes \$45 million for engineering services to advance transportation priorities across the state, and \$155 million to accelerate projects of regional significance.

**State Operations and Workforce.** The Enacted Budget includes \$325 million in State operations and workforce reductions, which is comprised of \$95 million in savings resulting from continued workforce management and reductions of excess facilities capacity; \$88 million due to a lower than anticipated health insurance rate increase for the Empire Plan in 2013; \$80 million in reductions related to lower fringe benefit rates including savings generated from the pre-payment of pension costs; and \$62 million in savings from the Legislature, Judiciary, State Comptroller, and Department of Law, whose budgets do not propose spending increases for SFY 2013-14.

Additionally, the Enacted Budget once again includes language to authorize the transfer or interchange of State Operations appropriation authority between State agencies in order to achieve efficiencies. Specifically, this interchange and transfer language provides the Executive with the authority to consolidate administrative functions and to reduce outdated and duplicative information technology infrastructure.

## **Receipts**

General Fund receipts for the State Fiscal Year 2013-14 Enacted Budget are estimated at \$61.3 billion, an increase of \$2.5 billion or 4.2 percent from SFY 2012-13.

Receipts of the State, excluding Federal receipts, are estimated at \$92.9 billion, an increase of \$2.6 billion or 2.8 percent from SFY 2012-13. State receipts excluding Federal and Capital receipts are estimated at \$87.3 billion, an increase of \$2.2 billion or 2.6 percent from SFY 2012-13.

Receipts on an All Funds basis are projected to be approximately \$140.4 billion, a net increase of \$7.2 billion or 5.4 percent from SFY 2012-13. This increase is primarily due to increased Federal aid for Superstorm Sandy and the Affordable Care Act and Personal Income Taxes.

## **Closing Balance and Reserves**

The Enacted Financial Plan anticipates a General Fund closing balance (including certain reserves) of \$1.7 billion.

Restricted reserves are projected to be \$1.4 billion and include:

Tax Stabilization Reserve Fund	\$1.13 billion
Statutory Rainy Day Reserve	\$175 million
Community Projects	\$68 million
Contingency Reserve Fund	\$21 million

Unrestricted reserves of \$314 million and include:

Labor Agreements	\$51 million
Reserved for Debt Reduction	\$263 million

**CASH FINANCIAL PLAN  
GENERAL FUND  
Enacted 2013-14  
(millions of dollars)**

	<b>2013-14</b>	<b>Enacted</b>
Opening Fund Balance		1,610
<b>Receipts:</b>		
Taxes		
Personal Income Tax		28,488
User Taxes and Fees		6,548
Business Taxes		6,375
Other Taxes		1,069
Miscellaneous Receipts		3,096
Federal Grants		2
Transfers from Other Funds		
- PIT Revenue Bond		8,840
- LGAC		5,440
- RETT		532
- All Other		866
<b>Total Receipts</b>		<b>61,256</b>
<b>Disbursements:</b>		
Grants to Local Governments		40,258
State Operations		7,564
General State Charges		4,953
Transfers to Other Funds		
- Debt Service		1,328
- Capital Projects		1,227
- State Share Medicaid		1,813
- SUNY Operations		971
- Other Purposes		3,043
<b>Total Disbursements</b>		<b>61,157</b>
Change in Fund Balance		99
Closing Fund Balance		1,709
Tax Stabilization Reserve Fund		1,131
Statutory Rainy Day Reserve Fund		175
Contingency Reserve Fund		21
Community Projects Fund		68
Reserved for Prior-Year Labor Agreements (2007-2011)		51
Reserved for Debt Reduction		263

**CASH FINANCIAL PLAN  
STATE FUNDS  
Enacted 2013-14  
(millions of dollars)**

	<b>2013-14</b>	<b>Enacted</b>
Opening Fund Balance		4,067
<b>Receipts:</b>		
Taxes		69,351
Miscellaneous Receipts		23,435
Federal Grants		80
<b>Total Receipts</b>		<b>92,866</b>
<b>Disbursements:</b>		
Grants to Local Governments		60,946
State Operations		17,824
General State Charges		7,089
Debt Service		5,743
Capital Projects		4,779
<b>Total Disbursements</b>		<b>96,381</b>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds		30,040
Transfers to Other Funds		(26,777)
Bond and Note Proceeds		338
<b>Net Other Financing Sources (Uses)</b>		<b>3,601</b>
Change in Fund Balance		86
Closing Fund Balance		4,153

**CASH FINANCIAL PLAN  
STATE OPERATING FUNDS  
Enacted 2013-14  
(millions of dollars)**

	<b>2013-14</b>	<b>Enacted</b>
Opening Fund Balance		4,360
<b>Receipts:</b>		
Taxes		67,951
Miscellaneous Receipts		19,224
Federal Grants		75
<b>Total Receipts</b>		<b>87,250</b>
 <b>Disbursements:</b>		
Grants to Local Governments		59,564
State Operations		17,824
General State Charges		7,089
Debt Service		5,743
Capital Projects		5
<b>Total Disbursements</b>		<b>90,225</b>
 <b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds		28,169
Transfers to Other Funds		(25,284)
Bond and Note Proceeds		0
<b>Net Other Financing Sources (Uses)</b>		<b>2,885</b>
Change in Fund Balance		(90)
Closing Fund Balance		4,270



**CASH FINANCIAL PLAN  
ALL FUNDS  
Enacted 2013-14  
(millions of dollars)**

	<b>2013-14 Enacted</b>
Opening Fund Balance	3,879
<b>Receipts:</b>	
Taxes	69,351
Miscellaneous Receipts	23,621
Federal Grants	47,433
<b>Total Receipts</b>	<b>140,405</b>
<b>Disbursements:</b>	
Grants to Local Governments	101,944
State Operations	19,548
General State Charges	7,407
Debt Service	5,743
Capital Projects	5,897
<b>Total Disbursements</b>	<b>140,539</b>
<b>Other Financing Sources (Uses)</b>	
Bond and Note Proceeds	338
Transfers from Other Funds	29,727
Transfers to Other Funds	(29,794)
<b>Net Other Financing Sources (Uses)</b>	<b>271</b>
Change in Fund Balance	137
Closing Fund Balance	4,016

## **SUMMARY OF LEGISLATIVE ACTIONS ON THE REVENUE PROVISIONS IN THE SFY 2013-14 EXECUTIVE BUDGET**

### **Overview**

The Enacted Budget contains legislative actions on revenue provisions included in the State Fiscal Year (SFY) 2013-14 Executive Budget. These provisions, combined with legislative additions, will increase revenues by \$304 million. The Enacted Budget also rejects various Executive Budget proposals that would have increased revenues by \$14 million. The Legislature is required to report on any action to continue, modify or repeal any tax expenditure. These changes are identified below.

### **Legislative Action on the Executive Budget Proposals**

The Legislature denies the following Executive revenue proposals which would have increased revenue by \$14 million in SFY 2013-14:

- Expansion of the authority of the Department of Tax and Finance to refuse to issue a Certificate of Authority for sales tax vendors;
- Expansion of the Department of Taxation and Finance's ability to refuse to reissue or revoke a cigarette certificate of registration; and
- Elimination of remaining Quick Draw restrictions.

The Legislature denies the following Executive proposal which would have had no significant impact on revenues:

- Taste-NY; and
- Local Sales Tax Authority.

The Legislature modified the following Executive proposals that reduce revenues:

- Film tax credit;
- Incubators\Hot-Spots;
- Pari-mutuel rates; and
- Electric and alternative fuel recharging equipment credit.

The Legislature also modified the following Executive proposals that increase revenues:

- IDA reform;
- Suspension of delinquent taxpayers' driver's license;
- Amend wage garnishment procedures;
- Tax modernization; and
- Article 18-a utility assessment.

The following proposals were accepted as submitted by the Executive:

- Extension of the MTA business tax surcharge;
- Extension of the charitable contributions limitation;
- Closing of royalty income loophole;
- Extension of historic commercial property rehabilitation credit enhancements;
- Technical amendments to the tax classification of uncompressed natural gas;
- Equalize fuel tax treatment for volunteer ambulance and fire services;
- Increase penalties for possession of unstamped cigarettes;
- Extend Monticello Video Lottery Terminal distribution rates;
- Extension of the historic homeownership rehabilitation credit enhancements;
- Diesel motor fuel amendments; and
- Technical amendment to the farming exemption within the Highway Use tax to clarify related persons.

#### **Legislative Additions to the Executive Budget**

- Extension of the Personal Income Tax (PIT) reforms enacted in 2011;
- Small business income tax exemption;
- Manufacturers tax reduction;
- Veterans tax credit;
- Family tax relief child credit;
- Youth Works tax credit;
- Minimum wage tax credit; and
- Teen Health check off.

**LEGISLATIVE ACTIONS AND ADDITIONS TO THE EXECUTIVE BUDGET  
ALL GOVERNMENTAL FUNDS  
(millions of dollars)**

REVENUE PROPOSALS	Fiscal Impact of Executive Proposals		Fiscal Impact of Legislative Changes	
	SFY 2013-14	SFY 2014-15	SFY 2013-14	SFY 2014-15
<b>PERSONAL INCOME TAXES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55</b>
PIT Tax Reform			\$0	\$500
Small Business Tax Exemption			\$0	(\$35)
Family Tax Relief Credit			\$0	(\$410)
<b>USER TAXES AND FEES</b>	<b>\$7</b>	<b>\$13</b>	<b>\$0</b>	<b>\$0</b>
IDA Reform*	\$7	\$13	\$0	\$0
<b>BUSINESS TAXES</b>	<b>\$255</b>	<b>\$508</b>	<b>\$0</b>	<b>(\$67)</b>
Extends and Enhances the Film Tax Credit*	\$0	\$0	\$0	\$0
Electric and Alternative Fuels Recharging Equipment Tax Credit*	\$0	(\$1)	\$0	\$0
Manufacturers Reduction of Tax			\$0	(\$30)
Veteran Tax Credit			\$0	\$0
18-A Phase Out*	\$255	\$509	\$0	(\$37)
Youth Hiring Credit			\$0	\$0
Minimum Wage Credit			\$0	\$0
Incubators\Hot-Spots*	\$0	\$0	\$0	\$0
<b>OTHER</b>	<b>\$42</b>	<b>\$38</b>	<b>\$0</b>	<b>\$0</b>
Tax Modernization*	\$6	\$22	\$0	\$0
Suspend Delinquent Taxpayers' Driver's License*	\$26	\$6	\$0	\$0
Amend Wage Garnishment*	\$10	\$10	\$0	\$0
One-year Extension of Pari-Mutuel Rates*	\$0	\$0	\$0	\$0
Teen Health Education PIT Check-off			\$0	\$0
<b>TOTAL</b>	<b>\$304</b>	<b>\$559</b>	<b>\$0</b>	<b>(\$12)</b>
<b>Rejected Executive Proposals</b>				
Elimination of Remaining Quick Draw Restrictions	\$12	\$24	(\$12)	(\$24)
Sales Tax Certificates of Authority	\$1	\$1	(\$1)	(\$1)
Cigarette/Tobacco Retailer Registration Clearance Process	\$1	\$1	(\$1)	(\$1)
<b>Total Rejected</b>	<b>\$14</b>	<b>\$26</b>	<b>(\$14)</b>	<b>(\$26)</b>

\* Denotes original Executive program amended by Legislature



## SUMMARY OF THE REVENUE PROVISIONS CONTAINED IN THE ENACTED BUDGET

### *Article VII Proposal (S.2609-D)/ A. 3009-D)*

**PART A: MTA Surcharge Extension.** The Legislature concurs with the Executive proposal to extend the 1981 Temporary MTA Business Tax Surcharge for five years.

**PART B: Film Tax Credit Extension.** The Legislature modifies the Executive proposal to amend the film tax credit as follows:

- adds \$420 million allocation annually to pool two for the years 2015 through 2019;
- creates an incentive of an additional 10 percentage points of below the line labor costs (excluding extras) expended in the making of films that are filmed north and west of the Capital District. The pool for the additional incentive will be \$5 million each year;
- changes the allocation of the Empire State Post Production Tax Credit from \$7 million to \$25 million;
- adds to the definition of “Qualified film” a “Relocated television production” which is defined as a talk or variety show that has been filming outside of New York State for at least five seasons and must have New York production costs of at least \$30 million annually or \$10 million in capital expenditures;
- modifies the post production credit so that the cost of visual effects and animation are no longer included in the calculation of the 75 percent of post-production costs necessary to be performed in New York in order to qualify for the credit. However, the film can still receive post production credits for visual effects and animation if the cost of such is at least \$3 million or 20 percent of total post production costs. These relaxed requirements will take effect for those applications that have been submitted but not yet finalized;
- allows unused allocated balances from the film credit to be made available for allocation for the post production credit;
- expands reporting requirements to include: credit eligible man hours, the total wages paid for such credit eligible man hours, the names of the companies that receive credits from the program, the place of residence or incorporation for those companies, and the amount of credits that each taxpayer receives; and
- the proposal also requires the Office of Motion Picture and Television Development to file a report bi-annually which includes the efficacy of the credits and requires that the office hire an independent third party to conduct a study on the economic impact of the credit.

**PART C: Business Incubators Program.** The Legislature amends the Executive proposal for an Innovation Hot Spots program to create the New York State Business Incubator program which will provide operating grants to business incubators across the state. Of these incubators, ten will be designated as “innovation hot spots” whose tenant businesses will receive tax benefits along with operating support for the incubator itself.

**PART D: Itemized Deductions.** The Legislature concurs with the Executive proposal to extend the limitation on itemized deductions for charitable contributions for three additional taxable years.

**PART E: Royalty Income Amendment.** The Legislature concurs with the Executive proposal to change the taxation of royalty income.

**PART F: Historic Properties Extension/Expansion.** The Legislature concurs with the Executive proposal to extend the historic properties credit for five years and enhance the credit by making the credit refundable starting in 2015. In addition, it modifies the Executive proposal by clarifying that the determination of eligible census tracts will be based on the five-year average of median income from the American Community Survey as of January first of each year.

**PART G: Alternative Fuels Refueling Property Credit.** The Legislature modifies the Executive proposal to create an electric vehicle recharging property credit by expanding the credit to include refueling property for other alternative fuels.

**PART H: Tax Modernization.** The Legislature modifies the Executive proposal to make permanent Tax Modernization provisions of the Tax Law by instead extending the following provisions for three years: requiring electronic filing of authorized tax documents by tax return preparers; requiring electronic filing of authorized tax documents by taxpayers that prepare their own authorized tax documents using computer software; and requiring taxpayers that fail to pay sales tax to make deposits to a segregated account.

**PART I: Taste-NY.** The Legislature denies the Executive proposal to create a new “Taste-NY” program.

**PART J: Industrial Development Agency Changes.** The Legislature amends the Executive proposal to limit the ability of Industrial Development Agencies (IDAs) to offer state sales tax exemptions.

- IDAs will be prohibited from providing the state sales tax exemption and other benefits to retail projects with the following exceptions: if the project is a tourism destination, if the project is located in a highly distressed area, or if the project provides goods or services that are not readily accessible in the region.
- The IDA will report to the Department of Taxation and Finance on projects that are given the state sales tax exemption.
- IDA agreements with state sales tax benefits will be required to contain provisions to recapture tax benefits if the project operator does not fulfill requirements in agreement and any recaptured state sales tax must be returned to the state.

**PART K: Technical Amendment for Uncompressed Natural Gas.** The Legislature concurs with the Executive proposal to make a technical amendment in allowing the sales tax exemption of uncompressed natural gas purchased with the intention of being converted to compressed natural gas (CNG) for use or consumption in the engine of a motor vehicle.

**PART L: Volunteer Emergency Squad Fuel Tax Equalization.** The Legislature concurs with the Executive proposal to equalize the treatment of fuel tax exemptions for volunteer emergency squads by creating a refund for petroleum business taxes paid by such entities in the course of their business. They are currently exempt from the motor fuel tax and sales tax.

**PART M: Sales Tax Certificate of Authority.** The Legislature denies the Executive proposal to expand the authorization of the Department of Tax and Finance to refuse to issue a Certificate of Authority for sales tax vendors.

**PART N: Cigarette Certificate of Authority.** The Legislature denies the Executive proposal to expand the Department of Taxation and Finance's ability to refuse to reissue or revoke a cigarette certificate of registration.

**PART O: Civil Penalties for Unstamped Cigarettes.** The Legislature concurs with the Executive proposal to increase civil penalties for unstamped cigarettes.

**PART P: Drivers' License Suspension for Unpaid Taxes.** The Legislature modifies the Executive proposal to allow the Department of Taxation and Finance in conjunction with the Department of Motor Vehicles to suspend drivers' licenses for tax delinquency by changing the taxpayer notification from 45 days to 60 days before a license is suspended and by denying provisions that prohibit insurance companies from using this information to determine a taxpayers risk premium.

**PART Q: Warrantless Wage Garnishment.** The Legislature modifies the Executive proposal to allow the Department of Tax and Finance to issue warrantless wage garnishments by having these provisions sunset on April 1, 2015; by strengthening the taxpayer notification requirements and by requiring an accounting of those taxpayers that will be affected via electronically filing quarterly with the Department of State a list of affected taxpayers.

**PART R: Local Sales Tax Authority.** The Legislature denies the Executive proposal to authorize counties and cities to impose their current additional local rates of sale and compensating use taxes without obtaining State legislative authority.

**PART S: Quick Draw Restrictions.** The Legislature denies the Executive proposals to eliminate the Quick Draw square footage requirements and 21 years of age restrictions.



**PART T: VLT Distribution Extension.** The Legislature concurs with the Executive proposal to extend the Monticello VLT distribution rates for one year.

**PART U: Pari-Mutuel Tax Extender.** The Legislature modifies the Executive proposal to lower the pari-mutuel tax for simulcasting out of state races permanently, by instead extending the provisions for one year.

**PART V: Historic Homes Rehabilitation Credit.** The Legislature concurs with the Executive proposal to extend the enhancements to the historic home rehabilitation credit by five years.

**PART W: Diesel Motor Fuel Technical Change.** The Legislature concurs with the Executive proposal to change the incidence of taxation for diesel motor fuel under the motor fuel excise tax, the petroleum business tax and the sales tax. Currently diesel is taxed when it is delivered to a retailer; this part will move the incidence of taxation to when it leaves the terminal.

**PART X: Farm Highway Use Tax Technical Change.** The Legislature concurs with the Executive proposal to make a change to the highway use tax farm exemption to expand the definition of “relationship” to specify familial relations as well as adding corporate and partnership relationships.

**PART Y: Income Tax Exemption for Small Business/Farms.** The Legislature adds language to provide small businesses and small farms an exemption equal to five percent of net income to be phased in over a three year period (three percent in 2014; 3.75 percent in 2015; five percent in 2016 and beyond.) To qualify, the business or farm must have less than \$250,000 in net business income and employ at least one employee.

**PART Z: Manufacturer Tax Rate Reduction.** The Legislature adds language to provide a tax rate reduction for manufacturers. The rates in all four corporate tax calculations will be reduced by the following percentages: 9.2 percent in 2014; 12.3 percent in 2015; 15.4 percent in 2016 and 2017; and, 25 percent in 2018 and beyond.

**PART AA: Hire-A-Vet Credit.** The Legislature adds language to create a Hire-a-Vet credit to provide a tax credit to any business that hires a full-time veteran returning home from military service. That credit will be equal to 10 percent of wages paid, with a maximum of \$5,000 per veteran -- increasing to 15 percent of wages if the veteran is also disabled, with a maximum of \$15,000 per disabled veteran.

**PART BB: 18-a Surcharge Phase Out.** The Legislature modifies the Executive proposal to extend the 18-a utility assessment by phasing out the temporary surcharge as follows: two percent in State Fiscal Year 2014-15; 1.75 percent in State Fiscal Year 2015-16; 1.5 percent in State Fiscal Year 2016-17; 50 percent of the 2016-17 payment on March 2017 for the assessment of State Fiscal Year 2017-18; and zero percent afterward.

**PART CC: Family Tax Relief Credit.** The Legislature adds language to create the Family Tax Relief Credit for three years.

- The refundable credit is equal to \$350 per family with one or more children under the age of 17.
- Applies to families with incomes between \$40,000 and \$300,000.
- An advanced refund of the credit will be given in October of each of the three years.

**PART DD: NY-Youth Works Credit Extension.** The Legislature adds language to extend the NY Youth Works Credit until 2017, adding a \$6 million pool to each of four years and amending the city population requirement.

**PART EE: Minimum Wage Reimbursement Credit.** The Legislature adds language to create a minimum wage reimbursement credit for the employment of students who are age 16-19 at the minimum wage. For every hour worked the credit equals: 75 cents in 2014; \$1.31 in 2015; and \$1.35 in 2016-18. If the federal minimum wage increases above 85 percent of the state minimum wage the credit will equal the difference between the state and federal.

**PART FF: Personal Income Tax Rate Extension.** The Legislature adds language to extend the December 2011 tax rates and the inflation indexing of the standard deduction and the tax rate schedules for an additional three years, through taxable year 2017.

**PART GG: Teen Health Education Check-off.** The Legislature adds language to create a new personal income tax check-off for the teen health education fund.

**PART HH: Excelsior Linked Deposit Expansion.** The Legislature adds language to expand the types of businesses that can participate in the Excelsior Linked Deposit Program to technology and innovation businesses.

**PART II: Small Business Revolving Loan Fund.** The Legislature adds language to amend the Small Business Revolving Loan Fund to provide bridge loans to minority and women-owned business enterprises and other small businesses performing contracts to provide construction or professional services for state procurement purposes.

**PART JJ: Innovative Venture Capital Fund.** The Legislature adds language to create the New York State Innovation Venture Capital Fund which will be operated by the Empire State Development Corporation and will provide funding to seed early-stage and venture capital companies.



## THE FISCAL IMPACT OF THE SFY 2013-14 ENACTED BUDGET ON LOCAL GOVERNMENTS

The following charts detail the primary impacts on localities from the State Fiscal Year (SFY) 2013-14 Enacted Budget for local fiscal years that end in 2013 and 2014.

### Fiscal Impact of the SFY 2013-14 Enacted Budget on Local Governments in Local Fiscal Year Ending in 2013

IMPACT OF THE 2013-14 ENACTED BUDGET ON LOCAL GOVERNMENTS LOCAL FISCAL YEARS ENDING 2013 (millions of dollars)						
	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
<b>Revenue Actions</b>	<b>3.9</b>	<b>2.3</b>	<b>0.5</b>	<b>1.0</b>	<b>0.1</b>	<b>0.0</b>
- Extend Charitable Deduction Limit	1.5	1.5	0.0	0.0	0.0	0.0
- Extend Tax Modernization Provisions	0.9	0.3	0.0	0.6	0.0	0.0
- Allow for Warrantless Wage Garnishment	0.5	0.5	0.0	0.0	0.0	0.0
- Reform Industrial Development Agencies	1.0	0.0	0.5	0.4	0.1	0.0
<b>Human Services</b>	<b>0.8</b>	<b>0.1</b>	<b>0.0</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>
- Increase Funding for YDDP/SDPP	0.7	0.1	0.0	0.6	0.0	0.0
- Increase Funding for Runaway Homeless Youth	0.1	0.0	0.0	0.1	0.0	0.0
<b>Transportation</b>	<b>56.5</b>	<b>4.9</b>	<b>0.0</b>	<b>25.7</b>	<b>3.5</b>	<b>22.4</b>
- Increase CHIPS Assistance	45.4	2.6	0.0	16.9	3.5	22.4
- Increase Transit Assistance (NYC, Suffolk, Nassau, Rockland, Westchester)	11.1	2.3	0.0	8.8	0.0	0.0
<b>Municipal Aid</b>	<b>12.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>10.7</b>	<b>0.5</b>
- Accelerate City of Albany 19-A Payment	7.9	0.0	0.0	0.0	7.9	0.0
- Advance Tribal State Compact Revenues to Salamanca	2.5	0.0	0.0	0.0	2.5	0.0
- Increase VLT Aid to Eligible Municipalities	1.2	0.0	0.0	0.4	0.3	0.5
- Increase Assistance to Madison and Oneida Counties	1.0	0.0	0.0	1.0	0.0	0.0
<b>Total 2013-14 Enacted Budget Actions</b>	<b>73.8</b>	<b>7.3</b>	<b>0.5</b>	<b>28.8</b>	<b>14.3</b>	<b>22.9</b>

### Local Government Impact Changes from the Executive Proposal in 2013

For local fiscal years ending in 2013, the Executive Budget had an impact of \$31.3 million to local governments. In the Enacted Budget the impact to local governments is \$73.8 million, representing an increase of \$42.4 million. The primary changes relate to an additional \$45.4 million in CHIPS aid, the rejection of the Expansion of Sales Tax Registration Clearance, and the rejection of Early Intervention proposals. Additionally, the Enacted Budget impact accelerates \$86 million in local Medicaid relief related to the Affordable Care Act.

## Fiscal Impact of the SFY 2013-14 Enacted Budget on Local Governments in Local Fiscal Year Ending in 2014

IMPACT OF 2013-14 ENACTED BUDGET ON LOCAL GOVERNMENTS						
LOCAL FISCAL YEARS ENDING 2014						
(millions of dollars)						
ENACTED BUDGET	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
<b>School Aid</b>	<b>942.0</b>	<b>364.0</b>	<b>578.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
- Allocated School Aid	942.0	364.0	578.0	0.0	0.0	0.0
<b>Revenue Actions</b>	<b>27.1</b>	<b>19.6</b>	<b>1.2</b>	<b>5.1</b>	<b>0.8</b>	<b>0.4</b>
- Suspend Delinquent Taxpayers' Drivers Licenses	11.0	8.3	0.1	2.0	0.3	0.3
- Extend Charitable Deduction Limit	7.5	7.5	0.0	0.0	0.0	0.0
- Extend Tax Modernization Provisions	3.8	1.5	0.0	2.0	0.2	0.1
- Reform Industrial Development Agencies	2.5	0.0	1.1	1.1	0.3	0.0
- Allow for Warrantless Wage Garnishment	2.0	2.0	0.0	0.0	0.0	0.0
- Close Royalty Income Loophole	1.3	1.3	0.0	0.0	0.0	0.0
- Small Business Exemptions	(1.0)	(1.0)	0.0	0.0	0.0	0.0
<b>Human Services</b>	<b>1.5</b>	<b>0.5</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
- Increase Funding for YDDP/SDPP	1.2	0.4	0.0	0.8	0.0	0.0
- Increase Funding for Runaway Homeless Youth	0.3	0.1	0.0	0.2	0.0	0.0
<b>Health/ Medicaid</b>	<b>1.6</b>	<b>0.2</b>	<b>0.0</b>	<b>1.4</b>	<b>0.0</b>	<b>0.0</b>
- Increase General Public Health Works (GPHW) Base Grant	1.3	0.1	0.0	1.2	0.0	0.0
- Provide GPHW Incentive Payments	0.3	0.1	0.0	0.2	0.0	0.0
<b>Transportation</b>	<b>96.1</b>	<b>19.9</b>	<b>0.0</b>	<b>34.2</b>	<b>7.0</b>	<b>35.0</b>
- Increase CHIPS Assistance	75.0	10.5	0.0	22.5	7.0	35.0
- Increase Transit Assistance (NYC, Suffolk, Nassau, Rockland, Westchester)	21.1	9.4	0.0	11.7	0.0	0.0
<b>Municipal Aid</b>	<b>6.8</b>	<b>0.0</b>	<b>0.0</b>	<b>1.4</b>	<b>3.2</b>	<b>2.2</b>
- Advance Tribal State Compact Revenues to City of Salamanca	2.5	0.0	0.0	0.0	2.5	0.0
- Establish Per Capita increase to Villages	1.5	0.0	0.0	0.0	0.0	1.5
- Increase VLT Aid to Eligible Municipalities	1.4	0.0	0.0	0.4	0.4	0.6
- Increase Assistance to Madison and Oneida Counties	1.0	0.0	0.0	1.0	0.0	0.0
- Provide Aid to Syracuse for a Shared Services Project	0.3	0.0	0.0	0.0	0.3	0.0
- Provide Aid to Newly Created Villages	0.1	0.0	0.0	0.0	0.0	0.1
<b>Subtotal</b>	<b>1,075.1</b>	<b>404.2</b>	<b>579.2</b>	<b>43.1</b>	<b>11.0</b>	<b>37.6</b>
- School Aid - State of the State Initiative	75.0	TBD	TBD	0.0	0.0	0.0
- School Aid - Performance Grants	50.0	TBD	TBD	0.0	0.0	0.0
<b>Total 2013-14 Enacted Budget Actions</b>	<b>1,200.1</b>	<b>404.2</b>	<b>579.2</b>	<b>43.1</b>	<b>11.0</b>	<b>37.6</b>

### Local Government Impact Changes from the Executive Proposal in 2014

For local fiscal years ending in 2014, the Executive Budget had an impact of \$943.7 million to local governments. In the Enacted Budget the impact to local governments is \$1.2 billion, representing an increase of \$256.4 million. The primary differences were reprogramming changes of \$203 million and additional funding of \$178 million to Education, \$6.8 million for local governments, reform of Industrial Development Agencies, \$75 million for the Consolidated Local Street and Highway Improvement Program (CHIPS), and a rejection of the Expansion of Sales Tax Registration Clearance, and a rejection of Early Intervention proposals.

# **General Legislative Findings**