



Partnership for New York City

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STATEMENT FROM KATHRYN S. WYLDE, PRESIDENT & CEO OF THE PARTNERSHIP FOR NEW YORK CITY ON GOVERNOR SPITZER'S 2008-2009 EXECUTIVE BUDGET PROPOSAL

NEW YORK, January 22, 2008 - "The Executive Budget for 2008-09 has to be considered in the context of unstable economic conditions. The Governor's budget is mindful that Wall Street profits are unlikely to bail out the state's growing structural deficit this year. On the other hand, he proposes a 5% increase in state spending that exceeds cost of living and inflation indexes and may be hard to justify if the economy continues to sour.

"The Governor's budget maintains New York's commitment to improving essential services in education and health care. His projection of spending needs in transportation and infrastructure highlight the importance of including new revenue sources like congestion pricing as part of the final budget, charging those who use public facilities and avoiding tax increases.

"Of greatest concern is that the Governor proposes changes in tax treatment of key industries that could dampen job creation and business investment in the state. For example, the Executive Budget includes a new tax on income generated by out-of-state subsidiaries of financial services firms. This industry generates 20 percent of the tax revenues in New York State and coming down on financial firms with new assessments comes close to killing the goose that lays the golden egg.

"The Governor is absolutely on target when he calls for saving \$50 million through tighter enforcement of the Empire Zone program. Over the past decade, Empire Zones got completely out of hand as a tax expenditure that generates little in the way of economic development. This is a program that has lost its original mission of incentivizing investment in the state's most impoverished communities and is not a good use of limited resources.

"The Partnership applauds the inclusion of salary increases for the judiciary, and urges the Governor to treat this as a priority in his negotiations with the Legislature.

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“Finally, the Partnership supports the position of the Governor's Higher Education Commission to allow institutions to match new state funding with discretionary tuition increases. It is disappointing that this proposal to encourage state and city public universities to be more entrepreneurial did not find its way into the budget. “

The Partnership for New York City (www.pfnyc.org) is a network of business leaders dedicated to enhancing the economy of the five boroughs of New York City and maintaining the city's position as the center of world commerce, finance and innovation.

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