NEW YORK STATE SENATE

THE STENOGRAPHIC RECORD

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8:48 a.m.

REGULAR SESSION

SENATOR DAVID J. VALESKY, Acting President

ANGELO J. APONTE, Secretary

P R O C E E D I N G S

ACTING PRESIDENT VALESKY: The Senate will please come to order.

I ask everyone present to please rise and recite with me the Pledge of Allegiance.

(Whereupon, the assemblage recited the Pledge of Allegiance to the Flag.)

ACTING PRESIDENT VALESKY: In the absence of clergy, may we bow our heads in a moment of silence.

(Whereupon, the assemblage respected a moment of silence.)

ACTING PRESIDENT VALESKY: The reading of the Journal.

The Secretary will read.

THE SECRETARY: In Senate, Thursday, April 2, the Senate met pursuant to adjournment. The Journal of Wednesday, April 1, was read and approved. On motion, Senate adjourned.

ACTING PRESIDENT VALESKY: Without objection, the Journal stands approved as read.

Presentation of petitions.

Messages from the Assembly.

Messages from the Governor.

Reports of standing committees.

Reports of select committees.

Communications and reports from state officers.

Motions and resolutions.

Senator Klein.

SENATOR KLEIN: Mr. President, before we start today, I have an announcement. We're going to celebrate today the birthday of someone who's very, very special to us, Vice President Pro Tem David Valesky.

(Applause.)

ACTING PRESIDENT VALESKY: Thank you, everybody.

SENATOR KLEIN: I'm sure, Senator Valesky, I can think of no better place.

(Laughter.)

SENATOR KLEIN: At this time, Mr. President, can we take up a controversial reading of Calendar Number 136.

ACTING PRESIDENT VALESKY: The

Secretary will ring the bells.

I ask all Senators to proceed directly and immediately to the chamber so that we can begin debate on Calendar Number 136, which the Secretary will read.

THE SECRETARY: Calendar Number 136, substituted April 1, Assembly Budget Bill, Assembly Print Number 157B, an act to amend the Education Law.

ACTING PRESIDENT VALESKY: Read the last section.

SENATOR LIBOUS: Mr. President, is there a quorum in the house?

(Pause.)

ACTING PRESIDENT VALESKY: Senator Libous, in answer to your question, there is a quorum that is now present.

SENATOR LIBOUS: Mr. President, could we have a quorum call, please.

Mr. President.

ACTING PRESIDENT VALESKY: Senator Libous.

SENATOR LIBOUS: I will withdraw that quorum call, and I think we can get

started in about two minutes.

ACTING PRESIDENT VALESKY: The quorum call has been withdrawn.

Senator Libous.

SENATOR LIBOUS: Mr. President, could I have an explanation, please, on the bill.

ACTING PRESIDENT VALESKY: Senator Kruger, an explanation has been requested of Calendar 136 by Senator Libous.

SENATOR CARL KRUGER: Yes, Mr. President. This is the revenue bill, Calendar Number 136. And the explanation will start with Senator Liz Krueger.

ACTING PRESIDENT VALESKY: Senator Liz Krueger, for an explanation.

SENATOR LIZ KRUEGER: Thank you.

As Senator Carl Kruger mentioned, this is the ELFA bill, which has a series of parts to it. The first series of sections involves the education budget. The following sections D through L are the higher ed sections of the budget.

And then Sections M through Z

include tax issues, pass-throughs and Social Security income, some changes in unemployment law. Then we continue to human rights, a section of building licensing and boiler inspection and asbestos licensing. We then continue to a section on enforcement in pyrotechnics. We follow that by some changes in the law for crane operator safety and some additional civil penalties as such. And then we follow up with some slight changes to higher ed rules as well as the Private Housing Finance Law.

It's a very complex and detailed bill, and I'm sure we'll be discussing section by section the legislation as we move forward.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Liz Krueger.

Senator Libous.

SENATOR LIBOUS: Mr. President, I believe there's a number of amendments at the desk; eight, to be exact.

ACTING PRESIDENT VALESKY: There are.

SENATOR LIBOUS: We would like to start with the first amendment, waive its reading, and then I would ask you to call on Senator DeFrancisco and then Senator Fuschillo, please.

ACTING PRESIDENT VALESKY: Senator DeFrancisco, your amendment is here at the desk. Without objection, the reading is waived, and you are recognized to speak on the amendment.

SENATOR DeFRANCISCO: Thank you very much.

This amendment calls for the elimination of the increase in personal income tax that was originally called the millionaire's tax, but in the course of the closed-door meetings it came down to a 200,000-aire tax.

Basically, it reaches many people that at least the initial marketing of the bill would never have reached. It was originally marketed as people with incomes over a million, then it was marketed as people with incomes over $500,000, then it turned out

to be individuals with income over $200,000.

It's a very dangerous bill. We have the federal government, the new change in government that many in this chamber have been praising, the new direction which tries to put money in people's pockets to stimulate the economy. Well, the $7 a week increased money that you have from the payroll tax reduction is more than eaten up by many of the taxes that we see here.

In addition to the personal income tax, there are a series of other taxes that I'll get into in a moment. And what this amendment basically does is eliminate those revenue sources from this budget, mainly because these taxes are going to stifle the economy and make certain that the recovery is going to lag other states, which would really be a shame.

With respect to the personal income tax, we're talking about $200,000 starts you off in the new category of pay more personal income tax. And many suggest that this tax is a small tax, that it only increases the amount

to individuals by a slight amount and they could afford it anyway.

Well, it's a 15 percent increase in tax rate for those individuals earning $200,000 or more or couples, married couples earning $300,000 combined or more. And that affects a lot of people in this state. The numbers that we've got, it's hundreds of thousands of people will be paying more tax.

If you happen to be a very successful individual and earn more than a million dollars a year, then your highest tax bracket goes up 31 percent.

We've had estimates -- and we didn't request these, but the Empire Center for New York State Policy estimates that this tax is going to cause us to lose 15,500 jobs.

Now, what's a shame about this is that this is a year when we're getting millions and millions of dollars -- actually, billions and billions of dollars of stimulus money from the federal government. If we can't put our house in order this year and next year without increasing taxes and risking

loss of jobs, then there's no other year we're ever going to be able to do it.

With respect to the other taxes, there's a whole list of taxes that all of you are well aware of. And some of the other speakers will talk about some of the most onerous ones. But one, for example, is the beer tax that, you know -- I imagine many people think it's not good to drink beer, but the fact of the matter is we have a Budweiser plant in my district, and that company had a rally indicating that if this beer tax was increased, then an expansion that they were considering -- think of that, an expansion in this day and age -- they were thinking of, they would not be able to do it. And coupled with some of these other taxes, the utility tax, it will put them in the last category, the most expensive of all plants to operate in the State of New York.

So when that company starts thinking where we're going to stay and where we're going to downsize when the economy goes south, it looks pretty good that not only is

the expansion not going to happen, but we may be the first one to close.

And this is not something that we learn later or after the fact. They warned us of this before this onerous tax, all these onerous taxes went in. Auto rental tax, highway use tax, increase in the wine tax, the tax on transportation-related activities. And it goes on and on and on and on.

If we want to stifle growth and we want to have less stimulus, then this is the way to do it. So I would urge all of the people -- everyone on this --

ACTING PRESIDENT VALESKY: Excuse me, Senator DeFrancisco.

There seems to be a lot of chatter here this morning. If we could return to how we've been conducting ourselves the last few days, any conversations that need to take place, I'd ask that they take place outside of the chamber so that we can hear those who are speaking on amendments and bills.

Please continue, Senator DeFrancisco.

SENATOR DeFRANCISCO: Thank you, Senator.

We are calling on the Democrat Majority, or at least one or two of them -- just like the Democrats who represent upstate in the Assembly voted against this portion of the budget -- it really is important for our people in the State of New York that we don't cause more harm. And rather than having a stimu-less -- L-E-S-S -- package for our budget, we should try to stimulate the economy and make certain that we have the funds necessary available to people so they can purchase goods on the market and be in a position to help stimulate this economy.

I'm looking for a list here of items, because no doubt -- we have been asked in the press -- not directly, but in the press -- how we're going to pay for this. Well, we had given you that information way back when when we presented our budget alternative that was provided by my letter to Senator Kruger, but well before that when we made our suggestion early on in the budget

process.

One of the areas is cut a certain percentage -- we've got 1 percent, you could do more -- from agency contracts. And quite frankly, that's what CSEA is looking for, is basically to not outsource as much. They've got talent within the State of New York to do some of these things. So cut down on these independent contracts that we have, and we certainly can cut 1 or 2 percent, which would generate a substantial amount of money because there's more than $136 billion in agency contracts, and probably more.

Consolidation of state agencies. The Governor talked about how we've got to streamline government in his budget presentation. And we've got a whole list of agency consolidations that were made public when we presented our budget.

That seems more prudent. It will be a better way to balance the budget, in that it's a true structural change and will be recurring, less money that we have to spend on government. So that when the stimulus money

runs out, we'll be in a position to actually pay for government.

And this is the type of action that really I think what the Comptroller, the Democrat Comptroller DiNapoli, called for, a budget that actually has recurring savings as time goes on, not postpone the inevitable. And the inevitable would be just waiting to make these additional cuts somewhere two years down the road when the largesse from the federal government -- or, put another way, when the money from the other pocket of the taxpayer runs out, we will have to go back into that state pocket even more and more unless we do these types of things.

We had several others that I could go into more details, but other speakers want to speak. But we do have alternatives. We can pay for it. We should pay for it in this manner. And it's a recurring savings.

So I would urge all of the Democrat majority members to join us and join the upstate members of the Democrat majority of the Assembly in voting for our amendment so

that you would ultimately be voting against these onerous new taxes.

Thank you.

ACTING PRESIDENT VALESKY: Thank you, Senator DeFrancisco.

Senator Fuschillo, on the amendment.

SENATOR FUSCHILLO: Thank you very much, Mr. President. On the amendment.

Yesterday it was reported by the Associated Press that the Labor Department today is slated to release a report expected to show that a net total of 654,000 jobs were lost last month. If the economists are right, it would mark a record four straight months that job losses topped 600,000. That's more than the population of Baltimore. Economists say the job market may not get back to normal until 2013.

And now the Governor wants to raise the personal income tax. Property taxes are increasing everywhere, unemployment is at a record high, more than 140,000 jobs lost just since last August. Taxes and fees in this

budget are killers.

Residents throughout this state and small businesses are asking for help. I stand corrected; they're pleading for help. Tax increases will just create more vacant stores in our downtowns and more residents just to leave the state and go across the border to Connecticut, that has a 5 percent maximum rate.

Asked after the event of how the stimulus money should be used in the state budget, our United States Senator, the senior one, Senator Schumer, said: "The first job is twofold. One, prevent tax increases. We cannot afford, at a time of recession, to have a large tax increase. Second, to use it to prevent mass layoffs. You can't have teachers, firefighters, cops laid off in a time of recession. It should be used to mitigate the dangers we face from increases and the large kind of layoffs which the state government would have to do on its own without the stimulus money."

My county executive, Tom Suozzi,

said if they do an income tax increase and don't do a property tax cap or property tax relief, property taxpayers should revolt.

The Wall Street Journal stated that capital gains and Wall Street wages, which accounted for half of the 2003 to 2007 growth in New York State aggregate income, are projected to decline by $100 billion from '07 to '09.

When you look upon how we compare to other states, tax analysis and the facts and figures, it's going to take this year until May 5th, which is our Tax Freedom Day, and it shows how long New Yorkers must work till they can pay all their taxes -- federal, state, local, everything. We're third in the nation, or only third by two days.

When you look at our state business tax climate, we would hope we would be number one. We're at the bottom of the barrel. We're 49th. And probably, after this, we'll be 50th.

Individual income tax index, we'd like to be number one, which shows the most

favorable climate in the nation. We're 43rd.

Sales tax index of collection, we'd like to be number one. It would show the least amount that we would collect. We're 49th.

Property tax index -- number one is the best -- we're 45th.

State individual income tax collection, 50th is the best -- it means they collect the least -- we're number two in the nation.

State corporate income tax, 50th is the best, we're number eight in the nation.

State gas tax collection rate, we have the distinction of being the worst, the number one in the nation.

State and local tax burden -- 1 is bad, 50 is good -- we're number two. State and local income tax collection, we have the distinction of being the worst. We're the highest, we're number one.

Corporate tax collection, we're number two.

State and local spending, 50 is

supposed to be really good, at the bottom of the barrel; it means you spend the least. We're number two. After this budget, we'll probably be number one.

The personal income tax -- and you heard my colleague Senator DeFrancisco talk about it -- it's been analyzed by the Empire Center that we're going to lose, right off the bat, 15,000 jobs. It's going to be more than that. Because you're raising the tax and fees, cutting school aid to certain regions, taking away the STAR rebate. Just on Long Island, we're losing $370 million that people expected to have.

And the economy is tanking. And I look on the federal level, what our President is doing, and I saw a commercial the other day that Ford is saying if you lose your job, we have the money to pay for your car for seven months; don't give it back to us.

That's taxpayers' dollars. That's the President saying, I'm going to try to keep this economy alive, I'm going to try to keep this economy alive and keep people working.

If the car industry goes down, they estimated 1 million to 2 million jobs are gone.

That's why they're pumping all this money in. They're pumping it in to save jobs, to keep people in their houses, with the mortgage tax -- the foreclosures are at record amounts. And they're trying to keep people in their homes, in their jobs. And in New York State, the opposite is happening.

You're raising taxes, Governor Paterson, at the worst possible time in the history of the State of New York. And you're telling people with a subliminal message that's going to be quite apparent to them shortly: You're going to have to leave, because we're raising your personal income tax rate.

Senator DeFrancisco said it best. It's not a millionaire tax, it's a tax that hits S corporations, small businesses that pay the personal income taxing that are starving, that haven't taken salaries -- not in a week, six weeks. I'm meeting with my chambers, they haven't taken salaries, the small businesses,

in months. And this is going to kill them even further.

I urge the approval of this amendment for every citizen who works hard in New York State, who wants to stay and live here with their family.

Thank you very much, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Fuschillo.

The question is on the nonsponsor motion to amend Calendar Number 136. All in favor of the amendment please signify by raising your hand.

The Secretary will announce the results.

THE SECRETARY: Ayes, 30. Nays, 30.

Excused for the day, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Libous.

SENATOR LIBOUS: Mr. President, there's another amendment at the desk, by

Senator Ranzenhofer and Senator Marcellino. I would ask that you waive its reading and please call on Senator Marcellino first.

ACTING PRESIDENT VALESKY: There is an amendment at the desk.

Without objection, the reading is waived and Senator Marcellino may be heard on the amendment.

SENATOR MARCELLINO: Thank you, Mr. President.

The other night on Channel 9, Senator Smith, the Majority Leader, was talking about the taking away of people's STAR rebate checks. His comment was most of the people don't even realize they were getting that money, it was such a small amount.

Well, the people in my district and districts around this state know how much money they're getting. We're already getting calls: Where are our STAR rebates? Why are you taking them away?

At a time when property taxes are going up -- and New Yorkers are already paying the highest property taxes in the nation --

this budget will make matters dramatically worse, placing an enormous new burden on middle-class taxpayers and homeowners who are already struggling to make ends meet.

In Nassau County which I represent, along with Senator Skelos and Senator Fuschillo and Senator Johnson -- and Senator Hannon, can't forget Senator Hannon -- the STAR rebate check would be approximately $685 to each homeowner.

Suffolk County, which I also represent part of, along with Senator LaValle, Senator Owen Johnson, Senator Flanagan -- Senator Morahan is trying to move into Suffolk County -- and Senator Foley, and I think I did say Senator LaValle before -- and partly Senator Fuschillo also -- the average check will be $667.

Westchester County, $1276, Senator Stewart-Cousins. I think Senator Leibell may have a piece of that as well.

In Jefferson County, $282. Erie County, Senator Stachowski, $369 average check. Onondaga, Senator Valesky, $488.

St. Lawrence, Senator Aubertine, $422. I could go on.

These are not insubstantial amounts of money that are being taken away from our citizens.

The Empire Center's web-based Spend-O-Meter predicts that this state's $131.8 billion budget, all funds included, would spend $4179 per second, $250,000 per minute, $15 million per hour, $361 million per day, $2.5 billion per week, and $11 billion per month.

Under this year's budget, our state government will spend more every hour than more than 200 typical New York families earn in a year. And we're going to take property tax STAR rebate checks away from them.

That total amount on Long Island is $368 million. In the Hudson Valley, $305 million. In New York City, which includes the personal income tax credit, which would also be reduced, it's $187 million. Central New York, $177 million. Western New York, $141 million. In the Capital Region

and the North Country, $140 million. And in Rochester, $130 million. And we're going to take the STAR rebate checks away from homeowners who need it.

This is wrong, Mr. President. This has got to change. We need to give money back to the hardworking taxpayers of this state. The rebate checks do that.

Some have put press releases out -- I believe I read one from Senator Aubertine and yourself, Mr. President -- saying that how the Republicans are adding all this money on top and they're not going anything to show us how to pay for the bill.

Well, maybe you missed it, but we put a plan out weeks ago. Weeks ago, sir. Perhaps you should read it. Or maybe use a calculator when you read it next time. Because we show you how to pay for this bill. We show you how to take $3.2 billion -- I won't itemize them, in the interest of time -- but $3.2 billion in savings that would help pay for everything we are restoring to this budget.

Property taxpayers are facing a heavy burden. Senator Aubertine, in your district I'm sure they're facing the same burden proportionately as they are in mine. And I want them to have this STAR rebate check; I think you do too. I'm asking you to come with us, vote with us, vote with us and restore this check. It's important to our people, it's important to the property taxpayers of our state.

Mr. President, this is a good amendment. I know none of them have ever passed in the history of this state, so perhaps we should make history today and pass this one. It's a no-brainer. It's a no-brainer, restore the rebate checks to our constituents, to our public. They need it, they're demanding relief. This budget spends too much. This secret budget spends too much, and we don't give enough back to our taxpayers.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Marcellino.

Senator Ranzenhofer, on the amendment.

SENATOR RANZENHOFER: Thank you, Mr. President.

This truly could be an historic day if we did provide some property tax relief for homeowners. One of the comments, as Senator Marcellino mentioned, is that in New York City the STAR rebate check is not as large as upstate, Western New York and on Long Island. In New York City, it's $148. And what I'm asking is for some of the other upstate and Long Island Senators to stand together and unite on something that's important for the rest of the state.

Because when Senator Smith said it's not important for New York City, that's a New York City point of view. But it's not a point of view that's reflected in the rest of the state. Mr. President, there are 3.9 million residences in this state, of which 3.3 million of them are eligible to receive this STAR rebate check. Last year, of the 3.3 million, 2.9 million actually got a check.

So if you do not support this amendment, what you are doing for 2.9 million people in this state, people that live in every single county in this state, you are taking money out of their pockets at a time when their property taxes are going up.

And we express concern in this chamber over toxic mortgages, mortgages that people either couldn't afford or didn't realize that their mortgages were going to be adjusted, and we tried to protect them. This Senate has tried to take actions to protect people against toxic mortgages.

On the other hand, we're imposing toxic taxes. And with these toxic taxes we are doing exactly what we're trying to prevent in the mortgage industry, but worse, because the amount of money that the average household will have to pay next year under this budget -- between not getting their STAR rebate, energy taxes, and every other thing that's taxed in this budget -- is another $200 a month, or $2,400 a year. That's a lot of money.

So what I'm asking is to unite on this particular amendment. This is a very important amendment because, come September and October, when the property tax bill arrives in the mail and the rebate check doesn't, our phones are going to continue to ring off the hook, and they're going to say, "Where is my STAR rebate check?"

Especially for seniors, who have to pay their property taxes and don't have any kids in the school. They're going to ask me, "Where is my STAR rebate check?" And I'm going to tell them that I put in an amendment to give you a STAR rebate check.

And all we need are a couple of votes, and we can actually give them a positive answer. We can say yes, you're going to get your STAR rebate check.

Mr. President, I'd ask that we take a vote on this. This is a very important issue. And let's have some bipartisan support on this particular STAR rebate check issue.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank

you, Senator Ranzenhofer.

Senator LaValle, on the amendment.

SENATOR LaVALLE: Thank you, Mr. President.

Long Islanders, if the PIT is enacted, will pay 16 percent of that tax, one of the highest contributions in the State of New York. When we look at real property taxes, Nassau and Suffolk residents pay the highest property taxes.

And I'm rising today just to give a historic perspective. We passed, some years ago, the basic STAR and enhanced STAR program. And at the time it brought a lot of joy, because people saw for the first time that they received an exemption that was worth $500 to probably about $1,000.

And we found, as a Legislature, that the school districts played a smart game. They saw that their school district received back, because we gave them back dollar for dollar the exemptions that were taken off the tax roll, and they increased their budgets accordingly. So it was like additional state

aid.

We finally said, look, we need to do something to give the money directly to the people so that they can go out and pay their taxes. That's what the program, the rebate checks, the STAR rebate program was all about.

And under Governor Spitzer, we reduced it to middle-income taxpayers.

Today, when we look at the basic and enhanced and the rebate check, it really represents real money, real relief to the people that we represent. When October comes of this year -- we think that people are always weighing every word that we say in this chamber, reading every word in the newspaper. They don't. They will find, when October comes, they'll be looking for their rebate checks. And as has been said, it's not going to come, and your phones are going to be ringing off the hook.

You will have to tell them that it wasn't in the budget, and whether you supported that or didn't support that.

So this is critically important.

If there is one item in this budget that is critically important to the people of the First Senatorial District, it's the STAR rebate program. And as Senator Marcellino indicated, we put forth a budget. This was one of the central items in our budget, restoring the money for the STAR rebate program.

So I hope that people will -- Democrat members will come across and vote with us on this, because this is critically important to our taxpayers.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator LaValle.

The question is on the nonsponsor motion to amend Calendar Number 136. All in favor signify by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays, 30.

Excused from voting, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The

motion fails.

Senator Libous.

SENATOR LIBOUS: Thank you, Mr. President. I believe there's another amendment at the desk by Senator Ranzenhofer. Could we waive its reading, and could you please call on Senator Ranzenhofer.

ACTING PRESIDENT VALESKY: There is an amendment at the desk from Senator Ranzenhofer.

Without objection, the reading is waived and, Senator Ranzenhofer, you are recognized to speak on the amendment.

SENATOR RANZENHOFER: Thank you, Mr. President.

We talked about this morning that there are millions of hardworking families that are trimming their own household budgets. And it's time that we here in the Senate in New York State took action on a constitutional spending cap that would restrain spending growth and tax increases for years in the future.

Everybody is aware that the federal

stimulus package provides relief for our state budget short-term, but we need to bear in mind this funding is not going to be there in future years. And the need to make some structural long-term fiscal reforms is more critical than ever.

Now, this has been highlighted by the opinion of our Comptroller, Thomas DiNapoli. He said that the budget is not a long-term solution to New York's propensity to spend more than the state can afford. He says that it does so by an overreliance on nonrecurring federal stimulus funds, and that they're not going to be there in the outyears.

Mr. President, 30 states in our country have placed statutory or constitutional caps on spending. And New York continues to rank, as Senator Fuschillo said earlier, among the top in combined state and local tax burden. When you talk about property taxes, income taxes, business taxes, corporate taxes, personal income taxes, and sales taxes, we need to take some action to restrain this state.

A spending cap would limit year-to-year state spending increases. The authority to exceed the cap would only be authorized by the Comptroller in an emergency situation.

As a matter of fact, prior to my arrival in the Senate, Mr. President, last year the Senate passed Resolution 7134 with bipartisan support to enact a spending cap on all state funds. In light of what's going on in this state, Mr. President, right now, a spending cap is needed more than ever, especially given the serious economic challenges that we have in this state and the fact that we all know that in a year or two this federal money dries up, the stimulus package will not be there anymore, and we will be in a greater deficit than we are today.

So I would urge its approval.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Ranzenhofer.

Senator Marcellino, on the amendment.

SENATOR MARCELLINO: Yes, briefly, Mr. President.

I rise because this state is spending too much, clearly. And we have an opportunity here by this resolution to demonstrate and lead by our own example, and that is to cap spending.

How do we go back to local districts, how do we go back to the counties, school districts, towns and otherwise and tell them to slow down spending and cap their spending if we don't do it?

We have an opportunity here to lead by example, and we should. Let us cap our spending.

Thank you.

ACTING PRESIDENT VALESKY: Thank you, Senator Marcellino.

The question now is on the nonsponsor motion to amend Calendar Number 136. All in favor signify by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays,

31.

Excused from voting, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Libous.

SENATOR LIBOUS: Mr. President, I believe there's an amendment at the desk by Senator LaValle. Would you waive its reading and please call on Senator LaValle.

ACTING PRESIDENT VALESKY: There is an amendment at the desk. Without objection, the reading is waived, and Senator LaValle is now recognized to speak on the amendment.

SENATOR LaVALLE: On the amendment, Mr. President.

I have spoken in the last number of days about the need for institutional aid to help both State University and City University. Today, this amendment goes to helping individuals pay tuition through two mechanisms.

One is a mechanism called Family

Tuition Investment Plan. As we all know, and probably very painfully, some of us in this chamber have set up 529 accounts through the College Choice Program that we passed into law here or another 529 program that sets aside money in an IRA for the education of a child or a grandchild or a niece or a nephew.

As everyone knows -- again, painfully -- the 529 accounts are not doing very well. A lot of money has been lost.

This mechanism allows individuals to make a contractual agreement with a trust fund set up to lock in tuition at SUNY or CUNY now. An individual has to be -- the child has to be 14 years or younger, and the State University would receive that money. In this budget, they would receive $116 million, we estimate, on the basis of various demographics.

I think it addresses the institutional problem the State University has or the City University has. And the parent for the child is guaranteed that that will be their tuition. It does not guarantee

admission, but it guarantees that the tuition is locked in.

The second part of the amendment deals with tuition tax credit. New York State -- and we in this Legislature -- I believe was the first state to enact a tuition tax credit. The federal government lagged behind. But in the stimulus bill, it increased the federal tuition tax credit from $1,800 to $2,500.

We increase our tuition deduction from $10,000 to $12,500 and also our tax credit from $400 to $500. This would give great relief to the individuals who are so concerned about funding their child's education.

The first provision actually generates money for the state. The second provision, the tax credit, tax deduction provision, is a $4 million provision, and we can pay for that in the same way. This was part of our budget recommendation.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank

you, Senator LaValle.

The question is on the nonsponsor motion to amend Calendar Number 136. All in agreement indicate by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays, 30.

Excused from voting, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Libous.

SENATOR LIBOUS: There's another amendment at the desk, sir, that I ask that you waive its reading and call on Senator Flanagan and then Senator Saland, please.

ACTING PRESIDENT VALESKY: I'll do that.

Before we do that, I would just inform the members that we have four more amendments, so I would request that you stay close by to the chamber so we can expedite these votes.

Senator Flanagan, there is an

amendment at the desk. Without objection, the reading of the amendment is waived and you may be heard on said amendment.

SENATOR FLANAGAN: Thank you, Mr. President.

The other day we had some discussion on the education portion of the budget, and today we're following up in the language bill. And I had inquired of Senator Oppenheimer as to some points that are actually contained in this bill.

And I must express at the outset my clear disappointment that in the budget proposal that we have before us that there is absolutely no mandate relief. And frankly, there's no excuse for the fact that there's no mandate relief, because it's easy, it's common sense, it's something that's been discussed ad nauseam by our school districts. We talked about it in conference committees over the last couple of years, but nothing's been done.

The Senate Republicans, every chance we got, we advocated, we put legislation here before this house, we put

legislation before the conference committees. And it contains some very basic things that even the Governor had in his budget proposal.

And the amendment that we have before us today I think will go a long way towards helping our school districts. And I don't care what corner of the state you live in, whether it's the City of New York or out on Long Island or any small community in upstate New York. Mandate relief is something we hear about all the time from our districts.

So let me quickly go through the list of what is contained in this amendment. First, no unfunded mandates. It's about time. If the state is going to say you have to do something, we should have to pay for it.

Second, no mandates should be applied during a school fiscal year, something Senator Saland has spoken about at great length in past years. We should set the rules of the game so schools know what's going on and not change them right in the middle of the school year.

Third, the Paperwork Reduction Act.

There are so many reporting requirements that school districts have to comply with that I believe don't do a darn thing to educate children. If they're superfluous and unnecessary, get rid of them.

Fourth, energy audits. Allows for energy audits for all schools that would be aidable and payable by the State of New York.

Fifth, green buildings. We provide incentives. Everybody talks about green technology and green buildings. We have in this amendment an incentive for school districts to be involved so that there would be additional aid if they chose to do so.

Sixth, BOCES. Expanding the role of BOCES. I believe very strongly that if we're going to find ways to help school districts save money, we have to go to the model we already have and simply try and improve it.

Seventh, enhanced consolidation initiatives. Very difficult to force school districts to consolidate, but if we provide incentives, that gives them the financial

opportunity to look at this and maybe view things differently than they would otherwise.

Eighth, school superintendent sharing. This is a simple change in the law that would allow school superintendents to be shared by smaller school districts throughout the State of New York.

Ninth, teacher pension costs. This is something that not a lot of people really understand. But the state will provide relief with pension costs by providing a $100 million program to aid for costs in excess of 4 percent outside of New York City, and up to 40 percent of the money in that program could be used for New York City.

Municipal building sharing, transportation contracts, and a blue ribbon commission on mandates is the other thing.

Now, you might say, in light of what I'm saying, why would we have a blue ribbon commission? It is a very tight time frame. It is an 11-member commission that has to report back to this body.

But I believe that the things that

we are advocating right in this amendment all are common sense. I've been here for a long time, I hear these things from my school districts all the time. And especially now, when it is difficult to actually give out money, we should be finding ways to help school districts save money, which inures to the benefit of the property taxpayer.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Flanagan.

Senator Saland, on the amendment.

SENATOR SALAND: Thank you, Mr. President.

I'm not going to repeat any of the items that Senator Flanagan made mention of. The fact of the matter is is that each and every one of those items that he made reference to has unanimously passed this house previously. And there's no reason for it not to pass unanimously. In fact, it's totally revenue-neutral.

We all pay lip service to the idea of mandate relief. It's one of the most basic

and elementary things that we can do for school districts. We can give them the relief that they've been pleading for, begging for, petitioning for, groveling for. There's absolutely no reason why this house cannot make this statement, as it has in the past, now, here, today. It's not going to cost one single solitary penny, but it's going to save school districts millions upon millions of dollars.

I implore you to do the right thing for each and every one of you, particularly for those of you who have independent school districts. And, for that matter, the dependent, the Big Five. They all will welcome this as perhaps one of the most important things you could have possibly done for them at any time at any place.

Do the right thing on this one. Let's pass this amendment.

ACTING PRESIDENT VALESKY: Thank you, Senator Saland.

The question is on the nonsponsor motion to amend Calendar Number 136. All in

agreement indicate by raising your hand.

The Secretary will announce the results.

THE SECRETARY: Ayes, 30. Nays, 30.

Excused, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Libous.

SENATOR LIBOUS: Mr. President, there's an amendment at the desk by Senator Saland. Please waive its reading and call on Senator Saland.

And I would probably ask the members to stay close to the chamber, because this will probably be very quick.

ACTING PRESIDENT VALESKY: We'll ask the members to stay close by to the chamber.

There is an amendment at the desk. Without objection, the reading of the amendment is waived. And, Senator Saland, you are recognized to speak on the amendment.

SENATOR SALAND: Thank you,

Mr. President.

Mr. President, I'm sure we're all familiar with the Contracts for Excellence provisions of Education Law whereby any district that receives an increase of more than 10 percent in foundation aid, or $15 million or more, is subject to the contract.

Let me preface my remarks by saying a couple of years ago, when I chaired the Education Committee, in a time in which we provided just an extraordinary amount of additional education aid, I was the lone vote in opposition to the education budget -- not because of the aid that I had negotiated into the budget, but because of at that time an issue dealing with charter schools, an issue which -- a concept which I didn't oppose, but an issue which bore disproportionately heavy on certain school districts in the absence of local control, districts such as the City of Buffalo, the City of Albany, that were really paying more than their fair share.

Well, this similarly is a situation

which cries out for change. There are schools called successful schools. They are the very schools upon which the whole system of foundation aid is based. And as successful schools would imply, they're just that; they're successful. They're doing things well, they're doing things right, and they form the basis for all the calculations and contrivances that gave us the foundation aid formula.

There are school districts called districts in good standing. As the name implies, after some 45 pages of data and analysis, the State Education Department says: You're a district in good standing.

There are 10 members here who have, between them, 17 school districts that are either successful and/or districts in good standing, districts that have been recognized for the quality of their work.

Under the Contract for Excellence, they virtually lose the ability to use their money as they see fit. They were successful before the contracts, they're successful

during the contracts, they're in good standing during the Contract for Excellence, and they're severely hamstrung. They can use it for programs. Under this amendment, they can use it for tax relief.

And I want to identify alphabetically the members of the districts. We have, in Senator Aubertine's district, the Fulton School District, which is a district in good standing, and the Oswego District, which is a successful school and a district in good standing.

Senator Bonacic also has two: Monticello and Port Jervis, both districts in good standing.

Senator Breslin has two: South Colonie and Watervliet, South Colonie being a successful school and a district in good standing, Watervliet a district in good standing.

Senator Griffo has Massena, which is a successful school and a district in good standing.

Senator Larkin, Valley Montgomery,

a successful school and district in good standing.

Senator Oppenheimer has two, Ossining and White Plains, both of which are districts in good standing.

Senator Morahan has Haverstraw, which is a district in good standing.

Senator Nozzolio, Geneva, successful school and district in good standing, and Watervliet, a district in good standing.

I have three, Hyde Park, Arlington, and Wappinger, Hyde Park being a district in good standing and both Arlington and Wappinger being successful schools and districts in good standing.

And Senator Winner has Elmira, a district in good standing.

There is absolutely no reason whatsoever that these school districts should be ensnared in the Contract for Excellence requirements. These school districts should have the ability to continue to do what they have done to make them successful, to make

them in good standing -- without being micromanaged by some people who have never set foot in a classroom, some people who wouldn't know what it would be like to instruct a child, some person or people who, if they were asked to instruct your children and to ensure the quality of their education, in all likelihood result in those children finding the quality of their education diminished.

This was put together by a bunch of bureaucrats because it seemed to be a great thing to do.

Nobody is opposed to accountability. This is about flexibility for people who are the very models for that which we hope all of our schools and school districts will accomplish. Give them a break. Let them have the latitude. Let them be able to do what it is that they do well: educate children.

Lastly, in some instances, a number of these districts are on for one reason and one reason alone. And I'll give you an example of one of my districts. Over 10,000

students. Because 14 students with disabilities failed to pass one of the No Child Left Behind required tests, they have effectively lost the ability to manage 3-plus million dollars, 3-plus million dollars, because of 14 students out of 10,000 students. You figure the number. I don't know how many zeros there are after the decimal point. You figure the number. But because of that, that school district has lost the ability to control its own money.

Again, simple. Doesn't cost anybody anything. All we're doing is recognizing that quality schools who have done the job right deserve the ability to continue to do the job right without being severely hamstrung by some bureaucrats who wouldn't know a classroom if they stumbled into one.

Thank you.

ACTING PRESIDENT VALESKY: Thank you, Senator Saland.

The question is on the nonsponsor motion to amend Calendar Number 136. All in agreement indicate by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays, 31.

Excused, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Libous.

SENATOR LIBOUS: Mr. President, there's another amendment at the desk. I ask that you waive its reading and please call on Senator Young and Senator Little, please.

ACTING PRESIDENT VALESKY: There is an amendment at the desk. Without objection, the reading of the amendment is waived.

Senator Young, you are recognized to speak on the amendment.

SENATOR YOUNG: Thank you, Mr. President.

This amendment deals with the OCFS -- that's the Office of Children and Family Services -- youth facility closures. Effective June 2009, the Governor and the Senate Democrats propose to close, in this

budget, the following youth facilities: Great Valley, that has 31 employees; Cattaraugus, 32 employees -- and both of those are in my district -- the Adirondack nonsecure centers, 30 employees, in Senator Little's district; the Rochester and Syracuse community residential homes, nine employees, that affect Senator Valesky, Senator Robach, and Senator Alesi; the Pyramid Reception Center, 47 beds, 80 employees -- that's in Senator Diaz's district, and I might note that out of respect for Senator Diaz, last year the Senate Republicans kept that open in the budget -- and the evening reporting centers in Albany, Buffalo, and Syracuse, 22 employees, that affect Senator Breslin, Senator Stachowski, Senator Thompson and Senator Valesky.

Also affected is the Tryon Limited Secure Center and the Allen Secure Center, and both of those will be downsized by June of 2009, which impacts 65 beds and 250 employees.

To accomplish these closures, Article VII legislation would repeal the current 12-month notice law. All employee

reductions would be accomplished by layoffs.

What a time to eliminate jobs, when we're already losing jobs in New York State. In some cases, this may result in young people being placed in privately operated facilities. We've already seen tragic consequences from that because earlier this year, on January 31st, Rochester Police Officer Anthony DiPonzio and his partner went to check on drug activity, and, as he was walking away from a 15-year-old youth, he was shot in the back of the head.

He survived, and he was just released from a brain rehabilitation center. He needs to wear a helmet, and he needs more surgery. This 15-year-old youth had run away from a private facility. He was absent without leave, AWOL, but he was under the supervision, supposedly, of the Office of Children and Family Services.

We will see more situations like this as you close our youth facilities. They're doing a great job helping these troubled youth. There are so many success

stories coming out of these facilities. And it really is a tragedy that they're being closed.

In 2008, the Governor appointed a task force, a Juvenile Justice Task Force, to study juvenile services in New York State. They're still undergoing their review. Why would we close these facilities before this task force makes its determination? We should not be closing these facilities, that's the bottom line.

But the other promise that is broken by New York State is that there was to be a 12-month notice given to communities that will be losing these jobs, be losing these facilities, so that they could plan and have alternative usage. That changes under Article VII language in this budget, and that's what our amendment is about.

It would reject the change in the 12-month notification law by deleting Part W. And I would urge people to vote on behalf of this measure.

ACTING PRESIDENT VALESKY: Thank

you, Senator Young.

Senator Little, on the amendment.

SENATOR LITTLE: Thank you, Mr. President. I would like to join Senator Young in speaking on this amendment about the importance of these youth facilities.

In this budget we see that a lot of stimulus money is being used, stimulus money from the federal government, which I am finding continues to stimulate unemployment in my district.

I have a youth facility, a very good youth facility in Clinton County. Last year there were two youth facilities. They merged into one to be more efficient. I understood that. However, 24 people found other jobs or were let go.

We now have the loss of 30 more jobs in Clinton County. But it's more important than the jobs that we're losing. We're losing a facility that has a great record. I have a report that this facility has like a 66 percent no-recidivism rate, which is very high for a state facility.

The New York State Comptroller's office in 2001 also cited this facility in the Adirondacks. It said: "The results of their study showed the Adirondack Wilderness Center recidivism rate was much better than all other state programs and seemed to be stable even at an extended period. Cost per resident was cheaper than both traditional programs."

This is a good facility that has helped many troubled young people. Is it far from New York City? Yes. And that's the answer that I get when we talk to the Commissioner of OCFS. But it's not only far from New York City, it's far from the influences that got these young people in trouble. It shows them a different way of life. It shows them an appreciation for the outdoors. It's not for every young person, but the young people who have gone here have benefited from it.

Will it cost money to keep this open? Yes. But it will result in savings if we help young people and keep them out of our correctional system and keep them from

returning to these facilities.

And if you're looking for money that you could spend to help young people turn their lives around, there's still $60 million in this budget for the purchase of more land, and land not only in the Adirondacks but in other spots.

We have shown over $3.2 billion in new cost-cutting measures for this budget to afford the things that we are making amendments to put back in, because we feel that these are important issues. But our ideas have fallen on deaf ears.

So in that light, I would ask you to support this amendment and support many of the troubled youth of New York State who, according to this report, have really found help at these centers.

ACTING PRESIDENT VALESKY: Thank you, Senator Little.

Senator Farley, on the amendment.

SENATOR FARLEY: Yes. I wasn't going to speak on this, but if everyone was listening to these two gifted women Senators

on our side, it's so significant. This is a little mini part of the budget that talks about one little problem, that addresses our youth.

These have been very, very successful facilities. They've done a great job for troubled youth. Everybody in here ought to be concerned about their closing. It's really not the way to go.

And I think this amendment really has a lot of merit. It's something that I really wish could pass, because this really does for our society what is desperately needed: to try to change the lives of people that are going down the wrong way. These youngsters have really been successfully treated by these facilities. And by a stroke of a pen in the budget, they're going to extinguish this program.

I'm going to vote for this amendment.

ACTING PRESIDENT VALESKY: Thank you, Senator Farley.

Senator DeFrancisco, on the

amendment.

SENATOR DeFRANCISCO: Yes, one of these facilities is closing in Onondaga County. And the sad part about it is that it was a very successful program.

And there were many articles in our paper saying that it's underutilized, we should definitely close it to save some money, it makes no sense. The problem is it was planned obsolescence. There was a definite plan by the State of New York to remove young people out of those facilities where they were getting good treatment and good programs.

And it's easy to say it's underutilized if intentionally it became underutilized. And we had a great workforce there that really cared for these kids, and it's truly a shame that this planned obsolescence took place.

We should restore these facilities and bring the kids back where they were getting good programming.

Thank you. I support the amendment.

ACTING PRESIDENT VALESKY: Thank you, Senator DeFrancisco.

The question is on the nonsponsor motion to amend Calendar Number 136. All in agreement indicate by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays, 31.

Excused, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Libous.

SENATOR LIBOUS: Mr. President, I believe there is one last motion at the desk. I would ask that you waive its reading and call on Senator Alesi and then Senator Winner, please.

ACTING PRESIDENT VALESKY: There is one final amendment at the desk.

Without objection, the reading of the amendment is waived. Senator Alesi, you are recognized to speak on the amendment.

SENATOR ALESI: Thank you, Mr. President.

And I'm sure we're all, if nothing else, at least happy that this will be the last amendment of the day and of this process. But make no mistake, this being the last amendment -- I'll be happy to wait for some quiet, Mr. President.

ACTING PRESIDENT VALESKY: Can we have some quiet in the chamber, please. Any conversation that must take place, please take it outside of the chamber so that we can hear the speakers.

SENATOR ALESI: Thank you, Mr. President.

Make no mistake, this being the last amendment does not make it the least. It is my opinion that of all of the amendments that have been offered here that are vitally important to the conscience of this conference and should be and should have been to the entire body. With respect to this particular amendment, it offers hope for not only the upstate communities that many of us represent, but as the Governor is fond of saying, all of New York, the one New York that we

collectively represent.

This amendment will provide tax cuts for small manufacturers all across New York State. There are approximately 18,000 high-tech companies that produce goods and services -- some in upstate, some in New York City. But they're produced all over the state and used all over the state and exported not only throughout the United States but all across the country.

It's vitally important that these small businesses, with an average employee staff of about 16, be given every opportunity to thrive, to succeed, to grow. And one of the ways that this program and this amendment will accomplish that is to provide tax cuts for small businesses, many of them manufacturers, cutting the corporate franchise tax in half in the first year and eliminating it altogether in the second year and thereafter.

Those kinds of tax cuts not only send a message to companies outside of New York State but to the ones that are going

to suffer under the burden of this $132 billion budget that is being imposed on all of us. It will send a message that there is some hope, and at the same time it will improve their bottom line almost immediately by lessening the tax burden. That means that they'll be able to keep employees, hire employees, and be more productive.

The second part of this Upstate Now program, which was introduced last year but now applies to all of New York State, is a tax incentive offering for manufacturers, manufacturers that will have a payroll tax credit if they hire new employees and a investment tax credit if they're investing in infrastructure.

And the final component of this -- and by the way, that manufacturing tax credit will also apply to farms, so that farmers can take advantage of hiring new people and investing in infrastructure as well.

There's a job-training component in here that also offers a tax credit of up to 50 percent of the cost of training existing

employees as well as new employees.

And finally, this amendment contains a component that each and every one of us in this chamber last year voted for and in the Assembly voted for, passed unanimously -- I think with one "no" vote over there -- an amendment to the Healthy New York Act.

Now, with everything that's been said about healthcare and the need for improved healthcare and health coverage in this state, as it applies to small businesses, there hasn't been a better plan than the Healthy New York plan. The Healthy New York plan, as you know, allows small businesses to offer their employees discounted healthcare coverage.

Under the Healthy New York plan as it was originally drafted, existing companies had to have a 12-month waiting period if they were already giving healthcare to their employees. New companies that never offered healthcare did not have to wait; they could offer discounted healthcare to their employees

from day one.

We understood that that was patently unfair and counterintuitive. I sponsored the bill here, Assemblymember Morelle sponsored the bill in the Assembly, and as I said, it was passed unanimously in this house and nearly unanimously in the Assembly.

Unfortunately, the Governor vetoed that bill, citing the cost that might apply. I disagreed with that rationale. But it's a moot point, because now we're flush with all of this stimulus money that's coming from Washington. And a significant amount of that money is supposed to go to cover the cost of healthcare and health insurance.

So, my colleagues, when we're looking at unemployment all across this state being nearly double what it was last year -- and I'm not going to do what has been done here for the last couple of days and select a few of the members of the Senate from upstate New York and cite their unemployment rates. I'll cite all of our unemployment rates.

Because, you know, if you look at Lewis County, it's 11 percent -- or if you look at Jefferson County, it's 11 percent. Lewis County is almost 13 percent. Well, I recognize that Senator Aubertine represents that area, but I also recognize that Senator Griffo represents one of those areas.

If you look in Buffalo, it's almost 10 percent. That's Senator Stachowski. But Niagara, that's over 10 percent. That's Senator Maziarz, if you go all the way across this.

So why am I throwing in the Republican Senators when we have been highlighting the Democrat Senators? And I'll tell you why. Because I believe that if you recognize that this is our problem just as much as your problem, you'll understand that there isn't a reason on earth why there should be a negative vote on this bill when every single one of us voted for it last year and when every single one of us had the opportunity to do something good for the people we represent regardless of what county

we come from and regardless of where we are.

This is a good bill for small business in New York State. This is a good bill for the people that are trying to make a go of it in New York State. This is a good bill for the average 16 employees per small business that work in the almost half-million small businesses across this state.

When I cite unemployment rates in Jefferson County and I cite unemployment rates in Monroe County that I represent, I'm saying across the board there isn't a single reason and there isn't a single Senator that should be able to say no to it. In fact, every one of us should be able to say yes to this.

The NFIB supports this, the Business Council supports this.

And now, ladies and gentlemen, I hope I have had your attention on this very important issue; I hope that I will have your support on this amendment. And as much as I hate to stop talking right now, because I believe so fervently that this is a good thing for small business in New York State, I will

yield the rest of my time to Senator Winner, who would like to talk on Empire Zones.

ACTING PRESIDENT VALESKY: Thank you, Senator Alesi.

Senator Winner, on the amendment.

SENATOR WINNER: Thank you, Mr. President.

As you heard from me a few days ago, obviously the whole proposal with respect to Empire Zones I think is one of the most egregious proposals that we're seeing in this year's budget and certainly one of the most egregious anti-upstate New York proposals that we've seen in many, many years.

The good Senator from Nassau County, Senator Fuschillo, so eloquently outlined all the noncompetitive ways that we are in New York with respect to taxes. That's one of the reasons why we need the Empire Zone.

Senator Alesi points out the unemployment rate and the necessity for us to be competitive as it relates to creating jobs in this state to overcome the unemployment

that is devastating our communities.

What have you done in this budget? You've eliminated, one year early, and sped up the elimination of the only economic development tool that we have in upstate New York to overcome the noncompetitive circumstance that New York finds itself in.

Again, going forward in the Empire Zone program, you're going to cut back on the benefit of the real property tax credits. You're going to eliminate the benefit of trying to get sales tax exemptions. You're going to cut off certain companies that have been providing jobs and providing benefits to upstate New York going forward that is going to devastatingly increase that unemployment even more.

As the head of the New York State Economic Development Council pointed out, he said: "The Empire Zone debate illustrates the upstate/downstate split in state government. It demonstrates how New York City-centric the Legislature has become, and we're very concerned that the focus on upstate is waning

significantly."

Now, some people have said this bill is better than the Governor's bill. Well, that is hardly an excuse. The Governor's original proposal is admittedly worse, but this isn't much better. In fact, this will still cause the type of harm we have in upstate New York as a result of eliminating this program and making us even more noncompetitive.

You know, we had a debate over in the other house. The other house indicated that, you know -- and I want to quote a little bit. It says, "There's little in the way of tax breaks in this budget. One, however, gives $350 million this year to the movie and television industry. The only new tax credit proposal that we have in this budget is $350 million for movies and television operations in New York City, and not a dollar for upstate New York."

He went on to say: "Meanwhile, the call for tax breaks to encourage rehabilitation of older buildings, which would

boost development in many upstate communities, was not included, even though it would cost nothing in 2009 and $87 million over six years."

"There's no real attention to Western New York and upstate," Assemblyman Sam Hoyt said of this budget. "If I were the deciding vote on the budget," he continued, "I would have voted no."

I couldn't agree with Assemblyman Hoyt anymore. He said it all. There's no attention to western and upstate New York in this budget.

You know, one of the other ironic things is last year Senator Stachowski and Senator Valesky joined with me in cosponsoring legislation that was sponsored by the Rural Resources Commission that would have expanded Empire Zone programs in rural New York, recognizing that the Empire Zone changes that were being proposed and being suggested demonstrated an upstate and rural New York bias, a bias against upstate and rural New York.

Those changes that they supported -- you supported, Mr. President, and you voted for a couple of years ago -- which passed this body by a vote of 60 to 2, would have expanded Empire Zone programs, recognizing that Empire Zone programs in upstate and rural New York needed to be relaxed and encouraged and expanded rather than decimated as they are under this proposal.

So, my colleagues, there couldn't be a better opportunity to stand up and voice support for upstate New York and the upstate economy than we could with regard to supporting this amendment and supporting the provisions for tax cuts and tax benefits that will grow New York rather than shrink New York that are contained in this amendment.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Winner.

The question is on the nonsponsor motion to amend Calendar Number 136. All in agreement please raise your hand.

Announce.

THE SECRETARY: Ayes, 30. Nays, 31.

Excused, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Liz Krueger, on the bill.

SENATOR LIZ KRUEGER: Thank you, Mr. President.

Well, as I started out this morning, it's a very complex bill with many, many sections. And we listened to my colleagues with their proposed amendments. And I asked my staff whether we could add up all the amendments that have been brought to the floor or already submitted on the budget, because in fact this is the revenue bill. And I've learned that if you add up all the hostile amendments -- excuse me, all the minority amendments -- it creates a financial gap of $8 billion in the state budget.

And so my concern is we are allowed to disagree, and we will, and that's democracy. But I'm very confused about where

my colleagues think they could create a balanced budget. Because they're cutting out the tax proposals and they're putting back the expenditures and they're not providing alternative expenditure cuts or alternative revenue additions.

And so, again, you add it up, $8 billion out of whack. We have a constitutional amendment that requires us to pass a balanced budget, and we all know that. And we all know that basically we're faced with a challenge of a $16.5 billion budget deficit.

And so with all due respect, a group of amendments that puts us another $8 billion out of whack, with a constitutional obligation to go back to the voters of every single district in our state and say, We didn't want to make any hard cuts, we didn't want to ask for shared pain by increasing revenues, we just wanted to do what we like to do -- which is spend and then borrow. Because the only way your financial plan would work would be to borrow the money.

And unfortunately, I believe that in fact that is exactly what we did for the last 20 years when you were in control of the budget. We were a borrow-and-spend legislature.

ACTING PRESIDENT VALESKY: Senator LaValle, why do you rise?

SENATOR LaVALLE: Would Senator Krueger yield for one quick question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you yield at this time?

SENATOR LIZ KRUEGER: Yes.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR LaVALLE: Senator Krueger, did you read our budget proposal?

SENATOR LIZ KRUEGER: Yes, I did.

SENATOR LaVALLE: Okay. Thank you.

SENATOR LIZ KRUEGER: Thank you.

And again, you cut the taxes that are being added, and you put back money for new expenditures or restorations. And so when you add it all up, it's $8 billion, a gap of

$8 billion in the state financial plan.

And again, why are we here today at this point? Of course we're in an economic downturn that is horrendous worldwide, nationally, and in our state. And so it's a little, I suppose, disingenuous for any of us to blame anyone specifically on that. But the State of New York has built its debt ratio up, year after year after year, decade after decade.

And so, in fact, we can't borrow our way out of the problems this year because the debt is so high. And in fact, one of the reasons our budget costs go up is because of our debt service.

And I will just note that several weeks ago you were voting against the debt service bill. Which meant we were telling the people we had borrowed money from and legally owed interest and payments to that we were choosing to default on our loans. Imagine the State of New York saying it was going to default on the money owed that we borrowed, decades and decades worth of borrowing. That

is the most fiscally irresponsible thing the State of New York could do.

And so while I admit this is not a budget I like -- no one wants to cut programs; no one wants to raise taxes -- this is the situation we find ourselves in in the year 2009 both because of the actions of this Legislature and the reality of a worldwide economic crisis.

And so I respect my colleagues' arguments that they would like to put everything back. Who wouldn't like to put everything back? I know my side would like to put everything back also. But we have an obligation, a legal, constitutional obligation to balance the budget.

And so in fact the only way we found that we could balance the budget was to decide to pass some revenue. And you know what? We did this last in 2003, under Governor Pataki and Majority Leader Joe Bruno. And we not only stood up and said, both houses, We have to do this, as painful as it is, but I know most of you recall that we

overrode a veto of Governor Pataki to do exactly that, a temporary surcharge on higher-income New Yorkers in order to not leave ourselves with a fiscal gap or cause too great pain to the people of New York by cutting fundamental services.

And so we find ourselves in that situation today again. And so when we have a hostile amendment that eliminates the entire tax and revenue bill, I'm very confused about how we imagine we would meet the obligations of the State of New York.

ACTING PRESIDENT VALESKY: Senator DeFrancisco, why do you rise?

SENATOR DeFRANCISCO: Would Senator Krueger yield to a couple of questions?

ACTING PRESIDENT VALESKY: Senator Krueger, will you yield?

SENATOR LIZ KRUEGER: If you wouldn't mind, I'd like to continue and then take questions. I certainly will take your question after, Senator DeFrancisco.

Thank you. And so I know that one

of the most controversial issues today is the fact that there's a proposal to increase the personal income tax in the state budget. And many states are facing this exact situation. California has increased its personal income tax to a rate of 10.3 percent for people with incomes over a million dollars, a 38 percent increase. New Jersey has increased their tax rate to 9.75 percent on people with incomes above $500,000.

Again, we did a surcharge in 2003. Connecticut yesterday increased its tax 60 percent, a 60 percent increase on couples earning over a million dollars. They needed to close an $8.7 billion gap.

We are proposing an increase, as was discussed earlier, on people above $300,000, $300,000 to $500,000, and between $500,000 and a million and up.

And yes, I heard you reference the testimony of James [sic] Haughton from the Beacon Institute arguing that this increase would lose 15,000 jobs. Many economists have written just the opposite and have stated just

the opposite, and the data from study after study shows that that impact will not happen.

And I just note, for the transcript record, the gentleman from the Beacon Institute who you're citing is on a consultant contract with the Senate Republicans.

So fine, use your consultants, use your experts. Everyone should use experts. But he's pretty much the only one making that argument.

And he made the argument that he did an equilibrium model that has 3800 variables and that's how he concluded that there would be 15,000 jobs lost. But in fact, economic models are very often wrong. Mr. Greenspan and the Federal Reserve Bank models didn't predict the housing collapse. So you can make economic models that say almost anything.

But the vast majority of economists, including Nobel Prize winners, are in fact arguing your first assignment in an economic downturn is to stimulate the economy by spending money in the local economy as fast

as you can and create jobs.

And to quote my mayor, Mayor Michael Bloomberg, in November 2008 when asked about marginal tax rates on the wealthy impacting them: "I can only tell you among my friends I've never heard one person say 'I'm going to move out of the city because of taxes.' Not one, not in all the years I've lived here. You know, they can complain, 'Oh, I get my tax bill, it's heavy.' But they've never, ever thought that. My friends all want to live here and understand the value."

And I've heard from my constituents since we've put the personal income tax proposal into the budget -- and just for the record, my district will take the largest hit from this personal income tax increase, the number-one district. And I've heard constituents, and they're concerned.

And I've had constituents claim and point out: "So you're raising our taxes so we can transfer the money to upstate New York." Because that in fact is what we're doing in the budget. We are trying to make sure we

don't cut the programs and the services for upstate New York. And so in fact we are transferring money up there.

And when I explained, "But we have to" --

SENATOR LIBOUS: Mr. President.

ACTING PRESIDENT VALESKY: Senator Libous.

SENATOR LIBOUS: Would Senator Krueger yield for a question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you yield for a question?

SENATOR LIZ KRUEGER: You know, I just asked Senator DeFrancisco to wait till I was done, so -- is it one question?

SENATOR LIBOUS: One question.

ACTING PRESIDENT VALESKY: Senator Krueger yields to a question.

SENATOR LIZ KRUEGER: Certainly, yes.

SENATOR LIBOUS: Thank you, Senator.

SENATOR DeFRANCISCO: -- you like Senator Libous better than me?

(Laughter.)

SENATOR LIZ KRUEGER: I take the Fifth.

ACTING PRESIDENT VALESKY: Proceed with your question.

SENATOR LIBOUS: I'm just confused, Senator Krueger. I heard you say that you're transferring the money to upstate New York.

Do you not eliminate the STAR rebate checks in this budget? Isn't that money that was going back to the taxpayers in upstate New York? You're taking that away from us. How could you be transferring the money to us?

SENATOR LIZ KRUEGER: Thank you for the question.

The STAR rebate program of course has an impact in every county, as does the overall STAR program. Because as you know, we are holding harmless the vast majority of the STAR program and only impacting the STAR rebate program.

And so in fact STAR overall and the

STAR rebate has an impact in every county, and technically disproportionately also in the City of New York, as you yourself reference, or someone else did before.

So yes, when high-income earners end up with a higher tax, it is distributed away from New York City and Long Island at this point in time to upstate New York.

SENATOR LIBOUS: I know she said I could only have one question, Mr. President, but I'm compelled to ask the good Senator for one more, please.

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Senator DeFrancisco, will you hate me forever if I allow him two questions?

SENATOR DeFRANCISCO: Not because of this.

(Laughter.)

SENATOR LIZ KRUEGER: Senator Libous, Senator DeFrancisco gives you permission.

ACTING PRESIDENT VALESKY:

Senator Libous, you may proceed.

SENATOR LIBOUS: Thank you, Senator Krueger.

I'm again just a little confused on your answer. By taking away the STAR rebate check that's going to the people in Broome County, Tioga County, and Chenango County, an average of $450 to $500, by taking that check away from them this year in upstate New York, how does increasing taxes in New York City transfer the wealth up there?

You're taking something away from us. I don't understand it.

SENATOR LIZ KRUEGER: Senator Libous, if we had not made the change in the STAR rebate program and if we did not increase the personal income tax, I am very confident we would have ended up having to cut education funding and healthcare funding.

That clearly would have had a direct impact on your district and your school districts, regardless of where you were in the state. But again, that also would have had a disproportionate impact on poorer communities

of the State of New York.

So we were, as I said, in a very difficult situation economically. Hard choices were made. But in fact if you hold all those up together, you will see that what we are doing was actually protecting education funds, healthcare funds, and other priorities.

And again, it is a transfer from downstate to upstate, because of course we know that at least in the City of New York we historically are a donor to the upstate economy at a tune of approximately $13 billion a year. And because of the decisions we are forced to make this year, the impact will be even greater.

But we are one New York, and we believe that we must make sure that all the people of New York are protected and provided fundamental basic services even in the toughest of economic times.

SENATOR LIBOUS: Mr. President, Senator Krueger was nice enough to give me two questions. I have much more to say on this topic, but I'll wait till my turn. I'll let

her continue, because in all due respect I do disagree with her, but I'll take that time a little bit later.

Thank you, Senator.

ACTING PRESIDENT VALESKY: Senator Krueger, please continue.

SENATOR LIZ KRUEGER: Thank you. Sorry, my thoughts were a little lost.

Just to highlight just a couple of facts that I think perhaps were misspoken by accident earlier.

The personal income tax in New York State even in 2007 -- so it excludes the changes that we're seeing in other neighboring states already -- we were number 22 in the country for the rate of personal income tax. State taxes per $1,000 in personal income in fiscal year 2000 placed, on a list of 50 states, New York at number 22.

Now, I could agree that's not at the bottom, but it's not at the top either. And it's not significantly more than the national average. The U.S. average for personal income taxes by state was $68.41 in

the year 2007, and it was $74.42 in New York State. And so there's 21 states with a higher personal income tax at that time.

And yes, it will go up because we are calling for the surcharge. But again, it's important to remember that when you look at the overall tax rate for New York State, when you look at the combination of taxes across the board -- because of course we are all people who evaluate our entire tax bill, not just the personal income tax -- people in the categories that would be impacted by the taxes we are proposing in the budget today, the top 5 percent of earners in New York State, if they're the top 1 percent, they're paying 17.3 percent of their total income as taxes after federal offset deductions. And if they're in the next 4 percent, earners basically from $160,000 to $634,000, they're paying 13.4 percent of their total income in taxes after the federal offset.

So while we are raising the taxes on the wealthiest, we are in fact not raising their tax rate to significantly more than

other earners in the State of New York. And in fact, their rates are still lower than people with $74,000 to $160,000 in income or people with $44,000 to $74,000 in personal income.

And so I've had constituents tell me, explain "fair." And I've had constituents tell me just the opposite. They have told me they support what we are doing. They recognize that it is not in the state's best interests if our public services collapse, if we don't educate our children, if we allow our hospitals to close down, if we don't have police and fire and public transportation.

And they have told me that while so many have already lost jobs and don't know what they're going to do next, that we're only talking about a tax on the people who still have the earnings. I've had people call me and say, "I don't understand. I lost my job on Wall Street. What will this do to me?"

And I've explained, no, this impacts you if you're still earning over $300,000 a year or if you're still earning

over $500,000 a year. And so if you unfortunately, because of the economic collapse, have lost your job or your family income has decreased, this isn't a tax on you. This is a tax on people who are still making the highest levels of income in the State of New York.

And I have had them say to me, "Oh, now I understand." And I've even had at least one constituent say: "I live in the greatest city in the greatest state in the greatest country in the world. I have a wonderful house and a wonderful life. I'm not allowed to complain." And so I appreciate that people do understand what the impact is.

And again, we're hoping that this will only be a short-term need. But we have to meet our obligations under the law, and so we are forced to make these tough decisions.

And again, you can argue that there were other models to do so. We could cut education funding more. I've heard everyone discuss on the floor in the last several days that they are opposed to our having kept

education funding flat. I can't imagine anyone who would have called for a cut in education funding.

And I've heard everyone in this room talk about the impact of the healthcare cuts and that we could only make some of the restorations to the proposed cuts that the Governor offered us in his Executive Budget. And I can't imagine that anyone wants to go home and explain, No, we had to cut healthcare more because we didn't have the revenue and we had no choice.

And I've heard the argument that this is going to hurt small businesses. But in fact, just for the record, the marginal income tax increases will not have a significant impact on small business owners: 98.6 percent of small business owners make less than $250,000 a year.

And so yes, if you're a small business paying your tax through the PIT and you don't make a lot of money, this isn't going to impact you. But it's a misnomer to try to argue that we are attempting in any way

to put small businesses out of business by increasing their taxes.

And we do have a historic problem with inequity in the tax system. And I wish that we could have done more to make it more progressive. And I am hoping that we will do so in future years.

But again, this year was hard choices. And so we didn't get it perfectly right, but we are going to make sure that the money is used to stimulate the economy, keep people in jobs, create jobs.

The amendments didn't reference that in fact we have proposals to create tens of thousands of jobs in New York, allowing those people to be taxpayers and to contribute towards the needs of the state. Leaving them unemployed will only cost us more, immediately and in the long-term.

And we have proposals to try to protect those most vulnerable from the impact of the state budget, and that will assure that we don't have increased costs.

And so no one likes taxes. No one

likes to vote for taxes. We have a tax phobia in this country. It is used to attack politicians. I know that. I certainly expect to be attacked on my position today. But I feel that as responsible legislators we are sent here to make the hard decisions and explain to our voters why we had to do the tough work that they might not like. But I think when it is explained to them, they will understand that we did what we had to do today.

And that hopefully the actions we take today will increase the chances of our jump-starting our economy sooner than later and allowing us to all move forward with budgets not so painful in future years.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Krueger.

Senator DeFrancisco.

SENATOR DeFRANCISCO: Senator Krueger, I forgot my question.

(Laughter.)

SENATOR DeFRANCISCO: But I'll

think of another.

Senator Krueger, you indicated that we had a -- oh, would you yield for a question?

ACTING PRESIDENT VALESKY: Senator Kruger, do you yield to Senator DeFrancisco?

SENATOR LIZ KRUEGER: Of course, Mr. President.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: You just mentioned that we had a lot of tough choices to make, and you talked about people being affected by this bad economy.

Do you think that raising the amount of spending in the New York State budget this year by $12 billion to $13 billion, or almost 10 percent, which is seven times the rate of inflation, was a preferable way to be concerned about and deal with the concerns of our beleaguered taxpayers and citizens, that that's a better solution than keep holding the line on taxes?

SENATOR LIZ KRUEGER: Thank you for the question.

As has been discussed quite a few times in the last week, the General Fund only increased 1 percent this year, and it was the overall funds, as we explained. Of that money you described, at least $7 billion is federal stimulus money.

And yes, I am delighted that the New York representatives of our Congress and our U.S. Senate got New York State that money by voting for the stimulus package. And I feel very strongly that the State of New York should absolutely have taken the money and spent it to increase jobs and increase economic activity and assure that we have adequate funds for our unemployment system.

And then of course you know that several billion involve debt service.

So again, All Funds versus General Funds, this is the lowest rate of increase in the General Fund that the state budget has seen. I actually have a chart here for you in endless years. One second and I will get the

chart. I have the chart.

So spending increase over inflation is negative 2.1 this year. It was .07 last year. If we just go back to 2003-2004, we saw an 8.3 percent increase, spending over inflation. In 2004-2005, a 2 percent increase spending over inflation. 2005-2006, a 6.3 percent increase. 2006-2007, a 7.5 percent increase. And then again 2007-2008, when Governor Spitzer began, we saw the trend start to go down.

So you always see some increase in spending. You have to balance out, Senator -- excuse me. Through you, Mr. President, you have to balance out the needs for the expenses of the state and the revenue. But in fact, we've been trending down.

And so even in the context of all the realities facing us today, I think we're doing a pretty good job historically.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield to

Senator DeFrancisco?

SENATOR LIZ KRUEGER: Yes, Mr. President, of course.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Senator Krueger, it's been established through my questions of Senator Carl Kruger that the increase is between $12 billion and $13 billion in spending over last year. You just indicated that there was $7 billion of stimulus money that was spent this year.

Is it fair to say, then, the additional $5 billion was state funds, additional state funds that were spent in this year's budget?

SENATOR LIZ KRUEGER: Let me just double-check one answer for you.

Thank you. Well, I don't have the exact numbers. And my understanding is a significant percentage of that $5 billion is debt service. And some of that is also additional federal stimulus that went -- we were pass-throughs to the localities on that

money.

So no, I don't believe there was $5 billion of new spending of the taxpayers' dollars in this year's budget.

SENATOR DeFRANCISCO: Senator Krueger, is debt service -- would you yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I certainly do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Is debt service that's spent -- part of this money was debt service -- is that paid by the taxpayers of the State of New York?

SENATOR LIZ KRUEGER: Yes. In fact, because of the budgets that were passed by this house year in and year out before we in fact became the majority, we owe the money and we have a legal obligation to pay that debt.

And so each time the State of

New York makes a decision to borrow, we in fact obligate ourselves to make the payments and we obligate the taxpayers to pay that interest on debt service, yes, sir.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: How much new debt service is in this particular budget?

SENATOR LIZ KRUEGER: One moment. I will see if I can you the answer.

And I know that it's a trick question, because we have of course -- we have off-budget debt. No, no, I didn't mean that you were trying to -- I'm sorry. Excuse me. Mr. President, through you, I did not mean to be jovial.

There is off-budget through the authorities as well as on-budget. There is

personal income tax-obligated debt, and there are other sources of debt, and there are volume cap limits, et cetera. So it's not one answer, which is why it might take a few minutes.

SENATOR DeFRANCISCO: Senator, I had asked staff that was sitting here a moment ago -- here he is. He's all ready to go. I had a question, and I asked him a couple of days ago -- if you would respond to another question. Would you respond to another question?

SENATOR LIZ KRUEGER: Instead of the question you just asked me? I'm sorry, Mr. President, I'm confused.

ACTING PRESIDENT VALESKY: Senator DeFrancisco, are you asking Senator Krueger to answer your question that you asked a few moments ago, or are you withdrawing that question and replacing it with an additional question?

SENATOR DeFRANCISCO: No, I'm withdrawing that, I'm sorry.

ACTING PRESIDENT VALESKY: Okay.

SENATOR DeFRANCISCO: Senator Krueger, would you respond to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I will respond to a different question.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: My question is -- and I gave this question two days ago to a member of the majority staff. Can you tell me what the total amount of stimulus money that was received from the federal government and the amount of that stimulus money that's being used this year and what it's being used for? Because I couldn't find it in any documents.

SENATOR LIZ KRUEGER: Apparently we have it for you. One moment. I wasn't asked that question earlier, but we're going to get that for you.

Seven billion, all funds, was

counted towards our budget this year from the federal stimulus.

SENATOR DeFRANCISCO: Okay. And the second -- would she continue to yield?

ACTING PRESIDENT VALESKY: Do you continue to yield, Senator Krueger?

SENATOR LIZ KRUEGER: Can I edit my answer?

SENATOR DeFRANCISCO: Okay.

SENATOR LIZ KRUEGER: Thank you.

There was an additional 1.3 billion that was the retroactive federal stimulus pre the beginning of this new state fiscal year that we used to help fill the gap remaining in the 2008-2009 budget. And then there's the 7 billion going forward.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Do you continue to yield?

SENATOR LIZ KRUEGER: Yes, I certainly will, Mr. President.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Just so it's clear in my mind, what is the total stimulus money received? I don't care if it's retroactive, proactive, or however you want to characterize it. The amount of that used this year, and what's left for next year.

SENATOR LIZ KRUEGER: Okay. So again, while I'm asking staff to get the answer for everyone's edification, technically the federal stimulus package was a 27-month stimulus package, so it in effect overlapped three of our fiscal years. So again, we discussed the retroactive monies applied to the budget year that's technically ended, and then we have this year and then we have next year.

Now, to add to the complications, some of the federal stimulus money, we are a pass-through to the localities, so it's not in our budget to control the decisions that are made. And some of that money is within our budget, although mostly within limited uses.

Then, finally, there is competitive federal stimulus money that the State of

New York can apply for, and in quite a large number of categories. And so we are hoping there will be even more. So even whatever I answer I offered you today, I think -- we hope we will see additional money in the months to come as New York State can apply for those funds. And some of those are matching funds, so it will require us to pay something to get something. So it also would add to the complications.

But to deal with the original question, we believe an estimate for the three years minus any competitive funds we might get is 24 billion. But again, as I explained, it's a little bit of a gray-area question because we haven't quite factored in what we might be able to get and what we would have to contribute towards getting it.

For example, some of the programs are a 60/40 match or an 80/20 match, and we the Legislature would have to decide whether we think it is worthwhile to put up the 20 cents or 40 cents on the dollar in order to draw down the federal stimulus money.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I yield to another question.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: So over the next 20-some-odd months your best estimate is that there will be $24 billion available from the federal government; correct?

SENATOR LIZ KRUEGER: Minus the 7. Right? Or again, we've already accounted for some of it. Right?

SENATOR DeFRANCISCO: All right. Would you yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger?

SENATOR LIZ KRUEGER: I'm sorry. Yes, Mr. President, I will yield to another question.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: So the $24 billion you estimate or the best estimate of your finance people is what we get from the federal government, and we've used in this budget $7 billion of that, less than one-third. Correct?

SENATOR LIZ KRUEGER: Yes, I am told that we assumed that and you assumed that in your budget plan also.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

SENATOR LIZ KRUEGER: Yes, Mr. President, I do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Senator Krueger, first of all, how many billions do you estimate that all the taxes -- personal income tax and all the other taxes that are in this budget -- will generate towards balancing the budget that you've presented?

SENATOR LIZ KRUEGER: The new revenue proposals as opposed to the current, existing?

SENATOR DeFRANCISCO: The new revenue proposals. PIT and all the others.

SENATOR LIZ KRUEGER: $5.1 billion.

SENATOR DeFRANCISCO: $5.1 billion?

SENATOR LIZ KRUEGER: Yes, sir.

SENATOR DeFRANCISCO: And will Senator Krueger yield again.

ACTING PRESIDENT VALESKY: Senator, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: And in this budget, of the $7 billion that you used, there's approximately $1 billion of money that is placed in the budget that is not specified for what it is going to be used for; correct?

SENATOR LIZ KRUEGER: Mr. President, through you, if I could clarify by asking a question.

Are we discussing the dry

appropriation in the bill that was discussed last night -- excuse me, two, three nights ago? Is that the reference? Could you give me the cite?

SENATOR DeFRANCISCO: It's the $1 billion appropriation, and the question -- which is available in this budget to be spent in some manner, shape or form.

SENATOR LIZ KRUEGER: I'm sorry, I believe that is the federal contingent $1 billion that we discussed on the floor the other night.

And again, it is a dry appropriation. We are not spending that money, nor could we unless we revisited with the Legislature, so it's -- for a vote and approval. So it's not actually part of the totals we're discussing here.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator, do you yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Is that $1 billion that you say you'll have to revisit with the Legislature, is that $1 billion being used to balance the budget that you're presenting in this case -- in this state, to the state in this bill?

SENATOR LIZ KRUEGER: Through you, Mr. President, no. And we're not authorized to do so. It's defined in federal law as emergency funds, and so it could not be used for purposes of gap-filling in the normal circumstance of our budget at this time.

SENATOR DeFRANCISCO: Would Senator Krueger yield for a question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Mr. President, of course I yield.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Senator Krueger, what is the purpose of having a

$1 billion number in a budget that is not being used to balance the budget and that cannot be utilized until approved by the Legislature for some specific use? What is the purpose of that being in the budget?

SENATOR LIZ KRUEGER: It's my understanding that Section 53 of -- I'm just finding the citation -- state law requires that it's a very limited definition of what we could use emergency funds for and what would be required by the Legislature.

And apparently this is put into the budget every four years. So it is a -- every year, pardon me. Excuse me. It's put into the budget every year. It's not a new phenomenon or something being slid into the budget, Mr. President.

And again, it would require further action by the state to be able to access that money and what specifically it could be used for. It's very limited. So again, it's an emergency fund dry appropriation. We have many dry appropriations in the state budget from year to year.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I continue to yield.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: If this money is in the budget each year, a billion-dollar dry appropriation, why is it identified in this particular budget as federal stimulus money?

SENATOR LIZ KRUEGER: I'm sorry, I've been informed that it's not federal stimulus money, it's exception to the federal stimulus.

It is a dry appropriation of emergency funds as is put in each year. We did, for example, use this money after the 9/11 crisis, and so we found a way through the Legislature to choose to turn a dry appropriation into emergency funding for that emergency.

But then again, each year it's there. And since it's there each year, Mr. President, it's my understanding that there isn't a correlation to the federal stimulus, because obviously the federal stimulus starts now. And this is something that has existed in law year after year, although I don't know what year it started, although obviously it existed in 2001 when we dealt with it for the 9/11 crisis.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I happily yield.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Senator Krueger, was there any prohibition of using the $7 billion federal stimulus money that is being used this year in the budget, or any of the remaining federal stimulus money, to be used in lieu of these tax increases that are

in this budget?

SENATOR LIZ KRUEGER: Through you, Mr. President, yes, there are many prohibitions.

My understanding is that the federal stimulus package was, by and large, lined out for specific items and that there could not be changes in use in the vast majority of these monies by a state legislature or by federal elected officials in their home state.

So for example, there's a targeted amount for infrastructure and energy, and in fact within that I see about 16 different categories that are suballocated that could not be moved around. Then there's health and human services, there are at least 20 categories I see that could not be moved around by the State Legislature. Education, seven categories.

And in fact, a significant amount of the federal stimulus for the education monies were given directly to every local school district. So while it appears as the

State of New York's money, it in fact has been targeted very carefully and specifically by the federal government for education, with approximately $1.1 billion this year coming to the state and a significant amount going to our local districts.

Then there's also public safety funds, approximately four categories. So -- and then there's of course the FMAP funds, which there is some flexibility with. But as we know, we've had many discussions here on the floor, and there's even been great consternation that we moved some of the FMAP funds into a more general-purpose use rather than remaining in healthcare.

So to answer your question, most of the federal stimulus monies could not be moved around to address our gap problem.

SENATOR DeFRANCISCO: Would Senator Krueger yield to one or two more questions?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: I would be

happy to yield to one or two more questions, Mr. President.

ACTING PRESIDENT VALESKY: The Senator will be happy to yield.

SENATOR DeFRANCISCO: Senator Krueger, rather than belabor this point, I would request that we be provided a breakdown of the $24 billion -- and this is what I had asked for a couple of days ago -- a breakdown of the $24 billion as to what was spent, what's remaining, and what is restricted that has to be used for a specific purpose rather than could be used for whatever purpose.

SENATOR LIZ KRUEGER: Mr. President, I would happy to do so and would just like to direct all of my colleagues to the Governor's website, which has the information directly up online, so it is all line-itemed out.

So I appreciate the fact that the Governor's office has done us that service. But I will happily give it to you as well.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY: Senator Krueger, another question?

SENATOR LIZ KRUEGER: Yes, because I have to make up to Senator DeFrancisco for apparently choosing Senator Libous over him earlier.

SENATOR DeFRANCISCO: Senator Krueger -- I won't go there.

(Laughter.)

SENATOR DeFRANCISCO: Senator Krueger, can you tell me on that website does it indicate what agencies are using this money from the federal stimulus fund? And does it say what's restricted and what's not restricted?

SENATOR LIZ KRUEGER: Mr. President, through you, no, I don't believe I saw the itemization that way.

Although in fact the NCSL website, which I know we all have access to, the National Conference of State Legislatures, has done a very good job of breaking it down even further, not by state but by category within the federal stimulus. So in fact what it

helps you do is see which federal agency is writing which regulations about how the money can be used or how it is restricted.

And so then it does take a little more work, Mr. President. But if you know, for example, that the federal regs for certain funds are through HHS, you can then separate and tease out what in the State of New York might be through the Department of Health and what might be through the Office of Temporary and Disability Assistance.

There are some monies where the regulations are coming through the federal Department of Transportation, where again you can tease out and have to make -- perhaps call the agencies and ask. But you can figure out which of the state agencies -- for example, State Department of Transportation -- those monies would be going through. Education I think is clear it's through the State Education Department. The public safety funds, obviously there are a number of different state agencies that it might go through.

And again, I agree, to make it more complicated -- I don't think the federal government did it with this intent -- some of the monies go directly to the localities. So even if you're asking on behalf of your own Senate district, you might need to be able to play out or tease out, so to speak, what from the federal stimulus is coming to the State of New York directly and through state agencies, what is going from the federal government technically to your local agencies.

And so I think for each county or each district, it would be different. I know in New York City I have, I suppose, the advantage of we have a city group of agencies where we can go directly to them. I don't know if there's an exact parallel in each of the counties to the situation with the city government.

So I agree, the more fine-tuned you want your answers, the more complex the question becomes.

SENATOR DeFRANCISCO: Would Senator Krueger yield to another question?

ACTING PRESIDENT VALESKY:

Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: You said one or two. Is this the third?

SENATOR DeFRANCISCO: It may be more. Because of that answer, I can't -- I've got to get an answer that I can follow.

SENATOR LIZ KRUEGER: Mr. President, I am happy to answer the Senator's questions.

ACTING PRESIDENT VALESKY: You do continue to yield.

SENATOR DeFRANCISCO: Senator Krueger, I'm not going to go to some state legislators' website or the federal government's website. What I'm asking you, as vice chair of Finance, simply --

ACTING PRESIDENT VALESKY:

Senator Carl Kruger, why do you rise?

SENATOR CARL KRUGER: Point of order, Mr. President.

ACTING PRESIDENT VALESKY: Please state your point of order.

SENATOR CARL KRUGER: As I

indicated previously when we discussed another aspect of this budget, the Finance Committee is in the process -- as we know, this is a lot of money. It's very complicated, very confusing. But we're trying to get through this.

And we will have for the Minority a detailed breakdown to the best of our ability of the flow of these stimulus dollars that's forthcoming, and it will be made available in the very near future.

ACTING PRESIDENT VALESKY: Thank you, Senator Carl Kruger.

SENATOR CARL KRUGER: Thank you.

SENATOR DeFRANCISCO: Would Senator Carl Kruger yield to a question?

ACTING PRESIDENT VALESKY: Senator DeFrancisco, are you withdrawing your request of Senator Liz Krueger to yield at this time?

SENATOR DeFRANCISCO: I have one other -- just a follow-up to what he just said.

ACTING PRESIDENT VALESKY:

Senator Carl Kruger, do you yield to Senator DeFrancisco?

SENATOR CARL KRUGER: Yes, I do.

ACTING PRESIDENT VALESKY: Senator Kruger yields.

SENATOR DeFRANCISCO: Senator Kruger, you understand that the budget of the State of New York is due before April 1, correct, and that we're on April 3rd. And you say forthcoming at some point in the very near future we'll have a breakdown of the federal stimulus money? Is that what you're telling us?

SENATOR CARL KRUGER: Through you, Mr. President, I'm very well aware that the budget was supposed to be passed by April 1st, and we made every attempt to do that. And as you're well aware, we wanted to expedite this process, and we did not get the level of cooperation that we would have sought.

Notwithstanding, notwithstanding, as I said, this is a lot of money, it's very, very complicated. You can see all these

pages, all this material. We're going to be going through it, and we will get you the breakdown that you asked for.

SENATOR DeFRANCISCO: Thank you.

SENATOR CARL KRUGER: Thank you.

SENATOR DeFRANCISCO: One last question for Senator Krueger, please, if she'll yield.

ACTING PRESIDENT VALESKY: Which Senator Kruger? Senator Liz Krueger?

SENATOR DeFRANCISCO: Senator Liz.

ACTING PRESIDENT VALESKY: Senator Liz Krueger, do you yield?

SENATOR LIZ KRUEGER: It's so hard to tell us apart.

Yes, Mr. President, I'm happy to yield.

ACTING PRESIDENT VALESKY: Senator Liz Krueger yields.

SENATOR DeFRANCISCO: Senator Krueger, earlier you said that the $1 billion was a dry appropriation and had nothing to do with the stimulus money. I'm going to refer

you to the Public Protection Budget, page 319, where this $1 billion of nonstimulus money is listed.

SENATOR LIZ KRUEGER: One moment.

SENATOR DeFRANCISCO: Page 319, Public Protection.

SENATOR LIZ KRUEGER: Thank you, Mr. President. I found the section of the bill.

SENATOR DeFRANCISCO: The question is this. If this is not $1 billion from the federal stimulus money, can you tell me why this is the way this section is worded? "The sum of $1 billion is hereby appropriated solely for transfer by the Governor to funds established to account for revenues from the federal government in order to meet unanticipated or emergency expenditures pursuant to Section 53 of the State Finance Law."

And it goes on to say: "In addition, to the extent necessary to spend monies available from the American Recovery and Reinvestment Act of 2009, funds

appropriated herein may be suballocated subject to the approval of the Director of the Budget" -- it doesn't say the Legislature -- "to any state department, agency or public authority for purposes in the American Recovery and Reinvestment Act of 2009."

And you told me that this has nothing to do with the federal stimulus money. Do you want to change your answer?

SENATOR LIZ KRUEGER: No, I don't. Mr. President, through you.

I might agree that Department of Budget didn't write this well or clearly. It's my understanding that if you go back previous years in this section of the law, you will find the first sentence: "The sum of 1 million is hereby appropriated solely for transfer by the Governor to funds established to account for revenues from the federal government in order to meet unanticipated or emergency expenses pursuant to Section 53 of the State Finance Law." And again, that predates the federal stimulus law. So apparently that language is in each year.

Then this year, they added an additional paragraph: "In addition, to the extent necessary to spend monies available from the American Recovery and Reinvestment Act of 2009" -- what we call the stimulus package -- "funds appropriated herein may be suballocated subject to the approval of the Director of the Budget for any state department, agency, or public authority. For the purpose in the American Recovery and Reinvestment Act of 2009, funds appropriated herein shall be subject to all applicable reporting and accounting requirements."

It's transitional language. And I agree, Senator, that they could have written that better and clearer. But again, it's my understanding the billion-dollar dry appropriation in this section of law mirrors previous years. And then the following paragraph was added in relationship to the federal stimulus money.

SENATOR DeFRANCISCO: On the bill very briefly, please.

ACTING PRESIDENT VALESKY:

Senator DeFrancisco, on the bill.

SENATOR DeFRANCISCO: I think this question-and-answer session pretty much indicated how difficult it is for anyone, especially the Minority, to participate in a process to come up with a good budget.

For Senator Kruger to tell us that in the near future we'll learn where the federal stimulus money was used and where it went because it's a very complicated thing because we didn't cooperate is -- is -- doesn't make any sense. We weren't asked to cooperate. So what cooperation was needed from us for them to determine what federal stimulus money went in and where it was used?

I mean, how do you determine that you need to tax people or take away STAR rebate checks or whatever without knowing what you're using federal stimulus money for? There is much of the money -- and I can't say chapter and verse -- that is unrestricted, that could have been used in lieu of raising taxes, and that could have been done.

So, secondly, I don't know how much

clearer the Budget Office had to write this section of the bill. To suggest that they could have written it clearer by taking out the words "American Recovery and Reinvestment Act," which Senator Krueger told us this $1 billion had nothing to do with, does that make any sense whatsoever to anybody?

The fact of the matter is there is a billion dollars that is unallocated that is not subject to the Legislature, it's subject to the approval of the Director of Budget and not the Legislature.

With respect to the economists that estimate 15,000 jobs are being lost, I don't know what organization Senator Krueger referred to that we were relying on. We're relying on the Empire Center, which we did not hire. E.J. McMahon, who's done many of these analyses, that center has done it. They talk about 15,500 jobs as a result of increased taxes.

Stimulus money is supposed to be used to stimulate the economy. By taking $2,400 to $3,500 out of the pockets of

New Yorkers doesn't stimulate a thing. But if you had avoided those taxes by using the stimulus money, you would have been able to legitimately keep more money in people's pockets.

And by the way, Senator Krueger quoted from Mayor Bloomberg. I don't know when it was; several months ago, a year ago, whatever. The fact of the matter is Mayor Bloomberg came out against this personal income tax increase, as far as I understand it. So you can quote what anybody says that's not current and come out with any answer you would like.

Lastly, we went and checked, our staff member checked the Governor's website to determine if what Senator Krueger said about the federal stimulus money, all the details being on his website explaining all this -- well, there is still no financial plan on the Department of Budget's website indicating monies coming in, monies going out, and explaining where we are with the budget at this very moment.

How do you possibly make wise decisions and determine priorities by this process? You simply don't. It's like -- it's -- saying it's not transparent doesn't do this process justice. We can't figure out -- and I don't think anybody on that side of the aisle has a clue either -- what happened in these closed-door discussions.

So I guess what I'm saying is that we should not tax people if we have alternatives. We should keep the money in their pockets. And we certainly have alternatives, or at least you can't say we don't have alternatives, because you can't even tell us how much stimulus money is left over, what we've used, and what's available to avoid taxes. And we're past the budget deadline.

So I'm going to vote against this bill when the time comes.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator DeFrancisco.

Senator Griffo.

SENATOR GRIFFO: Thank you, Mr. President. Would Senator Krueger yield for some questions?

ACTING PRESIDENT VALESKY: Senator Krueger, do you yield?

SENATOR LIZ KRUEGER: I'd be honored to yield to Senator Griffo.

ACTING PRESIDENT VALESKY: Senator Krueger will yield and be honored.

SENATOR GRIFFO: Thank you, Senator.

Are you familiar with the closeout numbers from this year, total closeout for the budget?

SENATOR LIZ KRUEGER: One moment. I'm not sure if they've completely closed out the numbers in the budget for this year.

They have not closed out the numbers for the budget this year, sir. My understanding is the Department of Budget has not been able to do that yet.

SENATOR GRIFFO: In one estimate, we're looking at about $121.5 billion. Would you agree that that's an estimate?

SENATOR LIZ KRUEGER: I'm sorry, did you say billion or million?

SENATOR GRIFFO: 119.7 to 121 are the numbers that --

SENATOR LIZ KRUEGER: I believe that's the 2009-2010 projected closeout numbers. No? I'm sorry.

SENATOR GRIFFO: No.

SENATOR LIZ KRUEGER: I think the 121 number you're referencing is the 2009-2010 Executive Budget proposal. The 119 I believe was some type of -- oh, yeah, thank you. The projected closeout number for 2008-2009 was 119.8 million.

But again, as we know, budget documents are estimates, and so you start the year with a projection of what you'll spend and what will come in, and then you close out the year after the year is done. So it was an estimate as of a certain date, and the Division of Budget has not yet closed out the 2008-2009 numbers. So I truly can't answer whether I think it's a good guess or not.

SENATOR GRIFFO: Thank you.

Will the Senator continue to yield?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, I certainly do, Mr. President.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR GRIFFO: Well, if we look at all these numbers, we know that budgets are blueprints and fluid.

That number of 119.6 was an estimate. The estimate of this budget moving forward is, I believe, over 132; correct?

SENATOR LIZ KRUEGER: In all funds, yes, sir.

SENATOR GRIFFO: Will the Senator continue to yield?

ACTING PRESIDENT VALESKY: Senator, do you yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR GRIFFO: Would you not

say that if you look at the comparison between those two numbers there is a significant increase, obviously?

SENATOR LIZ KRUEGER: Yes. And again, as I explained --

SENATOR GRIFFO: Will the Senator continue to yield?

SENATOR LIZ KRUEGER: -- it includes the stimulus monies on top of the other realities for our state.

SENATOR GRIFFO: Will the Senator continue to yield?

ACTING PRESIDENT VALESKY: Senator, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I yield.

ACTING PRESIDENT VALESKY: The Senator continues to yield.

SENATOR GRIFFO: If you look at stimulus money, you described it over a 27-month period. Correct?

SENATOR LIZ KRUEGER: Yes, sir.

SENATOR GRIFFO: Will the Senator continue to yield?

SENATOR LIZ KRUEGER: Yes, I do, Mr. President.

SENATOR GRIFFO: If you look at these figures over that 27 months -- and we've seen that there's a lot of confusion. And Senator Kruger, the chair of Finance, indicated that more numbers would be forthcoming. We referred to websites.

My concern is many of the programs that you're looking at, such as in the Department of Labor, maybe on unemployment insurance -- in order to become eligible for federal funds, you will have to either expand or extend benefits. Correct?

SENATOR LIZ KRUEGER: Yes, that is part of the federal requirements.

SENATOR GRIFFO: Will the Senator continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I do.

SENATOR GRIFFO: As a result of that, when you look at that increased spending, the question would be what happens after 27 months. Because you are going to

have this new spending, and yet we're not making any provisions here of how you're going to handle that spending that the state is going to have to absorb when the stimulus disappears.

SENATOR LIZ KRUEGER: Through you, Mr. President. I know that all of us, including the 19 million New Yorkers we represent, are certainly hoping that at the end of the 27-month period we are economically in a better place with fewer people needing unemployment benefits.

And I suppose the State of New York could have said, to the federal government: No, thank you, we won't pay unemployment to our people who are unemployed during this economic downturn. So we could have said no to those funds.

I feel very strongly that we should have and must have accepted those funds. Can you imagine actually calling for this Legislature to tell unemployed people who we know can't get jobs in this economy that we were going to turn down unemployment benefits

or keep them on a shorter time period for unemployment benefits at a lower level? I, sir, would not want to do that.

I suppose I will ask you, would you want to have shorter and lower unemployment benefits in an economic crisis?

SENATOR GRIFFO: Will the Senator continue to yield?

ACTING PRESIDENT VALESKY: Senator, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I yield.

SENATOR GRIFFO: Senator, we all understand that there are a number of programs that would require New York State to make decisions on that ultimately could have a financial impact going forward. And many opportunities to discuss that in public didn't exist.

I would quote, again, the State Comptroller, who said that the danger in New York is that we could end up right back where we started, with huge budget gaps and unsustainable levels of spending. Would you

disagree with Comptroller DiNapoli?

SENATOR LIZ KRUEGER: I think he made that statement in a broader context.

I suppose I would cite President Obama that we need to invest in the economy today to get our people back to work and to ensure that our people are cared for until our economy kick-starts and they can get back to work.

It is true, sir, any decision we make here leads to the next question, what happens if. What happens if the economy continues to go down beyond 27 months? Historically when that has happened, the federal government has come through with additional commitments of extended unemployment benefits. And so in each of the most recent cycles of economic downturn, we have been able to count on the federal government to provide an additional length of time on unemployment benefits and in fact to refill our sometimes at-risk coffers to be able to pay unemployment.

I don't have a crystal ball, so I

don't know whether we will need that at the end of the 27-month period or whether we can count on the federal government. But personally I believe that President Obama and the U.S. Congress will not leave the states out there hanging if we continue to have an unemployment crisis.

SENATOR GRIFFO: Will the Senator continue to yield?

ACTING PRESIDENT VALESKY: Senator Krueger, do you yield?

SENATOR LIZ KRUEGER: Yes, Mr. President.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR GRIFFO: I think it's beyond the Department of Labor issues, it's for agencies across the State of New York.

And I think the Comptroller, who many people supported in the appointment, obviously we need to be sensitized to and be attentive to, I would think. Do you not agree?

SENATOR LIZ KRUEGER: Mr.

President, through you. I have the highest respect for the Comptroller. And in fact, the Comptroller has a legal obligation to make us aware of the fiscal situation of the state and to make projections on the revenues expected and the expenditures on the balance of the budget.

So I do not envy the Comptroller having to say we're in an at-risk situation, we don't have the monies coming in. I suspect that it is not very different, from what I have read, than what 49 other comptrollers are saying.

And of course we know we have the same situation at the federal level, where the dollars we are investing in stimulus, through any number of bills moving through Congress, is translating into an increased deficit for the federal government. And yes, that is a risk in every way.

Of course we might remember that when President Clinton became the President of the United States, we had an enormous federal deficit. We happily brought it down to almost

nothing during his eight years in the White House.

Of course, we grew that federal deficit enormously during the Bush administration. And so we found ourselves and President Obama found himself faced already with a large deficit, needing to make the right economic decisions for the country involving further increasing our deficit.

You know, but again, there's an ebb and flow. And I feel fairly confident that if we make the right actions federally and at the state level, we will be able to jump-start our economy. And while these are years of, I suppose -- you know, you call them famine, we will again see years of feast where we will shift the dynamic.

I would hope, by the way, Senator Griffo -- and I think you agree with me -- that one of the smart planning things the State of New York ought to do is to have a larger emergency reserve fund available, recognizing that there are bad economic times and good economic times.

In the bad economic times, more people need to turn to us for assistance, such as unemployment benefits. And then there are good economic times, and these should be the times where we raise some additional revenue to put away for a rainy day, to have as emergency funds.

We all know our economy is cyclical and we will have good and bad years. So I am hoping that we could work together to move together to move forward with budget proposals that will provide for a larger emergency rainy-day reserve fund for the next time. Because while we all hope there won't be a next time, we know there will be, of course.

SENATOR GRIFFO: I would agree that reserve accounts are very important. But I would disagree that we can spend and tax our way out of a recession.

And I know neither one of us are economic prognosticators, but you're basing what is taking place in this budget and the 27-month period for stimulus, you're looking for an economic miracle.

And while we all want to see the economy improve, I think we need to be practical and realistic here too. And I think that's what the State Comptroller and many fiscal experts and economists are indicating right now.

If I can ask the Senator to yield on a couple of other questions.

ACTING PRESIDENT VALESKY: Senator, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, Mr. President, I yield.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR GRIFFO: Senator, earlier today we talked about a number of amendments that we had asked for consideration here. And do you recall last year supporting the Warren bill, the Warren bill?

SENATOR LIZ KRUEGER: Mr. President, I need a clarification of what the Warren bill is.

SENATOR GRIFFO: It's a piece of legislation that was sponsored by Senator

Robach and passed this body 61 to nothing, which would ensure that private companies give at least 90 days' notice to employees in companies with over 50.

Do you recall that now?

SENATOR LIZ KRUEGER: Yes, I'm sorry, I didn't recognize the name.

And I believe I was in the Senate at that time, so I believe I did vote for that, yes, sir.

SENATOR GRIFFO: Essentially what we're doing here is ensuring -- and we all agreed on this, and it is now statute -- that we should be giving notice before we put people on the streets.

Don't you agree that we should be giving the same kind of consideration and respect to public employees before we close their facilities?

SENATOR LIZ KRUEGER: Mr. President, through you. If I am understanding the question correctly, we are discussing the amendment today around the OCFS proposed closings, as was raised in the amendment.

And here's my dilemma. One is my understanding that while we are closing sooner than later, we intend to assure that those workers continue to have jobs and alternative options. We also know that those by and large are empty facilities, or almost empty facilities.

So on behalf of the taxpayers of New York State, as I said yesterday and I would say again today, regardless of an economic crisis, we have an obligation to the taxpayers of New York State not to keep underutilized facilities open just for the sake of keeping them open. We have an obligation to be efficient and effective with their monies.

And in fact, in the discussions I've had with the Office of Child and Family Services, I've been assured both that the alternative proposals they have made are in the best interests of the children, are in the best interests of the state budget. And in fact they are addressing the concerns of workers having to deal with some kind of

transfer of their job.

And I suppose one of the differences in the question you raised prior was that was on private employers and trying to ensure protection of jobs and taxpayers. This is government, and of course government should have as its first priority the best interests of the people of New York.

So again, hard budget, hard decisions. I actually think the OCFS plan is a win-win for the children, the state, and the system of child services that we provide with the great workers of the State of New York in those programs.

SENATOR GRIFFO: But, Senator Krueger -- will the Senator continue to yield?

ACTING PRESIDENT VALESKY: Senator Krueger, do you continue to yield?

SENATOR LIZ KRUEGER: Yes, I do yield. Please.

SENATOR GRIFFO: Through you, Mr. President, don't you believe we should extend the same courtesy to public employees that we're extending in the private sector

right now, for which you voted for? Why would you treat public employees differently? Why would you -- it's just a clause -- regardless of the decision on the facilities, but to remove the notification provision?

SENATOR LIZ KRUEGER: Thank you, Senator Griffo. Through you, Mr. President. It's been clarified that the Warren bill requires what's called Warren notices, which is to make available federal rapid response dollars to be deployed to the companies so that they can support alternative employment through the Department of Labor. So in fact it isn't a parallel situation.

And in fact one of the reasons you'd want to pass the law under the Warren Act is to assure that those companies could get additional federal monies which would assist them in helping their workers find alternative jobs.

My understanding is there are no parallel opportunities for the state that way.

SENATOR GRIFFO: The spirit of law, Senator, does also indicate that we

should be providing notification so that people can't be disrupted and taken out of jobs instantly. That was also part of the intent and the spirit behind the legislation.

I'd like to move on in another area. Mr. President, if the Senator would continue to yield. You look good. I know you were getting --

ACTING PRESIDENT BRESLIN: Senator, will you continue to yield?

SENATOR LIZ KRUEGER: Yes, the new Mr. President, happily.

SENATOR GRIFFO: Thank you, Mr. President.

Senator Krueger, process is something that we've discussed here too which is troubling to me, because I know I had the opportunity to be in your office, your former office, and you had a big sign on the door that talked about "Rules Reform Now," and you went to court to try to change the rules of this procedure.

I see our Finance chair is not in the room right now, Senator Kruger. He

indicated earlier, though, that this process was not -- it was expedited because it was without cooperation. But I think yesterday we showed how this conference attempted to cooperate by letting Senator Hassell-Thompson come forward and execute her votes.

So are you happy with the fact that the reform process that you have advocated for so long was totally abandoned?

SENATOR LIZ KRUEGER: Through you, Mr. President. I'm not sure it's germane to this bill, but I'm happy to answer the question.

SENATOR GRIFFO: It's very --

SENATOR LIZ KRUEGER: No, no, I wasn't going to argue, sir.

We have been the majority for less than 90 days, after you were in the majority basically since 1939.

No, I don't think this was the ideal process. It doesn't meet my expectations for what we can do to reform the process.

We have a -- we made some rules

changes that I was very pleased with at the beginning of the year. We have a rules reform commission, task force, that I believe you are on that is continuing its process and that will get a report released to us all to discuss soon. So I am optimistic we will take additional steps.

I asked to be the chair of the Select Committee on Tax and Budget Reform because I fundamentally believe there's an enormous number of things we can do to make our tax system more fair and equitable and meet the 21st-century standards and to address what I believe are not the ideal situations in our budget process, including not using standardized accounting procedures, having a timeline that traps us all in this very short timeline to get something done. I would actually propose we move the budget to a later date. I would explore multiyear budgets for school districts.

So no, sir, I support reform, and I will agree that we have not accomplished all my goals yet. Again, I'm not sure anybody

could in their first 90 days when they were faced with a $16.5 billion deficit; an entire transition to the majority, with staffing; a federal stimulus package to try to move as quickly as we can -- to respect Senator DeFrancisco's point, even before we have all the notice from the federal government, we're trying to make sure we get that money out the door.

So it's been a busy three months, and we have not gotten there yet. And I am looking forward to working with you to have a better process for next year.

So I think that answers the question.

SENATOR GRIFFO: Thank you, Senator Krueger.

On the bill.

ACTING PRESIDENT BRESLIN: Senator Griffo, on the bill.

SENATOR GRIFFO: Thank you, Mr. President.

I do believe it's a very important issue in this process because that's what this

budget is all about. And we passed a budget reform bill here in 2007. And I think people of this state expect laws of this state to be abided by and to be enforced. And this year the laws of 2007 were totally ignored and violated, in my opinion. There was no discussion, open discussion of this budget. There was no timetables distributed so people could see what was going to happen when. There were no conference committees.

As a result of that, the information has been put on our desks -- thousands of pages, as I indicated yesterday, for individuals to try to examine and to evaluate and to deliberate and debate, because the results of all of these pieces of paper will cost the people of the State of New York much money.

Between the taxes and fees that are being imposed upon citizens of this state, the average family can look to be paying up to $2400 a year, and many of them won't understand or appreciate it today. Because until they actually go and pick up a license

or go purchase a beverage, then they'll begin to really feel the impact immediately and understand what was done as a result of this budget process which was so secretive.

And I hear the word "crisis" being used, that this was a crisis. Well, if you were in Washington, D.C., and you were talking about national security, I might be able to accept some of that. But today we're talking about a budget process that involves the people's lives of the State of New York. And regardless of the economic crisis, that's more of a reason and a necessity to be able to have an open exchange and dialogue and be able to have prior information in order to do it intelligently.

I think the people of the State of New York are outraged at the way you've conducted yourselves. And the fact that words mean nothing and that laws mean nothing. They've been passed, but they've been ignored. How in good conscience can anybody stand there and defend that? I can't understand it.

And to say today, I remember

Senator Carl Kruger said earlier that -- could we have done this budget in a better -- could we done a better job, perhaps. I would say absolutely. It's essential. We have to.

And that road, the fork in the road, Senator Kruger, that you talked about during your opening statement, I think we've taken the wrong road in this budget process. And it's unfortunate, and it's going to have a dire impact on the people of this state. We've talked about mandate relief for -- I've only been here two years, and I've heard it two years, talking mandate relief. And it's been before that. What have we done about it? The people want to see something. They don't want to hear it anymore, they want to see it.

So there is no mandate relief. We've taken away STAR rebate checks, something that was actually put in people's pockets, money to help them, to alleviate property taxes. But guess what? We haven't done anything to give them genuine property tax relief. We haven't provided any specific proposals in this budget. Instead, we've

talked about the Rockefeller drug laws. Why wasn't there property tax relief put into this budget proposal?

Then we looked at Empire Zones and we talk about promoting economic development. And yes, there needs to be reforms to EDZs. But you've abandoned the concept. And the ratios that you've put in are going to be so harmful to the upstate industries that it's going to be impossible for them to survive.

I mean, you look at each and every aspect of what was done -- I have another little illustration here with the sunset of the sales tax on aircraft maintenance and repair. We have a major employer in the City of Rome who, because this was not dealt with in this budget process, is in jeopardy. There's over 350 jobs.

Yet states around us -- in New Jersey, New Hampshire, Connecticut -- all have taken care of this issue so that their industry can compete. But ours can't.

So I think today, when you look at what we've done here, I think it's legitimate

that we're questioning and taking our time. We have cooperated. But we have a role here, and it's essential and necessary that we question.

Because coming from some of the conversations and discussions that I've witnessed, I'm worried. Because you don't seem to have the answers, and you're relying a lot on staff to give you some of the material and then to say more will be forthcoming.

But this budget has to be put in place now. And the people of this state need to know what to expect and what they're going to be facing.

And as I indicated earlier, I think the problem is going to be when they're actually out there beginning to pay these bills. That's when there will be a price to pay and there will be a consequence. And I hope the people of the New York State will remember that we stood here and tried to not only examine but to question and provide new alternatives and better alternatives than what we are experiencing here today.

And I think that, you know, there is no good here, it's just bad and ugly. And I will tell you something, that as we look at this particular document and what we have to experience in the future, I'm truly concerned. And I know that there's no way that I can see anybody capable or willing to accept this.

So I will be voting no.

Thank you, Mr. President.

ACTING PRESIDENT BRESLIN: Thank you, Senator Griffo.

Senator Padavan.

SENATOR PADAVAN: Thank you, Mr. President.

I'm not going to ask any questions, so let me put your mind at ease there, because so far it's been like throwing jello up against the wall. It just slides down and you don't get very much out of it.

The fact remains during the dialogue that did take place here there was reference to the fact that you can develop economic models to draw any conclusion you wish. And I think the discussion centered

about the loss of jobs that this budget would produce.

Yes, economic models can be skewed in one direction or the other. But the bottom line is the bottom line. And there is one economic principle that has stood the test of time that is now being loudly touted in Washington, and it was generated by a gentleman whose name was John Maynard Keynes.

And Keynesian economics has a fundamental precept associated with it, and that precept is that during bad times -- when there is a depression, when there is high unemployment -- that the last thing you want to do is to reduce disposal income, the available money in a macro sense that's out there for people to spend.

So when you talk about these tax increases in a very, very cavalier way and say, well, it doesn't really mean that much, and so on, you're dead wrong. It means a great deal.

Now, in the City of New York, the mayor communicated with us on this issue. And

he pointed out that the very tax categories that you're talking about -- folks on an individual basis making $200,000 and going up the ladder -- represent more than half of the revenue, income tax revenue generated from the City of New York.

He goes on to point out that many of these people are mobile. And all you have to do is look across the Hudson at all of those apartments and co-ops and condos being built there, and reflect back right after 2001 how many of them fled across the Hudson over to Jersey, to know that that's not just a hypothetical but is a reality already.

He indicates that the city would be losing, based on these increases, at a minimum $3.5 billion in revenue. A staggering sum, in my view, $3.5 billion.

So therefore, Senator, I suggest to you when you refer to these increases in income taxes and talk about the minimal percentages that you outlined, I'm afraid that you're being somewhat disingenuous. The fact remains, it will have a negative impact -- it

will have a negative impact on your city, on your constituents.

You know, when you talk about $200,000 in your area, you can get a one-bedroom apartment and pay $3,000 or $4,000 a month rent. Take that right off the top. And then after you pay city income taxes and all the other taxes in the City of New York, and a variety of other expenditures that are unique to the city and so on, that money becomes less and less available in terms of its net amount to that taxpayer.

Now, one of the other areas that you mentioned -- in passing, I guess -- where do you suggest we get the money to offset our budgetary needs if we do not have these tax increases?

And several Senators have brought up the fact that a month ago, the Senate Majority Leader -- the Minority Leader; forgive me, I'm being prophetic -- put out a plan that we endorsed that was widely distributed that had a lot of aspects in it that would deal precisely with the question

you raised. That is our alternative.

But to go beyond that -- and it is part of what that plan refers to -- you may recall the New York Times did a three-part series of articles on Medicaid. They calculated, based on a great deal of information they had collected, that in the State of New York there was somewhere between 10 and 30 percent in our Medicaid budget that could be directly attributed to fraud and inefficiencies and wasteful spending.

As a result of that article and a great deal of other inputs, we put together -- with Senator Skelos being the prime mover -- a bill creating the Medicaid Inspector General.

The New York Times said at a minimum the waste, fraud, and inefficiency was between 10 and 30 percent. If you took the lowest end of that, 10 percent, and you look at our 40-some-odd-billion-dollar Medicaid budget, we're talking about $4 billion at a minimum.

Well, what's happened? What's happened? Despite some of the things that the

Comptroller has pointed out, the Attorney General has pointed out and others have pointed out, we're not doing what we said we were going to do. And if we did, many of the things you've talked about would simply not be a problem.

And of course the other issue, which we all know about and talk about all the time, is the failure to collect the revenues from purchases of cigarettes and gasoline and other products on Indian reservations. And I've heard various estimates there, somewhere in the billion-dollar category, of lost revenue.

So just take those two things alone, and we wouldn't be having to do the income tax increases that you've talked about.

I also want to point out one additional factor. When you talk about $200,000, $300,000, $500,000 incomes, you are including S corporations, small businesses, which everyone agrees are the prime provider of jobs in this state and nationally.

As a matter of fact, the President

addressed that issue just the other day, as did his Treasury Secretary, that small business is the largest employer in the aggregate throughout the nation and certainly here in New York.

What you're saying to those S corporations, who are now going to get hit by those income tax increases, is that you're going to have to pay more. Which means if you are marginal, and many of them are today, you're going to have to lay people off, you're not going to make the investment in your business that you may have hoped to make. The net result is less jobs, less income, and everybody suffers.

So don't just talk about these revenue producers vis-a-vis income tax increases as individuals. They are small businesses, and those small businesses represent a whole array of wage earners, from one end to the other.

Well, Mr. President, I'd simply say that the proposals before us just don't make any sense, by any measure, at any level. And

we are completely ignoring some very fundamental aspects of our economic health and in the process are doing a great deal of damage.

Thank you.

ACTING PRESIDENT BRESLIN: Thank you, Senator Padavan.

Senator Skelos.

SENATOR SKELOS: Thank you, Mr. President.

I appreciate the opportunity to speak and just want to point out, in my opinion and in the opinion of the Senate Republicans, this bill represents everything that's wrong with this budget.

It increases fees by over $8 billion. It includes most of the $13 billion in increase in spending in the overall budget. It doesn't help our school districts, it doesn't make college more affordable. And what's most important, it does nothing to reduce the tax burden on businesses large and small so that they can be competitive and create new jobs.

Today and throughout this week Senate Republicans have offered amendments after amendments to make this a better budget. We've tried to fix the budget by offering amendments that would eliminate the biggest tax increase in history, stop a massive personal income tax hike that will not only hurt families but will harm small businesses and cost thousands of jobs; strike the countless tax increases on things such as healthcare, highway use, auto rentals, beer, wine, and cigars; restore the tax rebate checks that so many New Yorkers depend on to help pay their property taxes.

And I should point out, my father is 88 years old, still works, and does depend upon his STAR rebate check.

We've offered amendments to help families afford college tuition by prepaying; provide desperately needed mandate relief for our schools to help them contain costs; place a cap on state spending to put the brakes on budgets like this that spend taxpayers' money like a runaway train.

All of our amendments to this bill reflect a budget plan that Senate Republicans put out a month ago, the only plan that was put out, other than the Governor's initial budget, prior to voting.

We have all read papers from across the state that have criticized this budget. Unlike the budget we are voting on, our budget plan was released in public. It was fiscally responsible, it was balanced, and included $3.2 billion in cuts and revenues.

We have all heard from our constituents that say that this budget we are acting on spends way too much, $13 billion more than last year. The Senate Republicans' budget spent less than the budget proposed by the Governor. We have all heard from our constituents that they don't like the $8 billion in new taxes in this budget. That's $2400 per family of four earning under $84,000. These are not wealthy people.

Senate Republicans fought to stop the tax increases in this budget. We tried to restore property tax rebates. The Majority

Democrats defended the tax increases in this bill, criticized our tax cuts by saying they would increase spending. That's not spending. We're trying to put more money in the pockets of our hardworking families throughout New York State so they can spend it and stimulate the economy, as Senator Padavan has pointed out.

The federal stimulus money was supposed to be used to turn our economy around so taxpayers could keep more of their money to put back into our economy instead of giving more to state government.

Senator Krueger talked about studies that show it's not going to hurt small businesses -- Senator Liz Krueger. We've heard from business groups on Long Island, Westchester, Central and Western New York. These are not egghead professors in some colleges or universities that are speaking from on high. These are people that are in the trenches on a daily basis trying to make small businesses survive.

Now, one of those, Unshackle

Upstate, it's a fine organization. I'll read from a memo: "The CEOs of the five major upstate Chambers of Commerce, along with their colleagues across the region, are calling upon the five representatives of the Senate Upstate Democratic Caucus to speak up for their constituents by either voting against the proposed budget, accepting the amendments being put forth by the Senate Republicans, or agree to delay the vote so that a new budget can be negotiated.

"'The five men -- Senators Aubertine, Breslin, Stachowski, Thompson and Valesky -- have the power to protect the upstate economy and the future of New York State by just standing up and voting in the best interests of their constituents,' said Brian Sampson, executive director of Unshackle Upstate."

One last quote from this memo. "'The taxpayers and job creators of New York State are already the most generous in the country, as they pay by far the highest taxes in the nation.'" This comes from the

president of the Greater Syracuse Chamber of Commerce. "'They are suffering under the burden along with the pressures of the recession.'"

Senate Republicans offered a plan to reduce taxes on businesses -- especially small businesses -- and manufacturers so they can retain and create jobs. Increasing the tax burden on small businesses that pay under the PIT, increasing the utility taxes of large manufacturers by thousands of dollars a month will only chase businesses away. Some people here call it progressive. We are progressing people out of the state.

To call this bill, as it's been called in the past, the Big Ugly, is almost too polite and it's too flip. This bill is an assault on taxpayers' wallets, it's a massive blow to any hopes for economic recovery in New York, and it's the epitome of all that is wrong with this budget.

We Republicans have offered a better budget. We offered amendments to fix the budget and address the concerns. We have

been hearing from people we represent. It only took one vote to stand up and make those changes happen, but it doesn't appear that anybody on the Democrat side of the aisle has the courage to stand up and do it.

I will be voting against this bill, Mr. President.

ACTING PRESIDENT BRESLIN: Thank you, Senator Skelos.

Senator Saland.

SENATOR SALAND: Thank you, Mr. President. Mr. President, would Senator Krueger yield -- oh, she's no longer in the chamber?

SENATOR LIZ KRUEGER: I'm sorry, Senator, I was taking a personal-needs break.

SENATOR SALAND: Thank you for extending me the courtesy of returning to the chamber.

ACTING PRESIDENT BRESLIN: Senator Krueger, would you yield to a question from Senator Saland?

SENATOR LIZ KRUEGER: Certainly, Mr. President.

SENATOR SALAND: Senator Krueger, I've been listening intently here all morning, and I enjoyed your exchanges with one or another of the Senators who rose to engage you.

And at some point during the course of your dialogue you made reference to President Obama and the need to stimulate the economy. And I'd like to think that everybody here would hope that the President, as we would any president, would be successful in his efforts.

And interestingly enough, as you were speaking, there were a group of young people who are no longer here sitting in the gallery. And I would say there must have been at least 15 to 20 young people, I assume they were high-school age, observing the debate that was going on.

And I looked at them and it made me sort of think about their future, the future of my children, who range in age from 26 to 39, and my grandchildren, who range in age from 1 to 4 years old.

And while the federal government is spending trillions of dollars to stimulate the economy, they have a printing press, and they can just keep cranking out that money and cranking out that money and cranking out that money, and at some point I think everybody recognizes there will be inflation, which we will all have to contend with when it happens.

We don't have a printing press. So my initial question to you would be, do you share with me the recognition that, unlike the federal government, we are required to balance our budget?

SENATOR LIZ KRUEGER: Through you, Mr. President. Yes, we do have to balance our budget. In fact, I stated it several times in my explanation of the bill and my argument for it.

And yes, you are of course right that only the federal government can print money. I've actually had the debate with one of my Congressmen, Jerrold Nadler, who is the chair of the House Committee on the Constitution. I have asked him whether we

could have an exception to that amendment because it would be of great assistance to the State of New York to be able to print money. And he's explained to me there's this whole Articles of the Confederacy issue and the reason the amendment was put in. So he advised me as a legislator not to print money.

But I think I understand your point, that the State of New York has an obligation to balance our budget. And as you so well said, speaking on behalf of your grandchildren and my -- I have six nieces and nephews, no children or grandchildren, but I do understand our responsibilities to the State of New York for our future.

Which is why I think that given the alternatives available to us, I would prefer to raise revenues to balance the budget rather than to continue to borrow at even greater amounts. Because in fact, over last 12, 14, 15 years, that's what the State of New York did. We spent and borrowed, spent and borrowed. It increased our debt enormously. It increased the responsibilities on the next

generation.

And I am hoping to avoid that in a variety of ways, including making the hard decisions to tax in order to balance our budget as opposed to borrow and put ourselves even further in debt than necessary.

SENATOR SALAND: If the Senator will continue to yield.

ACTING PRESIDENT BRESLIN: Senator Krueger, will you continue to yield?

SENATOR LIZ KRUEGER: Certainly, Mr. President, I do.

SENATOR SALAND: In one of your exchanges, and perhaps it was with Senator DeFrancisco, you spoke somewhat critically of prior spending and made reference to, as you just did, the fact that we don't want to borrow.

Now, depending upon the year which we choose to use as a base -- and in your comments you said yes, there is a closeout estimated DOB number of 119.8, is I believe the number you used. And this budget proposes to spend -- I believe Senator Kruger two or

three days ago, whenever we started this, used the number of 131.9. The difference being some $12 billion, if -- yeah, $12 billion.

And in an exchange between myself and Senator Kruger, and subsequently Senator Flanagan and Senator Kruger, there was a recognition of the fact that also cut from that base was some $6 billion.

And while I don't want to go there, we heard, for example, that there are agricultural programs that are being cut. There's a host of programs that are being cut before we get to whatever it is that we're spending in that $12 billion.

So for purposes of our discussion, I'm not going to use the $18 billion number, I'll use the mere $12 billion number.

$7.2 billion of that is stimulus. And that was discussed at some length, and that's also cited in the Finance report. The additional money that by everybody's account is being spent is being spent in a variety of different ways: PIT, some several billion dollars' worth of fees, we're cutting some

$1.6 billion in tax relief to taxpayers by way of the STAR rebate program, we imposed almost a billion dollars' worth of taxes or fees a month and a half or so ago when we did the DRP.

I come back to a question that I asked earlier on this floor: Do you believe that it is prudent policy to attempt to tax your way out of a severe recession?

SENATOR LIZ KRUEGER: Mr. President, through you. I think we are doing multiple things. We are cutting the budget. We are using federal stimulus monies. We are continuing to move forward with capital projects, including federal separate monies for capital projects.

The economists are pretty consistent with arguing what you want to do is not dramatically cut government spending during an economic downturn, that in fact government spending has some of the most effective rates of economic stimulus activity in the local economy.

So what do we know we want to do in

a recession or in an economic downturn? We want to put people to work, we want to support investing in our local economy, we want to use our money for the types of models that have what's called a multiplier effect in the economy. So in fact the answer is partially yes, our first priority in a recession is to try to use our government funds to create the greatest amount of economic activity.

So the food stamp program has been rated the most effective at economic-activity generation, a 1 to -- excuse me, let me start again. For every dollar we spend in food stamps, we generate immediately over $1.75 in economic activity in our local economy.

And I'm glad you brought up agriculture. The food stamp program not only is 100 percent federally funded, but what do you do with a food stamp? It's not even a food stamp anymore, it's a debit card. You go to a local food store to buy food. The food store hires people who get jobs and pay taxes. The food companies who sell food produce more to sell, the truckers bring it in, the

agricultural sector has more of the demand for its product.

It's one of the most effective -- actually, Moody's reports that it's the most effective model of spending for economic stimulus. The research shows that government money in fact creates gross domestic product more effectively than the private sector, interestingly, because we can't do anything with our money but spend it locally in our state.

Our money, when we spend it, isn't being used for offshore accounts or international investments, it's used for job creation right here at home, which is the win.

And in fact, all the economists at the revenue hearing that we held, except for the Beacon Institute gentleman -- which I want to get back to in a moment -- all the economists talked about that we shouldn't cut spending in bad economic times, with the one exception of the economist from the Beacon Institute. I just want to get his name again, because I want to clarify --

SENATOR SALAND: If I may, if you'd suffer an interruption, you did in your response to I believe it was Senator DeFrancisco make reference to whomever it was and question his bona fides because of his relationship apparently to some institute or consulting for --

SENATOR LIZ KRUEGER: It wasn't E.J. McMahon I was quoting. Senator DeFrancisco said it was E.J. McMahon I was quoting, but in fact E.J. McMahon was quoting the gentleman from the Beacon Institute, and my understanding is he is the consultant to the Republican Conference.

So it was not -- E.J. was quoting him, and he was the only economist of the five who said that we shouldn't actually increase spending, that we should decrease spending. And then I have about a hundred economists who have written letters supporting it --

SENATOR SALAND: Senator Krueger, would you -- would you suffer an interruption?

ACTING PRESIDENT BRESLIN: Excuse me?

SENATOR SALAND: Would Senator Krueger suffer an interruption?

ACTING PRESIDENT BRESLIN: Excuse me, I can't --

SENATOR SALAND: I said would Senator Krueger suffer an interruption, Mr. President.

ACTING PRESIDENT BRESLIN: Would you suffer an interruption?

SENATOR LIZ KRUEGER: I'm not feeling that suffering. Certainly, Senator.

ACTING PRESIDENT BRESLIN: She will suffer an interruption, Senator Saland.

SENATOR SALAND: May I say that I will accept your answer to this point as being your answer. You don't have to impress me with any more additional data.

I'd like to ask you one very narrow question and then go on the bill.

SENATOR LIZ KRUEGER: Yes. Mr. President, one narrow question.

SENATOR SALAND: One of the few -- perhaps only -- tax relief measures that I'm familiar with being in this budget is

something that provides tax relief to the television and entertainment industry. I believe there's some $350 million in relief.

Am I correct in assuming you support that and you believe it's important to the economy, particularly important to the economy of New York City?

SENATOR LIZ KRUEGER: My understanding is that is a continuation of a tax expenditure that had sunset. And my understanding is that on the evaluations done by the ESDC and the Tax and Finance Commission on the ratings of economic activity generated for the state from different types of tax expenditures, it has been one of the most effective job-creation models through the use of a tax expenditure.

So while I am always hesitant to support tax expenditures, I will tell you that -- and I am actually holding a hearing on that issue in Rochester at the end of the month, if you would like to join us, because I think there needs to be so much more evaluation of them.

Based on the data through independent auditors and through ESDC, yes, I was comfortable supporting that in the budget because it has created so many jobs. Thank you, because I can't memorize everything. Their studies show that there's $1.90 generated for every dollar, based on an Ernst & Young audit.

And again, I think there was a misspeak before about that proposal. That is not unique to New York City; that is for productions anywhere in the State of New York. I actually -- I know that there's a very active TV and film production company in Buffalo that was also found to be very important for job creation.

So again, the truth is when there's economic activity anywhere in the State of New York, again, as one state, we all win. But that was not a specific credit for New York City.

SENATOR SALAND: Thank you, Senator Krueger.

I would call your attention and the

chamber's attention --

ACTING PRESIDENT BRESLIN: Senator Saland --

SENATOR SALAND: On the bill.

ACTING PRESIDENT BRESLIN: Senator Saland, on the bill.

SENATOR SALAND: I would call your attention and the chamber's attention to page 110 of this bill, lines 35 to 42. And what this in effect does is it imposes a tax on those air transport companies that engage in the business of servicing and shuttling passengers for other people. Large corporations, perhaps. These people supposedly, by way of this tax, are going to contribute $2 million to help close our budget deficit.

Well, there is in my district a company, AAG. They have already located a site in New Jersey -- all they need is a helipad -- and they have told my county that they are leaving. They are taking 79 jobs with them, out the door in the very near future.

Not a laughing matter. My county will lose $177,000 in revenues. The town in which it's located will lose $36,000 in property taxes. Other businesses that deal with them obviously are going see a diminution of their top line; they, in turn, will lose.

And as this happens, I just have reports in one of my local newspapers, today's Register Star, I have a company in Chatham, at the northern end of Columbia County not far from this Capitol -- they're moving to Massachusetts. They're a plastic manufacturer. They're closing their doors. Massachusetts, once known as "Taxachusetts."

Same newspaper. Another company in the City of Hudson, a struggling city that has already lost two or three businesses in the last several months, including the largest employer in the county. Hudson Fabrics, struggling to stay alive, is looking to sell their facility to see if someone will help to keep those people employed in that county.

The taxes that we are imposing and the spending that we are imposing is a clarion

call to any small business that their days are numbered. They're struggling as it is. We are punishing them mercilessly.

This AAG that is going to be run out of my county because of this tax was supporting 79 people, 79 families with good-paying jobs. They're not moving very far, they're just going to New Jersey.

What sensible policy -- who could not see the writing on the wall? Two million dollars in the scheme of $132 billion, it's not petty cash, it's chump change. And you're not going to get the $2 million, because they're taking their business over the border. And they're not fleeing to the South, they're not fleeing to the Southwest, they're merely going to New Jersey.

I heard a number of things today on the floor. For example, the importance of educating our children. And I full well know and appreciate the importance of educating children. I've always said there was an "equal" sign between education and opportunity.

And on the whole, we do a good job in many places. We could do a better job in many other places. And when we get to our institutes of higher education, we are as good as you're going to find anywhere.

There's a problem. We educate them and they leave, because they don't want to pay what they have to pay here. They don't want to pay the personal income tax, as high as it is, and getting higher. They don't want to pay the property taxes. They don't want to absorb the cost of living that we have in New York.

Census data will tell you that in the last decade we lost hundreds of thousands of people who left and were replaced primarily by -- and I say this in no disparaging way -- by immigrants. We're a wonderful country. We embrace immigrants. But there were people who had tens of thousands of jobs that they left here or lost here knowing that they would have greater opportunity elsewhere and not wanting to bear the burden of staying here and bearing the God-awful taxes, the micromanaging of

government.

Let me suggest to you that if you're a middle-class family, this is what you can look forward to. Aside from the personal income tax increases -- which, incidentally, we talk about the adjoining states, and we talk about New Jersey at 8.97 and perhaps going up, we talk about Connecticut. Nobody talks about the rates beneath those highest rates. They're lower than ours. So somebody making $500,000 or $300,000 will fare better moving across the border.

And as Senator Padavan pointed out, in New York City better than 50 percent of the budget is paid by, I believe he said, 15 percent of the people. And he went on in his same piece to say if 10 percent of them move out -- 1500 taxpayers, I'm sorry. If 1500 taxpayers move out, the city loses 3.5 billion.

But what can middle-class New Yorkers expect? In addition to higher property taxes, thanks to stripping away the STAR rebate, you're going to pay more for your

car, pay more for your registration. Certainly you'll pay more for your utility bills. You're going to pay higher costs of health insurance; you're going to pay higher costs, in addition to that, for home health care. If you happen to enjoy the outdoors, hunting and fishing, that's going to cost you more too.

And perhaps the ultimate indignity, it's going to cost you more to file your taxes, because now tax preparers are going to have to pay a $100 fee for the distinction of being able to provide their service here in New York.

Who's going to make up all this money, the tooth fairy? The simple fact of the matter is that we are taxing people out of this state. We have $12 billion, conservatively, and I believe $18 billion of new spending. Knock off the $7 billion in stimulus money, we are spending $10 billion to $11 billion more in this budget in a recession -- that's not a mild recession, it's a severe recession.

We are putting ourselves, as I said earlier, at a precipice. And much of this spending is recurring spending, with one-shot money for recurring spending. Woe to all of us that we do not experience a miraculous recovery within the next 48 months. If we do not experience a miraculous recovery within 48 months, there will be an exodus of people, people who would be people who we would rely upon to pay these taxes.

Because that opportunity that might have been perceived as still being available to them in New York is going to be far more attractive in virtually every other state in the union.

ACTING PRESIDENT BRESLIN: Thank you, Senator Saland.

Senator Flanagan.

SENATOR FLANAGAN: Mr. President, I was hoping Senator Liz Krueger would yield.

ACTING PRESIDENT BRESLIN: Senator Kruger.

SENATOR CARL KRUGER: I will have to do, Senator Flanagan.

SENATOR FLANAGAN: Well, actually, Senator Kruger, no disrespect to you, I was looking to ask questions based on comments that were made by Senator Liz Krueger.

SENATOR CARL KRUGER: I think she's left the chamber. If I can't do, I don't know what to suggest.

SENATOR FLANAGAN: Again, Senator Kruger, I certainly don't pretend to speak for anybody else. And Senator Krueger made some specific comments as it relates to Long Island. And I wouldn't want to put you in the position of having to explain the details as to what she was thinking.

ACTING PRESIDENT BRESLIN: We can have a moment.

SENATOR CARL KRUGER: Mr. President, then maybe I suggest we go on to the next speaker and come back.

ACTING PRESIDENT BRESLIN: Good idea. Would that be all right with you?

SENATOR FLANAGAN: No, in fact, it won't.

Then I'll just speak on the bill. And I'll have to assume certain things in the absence of Senator Krueger.

ACTING PRESIDENT BRESLIN: Senator Flanagan, on the bill.

SENATOR FLANAGAN: On the bill.

I listened very carefully, and I double-checked with my colleague Senator Robach as to characterizations and direct comments and statements made by Senator Liz Krueger, and she was talking about the revenues in this budget and in particular the PIT and how it was going to work and where the money was going to go. And she specifically said that the City of New York is a donor to upstate New York to the tune of $13 billion.

Then she went on to say that the money that's generated from this doesn't benefit Long Island and doesn't benefit New York City, but benefits upstate New York.

Now, as a Long Islander, someone representing communities all across the Second Senate District, I'm concerned, I'm frustrated, I'm frankly appalled that a

characterization like that would be made by the vice chair of the Senate Finance Committee.

So I'll only have to assume that there's some type of callous disregard for the communities on Long Island. Because after all, if we're going to raise revenue, there should be some fair and equitable distribution. That's number one.

Number two, following up on conversations that I know Senator DeFrancisco had, and I did as well, in talking to Senator Carl Kruger, we asked questions about General Fund spending. And Senator Kruger told me he would get back to me. And Senator Liz Krueger couldn't answer the question today as well.

So it is perplexing for me and I think for many of us, including the public, to listen to characterizations by the majority that General Fund spending is only up 1 percent, and yet no one can provide us with any numbers. There are no numbers from DOB, there are no updated numbers from the financial plan, there is nothing that we can

represent, not only in terms of General Fund spending but in State Fund spending. There is absolutely no specificity.

And I go back to the financial plan that was presented to us the other day with both Senator Kruger and Senator Krueger on the cover of this. The All Funds number is there, but not the General Fund number and not the State Fund number.

So I am left to assume that we don't have that information, and yet we're listening to characterizations that General Fund spending is only up 1 percent. We don't know that factually, but those who are advocating for this budget keep making those statements.

And then finally, I want to go back to something that Senator DeFrancisco said relative to page 319 of the Public Protection and General Government Budget, and this is something that I will partially agree with the majority on. The first part of this language is language to the tune of $1 billion hereby being appropriated for transfer by the

Governor to funds established in a specific account.

We have done that in the past, I readily acknowledge that. And that in this respect right now is a dry appropriation.

But in working with our own finance people, who negotiated some prior budgets, the second paragraph is the most glaring example of where I think we're going to have problems and where I think the most politics is going to get played with this budget.

A fair interpretation of what this statute says right here is that a billion dollars can be put into this special fund. And now, unlike in the past, there is unfettered discretion and authority on the part of the Division of Budget, obviously in conjunction with the Governor, to spend that money as they see fit. And it says specifically to any state department, agency, or public authority for the purposes in the American Recovery and Reinvestment Act of 2009.

There is no oversight by the

Legislature, there is no specific authority where the Legislature is allowed to provide input. This is at the sole discretion of the Division of Budget.

Now, the Division of Budget is the organization, the entity here right now that's holding up capital projects, that's holding up other projects that affect all of our communities in all of our separate Senate districts.

This is the ultimate member item, except it doesn't go out to the communities that we represent, it's in the authority and discretion of the Division of Budget. And I think we should be able to tell people that so they know, when these issues come up, well, how did that press release that new money's going out the door and somehow it's going into one portion of the state but not to another?

This is exactly what is wrong with this budget. Because -- and I don't offer this disrespectfully -- I listened to Senator Liz Krueger say there was $7 billion in federal stimulus funds. I listened to Senator

Carl Kruger the other night make a representation of $5 billion. Then I looked at some press releases that said $7.2 billion. Then I heard Senator Krueger said $1.3 billion that goes back to last year.

So if I'm standing here, my thinking is it's 7, plus the 1.3, that's 8.3 billion, and there were representations made that there's a total of $24 billion in this package. So are we to assume that over the course of the next year we're going to spend the other $15.7 billion?

And then I think to myself, all right, if we have $24 billion and we're spending approximately $8 billion, why shouldn't we be using another $4 billion this year to get rid of some of these onerous taxes that are contained in this budget? Why are we putting most of the money into next year when our need is the most glaring right now?

The problem is that no one can provide a satisfactory answer. And I'll close on this point. Looking at this financial plan, I will give the majority credit for

this. You have provided great clarity and great detail on all the taxes and fees that you want to impose upon the residents of New York. There's no speculation, it's right there.

However, there's no plan as to how the federal stimulus money will be spent. There's no document, even right now, that we can all look at, any one of us -- not me, not the Republicans -- any one of us in the Senate doesn't know where the money is going. In fact, we don't even know how much money we have. And on top of that, we don't even know what the Governor has applied for, supposedly on behalf of the residents of the State of New York.

This fund was referred to the other night as a slush fund. I'll say it a little differently. It's the ultimate member-item fund, except it doesn't affect any of the members that serve in this chamber. It's there for the Division of Budget. And frankly, I'm worried that I'm not going to see any money coming to Long Island no matter

whose district we're talking about, because Senator Krueger just said with all the revenues we have coming in, the money is not going to Long Island and it's not going to the City of New York, it's going upstate.

And I know and I believe my colleagues in upstate New York need help. But like everybody else, we should have a fair and equitable distribution and we should be able to see now a blueprint of what that is so that we can go home to our taxpayers and say: Here's where the money came from, and here's where it's going to be spent.

That we can't tell them.

ACTING PRESIDENT VALESKY: Thank you, Senator Flanagan.

Senator LaValle, on the bill.

SENATOR LaVALLE: Thank you, Mr. President.

Senator Liz Krueger, in her remarks, said something that is a good slogan: We are one New York. From my vantage point in Long Island -- and Senator Flanagan articulated some views -- the people I

represent really feel put upon. I don't think there is any other way to say it. We feel put upon.

I have yesterday's Newsday. Congressman Steve Israel, who is trying on a national level, trying to have, in terms of taxation, a regional adjustment because $200,000 on Long Island has the same buying power in Indianapolis of $121,000. And the Congressman says, and I think this gets to something that we on Long Island have been saying for a long time -- to quote the Congressman, he said: "But I'm getting increasingly frustrated when I hear people say $200,000 is a lavish income."

"It may be a lavish income in some areas of the country," Israel continued, "but it is not a lavish income on Long Island when you're trying to put kids through college and you're watching your home equity decline and paying the highest property taxes in the country."

This budget has been hurtful to our schools. State aid, we had a 13 percent

share; now we have 5. We eliminated the STAR program, which has been critically helpful for Long Island and quite honestly was -- the basic and enhanced STAR program was put in to help Long Island, and then the STAR rebate program, because we pay the highest property taxes.

Now, many of the people -- and I wish people could hear the calls and the emails that I'm getting. Because we think that -- we talk about $200,000, $300,000, you know. Yeah, well, maybe in some parts of the state that's a lot of money. Steve Israel says, you know, we're trying to put our kids through college because we don't get student financial aid. We're watching our values go down, in every family two people are working in a household, trying to generate the kind of money they need to pay their taxes, give their children a decent lifestyle.

We watch, in this budget -- and several constituents of mine have complained that we are doing away with fingerprinting at a time when we're going to go back to

increased welfare and Medicaid fraud. We had for years passed bills and counted on revenue from welfare and Medicaid fraud. And now we're just throwing that away. And people I represent, you know, they have a problem with that. They have a problem with that.

I talked yesterday and we'll probably have more discussion on our hospitals. Our hospitals are receiving less aid. Some of them are going to be at the brink of reducing services or going out of business.

Senator Krueger is chair of the select committee; I serve with Senator Ranzenhofer on that committee and others. We had a hearing here in Albany, and I think it was a pretty balanced approach. There were some there articulating views that would have supported Senator Schneiderman's legislation increasing the PIT.

There were others -- Frank Mauro made a balanced approach focusing on the property tax issue, how important that is.

There was the approach of E.J.

McMahon that talked about and actually had a good exchange with Senator Schneiderman on exactly what his legislation and the implication of that legislation would have on our businesses. And I do believe that we're going to lose jobs. Whether it be 15,000 jobs or 10,000 jobs, it's not a good thing. Not a good thing at this time.

One of the groups that testified, and I forget the group, talked about we need higher taxation, we need higher taxes to protect those that are vulnerable, and in the testimony said "and we should be unapologetic about increasing taxes."

Now, I understand we have a constitutional responsibility from our founding fathers. New York is probably, I don't know, one of the few states that has in its constitution a commitment to protect the poor. So we have a constitutional obligation.

But you know, I keep hearing this chorus about protecting the vulnerable. Well, you know, if we keep taxing, the people who are sending a lot of money in this state from

Long Island are going to be among the vulnerable.

We presented a balanced budget, a budget without taxes. Had we had conference committees, we would have had that debate with Senator Krueger and others about whether the Senate plan was balanced, what were the good things, what were the bad things. But we didn't have that opportunity. We did not have that opportunity.

I would say that the general rule of thumb had been that when you're in a recession, you don't increase taxes. You don't increase taxes. This is the wrong medicine at the wrong time. So I hope, once again -- maybe I'll be surprised. I know Senator Maziarz went to mass this morning. Maybe he prayed that two people would come over and vote for us, vote with the Republican Minority.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator LaValle.

Senator Robach, on the bill.

SENATOR ROBACH: Yes, Mr. President. I am assuming by her absence that Senator Krueger is not taking questions even though she made the remark -- or where are we on that?

ACTING PRESIDENT VALESKY: Senator Liz Krueger is not in the chamber at this point.

However, Senator Carl Kruger is. Are you asking the chairman of the Finance Committee to yield to a question?

SENATOR ROBACH: Well, I'll do my best. It might be a little bit different because after making those comments, I'm sorry our colleague had to leave. I can't imagine where we would go during the middle of the budget process.

But, Senator Kruger, thank you for staying here as the chairman and talking about a bill that's going to impact all of our constituents greatly.

SENATOR CARL KRUGER: It's part of the budget process, Senator.

SENATOR ROBACH: Your colleague

Senator Krueger had indicated that no one in the City of New York in her district had ever indicated any displeasure with raising taxes whatsoever. Would you agree with that, and do you have that experience in your district as well?

SENATOR CARL KRUGER: Through you, Mr. President. Obviously I cannot speak for the population that exists in Senator Krueger's district. But in reference to your --

SENATOR ROBACH: Well, Mr. President, why don't we get her in here, then, so I can ask her. Why don't we do that --

SENATOR CARL KRUGER: Well, Senator --

SENATOR ROBACH: Because I'm sure she's got to be around here somewhere.

SENATOR CARL KRUGER: Through you, Mr. President, Senator Krueger is not in the chamber now. And I'd be more than glad, as the chairperson of the committee, to answer Senator Robach's questions to the best of my

ability.

SENATOR ROBACH: Okay. Would you share the belief of Senator Krueger that no one in New York City is concerned about increasing taxes?

SENATOR CARL KRUGER: Through you, Mr. President. Obviously, since I do not represent Senator Krueger's district --

SENATOR ROBACH: No, in New York City. I'll broaden it for you, Senator.

SENATOR CARL KRUGER: Well, in the broad sense of the word, I don't take polls, so I really couldn't answer that.

But I would suspect that it's a mixed bag. Some people may, and some people may not. You really can't tell.

SENATOR ROBACH: I just have to say for a minute before I go on with my questions, this is very frustrating to me -- not to me, to my constituents. People make statements that are going to impact the people I represent and their lives, and I would like to really know, I'm really trying to learn and respect what people say and understand it for

clarity, and now we can't. But I'll try and continue.

Well, Senator Kruger, do you believe me that just the opposite happens --

ACTING PRESIDENT VALESKY: Senator Robach, excuse me for one minute.

Senator Kruger, do you continue to yield?

SENATOR CARL KRUGER: Yes, I do.

ACTING PRESIDENT VALESKY: Senator Kruger continues to yield.

SENATOR ROBACH: How about this. Would Senator Kruger continue to yield for a series of questions so we can expedite this? Because I know many people are in a hurry.

SENATOR CARL KRUGER: Yes, I do.

ACTING PRESIDENT VALESKY: We need to continue through the chair, Senator Robach.

SENATOR ROBACH: Well, I'm trying to do that once and for all here, Mr. President, if that works okay for you.

ACTING PRESIDENT VALESKY: Proceed with your question.

SENATOR ROBACH: Do you believe me when I tell you, in all sincerity, that in my district people tell me every day -- as a matter of fact, I'm getting hundreds of calls and emails today, people panicked that they're going to lose their STAR rebate check. And they're very concerned, in these economic times with what's going on with downsizing in some of our large companies, about paying all their taxes, all their fees and everything else.

Do you believe me when I do take polls too and tell you that everyone is very, very concerned with that? Do you believe me on that, Senator Kruger?

SENATOR CARL KRUGER: Through you, Mr. President. Firstly, just to reiterate, no one wanted to cut the STAR rebate check. However --

SENATOR ROBACH: But you did.

SENATOR CARL KRUGER: At least give me an opportunity --

ACTING PRESIDENT VALESKY: Senator Robach, if you could allow Senator

Kruger to complete his answers to your questions.

SENATOR CARL KRUGER: -- to answer the question.

SENATOR ROBACH: Yes, Mr. President, I will.

SENATOR CARL KRUGER: Firstly, no one wanted to cut the STAR rebate check. As you know, it was well over a billion dollars in order to generate those checks.

The STAR program in the exemption form is still an available option to the residents of this state.

And in terms of the veracity of your statement, whether or not I should believe you or not, I think that we know each other long enough that I wouldn't question the integrity of your word and you wouldn't question the integrity of mine.

But I think it's a gross exaggeration when we say that there's panic in the streets.

SENATOR ROBACH: I never said the word "panic," I said strong, legitimate

concern of peopling facing difficult economic times.

Let me continue. Could you tell me, outside of the PIT -- which Senator Krueger did a good job of explaining, and her joy for that -- what are the other combined total taxes on this budget eliminating the PIT? What would that be, Senator Kruger? In the aggregate.

SENATOR CARL KRUGER: Again, through you, Mr. President, to the best of my recollection, the tax bill was approximately $5.2 billion. Approximately.

SENATOR ROBACH: In addition to the PIT. So there's going to be an additional $5 billion -- I actually only have it at about 4 billion additional dollars, but if you're telling me it's five, I can believe that too, then?

SENATOR CARL KRUGER: Right. Again, Mr. President, through you, if we would go back to the budget fact sheet, I call your attention to page 3. And the number of the tax and revenue total is 5,126.6.

SENATOR ROBACH: Taxes and fees, I'm going to disagree with you a little bit, is really -- I won't list all these for time -- is really about an additional $3.9 billion that people are going to be paying in addition to this.

You said that you believe me on my tax issue. Senator DeFrancisco, Senator Flanagan, and others pointed out very accurately that we have this billion-dollar fund, I don't know what you want to call it, that's unspecified.

You know, timing in life is everything. You've now agreed with me that where I live, taxes and fees are tremendously important to people on the verge in these economic climates. Don't you think we could have better used that billion dollars -- minimally, if not more -- of the stimulus package to offset these taxes? Wouldn't you agree with me that that would have been a good response to at least my constituents, if not a prudent move for all New Yorkers?

SENATOR CARL KRUGER: Through

you, Mr. President. Firstly, if we go back again to that billion-dollar line, that billion-dollar line, as you know, is not an appropriated line, that's a reservoir. We call it a dry line, call it whatever you want to call it.

But more particularly, is there a good way or a bad way? I don't ever think there's a good way or a bad way of taxing people. But I think that we have an obligation -- the obligation is not something that I think; we know, it's constitutional -- and that's to provide for a balanced budget.

And no matter how tortuous a process we go through and no matter how we want to manipulate the numbers and no matter how much we want to distort the facts, the facts are that you know that we approached a $17 billion shortfall, and that was the scenario that was developed in our judgment in the shared belief that it was a way of going forward to get us out of this rut.

ACTING PRESIDENT VALESKY:

Senator Robach --

SENATOR ROBACH: Through you, Mr. President --

ACTING PRESIDENT VALESKY: Senator Robach. Senator Robach.

If I could interrupt the debate for a moment and ask Senator Smith to speak on a matter that has occurred in recent moments. We will return to the debate in a moment, Senator Robach.

Senator Smith.

SENATOR SMITH: Thank you very much, Mr. President. Thank you, Senator Robach and Senator Carl Kruger, for yielding the floor to me at this moment.

Colleagues, we have had a terrible situation happen in this state. And it is important that we -- while we are conducting the business of the state, and it is critical, it sort of puts things in perspective.

And up in Binghamton, as we are in here right now, there is a hostage situation going on where it is reported that 15 people have been killed, and the individual is still not apprehended.

Whether that number is 10, 12, or 15, what matters most for us is that we have a situation that we need to be in prayer.

Senator Libous obviously has to make a determination as to his movement, and I will stand at this moment to indicate to him, before I yield the floor to him, that if for any reason he needs the courtesy extended to him in terms of having him vote on these bills to move forward to Binghamton, that we would extend that to him.

But I do hope, colleagues, that we recognize that this is a very tragic situation, one that we have to keep in mind as stewards of this state. It is a situation that is unfolding as we speak. The news, the fact that his family is okay -- which we immediately called, in the office. We spoke to the Governor. The Governor is prepared to assist him. Troopers are on the ground there, the FBI.

But we should all be prepared to extend any help to Senator Libous and Binghamton. And I'm talking about financial

as well as spiritual as well as physical, in terms of us being there for him during this tragedy.

And at this time, Mr. President, I'd like to yield the floor to Senator Libous.

ACTING PRESIDENT VALESKY: Thank you, Senator Smith.

Senator Libous.

SENATOR LIBOUS: Thank you, Mr. President. Thank you, Senator Smith and my colleagues.

We're picking up information as everyone else is, through the national news media, CNN and others. I've made several calls, I've tried to get ahold of the mayor, the mayor is at the scene. There's a number of sketchy reports. The Governor and I had a conversation; he's trying to get a briefing from the State Police so that we can get our arms around exactly how many fatalities there are, exactly what's going on.

The one thing that we do know, as Senator Smith mentioned, is that at this time the gunman is still at large. They're not

sure if he has hostages inside the building or if he has left the building.

So as Senator Smith said, our prayers are certainly with the family members. It's a difficult situation. I know it was at the American Civic Society. I have a lot of very, very close and dear friends there. And, you know, as we get details, we're going to need to do whatever we can to comfort the families, as Senator Smith and I talked about, in the months ahead. And the Governor has offered his help and assistance.

So all I can do now is tell you please offer your prayers for any of the victims and their families and those who may be in harm's way at this time.

Thank you.

ACTING PRESIDENT VALESKY: Thank you, Senator Libous.

Senator Smith.

SENATOR SMITH: Before we return to debate, if we would just pause in a moment of silence for the families of all those who might be under this terrible moment.

(Whereupon, the assemblage respected a moment of silence.)

ACTING PRESIDENT VALESKY: Senator Robach, you have the floor.

SENATOR ROBACH: Yes. I think Senator Kruger was just finishing up explaining why it wasn't good to use that billion dollars to offset property tax or taxes. If you want to continue, feel free to, if you weren't finished with your answer.

SENATOR CARL KRUGER: Through you, Mr. President. Well, I think in substance we've covered that ground previously. I know that you feel, as well as we feel, that taxing anyone is a bad thing but sometimes, as we know, a necessary thing. And hopefully, as this economy improves, we'll be able to look at this issue in greater detail and try to spread the pain in a more appropriate fashion.

Thank you, Mr. President.

SENATOR ROBACH: One last question and then I'll go on the bill.

ACTING PRESIDENT VALESKY:

Senator Klein.

SENATOR KLEIN: Mr. President, can we suspend the debate for a moment and open the roll.

ACTING PRESIDENT VALESKY: By unanimous consent, the debate is suspended momentarily.

The Secretary will open the roll on Calendar Number 136. First, read the last section.

THE SECRETARY: Section 3. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: The Secretary will call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT VALESKY: Senator Libous.

SENATOR LIBOUS: No.

ACTING PRESIDENT VALESKY: The roll call is withdrawn, and the bill is laid aside.

The Secretary will read Calendar Number 138 for the same purpose.

THE SECRETARY: Calendar Number

138, Assembly Budget Bill, Assembly Print Number 159B, an act to amend Chapter 279 of the Laws of 1998.

ACTING PRESIDENT VALESKY: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT VALESKY: Senator Libous.

SENATOR LIBOUS: Mr. President, I believe there are two amendments at the desk on this bill, and I would vote aye on both of those amendments.

ACTING PRESIDENT VALESKY: The record shall so reflect.

And your vote on the bill?

SENATOR LIBOUS: On the bill I would vote no.

ACTING PRESIDENT VALESKY: Senator Libous to be recorded in the negative.

The roll call is withdrawn, and the

bill is laid aside.

The Secretary will continue to read Calendar 137.

THE SECRETARY: Calendar Number 137, Assembly Budget Bill, Assembly Print Number 158B, an act to amend the Public Health Law and the Elder Law.

ACTING PRESIDENT VALESKY: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT VALESKY: Senator Libous.

SENATOR LIBOUS: Mr. President, I believe there would be one amendment on this bill; I would vote aye.

And on the bill, I would vote no.

ACTING PRESIDENT VALESKY: So recorded.

The roll call is withdrawn, and the bill is laid aside.

The Secretary will read Calendar Number 131.

THE SECRETARY: Calendar Number 131, Assembly Budget Bill, Assembly Print Number 151A, an act making appropriations for the support of government: Legislative and Judiciary Budget.

ACTING PRESIDENT VALESKY: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT VALESKY: Senator Libous.

SENATOR LIBOUS: Mr. President, I vote no.

ACTING PRESIDENT VALESKY: Senator Libous to be recorded in the negative.

The roll call is withdrawn, and the bill is laid aside.

SENATOR LIBOUS: Mr. President, I want to thank Senator Smith and certainly all

my colleagues for extending me this courtesy.

ACTING PRESIDENT VALESKY: The Secretary will place Calendar 136 before the house.

Senator Klein.

SENATOR KLEIN: Mr. President, can we return to the debate on Calendar 136 and recognize Senator Robach.

ACTING PRESIDENT VALESKY: Calendar 136 is before the house.

Senator Robach.

SENATOR ROBACH: Thank you. And certainly, with this sad news, hard to get refocused.

But let me just ask one last question, because this is going to have such an impact.

ACTING PRESIDENT VALESKY: Senator Kruger, do you yield?

SENATOR CARL KRUGER: Yes, I do, Mr. President.

ACTING PRESIDENT VALESKY: Senator Kruger yields.

SENATOR ROBACH: Thank you,

Mr. President.

The other issue that I think stands out so largely in here -- and some of my other colleagues have talked about it -- is you said, actually -- I guess it's good that you're up, and not Liz Krueger -- you had said earlier that we're going to get a detailed list of how the stimulus money is spent later on.

And I guess I think I owe it to my constituents and feel that this should be so integrated, so coordinated before we do some of these things we're all agreeing on are so terrible to people. Do you feel that we should have listed these things separately or know exactly where the money is, rather than generically and later on?

SENATOR CARL KRUGER: Through you, Mr. President. Within the appropriation bill that we have here, they are all lined out.

However, for the purpose of clarity, there will be distributed to all of the members a detailed list, as I had

committed to.

SENATOR ROBACH: Thank you, Senator Kruger.

Mr. President, on the bill.

ACTING PRESIDENT VALESKY: Senator Robach, on the bill.

SENATOR ROBACH: I really try not to, but I just -- I have such a great deal of concern and somewhat frustration from where we're at today.

You know, we all keep talking about what we don't want to do, yet it's exactly what we're doing. And we're not doing it to us, we're doing it to the residents of this state, my constituents.

We are going to be adding in taxes and fees, the elimination of the STAR program, taxes on energy, healthcare -- and you know what? A lot of people are calling me on this. But everybody doesn't know yet. And when they do, they're going to demand a little bit more of an answer than we got here today.

There's a lot of money in there. People talked about other states earlier.

Other states are using this money, like Senator Schumer suggested, not to raise taxes. Off the PIT, we can't just talk about that one without the other $4 billion in fees on cars, on registrations, on licenses that I believe disproportionately hurt the people in upstate New York where we don't have an option to take the subway or something else. Kids commute to college, you have to get to work. This is seriously impactful stuff.

You know, timing in life is everything. I think John F. Kennedy said during the Cuban missile crisis that, you know, the challenge at hand should dictate our actions. We're acting like we're flush. We're acting like we're in a budget surplus. My colleague Liz Krueger said we had done that once before, several years ago, we had all done that before. Yeah, we had a surplus.

We now have a deficit. We have an opportunity to fill it in with stimulus money and some other options. We don't know where the money's really going. There's a billion-dollar unallocated fund -- I won't

call it a slush fund. I don't know what it is. No one can answer the question of any of my colleagues. I'm going to have a hard time answering the question or answering that question to my constituents.

This is flawed. We've talked ad nauseam about the flawed process and why we couldn't get answers. But the outcome now is almost equally as bad to me, given the situation and the times we're at, as the process. This makes it a concern.

And I guarantee you, I don't know -- I'll only speak for my district. I know I'm going to be hearing a lot about this. And my guess is not only in upstate New York but even in Manhattan some people are going to be concerned about some of these taxes and fees that not only are going to hurt individuals but really are job-killing taxes.

Taxing energy, you know -- and I'm going to leave that to Senator Maziarz, who will talk about that a little bit later and has a greater expertise than I. And increasing that when people are looking at

siting jobs, staying somewhere, moving, really, really isn't good.

So I will end with saying again, as I have on these other things, I wish there was a different process. I wish I didn't have to vote no. I wish I wasn't going to have to spend -- because you're going for vote yes for this and pass this -- the next several months explaining to people, Yes, you do have to pay this, no, no one would listen to me, I couldn't get consensus in this house, it's going to happen.

But I think not just me, others are going to have to answer these too. Because I don't think the public has any idea -- and I won't bore you, you all have this. This part isn't debatable, isn't hidden, these taxes and fees on all those things, taking away the STAR program, the one thing -- rebate check -- that we gave upstate people to let them know we were really paying attention and sympathetic to them on property tax. We don't have a municipal income tax. People pay a great deal of money on a home not valued anywheres near

as those in New York City in my district, way more in property tax. We can't do any of that.

So I'm really left with no recourse but not only be committed to try and get more information to answer these questions, but wholeheartedly vote no. And while there's still time left, but given all the other past votes, hopefully some of what I believe is very meritorious dialogue will have some impact on some of my other colleagues who have voted yes for the rest of this budget.

But this is the Big Ugly. This is what is going to impact people's lives in a big way. The estimate in my district is -- my colleague Senator Kevin Parker said 96 percent of the people won't be affected by these. In my district, on a $78,000 household income for a family of four, it's going to be approximately $2,000 more in taxes and fees with what we're voting on here today.

If that's not significant to you, it sure as hell is where I live. And I'd encourage everyone to vote no.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Robach.

Senator Lanza.

SENATOR LANZA: Thank you, Mr. President.

First let me say, of course, as everyone in this chamber feels, my thoughts and prayers to go out to the people of Binghamton. I thought about not speaking at this point, but I think it is important for the people of this state.

And, you know, I know people at this juncture, there's a lot of fatigue, people would rather go home. My good friend Senator Serrano choked me up yesterday when he talked about his baby boy. You know, I just missed my baby boy's first T-ball game. I'd rather be there. But I believe that I owe it to him and to his friends and to their families to fight all I can to make sure that this is a better budget for them.

And I'm still hopeful and I'm still holding out for a miracle that we can have one

vote here against this budget, which hurts families, which will allow us to go back to the process and make a better budget.

I'm still trying to understand why anyone would vote for this budget. In my discussion with Senator Parker -- he's not here right now -- yesterday he offered up a reason, from his point of view a legitimate reason. He said "So that I wouldn't have to go back to my district and tell people why vital services wouldn't be there, why those without a voice, the most vulnerable, wouldn't be taken care of."

Well, I have a story in the Staten Island Advance dated April 2nd. It says: "State Budget Decimates Staten Island Mental Health Program.

"The state budget has decimated one of Staten Island's oldest mental health programs, pulling more than $800,000 in funding and effectively ending treatment services as of July 1st to some 1,000 disabled children and their families, who are among the borough's most economically disadvantaged.

"The Elizabeth Pouch Center for Special People, one of three divisions of the Staten Island Mental Health Society in West Brighton, will lose $784,000 from the New York State Office of Mental Retardation and Developmental Disabilities, said Dr. Kenneth Popler.

"This, Dr. Popler told the Advance, after OMRDD repeatedly had told him, 'Don't worry, Ken,' when he sought assurances from the state that they weren't about to pull the plug on the 35-year-old center.

"'Our patients will have nowhere to go,' said Dr. Popler.

"Dr. Popler said Pouch annually treats upwards of 1,000 Staten Islanders of all ages, although the center works primarily with children.

"'We work with people who come in off the street,' said Dr. Popler. 'There is no HHC facility here. There is really no other place for the general population to go that will serve them.'

"Dr. Popler said patients have one

or a combination of developmental disabilities, including mental retardation, cerebral palsy, autism, and epilepsy, with some requiring prescription medications.

"Pat Miller" -- a good friend to me and to Senator Savino on Staten Island -- "a 1994 Advance Woman of Achievement, said her Down syndrome daughter has been a patient at Pouch for the last few years. 'It is shameful,' said Mrs. Miller of the cuts."

So, Senator Parker, and to my colleagues, I can't go home and tell the people of Staten Island that this budget, that this budget contains the right priorities and is helping those who are the most vulnerable, those with the greatest need. I've got to tell a thousand children and their families with developmental disabilities that somehow, somehow a budget that spends more and taxes more than has ever been spent and has ever taxed in the history of the State of New York somehow doesn't address their needs.

Where is the money being spent? What are the priorities? I've talked to lots

of people on both sides of the aisle, and there are a lot of questions, because the process that brought us to this point was severely flawed. I'd like to go home. I see a lot of glazed-over faces. I see a lot of empty chairs in the chamber. But this is the first opportunity that the people of this state have really heard with respect to some of the details in this budget.

You know, and maybe people are numb outside this chamber, and maybe they don't listen to the words. And maybe it's our fault. Maybe because it's more about spin than it is about substance. And that's a shame. And that's a disservice.

I have a quote here from a press release. It says: "In this fiscal crisis, taxes should be the last thing we consider, not the first. Reducing the rate of growth in our spending while investing in job creation and sound economic development will put New York back on the road to economic recovery."

I could not agree more with any

statement that has been said. That was said by the Majority Leader, Senator Smith.

The problem is this budget ignores those words. This budget does not reflect the sentiment of that statement. It seems like taxes was the first, the second, and the last thing that this budget did.

Another statement, same press release: "At a time when so many working families are struggling to make ends meet, when the cost of everything from food to fuel to tuition is increasing, it is essential that government do all that it can to ease their tax burden. We believe it is particularly important not to increase the cost of those basic quality-of-life products and services that help families tolerate times of hardship and uncertainty."

I take it back, there is a statement that I can agree with more; it's that one. That's from the Speaker of the Assembly, Assemblyman Sheldon Silver.

The problem with that statement too is that this budget ignores that statement,

just as this budget ignored the Majority Leader's statement.

I agree, we should do everything we can not increase the cost of those basic quality-of-life products that people have to spend their money on. So why are we increasing the price of water?

And, just incidentally, the DEP in New York City just announced a 16 percent increase to water. So whether you buy a bottle of water or you turn the tap on, this budget's got you coming and going.

So why are we increasing the price? And just for argument's sake, for the purpose of my statement here, if people have to pay it, whether it's a tax or a fee or an assessment, I'm going call it a tax. Because that's what it is to the people back home.

So why is it, then, if we mean these words, if we mean these words, why is it that we're putting a tax on healthcare? Everyone talks about the need for universal healthcare and the need to decrease the cost of healthcare. This budget taxes it.

Why is it, then, if these words mean something, why is it that we're putting a tax on electricity? How is that helping the people back home? Why is it, then, that we're putting a tax on college tuition? That's certainly a cost-of-living increase. That's something, certainly a basic service that a people deserve. Why is that we're doing that?

Why is it that we're taxing -- I remember last year everyone was concerned with the big evil oil companies gouging the good people of this state every time they put the key in the ignition and drove their cars. They were the bad guys. They were making it more expensive for people, good hardworking families, to get around.

So if they were bad, what is this budget that increases the cost for every person that has a car and drives a car as a means of getting around in this state? Because the cost of your driver's license is going up.

The driver's license plate you have on the car? You may have gotten it yesterday,

but after this budget you've got to get a new one. Turn it in. We want you to get a new one. You have to get a new one. Why? So you can pay $250. That's wrong.

Or you need auto insurance. Well, what do we do to help you out there in this budget? We tax it. You're paying for insurance, and this budget says you've got to pay a tax on top of it.

You know, a lot of people in this room -- I know I did, I went around my district, I heard the cries for help, I said I would take that cry for help to Albany and I would fight for them. And that's what I'm doing here. That's why I'm not home. That's why I'm willing to go on and speak on this bill in the hopes that someone will listen.

You know, we hear about this economic disaster, a lot of rhetoric. People like to use it in speeches and as talking points and as a pivot point and as a slogan and as a way to blame someone who happens to be in the other party. The worst since the Great Depression. Words. Words. What do

they mean? Let me tell you what it means.

It means that people back home are scared. They're worried that they're not going to be able to afford to keep their families living the lifestyle that they deserve. They either have lost their job or they're afraid they're going to lose a job or they're afraid that their neighbor is going lose a job.

This is not some exercise in economics, a bunch of theory. Let me tell you what a bad economy means for people. It means they're afraid that they're not going to be able to make ends meet and pay the bills. We all said we were going to come to Albany and help them. Here's the solution in this budget: It's going to cost you more. It's going to cost you more.

Average family on Staten Island, just for the privilege of living there, under this budget is going to spend $3,000 to $4,000 more. Not that they're getting a single additional service, not one. Do what you're doing now, and you're going to spend $3,000 to

$4,000 more. That's the solution? That's a disgrace. They deserve better.

This is a bad budget. I've heard it, I've heard it from Democrats and Republicans. I've heard my friends on that side of the aisle, some of you, say: "This is a bad budget." Why would you ever vote for a bad budget? Why? We come here to vote our conscience. We come here to fight for the people that send us here. If you think it's a bad budget, vote no. We can do better.

Let me just say this. Talk about spin, talk about words that get people sick and tired and numb -- "fiscal restraint"? I've heard that thrown around, that this budget is an example of fiscal restraint. That we've pulled back spending. I've heard every excuse and explanation under the sun. I'm not convinced. The people back home won't be either.

I've heard the stimulus money is not our money, it doesn't count. We don't know whose pockets it comes from. Let me tell you where it comes from. It comes from the

same place that every dollar in this budget comes from. It comes from the taxpayers. Whether we took it from them by way of the federal government or we take it from them by way of the state budget or we take it from them by way of the city budget, it comes from the taxpayers.

So let me just put it simply. Last year the state spent $120 billion. This year, wherever the money comes from -- and I just told you where it comes from, it comes from the taxpayers -- this budget spends $132 billion. That's more money than was spent last year. That's an increase. In fact, it's a 10 percent increase. In fact, it's unbridled spending. In fact, it's tax and spend.

And where does it get the money? Not just from the federal stimulus money -- that in my opinion seems to be squandered in this budget -- but it comes from a $7 billion tax increase. In a state that, as Senator Fuschillo pointed out, comes in just about last or runner-up to last place with respect

to every tax burden we shackle the people of this state with.

The stimulus money. I'm glad I brought that up; I reminded myself. A lot of talk on the news, a lot of complaints, a lot of criticism with respect to what certain companies are doing with the money. They're buying corporate jets, they're having parties, they're giving out bonuses. They're wasting the money, according to a lot of people. Mostly I hear -- but I think it's a bipartisan complaint -- the money is being squandered. That's what I hear. That's what I see.

We're going to take $7 billion of that stimulus money, put it into this budget, and we're not doing what the President asked us to do -- cut taxes, put money in the pockets of New Yorkers so they could spend it and drive this economy. We're putting this money in the budget so that we can go on a spending spree. We make those CEOs look like fiscal conservatives and prudent stewards of the taxpayer dollars.

Reminds me of the guy, reminds me

of the guy who owns a house and the roof falls in. He doesn't have the money to fix it, so he takes a loan. When he gets the check, he decides to go to the casino, and he blows it at the crap table. And when he comes home, he's further in debt, he's deeper in the hole. And guess what? The rain's still pouring in.

That's what this budget does with respect to this $7 billion in federal stimulus money. It throws it down a deep hole. We're wasting an opportunity. We're wasting an opportunity here.

I said I wouldn't go on long; I guess my words were not true. But this is -- this is important. We shouldn't be throwing words around. We have a solemn trust that was given to us by the people.

What are you going to say when you go back home, when the cost of everything that people do in their ordinary lives costs more because of this budget? What are you going to tell them next year when things get worse because we haven't created jobs and we squandered the stimulus money? What are you

going to tell them?

I'm going to tell them that I did my best, my very best to convince one of my friends on the Democratic side of the aisle to vote no. I'm hoping that the end of the story has not been written. I'm hoping that I get to go home and say that one of you stood up with us and did that.

The truth of the matter is this is the largest, most bloated and irresponsible tax-and-spending spree in the history of the State of New York. We can do better. It's been said you can't dig yourself out of a hole, and that's what we're doing in this budget.

I urge you to join me and vote no on this budget.

ACTING PRESIDENT VALESKY: Thank you, Senator Lanza.

Senator Golden, on the bill.

SENATOR GOLDEN: Quickly, thank you. I have one question, no follow-up, I need from either Senator Oppenheimer or either Carl or Liz.

And the question is, why do we freeze the charter school funding? We know that we reversed the formula, and that breaks faith with the schools whose aid increases have been based on total school operating spending, not just on state aid.

And that's a two-year lag, which means that we're frozen at the 2007 year. Which means they missed the 2008 and the 2009 years, which are big hits. It cost the charter schools $51 million, of which $31 million went to the City of New York.

ACTING PRESIDENT VALESKY: Senator Carl Kruger, do you yield to a question from Senator Golden?

SENATOR CARL KRUGER: Rumor has it I'm not Liz. Please, Senator Liz Krueger.

ACTING PRESIDENT VALESKY: Senator Liz Krueger, do you yield to this question from Senator Golden?

SENATOR LIZ KRUEGER: Thank you.

ACTING PRESIDENT VALESKY: Senator Krueger yields.

SENATOR LIZ KRUEGER: Could you

repeat the question? I'm sorry, Martin.

SENATOR GOLDEN: The charter school funding has been frozen at the 2007 rates. Why was that frozen at all? Why wasn't that allowed to continue to get its funding? $51 million, $31 million of that goes to the city schools. It's only 45,000 kids. Thirty thousand today are on waiting lists to get into those schools.

SENATOR LIZ KRUEGER: Thank you, Senator Golden. And in the absence of our chair, Senator Oppenheimer, I'll do my best.

My understanding, having consulted with our analyst, is that because we were holding public school aid flat -- we were in fact forced, because of the bad budget situation, to hold their funding flat -- that we also felt that we had to hold the charter school funding flat as well, rather than giving them the significant increase this year.

And so it was simply a reality of the tough economic times we find ourselves in.

SENATOR GOLDEN: Thank you.

On the bill.

ACTING PRESIDENT VALESKY: Senator Golden, on the bill.

SENATOR GOLDEN: The problem obviously with that is they put stimulus money into the Board of Education and into education across this state. So even though we hold them flat, as a state we put in much more spending than they ever would have received with the stimulus dollars.

They should have been allowed to get their increase. Since they're frozen at 2007 rates, it is going to be impossible for them to be able to get where they've got to be. Charter schools already get 30 percent less funding than the school districts because they have no building and certain administration aid. Why widen this gap?

Charter schools are heavily reliant on the funding formula, which provides as much as 90 percent of their funding. They do not have the ability to raise taxes. They don't have the ability to get money from anyplace else. That was the only place they could have

gotten that money. The stimulus denied money going into those schools. The only way we could have done it was at the state level.

Hopefully, we recognize that. Hopefully, we can correct that so that we correct that imbalance.

As I said, there are 30,000 kids waiting to get into those schools. There are 45,000 kids in those schools. And that was a $31 million hit just to the city and a $15 million hit across the state.

I would have done it a little bit differently; I'm sure everybody else has said they would have done it a little bit differently as well. It's all about priorities and directing and redirecting those monies.

But I definitely would not have raised this budget to the $132 billion that it's at today. And I wouldn't have hurt our hospitals, our nursing homes, our assisted living facilities, our adult homes, and our home cares. And I would have made sure there was property tax cap so that we couldn't spend

beyond our means, and have a spending cap to make sure that we couldn't spend beyond our means. We missed both of those opportunities here in this bill.

Where could we have saved money? Well, I don't know if I'd want to send money into a welfare grant when we could have sent money into education. Increasing the welfare grant I don't think was really a great idea at the cost of children.

And you know what, I don't think I would have done this revamping of the drug laws across the State of New York either, especially when you see that you've only put in, say, $50 million for treatment, some $75 million for probation. It's probably going to cost us somewhere -- the state and the counties -- around $500 million this year and could go as high as a billion to a billion-five next year. I probably would not have put that in. I probably would have redirected that funding to its needs here in the State of New York.

We missed great opportunities here.

I hope, as my colleague Andy Lanza has said, that some of you recognize how bad this bill is, that you join us and vote this bill down. But I'm a realist. I know that you will vote it up.

And that's unfortunate for the taxpayers of this great state, and it's unfortunate for all the families that live in this great state, because less families will live in this state next year.

Thank you.

SENATOR VALESKY: Thank you, Senator Golden.

The debate on Calendar 136 is now closed.

I ask the Secretary to ring the bells and request that all Senators proceed immediately to the chamber so that we may proceed with the roll call.

The Secretary will read the last section.

THE SECRETARY: Section 3. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: The

Secretary will call the roll slowly.

I simply remind all members who wish to explain their vote of the two-minute time limit that is in the rules of this house for purposes of vote explanation.

The Secretary will call the roll slowly.

THE SECRETARY: Senator Adams.

SENATOR ADAMS: Yes.

THE SECRETARY: Senator Addabbo.

SENATOR ADDABBO: Yes.

THE SECRETARY: Senator Alesi.

SENATOR ALESI: No.

THE SECRETARY: Senator Aubertine.

SENATOR AUBERTINE: Yes.

THE SECRETARY: Senator Bonacic.

SENATOR BONACIC: To explain my vote.

ACTING PRESIDENT VALESKY: Senator Bonacic, to explain his vote.

SENATOR BONACIC: The Tax Foundation, which has been around I think since 1937, said that if this budget is passed

that the State of New York will claim the mantle of America's worst tax code for business. Congratulations.

I vote no.

ACTING PRESIDENT VALESKY: Senator Bonacic to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Breslin.

SENATOR BRESLIN: Yes.

THE SECRETARY: Senator DeFrancisco.

ACTING PRESIDENT VALESKY: Senator DeFrancisco, to explain his vote.

SENATOR DeFRANCISCO: I vote no for several reasons, the most important of which, we're in a recession, we spend $7 billion -- at least that's the estimate we get verbally -- of federal stimulus money and still feel required to spend an additional $5 billion of new taxes that we're imposing on people who are losing their jobs. It is absolutely wrong.

Secondly, it's not just the

Republican conference here in the Senate saying that, it's the Comptroller, the Democrat Comptroller Tom DiNapoli, who says this budget is not a good way to do business, we're simply postponing a problem to another day, relying on one-shots and not doing any structural change.

Third, there's better ways to do it. Consolidation, cost-cutting, doing things that families are doing in their households.

And lastly, with respect to the process, we don't even know how much total stimulus money we have, where it went, and we have no conception of what the spending really is being used for in this particular budget.

So for all of those reasons, I vote no. And it's a shame we don't have at least one Democrat voting with us, especially when many of the courageous Democrats that are upstate Democrats voted no in the Assembly on this horrible budget.

ACTING PRESIDENT VALESKY: Senator DeFrancisco to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Diaz.

ACTING PRESIDENT VALESKY: Senator Diaz, to explain his vote.

SENATOR DIAZ: Yes. Today is a day that the Lord has made. Today we are taxing the rich and not the poor. Today we are not balancing the budget on the back of the poor.

So yes, Senator Bonacic, I proudly and gladly accept your congratulations.

I'm voting yes.

ACTING PRESIDENT VALESKY: Senator Diaz to be recorded in the affirmative.

The Secretary will continue.

THE SECRETARY: Senator Dilan.

SENATOR DILAN: Yes.

THE SECRETARY: Senator Duane.

SENATOR DUANE: Yes.

THE SECRETARY: Senator Espada.

SENATOR ESPADA: Yes.

THE SECRETARY: Senator Farley.

SENATOR FARLEY: No.

THE SECRETARY: Senator Flanagan.

SENATOR FLANAGAN: No.

THE SECRETARY: Senator Foley.

SENATOR FOLEY: Aye.

THE SECRETARY: Senator Fuschillo.

SENATOR FUSCHILLO: Quickly to explain my vote.

ACTING PRESIDENT VALESKY: Senator Fuschillo, to explain his vote.

SENATOR FUSCHILLO: Senator Bonacic said New York will become -- "Make New York's taxes the worst in the country." "Paterson fears budget may not work" -- it's not even adopted yet. Newsday said the budget is very negative for Long Island.

The Governor had said -- when Speaker Silver wanted to impose the tax, the PIT, the Governor said he warned of the risk of such a move earlier this month: When we have raised taxes in the past, we have seen loss of job growth almost immediately.

The Business Council is outraged over more than $7 billion in new taxes. "Tom

DiNapoli rips fellow Dems on the budget."

We're losing $685 in Nassau County, $667 in Suffolk County. The senior citizens are losing a lot more by taking away the rebate check. It raises taxes, it spends too much and provides no property tax relief.

I vote no.

ACTING PRESIDENT VALESKY: Senator Fuschillo to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Golden.

ACTING PRESIDENT VALESKY: Senator Golden, to explain his vote.

SENATOR GOLDEN: Real quickly.

Again, I'm going to plead with my colleagues across the other side of the aisle. That charter school hit is a $51 million hit to that charter school industry -- that's not the industry, that's to the children. $31 million of that money is to the City of New York, to the children in the City of New York, in the inner cities, that are frozen at a 2007 aid dollar.

We cannot allow that to continue. Hopefully, you find money to make that cut up for our children. As these children in the balcony here, they want to make sure that the dollars go to their schools, we want to make sure that dollars go across the state to all of our children in all of our schools that are public schools.

I vote no. Thank you.

ACTING PRESIDENT VALESKY: Senator Golden to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Griffo.

SENATOR GRIFFO: No.

THE SECRETARY: Senator Hannon.

ACTING PRESIDENT VALESKY: Senator Hannon, to explain his vote.

SENATOR HANNON: I wasn't going to speak, Mr. President, but one of the greater misleading stories about this tax package is that it's a millionaire's tax or it's a tax on the rich, as one of the Democratic Senators just said.

The reality is this is a

middle-class tax hike throughout the state. It's not justified. And it should be rejected.

I vote no.

ACTING PRESIDENT VALESKY: Senator Hannon to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: With unanimous consent, Senator Hassell-Thompson voted in the affirmative April 2.

Senator Huntley.

SENATOR HUNTLEY: Yes.

THE SECRETARY: Senator C. Johnson.

SENATOR CRAIG JOHNSON: Yes.

THE SECRETARY: Senator O. Johnson.

ACTING PRESIDENT VALESKY: Senator Owen Johnson, to explain his vote.

SENATOR OWEN JOHNSON: Well, we certainly learned a lot from those who spoke, especially on this side, about the effect of this budget on families. It's been said that costs for each family are going to go up

$3,000 or $5,000 more.

But some people don't realize what that means. The middle-class people that I know are living just about up to the income they have now. They don't have extra money to give $3,000 or $4,000 or $5,000 away to the government. But it's being taken from them. There's going to be a heavy negative effect.

Now, when your expenses get out of line sometimes, you get a part-time job or your wife will go to work, your husband will go to work, your kids get a part-time job. There's no jobs out there. How are they going to pay this money?

Do you care, does anybody over there care how people are going to live with this extra burden that the state is putting on them, that we're putting on them now? I guess not. Nobody wants to support the bill that knocks down some of these additional taxes and fees.

You know, it's -- I guess it's about the most irresponsible budget I've ever seen in my 37 years. And I've asked before,

when we talked about the drug law, who devised this scheme to let these druggies out? Nobody knows. Who devised this scheme to tax and burden all these people? Nobody knows. It just showed up here. Some of your people brought it out, and we're supposed to say yes or no.

That's not a good answer. It's the only answer we have right now. Vote no on this bill.

ACTING PRESIDENT VALESKY: Senator Owen Johnson to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Klein.

SENATOR KLEIN: Yes.

ACTING PRESIDENT VALESKY: Senator Klein in the affirmative.

The Secretary will continue.

THE SECRETARY: Senator L. Krueger.

SENATOR LIZ KRUEGER: Yes.

THE SECRETARY: Senator C. Kruger.

SENATOR CARL KRUGER: Yes.

THE SECRETARY: Senator Lanza.

ACTING PRESIDENT VALESKY: Senator Lanza, to explain his vote.

SENATOR LANZA: Very briefly.

You know, it's not just that we're spending too much in this budget, taxing too much in this budget. If there were value, at least you can show people what they're getting.

The problem with this budget is that the taxpayers are paying for caviar and they're getting tuna fish.

I vote no.

ACTING PRESIDENT VALESKY: Senator Lanza to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Larkin.

ACTING PRESIDENT VALESKY: Senator Larkin, to explain his vote.

SENATOR LARKIN: Thank you, Mr. President.

You know, I've been listening here for a few days, and then again I hear Senator

Krueger tell us about all the great things in the money -- I guess there's something coming out of the Governor's office that's for the Majority and some that's coming out for the rest of us people back in the hills.

This says $24 billion, plus there are 14 items to be determined, with no money on it. So are we getting 24 or getting something else?

And then I hear this is a millionaire tax. Well, I don't know any millionaires in my area that go fishing and have to pay a new fee. The STAR rebates. You know, they're not dumb people. That's why they're writing us and asking us, Why are you doing this? Why are you doing this to us?

I remember people in this chamber when we did the STAR the first time, they had press releases out the kazoo, look what I did for you. Are you going to write them now and tell them, Look what I just did to you?

You ought to be ashamed of yourself. This is a disgrace. It's not a savior. What I'd like to know, does anybody

on that side of the aisle want to stand up and tell me what you're going to do in the budget for 2010-2011 when there's no more stimulus and there's no more money to tax?

I vote no.

ACTING PRESIDENT VALESKY: Senator Larkin to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator LaValle.

ACTING PRESIDENT VALESKY: Senator LaValle, to explain his vote.

SENATOR LaVALLE: Thank you, Mr. President.

I see this budget and the taxes as being an effort by the Democrat Senators of redistributing the wealth. I listen to Senator Diaz, who celebrates this as a tax on the rich.

I say again, the people of the First District, the people of Long Island, are not rich. And to listen to a member being so cavalier -- thank you, Senator Padavan -- about the treatment of people in a part of the state and throughout the state, it's not a

good thing.

The spending in this budget is out of control. The distribution of that spending is not done in a fair and equitable way. And so I cast my vote in the negative.

ACTING PRESIDENT VALESKY: Senator LaValle to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Leibell.

ACTING PRESIDENT VALESKY: Senator Leibell, to explain his vote.

SENATOR LEIBELL: Thank you, Mr. President.

For many months now we have listened to news reports in the national media about the condition of our country's economy. We've listened to national reports on our state's economy. And now we've had a report coming in from our State Comptroller telling us what serious problems this budget will create for our state looking into the future.

But even more significant than any of those reports are the ones that we've heard

from our constituents, our neighbors, those who live at home in our districts. And they're letting us know that this budget will wreck them.

We are already the highest-taxed. Now we're going to a level beyond that, if possible. This budget will have a serious impact on the future of this state for many, many years to come. It's a disastrous budget.

I vote in the negative.

ACTING PRESIDENT VALESKY: Senator Leibell to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Libous, voting the negative earlier today.

Senator Little.

ACTING PRESIDENT VALESKY: Senator Little, to explain her vote.

SENATOR LITTLE: Thank you, Mr. President.

In the conversation, in the debate that we have had today, many, many reasons have been brought out as to why we should vote

against this budget. I've listed several reasons for me that are among the top reasons I am going to vote no.

Number one would be ending the STAR rebate checks, causing property taxes to rise. Having no mandate relief for our schools; therefore, those school taxes may rise even higher.

There are tax and fee increases for our middle-income New Yorkers on their energy costs, their heating costs, their health insurance premiums, their motor vehicle registrations, license plates, driver's licenses.

There is a SUNY sweep, which will affect middle-income New Yorkers. Eighty percent of that tuition goes to the General Fund for agencies, not to the SUNY system.

And the personal income tax on individuals, partnerships, and Chapter C corps -- who will get hit by this? You know, one group that I thought of that we've worked very, very hard to attract in Northern New York is doctors. We have a difficult time

getting physicians to come to the six hospitals I represent.

Two years ago we did Doctors Across New York, and we rejoiced in the fact that we had an incentive for them. This tax increase neutralizes that.

We know we are the highest-taxed state in the United States. Now we are higher than the highest-taxed state. And not only do New York millionaires -- what are left of them -- have an almost 9 percent personal income tax, but they can only use the standard deduction. And I have a concern as to how that affects our charitable organizations in New York State.

And the last and most important reason is $132 billion is too much spending in this economy. The stimulus money is supposed to improve our economy. But when you combine that stimulus money with the taxes and fees in this budget and the spending in this budget, the stimulus money will end up stimulating the exodus of New Yorkers from New York.

I vote no.

ACTING PRESIDENT VALESKY:

Senator Little to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Marcellino.

ACTING PRESIDENT VALESKY:

Senator Marcellino, to explain his vote.

SENATOR MARCELLINO: Thank you, Mr. President.

I'm in receipt of a copy of a letter from Matthew Crosson of the Long Island Association to Senators Johnson and Foley.

"Dear Craig and Brian:

"With personal respect to your stated reasons for voting in favor of this budget, it makes no sense. If you vote in favor of this budget, you will not be voting to start the recovery. And Senator Johnson was quoted in a blog article as saying 'You will be obstructing the recovery.' There is nothing in this budget that will encourage economic recovery, and there is a great deal, including $9 billion in effective new taxes, that will hinder it."

Mr. President, along the lines of the so-called taxing on the rich, if you increase New York State's maximum account to 10 percent, the top rate -- the feds have already raised their top rate to 40 percent. If you lived in New York City, that's 4 more percent. You're talking 54 percent of your income.

If you live on Long Island, you already pay, in my district, $5,000 annually just to go to work in the city, including the subway and including cab and bus fares.

You add to that Senator Dilan's call for increasing the commuter tax and you add to that the MTA proposal to increase rates and fees, including a mobility tax on everybody in the western world, including bridges and tunnels -- you have property tax increases; the removal of the STAR program in the rebate checks; increases in utility rates; bottled water, we're going to raise the fees on that soon; the cost of food will go up; the cost of fuel has gone up; increasing everything under the sun -- how are people

supposed to live here? How are people supposed to stay in this state and survive here?

This is ridiculous. This budget spends too much, taxes too much, and leaves us in a tremendous hole for the future and will destroy us in future years.

I vote no.

ACTING PRESIDENT VALESKY: Senator Marcellino to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Maziarz.

SENATOR MAZIARZ: No.

THE SECRETARY: Senator McDonald.

SENATOR McDONALD: No.

THE SECRETARY: Senator Monserrate.

SENATOR MONSERRATE: Aye.

THE SECRETARY: Senator Montgomery.

SENATOR MONTGOMERY: Aye.

THE SECRETARY: Senator Morahan.

ACTING PRESIDENT VALESKY:

Senator Morahan, to explain his vote.

SENATOR MORAHAN: Thank you, Mr. President.

As we wind down this budget process, I see budgeting that raises taxes, income, drinking water, fees, a budget that removes the rebate checks, a budget that provides no mandate relief, a budget that does not allow for certain school districts to allow state aid to be used as they see fit, a budget that works against small business, the moms-and-pops, the backbone of our economy, works against our farmers, a budget that really works against the families of New York, a budget that will leave this state in an ever more precarious financial situation two years out.

But notwithstanding that, this is a budget that spends over 10 percent over last year, a budget soundly criticized by many, including the Comptroller of the State of New York. But it's no surprise. It was crafted by three people in a room in total secret, without debate.

And I want to compliment my colleagues in the Republican conference for all of the debate and comments and issues that we brought forth in this debate to make at least the guts of this budget made public to the people of the State of New York.

Thank you, Mr. President. I vote no.

ACTING PRESIDENT VALESKY: Senator Morahan to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Nozzolio.

ACTING PRESIDENT VALESKY: Senator Nozzolio, to explain his vote.

SENATOR NOZZOLIO: Thank you, Mr. President.

The Tax Foundation has just reported that with this budget, New York again becomes America's worst state for taxes in all of the 50 states.

And my biggest concern in voting no on this budget is that the budget drives jobs out of New York State. It's going to have a

devastating impact on the entire economy of the state. And to hit individuals, homeowners, families, businesses with tax hikes at this very critically challenging time in our economy will ensure that New York State will be the state to be the deepest into the recession and will linger longer and suffer longer in that recession.

And I believe this budget unfortunately gives us the opportunity to be the longest of the 50 states in the economic recession that we are now experiencing across our country.

It's the wrong proposal at the wrong time, Mr. President, and that's why I'm voting no.

ACTING PRESIDENT VALESKY: Senator Nozzolio to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Onorato.

SENATOR ONORATO: Aye.

THE SECRETARY: Senator Oppenheimer.

SENATOR OPPENHEIMER: Aye.

THE SECRETARY: Senator Padavan.

SENATOR PADAVAN: No.

THE SECRETARY: Senator Parker.

SENATOR PARKER: Aye.

THE SECRETARY: Senator Perkins.

SENATOR PERKINS: Aye.

THE SECRETARY: Senator Ranzenhofer.

ACTING PRESIDENT VALESKY: Senator Ranzenhofer, to explain his vote.

SENATOR RANZENHOFER: I'm voting no on this budget for the following 11 reasons, Mr. President.

It spends more than 10 percent, more than $10 billion, over last year. It's more than seven times greater than the rate of inflation, which is ridiculous. It's bad for Western New York and kills jobs.

The budget is not balanced. The budget is rejected by the Comptroller as unsound.

It relies on one-shot federal stimulus money which will not be repeated in

future years, has job-killing utility and healthcare taxes which will hurt the low-income and middle-income people. It will cost us $2400 more per family per year as a result of this action today.

It's laden with pork and patronage. It raises property taxes by eliminating the STAR program and will continue to drive kids from New York State.

I vote no.

ACTING PRESIDENT VALESKY: Senator Ranzenhofer to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Robach.

ACTING PRESIDENT VALESKY: Senator Robach, to explain his vote.

SENATOR ROBACH: Yes, just very quickly. For a point of clarity, as one of my colleagues from over there mentioned me by name and blurted out his little deal here.

I am voting against this budget not so much for the tax that he talked about but the $3.9 billion of taxes that are going to be

on the people I represent.

Senator Stavisky was nice enough to point to me that I don't have a lot of millionaires in my district. Correct. But I do have a lot of middle-class people, I have a lot of low-income people, and they are going to eat $3.9 billion worth of taxes, fees, elimination of the STAR program -- which is one of the great things about where I live, almost everybody can own a home because they're not quite as inflated as they are certainly in downstate New York. This is going to help eliminate that.

And for them, not only do I feel obligated, but it screams out for a no vote. And so I cast my vote in the negative, Mr. President.

ACTING PRESIDENT VALESKY: Senator Robach to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Saland.

ACTING PRESIDENT VALESKY: Senator Saland, to explain his vote.

SENATOR SALAND: Thank you,

Mr. President.

Mr. President, I had a conversation last night with my wife, who was watching much of this proceeding on television, and she said to me: "Why would anybody stay here if they can leave? Or why would anybody come here?" Based upon what she saw in the exchanges in the debate on the various bills that she happened to observe.

We heard talk today about commentary about people talking about the need of the state to stimulate the economy. That's more appropriately a federal role or more appropriately done by the federal government. Again, they can print money. They don't have to balance their budget. We can play at the margins, and that's even true during good economic times.

Ann Davis, professor at Marist College of economics, very well known in our area, basically makes that point in a recent piece in our local newspaper, the Poughkeepsie Journal. She says yeah, there's some more capacity -- I'm paraphrasing her -- to tax the

wealthy than at the federal level. However, the con is that wealthy people are mobile. If taxes are lower in neighboring states, they can simple relocate. And I quote her, "It's difficult for states to do it on their own without coordination."

There's no media outlet of any significance that has embraced this budget. In fact, they virtually uniform condemned it for being absolutely horrendous. Tax and spend in a good economy is perhaps imprudent or unwise. Tax and spend in a severe recession and a horrendous economy is sheer lunacy.

I vote in the negative.

ACTING PRESIDENT VALESKY: Senator Saland to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Sampson.

SENATOR SAMPSON: Yes.

THE SECRETARY: Senator Savino.

SENATOR SAVINO: Yes.

THE SECRETARY: Senator Schneiderman.

SENATOR SCHNEIDERMAN: Yes.

THE SECRETARY: Senator Serrano.

SENATOR SERRANO: Yes.

THE SECRETARY: Senator Seward.

ACTING PRESIDENT VALESKY: Senator Seward, to explain his vote.

SENATOR SEWARD: Yes, very briefly to explain my vote.

I think there's one thing that members on both sides of the aisle can agree on, and that is that we are truly in an economic crisis, we are truly in a budget crisis. And putting together the 2009-2010 budget, we are at a fork in the road. And coming from the Cooperstown area, the Baseball Hall of Fame, I like to quote that great philosopher Yogi Berra, who said "When you come to a fork in the road, take it."

And we do have a choice here of which fork to take, whether it be one as tax and spend and business as usual, as this budget proposal and this bill before us suggests, or we can take the fork of economic development, new jobs, revitalization of our

state.

Because it seems to me that the only way we're going to get out of these current economic problems is to have a healthier job-creating economy in this state. And nothing in this budget suggests that will be the result if this budget becomes law.

Every single business group that I know of has told us, whether it be the Long Island Association to the Unshackle Upstate group, and everybody in between, has told us this is a disastrous budget for the people who create jobs in the State of New York.

The answer is very simple, Mr. President. The answer is no.

ACTING PRESIDENT VALESKY: Senator Seward to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Skelos.

(Senator Skelos was recorded as voting in the negative.)

THE SECRETARY: Senator Smith.

(Senator Smith was recorded as voting in the affirmative.)

Senator Squadron.

SENATOR SQUADRON: Yes.

THE SECRETARY: Senator Stachowski.

SENATOR STACHOWSKI: Yes.

THE SECRETARY: Senator Stavisky.

SENATOR STAVISKY: Yes.

THE SECRETARY: Senator Stewart-Cousins.

SENATOR STEWART-COUSINS: Yes.

THE SECRETARY: Senator Thompson.

SENATOR THOMPSON: Yes.

THE SECRETARY: Senator Valesky.

ACTING PRESIDENT VALESKY: Aye.

THE SECRETARY: Senator Volker.

SENATOR VOLKER: No.

THE SECRETARY: Senator Winner.

SENATOR WINNER: No.

THE SECRETARY: Senator Young.

SENATOR YOUNG: No.

ACTING PRESIDENT VALESKY: The Secretary will announce the results.

THE SECRETARY: Ayes, 32. Nays, 30.

ACTING PRESIDENT VALESKY: The bill is passed.

Senator Klein.

SENATOR KLEIN: Mr. President, staying on the controversial calendar, can we please take up Calendar Number 138.

And the Minority has agreed to waive the explanation. Please call on Senator Flanagan so he can introduce the said amendments.

ACTING PRESIDENT VALESKY: The Secretary will place Calendar Number 132 before the house.

The Secretary will read.

THE SECRETARY: Calendar Number 138, substituted April 1, Assembly Budget Bill, Assembly Print Number 159B, an act to amend Chapter 279 of the Laws of 1998 amending the Transportation Law.

ACTING PRESIDENT VALESKY: Senator Flanagan, there is an amendment at the desk. Without objection, the reading is waived, and you may now speak on the amendment.

SENATOR FLANAGAN: Thank you, Mr. President.

There are two amendments at the desk, the first one being offered by Senator Nozzolio and Senator Maziarz. And I would ask that you would recognize Senator Nozzolio.

ACTING PRESIDENT VALESKY: Senator Nozzolio, on the amendment.

SENATOR NOZZOLIO: Thank you, Mr. President and my colleagues.

The amendment that we are offering today is three-pronged. First, I will be discussing the elimination of the 18-A assessment charged to our utility consumers through the utility companies of New York State.

The second aspect of our amendment will discuss the Power for Jobs program. And the third aspect of the amendment will be presented by Senator Maziarz, who has led the effort to eliminate or stop and block the sweep of Power Authority funds into the General Fund.

Mr. President and colleagues, the

proposed section of the budget that is now before us will undoubtedly raise New Yorkers' gas and electric bills over a half a billion dollars in the next year alone. This energy tax is a joint step backward for job development in New York State. At a time when homeowners, senior citizens, families and businesses can least afford it, this tax alone, an 800 percent increase over last year, will undoubtedly raise the energy bills of all New Yorkers.

It robs people. It robs opportunity. It ensures that those who are planning to bring jobs, new jobs, into the economy of this nation will reject New York State.

We already have the federal government indicating that New York has the highest or second-highest utility rates in all of the continental United States. And this tax placed on our utility consumers is by far a considerable regressive tax.

The Buffalo News has commented and quoted representatives from the Business

Council to say that if we are to see economic recovery, we have to reduce the costs and remove obstacles to job creation.

Ratcheting up energy taxes in this economy is a huge step backward. My region, a region that I am honored to represent, from Syracuse to Rochester, the Southern Tier to Lake Ontario, has many job opportunities because of the great natural resources that exist there. But when push comes to shove, time and time again businesses tell us that the biggest impediment to job growth in New York State is energy costs.

It's so difficult now to compete with Pennsylvania and Ohio for energy for jobs, because jobs go where energy is easier to produce and easier to consume. And what we have in New York, even with the tremendous renewable resource of Niagara Falls -- when people talk about renewable energy, Niagara Falls is the greatest source of renewable energy in this nation if not the world.

But when people see that New York's reliable renewable energy sources are flowing

through utilities that are taxed and regulated and taxed again and then taxed again, by the time that energy gets to the businesses or the consumers of this state, it is costlier than energy developed in other states, particularly our neighbors of Pennsylvania and Ohio.

All this talk about green jobs falls very flat, because the jobs that we have now are going to hemorrhage even more out of this state as utility costs are increased.

The sum and substance of these amendments, Mr. President, is to take away an enormous cost of providing energy to consumers of this state, to take a tax that was never intended to be such a broad-based tax -- it was originally designed in the 1930s, 18-A was originally designed in the 1930s to pay for the cost of regulation, the cost of running the Public Service Commission.

Well, Mr. President and my colleagues, the costs of this tax far exceed the costs associated with regulating our utilities and energy in this state. We certainly need to take a look at why

businesses -- which in this economy can't control much, but they can control where they make their products and particularly the cost of energy in the location where they make those products. They're just going to make products in places that are less expensive, places that are not as onerous a tax burden as we see this budget placing on all of New Yorkers.

The last portion of my discussion in explaining this amendment goes to Power for Jobs. Power for Jobs is a program that is essential, a lifeblood program to upstate manufacturers. And that this Power for Jobs program is in jeopardy. Unless we act clearly, swiftly, and with some dynamic effort, we will lose this incentive for the few businesses that are still here. And if we do that, it's a foolhardy move.

So this amendment restores the Power for Jobs program and makes it strong once again.

Thank you, Mr. President, for the opportunity to explain my portion of this

amendment.

ACTING PRESIDENT VALESKY: Thank you, Senator Nozzolio.

Senator Maziarz, on the amendment.

SENATOR MAZIARZ: Thank you very much, Mr. President.

Just by way of information, Mr. President, I want to make one thing clear. We are talking on the amendment right now. We will be taking up the bill in just a few short minutes.

My part of this amendment is to offer an amendment to rescind the sweep that this Senate approved by one vote back on February 3rd when they took $550 million out of the Niagara and St. Lawrence power projects and sent it to Albany.

Congressman Brian Higgins from the City of Buffalo said that that action by this Legislature, that sweep by the State Legislature of New York Power Authority funds into the state's General Fund, took more resources out of Western New York in one day, more resources out of Western New York in one

day, Congressman Higgins said, than the Niagara Power Project has given to Western New York in 50 years.

Senator Schumer was much more precise. He called the actions of those 32 Senators a disgrace.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Maziarz.

Senator Volker, on the amendment.

SENATOR VOLKER: Mr. President, you know, there's been a lot of talk about the fact that the budget is really paid for by the wealthy. Of course, we know that that's not true. But here probably may be the most glaring example of how this budget is not paid for by the wealthy.

18-A, as has been cited, has been around for a lot of years. I was chairman of Energy many years ago, and one of the things that I fought against was when governors and even various legislators wanted to increase that to use to fund various projects and so forth.

And there's a reason for it. The Bureau of the Budget loves this, by the way, because it's an indirect tax. They love indirect taxes. They love taxes that come to people from some other direction and you don't really know, or at least they don't think you know it comes from the State of New York.

An 800 percent increase in this assessment. What it means is -- and I looked at my industries. In every county in my district, it endangers a major business: Steuben Foods, Moog Valve, Quebecor -- which is in Cheektowaga, Village of Depew and Cheektowaga, in mine and Bill Stachowski's districts.

That industry has been teetering, and the president of the company has told me that he is fighting to keep that facility in Depew. And in fact, Quebecor I believe is in bankruptcy internationally.

Barilla Foods, pasta. Buffalo Tungsten, that many of you may have heard of, but is actually right near where I live in Depew. And Constellation Brands, in Ontario

County.

But you know, there's another group that hasn't been mentioned a lot here that uses a lot of power. There is a gentleman I spoke to just the other day -- I won't mention his name, although he wouldn't care -- he has a thousand cows on his farm. He was telling us that he is now losing a thousand dollars a year on every one of his cows.

You say, well, what's the big deal with electricity? Well, this change in the electrical rates could cost him $200 more lost per cow.

Now, I want to tell you that farmers use a tremendous amount of electricity, especially the big farms. And I happen to know that Senator Young has one that is more than teetering, it's talking about moving right out of the state.

The problem is that we really don't understand that gas and electric, particularly in our region, although the rates are so much higher in downstate New York -- but there's something that you've got to know about

Western New York. We have some weather. We have to use a lot of energy. We have to use gas and we have to use a lot of electric at times because it snows and it gets cold sometimes. For the farmers, it's a terrific cost.

So I just want to say that it not only hits residential people -- and this is a big, big, big deal -- it not only hurts big businesses, it hurts small businesses. But really hurts the biggest industry in this state, which is farmers.

Personally, if you wanted to do an amendment and knock something out of here that probably, maybe not on the most major basis, but would have a major impact on every one of our constituents, this is it. This is it. This and the health care assessment. These two alone would have major, major impacts on all our constituents.

So all I can say is I ask you to please consider this. There certainly are better ways to fund the budget than an 800 percent increase in 18-A. And frankly,

there was a much better way to do it than to assess every person who uses healthcare.

ACTING PRESIDENT VALESKY: Thank you, Senator Volker.

Senator Ranzenhofer, on the amendment.

SENATOR RANZENHOFER: Thank you, Mr. President.

As you can tell from the previous speakers, we're all from upstate or Western New York, because this is a particularly important issue. This is about energy affordability.

And this is not about a millionaire's tax or just for people that own real property. This affects every resident in the state. This doesn't affect high-income people alone, this affects low-income people, moderate-income people, across the board. These are going to be the folks who are going to have the most difficult time paying this new tax. And you've heard all the facts and figures from some of the previous Senators that have spoken.

Just to echo a couple of the comments from Senators Nozzolio and Volker and Maziarz, this kills jobs. I was out in Tonawanda not too long ago talking with an office furniture company. And when this tax goes in, they're cutting back on their employees, they're cutting back on their employees' hours, because they just don't have any margins anymore to make it work.

Whether you're talking about a small business that has from two to 50, whether you're talking about General Motors, which is located in my district, and they have to decide, when they have plants throughout the state, where are they going to shut down and where are they going to stay. And if energy is not affordable, they're leaving.

And you talk about agriculture as well. Very labor-intensive, very energy-intensive. This is just bad for small, medium and big business. This is bad for poor, middle-income and rich folks. This is just bad, bad, bad all across the board. It's all about energy affordability, and this makes

it unaffordable.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Ranzenhofer.

The question is on the nonsponsor motion to amend Calendar Number 138. All in agreement please indicate by raising your hand.

The Secretary will announce the results.

THE SECRETARY: Ayes, 30. Nays, 29.

Excused, Senator Hassell-Thompson.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Flanagan.

SENATOR FLANAGAN: Thank you, Mr. President.

There's a second amendment at the desk. I would ask that you waive its reading and give Senator Marcellino an opportunity to explain it, please.

ACTING PRESIDENT VALESKY: There is an amendment at the desk. Without

objection, the reading of the amendment is waived and, Senator Marcellino, you are recognized to speak on the amendment.

May we have some quiet in the chamber, please. Thank you.

SENATOR MARCELLINO: Yes, Mr. President, on the amendment.

This budget would take the Environmental Protection Fund and reduce it from the $300 million, which is current law, permanently to $222 million as a result, if this budget passes intact.

This amendment would restore the EPF, which is the economic engine which drives the environmental movement in this state. It is absolutely necessary for the preservation of open space, clean air, clean water, and just about every other project that is environmentally related -- from renewable energy to parks preservation to agricultural programs, you name it. Breast cancer research, solar initiatives, zoos and botanical gardens, all funded through the EPF.

By lowering this money, by taking

this money away, some $78 million, we have set the EPF back in funding a full decade. This is not a good idea. This is not a good idea.

It took us a long time to get the EPF here. When I first took over the Environmental Committee, the EPF was at $25 million and unfunded. There was no money behind it. We had to scratch and claw and beg and borrow -- I won't say steal, but some would have thought we had -- to get the money to fund the programs necessary to preserve and protect our environment.

This program is important. The EPF is important. The funding stream is particularly important. It needs a reliable funding stream. It was always funded through the real estate transfer tax -- and some additional fees, but the transfer tax was the tax in it.

There's an attempt here to change that a little bit. We've put the real estate transfer tax back a little bit, but there is now some fees on pesticide permits and so forth, and various application fees, some of

which were raised and tripled to get to a certain fund and add the money into it, which is not a good idea.

The EPF is too important to rely upon risky or unaccountable funding or unreliable funding streams. We need a reliable funding stream for this program. These programs, these issues are extremely important to the state, to the quality of life of every citizen in the State of New York. No matter what region of the state you live in, from Long Island to Buffalo, it doesn't matter; the environment is key.

Mr. President, this amendment would restore the funding of the EPF and restore the full funding through the real estate transfer tax. I urge everyone who is environmentally concerned -- and that is, I am sure, everyone, Republican and Democrat in this chamber, because there's no such thing as a Republican environment or a Democrat environment. It is all of our environments -- to help guarantee that funding for those vital programs is preserved and protected.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Marcellino.

Senator LaValle, on the amendment.

SENATOR LaVALLE: Thank you, Mr. President.

I support Senator Marcellino's amendment because it really is a quality-of-life issue for Long Island and for the First Senatorial District. We on Long Island are in really a footrace with development. We need to have a balance between development and land preservation. We need the state dollars to match the dollars and the commitment that has been made by the County of Suffolk and the individual towns.

Some years ago, you may have recalled, for those members who were here, we passed a transfer tax, real estate transfer tax, to establish a community preservation fund. And that has produced over the years a lot of dollars in many of the towns to be able to match state dollars and county dollars to do the kind of preservation that we need to

do.

Because real estate is down, we do not have the kinds of community preservation dollars that we once had. And there are similar pressures on the county. So the state, in every project that we look at, in terms of land preservation, the state shrugs its shoulders, says the cupboard is bare.

So we need maintain our commitment to the Open Space Program, and we need the dollars that Senator Marcellino's amendment would provide to us and a commitment.

I would also mention that those of us who supported the Bottle Bill always thought that whatever the dollars were would go in to support the EPF. But that is not to be, even though it's only on water.

So when we have a vote, I will be supporting the Senator's amendment.

ACTING PRESIDENT VALESKY: Thank you, Senator LaValle.

The question is on the nonsponsor motion to amend Calendar Number 138. All in favor please indicate by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays, 31.

Senator Hassell-Thompson, excused.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Maziarz, on the bill.

SENATOR MAZIARZ: We're on the bill. Yes, thank you very much, Mr. President.

Mr. President, when I got up to discuss the amendment to the bill, I made a point of pointing out to you, Mr. President, and to the other members that we were talking on the amendment. Now we are talking on the bill. This is the debate on S59.

And the reason I made that distinction, Mr. President, is because we have guests in the chamber today. I want to give a shout out to my staff. They have worked diligently, diligently over the past five days, notifying people, notifying businesses, television stations, newspapers of this impending debate.

We have invited, in the last 15 minutes, after making a whole lot of preparations -- the editorial board of the Buffalo News is watching, the Watertown Times, the Syracuse Post-Standard, the Palladium Times of Oswego, the Ogdensburg Journal, television stations in Syracuse, Buffalo, Rochester, Watertown -- Newswatch 50 in Watertown. Newzjunky.

And in addition to that, Mr. President, my staff, my staff has contacted -- using Twitter, Facebook, social networking, emailing, and you know what, just old-fashioned telephone calls -- 494 companies across the State of New York. Companies from every county. Edward John Noble Hospital from St. Lawrence County. Great Lakes Cheese of New York, from Jefferson County. Exelon Corporation in Erie County. Fiberglass Industries in Montgomery County. Interface Solutions in Oswego County. I'm not going to read them all.

But we made preparations for all of them to go to their lunchrooms, to go to their

cafeterias, and to watch this debate on this bill. That's how important this bill is.

Every bill that we have passed so far is going to affect the people of the State of New York, every one. This one is going to affect everyone in New York, everyone that's employed, every business, the poor people that Senator Ruben Diaz mentioned earlier. And if you vote yes, it's going to affect them retroactive to March 1st.

You're going to tax them on every utility bill, every gas bill, every electric bill retroactive to March 1st. There's not one piece of legislation that we've passed today that's going to tax them retroactively other than this one.

Just two weeks ago the New York State Power Authority proposed a rate increase. Senator Joe Griffo and I went to the public hearing down the street. You'd have to be Lewis & Clark to find that room where that public hearing was being held. They expected no one to show up.

But you know, like our audience

here today from across the state, YouTube was a great tool. A firestorm started across this state. Suddenly everyone was opposed to this rate increase. The Governor jumped on. Members of this house, members of the other house, they all jumped on. Everybody was against this NYPA rate increase. Which really wasn't all that significant, it was pennies, but it was still an increase.

And 11 days ago, just 11 days ago -- in a room just outside this chamber, to everyone listening -- I attended a press conference. Five of my colleagues spoke at that press conference.

Senator Stachowski said, "We think any kind of rate increase, albeit a small rate increase, is detrimental to jobs and to the people in Western New York. Any job lost, it doesn't matter whose it is, where it is in New York, is bad for the people of New York. We like to make sure that we do the best we can to keep rates low and keep programs available."

Senator Valesky -- Mr. President --

you said, "This is not the time to once again ask ratepayers to be subjected to yet another rate increase."

Senator Breslin said, "Let's make the right decision, and those right decisions are no increases in rates at this time."

Senator Aubertine said, "A rate increase at this time would be counterproductive. It would send the wrong message to the public and to New York in general that everything is okay, and everything is not okay."

Senator Thompson said, "It has been said more than once, and I will say it again, upstate residents and utility consumers pay some of the highest electricity rates in the United States of America. It is particularly upsetting for the people of Western New York."

As I said, that rate increase, that righteous indignation, was minor compared to the vote that you are going to take in just a few minutes. That rate increase by the New York Power Authority would have raised approximately $10 million a year. The rate

increase that you are going to vote on, if you vote yes, will tax every business, every person in this state. It will raise $637 million. Every homeowner, every senior citizen, every low-income person, every moderate-income person.

And as I said, it's retroactive to March 1st. We're taxing them retroactively.

This tax will raise the energy rates, the utility costs of HSBC Arena in Buffalo by $44,000 a year.

Now, we all know that the automobile industry in this country is in trouble. President Obama has correctly stated that they have to restructure themselves. Some plants are going to close, workers are going to lose their jobs in the automobile industry.

The Tonawanda Engine Plant, a General Motors plant on River Road in the Town of Tonawanda, employs hundreds, hundreds of UAW workers. If you vote yes on this bill, you will be increasing the Tonawanda Engine Plant's utility cost by over $1,000 a week.

One thousand dollars a week.

The Delphi Thermal plant in Lockport, which produces automobile parts for General Motors and Chrysler, employs 3,000 UAW workers from all over Western New York. If you vote yes on this bill, you will be increasing the utility costs for Delphi Thermal by $1,500 a week, $1,500 a week for Delphi Thermal.

Now, let me tell you what's going to happen. In weeks -- not years, not months, but weeks -- some automotive executives and accountants are going to get into a room in Detroit, and they're going to have a list of plants on the wall, and they're going to scroll down that list. And they're going to decide which plants are going to stay open and which plants are going to close and what workers are going to lose their jobs.

And they're going to come to that Tonawanda Engine Plant, that General Motors plant, and some accountant is going to say: "The State of New York, it already costs us a lot to do business in the State of New York.

They just raised our utility rates by a thousand dollars a week."

And then in another boardroom somewhere in Detroit, in Delphi headquarters, they're going to be doing the same thing. They're going to say: "If General Motors is suffering, General Motors isn't going to buy parts, Chrysler isn't going to buy parts. Delphi has to downsize. Workers have to be laid off. Let's go down that list of plants. Where are we making money? Where are we losing money?"

Delphi Lockport could be history because of the vote that's taken in this room today.

This tax will affect not just the working people, but senior citizens. This vote on this bill can either enhance or end -- or end -- the career of some of the people who are going to take this vote. Remember who's watching.

The Western New York Assembly delegation voted unanimously against this bill. Assemblywoman Corwin, Assemblywoman

DelMonte, Assemblyman Gabryszak, Assemblyman Hawley, Assemblyman Hayes, Assemblyman Hoyt, Assemblyman Parment, Assemblywoman Peoples, Assemblyman Quinn, Assemblyman Schimminger and Assemblyman Schroeder all voted not to impose this utility tax on the people of New York State.

I can tell you that the excuses are not going to work. Other states are looking to do this. Previous administrations and legislatures have done this. The mailers that go out that say "We had to make tough decisions" aren't going to work.

Mr. President and those listening today in those factories, in those plants -- those workers at ORC Plastics in Oswego, Peltor Electronic Corporation in Madison County, Pivot Punch in Niagara County, Polymer Conversions in Erie County, Quad Graphics in Saratoga County, Samaritan Medical Center in Jefferson County, Suit-Kote Corporation in Cortland County, Syracuse Casting Sales Corporation in Onondaga County -- all of them indicated that they would be watching today.

I want to read an email that I received. It was from a couple, an elderly couple who live in Western New York, and it was about the proposed Power Authority increase. This is what they had to say.

"Thank you, George, for persevering against the proposal of the Power Authority to raise rates. This proposal upset many of us VFI seniors (very-fixed-income seniors).

"George, my husband and I plan on how to cut down washing our clothes. We only use a few lights." And listen to this. Listen to this, my colleagues, and listen to this to the people that are watching today. "We actually plan on not opening the refrigerator unless it's absolutely necessary in order to conserve energy.

"I'm serious when I say this, George. We cannot afford one more nickel in taxes, not one more penny in increase in our utilities, not one.

"George, we've given up many things. We're old now. We thought in our later years that we would enjoy our retirement

and our life. But it's sad, as we worked hard all of our lives in the hope of getting it easier one day, but instead it's becoming harder and more expensive. We can't do it anymore, George."

We're raising their utility rates, this elderly couple, if you vote yes.

Now, I've laid out the case, but I'm going to lay out the solution too. Some people mistake my passion and my commitment to this issue as anger. I've shown up at places where I have not been very welcome to talk about this issue, I feel that strongly about it.

The solution is this, for somebody to go Senator Klein and tell him to lay this bill aside and then go back in there and tell Senator Smith, "I can't be responsible for that engine plant closing. I can't be responsible for Delphi in Lockport closing."

Delphi just sold their brake division on Monday, their brake division on Monday to the Chinese. It will take the Chinese probably six months to move that from

the United States over to China.

The Delphi division located in Western New York is the thermal division. That's the division that makes air-conditioning parts and heater parts. If Delphi sells that to the Chinese, that's gone in six months. Thousands of UAW workers laid off, out of a job. Thousands of workers.

You want to risk that? There's a way out. Go in there and tell Senator Smith, "This is one I can't do. This is one that could end my career." Everybody's watching. The whole state's watching. This is one we have to lay aside.

A lot of talk on the other bills and their effect. This one affects us all, and this one affects us all retroactively. Don't do it because of the political pressure. Do it because it's the right thing to do. Do it for the people who don't open their refrigerator in order to save energy -- don't open their refrigerator, plan when they're going to wash their clothes.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Maziarz.

Senator Bonacic, on the legislation.

(Scattered applause.)

SENATOR BONACIC: Thank you, Mr. President.

I'd like to thank Senator Maziarz for highlighting the devastation to all of the businesses, the families, the individuals that are going to suffer as a result of this rate hike. And I think you nailed this issue perfectly -- the devastation that we're going to have on jobs and people leaving this state, voting with their feet.

I stood up to talk about another issue that is important to every Senator that lives outside New York City as it relates to our volunteer firefighters. And I have a series of questions for Senator Kruger. But before I ask you these questions, I want to preface my remarks to enlighten us about the issue.

For those Senators that don't live

outside New York City, volunteer firefighters have full-time jobs, they do different occupations, and when that alarm goes off 24/7, middle of the night, men or women, volunteer firefighters get up, leave their family, and run to that fire to try save that home and people's lives.

I have said over the years that they are truly our heroes. And they are never compensated one cent for what they do for this secondary job. They are courageous, they are committed to their community. And the people who live in New York City have paid firefighters who are professionals who are also our heroes, but they are expensive to have fire services, while upstate, our volunteers do not increase the tax rate on the people they serve.

For forty years, to drive a fire truck never required a commercial driver's license. All of a sudden, back in 2005, there was a vague provision put in the Motor Vehicle Law that one could interpret that fire trucks now need to have a commercial driver's license

to drive a fire truck.

This has caused havoc in all of the volunteer fire companies in the State of New York. If I go to a pancake breakfast -- and I go to several, for several different fire companies -- they come up to me, they don't ask for grants, they talk about this burden of a commercial driver's license.

Now having said that, I'm going to ask Senator Kruger would he yield to a couple of questions.

ACTING PRESIDENT VALESKY: Senator Kruger, do you yield?

SENATOR CARL KRUGER: Yes, I do, notwithstanding the fact that no explanation for the bill was asked. Yes, I do yield.

ACTING PRESIDENT VALESKY: Senator Kruger yields.

SENATOR BONACIC: And, Senator Kruger, this is language interpretation, so I'll be brief with you. Okay?

SENATOR CARL KRUGER: Be gentle.

SENATOR BONACIC: And I will be gentle.

But this is something that if not solved today can be solved in the near future, because Senator Foley has a bill that got it right, a bill that I've been working with him and our other colleagues, Republican colleagues, have been working with Senator Foley to get done.

Now, the first question I have -- and I'm going to refer to pages 24 and 25, lines 23 to 25. And this is very difficult for you, Senator Kruger, because you're involved with macro issues and I'm asking you for three lines tucked in this transportation budget.

And basically what it says, for purposes of an emergency operation a firefighter can now drive a truck back to the fire station without a CDL license. That's a good thing. That's a good thing.

So do you agree with me as a result of this budget language we have made a partial correction where now, if I don't have a CDL license and we responded to a fire, that volunteer firefighter without a CDL license

can drive that truck back to the station?

That's what I think your language did. Do you agree?

SENATOR CARL KRUGER: Through you, Mr. President, obviously we agree.

And we're going to -- I can say that we could do it in a cleanup bill, but that won't even be good enough. Senator Foley's bill deserves action on this floor, and we will do that.

SENATOR BONACIC: Okay. And I thank you very much, Senator Kruger.

On the bill.

SENATOR CARL KRUGER: Thank you, Senator Bonacic.

ACTING PRESIDENT VALESKY: Senator Bonacic, on the bill.

SENATOR BONACIC: The other point that I wanted to make, a commercial driver's license is expensive. You have to go through training. It's usually for tractor-trailer trucks.

And it never was needed for a fire engine and for volunteer firefighters, whether

they went to training, whether they responded to an emergency to or from the fires, whether they used it in a parade. And I made a survey of how many fire companies in the rural areas have this CDL license. Most of them do not.

So when we are trying to do recruitment and retention, we do state income tax credits for those that volunteer to go for volunteer firefighting and join the company. We do scholarships to have our young people at a school where we pay for some aid to go to college if you join the volunteer firefighters.

And every Senator outside New York City appreciates what I'm saying, and I am sure they feel the same way that I do.

And knowing that Senator Carl Kruger has indicated that he will work with Senator Foley, as we all will -- and Senator Foley also is to be commended for having this bill and for pushing it. And we will continue to work with him to make that happen.

And I thank you for the future consideration you're going to give to all of

the volunteer firefighters in the State of New York.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Bonacic.

Senator Nozzolio, on the bill.

SENATOR NOZZOLIO: Mr. President, thank you very much for the opportunity to speak on this legislation, so critically important.

The most critically important issue that America faced up until last October was energy. October brought the storm clouds of the economic crisis there; the country's focus had left energy and of course gave attention to much broader issues.

But soon again, when the economic crisis is over with, energy will again be at the forefront of Americans' minds -- how we are going to be energy independent from foreign sources of energy, how we are going to heat our homes, how we're going to power our factories, how we're going to deal with growth and opportunity and how that growth and

opportunity will be presented.

Unfortunately, my colleagues, this budget and this proposal and this 800 percent increase in the utility taxes in our state will ensure that there will be no opportunity in New York State.

I want to thank Senator Maziarz for his impassioned discussion and his call to arms to each and every one of you to join us in rising up and saying no, saying no to this budget proposal. Because we care about senior citizens in their homes, we care about keeping them in their homes, we care about their electric rates, we care about how they are living their lives.

It could not have been said better. But the focus shouldn't be forgotten a few minutes after the remarks.

I heard discussions from my colleagues from Western New York earlier this week. Senator Thompson, Senator Stachowski, were talking to me, particularly Senator Thompson, about the upstate economy, about jobs in Western New York, about population

draining from the state, facts of which I am well aware, too painfully aware.

High-user electricity, those businesses that depend on electric and natural gas service to be able to run those boilers for the glass plants, those important ovens for steel manufacture. Those bottle plants in Sennett that it was talked about yesterday by Senator DeFrancisco that may or may not expand in New York State. The glass plants I have in my district, in Geneva and in Sennett, in Auburn, to try to ensure that they're going to continue their operations. Nucor Steel, which is in my district and Senator Winner's district. Steel companies that are high users of electricity and are high contributors to the economy of our lives because they bring jobs and keep jobs in New York State.

Those companies will leave and could make the decision to leave as early as tomorrow after they read about how their electric rates are going to skyrocket because of this proposal.

Those are the statistics, Senator

Thompson, that I want you to remember as you ask me to recall the population losses in New York State, the job losses in New York State. We might as well start a tally today of how many jobs will be lost in your area of Western New York, in my area of Central and Western New York as a result of this utility tax.

One of our colleagues and good friends in the State Assembly, Assemblyman Robin Schimminger, said it very clearly when he said the worst way to recover from a recession is to raise the cost of doing business. That's what this budget does. A Democrat from Western New York who's saying clearly that the budget is raising the cost of doing business.

And there's no greater increase in the cost of doing business and the cost of living in New York State than this onerous utility tax.

In the Finger Lakes region, the average family of four will see their home budgets increased by $3,400. I'm not sure

they're not going to have to do the same thing that Senator Maziarz's constituents are going to have to do -- don't open the refrigerator, don't use electricity. You're not going to be able to afford the bill.

I'm certainly concerned about the individuals and the families, as we all need to be. But I'm also concerned about those businesses that are making decisions whether or not to stay in Western New York, and particularly those manufacturers who use a lot of electricity.

And, Senator Krueger, I had to laugh when you said earlier today that the government spending increases the gross national product of our nation more than private-sector spending. That is the most flipped up, upside-down economic theory I've ever heard.

Seventy-five percent of our nation still is the private sector. And the private sector brings the jobs. The private sector will bring us the jobs to get us out of this recession. It's not the public sector, it's

not taxes. It's growth. It's not government, it's opportunity. And what this proposal does is stifle opportunity and stifle job growth.

So imagine those companies that are making those decisions: Are we going to continue in New York State? Are we going to expand and pay multimillions of dollars to expand here, to do our business here, to make our glass plates here at Guardian Glass, to make our glass bottles at Owens-Illinois?

Those decisions are going to have to be checked when you look at the costs of doing business and the cost of making products. And what this will do is drive jobs out of New York State.

I thank my colleagues for their support of our amendments, and I urge all of my colleagues to listen not to the Republicans on this side of the aisle but to the Democrats in the Assembly from Western New York who are saying clearly this will hurt job production in our region of the state.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank

you, Senator Nozzolio.

Senator DeFrancisco, on the bill.

SENATOR DeFRANCISCO: I'm going to be very brief.

Senator Maziarz has taken the lead on this important issue. He's done his homework, he's stated the case.

And I simply want to say one thing. And that is that everybody who's watching now or learns of this later should hold everybody accountable for their vote, because each one of us has an opportunity now to say no -- to say no to higher utilities, no to higher taxes, no to all the fees and assessments. So that we do exactly what our constituents are doing and what our businesses are doing, cutting corners in order to make their lives even possible.

So I want to thank George Maziarz for his incredible job. I know he's going to be speaking again, and I want to hear his concluding remarks, because this is such an important time in this budget process that we can't let it fail. We need support on the

Democrat side to vote no on this aspect of the budget.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator DeFrancisco.

Senator Fuschillo, on the bill.

SENATOR FUSCHILLO: Thank you very much, Mr. President.

We've talked for a few days about how desperate people are and businesses are. And now to hear Senator Maziarz talk about that people can't even open up their refrigerators anymore is beyond desperation.

Senator Maziarz, let me compliment you on having the people of the State of New York and the businesses watch these proceedings. Because we talked about a personal income tax increase that the Democratic Senators voted on that's going to affect about 360,000, 375,000 people in the State of New York. And the issue you're exposing today, because that's what you're doing, is going to affect every single person in this state.

And you mentioned some numbers. In my district, the Freeport Electric Company sent me a letter pleading with me to vote against this, because this increase that is contained in this bill will result in significantly increased costs for our ratepayers. An increase of $479,000, almost $9,800 a week, that's going to be passed on to the ratepayers.

Now, I live on Long Island. We pay the highest utility rates in the country through LIPA, Long Island Power Authority. We can't afford anymore, let alone the people that have their own utility companies in Freeport and Rockville Centre in Senator Skelos's district.

And Senator Maziarz isn't wasting his time, because he's got a lot to do to go to these meetings all over upstate New York. And if it wasn't for his leadership, the New York Power Authority would have raised rates last week.

And I think you embarrassed the Governor, Senator Maziarz, to step in and say

no and make a recommendation to don't do it. So a lot of people owe thanks to you.

And this is pretty simple, ladies and gentlemen. Property taxes are high, and utility rates are high. You've made personal income tax rates higher. Stop. Enough. We're choking to death. It's enough.

I hate the excuse this is a crisis, we have to sneak it in. Stop talking on the floor. Five days, you're killing people. They can't afford to live here anymore.

I vote no.

ACTING PRESIDENT VALESKY: Thank you, Senator Fuschillo.

Senator Maziarz, to close.

SENATOR MAZIARZ: Thank you once again, Mr. President.

I can only implore my colleagues. And I hope that all those companies that we've spent a week -- and all those editorial boards and all those television stations are still watching. This is the moment that my staff has been Twittering you about, using Facebook, using email, telephoning you about. This is

the moment.

We've voted on a lot of important issues. We're going to raise a lot of taxes. I don't know of any that we're going to raise on every New Yorker, every New Yorker, and we're going to do it retroactive to March 1st. This is the moment when just one person, one person, has to lay this aside.

There's a better way of doing this than raising these utility rates on everyone. You can't vote yes if 11 days ago you said not one penny more. How are you going to face your constituents?

I can only tell you that your careers could end over this vote. That's how important it is. I am committed to doing this across the State of New York if necessary. We can stop this rate increase.

If 11 days ago it was not one penny more, what's the difference today? All it takes is one brave individual, one hero -- that term is so overexposed today -- one hero to step up to the plate. Just one. There are 30 votes on this side of the aisle against

this bill, against this utility increase, against taxing poor people. Against possibly putting those thousands of UAW workers in Western New York out of work.

What is it like to lose a job? A 37-year-old guy sat in my office just two weeks ago. He got laid off from a job that he had for over 12 years. He told me he felt like he was a failure. He had two kids in middle school and high school. He felt like a failure as a father and a failure as a husband. He couldn't provide for his family.

The vote we're taking today, the vote we're taking today could do that to a lot of other people across this state. Half of the companies that I mentioned today are in or near bankruptcy. They can't take any more utility rate increases, not one penny more. They couldn't take the NYPA increase, and they can't take this increase.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Maziarz.

The Secretary will ring the bells.

I ask all Senators to proceed to the chamber so that we may move to a roll call.

The Secretary will read the last section.

THE SECRETARY: Section 3. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: The Secretary will call the roll slowly.

THE SECRETARY: Senator Adams.

SENATOR ADAMS: Aye.

THE SECRETARY: Senator Addabbo.

SENATOR ADDABBO: Yes.

THE SECRETARY: Senator Alesi.

SENATOR ALESI: No.

THE SECRETARY: Senator Aubertine.

SENATOR AUBERTINE: Yes.

THE SECRETARY: Senator Bonacic.

SENATOR BONACIC: No.

THE SECRETARY: Senator Breslin.

SENATOR BRESLIN: Yes.

THE SECRETARY: Senator DeFrancisco.

SENATOR DeFRANCISCO: No.

THE SECRETARY: Senator Diaz.
SENATOR DIAZ: Yes.
THE SECRETARY: Senator Dilan.
SENATOR DILAN: Yes.
THE SECRETARY: Senator Duane.
SENATOR DUANE: Yes.
THE SECRETARY: Senator Espada.
SENATOR ESPADA: Yes.
THE SECRETARY: Senator Farley.
SENATOR FARLEY: No.
THE SECRETARY: Senator Flanagan.
SENATOR FLANAGAN: No.
THE SECRETARY: Senator Foley.
SENATOR FOLEY: Aye.
THE SECRETARY: Senator Fuschillo.
SENATOR FUSCHILLO: No.
THE SECRETARY: Senator Golden.
SENATOR GOLDEN: No.
THE SECRETARY: Senator Griffo.
SENATOR GRIFFO: No.
THE SECRETARY: Senator Hannon.
SENATOR HANNON: No.
THE SECRETARY: With unanimous

consent, Senator Hassell-Thompson voted in the affirmative on April 2.

Senator Huntley.

SENATOR HUNTLEY: Yes.

THE SECRETARY: Senator C. Johnson.

SENATOR CRAIG JOHNSON: Yes.

THE SECRETARY: Senator O. Johnson.

SENATOR OWEN JOHNSON: No.

THE SECRETARY: Senator Klein.

SENATOR KLEIN: Yes.

THE SECRETARY: Senator L. Krueger.

SENATOR LIZ KRUEGER: Yes.

THE SECRETARY: Senator C. Kruger.

SENATOR CARL KRUGER: Yes.

THE SECRETARY: Senator Lanza.

SENATOR LANZA: No.

THE SECRETARY: Senator Larkin.

SENATOR LARKIN: No.

THE SECRETARY: Senator LaValle.

SENATOR LaVALLE: No.

THE SECRETARY: Senator Leibell.
SENATOR LEIBELL: No.
THE SECRETARY: Senator Libous voting in the affirmative earlier today.
(Laughter.)
THE SECRETARY: Oh, excuse me. Excuse me. Senator Libous voting in the negative earlier today.
Senator Little.
SENATOR LITTLE: No.
THE SECRETARY: Senator Marcellino.
SENATOR MARCELLINO: No.
THE SECRETARY: Senator Maziarz.
(No response.)
THE SECRETARY: Senator McDonald.
SENATOR McDONALD: No.
THE SECRETARY: Senator Monserrate.
SENATOR MONSERRATE: Aye.
THE SECRETARY: Senator Montgomery.
SENATOR MONTGOMERY: Aye.
THE SECRETARY: Senator Morahan.

SENATOR MORAHAN: No.
THE SECRETARY: Senator Nozzolio.
SENATOR NOZZOLIO: No.
THE SECRETARY: Senator Onorato.
SENATOR ONORATO: Aye.
THE SECRETARY: Senator Oppenheimer.
SENATOR OPPENHEIMER: Aye.
THE SECRETARY: Senator Padavan.
SENATOR PADAVAN: No.
THE SECRETARY: Senator Parker.
SENATOR PARKER: Aye.
THE SECRETARY: Senator Perkins.
SENATOR PERKINS: Yes.
THE SECRETARY: Senator Ranzenhofer.
SENATOR RANZENHOFER: No.
THE SECRETARY: Senator Robach.
SENATOR ROBACH: Mr. President, to explain my vote.
ACTING PRESIDENT VALESKY: Senator Robach, to explain his vote.
SENATOR ROBACH: Indulge me, I'm sorry. I had my name on the list to speak and

either purposely or accidentally got overlooked there. But I did want to speak on this very briefly.

And first let me thank Senator Kruger for answering all these questions, being here for that, not only in your position but to fill in for many of your colleagues on this topic and many others.

I also want to applaud Senator Maziarz for his work on energy, not only on this one, but in the deficit reduction program that took three-quarters of a billion dollars out of hydropower out of upstate New York to help bail out the state when we need it in a way many of us thought should have been used to stabilize energy in our part of the world.

But I do want to say there's still a few votes left. This is really one of those rare times that no matter where you're from -- rich or poor, private individual or business, everyone is going to get hurt. We're talking about a stimulus package. There's going to be nothing worse than this if we pass it.

I for one am going to be voting no.

I do not want my fingerprints at the scene of this crime, and it is going to be a crime -- death, killing taxes on jobs.

You heard my colleague Senator Maziarz. This is no joke. This is serious stuff. Whether you're trying to hang onto your home and heat it and whether you're trying to get a job, this is the most challenged, competitive economy we've ever been. I've heard people on that side of the aisle say that as much as we are.

Let's just do the math here and think about this. Putting this tax on business and private individuals at a time when people are shopping around where to live, where to set up shop, where to move their company or factory to, is bad, bad business. This is antistimulus. I have never been more sure of a no vote in my life than I am of this one, and I hope others will follow suit.

ACTING PRESIDENT VALESKY: Senator Robach to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Saland.

SENATOR SALAND: No.
THE SECRETARY: Senator Sampson.
SENATOR SAMPSON: Yes.
THE SECRETARY: Senator Savino.
SENATOR SAVINO: Yes.
THE SECRETARY: Senator Schneiderman.
SENATOR SCHNEIDERMAN: Yes.
THE SECRETARY: Senator Serrano.
SENATOR SERRANO: Yes.
THE SECRETARY: Senator Seward.
SENATOR SEWARD: No.
THE SECRETARY: Senator Skelos.
SENATOR SKELOS: No.
THE SECRETARY: Senator Smith.
(Senator Smith recorded as voting in the affirmative.)
THE SECRETARY: Senator Squadron.
SENATOR SQUADRON: Yes.
THE SECRETARY: Senator Stachowski.
SENATOR STACHOWSKI: Yes.
THE SECRETARY: Senator Stavisky.
SENATOR STAVISKY: Yes.

THE SECRETARY: Senator Stewart-Cousins.

SENATOR STEWART-COUSINS: Yes.

THE SECRETARY: Senator Thompson.

ACTING PRESIDENT VALESKY: Senator Thompson, to explain his vote.

SENATOR THOMPSON: Yes, Mr. President. Thank you for recognizing me.

It's been a nice and spirited debate about the nature of this bill, but I want to highlight a couple of things that I believe are important for Western New York, particularly for Buffalo and Niagara Falls.

This bill provides an additional $39.7 million for roads. In addition, for the first time in history, in more than 20 years, my district in Niagara Falls will receive multimodal money for transportation -- which usually goes to the Senate Majority -- of $100 million, so we'll be able to fix some roads finally.

In addition, this bill deals with the casino, the Niagara Falls casino, which is located in downtown Niagara Falls. As a

result of this bill, we will be able to provide -- we will take the money from Niagara County and give all of the rest of the remaining money, almost a million dollars a year, to fix roads and sidewalks that are desperately needed in downtown Niagara Falls.

In addition to that, this bill will also provide funding support for the Underground Railroad Heritage Area in Niagara Falls as well. This is where -- at this point, this place in Niagara Falls, this is where Harriet Tubman crossed from the United States of America to Canada.

So yes, I'm voting for this bill. Yes, there are some bad things in this bill, but there's also some positive in this bill as well, and I vote aye.

Thank you.

ACTING PRESIDENT VALESKY: Senator Thompson to be recorded in the affirmative.

The Secretary will continue to call the roll.

THE SECRETARY: Senator Valesky.

ACTING PRESIDENT VALESKY: Aye.

THE SECRETARY: Senator Volker.

SENATOR VOLKER: No.

THE SECRETARY: Senator Winner.

SENATOR WINNER: No.

THE SECRETARY: Senator Young.

SENATOR YOUNG: No.

ACTING PRESIDENT VALESKY: The Secretary will call the absentees.

THE SECRETARY: Senator Maziarz.

ACTING PRESIDENT VALESKY: Senator Maziarz, to explain his vote.

SENATOR MAZIARZ: Thank you very much, Mr. President.

Mr. President, I don't know that all those people that you just put out of work will be able to use those roads.

But, Mr. President, two minutes isn't enough to explain the carnage and the suffering that you just caused. Two minutes isn't enough. So I'm going to explain my vote next week at a press conference outside the Cheektowaga Senior Citizen Center.

I'm going to partner with an

advocacy group called Responsible New York. And on the break week and Christmas when everybody is down in Florida having fun, we're going to be up in Jefferson County, we're going to be up in Oswego County, we're going to be up in St. Lawrence County. We're going to have the Expose the Hypocrisy Tour across this state. Expose the Hypocrisy Tour.

Expose the taxes that you just put on what Senator Diaz called the poor people. The people that I hope you didn't, you didn't put out of work at that Tonawanda Engine Plant or that Delphi Thermal plant in Lockport. The thousands of UAW workers. Because if they do close one of those plants, you can bet, you can bet that I'll be there. I will be there, and I will name names.

Eleven days ago, 2 cents was too much. Shame on every one of you. Shame on every one of you.

I vote no.

ACTING PRESIDENT VALESKY: Senator Maziarz to be recorded in the negative.

The Secretary will announce the results.

THE SECRETARY: Ayes, 32. Nays, 30.

ACTING PRESIDENT VALESKY: The bill is passed.

Senator Klein.

SENATOR KLEIN: Mr. President, still on the controversial calendar, can we go to Calendar Number 137. The Minority has agreed to waive an explanation.

But I'd like to call on Senator Skelos. I believe there's an amendment at the desk.

ACTING PRESIDENT VALESKY: The Secretary will read Calendar Number 137.

THE SECRETARY: Calendar Number 137, substituted March 31, Assembly Budget Bill, Assembly Print Number 158B, an act to amend the Public Health Law and the Elder Law.

ACTING PRESIDENT VALESKY: Senator Skelos.

SENATOR SKELOS: I believe there's an amendment at the desk by Senator

Seward. If you could recognize Senator Seward, please.

ACTING PRESIDENT VALESKY: Certainly. There is an amendment at the desk. Without objection, the reading of the amendment is waived.

Senator Seward, you are recognized to speak on the amendment.

SENATOR SEWARD: Thank you, Mr. President.

We have just had a very spirited and I think a very informative discussion on a challenge that our constituents have in terms of affording electricity and other utilities. There is another struggle that everyday New Yorkers have and our small businesses have every day in New York State, and that is affording health insurance coverage in New York State.

There's one very specific way that that Legislature, through the budget, can have an impact on the cost of health insurance, is in the taxation of this type of insurance and all insurance, for that matter.

This budget proposal before us raises taxes on health insurance, making it more costly to do business in New York State, to offer health insurance to employees in New York State and, because of the increased costs, makes it more difficult for New Yorkers to have access to quality and affordable healthcare that they deserve.

At a time when at the federal-government level there's a lot of discussion about making healthcare and health insurance available to more people, many of our sister states are seeking ways, innovative ways to make healthcare and health insurance more affordable.

This budget not only maintains the status quo here in New York, it actually makes it more difficult to have health insurance, more expensive to have health insurance and healthcare by hiking healthcare taxes at a time when New Yorkers can least afford it.

No question, higher health insurance taxes will force businesses which are already facing tough economic times to

close their doors, in some cases; if they're able to stay open, drop coverage, aggravating our high number of uninsured; or pass on health insurance costs more to the employees who can ill afford those higher costs.

The bill before us raises the HCRA surcharge on patient services. That's paid by the insurers, passed on to those who pay health insurance premiums. If a person is uninsured, they pay this tax directly. No one who seeks medical care in the State of New York can avoid this tax.

Other parts of this budget expands the premium taxes for HMOs. Even on Healthy New York policies, which is designed to be a lower-cost option for small businesses, they're going to be paying more under this budget.

And of course in the deficit reduction plan that passed in early February, there were more taxes on insurance -- health insurance, covered lives, $240 million. This Senate on the Majority side, the Democrat side, raised health insurance $240 million

then. Also, another $177 million in increased taxes on all other forms of insurance: life insurance, homeowner's insurance, auto insurance. Where does it end?

When you add all of this up in terms of the insurance taxes specifically on health insurance, what this is going to mean for the premium payers of New York State -- you're not taxing the insurance companies, you're taxing the hard-pressed premium payers of New York State.

If you are representing constituents in New York City, their costs, with the actions that the other side of the aisle have taken this year, in this budget and in the deficit reduction plan, will impact their premiums by $700, a $700 increase in premiums in New York City for health insurance under what actions have been taken and are proposed to be taken in this bill.

On Long Island, it's a $508 increase estimated in health insurance policies on an annual basis. Upstate, it's a $368 increase in the cost of a health

insurance policy.

This is real money. It's a real hardship for hard-pressed families and businesses of our state. But there is an answer, and the answer is the amendment that is before us today.

This amendment, if we can get the yes votes, would strike this HCRA surcharge from this budget. It would repeal the covered lives assessment that has been passed earlier by this Legislature, signed into law by the Governor. And it would repeal the assessments, the 332 assessments that were part of the deficit reduction plan earlier this year.

As we have heard throughout other discussions, there are better ways to cover this loss of revenue, if this amendment passes, by further restraining spending, by consolidating state agencies. The list goes on and on: $3.2 billion that this conference, the Republican side, has offered in terms of additional savings that we can incur and cover the tax reductions that we are seeking through

this amendment.

So, Mr. President, I urge a yes vote on this amendment because the people of New York City can ill afford a $700 increase in taxes on their health insurance policies. The people of Long Island can ill afford that $500-plus increase on their health insurance premiums next year. And upstate, we can certainly ill afford a nearly $400 increase in our health insurance policies, only through taxes and assessments imposed by this budget this year.

Mr. President, I urge a yes vote.

ACTING PRESIDENT VALESKY: Thank you, Senator Seward.

Senator Hannon, on the amendment.

SENATOR HANNON: On the amendment, Mr. President.

Senator Seward has eloquently put forward the reasons that we should not be imposing and raising the cost of health insurance throughout the state.

I also would like to address myself to the portion of the amendment that we have

put forward so that rural and community hospitals would share in the monies that are otherwise restricted under the provisions of the main bill, and that we lower -- in fact, eliminate the threshold for Medicaid patients as a part of the total discharges for a hospital.

Because under the current bill, it requires that for the pool we amend that at least 40 percent or greater of the discharges be Medicaid patients. That limitation alone excludes hospitals that are serving major populations for Medicaid, such as SUNY Upstate or Crouse in Syracuse, Long Island Jewish Medical, Community Memorial, it goes on and on. The list is obvious. There's no reason to exclude them.

And by virtue of amending the pool we do amend, there are other pools, this myriad of pools that have been created, there are other pools that are also changed so that people can have the monies that are in this budget fairly distributed, so we can make sure that the rural hospitals are not put at risk,

we can make sure that community hospitals are not put at risk.

We also include measures so that we would promote the use of telemedicine in this state to save the administrative costs and to save the Medicaid costs, resulting in a net savings in this budget.

I also wanted to discuss what we're trying to do here by striking the provisions of what is called the 332 assessment. That assessment is much like what has been done in regard to the Public Service Commission. The 332 assessment was something that was to originally defray operating expenses of the Department of Insurance.

And instead we find out that under those expenses we've now added such things as the Healthy New York program, the direct-pay Stop Loss program, the subsidy we give for one of the essential industries in this state, the entertainment industry, for people who don't have insurance.

Those fundings through 332 have never been done that way before. 332 had

always been something that would allow for the regulation of the insurance industry. Seventy percent of those assessments come out of the healthcare insurance plans.

It's another tax on health insurance, just as the premium taxes, just as the covered lives would be. Those are all things that have to be borne by the people who are getting health insurance.

There was some mention in regard to one of these that, well, we're just doing it on for-profits. You know what? Not-for-profit people buy health insurance from for-profit insurers. And there are also not-for-profit insurers. And what we do in regard to these taxes is we affect everybody.

In the bill that we are seeking to amend there's some intent language, and it talks about that intent language in a totally duplicitous fashion, because it says we want to reduce a certain number of the uninsured in this state, we want to extend the access to healthcare. Well, when you do it by imposing taxes, you're working in reverse.

So we seek, through this amendment, to make sure we do not have a disincentive to a greater health insurance coverage. We make sure that we take the pools of money and make it available to all hospitals in this state, especially the rural and community hospitals, and that we provide incentives for telehealth.

Thank you, Mr. President. I urge people's support for this amendment.

ACTING PRESIDENT VALESKY: Thank you, Senator Hannon.

The question is on the nonsponsor motion to amend Calendar Number 137. All in agreement please signify by raising your hand.

Announce the results.

THE SECRETARY: Ayes, 30. Nays, 31.

Senator Hassell-Thompson, excused.

ACTING PRESIDENT VALESKY: The motion fails.

Senator Hannon, on the bill.

SENATOR HANNON: This legislation, Mr. President, is the language bill in regard --

ACTING PRESIDENT VALESKY: Excuse me, Senator Hannon. You may proceed.

SENATOR HANNON: Mr. President, this is the language bill in regard to the health budget that has been presented for enactment for the 2009-2010 fiscal year.

When the appropriation bill was up, we saw the Health chairman lead us through what could charitably be called a confusing path of all of the new pools created under this bill. And those new pools were in lieu of what was supposedly an improvement on the current system.

I've said that the current system is something that is in deep need of improvement. We've moved towards it over the years, but healthcare is a moving target. What was needed in 2000 is no longer sufficient for 2010. We have populations that get older. We have technologies that improve. We have advances in medicine that we couldn't believe existed just a little while ago.

This Republican group of Senators started off a lot of this reform with our

Medicaid Task Force, with our introduction of a Medicaid Inspector General, with our series of amendments over the years. The goals that we find our Governor advancing this year are ones that we were there in the forefront. Preventive care, wellness, we all agree with that. Movement out of institutional settings to ambulatory care, we agree with.

The real problem, and it's hard to make it dramatic, is simply how do you do this. Hospitals, nursing homes, home health care agencies exist so that every day of the week, 24 hours a day, they have to provide care to people who are their patients. Making changes in midstream is admittedly very difficult. Making changes abruptly means we face the fact that people can fall off the horse. Making changes abruptly means we can fail to have a good healthcare system.

We've heard that people want to have clinics, what they call diagnostic and treatment centers, to take care of folks and we will move people out of emergency rooms. Well, that's all well and good. Except those

clinics or the for-profit emergency care centers run by doctors, they're not open 24 hours a day. Call them at 8:30: My child has an earache, my child might have strep throat, maybe it's a tonsillectomy that's needed.

Hospitals simply can't avoid it. They have a federal obligation, they have a moral obligation, they have a state obligation. They have to provide the care.

So do we make changes? Yes. But do we do it all of a sudden? No. And one of the themes that I really have a problem with are the so-called reforms. Because for all they have the right press releases, for all -- and you can find it in this bill on page 39 -- for all you can set forth wonderful intent, unless you can provide practical, concrete steps to allow people to make these changes, it's not going to happen.

Now, yesterday Senator Duane tried to lead us through the huge number of pools that have been created. It's too confusing to lead you through because it's a shell game.

If we create this pool, some people won't get benefited and they will lose, so we'll create another pool. Oh, well, that doesn't work, so we'll create another pool. And what you have is a health bureaucracy -- talented, well-intentioned people who think they can promise to you: Oh, it's all going to be okay.

The experience that we have in this state is it's not okay. They can't do things. First of all, to get a new pool that's matched by the federal government is not like the old days where you could have a new Medicaid plan and send it to Washington and it got filed and you got your money. It's not that way anymore. A couple of years ago they said CMS, this federal regulatory agency for Medicaid, has to accept the plan and approve it.

And I just don't know -- I hope it's true, because it will go to a lot of good places, but I don't know that the federal government's all of a sudden going to give us another $150 million to $200 million in a year they've already sent us $5 billion in

increased Medicaid matching funds for our budget. Five -- I'm sorry, I misspoke. Not 5 million, $5 billion. For this fiscal year, the 2009-2010 fiscal year, 12 months. And we'll have to share 30 percent of that with New York City and the other counties, but the rest of that 70 percent comes here.

So are they going to give us a new pool? I don't know.

What's the other problem with all these pools? I'm not going to tell you what they do, because the statute that you propose to enact is silent. It doesn't tell you which hospitals get which. We did just have an amendment to get rid of the 40 percent threshold, but it doesn't tell you which hospitals get which.

It does not have a mechanism in there for the Health Department or the Division of Budget to tell us where the money is going. There's no reporting requirement that will then let us know where it's going.

I mentioned yesterday when we had the approp bill, hospitals come to me and say,

"We've been working with that department for a year, two years, three years. We have a specialized situation. They've told us they'll look into it, they've told us they'll try to help us, they've told us we want to be helped."

Now, I'm not going to mention any of those hospitals, because maybe they will be helped. But I'll tell you, it's very doubtful that they will.

Anybody go through the Berger Commission closing? Anybody go through the communities being concerned about what was happening there? They all went to the department: "Oh, we'll try to help you." Women's hospital nearby? A community hospital in the city? "We'll try to help you." Were they helped? No.

And heaven forbid I bring up Erie County, because that was a massive dislocation. Probably good for health in the end, except if you ask people in the community. Probably good if you ask the experts.

What am I saying? I can't make this black and white, such as Senator Maziarz did with the public service tax. But I can tell you this is an essential service, this is one that evolves every year, this is going to be a continued challenge every year. And this is simply not the way to do it.

It's not partisan, it's not political. This is the delivery of services to the people of this state that's an obligation of this government. It's your obligation, and we have not met it in this bill.

I really want to take difference with the intent that was lined out, buried in the middle of the bill. Doesn't necessarily say it has a tricky title to it, it just calls itself "This act may be known as the Healthcare Improvement Act."

Well, I differ with that. Because it recites about how much we spend, and they say if patients had timely access to quality outpatient care. Well, I'm sorry, you haven't erected a system of quality outpatient care in

this measure. And I'm not even sure that you've put the stepping stones to it.

Last year we were supposed to have the beginnings of that with what they called the ambulatory patient group. When I checked on March 1, not one of the federally qualified health centers in this state had taken advantage of that ambulatory patient group system. It's a way of paying.

Well, wait a minute. Those are some of the best clinics we have throughout the state. And they're not participating? That's their option, because they're federal.

So there are things here that are omitted, even though the intent says they should be there.

Supporting providers that serve uninsured patients. I can tell you of a list of providers serving uninsured patients who are not helped by this bill whatsoever. So we haven't helped those uninsured patients.

Increasing affordable coverage in partnership with the federal government. I'm not so sure we've done that. I can go on and

on. It's not something that strikes me that we've accomplished, especially when we recite how many New Yorkers are uninsured and we have increased the money paid under covered lives, increased the money paid under patient services, increased the money under the HMO taxes, increased the money under the 332 assessment.

All of those fall right on the people who pay for health insurance. And if that is a single individual, it makes it almost impossible for them to continue. If that is an employer, small or large, what are they doing? They're passing it right on to the employee, because they raise deductibles, they raise copays, they say that you're going to be limited in the benefits. It almost -- people say we want universal coverage. It doesn't work that way. As a practical matter, it's not there.

So what we've been doing with this budget is going the wrong way. It's a nuanced thing, but it is a question of the services we're going to deliver to folks throughout

this state.

We have nursing homes that have had the promise of rebasing undercut. We have nursing homes that borrowed based on our statutes that we've passed -- not once, but twice -- in this state. They will essentially get, when you go through the complicated formulas, half of what we promised. How do they pay back those loans? How do they take care of the individuals? It's not clear-cut.

We have not done a good job. I'm sorry, I cannot support this measure.

Thank you, Mr. President.

ACTING PRESIDENT VALESKY: Thank you, Senator Hannon.

The Secretary will ring the bells. I ask all Senators to proceed directly to the chamber so that we can expeditiously move to a roll call.

The Secretary will read the last section.

THE SECRETARY: Section 3. This act shall take effect immediately.

ACTING PRESIDENT VALESKY: The

Secretary will call the roll slowly.

THE SECRETARY: Senator Adams.

SENATOR ADAMS: Yes.

THE SECRETARY: Senator Addabbo.

SENATOR ADDABBO: Yes.

THE SECRETARY: Senator Alesi.

SENATOR ALESI: No.

THE SECRETARY: Senator Aubertine.

SENATOR AUBERTINE: Yes.

THE SECRETARY: Senator Bonacic.

SENATOR BONACIC: No.

THE SECRETARY: Senator Breslin.

SENATOR BRESLIN: Yes.

THE SECRETARY: Senator DeFrancisco.

SENATOR DeFRANCISCO: No.

THE SECRETARY: Senator Diaz.

SENATOR DIAZ: Si.

THE SECRETARY: Senator Dilan.

SENATOR DILAN: I'm thinking about it. Yes.

THE SECRETARY: Senator Duane.

SENATOR DUANE: Yes.

THE SECRETARY: Senator Espada.
SENATOR ESPADA: Yes.
THE SECRETARY: Senator Farley.
SENATOR FARLEY: No.
THE SECRETARY: Senator Flanagan.
SENATOR FLANAGAN: No.
THE SECRETARY: Senator Foley.
SENATOR FOLEY: Aye.
THE SECRETARY: Senator Fuschillo.
SENATOR FUSCHILLO: No.
THE SECRETARY: Senator Golden.
SENATOR GOLDEN: No.
THE SECRETARY: Senator Griffo.
SENATOR GRIFFO: No.
THE SECRETARY: Senator Hannon.
SENATOR HANNON: No.
THE SECRETARY: With unanimous consent, Senator Hassell-Thompson voting in the affirmative April 2.
Senator Huntley.
SENATOR HUNTLEY: Yes.
THE SECRETARY: Senator C. Johnson.

SENATOR CRAIG JOHNSON: Yes.

THE SECRETARY: Senator O. Johnson.

SENATOR OWEN JOHNSON: No.

THE SECRETARY: Senator Klein.

SENATOR KLEIN: Yes.

THE SECRETARY: Senator L. Krueger.

SENATOR LIZ KRUEGER: Yes.

THE SECRETARY: Senator C. Kruger.

SENATOR CARL KRUGER: Yes.

THE SECRETARY: Senator Lanza.

SENATOR LANZA: No.

THE SECRETARY: Senator Larkin.

SENATOR LARKIN: No.

THE SECRETARY: Senator LaValle.

SENATOR LaVALLE: No.

THE SECRETARY: Senator Leibell.

SENATOR LEIBELL: No.

THE SECRETARY: Senator Libous voting in the negative earlier today.

Senator Little.

SENATOR LITTLE: No.

THE SECRETARY: Senator Marcellino.

SENATOR MARCELLINO: No.

THE SECRETARY: Senator Maziarz.

SENATOR MAZIARZ: No.

THE SECRETARY: Senator McDonald.

SENATOR McDONALD: No.

THE SECRETARY: Senator Monserrate.

SENATOR MONSERRATE: Aye.

THE SECRETARY: Senator Montgomery.

SENATOR MONTGOMERY: Aye.

THE SECRETARY: Senator Morahan.

SENATOR MORAHAN: No.

THE SECRETARY: Senator Nozzolio.

SENATOR NOZZOLIO: No.

THE SECRETARY: Senator Onorato.

SENATOR ONORATO: Yes.

THE SECRETARY: Senator Oppenheimer.

SENATOR OPPENHEIMER: Aye.

THE SECRETARY: Senator Padavan.

SENATOR PADAVAN: No.

THE SECRETARY: Senator Parker.
SENATOR PARKER: Aye.
THE SECRETARY: Senator Perkins.
SENATOR PERKINS: Yes.
THE SECRETARY: Senator Ranzenhofer.
SENATOR RANZENHOFER: No.
THE SECRETARY: Senator Robach.
SENATOR ROBACH: No.
THE SECRETARY: Senator Saland.
SENATOR SALAND: No.
THE SECRETARY: Senator Sampson.
SENATOR SAMPSON: Yes.
THE SECRETARY: Senator Savino.
SENATOR SAVINO: Yes.
THE SECRETARY: Senator Schneiderman.
SENATOR SCHNEIDERMAN: Yes.
THE SECRETARY: Senator Serrano.
SENATOR SERRANO: Yes.
THE SECRETARY: Senator Seward.
SENATOR SEWARD: No.
THE SECRETARY: Senator Skelos.
SENATOR SKELOS: No.

THE SECRETARY: Senator Smith.

(Senator Smith recorded as voting in the affirmative.)

THE SECRETARY: Senator Squadron.

SENATOR SQUADRON: Yes.

THE SECRETARY: Senator Stachowski.

SENATOR STACHOWSKI: Yes.

THE SECRETARY: Senator Stavisky.

SENATOR STAVISKY: Yes.

THE SECRETARY: Senator Stewart-Cousins.

SENATOR STEWART-COUSINS: Yes.

THE SECRETARY: Senator Thompson.

SENATOR THOMPSON: Yes.

THE SECRETARY: Senator Valesky.

ACTING PRESIDENT VALESKY: Aye.

THE SECRETARY: Senator Volker.

SENATOR VOLKER: No.

THE SECRETARY: Senator Winner.

SENATOR WINNER: No.

THE SECRETARY: Senator Young.

SENATOR YOUNG: No.

ACTING PRESIDENT VALESKY: The

Secretary will announce the results.

THE SECRETARY: Ayes, 32. Nays, 30.

ACTING PRESIDENT VALESKY: The bill is passed.

Senator Klein.

SENATOR KLEIN: Mr. President, to take up the final budget bill, can we take up Calendar 131.

ACTING PRESIDENT VALESKY: The Secretary will read Calendar Number 131.

THE SECRETARY: Calendar Number 131, substituted April 1, Assembly Budget Bill, Assembly Print Number 151A, an act making appropriations for the support of government: Legislature and Judiciary Budget.

ACTING PRESIDENT VALESKY: Senator DeFrancisco, on the bill.

SENATOR DeFRANCISCO: I just have a couple of questions. And if Senator Carl Kruger would respond to one of them and yield.

ACTING PRESIDENT VALESKY: Senator Kruger, do you yield?

SENATOR CARL KRUGER: Yes, I do,

Mr. President.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Without going through the specific numbers, I've read publicly that Senator Smith indicated that the Senate legislative budget was going to be reduced by 8 percent over last year.

Is that correct? And was that done?

SENATOR CARL KRUGER: Yes, it was.

SENATOR DeFRANCISCO: So it is correct, and it was done?

SENATOR CARL KRUGER: Yes.

SENATOR DeFRANCISCO: Thank you.

If Senator John Sampson, chair of Judiciary, could answer a question, I'd appreciate it.

ACTING PRESIDENT VALESKY: Senator DeFrancisco, the rules prohibit the chair from asking a member to yield to a question who has not spoken on the bill already.

SENATOR DeFRANCISCO: All right, point of order. I used to, during the course of the prior proceedings, the Judiciary chair would always be available for questions --

ACTING PRESIDENT VALESKY: Excuse me, Senator DeFrancisco.

Could we have some order, please, in the chamber. Shhh.

Thank you.

SENATOR DeFRANCISCO: Excuse me. Point of order.

I could always ask Senator Sampson to explain the judiciary budget, but I'm not so sure everybody wants to hear it. And all I'm requesting is that in lieu of that that he answer one area of questions for me. And if he consents, I think he could do that.

ACTING PRESIDENT VALESKY: Senator Sampson, do you consent to yield for Senator DeFrancisco?

SENATOR SAMPSON: Anytime for Senator DeFrancisco.

ACTING PRESIDENT VALESKY: Proceed, Senator DeFrancisco.

SENATOR DeFRANCISCO: Thank you.

Senator Sampson, in the Governor's proposed budget there was a pot of money designated for judicial salaries. And the understanding was out of the judiciary budget that was submitted by the judiciary and submitted by the Governor, that out of that money there was enough money available for a salary increase for the judiciary.

I understand that the language authorizing such an increase is not in the final budget; is that correct?

SENATOR SAMPSON: That's correct.

SENATOR DeFRANCISCO: All right. Would he answer one last question?

ACTING PRESIDENT VALESKY: Senator Sampson, do you continue to yield?

SENATOR SAMPSON: Of course.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: In order for the judiciary to receive a salary increase from this budget, is it correct that there would have to be a separate bill authorizing

such an increase separate and apart from this budget?

SENATOR SAMPSON: That's correct, Senator. Through you, Mr. Chair, that is correct, Senator DeFrancisco.

SENATOR DeFRANCISCO: One last question, I'm sorry, just to be clear.

ACTING PRESIDENT VALESKY: Senator Sampson, do you continue to yield?

SENATOR SAMPSON: Through you, Mr. President, yes, I do.

ACTING PRESIDENT VALESKY: The Senator yields.

SENATOR DeFRANCISCO: Stated another way, the only mechanism for a judicial salary increase would be through a separate piece of legislation. And just because the same money is in the budget, that would not authorize, for example, the head of the Office of Court Administration or the Chief Judge of the Court of Appeals to simply grant an increase?

SENATOR SAMPSON: Through you, Mr. President, you are correct, Senator

DeFrancisco.

SENATOR DeFRANCISCO: Thank you. I have no further questions.

ACTING PRESIDENT VALESKY: Thank you, Senator DeFrancisco.

The Secretary will ring the bells. I ask all Senators to proceed to the chamber for purposes of a roll call.

The Secretary will read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

SENATOR SKELOS: Slow roll call, please.

ACTING PRESIDENT VALESKY: The Secretary will proceed with a slow roll call.

THE SECRETARY: Senator Adams.

SENATOR ADAMS: Aye.

THE SECRETARY: Senator Addabbo.

SENATOR ADDABBO: Yes.

THE SECRETARY: Senator Alesi.

SENATOR ALESI: No.

THE SECRETARY: Senator Aubertine.

SENATOR AUBERTINE: Yes.
THE SECRETARY: Senator Bonacic.
SENATOR BONACIC: No.
THE SECRETARY: Senator Breslin.
SENATOR BRESLIN: Yes.
THE SECRETARY: Senator DeFrancisco.
SENATOR DeFRANCISCO: No.
THE SECRETARY: Senator Diaz.
SENATOR DIAZ: Yes.
THE SECRETARY: Senator Dilan.
SENATOR DILAN: Yes.
THE SECRETARY: Senator Duane.
SENATOR DUANE: Yes.
THE SECRETARY: Senator Espada.
ACTING PRESIDENT VALESKY: Senator Espada, to explain his vote.
SENATOR ESPADA: Thank you, Mr. President.
As this is my last vote in this cycle of budget bills, many questions have been asked about the economic stimulus dollar, what to call it, where it is going, will it stimulate, will it work.

And some of the exchanges have been fair. But just to be totally fair, when some of us go back home Monday, courtesy of Governor Paterson, who has given me permission to share this, $253 million of the economic stimulus budget will be going -- to Senator Breslin, $18.3 million. Monday, we will get to celebrate that. Senator McDonald, $12.1 million in his Senate district. Senator Robach, $4.7 million. Senator Robach again, $6.3 million. Mr. President, $24.5 million. And the list could really go on and will total $253 million this Monday.

And those opportunities and those stimuli will be present in every community. So for those who have not found the gold, for those who have not found the silver lining, it will be present. Look for it Monday in your districts and all year long.

Thank you very much. I vote aye.

ACTING PRESIDENT VALESKY: Senator Espada to be recorded in the affirmative.

The Secretary will continue.

THE SECRETARY: Senator Farley.
SENATOR FARLEY: Aye -- no.
(Laughter.)
THE SECRETARY: Senator Flanagan.
SENATOR FLANAGAN: No.
THE SECRETARY: Senator Foley.
SENATOR FOLEY: Aye.
THE SECRETARY: Senator Fuschillo.
SENATOR FUSCHILLO: No.
THE SECRETARY: Senator Golden.
SENATOR GOLDEN: No.
THE SECRETARY: Senator Griffo.
SENATOR GRIFFO: No.
THE SECRETARY: Senator Hannon.
SENATOR HANNON: No.
THE SECRETARY: With unanimous consent, Senator Hassell-Thompson voted in the affirmative April 2.
Senator Huntley.
SENATOR HUNTLEY: Yes.
THE SECRETARY: Senator C. Johnson.
SENATOR CRAIG JOHNSON: Yes.

THE SECRETARY: Senator O. Johnson.

SENATOR OWEN JOHNSON: No.

THE SECRETARY: Senator Klein.

SENATOR KLEIN: Yes.

THE SECRETARY: Senator L. Krueger.

SENATOR LIZ KRUEGER: Yes.

THE SECRETARY: Senator C. Kruger.

SENATOR CARL KRUGER: Yes.

THE SECRETARY: Senator Lanza.

SENATOR LANZA: No.

THE SECRETARY: Senator Larkin.

SENATOR LARKIN: No.

THE SECRETARY: Senator LaValle.

SENATOR LaVALLE: No.

THE SECRETARY: Senator Leibell.

SENATOR LEIBELL: No.

THE SECRETARY: Senator Libous voting in the negative earlier today.

Senator Little.

SENATOR LITTLE: No.

THE SECRETARY: Senator

Marcellino.

SENATOR MARCELLINO: No.

THE SECRETARY: Senator Maziarz.

SENATOR MAZIARZ: No.

THE SECRETARY: Senator McDonald.

SENATOR McDONALD: No.

THE SECRETARY: Senator Monserrate.

SENATOR MONSERRATE: Aye.

THE SECRETARY: Senator Montgomery.

SENATOR MONTGOMERY: Aye.

THE SECRETARY: Senator Morahan.

SENATOR MORAHAN: No.

THE SECRETARY: Senator Nozzolio.

SENATOR NOZZOLIO: No.

THE SECRETARY: Senator Onorato.

SENATOR ONORATO: Yes.

THE SECRETARY: Senator Oppenheimer.

SENATOR OPPENHEIMER: Aye.

THE SECRETARY: Senator Padavan.

SENATOR PADAVAN: No.

THE SECRETARY: Senator Parker.

SENATOR PARKER: Aye.
THE SECRETARY: Senator Perkins.
SENATOR PERKINS: Aye.
THE SECRETARY: Senator Ranzenhofer.
SENATOR RANZENHOFER: No.
THE SECRETARY: Senator Robach.
SENATOR ROBACH: No.
THE SECRETARY: Senator Saland.
SENATOR SALAND: No.
THE SECRETARY: Senator Sampson.
SENATOR SAMPSON: Yes.
THE SECRETARY: Senator Savino.
SENATOR SAVINO: Yes.
THE SECRETARY: Senator Schneiderman.
SENATOR SCHNEIDERMAN: Yes.
THE SECRETARY: Senator Serrano.
SENATOR SERRANO: Yes.
THE SECRETARY: Senator Seward.
SENATOR SEWARD: No.
THE SECRETARY: Senator Skelos.
SENATOR SKELOS: No.
THE SECRETARY: Senator Smith.

SENATOR SMITH: Yes.
THE SECRETARY: Senator Squadron.
SENATOR SQUADRON: Yes.
THE SECRETARY: Senator Stachowski.
SENATOR STACHOWSKI: Yes.
THE SECRETARY: Senator Stavisky.
SENATOR STAVISKY: Yes.
THE SECRETARY: Senator Stewart-Cousins.
SENATOR STEWART-COUSINS: Yes.
THE SECRETARY: Senator Thompson.
SENATOR THOMPSON: Yes.
THE SECRETARY: Senator Valesky.
ACTING PRESIDENT VALESKY: Aye.
THE SECRETARY: Senator Volker.
ACTING PRESIDENT VALESKY: Senator Volker, to explain his vote.
SENATOR VOLKER: Well, it's not quite to explain my vote.
I just want to announce to the members that today is the 10th anniversary of the death of one of the great friends of those people in this chamber, John Brendan Daly, who

is the predecessor of George here, and he died on April 3, 1999. I just wanted to tell everybody to remind them.

I vote no.

ACTING PRESIDENT VALESKY: Thank you. Senator Volker to be recorded in the negative.

The Secretary will continue.

THE SECRETARY: Senator Winner.

SENATOR WINNER: No.

THE SECRETARY: Senator Young.

SENATOR YOUNG: No.

ACTING PRESIDENT VALESKY: The Secretary will announce the results.

THE SECRETARY: Ayes, 32. Nays, 30.

ACTING PRESIDENT VALESKY: The bill is passed.

Senator Smith, that completes the reading of the controversial calendar.

Senator Skelos.

SENATOR SKELOS: Thank you, Mr. President.

Normally at this time of year when

we complete our budget process, and even though it is three days late, we tend to congratulate each other, say how hard we all worked, we made difficult decisions. We pat each other on the back.

Unfortunately, I can't stand here and say that, because I feel I'd be hypocritical.

I want to start off by thanking Senator John DeFrancisco, our ranker on Finance, the wonderful finance staff that we have on the Republican side, and each and every Republican member for participating in this part of the budget process since they were put on our desks, and really to expose the deficiencies and really how bad this budget is that the Democrats passed and that we voted against and how anti-family, how anti-business this budget is.

We start off by the process. My good friends on the Democrat side of the aisle pledged to the people of the State of New York, when they campaigned to become the majority party, how things would be different.

Well, they are certainly different. Because they managed, the three Democrat leaders from New York City, to make this the biggest sham and the most disgraceful way to negotiate a budget.

And really what is unconscionable to me, especially when so many of the members here campaigned on transparency and the fact that there would be openness, there would be a vibrant discussion of issues, that everybody would be involved -- what you did by this process is not just close out us as Republicans, representing almost 50 percent of the state, but what's really unforgivable is that you shut out the people of this great state.

You shut out the media. And we all at times have difference with the media. We may not like what they write, sometimes, or what they put on TV or radio. But part of our process of government is for the media to challenge us, to let the public know what's going on, and for us to be part of the process, both Republicans and Democrats.

And what we saw from the three leaders from New York City was a total shutdown of that process. They closed the curtains, they went behind closed doors -- everything that every single one of you here said would not happen, would not happen if you gained the majority. It is the worst display of arrogance that I've ever seen in Albany since I've been here now for my 25th year.

We may have had disagreements on process in the past. But under the Senate majority we opened up the process. We started joint conference committees. There were resolutions. There were budgets put out on the floor. There were joint conference committees. There was something out there for us to see as members, but even more important, for the press to see and for our public to see -- our voters, our taxpayers, those who are struggling, those who have had it, like Senator Fuschillo indicated.

And nobody ever said it better on this floor than Senator George Maziarz, who spoke so eloquently on behalf of the

hardworking, overtaxed families of New York State.

So in all honesty, I can't say this has been a great process. I can't say or accept when some will say these are difficult times so difficult choices had to be made and they had to be made behind closed doors. A Governor who has indicated -- and he was going to be a great reformer -- how the process would be open. And then he says, "Well, you can't negotiate a budget in public."

Why not? Why can't you negotiate a budget in public? We represent the people. And they have a right to know what we're negotiating, not just a couple of days before these are plopped, thousands of pages, on our desks, and they're expected to go through that and understand fully how these documents impact their everyday lives.

The people of the State of New York, our hardworking folks, have really had it. I have never, never, in all the years that I've been here -- and I've dealt with difficult budgets -- have I seen such an

outpouring of disgust, anguish, and fear by my constituents and by all of the constituents that we represent on this side of the aisle and quite frankly that you represent on your side of the aisle. Republicans, Democrats.

And yet the Democrat side of the aisle, the Democrat Governor and the Democrat Speaker, you turned your backs on those people. You didn't make tough choices. You just overspent and you taxed. Taxed, make it -- just keep taxing. By raising taxes the way you did, $8 billion to spend $13 billion more, and growing.

That's the coward's way of doing it, by raising taxes. That's the easy way. That's not the hard way. You put some figures together, you pop up some percentage points, you attack the so-called rich, you don't tell the people that it's the small-businesspeople that you're attacking with income tax increases, the utility increases, the fee increases.

That's why you want it to be behind closed doors, because you did not want the

people of the State of New York to know what you were going to do to them. You didn't listen to Tom DiNapoli, Democrat Comptroller, who said this budget is totally out of whack and unsustainable -- not just now, but down the road.

So, Mr. President, I'm just going to conclude by saying thank you to my Republican colleagues for standing up for middle-income families, for hardworking families, the people that are holding down sometimes two and three jobs to make ends meet. I thank you for standing up.

And I hope when my friends on the Democrat side of the aisle go home that they listen to people in their districts, they listen to them about what you did to small businesses, what you have done to utility rates, what you have done to increase the costs of health insurance premiums, what you've done to increase license fees, registration fees, tax on wine, tax on beer, tax on cigars -- anything, you taxed it. And that was wrong.

So hopefully, hopefully at some point the Democrats will come to your senses, the Governor will come to his senses. He does have an opportunity to eliminate, through veto, some of these things.

But I hope you come to your senses and understand that this is not about patting yourself on the back and saying what a great job we did during these difficult times. Your job is to represent the people of this state, your constituents, and not make their lives more difficult during these difficult recession economic times.

So I appreciate, Mr. President, the courtesy for allowing me to speak.

ACTING PRESIDENT VALESKY: Senator Smith.

SENATOR SMITH: Thank you very much, Mr. President.

This week we saw and were a part of two things that I believe should help all of us put our life into some perspective.

We saw Senator Ruth Hassell-Thompson, a dear colleague of ours,

who became ill. And because of her commitment to her career and her job, because of other commitments to each and every one of you in this chamber and those of you under the sound of my voice, she pulled herself out of the hospital in a wheelchair, twice, and came to this chamber to do her job.

Whether you disagree or agree with her in terms of what she believes in, her ideology, the bottom line is her commitment to the job, to the people of this state, is very clear by her action.

You saw our dear colleague Senator Libous, who spent 45 minutes with me in my office almost in tears about what was happening in Binghamton. He got on the phone, and I suggested to him, "Check with your wife, where is she, where is your children" -- he said in the Bronx, he wasn't worried. And I said, "Make sure your family is nowhere in that surroundings."

Senator Adams was in my office and ministered to him by telling him what to do with his office in terms of dealing with the

people that was at a scene, a law enforcement scene, that took them by surprise. He explained to him what he should be doing.

Didn't matter that Senator Libous had a different ideology than Senator Ruth Hassell-Thompson, didn't matter that Senator Libous or Senator Ruth Hassell-Thompson had a different ideology than Senator Carl Kruger or Senator Bonacic.

What mattered was that there was two moments that occurred that required us as members of a body to rise above everything and recognize that there is a purpose for us being here, and we have to be there for each other when that moment occurs, like it or not.

We have colleagues here who did a tremendous job -- on both sides of the aisle. I heard most of the debate. Senator Carl Kruger did a tremendous job.

My colleague, my deputy, my friend Senator Jeff Klein did a tremendous job, sitting here hours and hours over the last three or four days, taking a lot of grief, taking a lot of accusations.

Senator Valesky, things being spoken to him that we thought shouldn't be spoken on the floor of the Senate.

But we stayed here, and we did our job. The staff on both sides worked countless hours, from three weeks ago, 24 hours a day, seven days a week. Eating pizza, peanut butter and jelly, anything that was required to keep their energy high. On both sides of the aisle. I can't imagine what you went through. But I know we all went through a lot, and I thank the staff tremendously.

My colleagues, again, whether it was Senator Adams, whether it was Senator Parker, whether it was Senator Liz Krueger, whether it was Senator Schneiderman, whether it was Tom Duane, whether it was my good friend Antoine Thompson, Toby Stavisky, Shirley Huntley, whether it was Craig Johnson, whether it was Brian Foley.

The bottom line is -- Senator Espada, Senator Monserrate -- everyone put time in because they believed in why they were here.

I want to thank the Governor, and I want to thank the Speaker as well. Because they also were part of doing what they thought was the best thing for all of us.

But I do want to put a little bit of this in some perspective, and I want to read something that was a Post editorial.

It says: "There was much ballyhoo about a not-late budget approved by legislators last week, which may not have been late, but it was incomplete, it was not openly arrived at, and it was not honest." That was in 2005. You were in the majority.

Then let's go further. The editorial says, about conference committees -- I didn't write this; it's the Post, 2005 -- "The public seemed to be largely appeased by the mock negotiating sessions in which lawmakers pretended to hash out spending plans but in reality discussed the agreements that had already been agreed to behind closed doors." 2005. I didn't write that.

I've got one more for you, because I know there was much discussion about

spending. And we all know that you cannot cut your way back to prosperity. The President, thank God for him, understands that every economist from here to Europe has told you that you have to spend money in order to stimulate the economy, especially in this kind of recession.

"Pataki figures the true price of the budget will be $115 billion. Four years ago, the bill was $91 billion, including boatloads of fat and waste. This year, it will be some $25 billion more, a whopping 27 percent jump." That was 2005-2006.

This budget is not a 25 percent jump. This budget is not $25 billion more than last year. The budget this year is $131.8 billion. I think Senator Krueger and Senator Kruger spelled it out very carefully to you. $7.2 billion was stimulus. $2 billion restoration -- that's real money -- for hospitals, for schools, for programs in many of your districts; SUNY, very important to all of us.

$1.2 billion reappropriation for

capital. Most of that capital money is your projects. We wasn't in the majority last year. Your capital money has not been released yet. That's your money.

Debt service. Your debt service. We did not bond the future like the Pataki eras. You did that.

Now, let's talk about what this budget does. By enacting this budget, a $17.7 billion gap that we had, we have reduced our multiyear deficit by 80 percent. This is real economic math. $60 billion multiyear deficit, it now goes down to $11 billion. Check the rating companies. Check your economists. This is good budgeting.

Let's talk about the General Fund. $55.3 billion General Fund. We decreased the General Fund, by the way, by $21 million from your budget from last year, which is actually, when you adjust it for inflation, a 3 percent cut in spending.

Don't feel bad about this budget, my colleagues. You did the right thing.

Now let's talk a little bit about

the PIT. Because I know everybody says the PIT, you did a $4 billion PIT, you're taxing people out of the State of New York. They're all leaving. Everybody making over $200,000, $300,000 are leaving.

And I know some of you make over $200,000. You're not leaving. I know you're not leaving.

But more importantly, let's put that in perspective, ladies and gentlemen, my colleagues, my staff, staff on both sides. Ninety-six percent of the people in the State of New York are not impacted by the PIT. I'll say it again. Ninety-six percent of the people in the State of New York are not impacted by this PIT.

Four percent. And I think some of you on this side of the aisle are in that 4 percent, and I'm sorry. But I don't think you'll leave. I think you will help out the State of New York because you're committed public servants and you know that means trying to put us back on track. And I thank you for that.

In terms of the process, am I happy with the process? Absolutely not. Where I pointed out the process to you in 2005 and 2006, it wasn't to point a finger and it wasn't to say two wrongs make a right. Two wrongs do not make a right.

We have to do better. We campaigned on reform. We campaigned on transparency. We changed the rules when we first got here so that Senator Bonacic and Senator Valesky could chair a reform committee which they will put out a report by the 24th to both Dean and I. And we together are going to make some adjustments on how this chamber is run.

But we did not create this moment. We inherited this moment. All we did was make tough decisions about a bad situation that was created 12 years ago. And I appreciate your passion, but I need all of you to take a moment and think about the past. You created this past.

And on top of this was the recession, which we didn't create.

Foreclosure markets, deregulation down on Wall Street, we all know about that. That contributed to what is now one of the worst economic moments in our history. But on top of that, it was the out-of-control spending that went on for 12 years. So all we're trying to do is correct it.

We can't cut our way back to prosperity. We have to spend some money. So you heard my colleague Senator Duane: $800 million in restorations for hospitals, $16 million for upstate hospitals, suburban and community hospitals.

You heard my colleague Suzi Oppenheimer talk about school funding at the 2008-2009 level, maintain foundation aid and high tax aid, restore teacher centers and libraries.

Toby Stavisky talked about full restoration, $42 million, of SUNY and CUNY, $65 million full restoration of college base aid. Medgar Evers is going to have its senior college status. $25 million for SUNY hospitals.

You heard Senator Antoine Thompson, his bottle bill, 20 percent back to distributors, $22 million for parks and for botanical gardens. A green initiative in Buffalo.

Rockefeller drug laws, you heard Senators Hassell-Thompson, Schneiderman, and Sampson. Forty years, that law has not changed. It will save us close to $250 million, a quarter of a billion dollars that we can recycle. Fourteen-hundred police officers back on our streets. Operation S.N.U.G. Gun violence, gang violence, gun violence, shooting people -- this program helps to change that and stop that.

Bill Stachowski: Film industry, we get $3 for every $1 we invest. Centers for Advanced Technology. Waterfront development in Buffalo.

Senator Espada, rural housing assistance, $25 million in foreclosure prevention.

Senator Dilan, a billion dollars for highways, $2 billion for rails.

And as much as we talked about the STAR program, there is still $3.3 billion in property tax relief through the STAR program.

Do we have to do mandate relief? Yes, and we will. Do we have to deal with property taxes? Yes, and we will. Do we have to deal with the MTA so that bridges and roads in upstate and suburban Long Island get their just due? Yes, and we will.

And we did all of that, as my good friend Senator Kruger told you, with 13 public hearings. That's pretty public. Four hundred twenty-eight groups testified at those hearings. That's pretty public. One thousand letters that we received in one office; that was pretty public.

You heard Senator Maziarz. Welcome to the 21st century; I heard you talk about Twitter and MySpace, all the social networks. God bless you for that, because that's the real world. We had 10,000 hits on our social network. One thousand pages of testimony.

Now, could we have done better than that, colleagues? There's no question. But

that clearly was not a secret process. Many of you, whether you felt it was accessible at the rate that you wanted it to, had dialogue and sent communication to our colleagues. Some of that information that you shared with them was in the budget, and you heard that during these last three days of testimony.

So what I'm saying to each and every one of you is -- and I differ with my respected colleague, Senator Skelos. I think you have a lot to be proud of. Because you know when leadership is made? Leadership is made when crisis is at its best. And we are at a crisis right now, ladies and gentlemen. Don't be fooled. There is no state in this country, no state in this country that is not at crisis level. And this is the year that Democrats and Republicans, the 62 members of this body, put New York State in a place where it's going to be back on track.

Are there some things that are going to hurt? There's no question about it. You think I want to tax people? I ran a business for 12 years, real estate

development. The last thing I want to do is tax my income. I need my money. But at the same time, we have an obligation to take care of those who need being taken care of. That's just the way life is.

We are not going to be here forever. There are generations coming after us. We are here for the purpose of those next generations. And whether you like it or not, that's the obligation that you accepted when you signed your oath of office, for good or bad or indifferent. It's like marriage, till death do you part. You have to be there for good times and bad times.

And this may not be the best of times, but we're here. We are here. And so now we have to do our job.

So I appreciate your passion. I understand your passion, Senator Fuschillo. I understand your passion, Senator Maziarz. I understand your passion also, Senator Morahan.

But look at me in my eyes. Do you really believe that I came to this place, like my colleagues, to hurt somebody? Do you

really believe that I came to this august body, like my colleagues, because we wanted to devastate somebody's life, that we wanted to destroy somebody's business, that we wanted to make sure somebody moves out of the State of New York?

You don't believe that for one moment. There's just no way you want to believe that. You know me. You know my heart, you know my passion. You know my colleagues, when you talk to each other when you're inside that room, the lounge, different from this floor.

And I tell you as I stand here before you, we all have an obligation to do what's best for this state. This is not the best of times, Mr. President. But I will tell you, the best of times is coming.

And all we have to do is stand firm, deliver the bad news like leadership can do, be forward and honest, but at the same time deliver the good news that we stood up and did what we had to do during one of the worst crises in the State of New York. And

God will bless all of us for taking on the challenge that we took on today.

Thank you very much.

(Applause.)

ACTING PRESIDENT VALESKY: Senator Smith.

SENATOR SMITH: Mr. President, is there any further business at the desk?

ACTING PRESIDENT VALESKY: Senator Smith, the desk is clear.

SENATOR SMITH: There being none, Mr. President, I move that we adjourn until Monday, April 6, at 3:00 p.m., intervening days to be legislative days.

And I would ask that the Democratic Majority come to the Majority Conference Room for a five-minute conference.

ACTING PRESIDENT VALESKY: On a motion by Senator Smith, and there being no further business to come before the Senate, the Senate stands adjourned until Monday, April 6th, at 3:00 p.m., intervening days being legislative days.

(Whereupon, at 4:45 p.m., the Senate adjourned.)