NEW YORK STATE SENATE

THE STENOGRAPHIC RECORD

ALBANY, NEW YORK

May 2, 2018

11:03 a.m.

REGULAR SESSION

SENATOR GEORGE A. AMEDORE, JR., Acting President

FRANCIS W. PATIENCE, Secretary

P R O C E E D I N G S

ACTING PRESIDENT AMEDORE: The Senate will come to order.

And I ask that everyone present please rise and repeat after me the Pledge of Allegiance.

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

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

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

ACTING PRESIDENT AMEDORE: The reading of the Journal.

THE SECRETARY: In Senate, Tuesday, May 1st, the Senate met pursuant to adjournment. The Journal of Monday, April 30th, was read and approved. On motion, Senate adjourned.

ACTING PRESIDENT AMEDORE: 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 DeFrancisco.

SENATOR DeFRANCISCO: Yes, I'd just like to make an announcement. Session starts at 11:00 o'clock. And there's some members in the chambers. But if you're somewhere that you can hear me, it would be nice that you would be here as well, because we're going to start bills soon and we want to do this in a reasonable amount of time. So that's my request, that's my plea, that we can get more people in the chamber.

With that said, could we take up previously adopted Resolution 4628, by Senator Marchione, read the title only, and call on Senator Marchione to speak.

ACTING PRESIDENT AMEDORE: The Secretary will read.

THE SECRETARY: Legislative Resolution Number 4628, by Senator Marchione, memorializing Governor Andrew M. Cuomo to proclaim May 2018 as Huntington's Disease Awareness Month in the State of New York.

ACTING PRESIDENT AMEDORE: Senator Marchione.

SENATOR MARCHIONE: Thank you, Mr. President.

I rise to speak on this resolution that proclaims Huntington's Disease Awareness Month in our state.

Huntington's disease is a devastating hereditary degenerative brain disorder for which there is presently no effective treatment or cure. This debilitating disease slowly diminishes the affected individual's ability to walk, think, talk and reason. This disease eventually makes the person affected completely dependent on others for care.

Huntington's disease profoundly affects the lives of entire families -- emotionally, socially and economically.

Over a quarter of a million Americans have been diagnosed with Huntington's disease or are at risk of inheriting the illness from an affected parent.

In 2011, the Albany affiliate of the Huntington's Disease Society of America was formed, with the mission of bringing awareness to

the public regarding Huntington's disease and to raise funds to be used for research, care and education.

My resolution seeks to provide greater public awareness of Huntington's disease and increase activity at local, state and national levels to support those afflicted, as well as their families and caregivers.

Joining us today are members of the Huntington's Disease Society of America, Albany Chapter. Thank you all for being here today, and welcome to the State Senate.

Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: Senator DeFrancisco.

SENATOR DeFRANCISCO: Yes, I believe this has been offered for cosponsorship. If you would like to cosponsor this resolution, please notify the desk.

ACTING PRESIDENT AMEDORE: The resolution is open for cosponsorship. If you would like to be a cosponsor, please notify the desk.

SENATOR DeFRANCISCO: Could we now take up previously adopted Resolution 3138, by

Senator Marchione, title only, and call on the Senator to speak.

ACTING PRESIDENT AMEDORE: The Secretary will read.

THE SECRETARY: Legislative Resolution Number 3138, by Senator Marchione, commemorating the 67th annual observance of the National Day of Prayer in the State of New York, Thursday, May 3, 2018.

ACTING PRESIDENT AMEDORE: Senator Marchione.

SENATOR MARCHIONE: Thank you, Mr. President.

I rise to speak on my resolution commemorating the 67th annual observance of the National Day of Prayer in New York State as this Thursday, May 3, 2018. The theme for this year's National Day of Prayer is Pray for America - UNITY, based upon Ephesians 4:3, challenging us to mobilize unified public prayer for America, to keep the unity of the spirit through the enduring bond of peace.

During the 67th Annual National Day of Prayer, millions of Americans will pray at thousands of events being held all across our

nation. Locally, there are two National Day of Prayer events taking place tomorrow. The first will occur at noon in the West Capitol Park, and another event will take place at 6 p.m. at Jennings Landing.

Prayer has always been a vital part of our nation's heritage. Americans pray to guide, unite, and heal in times of peace and prosperity, tragedy and joy, comfort and conflict. Prayer has always provided sustenance, affirmed our purpose, and strengthened our resolve.

By observing the National Day of Prayer in New York State on May 3rd, we can acknowledge our blessings, express gratitude, and recognize the continued need for strengthening religious and moral values in our state and our nation.

Thank you again for your support of my resolution.

ACTING PRESIDENT AMEDORE: Senator DeFrancisco.

SENATOR DeFRANCISCO: Yes, this is also open for cosponsorship. Please notify the desk if you'd like to cosponsor.

ACTING PRESIDENT AMEDORE: The resolution is open for cosponsorship. If you'd like to be a cosponsor, please notify the desk.

Senator DeFrancisco.

SENATOR DeFRANCISCO: I'd like to now take up previously adopted Resolution 4324, title only, and call on Senator Tedisco to speak.

ACTING PRESIDENT AMEDORE: The Secretary will read.

THE SECRETARY: Legislative Resolution Number 4324, by Senator Tedisco, congratulating Stevo Poulin upon the occasion of capturing the 99-pound Division I wrestling title at the New York State Public High School Athletic Association Wrestling Championships on February 24, 2018.

ACTING PRESIDENT AMEDORE: Senator Tedisco on the resolution.

SENATOR TEDISCO: Mr. President, I'm going to take up -- because we have two resolutions, I guess, one for Nick Lydon and one for Stevo Poulin. And I'm going to make my comments now in relationship to both of them, because they are all both up there with their parents and their families, and if that's okay, I

will do that.

Mr. President, the 49th Senate District is blessed to have many fine academic institutions, and one of those is Shenendehowa High School in Clifton Park, which is in my district and which I represent along with Senator Marchione. Shenendehowa is a true powerhouse for its great academic and athletic programs.

With us today are two Shenendehowa student-athletes, who this year truly excelled to the highest state level, becoming state champions in two different sports, diving and wrestling.

Our first honoree from Shenendehowa high school is the state 99-pound Division I wrestling champion, Stevo Poulin, who is a freshman. State champion as a freshman.

Stevo, could you stand up?

Stevo captured his state wrestling title on February 24th, just down the street at the Times Union Center here in Albany. The title capped off a season where Stevo compiled an outstanding record as a freshman, a 44-1 record. As the number two seed, Stevo earned a 7-1 decision victory over his number-one seeded opponent, who was from Massapequa High School.

During the tournament, Stevo scored an incredible 57 points -- that's two more than my record, but it's a different sport -- in four matches, winning his first three bouts by technical fall. This was his first state wrestling title -- but more than likely, it will not be his last.

Stevo is a career wrestler in national youth tournaments and is only a freshman, as I stated. In fact, just prior to entering high school, Stevo established himself in the sport at the national level, winning the 2017 National High School Coaches Association Nationals in the 85-pound weight class.

Congratulations to you, Stevo Poulin.

(Applause.)

SENATOR TEDISCO: You want to call that now? Go ahead.

ACTING PRESIDENT AMEDORE: The Secretary will read.

THE SECRETARY: Legislative Resolution Number 4379, by Senator Tedisco, congratulating Nick Lydon upon the occasion of capturing the Class AA New York State Public High

School Athletic Association Diving Championship on March 2, 2018.

ACTING PRESIDENT AMEDORE: Senator Tedisco on the resolution.

SENATOR TEDISCO: Thank you, Mr. President.

You want to stand up, Nick, as I say a few words and introduce you?

Our second honoree from Shenendehowa High School, as has been stated, is a Class AA division champion, Nick Lydon. Nick, who is a senior, capped off a stellar scholastic diving career with a state championship on March 2nd at the Nassau County Aquatic Center in East Meadow.

Nick scored 559.25 points in the 11-dive event, and placed first after finishing third as a junior, sixth as a sophomore, and 10th as only a freshman.

Earlier in the season, Nick Lydon shattered the New York State Public High School Athletic Association 11-dive meet record mark with a score of 661.75 at the annual Shenendehowa Invitational.

In addition to his success at the state level, Nick captured his fourth consecutive

Section 2, Division I diving title this season. Earning a full scholarship, Nick will continue his academic pursuits and diving exploits at the University of Florida this fall.

Joining Nick Lydon and also Stevo Poulin today are their outstanding coaches, Wrestling Coach Rob Weeks -- Rob, you want to stand up so we can identify who you are -- Diving Coach Dennis Hogan, Assistant Christopher M. Capezutti, Athletic Director -- I don't know if Chuck Dunham is here.

And of course our athletes are joined by the best support system any competitor can have, and that's their families. If the family would stand up, we'd like to salute them also, also if they could.

Mr. President, please welcome Nick Lydon and again Stevo Poulin and extend to them all the cordialities of this chamber. And we congratulate them on their unbelievable success.

I think maybe Senator Marchione, would you like to say a few words before you do that? So I'll turn it over to Senator Marchione, who is the other Senator.

ACTING PRESIDENT AMEDORE: Senator

Marchione on the resolution.

SENATOR MARCHIONE: Thank you --

SENATOR DeFRANCISCO: Excuse me. Mr. President, I'm losing control here.

(Laughter.)

SENATOR DeFRANCISCO: Senator Tedisco is directing traffic from that seat.

ACTING PRESIDENT AMEDORE: I see that, Senator.

SENATOR DeFRANCISCO: But would you do me a favor now and call on Senator Marchione.

ACTING PRESIDENT AMEDORE: Senator Marchione on the resolution.

SENATOR MARCHIONE: Thank you, Mr. President. Thank you, Senator Tedisco.

I would just like to add my congratulations to wrestler Stevo Poulin and champion diver Nick Lydon. Congratulations to both of you.

You know, as we spoke outside when we were having photographs taken, I said in both of your sports, you know, the value of team, the value of learning how to work together are skills that you will take with you forever. And you learn that in your respective sports. But each

of you also learn what you're made of and how you can stand up by yourself and be a success. And that's exactly what both of you are, a tremendous success.

I'm sure a great deal of pride comes from your parents and your coaches, all who have worked very hard so you are where you are. The sacrifices of your parents -- I said earlier I know some of those sacrifices, because my legislative director Daphne Jordan's son James swims with you, and I hear it all the time. And she needs to be out all the time so she can be with her son.

And I know that both sets of parents here are exactly the same. And you owe a great deal of gratitude to your parents and to your coaches. But mostly, congratulations to each of you on the tremendous success that you've achieved.

Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: To Stevo, to Nick, to the parents and to the coaches, we welcome you, we extend the cordialities of the house, and we want to congratulate all of your efforts, from the

coaches, for your guidance, to the parents, for your dedication and sacrifice. And to the athletes, job well done. Stick it out. And you're going places.

So we welcome you. Congratulations.

(Standing ovation.)

ACTING PRESIDENT AMEDORE: I also want to recognize a group here on a previous resolution from Senator Marchione, in the Huntington's Disease Society of America, the Albany Chapter, who is also in the gallery. We welcome you and also extend the cordialities of the house. Thank you for your passion and love.

(Applause.)

ACTING PRESIDENT AMEDORE: Senator DeFrancisco.

SENATOR DeFRANCISCO: The two Tedisco resolutions are open for cosponsorship. If you want to cosponsor, please notify the desk.

ACTING PRESIDENT AMEDORE: The resolutions are open for cosponsorship. If you would like to, please notify the desk for cosponsorship.

Senator DeFrancisco.

SENATOR DeFRANCISCO: Yes, could we

now take up the noncontroversial reading of the calendar.

ACTING PRESIDENT AMEDORE: The Secretary will read.

THE SECRETARY: Calendar Number 283, by Senator Flanagan, Senate Print 6973, an act in relation to authorizing.

ACTING PRESIDENT AMEDORE: There is a home-rule message at the desk.

The Secretary will read the last section.

THE SECRETARY: Section 6. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

THE SECRETARY: Ayes, 60.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 293, by Senator Jacobs, Senate Print 5982A, an act to amend the Legislative Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 5. This

act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 59. Nays, 1. Senator LaValle recorded in the negative.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 294, by Senator Jacobs, Senate Print 6095, an act to amend the Legislative Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 4. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: In relation to Calendar 294, those recorded in the negative are Senators Alcantara, Bailey, Comrie, Gianaris,

Hoylman, Krueger, Mayer, Parker, Rivera, Sanders, Savino and Sepúlveda.

Ayes, 48. Nays, 12.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 637, by Senator Jacobs, Senate Print 5791, an act to amend the State Administrative Procedure Act.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect on the first of January.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

THE SECRETARY: Ayes, 60.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 638, by Senator Akshar, Senate Print 6706, an act to amend the State Administrative Procedure Act.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 3. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 910, by Senator Akshar, Senate Print 1116A, an act to --

SENATOR KLEIN: Lay it aside.

ACTING PRESIDENT AMEDORE: The bill is laid aside.

THE SECRETARY: Calendar Number 911, by Senator Akshar, Senate Print 1126A, an act to amend the Executive Law.

SENATOR KLEIN: Lay it aside.

ACTING PRESIDENT AMEDORE: The bill is laid aside.

THE SECRETARY: Calendar Number 912, by Senator Ritchie, Senate Print 1469A, an act to amend the Education Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Senator Mayer to explain her vote.

SENATOR MAYER: Thank you, Mr. President. I'm pleased to support this bill, which reflects the importance of career and technical education for all of New York's students. Unfortunately, the bill does not reach every district, specifically the Big Five cities and my district, which includes the City of Yonkers.

The Yonkers Public Schools strongly encourage CTE education as an important path for Yonkers students, but this bill would be better if it included an increase in per-pupil reimbursement for CTE programs within the Big 5, which would make sure that all of New York's students are included in the benefits of the bill.

Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: Senator Mayer, you're in the affirmative?

SENATOR MAYER: I'm voting in the

affirmative. Thank you.

ACTING PRESIDENT AMEDORE: Thank you. Senator Mayer in the affirmative.

Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 913, by Senator O'Mara, Senate Print 2120A, an act to amend the Tax Law.

SENATOR KLEIN: Lay it aside.

ACTING PRESIDENT AMEDORE: The bill is laid aside.

THE SECRETARY: Calendar Number 914, by Senator Jacobs, Senate Print 2124B, an act to amend the Education Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 915, by Senator Gallivan, Senate Print 2133, an act to amend the State Administrative Procedure Act.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Senator Krueger to explain her vote.

SENATOR KRUEGER: Thank you, Mr. President.

I think you'll find that many of us are voting no because this creates a redundancy. It's a task force to review SAPA, which is already an entity to review, with very active membership by the Legislature.

So I don't think the intention is to want to create even more administrative layers to

review concerns that people have, hence the no votes.

Thank you, Mr. President. I vote no.

ACTING PRESIDENT AMEDORE: Senator Krueger in the negative.

Announce the results.

THE SECRETARY: In relation to Calendar 915, those recorded in the negative are Senators Avella, Comrie, Hoylman, Kavanagh, Krueger, Parker, Rivera, Sanders and Serrano. Also Senator Alcantara. Also Senator Bailey.

Ayes, 50. Nays, 11.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 916, by Senator LaValle, Senate Print 2232A, an act to amend the Education Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 918, by Senator LaValle, Senate Print 2999A, an act to amend the Economic Development Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 4. This act shall take effect on the 180th day.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 919, by Senator Gianaris, Senate Print 3042, an act to amend the New York City Civil Court Act.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 5. This act shall take effect on the first of January.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 922, by Senator Gallivan, Senate Print 3392A, an act to amend the Economic Development Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 923, by Senator Montgomery, Senate Print 3739, an act to amend the Education Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect on the 120th day.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 58. Nays, 3. Senators Croci, Murphy and Ranzenhofer recorded in the negative.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 924, by Senator Akshar, Senate Print 4120A, an act to amend the Executive Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the

roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 60. Nays, 1. Senator Kavanagh recorded in the negative.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 925, by Senator Jacobs, Senate Print 4590A, an act to amend the State Administrative Procedure Act.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 5. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 60. Nays, 1. Senator Hoylman recorded in the negative.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 926, by Senator Jacobs, Senate Print 5828, an act to amend the Legislative Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 5. This act shall take effect on the 90th day.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

THE SECRETARY: Calendar Number 929, by Senator Golden, Senate Print 6793A, an act to amend the Tax Law.

ACTING PRESIDENT AMEDORE: Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Announce the results.

THE SECRETARY: Ayes, 61.

ACTING PRESIDENT AMEDORE: The bill is passed.

That completes the noncontroversial reading of the calendar, Senator DeFrancisco.

SENATOR DeFRANCISCO: Yes, Mr. President, would you take up Calendar 913, Senate 2128, by Senator O'Mara, off of the controversial calendar, please.

ACTING PRESIDENT AMEDORE: The Secretary will ring the bell.

The Secretary will read.

THE SECRETARY: Calendar Number 913, by Senator O'Mara, Senate Print 2120A, an act to amend the Tax Law.

SENATOR KRUEGER: Explanation.

ACTING PRESIDENT AMEDORE: Senator Krueger.

SENATOR KRUEGER: I requested an explanation, Mr. President.

ACTING PRESIDENT AMEDORE: Senator O'Mara.

SENATOR O'MARA: Yes,

Mr. President. This bill is a small business tax cut that is much needed in New York State, as we continually are at the bottom of the list of business-competitive states. Our tax burdens are too high in this state. This bill is an effort to ease that burden on our small businesses.

In short, it cuts the small business corporate tax rate from 6.5 percent to 4 percent, and then from 4 percent to 2.5 percent over the years 2019 and 2020.

It further reduces the personal income tax rates -- or increases the exemption of personal income tax for pass-through entities, those being sole proprietors, LLCs, partnerships and S corporations. Currently the exemption stands only for sole proprietors, so we're expanding that to improve LLCs, partnerships and S corps. And it increases that exemption from a current income level of maximum $250,000 to an increase of $500,000. So we're doubling the income threshold that qualifies for this and increasing the percentage of exempt income of that amount from the current 5 percent to -- in 2019, it will be 10 percent, in 2020 and thereafter, it will be 15 percent. It increases

the farm businesses to 20 percent in 2019 and over and --

ACTING PRESIDENT AMEDORE: Excuse me, Senator O'Mara.

Can we have some order in the house, please. It's hard to hear.

SENATOR O'MARA: And it also will increase -- or include that exemption for New York City personal income tax as well, at a 15 percent income exemption of 2019 and after.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor would please yield to questions.

ACTING PRESIDENT AMEDORE: Senator O'Mara, will you yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: What is the definition of income that is being used for this bill?

SENATOR O'MARA: It is the -- for which part? For the corporate part or for the personal income tax part?

SENATOR KRUEGER: Let's start with the personal income and then we'll go to corporate.

SENATOR O'MARA: Well, it's personal income tax attributed to that net business income for the entity for up to the first 500,000 of income.

Now, if it's a multiple-owned entity, such as a partnership or shareholders in an S corp. or an LLC, it would be those individual owners up to $500,000 each. However, if the aggregate income of that entity exceeds $1.5 million, the exemption does not apply to any of those owners.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Senator Krueger.

Does the sponsor continue to yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: Thank you.

So I could have an LLC -- I could have a group of LLCs with a group of partners owning the LLCs, and as long as we make sure that no individual LLC is ever defined as having income of greater than 1.5, we could all take this deduction from our taxes, jumping from

5 percent to 20 percent? Excuse me, 5 percent to 15 percent.

SENATOR O'MARA: Those entities are treated separately. The separate entities are not aggregated together. Each LLC would be entitled to that exemption.

SENATOR KRUEGER: So again, Mr. President, through you if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Will the sponsor yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: Thank you.

So I and a total of five people own 25 LLCs. We can each take a deduction on each LLC as long as each LLC does not have income greater than 1.5 million?

SENATOR O'MARA: It is -- to clarify, I guess, my last answer and answer that question as well, since it's on the individual taxpayer, not the -- the LLC is not paying tax, the individual member of that LLC is paying it. So that individual, if they're earning -- and all those entities over 1.5 million, then they don't get the exemption. They're not -- I was unclear

in my last answer, I think. They're not aggregated -- they're not treated separately. Because it's personal income tax, they're not aggregating all the LLCs. It's going through your personal income tax return.

SENATOR KRUEGER: Maybe I'm not asking the question correctly. Through you, Mr. President, if I can clarify my question.

ACTING PRESIDENT AMEDORE: You may.

SENATOR KRUEGER: So I'm one of five partners who owns 25 LLCs. So I own a share in 25 LLCs. I am going to take a personal income tax deduction for myself for my share of each of those 25 LLCs, a one-fifth share of each of those 25 LLCs. As long as each individual LLC doesn't go over 1.5 million, I can do that, take a one-fifth share --

SENATOR O'MARA: No. No.

SENATOR KRUEGER: Where in the bill am I not allowed to?

SENATOR O'MARA: You as the shareholder or a member of the LLC would be entitled to the exemption on your income up to $500,000. You don't get it for each LLC. You're filing your taxes on your personal income tax

return for all those LLCs under your income tax return, the income that you earned from all those. So those are all aggregated together in determining both the $1.5 million aggregate cap and the $500,000 individual.

SENATOR KRUEGER: So I can take an exemption up to $500,000?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: Okay. So through you, Mr. President --

SENATOR O'MARA: Except not up to $500,000. It's an exemption of that $500,000 of income of -- depending on what year. Right now it's 5 percent, so you would get 5 percent of that $500,000 exempt from taxes.

SENATOR KRUEGER: Through you, Mr. President. So we're jumping to 15 percent -- through you, Mr. President, if the sponsor would yield.

ACTING PRESIDENT AMEDORE: Will the sponsor continue to yield?

SENATOR O'MARA: Yes.

ACTING PRESIDENT AMEDORE: Yes.

SENATOR KRUEGER: So now it's 5 percent, but it would become 15 percent under

your bill.

So I'm asking the question if I own a portion of 25 LLCs, I get to calculate it for each LLC -- but then you're saying there is some maximum deduction from my taxes in total that I can take. So what is that maximum deduction for me, for my personal taxes, even though I'm an owner of 25 LLCs?

SENATOR O'MARA: The maximum exemption that you would get would be the percentage, currently 5 percent, of $500,000 -- of that income would be exempt from taxation.

SENATOR KRUEGER: So it's jumping to 15 percent.

SENATOR O'MARA: Correct.

SENATOR KRUEGER: Okay. Through you, Mr. President, if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Will the sponsor continue to yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: Thank you.

And what is the estimated cost to the State of New York from making this change, or the two changes in the bill?

SENATOR O'MARA: To the State of New York, in our current fiscal year of 2018-'19, there's no fiscal impact. In fiscal year 2019-'20, it would be $200 million. In fiscal year '20-'21, it would be $346 million. In fiscal year '21-'22 and beyond, it would be $495 million per year.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor could continue to yield.

ACTING PRESIDENT AMEDORE: Does the sponsor continue to yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: And this bill would also apply to New York City taxes but no other local taxes?

SENATOR O'MARA: No other localities have an income tax.

SENATOR KRUEGER: Well, actually, Yonkers has --

SENATOR O'MARA: Well, you're right, Yonkers does.

SENATOR KRUEGER: Yonkers has an income tax.

Does this apply to Yonkers?

SENATOR O'MARA: No, it does not. But perhaps that's an oversight.

SENATOR KRUEGER: You just chose New York City.

SENATOR O'MARA: Perhaps that's an oversight.

And.

SENATOR KRUEGER: And what is the -- through you, Mr. President, if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Does the sponsor continue to yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: What is the estimated growing cost to the City of New York through your projections?

SENATOR O'MARA: Excuse me?

SENATOR KRUEGER: What's the estimated cost to the City of New York for your bill?

SENATOR O'MARA: I had those costs broken out here, but I would like to clarify my last answer when you asked this for the state, that it's not really a cost to the state, it's not a cost to the City of New York. This is

allowing business owners, business taxpayers, to retain more of their earnings. It's less that the state or the city is taking from these businesses that provide jobs to our citizens that we need.

The fiscal impact of this, of what businesses in New York City would save, for this current year is zero. For the '19-'20 fiscal year, it's $46 million that New York City businesses would save. In '20-'21, it would be $80 million. In '21-'22, it would be $115 million.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor would continue to yield.

SENATOR O'MARA: Yes.

ACTING PRESIDENT AMEDORE: The sponsor continues to yield.

SENATOR KRUEGER: So we're having a semantic discussion. I asked you what it would cost, and you pointed out it simply means businesses aren't paying those taxes. So that's true, it saves them that tax cost.

But of course government operates under revenue that it collects from taxes.

That's the structure we live under.

So through you, Mr. President, if the sponsor would tell me what we should cut out of the state budget with the loss of $495 million in tax revenue from this bill?

SENATOR O'MARA: Frankly, I -- with typical growth in revenues, I don't believe there would have to be cuts anywhere else. Some other areas might not grow to a certain extent, but I think this can be made up with economic growth and the overall growth in revenues that are collected from year to year in this state and in the City of New York.

SENATOR KRUEGER: And through you, Mr. President, if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Does the sponsor continue to yield?

SENATOR O'MARA: Yes.

SENATOR KRUEGER: And since we are reducing the revenue to the City of New York by cutting their personal income tax revenue, does the City of New York support this bill?

SENATOR O'MARA: I don't believe we have a memo in either opposition or support from

it.

SENATOR KRUEGER: On the bill, Mr. President.

SENATOR O'MARA: But since in this body we seem to have no problem levying all types of other regulations and rules on the City of New York, this really should be considered no different than all the rest of the things that the New York City Council could do a request on their own that we do for them here.

ACTING PRESIDENT AMEDORE: Senator Krueger on the bill.

SENATOR KRUEGER: I want to thank the sponsor for his answers.

I particularly enjoy his last comment, because I have frequently pointed out that this legislative body does consistently make determinations for the City of New York that the City of New York did not ask for and in fact has urged us not to do.

So it is consistent with the practice of this house. And that's one of the fundamental problems at the moment with Albany. When it comes to localities, we don't seem to recognize their needs or their requests.

It's also interesting that I would argue many of my colleagues strongly support our putting limits and rules and requirements on new unfunded mandates for localities. In fact, just a little while ago we all voted for Calendar 926, S5828, by Senator Jacobs. I think we all voted for it -- I know I voted for it because it would require review of unfunded mandates.

And I would simply like to highlight that among the other issues I have with this bill, it's a new unfunded mandate on the City of New York, to take away their revenue without any discussion with them. So I think it actually flies in the face of some of the things we all think we support here.

I have several problems with this bill. One, because it has such a large price tag, it's actually the kind of bill that needs to be dealt with within the context of the budget. That's where we do primary revenue/tax policy bills. But I imagine that if this were to pass both houses, that would be exactly what the Governor said in his veto message.

Two, it's not a bill that's targeted to small businesses with economic problems. And

in fact if you take a look at existing tax policy -- made more so under the new Washington Trump tax changes -- we've actually been significantly reducing business taxes while doing very little for private people, particularly in high-property-tax areas. This is not targeted to small start-up businesses, small businesses with a certain number of employees.

I found it particularly interesting that the bill doesn't even require the business have one employee. Which is why I was asking questions about the LLCs as an example, where I might be a very wealthy investor in a large number of LLCs without even having any employees, and I would be able to maximize my reductions in my taxes thanks to this bill.

But let's say it was in real estate, I owned individual houses or individual buildings, each of which were LLCs separately. I would have a huge tax reduction but no actual new creation of economic activity -- and again, might not even have to have one employee to take this.

So I do think it's important to think carefully about targeting our proposed tax changes to those in greatest need. And I see

nothing in this bill that assures us of that.

There are two sections of the bill. I focused my questions on the corporate section. There is another section of the bill that involves lowering the tax rates for small businesses with a maximum income of $500,000. I have less problems with that section of the bill, and perhaps I wouldn't end up debating or voting against a bill that simply addressed that section.

But the fact is, most of the loss of revenue to the state and the City of New York from this bill will actually come from people who it's not at all clear are in need of tax reductions at this moment in history. It's not at all clear that they are actually struggling small businesses -- and there are many. But I don't necessarily think this bill does anything to address their needs.

And of course whenever we're reducing taxes, we need to ask the question what are we going to not pay for in our state -- and in this case city -- budget because we don't have that revenue? Who is going to pay the price for our deciding to give hundreds of millions of

dollars in tax exemptions to entities who might not even need the help?

So I would urge a no vote. I would urge my colleague to go back and perhaps separate this bill into multiple pieces and think through who would actually be the winners and the losers. And he has an opportunity to do so, because I don't think this is the kind of bill that would become law in the State of New York.

It is fodder for a discussion within the budget for next year, and that's a healthy reason to have a bill. And that's a healthy reason to have a debate on the bill on the floor of the Senate.

And so I vote no, Mr. President. Thank you.

ACTING PRESIDENT AMEDORE: Senator Hoylman.

SENATOR HOYLMAN: Thank you, Mr. President.

I want to thank the sponsor and Senator Krueger for their discussion.

I wanted to point out a fact about the bill regarding the income threshold for LLCs, which is set at $1.5 million. This bill, I know

the intention is to help small businesses and farms. But $1.5 million may not be a small business in New York. The median income for individuals self-employed at their own incorporated businesses in New York in 2015 was $52,156 a year. And the median income for unincorporated firms was $23,148 a year. I think this threshold is a little high.

Secondly, I'd like to say something about LLCs generally speaking. You know, I think a lot of New Yorkers would be surprised to find out that the State of New York doesn't keep records as to the beneficial owner of a limited liability corporation. Nowhere in the State of New York can a citizen, a member of law enforcement, a member of the press actually determine who the beneficial owner is of an LLC. We have to do more work in this chamber to open up LLCs for public inspection, not give them additional tax breaks.

So I'll be voting in the negative. Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: Are other members wishing to be heard on this bill?

Seeing none, the debate is closed.

The Secretary will ring the bell.

Read the last section.

THE SECRETARY: Section 4. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Senator Helming to explain her vote.

SENATOR HELMING: Thank you, Mr. President.

Small business is significant to New York State's economy. With over 500,000 small businesses in New York State employing over 3 million individuals, small business is the backbone of our economy and our communities. Whether it's the shops that line our Main Streets or the small farms that dot our rural roads, these small businesses and farms are truly the hearts and souls of our communities.

And this bill targets these small businesses and farms which largely have been excluded from previously enacted tax reforms. I commend Senator O'Mara for his leadership on this initiative, and I am proud to support small

businesses, not only in my district but across New York State, by voting aye.

Thank you.

ACTING PRESIDENT AMEDORE: Senator Helming in the affirmative.

Announce the results.

THE SECRETARY: In relation to Calendar 913, those recorded in the negative are Senators Alcantara, Bailey, Comrie, Gianaris, Hoylman, Kavanagh, Krueger, Montgomery, Parker, Rivera, Sanders, Sepúlveda, Serrano. Also Senator Stavisky.

Absent from voting: Senator Hamilton.

Ayes, 48. Nays, 14.

(Comments off the record.)

ACTING PRESIDENT AMEDORE: The bill is passed.

Senator DeFrancisco.

SENATOR DeFRANCISCO: Could we now take up Calendar Number 910, Senate 1116A, by Senator Akshar.

ACTING PRESIDENT AMEDORE: The Secretary will read.

THE SECRETARY: Calendar Number

910, by Senator Akshar, Senate Print 1116A, an act to amend the Real Property Tax Law.

SENATOR KRUEGER: Explanation.

ACTING PRESIDENT AMEDORE: Senator Krueger for an explanation. Sponsor, will you yield for an explanation?

SENATOR AKSHAR: Of course.

Senator Krueger, this particular bill simply extends the existing STAR program to small businesses throughout the State of New York.

SENATOR KRUEGER: Through you, Mr. -- oh. Were you done, Senator? I don't want to cut you off.

SENATOR AKSHAR: Yes, I was.

SENATOR KRUEGER: Okay, just double-checking.

Mr. President, through you, if the sponsor would yield.

ACTING PRESIDENT AMEDORE: Does the sponsor yield?

SENATOR AKSHAR: Absolutely.

SENATOR KRUEGER: So this bill takes STAR, which is designed as a personal income tax reduction for homeowners and says

we're going to apply it to businesses.

So if the sponsor could please explain to me what his definition is of a small business.

SENATOR AKSHAR: Senator -- Mr. President, through you. Senator, it is a property tax exemption, not a personal income tax exemption.

And small business as defined in this particular piece of legislation are businesses with 100 and fewer employees.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor would continue to yield.

SENATOR AKSHAR: Yes.

ACTING PRESIDENT AMEDORE: Will the sponsor continue to yield?

SENATOR AKSHAR: Yes.

SENATOR KRUEGER: And is there a size limit on the revenue of any business eligible for this property tax reduction?

SENATOR AKSHAR: There is no limit in terms of how successful a business is or isn't. Other than the only limit is, you know, a business could have several different locations.

And this extension of STAR would only relate to one of their locations.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor will continue to yield.

SENATOR AKSHAR: Yes.

ACTING PRESIDENT AMEDORE: The sponsor continues to yield.

SENATOR KRUEGER: Thank you.

Could the sponsor cite which section of the bill would limit it to just one location?

SENATOR AKSHAR: I'm sorry, Senator, would you be so kind as to repeat your question?

SENATOR KRUEGER: You just answered that a business that had multiple locations could only take this new STAR credit for one location. I was wondering where in the bill it would say that.

SENATOR AKSHAR: Senator, again, as you well know, based on the current STAR program and the current statute, you can only get the exemption on one of your properties. So it's simply taking the existing statute and how the program works and extending it to small

businesses with 100 or fewer employees.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor will continue to yield.

SENATOR AKSHAR: Yes, Mr. President.

ACTING PRESIDENT AMEDORE: The sponsor continues to yield.

SENATOR KRUEGER: I'm confused how this bill matches with the existing STAR, because that's a primary residence. Are you saying that this bill would require a business to declare one location its primary residence? And what would be the legal definition of a primary residence for a business?

SENATOR AKSHAR: Senator -- Mr. President, through you. Senator, don't be confused. It's -- again, it's just taking the existing program and allowing the exemption for one location of a businessman or -woman.

So, okay, let me just explain a little bit more. You have a flower shop at 123 Broadway. Now you can have the -- you can take the STAR exemption at your business located at 123 Broadway.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Will the sponsor continue to yield?

SENATOR AKSHAR: Yes, Mr. President.

SENATOR KRUEGER: And then if I have a second flower shop at 352 Broadway and a third flower shop at 475 Broadway, those are not eligible. Where in the law does it say that?

SENATOR AKSHAR: Mr. President, I'm -- I hope you're not in competition with yourself. That's very close, only a couple of blocks away.

SENATOR KRUEGER: In New York City actually, that could be whole new neighborhoods.

SENATOR AKSHAR: No, you can only take the exemption on one of your locations. You could choose 352 Broadway; maybe you want to take the exemption there. Or 123 Broadway. Wherever you choose to take the exemption, you can take it.

SENATOR KRUEGER: Through you, Mr. President, if the sponsor will continue to

yield.

ACTING PRESIDENT AMEDORE: Does the sponsor continue to yield?

SENATOR AKSHAR: Absolutely.

SENATOR KRUEGER: So I am actually looking at the bill text, and the sponsor is inserting a business tax exemption on property into the existing STAR legislation. So Section 3, paragraph B, primary residence: The property must serve as the primary residence of one or more owners, therefore -- unless such property is owned by a small business, as defined in paragraph G of this subdivision.

So it seems to imply that it doesn't have to be only a primary residence, because it's an "unless it's a business."

So I'm still very confused as to how this bill makes explicit you could only take this on one business location if you had multiple business locations. I just think that it's not worded the way -- I believe that the sponsor's intent is to have only a primary location, but I think it might be a bill drafting error because I don't read the bill that way.

SENATOR AKSHAR: Well, in the

current statute you can only take the exemption on your primary residence, yes? Can we agree on that?

SENATOR KRUEGER: Yes. But then you added the word "unless," and then you went into businesses. So apparently primary residence doesn't apply to businesses.

SENATOR AKSHAR: Could we agree that it's within the definition of primary?

SENATOR KRUEGER: Through you, Mr. President, I'm not sure we can agree on that. I actually think there would be a better way to draft it to try to make it clear that a small business could only take this once for one address.

SENATOR AKSHAR: Mr. President, I'm happy -- so long as it sounds to me like my esteemed colleague thinks this is a good idea -- happy to do a chapter amendment to clear that up.

SENATOR KRUEGER: Thank you. Unfortunately, I don't think the whole thing is a good idea. That was just one of my points. But I appreciate you making a chapter amendment.

SENATOR AKSHAR: I took a chance, Senator Krueger.

(Laughter.)

SENATOR KRUEGER: I appreciate that.

I'm going to get refocused, Mr. President.

ACTING PRESIDENT AMEDORE: Are you going on the bill?

SENATOR KRUEGER: The sponsor isn't supposed to be charming and funny when I'm trying to argue with him. My husband does that sometimes too, it's a problem.

(Laughter.)

SENATOR KRUEGER: I'm sorry, a little TMI here on the floor of the Senate.

So this bill also doesn't define the kinds of businesses, just that it's a small business. So what if the business -- through you Mr. President, if the sponsor would yield.

SENATOR AKSHAR: Yes, I will Mr. President.

ACTING PRESIDENT AMEDORE: The sponsor continues to yield.

SENATOR KRUEGER: What if a very large corporation is the owner of a lot of individual small businesses? Can that

corporation take the property tax deduction on each of the businesses as long as they have a different name or might be a different LLC? Because corporations can own LLCs. So if I'm big corporation X and I own 300 LLCs, am I allowed to take this business deduction on each business with its own corporate name, but I'm actually the parent corporation who deals with the taxes?

SENATOR AKSHAR: So if the LLCs are individual taxpayers, they in fact could take this exemption.

However, in terms of the state looking at business globally, if there's only -- if the business at the top is the only taxpayer, then no, those smaller LLCs would not be eligible to take the exemption.

SENATOR KRUEGER: So through you, Mr. President, if the sponsor would continue to yield.

SENATOR AKSHAR: I'm happy to, Mr. President.

ACTING PRESIDENT AMEDORE: The sponsor continues to yield.

SENATOR KRUEGER: So let's use the example of franchises. Would franchises of a

major corporation -- fill in your blank, famous fast food company -- each be able to -- how is the property tax going to be applied? Because my understanding is many of the fast food franchises, they -- the corporation may own the underlying property and then franchise out the running of the business.

I know of a particular very well known gymnasium that people sign up for, and that the company points out they make the money on the real estate, not actually on the running of the gym. So they franchise out the running of the gyms, they own all the buildings, they're an enormous and wealthy corporation. Would they be allowed to take a STAR for each business location?

SENATOR AKSHAR: I'll just -- I'll respectfully disagree in terms of, you know, a corporation owning many different smaller ones, but -- and just revert back to my earlier sentiment about, you know, if they were individual businesses, you owned one, I owned one, we could take that exemption.

If you owned six of them, why then you could only take -- you couldn't take six

exemptions, only one.

SENATOR KRUEGER: I'm sorry, I -- could the sponsor clarify his answer? I got a little confused.

SENATOR AKSHAR: I disagree with my colleague in terms of, you know, a corporation owning many of the locations -- we're talking specifically about franchises. I'm offering that franchises are generally owned by individual people. You own one, I own one.

So the point I'm making to you is if you have a McDonald's at 123 Broadway, it's okay, take the exemption. If I'm your competitor at 352 Broadway, I'm going to take the exemption as well.

If you own five McDonald'ses on Broadway, you'll only be able to take one exemption. Of course if you are, Senator Krueger, under 100 employees as you get bigger.

SENATOR KRUEGER: One moment.

SENATOR AKSHAR: Of course.

SENATOR KRUEGER: Through you, Mr. President, a follow-up question to the sponsor.

SENATOR AKSHAR: Of course, Senator.

ACTING PRESIDENT AMEDORE: The sponsor continues to yield.

SENATOR KRUEGER: Thank you.

So again, I own the property of 10 different flower shops. Am I the one allowed to take the property tax deduction for each of the flower shops because they are separate corporations? Or I'll make it easier.

Three are flower shops, five are franchised restaurants, and two are retail clothing. Am I allowed to take 10 different STAR exemptions under the business tax? Because they're 10 different businesses. It's a property tax exemption, but I own each of those properties.

SENATOR AKSHAR: Are you -- so let me ask you a -- Mr. President.

ACTING PRESIDENT AMEDORE: Thank you. Thank you.

SENATOR AKSHAR: Of what you've described, are each of those locations individually owned by separate people? Are they separate businesses all owned by you? Or does

Krueger Real Estate Mogul Corporation own all of what you just described?

SENATOR KRUEGER: They're each a separate LLC. I may or may not be an investor in some or all of the businesses. We can make me an investor in all of those businesses. But I'm the mogul.

SENATOR AKSHAR: If it's a separate business, then they are eligible for the exemption.

SENATOR KRUEGER: So I would be eligible for 10 exemptions.

SENATOR AKSHAR: Yes, you would. Mr. President, through you. Yes, you would.

SENATOR KRUEGER: Okay, thank you.

So through you, Mr. President, if the sponsor would continue to yield.

ACTING PRESIDENT AMEDORE: Will the sponsor continue to yield?

SENATOR AKSHAR: Yes, Mr. President.

SENATOR KRUEGER: Thank you.

So if I am a Kushner or a Trump who owns an enormous number of LLC buildings in the City of New York, I could take a property tax

exemption under this law for each of my LLC buildings?

SENATOR AKSHAR: Well, Mr. President, through you, so long as that small business employed 100 or fewer people and that particular small business was filing taxes independently.

SENATOR KRUEGER: Through you, Mr. President. So I think the answer would be yes, because most LLC buildings don't have more than 100 employees.

Through you, Mr. President, if the sponsor will continue to yield.

ACTING PRESIDENT AMEDORE: Will the sponsor continue to yield?

SENATOR AKSHAR: Yes, Mr. President.

SENATOR KRUEGER: How many businesses does the sponsor believe this would apply to in the State of New York? And how much reduction in property tax collection might we see under this bill?

SENATOR AKSHAR: Well -- Mr. President, through you -- if we keep going in the direction we're going, it's going to be less

and less because people are leaving this state at an alarming rate.

And this particular -- an iteration of this particular piece of legislation was put in the one-house, and the financial attached to that was $275 million.

SENATOR KRUEGER: Through you, Mr. President, on the bill.

ACTING PRESIDENT AMEDORE: Senator Krueger on the bill.

SENATOR KRUEGER: I want to thank the sponsor for his answers.

I have to say this bill and the previous bill I debated have similar themes, although they're very different bills. They take the position that they are bills for small businesses. But I think they both flunk the test of defining small business, because simply defining a business as being somebody with less than a hundred employees -- or, on the previous bill, up to zero employees -- doesn't actually get at the question are you a small business trying to hold on and create jobs and economic activity in our communities.

I think there's a perception if you

say the word "small business" you mean those mom-and-pop stores that need help, or start-up companies that need help. And I actually would love to work on legislation that was carefully targeted to exactly those needs. And I've actually seen many bills come to the floor of the Senate that do sincerely have the goal of doing that. Unfortunately, I think the way both of these bills are written, they don't.

On this bill, it's actually taking a tax that was designed for individuals to deal with high property taxes when they were lower-income or were what we call sometimes property-wealthy and cash-poor. So the STAR was designed to be a property tax exemption for personal primary residents, for human beings up to a certain income level. And I get it.

When you say you want to expand that statute, which is what the sponsor has done, to be a business tax deduction, you run into a whole series of problems, and that I just tried to highlight some of them here today.

One, it's not necessarily businesses who are in fiscal trouble. Two, it can be LLCs or giant corporations or some of the wealthiest

people in this country who have broken their business models up into lots and lots of different individual corporate structures.

It isn't based on some income measurement or need or gross or net or any kind of income or formula of being in need. It just says it's a tax reduction for small business. But again, it's not defining the problem correctly, and it's not defining the target correctly.

And sincerely, trying to turn a personal property tax reduction system into a corporate business tax reduction model just isn't the right way to do it. Even when you try really hard, you're going to miss the mark.

It's yet another bill that needs to be dealt with within the budget. And the sponsor did say that it was in the one-house budget, so there was an attempt. And I wasn't in the room discussing why it failed as an attempt in negotiations, perhaps because of some of the issues I raised here today.

So it needs to be -- well, I don't know that this bill needs to be rethought, with all due respect. I actually think we have to sit

down and say what are the real tax problems for small businesses after we look at what we've already done, because we've done quite a bit of tax reduction for small businesses. And we've also done radical changes in business taxes under the federal law.

I think it's worthwhile for this house to have at least a roundtable, if not a sub-task force on looking at the changes in tax policy for businesses that have been taking place, the impact on actual small businesses, what has worked and not worked in other places. And I am more than willing to sit and really explore the kinds of models that I actually think could make a difference for our small struggling businesses in New York.

But I would also argue that we need to take a hard look -- because we brought up property taxes in this bill -- at the fact that we have a continuing and enormous problem for personal property taxes for a large number of people in this state, despite our cap, and that we really need to go back to square one and say what are we doing to help people who are actually at risk of losing their homes or leaving the

State of New York because their property taxes are so high, and should we be revisiting circuit-breaker bills -- I know that Senator Little and I have worked on circuit breaker proposals in the past, which I actually think are well worth revisiting at this point in history.

And that we have to -- and there may be other models. Apparently a Long Island association of some kind -- I don't know which one, Long Island colleagues -- came out with a set of proposals just this week to deal with their property tax problems, I just read an article this morning.

So these are real issues. I want to get to the right answers. Unfortunately, I have to say this bill also doesn't get us to the right answer. I appreciate the sponsor's effort. I'll be voting no.

Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: Senator Brooks.

SENATOR BROOKS: Thank you, Mr. President. On the bill.

ACTING PRESIDENT AMEDORE: Senator Brooks on the bill.

SENATOR BROOKS: We are in a situation in this state where changes in the federal tax law have dramatically changed the use and the meaning of residential personal property taxes. There are residents in my district and districts across the state who live in homes that have appreciated significantly in value over the years, and they are being taxed as though the value of that home is reflective of their personal financial condition, and it's not.

The STAR program was put in place to assist residential homeowners in that situation. We're going to be in a situation in this state that many individuals are going to be paying taxes on their taxes. In my district there are people telling me that under this new tax law, they cannot stay in their home because the taxes are just going to be too high -- people on fixed incomes, seniors who spent their life funding the community, are going to be in a position where they're losing their home.

It's wrong to take a proposal that was put in place to address personal income taxes and use that application for a business environment. And let us remember that in the

business environment, all those taxes are tax-deductible on their federal income tax returns. There's no limitation. The homeowners in this state have a limitation of $10,000 in SALT-related deductions. They need help. It's wrong that we move in this direction.

I agree with Senator Krueger, we do have to help businesses, but not to use a tool that was designed for residential property taxes and make it an application to a business, at the same time ignoring the needs of the residents of this state who own homes and are paying excessive property taxes now.

I'll be voting no on this bill. Thank you.

ACTING PRESIDENT AMEDORE: Thank you, Senator Brooks.

Senator Hoylman.

SENATOR HOYLMAN: Thank you, Mr. President. I wanted to make a brief point. I think the bill --

ACTING PRESIDENT AMEDORE: Senator Hoylman on the bill?

SENATOR HOYLMAN: On the bill, Mr. President.

ACTING PRESIDENT AMEDORE: On the bill.

SENATOR HOYLMAN: I wanted to make a brief point about the bill where I think it misses the mark on defining small businesses.

As was discussed by our colleagues, small businesses is defined only on the number of employees, 100 or fewer. Well, in the West Side of Manhattan, I have to say -- which I represent -- there are a number of technology companies who have very few employees but very, very high revenue.

For example, the company WhatsApp, 55 employees, qualifies under the sponsor's bill as a small business. In 2014, the company was acquired by Facebook for $19 billion -- 19 billion. Don't think that's a small business. Each employee was awarded $350 million in that sale.

Second example, also on the West Side of Manhattan, Instagram. In 2012, Instagram only had 13 employees. Again, Facebook purchased them for $1 billion. Not a small business.

I think the fatal flaw of this possibly well-intentioned legislation is that it

does not define revenue or evaluation of a small business.

I'll be voting in the negative. Thank you.

ACTING PRESIDENT AMEDORE: Thank you, Senator Hoylman.

Senator Stavisky.

SENATOR SAVINO: Thank you, Mr. President.

In Queens we have a lot of small businesses, and in fact they are the backbone --

ACTING PRESIDENT AMEDORE: Senator -- Senator Stavisky, excuse me. On the bill?

SENATOR STAVISKY: On the bill.

ACTING PRESIDENT AMEDORE: On the bill.

SENATOR STAVISKY: Thank you.

And they are the backbone of the economic community that is doing fairly well in much of Queens and certainly in my district.

And yet we are also a community of people who own their own homes, own shares in a corporation that own the building -- cooperators -- and we have renters. And our

whole property tax structure is, I think, misaligned in many respects. And this bill is not going to remedy the problems that we have in Queens County and really throughout the state.

And for that reason, and for the reasons expressed by Senator Krueger and Senator Brooks, I vote no.

ACTING PRESIDENT AMEDORE: Are any other members wishing to be heard on the bill?

Seeing none, the debate is closed.

The Secretary will ring the bell.

Read the last section.

THE SECRETARY: Section 2. This act shall take effect immediately.

ACTING PRESIDENT AMEDORE: Call the roll.

(The Secretary called the roll.)

ACTING PRESIDENT AMEDORE: Senator Akshar to explain his vote.

SENATOR AKSHAR: Thank you, Mr. President.

Senator Krueger mentioned that there seemed to be a theme as we were taking up some of these bills today. Senator, there is. It's about making New York more affordable and

creating more opportunities for all New Yorkers. That's why we're trying to advance this legislation today.

I think one thing that we can all agree on, whether we're from Binghamton or Brooklyn or the North Country or Manhattan -- even the West Side of Manhattan, where Senator Hoylman is from -- is that we have an abysmal business climate. We're ranked almost dead last in the nation in terms of our business climate.

ACTING PRESIDENT AMEDORE: Excuse me, Senator Akshar.

Can we have some order in the house, please. Thank you.

SENATOR AKSHAR: We have an abysmal business climate, and we have to do something. To my esteemed colleague Senator Stavisky, I think doing nothing -- I'm not entirely sure that that's the right thing to do. I think that this would in fact help some people in your district.

And Senator Brooks mentioned that the federal government is to blame for the taxes and so on and so forth. Let us stop blaming the federal government for our woes. Let us work together and find common-sense solutions to help

us reduce taxes for all New Yorkers, regardless of where we're from. Property taxes are high, I understand that. Much higher in the district that you represent than they are in my district, probably.

There's a great thing that we could do here all, Republicans and Democrats. Medicaid is a driver of property taxes, right? If Medicaid is that important to us, which it is -- it's important to me, and I know it's important to my friends across the aisle -- let us pay for it. Let the state find the money to pay for it.

Maybe we could use some of the billions and billions of dollars that we're investing in failed economic development programs around the state to pay for some of this stuff. $275 million to do that? I would offer maybe we shouldn't be putting colored lights on New York City bridges. Or we shouldn't be creating bike paths from Canada to New York City. Let us invest some of that money in programs like this so we can help reduce taxes for all New Yorkers.

I vote aye.

ACTING PRESIDENT AMEDORE: Senator Akshar in the affirmative.

Senator Brooks to explain his vote.

SENATOR BROOKS: Thank you, Mr. President.

With response as to who's responsible for the situation that we're in, let us blame the federal government. Let us recognize that many districts across this state, and particularly on Long Island, have seen on a infusion of students that are new to this country, students that have no understanding of the English language, students that are many years behind in their educational knowledge, students that are exceptionally expensive to educate right now. They are people that have been relocated to those communities by the federal government. The federal government has said that it is the responsibility of the local community to fund the education of those students, and then the federal government says that the money you have to spend to educate these students is not going to be deductible on your federal taxes.

It's wrong. What's going on is wrong. This argument that we've had in this room of blame the federal government, don't blame

it -- yes, blame the federal government. There's an obligation being placed on some of these communities that is unrealistic. The districts that I talk to, they're telling me the average cost of these students is between $40,000 and $50,000 a year. And the community has to absorb that expense and not get the benefit of a tax deduction? Yes, blame the federal government on this tax issue.

Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: Senator Brooks in the negative.

Senator Parker to explain his vote.

SENATOR BROOKS: I vote in the affirmative.

SENATOR PARKER: Thank you, Mr. President, to briefly --

ACTING PRESIDENT AMEDORE: You vote in the positive.

SENATOR PARKER: -- to briefly explain my vote.

And first let me just thank Senator Akshar for his leadership on this issue. Again, I think that it's actually critical that we actually deal with the issue of both property

taxes and taxes in general in the State of New York, which are way too high, but then also juxtapose that with the issue of business development. And I think in this particular case we're trying to kill two birds with one stone, and it's not necessarily possible or it doesn't necessarily equate that.

When we look at what -- one, I think, you know, part of the questions that you were hearing from Senator Krueger were really about how do we in fact define small businesses, and what is it that we are concerned about.

I am all for small business development. It's been one of the things that has been an important part of my tenure here in the Senate. But we have to make a significant distinction between petit bourgeois capitalism and whether we're doing job creation. And we certainly need to understand the difference between microbusinesses and small businesses and how we're defining them.

So we really ought to be looking more at SBA models, right, Small Business Administration models of how they define businesses in a way that in fact creates job

creation. So what we're looking for is job creation, not just more activity in terms of the economy. More activity in the economy without job creation is not helpful to our communities.

So we're really looking at creating full-time jobs at a living wage with benefits. I think that conversation is more about technical assistance and access to capital than it is about property taxes. But certainly all of us know that property taxes are way too high in this state. We certainly need to continue our push to make them smaller. And maybe some conversations about school district consolidation around the state may be needed. I have a bill that actually would do that by county in the state and certainly would be a way that we could save a significant amount of money in the State of New York.

Thank you, Mr. President.

ACTING PRESIDENT AMEDORE: Senator Parker, how do you vote?

SENATOR PARKER: I vote negative.

ACTING PRESIDENT AMEDORE: Senator Parker in the negative.

Announce the results.

THE SECRETARY: In relation to Calendar 910, those recorded in the negative are Senators Addabbo, Alcantara, Bailey, Breslin, Comrie, Dilan, Gianaris, Hoylman, Kavanagh, Klein, Krueger, Montgomery, Parker, Peralta, Persaud, Rivera, Sanders, Savino, Sepúlveda, Serrano, Stavisky and Stewart-Cousins.

Absent from voting: Senator Hamilton.

Ayes, 40. Nays, 22.

ACTING PRESIDENT AMEDORE: The bill is passed.

Senator DeFrancisco.

SENATOR DeFRANCISCO: Mr. President, as to Calendar 911, we're going to lay that bill aside for the day.

ACTING PRESIDENT AMEDORE: The bill is laid aside for the day.

SENATOR DeFRANCISCO: There will be an immediate meeting of the Republican Conference in Room 332 after session.

Is there any further business at the desk?

ACTING PRESIDENT AMEDORE: That completes the controversial reading of the

calendar. There is no further business at the desk.

There will be a Republican Majority conference in Room 332 immediately following session.

Senator DeFrancisco.

SENATOR DeFRANCISCO: I move to adjourn until Monday, May 7, at 3:00 p.m., intervening days being legislative days.

ACTING PRESIDENT AMEDORE: On motion, the Senate stands adjourned until Monday, May 7th, at 3:00 p.m., intervening days being legislative days.

(Whereupon, at 12:32 p.m., the Senate adjourned.)