

## ALBANY REPORT NEW GOVERNOR-SAME OLD ISSUES

New York State has a new Governor but the same old issues will vex David Paterson that were a problem for Eliot Spitzer. The state needs a new budget by April 1 and the revenue picture is bleak.

Between declining profits on Wall Street, failing companies and a drop in sales tax moneys, the state will probably pass a budget that will change from month to month as things get worse.

What are the options?

1. Raise taxes – no one wants to raise taxes but there must be a way to get new dollars. A tax on millionaires is an option but the State Senate says no. There is a chance that the state will adopt a one time surcharge on income taxes as a way to raise money, but that is iffy.
2. Layoffs – who do you lay off first in times of crises? State troopers, hospital workers, highway maintenance people or just clerical workers? There is no ideal solution.
3. Cut Programs – that is likely but it won't raise enough money to close of \$4.5 billion budget gap.
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Tough times call for tough decisions. In 1976, the state raised over \$1 billion with temporary tax increases. Sales taxes may also be the answer, but something dramatic has to happen.

It's an election year, and the State Senate majority is at risk. So, the decisions will not come easy. Like it or not, the legislature will have to bite the bullet before they shoot at us.

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