

**March Madness in Albany
New Alignment of Big 3?
Sticking it to Rich Folks**

By Henry J. Stern
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The New York State Legislature, known far and wide for its self-indulgence and dysfunctionality, faces two major deadlines at the end of this month.

That means 24 days remain for the solons to take action on both congestion pricing and the \$124.5 billion state budget proposed for fiscal 2009.

On congestion pricing, or bridge tolling, we have been told that March 31 is the last day New York State can pass a bill in order to qualify for federal transportation funds. (emphasis added)

In our judgment, that date is fiction. If you recall, last year we were told that July 16, 2007 was the absolute deadline for New York State to apply to the US Department of Transportation for hundreds of millions of dollars that would go to implementing an elaborate system of cameras and other machinery to collect fees from drivers entering Manhattan below 86th Street. We said that threatening the loss of outside funds was a scare tactic as old as Moses. (emphasis added)

The 2008 model of congestion pricing, produced by a committee stacked with its proponents, moved the northern limit of the Forbidden City (as in Beijing) or the Forbidden Zone (as in Superman) south to 60th Street. Further migration in either direction is possible. After creating its own forbidden zone, London just about doubled its area, and raised the entry fee from 5 pounds (now about \$10 as the dollar sinks) to 8 pounds (\$16). Over the years, the toll on the Triborough Bridge has risen from 25 cents to \$4.50. **Once government imposes fees, they tend to rise again and again.** (emphasis added)

For example, after the passage of the 16th Amendment in 1913, the Federal Income Tax was imposed with rates ranging from one to seven per cent of personal income. The top rate rose to 90% during World War II, and has since been reduced to a mere 35 per cent. New York State's top rate is now 6.85% and New York City's is 3.68%. The Assembly Democrats want to increase the tax rate on higher incomes, but the Senate Republicans do not. At this time, Governor Spitzer is resisting an income tax increase, but some Democrats in Albany opine publicly that he will cave. Rule 12-T: "Time will tell." (emphasis added)

These early skirmishes are depicted in Fred Dicker's story on p2 of Thursday's Post: [GOV & BRUNO UNITE VS. SILVER TAX HIKES](#). The lede: "Gov. Spitzer and Senate Majority Leader Joseph Bruno, in a rare alliance against Assembly Speaker Sheldon Silver, yesterday rejected plans to raise income taxes for the wealthy by up to \$5 billion. Spitzer, like Silver a Democrat, repeated an earlier pledge not to raise taxes, saying "That is something that we cannot afford to do."

Today, Dicker reported on an Assembly hearing. Under the p2 head, [EXPERTS BARE PLAN TO SPARE NY TAXPAYERS](#), he wrote: "Assembly Democrats could avoid hiking New York's highest-in-the-nation tax burden by targeting pork-barrel waste, bloated state services, profligate legislative payrolls and runaway education and health care spending, independent fiscal experts said today."

One expert quoted was Elizabeth Lynam, deputy research director of the Citizens Budget Commission, who said: "The first place to look is at spending cuts, not tax increases." The other, E.J. McMahon of the Empire Center for New York State Policy, an offspring of the Manhattan Institute, said that there is enormous potential for savings in a state budget of \$124.5 billion." Dicker quoted McMahon as saying "You have a payroll under Gov. Spitzer's budget that, far from shrinking, is growing, and we're promising another record year of school-aid hikes."

The conflict between the Governor and the Assembly was discussed today in a p1 article in the Sun by Jacob Gershman. Headed [SPITZER WILL YIELD ON TAXES, ASSEMBLY DEMOCRATS SAY](#). Gershman writes: "Governor Spitzer, despite his stern assurances to the contrary, will have no choice but to yield to political and budgetary pressures in coming weeks and consent to a 12% income tax increase on the state's top earners. In a direct challenge to Mr. Spitzer's line-in-the-sand pledge not to raise taxes, Assembly Democrats are poised to pass legislation that would lift the income tax rate of residents making more than \$1 million a year to 7.7% from 6.85%."

Gershman's detailed story, worth reading if you like inside Albany stuff, continues on p4. Its sources are blind quotes, except for Assemblyman Richard Brodsky, who said: "He's willing to raise insurance fees on the middle class, and he's willing to put congestion fees on the middle class... but he won't tax people who make over \$1 million." (emphasis added) The question arises whether Brodsky is speaking for Speaker Silver or on his own. We observe that the premature, inappropriate, saber rattling remarks which last year came from Governor Spitzer now emanate from emboldened legislators. One point that Brodsky did not mention is that people who earn more than \$1 million a year usually have homes in several states, and can switch residency as their accountant advises. Then the state can chase them to see where they spend 183 days each year.

Do these stories indicate a shift in the balance of power, or simply backbenchers making noise? Brodsky's language was contemptuous to a governor from his own party, but the legislator apparently believes that he has the freedom to tell the truth as he sees it.

The response to Brodsky came from the governor's senior adviser, Lloyd Constantine, a lifelong friend and colleague of Spitzer, who said "He's not going to break the pledge {not to raise taxes}. He's been very clear about this." But then came the escape route: "At this point, the governor has determined that the enactment of new taxes is counter-productive to the overall economic goals of the administration. This is unequivocally a new tax." But note the "at this point." Today is March 7. What will happen by March 31, the statutory deadline for the adoption of a state budget?