



March 26, 2008

Dear Legislators:

The Partnership for New York City and the Business Council of New York State together represent more than 3,000 New York businesses from every corner of this great state. These businesses – ranging from small mom and pop operations to major international corporations – are the lifeblood of New York's economy and on their behalf we urge you to enact a FY 2009 budget that will keep our state economically competitive by reducing spending and avoiding new taxes and fees.

Within the context of a stagnant, if not recessionary, national economy at least 25 states are already projecting budget deficits. As they work up their budgets for the new fiscal year, those states that want to compete for business and jobs are taking prudent steps to reduce government spending in line with falling revenues.

Many states, such as New Jersey, California and Florida, are working to trim state spending significantly. However, New York, facing a \$4.6 billion deficit, is actually considering increasing spending. To pay for it, we are confronted with \$1.3 billion in proposed new taxes and fees that would increase costs for New York businesses at a time when they can least afford it. There could be no action more damaging to our fragile economy at this critical juncture than an increase in taxes on businesses and individuals in what is already the highest-taxed state in the nation.

But it doesn't have to be this way. Governor Paterson has already indicated a willingness to change course and has proposed \$800 million in cuts to the Executive Budget. This is a good start but still results in a budget that is 4.4 percent higher than last year - a year in which Wall Street profits provided lots of extra revenues for the state. There will be no such windfall this year.

Therefore, we urge the Assembly, the Senate and the Governor to work together to bring state spending growth down further – at least to the rate of inflation – and eliminate these onerous new taxes and fees. Other states and municipalities have made the difficult decision to reduce spending in response to a challenging economic environment, and New York State needs to demonstrate that same discipline.

Sincerely,

Kenneth Adams
President & CEO
Business Council of NYS

Kathryn S. Wylde
President & CEO
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