



January 25, 2010

An Open Letter to the New York Legislature: Tax Hikes and More Spending Are Not the Answer

Dear Legislator:

The cause of New York's \$7.4 billion (and growing) budget deficit is clear: State spending has vastly outstripped inflation over the past decade. It is puzzling, therefore, that Gov. Paterson recently proposed an executive budget that further swells government expenditures, while imposing \$1 billion in tax increases on New York families. On behalf of the National Taxpayers Union's (NTU's) 18,000 members in the Empire State, I urge you to reduce outlays and reject any tax hikes in the 2010-11 budget.

New York state government spending has skyrocketed by \$35 billion over the past decade, outstripping inflation by \$21 billion and personal income growth by \$17 billion. When including the \$6.6 billion of federal bailout money in last year's budget, spending jumped roughly 8 percent from the previous fiscal year. The result of this binge, under Gov. Paterson and his predecessors, is that government is unable to balance its books with any ease or predictability.

As has been the case for years, the current Governor seems oblivious to this fact, as his executive budget would increase state spending by nearly \$800 million. New Yorkers are making necessary choices when it comes to their personal spending habits, as the global recession has forced them to prioritize and then cut what they cannot afford. Government, on the other hand, proceeds with reckless abandon with no regard for economic reality.

Last year's budget was financed by painful tax increases on income, sales, and tobacco coupled with a generous handout from the federal government. This year is more of the same. Gov. Paterson seeks a regressive and arbitrary tax on cigarettes, as well as a misguided "obesity tax" on sugary drinks. He also is taking steps to deliberately increase the cost of health care in the state by imposing \$240 million in new taxes on providers.

To be fair, the Governor has reiterated a vague commitment to a statutory spending cap, though the details are scant. He also proposes politically unpopular, but economically necessary, restraints on education and health spending – two of the largest items in the state budget. But he does not go far enough, and errs in thinking taxpayers will happily foot the bill for reconciling the balance sheet.

On behalf of NTU's New York membership, I ask you to reject any tax increases in the 2010-11 budget and commit to serious fiscal reform. This recession, while painful for many, poses a unique opportunity to "right-size" state government. It would be prudent to take that course now.

Sincerely,

A handwritten signature in black ink, appearing to read "JC", with a stylized flourish at the end.

Joshua Culling
State Government Affairs Manager

CC: Gov. David Paterson