NYC 9/11 Public Portal Document

City, state looking at big tax loss

Downturn could drain billions in revenue; state has larger reserve

GOVERNMENT

THE STATE GOVERNMENT, like the city, could be facing a multibillion-dollar hit from lower tax revenues as a result of the economic downturn caused by the World Trade Center disaster.

"Any impact that it has on the city on sales and income tax revenue will be at least as large for the state," says Robert Kurtter, senior vice president of Moody's Investors Service.

City officials have made preliminary estimates that New York City could lose up to $3 billion in tax revenues this year because of the terrorist attacks. Unlike the city, however, the state has a larger reserve with which to cope with any shortfall, Mr. Kurtter says.

The state treasury has a $4 billion surplus left over from the last fiscal year, and another $4 billion in the current year because the "bare-bones" budget did not appropriate all of the state's revenues.

However, Moody's also says the finances of New York City, the Port Authority of New York & New Jersey and the Battery Park City Authority are strong enough to withstand the economic downturn created by the World Trade Center disaster. Moody's said the city's A2 rating would not be downgraded.

GETTING OUT THE VOTE

▼ Fearing a low turnout in Tuesday's rescheduled primary, state Democratic Chairman Judith Hope is launching a campaign urging New Yorkers to vote.

"It (low turnout) is a real possibility, and it would be a bad thing for New York City for people to be scared away from the voting booth or to feel too much despair to cast a vote," she says.

Ms. Hope has reached out to celebrities such as Paul Newman, Magic Johnson and Glenn Close, asking them to record public service announcements. And she is calling radio and television stations, asking them to run the PSAs.

LEGISLATURE

▼ It looks like the state Legislature, which is usually out of session this time of year, will be in session for most of the rest of the year to deal with issues related to the World Trade Center attack. Assembly Speaker Sheldon Silver, whose district includes the trade center, says one possible initiative lawmakers will consider is designating lower Manhattan as a state banking development district.

Another possibility is creating a "modified Empire Zone" downtown to provide tax breaks to businesses that create both new and what he called "rebuilt" jobs.

KEY HEALTH BILLS

▼ While most of New York state's legislative agenda has been put on the back burner following the destruction of the World Trade Center, two key pieces of health care legislation will expire next month unless lawmakers take action.

One piece of legislation in limbo would extend state funding for medical malpractice insurance for medical specialists and health care facilities. Also, legislation that expanded Child Health Plus to more families will expire on Oct. 31. ■

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