NYC 9/11 Public Portal Document

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Albany Gets Real

A full understanding of what happened on Sept. 11 is finally starting to sink in up in Albany. It's about time.

One week after the federal government gave a frigid reception to his request for a stunning $54 billion in aid, Gov. Pataki belatedly took a page from Mayor Giuliani's book by announcing nearly $3 billion in spending cuts and other economies.

The mayor last week announced his own cuts, totalling some $1 billion.

The governor's $54 billion shopping list had included such nonrelated transportation items as rehabilitating the state's bus fleet, railroads and border-crossings at Niagara Falls and Buffalo.

The list would also include $12 billion to cover lost tax revenue — which Congress has never agreed to before, regardless of the disaster.

To some in Congress this looked like the governor was taking advantage of the city tragedy to score some federal pork.

Imagine that.

Now Pataki appears to be scrambling to show that the state isn't just trying to take advantage. First, it'll get its own house in order.

Pataki's plan calls for hiring freezes, early retirements, refinancing the state's $37 billion debt and demanding that agencies find economies of $2 billion.

The message is that there is going to be some very immediate — and very real — pain here.

Pataki estimates the state will lose as much as $9 billion over the next year and a half because of the terrorist attacks.

Somewhat worrisome in all this, though, is that Pataki has not completely ruled out raising taxes and, in fact, has made some noises about delaying the enactment of already approved tax cuts.

Talk about courting disaster!

As New York found to its long-lasting misery ten years ago, raising taxes in the teeth of a recession *exacerbates* the crisis.

In 1990 and '91, city and state tax increases helped turn a national recession into a de facto regional depression.

As the mayor said last week of raising taxes now: "It would be a dumb, stupid, idiotic and moronic thing to do."

Make no mistake: Delaying the enactment of already agreed-to tax cuts sends the same message to individuals, entrepreneurs and businesses as do tax increases: Forget about making any budgets or business plans, because you won't be able to anticipate your tax bill.

There has never been a more important time for New York City and New York state to be attractive venues in which to do business.

Rather than even consider delaying tax cuts, Gov. Pataki's role in the renewal effort must be talking about what other tax cuts and business breaks should be *implemented* so he can keep and attract as many businesses here as possible.

After all, even with the tax cuts set to phase in, New York still carries the heaviest state-local tax burden in the country.

Albany should also keep in mind that New York state was weathering the economic downturn that was taking hold across the country well before Sept. 11 — because of the tax cuts passed in the mid-90s that were still being phased in.

A panic tax increase would only compound the disaster of Sept. 11.

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