

Overview

FISCAL OVERVIEW

General Fund disbursements for the enacted State Fiscal Year (SFY) 2007-08 Budget are estimated at \$53.68 billion a net increase of \$2.09 billion or 4.1 percent from SFY 2006-07.

Disbursements on an All Funds basis are projected to be approximately \$120.67 billion a net increase of \$7.91 billion or 7.0 percent, from SFY 2006-07. This increase is primarily attributable to additional disbursements for education and property tax relief.

Disbursements

Highlights of the SFY 2007-08 Legislative Budget include the following:

- Education. The Legislative Education Package adds \$445 million on a State Fiscal Year basis to the Executive proposal. As a result, General Support for Public Schools increases by a record \$1.76 billion (9.8 percent) over school year 2006-07. Overall, the Legislative Education package will provide an estimated \$25.5 billion in total school aid by the 2010-11 school year, an approximate 43.2 percent increase over school year 2006-07.
- The Legislature modifies the Executive's proposal to consolidate Universal Prekindergarten, Supplemental Universal Prekindergarten and Targeted Prekindergarten into a single Universal Prekindergarten program by increasing the minimum per pupil grant for this program to \$2,700 and modifying how this program is phased in. The Legislature funds Universal Prekindergarten at \$438 million which is \$145.9 million over the consolidated base.
- The Executive's formula would have placed 304 school districts or 45 percent of the schools in the State on save harmless. The Legislature modifies the Foundation Aid formula which results in having only 150 school districts on save harmless in 2007-08, with this number declining to 138 by 2010-2011.
- The Legislature agreed to expand the number of school districts which receive Transitional Aid for charter school payments. The Governor's formula originally provided funds for five school districts whereas, the enacted budget includes aid for fifteen school districts. This approach added \$7 million for a total program of \$22 million for school year 2007-08.
- Property Tax Relief. The Legislature modified the Executive's Middle Class STAR Exemption Program changing the exemption to a rebate program. This property tax rebate program doubles the rebate check amounts for available income property tax payers over 2006 levels for basic STAR recipients. The Personal Income Tax Credit for New York City is also increased by \$125 million under this program. In total, the program will provide \$1.3 billion in property tax relief for New Yorkers in 2007 and

\$1.38 billion in 2008. Rebate checks totaling \$1 billion will be provided in the first year. The amount of the check to basic STAR recipients is based on the amount of the STAR exemption and income level (adjusted gross income for 2005 for the 2007 rebate check). The senior STAR rebate amount (similar to the 2006 program) will be based on the senior STAR benefit.

- Health. The SFY 2007-08 Enacted Budget includes a net restoration of \$350 million to the \$1.4 billion in Medicaid, HCRA, Public Health and Mental Hygiene reductions advanced by the Executive. The Legislature also provides additional financial support for investments in the State's health care infrastructure such as increasing access to 400,000 children that were previously uninsured.

Receipts

All fund tax receipts for SFY 2006-07 ended the year with \$431 million more than was projected in the Executive Budget 21 day amendments. These receipts were offset by \$397 million less than expected miscellaneous receipts, due to an intergovernmental transfer that never materialized, and \$29 million less in Federal Grants dollars.

General Fund receipts for the enacted State Fiscal Year 2007-08 Budget are estimated at \$53.67 billion, a net increase of \$2.29 billion, or 4.46 percent, from SFY 2006-07. The Enacted Plan estimates are \$1 billion above the 21-day estimates. The revisions are the result of \$575 million from the revenue consensus and \$400 million from base adjustments resulting from higher than expected collections in SFY 2006-07.

Receipts on an All Funds basis are projected to be approximately \$119.49 billion, a net increase of \$7.09 billion, or 6.3 percent, from SFY 2006-07.

Closing Balance and Reserves

The Legislative Financial Plan anticipates a General Fund closing balance including certain reserves of \$3.03 billion.

Restricted reserves are projected to be \$1.41 billion and include:

Tax Stabilization Reserve Fund	\$1,031
Contingency Reserve Fund	21
Community Projects Fund	353
Statutory Rainy Day Reserve	175
Debt Reduction Reserve	250

Unrestricted reserves of \$1.63 billion and include:

2006-07 Surplus	\$1,203
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**CASH FINANCIAL PLAN
GENERAL FUND
Legislative Enacted Plan 2007-08
(millions of dollars)**

	2007-08 Legislative Enacted Plan
Opening Fund Balance	3,045
Receipts:	
Taxes	
Personal Income Tax	22,885
User taxes and fees	8,565
Business taxes	6,679
Other taxes	1,135
Miscellaneous receipts	2,485
Federal grants	59
Transfers from other funds	
- PIT Revenue Bond	8,445
- LGAC	2,320
- RETT	561
- All other	538
Total Receipts	53,672
Disbursements:	
Grants to local governments*	37,158
State operations	9,620
General State charges	4,530
Transfers to other funds	
- Debt service	1,579
- Capital projects	82
- Other purposes	715
Total Disbursements	53,684
Change in fund balance	(12)
Closing fund balance	3,033
Tax Stabilization Reserve Fund	1,031
Contingency Reserve Fund	21
Community Projects Fund	353
Rainy Day Reserve	175
Debt Reduction Reserve	250
Surplus	1,203

**CASH FINANCIAL PLAN
STATE FUNDS
Legislative Enacted Plan 2007-08
(millions of dollars)**

	2007-08 Legislative Enacted Plan
Opening Fund Balance	6,721
Receipts:	
Taxes	61,960
Miscellaneous receipts	20,247
Federal grants	60
Total Receipts	82,267
Disbursements:	
Grants to local governments	54,142
State operations	15,441
General State charges	5,144
Debt service	4,134
Capital projects	4,918
Total Disbursements	83,779
Other financing sources (uses)	
Transfers from other funds	18,778
Transfers to other funds	(18,440)
Bond and note proceeds	358
Net other financing sources (uses)	696
Change in fund balance	(816)
Closing fund balance	5,905

**CASH FINANCIAL PLAN
ALL FUNDS
Legislative Enacted Plan 2007-08
(millions of dollars)**

	2007-08 Legislative Enacted Plan
Opening Fund Balance	6,853
Receipts:	
Taxes	61,960
Miscellaneous receipts	20,402
Federal grants	37,128
Total Receipts	119,490
Disbursements:	
Grants to local governments	85,654
State operations	18,726
General State charges	5,386
Debt service	4,134
Capital projects	6,775
Total Disbursements	120,675
Other financing sources (uses)	
Bond and note proceeds	358
Transfers from other funds	21,276
Transfers to other funds	(21,307)
Net other financing sources (uses)	327
Change in fund balance	(858)
Closing fund balance	5,995

SUMMARY OF LEGISLATIVE ACTIONS ON THE REVENUE PROVISIONS IN THE SFY 2007-08 EXECUTIVE BUDGET

Overview

The Enacted Budget contains a series of provisions that will increase revenues by \$368 million in State Fiscal Year (SFY) 2007-08. Total revenue enhancements are estimated at \$522 million and are offset by revenue reductions equaling \$154 million. In addition, Section 52 subdivision 4 of the Legislative Law requires the Legislature to report on any action to continue, modify, or repeal any tax expenditure and are identified in the discussion below.

Legislative Action on the Executive Budget Proposals

The Legislature denied the following Executive revenue proposals and tax expenditures:

- restructuring of LLC fees,
- imposing sales tax on markups charged by online travel companies,
- the continuation of the Quick Draw Lottery game for one-year.
- decoupling from the federal qualified production activities exemption,
- conforming the bad debt deduction for bank taxpayers with federal treatment,
- requiring the add back of expenses used to generate tax exempt income,
- elimination of the discounted wage factor for bank taxpayers,
- the elimination of the insurance tax exemption for certain cooperative insurance corporations,
- add back of the state and local sales tax claimed on federal itemized returns,
- providing up to a thousand dollar deduction for expenses related to elementary and secondary tuition.

The rejected proposals would have increased revenue by \$152 million in SFY 2007-08 and \$177 million in SFY 2008-09. The Legislature also denied the Executive's proposal to provide a tax deduction for elementary and secondary school tuition of \$1,000, which would have reduced revenue by \$25 million beginning in SFY 2008-09.

The Legislature also modified several of the Executive revenue enhancement proposals. The Executive's proposal to eliminate the dividend received exclusion for Bank REIT subsidiaries was phased in over a five year period. In addition, banks with assets of less than \$8 billion were exempted from the proposal. The proposals for "grandfathered" 9-A corporations and S-corporation elections were modified to make technical corrections to clarify the original intent of the proposals. Other modifications were made to the tax shelter reporting requirements. Rather than making the provisions permanent, the sunset provision was extended for two years. In addition, the Executive's proposal to increase the

Low-Income Housing Tax Credit allocation by \$4 million annually was modified to make a one-time increase of \$4 million.

Proposals that were accepted include the Executive's proposal to require combined filing of certain corporations and their subsidiaries, a requirement that captive REITs file tax returns on a combined basis with their parent corporation, partnership tax abuse, the extension of certain bank tax and alcohol beverage tax provisions as well as making permanent the Taxation and Finance Commissioner's ability to collect unpaid child support.

Legislative Additions to the Executive Budget

The Enacted Budget contained revenue reduction proposals which will reduce business taxes by \$150 million annually. For tax years beginning in 2007 and thereafter, the corporate franchise tax, bank tax and insurance tax rate will be reduced from 7.5 percent to 7.1 percent. In addition, the alternative minimum tax rate would be reduced to 1.5 percent from its current level of 2.5 percent. In addition, the effective date for the full implementation of single sales factor apportionment will be accelerated to January 1, 2007. Finally, the tax rate on entire net income for manufacturers will be reduced from 7.5 to 6.5 percent for taxable years beginning on or after January 31, 2007.

LEGISLATIVE ACTIONS AND ADDITIONS TO THE EXECUTIVE BUDGET
ALL GOVERNMENTAL FUNDS
(\$ Amounts in Millions)

REVENUE ENHANCEMENT PROPOSALS	Actions	SFY(1)	Diff(2)	SFY(1)	Diff(2)
		2007-08	Exec	2008-09	Exec
PERSONAL INCOME TAX		\$6	(\$30)	\$121	(\$60)
Extend/Restructure Higher LLC Fees	Rejected	-	(30)	-	(30)
Make Reporting of Tax Shelters Permanent	Modified	6	-	6	-
S Corporation Election	Modified	-	-	100	-
Sales Tax Itemized Deduction*	Rejected	-	-	-	(30)
Partnership Tax Abuse	Accepted	-	-	15	-
		-	-	-	-
USER TAXES AND FEES		\$0	(\$15)	\$0	(\$20)
Companies	Rejected	-	(15)	-	(20)
Alcohol Tax Enforcement Extenders	Accepted	-	-	-	-
		-	-	-	-
BUSINESS TAXES		\$516	\$57	\$484	\$55
Make Reporting of Tax Shelters Permanent	Modified	11	-	11	-
Corporate Franchise Tax Combined Filing	Accepted	381	166	381	166
Decouple from Fed Qualified Production Activities Exemption*	Rejected	-	(29)	-	(35)
Real Estate Investment Trusts*	Modified	87	(2)	63	(14)
REIT 9-A*	Accepted	15	-	11	-
Grandfathered Corporations	Modified	22	-	18	-
Conform to Federal Bad Debt Deduction*	Rejected	-	(15)	-	(12)
Expense Addback and Discounted Wage Factor*	Rejected	-	(40)	-	(32)
Extend Gramm-Leach Bliley/Bank Tax Provisions*	Accepted	-	-	-	-
Cooperative Insurance Companies	Rejected	-	(23)	-	(18)
		-	-	-	-
TOTAL REVENUE ENHANCEMENTS		\$522	\$12	\$605	(\$25)
REVENUE REDUCTION PROPOSALS	Actions	SFY	Diff	SFY	Diff
		2007-08	Exec	2008-09	Exec
Elementary and Secondary School Tuition Deduction*	Rejected	-	-	-	25
Low Income Housing Tax Credit*	Modified	(4)	-	(4)	4
Manufacturing Rate Cut*	Added	(5)	(5)	(55)	(55)
AMT Rate Cut	Added	(20)	(20)	(20)	(20)
9-A Rate Cut	Added	(56)	(56)	(56)	(56)
Bank Rate Cut	Added	(18)	(18)	(18)	(18)
Insurance (Life) Rate Cut	Added	(1)	(1)	(1)	(1)
Single Sales	Added	(50)	(50)	-	-
		-	-	-	-
TOTAL REVENUE REDUCTIONS		(\$154)	(\$150)	(\$154)	(\$121)
NET REVENUE ACTIONS		\$368	(\$138)	\$451	(\$146)

*Tax Expenditures

(1) Fiscal impacts reflect reestimates from 21-Day amendments

(2) Differences are from the Executive estimates as contained in the 21-Day amendments.

SUMMARY OF THE REVENUE BILL
S.2100-C/A.4310-C

Part A: Extension of Lower Tax Rates and Rules Governing Simulcasting of In and Out-of-State Races: This part extends for one year, from June 30, 2007 until June 30, 2008, the following provisions for in-state and out-of-state simulcasting: (1) the authorization for in-home simulcasting; (2) the allocation of commissions received on New York Racing Association (NYRA) simulcast races to purses at Yonkers Raceway; (3) the authorization for out-of-state simulcasting during the Saratoga race meeting and when racing at Saratoga is not being conducted; (4) the authorization for out-of-state harness simulcasting; (5) the maintenance of the current OTB distributions to NYRA; (6) binding arbitration to settle disputes between racetracks and OTB; (7) the postponement of the requirement that NYRA pay the Thoroughbred Racing Capital Investment Fund 50 percent of simulcast commissions at the end of each calendar quarter; (8) the continuation of the current tax rates at NYRA; and (9) the clarification that the term "non-profit racing association" shall mean any non-profit racing association or successor incorporated under Article II of the Racing Law. These changes will reduce collections by \$5 million in SFY 2007-08.

Part B: Single Sales Factor Acceleration: This part accelerates by one year the complete phase in of the New York allocation factor calculated on sales. This part will save New York's corporations \$50 million in SFY 2007-08.

Part C: Child Support Enforcement Extender: This part provides permanent authorization to the Department of Taxation and Finance to enforce the collection of outstanding child support payments reported by the Office of Temporary and Disability Assistance.

Part D: Alcoholic Beverage Control Enforcement Extender: This part extends for two years certain provisions of the Tax Law and the Criminal Procedure Law that provide enhanced enforcement tools for the more efficient collection of State and New York City alcoholic beverage taxes, particularly with respect to liquor.

Part E: Replace Highway Use Tax Permit System with Registration System: In order to meet the new restrictions that Federal actions have placed on the collection of the State Highway Use Tax, this part authorizes the State to replace the current vehicle permit system with a registration system based upon business location. It is anticipated that the new system will maintain the highway use tax revenues at current levels.

Part F: Exclusion of Dividends Received From Real Estate Investment Trust (REIT): This part modifies the Executive proposal to eliminate the exclusion for dividends received from a REIT subsidiary for Bank Taxpayers. The modifications phase out the benefit of the exclusion over a 5-year period for banks with assets of \$8 billion or more. Banks with assets less than \$8 billion would not be impacted by the new provisions. The phase out reduces the exclusion by 50 percent for the first two years, 75 percent for years three and

four and completely eliminates the exclusion in year five. Provisions requiring corporate franchise taxpayers to file on a combined basis with their REIT subsidiaries were accepted as originally submitted by the Executive. This part will increase receipts by \$102 million in SFY 2007-08.

Part G: Grandfathered 9-A Corporations: This part accepts the Executive proposal to eliminate the trafficking in these types of corporations for the sole purpose of reducing a company's taxes. Slight modifications were made to the Executive's original proposal to exclude legitimate corporate structures from being unintentionally impacted by the new provisions. This part will increase receipts by \$22 million in SFY 2007-08.

Part H: Extend Gramm-Leach-Bliley, Bank Tax For Two Years: This part extends for two years certain provisions of the Bank Tax (Article 32 of the Tax Law) and the Administrative Code of the City of New York relating to the taxation of commercial banks as well as the extension of provisions of the Business Tax Reform and Rate Reduction Act of 1987 relating to the bad debt reduction for commercial banks. It also extends transitional provisions related to the implementation of the Federal Gramm-Leach-Bliley Act to January 1, 2010. There is no fiscal impact associated with these extensions.

Part I: Extend Tax Shelter Provisions: This part extends the additional statutory authority for the Department of Taxation and Finance to enforce the reporting and auditing of illegal tax shelters for 2 additional years. This extension will result in increased collections of \$17 million in SFY 2007-08.

Part J: Requires Combined Reporting: This part accepts the Executive proposal to require a corporation with substantial intercorporate transactions to file a combined return; curtailing the practice of assigning income earned in New York to out-of-state subsidiaries for the purpose of avoiding taxes. This part will increase receipts by \$381 million in SFY 2007-08.

Part K: S-corporation Partnership Abuse: This part accepts the Executive proposal to disallow the formation of personal service corporations by out-of-state partners of an S-corp for the sole purpose of avoiding the payment of New York State income taxes. This part will increase receipts by \$15 million annually.

Part L: Federal S-corporations: This part modifies the Executive proposal to require Federal S-corps who have investment income in excess of 50 percent of their total income to file as a New York S-corp as opposed to filing as a New York C-corp. Federal S-corps that file as New York banks will not be affected by this change. This part will increase receipts by \$100 million annually.

Part M: Low Income Housing Credit: The State low-income housing tax credit was first enacted in 2000. This part increases the aggregate amount of State low-income housing tax credits available from \$12 million to \$16 million in SFY 2007-08. The State low-

income housing tax credits are taken for a period of ten years; hence, the increase results in an additional \$40 million in tax savings over ten years.

Part N: Business Tax Rate Reductions: This part would provide an across the board rate reduction for corporate, bank and life insurance taxpayers. The tax rate would be lowered from 7.5 percent to 7.1 percent for tax years beginning on or after January 1, 2007. These provisions will reduce business taxes by \$75 million annually.

The alternative minimum tax rate would be reduced from 2.5 percent to 1.5 percent for tax years beginning after January 1, 2007. In addition, this part would lower the tax rate on manufacturers from 7.5 percent to 6.5 percent for tax years beginning after January 31, 2007. These provisions will save businesses \$75 million annually.

Part O: Lower Manhattan Commercial Revitalization Program: This part extends the commercial revitalization program for Lower Manhattan for three additional years. This change does not affect State revenues.

MIDDLE CLASS STAR REBATE PROGRAM

The Legislature modified the Executive's Middle Class STAR proposal, providing property tax rebates instead of an increase in the STAR exemption. The rebate program is similar to the Executive's proposal in that it bases the amount of the rebate on the homeowner's household income. It also increases the New York City Personal Income Tax STAR Credit based on income.

Basic Rebate

Income eligibility for the STAR rebates varies by geographic region, with separate income schedules for the New York City Metropolitan Region and the rest of the State. In SFY 2007-08, STAR rebates will be equal to as much as 60 percent of a homeowner's current STAR savings, with smaller amounts for homeowners in the upper income brackets. Rebate amounts are scheduled to increase in the second and third year of the program. Homeowners with incomes over \$250,000 will not receive rebates. The schedule of middle class STAR rebates is shown in the following tables:

Outside the New York City Metro-Area				
(Rebate Amounts below reflect the percentage increase from the Basic STAR benefit)				
Adjusted Gross Income	Less than \$90,000	\$90,001 - \$150,000	\$150,001 - \$250,000	More than \$250,000
SFY 2007-08 Rebate	60%	45%	30%	-
SFY 2008-09 Rebate	70%	52.5%	35%	-
SFY 2009-10 Rebate	80%	60%	40%	-

New York City Metro-Area				
(Rebate Amounts below reflect the percentage increase from the Basic STAR benefit)				
Adjusted Gross Income	Less than \$120,000	\$120,001 - \$175,000	\$175,001 - \$250,000	More than \$250,000
SFY 2007-08 Rebate	60%	45%	30%	-
SFY 2008-09 Rebate	70%	52.5%	35%	-
SFY 2009-10 Rebate	80%	60%	40%	-

Enhanced Rebate

For SFY 2007-08, senior citizens who qualify for the enhanced exemption will receive a STAR rebate equal to 25 percent of their STAR savings. In SFY 2008-09, the rebate will increase to 35% of their STAR benefit. Seniors will also receive an annual cost of living adjustment on their STAR exemption beginning in the 2009-10 school year.

NYC Personal Income Tax Credit

The New York City Personal Income Tax (NYCPIT) STAR credit for married couples who file joint returns will be increased from \$230 to \$290 in 2007, to \$310 in 2008 and \$335 thereafter. The credit for single filers will increase proportionately. The credit will not increase for taxpayers with incomes of \$250,000 or more. The following table details the change in the NYCPIT benefit:

New York City Personal Income Tax Credit		
Year	Married Couples Filing Jointly	Single or Married Filing Separate
2006 (Current Law)	\$230	\$115
2007	\$290	\$145
2008	\$310	\$155
2009	\$335	\$167.50

Note: Taxpayers with incomes in excess of \$250,000 will not receive an increase in their credit. However, like the income brackets for the Middle Class STAR property tax exemption, the \$250,000 income ceiling will increase according to inflation.

Administration

Enhanced STAR recipients will not have to file an application to receive their rebates. However, basic STAR recipients will have to file a one-time application with the Department of Taxation and Finance (T&F). To receive a basic STAR rebate in SFY 2007-08, a homeowner will have to submit an application to T&F. Using personal income tax data from two years prior, T&F will determine eligibility for individual taxpayers. Depending on income, taxpayers will be assigned to a specific income bracket or category. Failure to file an application by November 30, 2007 will result in no rebate being issued. If a property owner disagrees with their income classification, they will be able to submit an application to T&F for re-consideration until March 31 of the following year. If the taxpayer is still unsatisfied with T&F's finding, they can utilize an Article 78 proceeding.

Once a homeowner successfully applies for the middle class STAR rebate, there would be no need to file additional applications in future years as income eligibility will be performed automatically. Homeowners would only need to file a rebate application if their ownership situation has changed. To encourage participation in the program, future applications for STAR, which are submitted to the local assessor, will instruct the applicant how to apply for middle class STAR.

Fiscal Impact

The proposal will provide \$1.3 billion in property tax relief in SFY 2007-08.

**THE FISCAL IMPACT OF THE SFY 2007-08 ENACTED BUDGET
ON LOCAL GOVERNMENTS**

These charts detail the primary impacts on localities from the State Fiscal Year (SFY) 2007-08 Enacted Budget by local fiscal years that end in 2007 and 2008 respectively. The charts measure both impacts that reflect policy driven changes over SFY 2006-07, as well as the continuing benefits derived from the Medicaid cap and the takeover of the Family Health Plus (FHP) Program.

Fiscal Impact of the SFY 2007-08 Enacted Budget on Local Governments in Local Fiscal Years Ending in 2007

FISCAL IMPACT OF THE SFY 2007-08 ENACTED BUDGET ON LOCAL GOVERNMENTS						
(Local Fiscal Years ending in 2007 - \$ in Millions)						
Issue Area	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
EDUCATION	0.0	0.0	0.0	0.0	0.0	0.0
School Aid	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE ACTIONS	(7.5)	(7.5)	0.0	0.0	0.0	0.0
Increase NYC's Charge for Personal Income Tax Administration	(7.5)	(7.5)	0.0	0.0	0.0	0.0
Authorize Parking Surcharge Retention	0.0	0.0	0.0	0.0	0.0	0.0
TRANSPORTATION	9.9	1.7	0.0	8.2	0.0	0.0
Increase Downstate Operating Assistance	9.9	1.7	0.0	8.2	0.0	0.0
PUBLIC PROTECTION	4.3	0.0	0.0	1.4	0.0	2.9
Add Funding for Justice Courts	2.9	0.0	0.0	0.0	0.0	2.9
Upstate Crime Initiative	2.0	0.0	0.0	2.0	0.0	0.0
Eliminate High Impact Incarceration Program	(0.6)	0.0	0.0	(0.6)	0.0	0.0
MUNICIPAL AID	(5.3)	(20.0)	0.0	0.9	11.5	2.3
Restructure AIM Program	13.0	0.0	0.0	0.0	11.3	1.7
Video Lottery Terminal (VLT) Aid	(20.0)	(20.0)	0.0	0.0	0.0	0.0
Flood Relief for Localities	1.7	0.0	0.0	0.9	0.2	0.6
WELFARE/CHILD WELFARE	(5.7)	(1.5)	0.0	(4.2)	0.0	0.0
Increase Local TANF Allocations	5.1	1.8	0.0	3.3	0.0	0.0
Adjust OCFS Youth Facility Rates	(10.8)	(3.3)	0.0	(7.5)	0.0	0.0
Subtotal 2007-08 Executive Budget Actions	(4.3)	(27.3)	0.0	6.3	11.5	5.2
Continuing Medicaid Cap Savings	412.3	224.8	0.0	187.5	0.0	0.0
Continuing Family Health Plus Takeover Savings	452.8	333.3	0.0	119.5	0.0	0.0
Grand Total	860.8	530.8	0.0	313.3	11.5	5.2

For local fiscal years ending in 2007 the net impact of changes to the Executive Budget was a reduction of \$2.6 million. The primary changes were the rejections of tax loophole closures (which reduced the impact for counties by \$3.4 million) and of one time funding for the Roosevelt Island Tram (which reduced the impact for New York City by \$3.7 million).

Other changes include the addition of Flood Relief for localities (which increased the impact for counties, cities, towns and villages by \$1.7 million) and restorations to the Aid & Incentives for Municipalities (AIM) Program (which increased the impact for towns by \$1 million).

Fiscal Impact of the SFY 2007-08 Enacted Budget on Local Governments in Local Fiscal Years Ending in 2008

FISCAL IMPACT OF THE SFY 2007-08 ENACTED BUDGET ON LOCAL GOVERNMENTS						
(Local Fiscal Years ending in 2008 - \$ in Millions)						
Issue Area	Total	NYC	School Districts	Counties	Other Cities	Towns & Villages
EDUCATION	1,765.0	714.0	1,051.0	0.0	0.0	0.0
School Aid	1,765.0	714.0	1,051.0	0.0	0.0	0.0
REVENUE ACTIONS	(27.7)	(30.0)	0.0	0.0	2.3	0.0
Increase NYC's Charge for Personal Income Tax Administration	(30.0)	(30.0)	0.0	0.0	0.0	0.0
Authorize Parking Surcharge Retention	2.3	0.0	0.0	0.0	2.3	0.0
TRANSPORTATION	17.6	6.7	0.0	10.9	0.0	0.0
Increase Downstate Operating Assistance	17.6	6.7	0.0	10.9	0.0	0.0
PUBLIC PROTECTION	8.3	0.0	0.0	3.3	0.0	5.0
Add Funding for Justice Courts	5.0	0.0	0.0	0.0	0.0	5.0
Upstate Crime Initiative	4.0	0.0	0.0	4.0	0.0	0.0
Eliminate High Impact Incarceration Program	(0.7)	0.0	0.0	(0.7)	0.0	0.0
MUNICIPAL AID	(240.1)	(307.9)	3.1	0.0	60.1	4.6
Restructure AIM Program	(243.4)	(307.9)	0.0	0.0	60.1	4.4
Video Lottery Terminal (VLT) Aid	0.0	0.0	0.0	0.0	0.0	0.0
Flood Relief for Localities	3.3	0.0	3.1	0.0	0.0	0.2
WELFARE/CHILD WELFARE	(15.5)	(7.3)	0.0	(8.2)	0.0	0.0
Increase Local TANF Allocations	11.5	7.1	0.0	4.4	0.0	0.0
Adjust OCFS Youth Facility Rates	(27.0)	(14.4)	0.0	(12.6)	0.0	0.0
Subtotal 2007-08 Executive Budget Actions	1,507.6	375.5	1,054.1	6.0	62.4	9.6
Continuing Medicaid Cap Savings	640.3	343.3	0.0	297.0	0.0	0.0
Continuing Family Health Plus Takeover Savings	492.8	362.5	0.0	130.3	0.0	0.0
Grand Total	2,640.7	1,081.3	1,054.1	433.3	62.4	9.6

For local fiscal years ending in 2008 the net impact of changes to the Executive Budget was a reduction of \$1.4 million. The primary changes were the addition of \$350 million in school aid (which increased the impact for New York City by \$77 million, and for other school districts by \$273 million), the rejection of tax loophole closures¹ (which reduced the impact for New York City by \$374 million, and for counties by \$3.4 million) and of one time funding for the Roosevelt Island Tram (which reduced the impact for New York City by \$11.3 million), and the restoration of Video Lottery Terminal (VLT) Aid (which increased

¹ The loophole closers that were included in the SFY 2007-08 Enacted Budget (REIT deduction, Partnership Tax Abuse, Combined Reporting and S-Corp Election), were modified to remove provisions that would have mandated their adoption by New York City. Instead, the City will have the option to adopt the provisions through local law.

the impact for New York City by \$20 million, and for counties, cities, towns and villages by \$10.8 million).

Other significant changes include the addition of Flood Relief for localities (which increased the impact for school districts by \$3.1 million) and restorations to the Aid & Incentives for Municipalities (AIM) Program (which increased the impact for New York City by \$20 million and for towns and villages by \$1.5 million).