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Week in Review

June 25, 2010

Paterson Open to New Taxes

Gov. David Paterson kept the pressure on legislators this week, telling them they have until Monday, June 28 to pass a budget or he will submit a final budget extender that includes all unfinished fiscal issues. That sets the stage from an unprecedented budget drama that will see a partial government shutdown until the Legislature acts first.

The leaders and Paterson kept details of their budget talks secret, but hinted that tax increases were on the way.

Legislative leaders appeared ready to back a 4 percent sales tax on clothing costing less than \$110. There is now a sales tax exemption on those purchases, and Assembly Speaker Sheldon Silver said this week that lifting that exemption temporarily should not be viewed as a tax hike. Legislators are also looking at a special new tax on the wealthy earning \$10 million or more annually. The plan calls for limiting tax deductibility on charitable donations to 25 percent of the gift, down from the current 50 percent, raising an estimated \$100 million.

Paterson and legislators approved a hike in tobacco taxes this week, raising New York's levy on cigarettes to the highest in the nation. The current tax of \$2.75 per pack was increased to \$4.35. Taxes on other tobacco products increased from 46 to 75 percent. Overall, the tobacco tax hikes would raise \$290 million. A related effort to tax sales of cigarettes by Indian tribal merchants would raise \$150 million a year.

Honest Services Ruling May Overturn Bruno Conviction

The U.S. Supreme Court this week ruled that the Honest Services law used to convicted many corporate executives and public officials in recent years was too broad and must be scaled back. The ruling gave hope to supporters of Senate Majority Leader Joseph Bruno, who was convicted on corruption charges in December by federal prosecutors using the law that makes it a crime for someone to deprive another person of their honest services

The ruling was in the cases of Jeffrey Skilling, the mastermind of the Enron fraud scandal, and Conrad Black, the newspaper mogul convicted of looting his company. The court said the law was applied too broadly, but said it was constitutional if used only in clear cases of bribery and kickbacks.

Beside the corporate criminals, the law has been used to prosecute many prominent politicians, including former Illinois Gov. Rod Blagojevich, accused of trying to sell Barack Obama's U.S. Senate seat appointment.

Spitzer to Co-Host CNN Show

Former Gov. Eliot Spitzer's quest for redemption from his prostitution scandal landed him a job on CNN this week. Spitzer will co-anchor a prime time 8 p.m. daily show on politics with conservative political columnist Kathleen Parker. The move drew derision from some critics, with the New Yorker calling Spitzer "repellent" and unwatchable. CNN has seen its ratings slide as viewers chose TV news commentary with a Republican slant from Fox and a Democratic slant from MSNBC.

DiNapoli to Sue BP

Comptroller Tom DiNapoli said this week the state pension fund would sue BP over the sharp drop in its share prices as a result of the massive oil spill in the Gulf of Mexico. The pension fund owned 19 million shares of BP stock on the day the accident occurred and has since reduced its holdings to 15 million. Besides losing share value, BP has suspended its dividends because of the cost of the cleanup.

Upcoming Events

A LOOK AHEAD

NYRA SARATOGA PRESS CONFERENCE: It's off to the races as plans are unveiled Monday for 40 days of racing during the 142nd season at Saratoga Race Course.

- Advisory: WHAT: Saratoga Race Course News Conference and Luncheon. WHO: - Charlie Hayward: NYRA President and CEO -Hal Handel: NYRA Executive Vice President and COO -PJ Campo: NYRA Vice President and Director of Racing -Dan Silver: NYRA Director of Communications and Media Relations. WHEN: Monday, June 28 at 11:30 a.m. News Conference begins at noon. WHERE: The Desmond Hotel & Conference Center, 660 Albany Shaker Road, Albany, N.Y. DETAILS: As thoroughbred racing prepares to return to the foothills of the Adirondacks, officials with the New York Racing Association will discuss plans for the upcoming meet, which will expand by four days and consist of 40 racing days. The 2010 racing season gets underway on Friday, July 23 and runs through Labor Day, Monday, September 6.

ASSEMBLY HEARING – FULTON COUNTY AGENCY: At 11 a.m. Monday, the Assembly Standing Committee on Corporations, Authorities and Commission holds a hearing on "Return of subpoenas for the Fulton County Economic Development Corporation," Roosevelt Hearing Room C, Legislative Office Building, 2nd Floor, Albany, New York.

TUESDAY LCA LOB PRESS CONFERENCES:

- 10:30 a.m., "Release of self sufficient standard," Empire Justice Center, Contact: Dory 462-6831

DL21C EVENT – HAROLD FORD JR.: Former Rep. Harold Ford Jr. will be guest at a Democratic Leadership for the 21st Century event on Tuesday at 7 p.m. at Bennett Media Studios, 723 Washington Street (b/t Bank and W. 11th); B/C/E/L/1/2/3 to 1, New York

POLITICAL CONSULTANTS CONFERENCE: The American Association of Political Consultants holds a conference Wednesday at Fordham University Law School - McNally Amphitheatre, 140 West 62nd St. Lincoln Center Campus, New York. \$175.

- Advisory: With census redistricting right around the corner, statewide and legislative races are going to be the hotbed of the 2010 Battleground. At the AAPC Strategic Outlook Conference, the political consulting industry's foremost authorities on political campaigns and strategy will gather for a view into what the future holds and share their strategies for winning in this important election year.

HEALTH DEPARTMENT MEETINGS:

- Tuesday, June 29, 2010 – The Establishment Committee of the Public Health Council will meet on June 29 at 10:00 a.m., at the New York State Department of Health, Empire State Plaza, Meeting Room 1, Concourse Level, Albany. The Establishment Committee of the Public Health Council regularly meets prior to to the full Public Health Council meeting.
- Wednesday, June 30, 2010 – The Public Health Council Ad Hoc Committee to Support the Prevention Agenda toward the Healthiest State will meet on June 30 at 9:00 a.m. at the New York State Department of Health offices at 90 Church Street, Floor 4, Rooms 4A & 4B, New York City. This Committee has been established to support the implementation of the Prevention Agenda. It will consider progress toward Prevention Agenda goals and identify strategies that can be implemented at state and local levels to support this initiative. For security purposes, anyone wishing to attend the meeting must call Ms. Colleen Frost's office at (518) 474-8009 to have their name placed on a list of attendees. For entry to the building, meeting attendees additionally must present a photo ID to the security personnel.