



To: Greater Rochester Chamber of Commerce Membership  
From: Marc Cohen, Chief of Staff  
Date: April 12, 2021  
Re: FY2022 NYS Enacted Budget Brief

**Summary:** The New York State Legislature passed the FY2022 \$212 billion budget on April 7, 2021. The budget accounts for increased revenue provided by the American Rescue Plan (\$5.5 billion of the \$12.6 billion in FY2022) and additional revenue raisers including wealth taxes (\$2.8 billion in FY2022) and corporate franchise tax increases (\$750 million in FY 2022). Below is a breakdown of relevant sections of the budget.

### **Issue Overview:**

**Broadband:** The Enacted Budget includes legislation requiring internet service providers to offer an affordable \$15 per month high-speed internet plan to qualifying low-income households.

**Emergency Rental Assistance Program (ERAP):** The Enacted Budget creates a \$2.4 billion program that would prioritize those with the lowest incomes, the unemployed and other vulnerable populations. Renters in the program will also be eligible to receive relief for utility arrears. The program is funded by \$2.3 billion in Federal resources and \$100 million of State resources to supplement the core program and target those facing hardship that may not otherwise be eligible.

**Nursing Homes:** The Enacted Budget includes minimum thresholds for nursing home spending of 70 percent of revenues on direct resident care and 40 percent of revenues on resident-facing staffing and capping profits at five percent,

**Small Business and Arts Relief and Recovery Assistance:** The Enacted Budget includes a \$1 Billion small business, arts, entertainment and restaurant relief package to help businesses and other organizations recover from the impacts of the pandemic:

- **COVID-19 Pandemic Small Business Recovery Grant Program:** Provides \$800 million in grant funding for small businesses including for-profit arts and cultural institutions impacted by the COVID-19 pandemic.
- **New York Restaurant Resiliency Grant Program:** \$25 million in grant funding to support restaurants that provide meals to distressed and under-represented communities.
- **Arts and Cultural Organization Recovery Grant Program:** \$40 million to provide grants through the New York State Council on the Arts to eligible arts and cultural nonprofit organizations to assist in the recovery from the COVID-19 pandemic.
- **Restaurant Return-To-Work Tax Credit:** Up to \$35 million in tax credits to support restaurants hard hit by the pandemic through 2021.
- **Extend and Enhance the Musical and Theatrical Production Credit for Four Years:** In order to support musical and theatrical productions that occur in the State but outside of New York City, the Budget extends this credit for four years through 2025 and increases it by \$4 million to \$8 million.

**Real Property Tax Relief Credit:** The Enacted Budget provides a personal income tax credit for New York resident homeowners with incomes up to \$250,000 if their total property tax exceeds a fixed percentage of their

income. The calculation of this credit is capped at \$350 per STAR-eligible household, while also utilizing a \$250 credit minimum to further target homeowners impacted the most by high property taxes. Qualified homeowners will be able to claim this new Property Tax Relief credit for taxable years 2021, 2022, and 2023.

**Personal Income Tax Increase:** The Enacted Budget implements a surcharge on high earners through Tax Year 2027. For single filers reporting more than \$1 million annually, and joint filers reporting more than \$2 million, the income tax rate would rise from 8.82% to 9.65%. There will also be two new additional tax brackets (income over \$5 million at 10.3% and income over \$25 million at 10.9%).

**Corporate Franchise Tax Rates:** The Enacted Budget implements a surcharge on corporate tax rate that increases the business income tax rate from 6.5% to 7.25% for three years through tax year 2023 for businesses with income greater than \$5 million. It also increases the capital base method of liability estimation to 0.1875% from the 0.025% rate in effect last year. The capital base method increase continues to exempt qualified manufacturers, qualified emerging technology companies, and cooperative housing corporations.

**Mobile Sports Wagering:** The Enacted Budget authorizes mobile sports wagering. Once fully phased in, legalization is expected to provide \$500 million in revenue for the State.

**State School Aid:** The Enacted Budget provides \$29.5 billion in State funding to school districts for the 2021-22 school year.

**Federal School Aid (Public):** The Enacted Budget programs \$13 billion of federal dollars to assist schools with COVID19 costs/reopening needs.

**Federal School Aid (Private):** The Enacted Budget includes \$500 million of federal funding for emergency assistance to nonpublic schools.

**Higher Education (State Aid):** The Enacted Budget provides \$7.7 billion in State support for higher education in New York. The Enacted Budget provides \$1 billion in new capital funding to SUNY and CUNY.

**Higher Education (Federal Aid):** New York's colleges and universities are expected to receive an estimated \$5.4 billion in direct Federal stimulus aid, including \$3.4 billion for public colleges and \$2 billion for private colleges. Funding will be used to provide financial aid grants to students with exceptional need, such as students who receive Pell grants.

**Higher Education Opportunity Programs:** The Enacted Budget \$247 million to provide academic and financial support to disadvantaged students through opportunity programs and training centers. The Budget adds \$30 million for a 20 percent increase in funding for higher education opportunity programs and \$4 million in additional aid for Education Opportunity Centers.

**TAP:** The Enacted Budget includes \$88 million to raise the maximum TAP award from \$5,165 to \$5,665.

**TAP Gap:** The Enacted Budget includes a four-year plan to fund the gap in financial aid between TAP and tuition that is covered by SUNY and CUNY tuition credits. The plan increases State support to fully cover an estimated \$158 million in annual TAP tuition credits by the 2024-25 academic year.

**Community Colleges:** The Enacted Budget increases community college formula aid from \$2,947 per student to \$3,197 per student and includes a funding floor at 98 percent of prior year formula aid.

**Telehealth:** The State enacted a comprehensive package of telehealth reforms that will increase access to telehealth services.

**Health Care Premiums:** The Enacted Budget eliminates premiums for Essential Plan coverage for more than 400,000 New Yorkers earning between \$39,300 and \$52,400 for a family of four and expands coverage to include dental and vision by eliminating dental and vision premiums and cost-sharing for Essential Plan 1 and Plan 2 members currently paying out-of-pocket.

**Human Services Cost of Living Adjustment (COLA):** The Enacted Budget includes \$51.8 million to provide a 1 percent COLA to not-for-profits licensed, certified, or otherwise authorized by OPWDD, OMH, OASAS, SOFA, OTDA, and OCFS.

**Medicaid Pharmacy Benefit:** The FY 2022 Enacted Budget delays the transition of the Medicaid pharmacy benefit by two years, until April 1, 2023.

**Workforce Development:** The Enacted Budget enacts a COVID-19 Recovery Workforce Initiative, which invests \$50 million for training in high-growth industries, employer-driven training for low-income workers and funding for small businesses to re-train and hire furloughed, laid-off or new employees. The Enacted Budget also includes several initiatives under which New York's colleges and universities will help rebuild New York's economy by educating and training workers for in-demand jobs.

**Excluded Workers:** The Enacted Budget creates a \$2.1 billion program to provide cash payments to workers who have suffered income loss due to COVID but who are ineligible for Unemployment Insurance or related Federal benefits due to their immigration status or other factors. Such workers must be low-income and provide sufficient documentation to establish work-related eligibility and residency in the state.

**Tourism:** Ninth round of \$15 million in competitive funding through the Market NY initiative to support marketing projects that promote regional attractions.

**Regional Economic Development Councils:** The Enacted Budget includes \$750 million for another round of REDC funding. Funding will target assistance to impacted industries and allow for job creation and retention.

**MWBE Program:** Empire State Development is launching the "Entrepreneurship Navigator" to provide customized services and streamlined access to start-up programs to help incubate minority and women entrepreneurs in the technology and innovation sector.

**New York Works Economic Development Fund:** The Enacted Budget includes a sixth round of investment equaling \$220 million for the New York Works Economic Development Fund.

**Downtown Revitalization:** The Enacted Budget provides \$100 million for another round of the Downtown Revitalization Initiative.

**Nonprofit Arts and Cultural Organizations:** The Enacted Budget includes a \$40 million fund that will provide general operating support to assist nonprofit arts and cultural organizations as they recover from the impact of the COVID-19 pandemic.

**Affordable and Homeless Housing Capital Plan:** The Enacted Budget includes \$250 million to create or preserve 100,000 units of affordable housing and create 6,000 new units of supportive housing.

**Public Housing Remediation:** The budget includes \$325 million in capital appropriation for critical maintenance projects including weatherization, heating needs, elevators, and lead remediation for public housing throughout the State.

**Adaptive Reuse Affordable Housing Program:** The Budget includes a \$100 million capital appropriation to finance the adaptive reuse of commercial and hotel properties located in New York City to create permanent affordable housing.

**Local Highways and Bridges:** The Enacted Budget includes funding for the Consolidated Highway Improvement Program (CHIPS) and the Marchiselli program at \$577.8 million and funding for Extreme Winter Recovery is \$100 million. The Enacted Budget also provides \$100 million of funding to localities responsible for State Touring Routes, increases highway aid through the PAVE NY program to \$150 million, and maintains funding of local bridge projects through the BRIDGE NY program at \$100 million.

**Clean Water Infrastructure:** The Enacted Budget adds a \$500 million appropriation to support clean water.

**Environmental Protection Fund:** The Enacted Budget continues EPF funding at \$300 million.

**Restore Mother Nature Bond Act:** The Enacted Budget supports the \$3 billion Restore Mother Nature Bond Act which will be voted on in the November 2022 general election.

**Offshore Wind:** The state will develop two new offshore wind farms off Long Island. The wind farms are expected to yield a combined 2,490 megawatts of energy.

**Green Energy Transmission Superhighway:** New York State will construct a \$2 billion, 250 mile green energy superhighway on the New York Power Authority's 86-mile Smart Path project from Massena to Croghan with projects in Western New York, Mid-Hudson, and the Capital Region.

**Electric Buses:** The Enacted Budget provides non-MTA transit systems with \$20 million of capital aid to support transit agencies' transition to electric buses.

**Policing Reform:** The Enacted Budget strengthens hiring and background investigation standards for police officers through the establishment of a certification process. All police departments will be required to certify their compliance with minimum hiring and background investigation standards. This legislation prevents officers who commit serious or criminal misconduct from serving as officers in another police department.

**Elections Infrastructure and Voting Reforms:** The Enacted Budget includes \$25 million to modernize and secure State and local voting infrastructure. The Budget also provides \$2 million in local funding and \$1 million in State Board of Elections funding to support the implementation and oversight of voting reforms, including early voting.