



## Living in New York is very taxing

**BY DICK BRENNAN**

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If you want to know where your money is going these days in New York State, check your tax bill. The Westchester County Association says the state has 5,000 taxing entities, compared to an average of 200 around the country. They claim the coming fiscal year has an additional \$1 billion in new taxes and fees, and contributions by every level of government to public sector pensions has gone up tenfold in the past decade.

Yet, despite that, you are well aware that the state has a \$9 billion budget deficit, and it could escalate to \$60 billion over five years. Incredible.

The biggest parts of the budget go to education and health care, and many politicians in Albany try to make both sacred cows. However, consider this: According to the Kaiser Foundation, New York's Medicaid expenditures were the highest in the land – \$44.3 billion. Economist Raymond Keating reports that Texas spent less than half that amount, and Florida, with a slightly smaller but definitely older population, had Medicaid expenditures less than a third of New York State. Keating reports that the most costly of the optional Medicaid services is “personal care,” for which New York spent 234 percent more than the national average in 2008! But that should not be surprising, because New York State spending topped the U.S. national average by 41 percent.

Do you think services here in New York are 41 percent better than the rest of the country? No, I didn't think you would.

If you question politicians about spending, they always say the same thing: They want to protect our children, and protect people who need health care. So I ask them: Why not double the amount spent on both? After looking at me like I have two heads, they frequently answer that we don't have the money. Exactly. My Socratic method of questioning illustrates that no matter how noble the goal, everything has a price tag, and there has to be a limit somewhere. But Albany has always been beyond limits.

In this environment, Lieutenant Governor Richard Ravitch has proposed a five- year fiscal plan designed to bring New York's fiscal practices in line with other states, and with common sense. Most of these proposals seem responsible and long overdue. But Ravitch's proposal to allow up to \$2 billion in borrowing has raised red flags among some, including Mayor Michael Bloomberg. Does it really make sense to allow the people who brought us down this road another \$2 billion in borrowing?

Ironically, the budget debacle is allowing David Paterson to look statesmanlike, while he is caught in a swirl of scandal that still could cost him his job. Paterson continues to warn that the party is over in Albany. But will he remain steadfast when the rubber meets the road? He's not running for anything, except perhaps for a legacy.

New Yorkers' state, local and school taxes are 33 percent higher than the national average. So, given the incredible tax burden, maybe state lawmakers could actually cut taxes – but don't count on it.