

SALT cap repeal sought

Cuomo to meet Trump, seek tax plan overhaul

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ALBANY — Gov. Andrew M. Cuomo said he is scheduled to meet with President Donald Trump on Tuesday to press his effort to overhaul Trump's tax plan, which is driving up federal income taxes for high-income, highly taxed New Yorkers.

Trump's tax cut package, passed in December 2017, provides a long-term corporate tax break, but helps pay for it by capping the deductibility of state and local taxes, or SALT, on federal income taxes. That is increasing many New Yorkers' federal income tax bills in areas with high local property taxes and income taxes, such as Long Island, Westchester County and Manhattan.

"To me, there is no more vital, long-term issue for this state than SALT," Cuomo said.

A week ago, Cuomo blamed the SALT provision and Trump for a \$2.3 billion hole in state income tax revenue for December alone. Cuomo said the loss in estimated income tax payments by high-income earners indicates that many top earners may be leaving the state, threatening a long-term loss of revenue. Fiscal analysts, however, have



Gov. Andrew M. Cuomo, left, talks as Robert Mujica, budget director of New York State, listens Monday.

also noted that Wall Street bonuses are down and the economy is slowing.

Last week, Trump said he was open to discussing changes in his tax package. He provided no specifics.

Cuomo said that in his

mid-afternoon meeting with Trump he will press for a full repeal of the SALT provision. He said he has no alternative or compromise to offer, but said Trump would simply have to find another way to fund his corporate tax break.

State Budget Director Robert Mujica said about 1.7 million of New York's 9 million tax filers in 52 of 62 counties are hurt by the cap on the SALT deduction. He said they will pay an additional \$15 billion in federal taxes. But Cuomo said all New

Yorkers are hurt because the federal measure is driving wealthy employers and money out of New York State and could force higher state and local taxes or cuts in services.

Cuomo indicated he will argue that the federal tax law is a redistribution of the wealth of richer states — almost all of which are dominated by Democrats — to poorer states, mostly dominated by Republicans. Cuomo said wealth redistribution is a liberal or socialist idea that Trump and Senate Republicans have said they oppose.

"They have done it at the highest level imaginable," Cuomo said. He noted Democratic-led Massachusetts and California had similar hits from the capping of SALT.

"This changes the economic trajectory of the state," Cuomo said. "People are mobile and they will go to a better tax situation. That is a fact."

Cuomo has been highly critical of Trump for months and has said some of his policies were un-American. He has met a few times with the Manhattan developer since his election in 2016. Trump had previously been a large contributor to Cuomo's campaigns. In last week's State of the Union address, Trump criticized New York's more expansive abortion law and Cuomo, who Trump said cheered its passage.

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Rethinking aid cut to municipalities

BY MICHAEL GORMLEY
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ALBANY — Gov. Andrew M. Cuomo said Monday that he is open to restoring aid to municipalities that he cut in his January budget after local mayors pressed him for help.

Perhaps the biggest surprise in his \$175.2 billion budget proposal to the State Legislature was his \$19 million cut in Aid and Incentives to Municipalities. In Albany, most saw this as a traditional state budget maneuver in which a gover-

nor balances his proposal by making cuts he knows the legislature will be pressured to restore in the horse-trading of negotiations.

But this time mayors from around the state descended on Cuomo and prompted him to make a rare public move off the position in his budget.

"We want to restore AIM," Cuomo said. But "you have to cut somewhere."

"I have heard from a number of mayors," Cuomo said. "They made a very strong case against that cut, although

it was a very small amount."

Cuomo said he only cut AIM to municipalities that received, on average, about \$14,000 in aid. He said he thought the small amount wouldn't be disruptive to local budgets, but mayors told him he was wrong.

Local officials praised the governor's reconsideration of the funding cuts.

"I am very encouraged Governor Cuomo is considering a restoration of these critical funds," Hempstead Town Supervisor Laura Gillen wrote in

a statement.

Gillen was in Albany Monday pressing state lawmakers on the issue, as was Freeport Village Mayor Robert Kennedy.

"It would devastate the village's budget should they take that \$1 million away," Kennedy said of his village's annual share of the AIM funding. "I'd like to thank him for reconsidering it."

Brookhaven Supervisor Edward P. Romaine, whose town faces a loss of \$1.8 million, said the town would have to make "some serious cuts" if

the AIM funds were not restored. The town has frozen new hiring and has contemplated cuts to other programs in case AIM funding is eliminated, he said.

"When you're cutting all the funding for all the towns on Long Island and throughout the state, and most of the villages, and you're not cutting aid for the cities, not fair," Romaine said Monday. "All I'm trying to do is ensure that we are treated fairly."

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