



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

ANDREW M. CUOMO
GOVERNOR

February 4, 2021

Dear New York State Congressional Delegation:

I want to thank you for all the good work you have done for our great state. I am sorry for the trauma and ugliness that you have had to endure in the United States Capitol. These are trying times, my friends, and they are also highly consequential.

I believe the COVID relief bill that you will pass shortly is paramount to this state and nation's recovery. The politics and incompetence of the past federal administration has brought the nation to the brink. The COVID relief package must reverse the damage and right the ship.

Unlike any other year, the federal COVID relief bill will determine New York's state budget. State and local deficits can only be satisfied by Washington. The New York state budget requires 15 billion dollars to avoid massive tax hikes, layoffs, education cuts and healthcare cuts. Every economist projects negative economic consequences if that occurs. Remember the prior COVID legislation passed under Trump – the so-called Cares Act bills – were not truly targeted to COVID relief but funded states virtually regardless of COVID need and thus were a boondoggle for Republican states and short changed Democratic states.

I would ask you to consider three points.

First, COVID relief should be targeted to the need created by COVID. This is an emergency response bill. When a state is hit by an earthquake, the nation funds that state. It does not fund all states. While COVID affected many states, it devastated a few. New York was ground zero for COVID. It was the federal negligence that allowed COVID to come to New York for months undetected. The damage done in New York was exponentially higher than any other state. It is insulting to New Yorkers for anyone to suggest the COVID relief bill should become a typical pork barrel exercise. Target federal assistance the way COVID targeted its victims. New York deserves a disproportionate amount of COVID relief because New York suffered a disproportionate amount of damage. By any metric, New York would receive a larger proportional share of President Biden \$350 billion in state and local aid. If Congress distributed the \$350 billion funding by the number of lives lost to COVID, New York State would receive \$20.7 billion and local governments would receive \$13.8 billion. If the distribution formula reflected COVID related unemployment, New York State would receive \$15.1 billion and local governments would receive \$10.1 billion. Ironically, even if Congress was wholly political and disregarded all legitimate need factors and distributed only by a state's population – which would

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be a repulsive policy – New York State would still receive \$12.4 billion and local governments would receive \$8.3 billion.

To the extent the federal government needs revenue to fund COVID relief and reconstruction, it should raise taxes on the wealthy. Forcing an individual state to raise taxes to meet their need is compounding the injustice. In the new Zoom reality, people and businesses are more mobile and are already working remotely. Raising taxes in any one state puts that state at an economic disadvantage. The states' hit hardest by COVID, and which received insufficient aid from the Federal Cares Act funding, are Democratic states. A national tax increase avoids a race to the bottom among Democratic states. If New York does not receive \$15 billion to close the state deficit, we will have no option but to lay off workers, cut education and healthcare and raise taxes.

Second, Congress should avoid old school politics. The federal government directly funding schools, hospitals and local institutions is duplicative to state and local funding of these same entities and does more harm than good because those same entities will suffer state cuts, layoffs, and tax increases. Federal funding of schools through Title I does not address all regions of the state fairly. Likewise, funding hospitals directly by the federal government perverts state funding formulas that help hospitals in poor communities and safety net hospitals and aids wealthy well-endowed hospitals. Direct federal funding compounds this regressive policy by reducing the amount of funding state and local governments can provide to struggling schools and poor hospitals.

The simplest way to target funding equitably is to provide it through state and local governments. At a minimum, funding provided by the federal government should be an offset to state and local financing obligations and follow state formulas.

Third, the SALT legislation was unconstitutional and the first double taxation in history. New York State is still in litigation against the federal government to end SALT. Repeal is a priority as every month costs New Yorkers over \$1 billion in additional taxes. Every day SALT is not repealed costs New Yorkers almost \$34 million. It must be repealed now.

In sum, New York State paid a terrible price for COVID. Past federal efforts have only further hurt New York. The nation rejected Republican policies and we must not repeat, but rather correct, their mistakes. If New York State is forced to do layoffs, reduce funding to poor schools, reduce funding to safety net hospitals, and increase taxes we will see a situation go from bad to worse.

COVID-19 has hit thousands of homeowners and renters particularly hard. While eviction moratoriums put into place by my administration early on in the pandemic, and further extended in partnership with the legislature more recently, have staved off massive evictions and foreclosures, this approach is merely a stopgap. It is not possible for any state to address this crisis. Any recovery package passed by the Federal government must include a real solution to the looming eviction crisis and help New Yorkers struggling due to COVID-19 stay in their homes.

Finally, the restaurant industry, which is the lifeblood of New York, must be saved. For too long, restaurants and bars were forced to shutter as a result of COVID-19. The federal government must provide real financial support to restaurants statewide to ensure they are able to reopen and support the tens of thousands hardworking men and women they employ.

The state is poised to re-launch. We will lead the nation in the new green economy, rebuild our transportation system, provide accessible and affordable universal broadband and attract the economy of tomorrow. We need a federal partner that works with us and not against us. And now your leadership provides that opportunity.

Sincerely,



ANDREW M. CUOMO