

# Metropolitan News

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## Cuomo's Proposed Budget Draws Criticism

By JEFFREY SCHMALZ

Special to The New York Times

ALBANY, Jan. 21 — Less than 24 hours after Governor Cuomo proposed a \$40.9 billion budget for the fiscal year that begins April 1, the plan was widely assailed today by Democrats and Republicans alike, who demanded greater tax cuts.

Democratic lawmakers, who rarely criticize the Governor at all, used unusually strong language — a sign that the legislative session might be an especially contentious one this year, at a time when Albany will be under greater scrutiny nationwide as Mr. Cuomo decides whether to seek the Democratic nomination for President.

Saying that the Governor's proposals would mandate "artificial" budget-monitoring devices that "usurp the legal responsibilities of the Legislature," the State Senate's Democratic leader, Manfred Ohrenstein, declared, "We believe there is room in the budget to accommodate additional tax cuts."

The Senate majority leader, Warren M.

### Greater tax cuts are demanded by state lawmakers.

Anderson, a Binghamton Republican, said, "I wouldn't go so far as to say that Governor Cuomo's budget was dead on arrival in the Legislature, but I will say that a budget of this magnitude without a significant cut in state taxes is simply not acceptable."

In a board vote tonight, an \$8.6 billion plan to rebuild New York City's mass-transit system was blocked. [Page B5.]

In the Assembly, Mel Miller, a Brooklyn Democrat who took over this month as the Speaker, rejected Mr. Cuomo's renewed call in his budget plan for a statutory ceiling on the rate of spending increases each year, saying the Governor's budget pre-

sentation "reinforced my opposition to the cap."

The Speaker said the cap, which would limit spending growth to a percentage of the growth in personal income, could lead to lower state spending in times of recession. He said that was exactly when increased spending might be needed because of a greater demand for social-service and job-training programs.

### Not Ruling Out Tax Cuts

Mr. Miller reserved judgment on further tax cuts. But he said it was too soon to rule them out, as Mr. Cuomo has done, and he added that the Governor's projection for how much extra in taxes the state would take in as a result of the new Federal tax code "may be too low."

Behind today's comments lay a crazy quilt of political considerations. Senate and Assembly Republicans, aware that Mr. Cuomo is trying to ease any perception of himself around the country as a big spender, sense they can win further tax

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The New York Times/David Jennings

Governor Cuomo yesterday in Albany, where he presented his budget to the Legislature.



The New York Times/David Jeanines

Assembly Speaker Mel Miller listening as Governor Cuomo delivered his budget to the Legislature yesterday.

## Cuomo's Budget Plan Is Criticized by Lawmakers

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cuts if they keep up the pressure. Senate Democrats have been annoyed with the Governor since last year's election campaign, saying he should have spent more time campaigning for Democratic candidates. And Mr. Miller is trying to establish himself as a Democrat independent of the Governor.

The tax issue breaks down into three categories. In the first category, there is agreement: the state will go ahead this year with the final phase of a three-year tax cut that will lower the maximum rate on personal income to 9 percent from 10 percent.

The second category involves extra taxes that the state would collect as a result of the new Federal tax code. All key lawmakers, Democrats and Republicans, agree that the state should change its tax code to prevent it from collecting the extra money, known here as the "windfall."

The dispute is over how big the windfall will be. The Governor estimates it at \$1.67 billion a year, but Democrats in the Senate and Republicans in the Senate and the Assembly put it much higher, at more than \$2 billion.

Mr. Cuomo says the state should cut rates to offset his projected \$1.67 billion windfall. If it proves to be greater, the increased tax collections would be set aside in a special fund, then returned to taxpayers. A commission would be set up to monitor tax revenues and recommend how much to give back.

Mr. Cuomo argues that to do anything else would be to risk overestimating the windfall, returning too much money to taxpayers and thereby risking a deficit.

But Senate Republicans and Demo-

crats say the Governor should recognize now that the windfall will be greater and cut rates accordingly, thus preventing the state from collecting any increased taxes. "The state has no right to keep any part of the windfall," Senator Ohrenstein, a Manhattan Democrat, said today.

The third tax category involves proposals to cut taxes even further than is necessary to return the windfall. That position is supported by Senate Democrats and Republicans and by Assembly Republicans, all of whom contend that the New York economy is growing so quickly — and generating so much in new revenues for the state — that it can afford a broad tax cut now.