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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 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.