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LEGISLATIVE UPDATE

~ OCTOBER 25, 2001 ~

State

Legislature Passes Supplemental Budget, Expands Gambling

Early this morning, the New York State Senate and Assembly passed legislation to invest in economic development, provide additional state aid to education and support for not-for-profit organizations, and expand gaming in New York State in an effort to generate additional revenues to help address the fiscal and economic damage caused by the September 11th attacks.

The bill, which passed 52-8 in the Senate and 92-41 in the Assembly, lays the groundwork for six Indian casinos in the Catskills and western New York, the installation of video lottery terminals at racetracks and the inclusion of New York in the multistate Powerball lottery. Also in an unexpected move, Senate Republicans, who have traditionally opposed expanding gambling, began the process of changing the state constitution to allow casinos to be opened anywhere the Governor, Legislature and local voters agree. Currently, casinos can only be run by Indian nations. These constitutional amendments would require votes by two separately elected legislatures, pushing the next vote on this issue until after the November 2002 elections, and thence to the voters for a referendum. Senate Majority Leader, Joseph Bruno stated that he is prepared to lead the Senate to a second passage of the resolutions in 2003, however should the Indian casinos be developed by then, it may not be necessary.

Proponents of the gaming measure argue that the revenues these ventures will generate are desperately needed in the face of New York's financial disruption. While the *New York Times* estimates the new gambling opportunities will bring in \$1 billion within three years, Bruno estimates that the state will reap \$1 billion annually. New York would get 25% of these gaming proceeds and share one-fourth of it with localities. An economic-impact study of video lottery, commissioned by the horse racing industry, estimates yearly receipts at \$15 billion, with 10 percent of the take returning to the state.

The completed state budget for FY 2001-2002, six months late, brings total spending to \$84.5 billion, an approximate 6% increase over FY 2000-2001.

The gambling measures were included in a bill putting in place a final budget agreement for fiscal year 2001-2002, and containing several other provisions, like an extension of health benefits for indigent children, which made opposition difficult. The agreement provides for about \$500 million in new spending for school aid, social programs, and seed money for new industries. The new money has been allocated as follows:

Education

The legislation passed by the Senate and Assembly would provide \$200 million in aid to education. In addition to the school aid increase approved earlier this year, the total increase in aid to education this year amounts to \$780 million.

Economic Development

The legislation also invests \$100 million in economic development programs including \$10 million in seed money to encourage job growth in the areas of biomedical technology and biomedical research as well as other high tech economic development initiatives. \$10 million is included for the creation of a Liberty Zone economic development program related to the rebuilding of lower Manhattan.

Community Services

The bill also provides \$200 million in support for not-for-profit organizations across the state that may be at risk of closing without this funding. Eligible organizations include those that provide human services, emergency relief and other community services. Members of the Senate and Assembly have yet to determine the specific process whereby the money will be distributed.

The following is the budget language contained in S.5824/A.9458, the budget bill passed that allocates the aforementioned \$200 million for what is being called the Community Assistance Provider Program:

“Grants shall be made available to certain not-for-profit organizations and/or municipalities to be determined pursuant to an MOU executed by the Governor, Assembly and Senate.

Eligible recipients may include and shall be limited to: (a) not-for-profit organizations in good standing for initiatives that provide critical direct human services or emergency relief services that are an extension of governmental programs or purposes; (b) municipalities for initiatives that provide critical direct human services or emergency relief services; or (c) not-for-profit organizations in good standing or municipalities for initiatives that were supported by state funding in state fiscal year 200-2001, that, without the continuation of such state funding, would result in layoffs at that not-for-profit organization or municipality or the elimination or curtailment of services which are of interest to the state or of direct benefit to the local community.”