

A state under siege

Governor seeks to turn Albany insiders out in tough talk

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ALBANY -- With the state's finances and his own political future on the ropes, Gov. David Paterson on Wednesday vowed to fight Albany's culture of "spending, power and approval" in a confrontational State of the State speech that took on nearly every corner of government.

"This is a winter of reckoning for New York," Paterson said to a solemn crowd of legislators and guests gathered in the Assembly chamber.

"Look at history," he said. "Cultures of addiction to spending, power and approval have ruined empires and now they threaten the Empire State."

Paterson's half-hour speech combined lofty rhetoric with a slew of ambitious proposals to uncover "the sins of finance" and "address the chronic abuse of power."

The governor's initiatives for 2010 range from the consolidation of state agencies and services to the announcement of a new economic development plan to replace the Empire Zone system. His new initiative, the Excelsior Jobs Program, would be focused on expanding high-tech and clean-energy employment through targeted tax credits.

To build up the struggling upstate economy, the governor proposed programs to make upstate the "preferred back office of corporate America" by acting as the matchmaker for companies seeking support services.

Paterson once again pushed for a state spending cap that would tie expenditures to an average rate of inflation over the past three years. This measure would be tied to a "circuit breaker" that would prevent spending costs from merely being transferred to real-property taxpayers.

And despite the state's dire financial straits, Paterson proposed the creation of a \$25 million small business revolving loan fund and a \$25 million New Technology Seed Fund.

As previously announced, Paterson's largest new initiative is the Reform Albany Act, a sweeping set of ethics measures that would establish a new Ethics Commission to oversee the executive and legislative branches, expand disclosure for elected officials, set term limits and prune back the Comptroller's powers over the state pension fund.

Paterson's proposals to end to the "chronic abuse of power" in Albany met a cool reception from legislators, who are reportedly close to reaching a deal on more limited ethics reforms. The limited applause came largely from Assembly Republicans, who have supported some parts of Paterson's proposals.

The governor criticized nearly every aspect of elected government, and blamed the Legislature for endangering the state's finances with runaway spending. "In the past few weeks, the governor will exercise authority to prevent this state from going into default. You have left me and other governors no choice," he said.

Paterson then turned his attention to special interests "who intimidate, who badger, and who push when they don't get their way. ... There is nothing lower than engaging in the currency of influence to the detriment of other New Yorkers that don't have the same representation," he said.

Paterson even took aim at government reform advocates who have been critical of his ethics reform package, saying his proposals will "finally bring jurisdiction and oversight to so-called good-government groups who hide their donors behind walls of sanctimony."

In what is usually an jovial welcome-back event to kick off the session, this year's State of the State exposed the tense relations between the Legislature and the governor. Breaking from tradition, Paterson chose not to open the speech by greeting individual dignitaries, instead asking to "dispense with the flourishes and formalities" in order to address legislators "as fellow citizens of this great state -- all equal under the eyes of God, all responsible for the people of the state of New York."

"He's going after the Legislature," said Assemblyman Peter Rivera, D-Bronx. "He has thrown down the gauntlet. The next several months will be interpreted by what's inside the gauntlet."

Assemblywoman Naomi Rivera, D-Bronx, agreed: "We're going to be used as a scapegoat."

But Sen. Diane Savino, D-Staten Island, said she had been expecting Paterson to be harsher toward the Legislature. "It was a lot less combative than I had anticipated," she said. " ... It was positive that he said he's going to have to work with us."

Assemblyman Peter Lopez, R-Schoharie, offered high praise. "I thought that it was courageous and a necessary reality check -- the issue of are we sustainable with services we provide. ... I felt he really spoke with the voice of the people."

In a prerecorded statewide response, Senate Minority Leader Dean Skelos agreed with the governor's call to address the fiscal crisis, but criticized the Democrats' approach to the budget last year.

"We have seen what happens when one party controls every lever of state government," Skelos said. "Democrat leaders went behind closed doors last year and refused to listen to our ideas. The result was more wasteful spending, higher taxes, and no accountability."

Senate and Assembly Democrats were muted in their response, saying they need to see specifics of many of the governor's plans before commenting. But they both agreed they would make some form of ethics reform a priority.

"New Yorkers are frustrated, and so am I," said Senate Democratic Majority Conference Leader John Sampson, who said ethics reform would be "our first order of business in this session."

As to the tensions between lawmakers -- particularly Senate Democrats and Paterson -- Sampson said, "We don't have to like one another. But we have to respect one another."