

NY POLS EYE \$5B FOR

Albany debates proposals to improve outdated systems, including on LI

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ALBANY — Legislative leaders and Gov. Andrew M. Cuomo are wrestling over a potential \$5 billion solution to the decades-old problem of ancient, crumbling water and sewer systems statewide and the pollution threat caused by hundreds of thousands of septic systems on Long Island.

State Senate Majority Leader John Flanagan (R-East Northport) is making his conference's proposal for a \$5 billion water quality bond act a top priority in state budget negotiations with Cuomo and Assembly Speaker Carl Heastie (D-Bronx), a legislative source close to negotiations said.

Cuomo has proposed a \$2 billion water quality project in his budget, which could be done through the general fund or through borrowing in a bond act. The Assembly's Democratic majority won't complete its budget counterproposal, called a one-house budget, until next Monday.

A state-funded program could eliminate or reduce the impact of addressing Long Island's septic problem, which threatens Long Island Sound, commercial fishing and drinking water, without adding to what are already some of the nation's highest local property taxes. The septic issue and runoff of fertilizer from farming and private homes has left dead fish, closed dirty and smelly beaches, and contaminated wells that destroy home values and pose health threats.

The Senate's proposed \$5 billion Clean Water Bond Act would devote \$1.5 billion to protect drinking water supplies, watersheds and natural resources and to develop projects to restore water quality. The bill sponsored by Senate Health Committee chairman Kemp Hannon (R-Garden City) would also spend

\$3.5 billion to repair, replace and update pipes and facilities critically needed upstate and for "updating and replacing septic systems," and implementing new filtration systems most needed on Long Island.

A Senate report released last year after months of public hearings found 360,000 homes in Suffolk County alone don't have municipal sewers and that causes about 70 percent of the nitrogen pollution in the area's waterways. The nitrogen from septic systems leads to algal blooms that cut oxygen in the water and reduce plant life in coastal marshes, which help protect Long Islanders against severe waves and flooding, the report found.

"As we started to look into some aspects of water contamination and supply it just got bigger and bigger," Hannon said. "As we got into it we just realized a tremendous amount of money is needed."

He said internal discussions are being held on whether to quickly pass Cuomo's \$2 billion plan and then go to voters next year for an additional \$5 billion. "But that's not decided," Hannon said.

Another legislative source said the Assembly bill would include support for Cuomo's \$2 billion proposal but will call for it to be divvied up by certain types of water quality projects and related environmental projects. The Assembly majority will also be willing to consider borrowing the money through bonding and also borrowing beyond \$2 billion, said the source, who spoke on the condition of anonymity.

Hannon's Senate bill also has support in the Democratic-led Assembly. There, Environmental Conservation Committee chairman Steven Englebright (D-Setauket) is co-sponsoring the same Clean Water Bond Act.

Those involved in negotia-



The Senate's proposed bill would allocate funds to update and replace septic systems on Long Island.

tions agree on at least two obstacles to agreement.

Under the state constitution, bond acts must be approved by voters. Hannon proposes this referendum be placed on the November ballot. That off-year Election Day would attract a

low turnout, which makes mobilizing support easier.

It's a dicey time for government to ask the public to trust it with borrowing \$5 billion on the taxpayers' tab, said one official close to negotiations. However, water quality crises, from

a small town in the North Country to Buffalo to Long Island, have provided momentum for action this year for a massive water quality project.

There is also a sore spot between Cuomo and the Senate Republicans who have di-

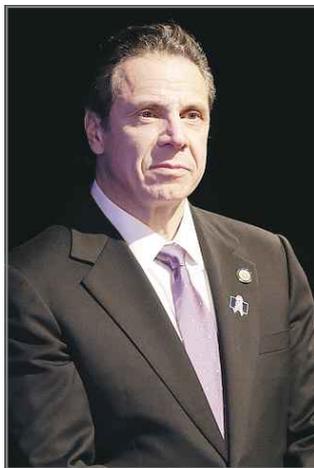
WATER FIX



The state-funded program could address the excessive levels of nitrogen affecting Long Island Sound and drinking water quality.



State Sen. John Flanagan



Gov. Andrew M. Cuomo

verged since they were closer partners in Cuomo's first term. Flanagan is insisting funding approved by the legislature include detailed projects with input by lawmakers in a legal agreement. That's how most big spend-

ing was done before Cuomo took office in 2011.

Many legislators see Cuomo as trying to bypass the legislature in his 2017-18 budget proposal.

Cuomo has, in other areas of spending such as eco-

nomics development, reduced the lawmakers' role, citing past scandals and inefficiencies in what he called pork-barrel spending. But Cuomo's spokeswoman declined to comment on whether the governor would fight Flanagan's push for detailing projects before the money is allocated.

Cuomo has said lump sum allocations are the most efficient method of addressing the greatest need with the least amount of politics directing funds.

"Should it be regional? That probably should be a part of it," Flanagan said Feb. 13 after meeting with local government officials. Traditionally, that regional approach has provided a third of bond act money to Long Island, with a third to New York City and a third for upstate with input by legislators.

"The legislature, senators, Assembly members, on both sides, both political stripes, they have a very good working knowledge of what goes on in their districts and I think we should play a critical and pivotal role in making those decisions," Flanagan said.

Legislators and Cuomo declined to comment to avoid disrupting the private negotiations for the budget that is due by April 1.

"We are absolutely delighted that they are discussing this at this level," said William Cook of the Citizens Campaign for the Environment that lobbies on environmental issues. "The governor's and the Senate proposal are not mutually exclusive; they complement each other."

"But it's got to be in the budget," Cook said, referring to a trend under Cuomo in which the biggest deals, tied to other big proposals, are struck in private talks by the April 1 budget deadline, even though nearly three months would remain in the session.

"It's got to be done within the next 31 days," Cook said last Monday. "This is the year for infrastructure and water quality work."



The Internal Revenue Service says budget cuts have led to fewer employees and fewer audits being conducted.

IRS audits drop for a 6th year

The Associated Press

WASHINGTON — As millions of Americans file their income tax returns, their chances of getting audited by the IRS have rarely been so low.

The number of people audited by the IRS in 2016 dropped for the sixth straight year, to a little more than 1 million. The last time so few people were audited was 2004. Since then, the United States has added about 30 million people.

The IRS blames budget cuts as money for the agency shrunk from \$12.2 billion in 2010 to \$11.2 billion last year. Over that period, the agency has lost more than 17,000 employees, including nearly 7,000 enforcement agents. A little more than 80,000 people work at the IRS.

IRS Commissioner John Koskinen said budget cuts are costing the federal government between \$4 billion and \$8 billion a year in uncollected taxes.

"We are the only agency if you give us more people and money, we give you more money back," Koskinen said in an interview.

So is it safe to cheat on your taxes? Not necessarily, according to tax experts.

"I don't think it's open season for people to cheat," said Joseph Perry, a partner at the accounting firm Marcum. "I think there are a certain group of people that will always try to push the envelope to get away with things that they think they can get away with."

Most people don't have much of an opportunity to

cheat on their taxes because the IRS collects a lot of information to verify taxpayers' finances. Employers report wages, banks report interest, brokerages report capital gains and lenders report mortgage interest.

In 2016, the number of people audited by the IRS dropped by 16 percent from the year before. Just 0.7 percent of individuals were audited, either in person or by mail. That's the lowest audit rate since 2003.

The higher your income, the more likely you are to be audited. The IRS audited 1.7 percent of returns that reported more than \$200,000 in income. Agents audited 5.8 percent of returns that reported more than \$1 million in income.

Both audit rates were steep declines from the year before.

Corporate audits were down by 17 percent last year. Just 0.49 percent of corporations were audited, the lowest rate in at least a decade.

Republicans in Congress began cutting money at the IRS after they took control of both the House and Senate in the 2010 elections. They became more enthusiastic about the spending cuts after it became public that the agency had improperly singled out conservative political groups for extra scrutiny when they applied for tax-exempt status during the 2010 and 2012 elections.

Koskinen was not at the IRS when the political groups were mistreated, but some Republicans in Congress have been unhappy with his cooperation in their investigations.

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