



NEW YORK STATE SENATOR

Dean G. Skelos

Senate Republican Leader Dean Skelos Speaks About the NYS Budget to State Business Leaders

DEAN G. SKELOS October 8, 2009

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On Friday, October 2, 2009 I spoke to members of the Business Council of New York State in Rochester. I have included the text of my remarks so you can read about the alternatives to tax and spending hikes that Senate Republicans proposed during the budget debate this year, as well as our proposals to make New York more economically competitive. I also discussed our recommendations to help close the state budget deficit.

**TEXT OF SPEECH TO THE BUSINESS COUNCIL OF NYS DELIVERED BY SENATE
REPUBLICAN LEADER DEAN SKELOS 10/2/09**

One year ago, I stood before your 2008 annual meeting in Buffalo. New York was experiencing the ill effects of the national economic recession. The State's finances had taken a major hit. New Yorkers were out of work. And, many small businesses were struggling just to keep their doors open.

I urged State lawmakers to come together -- in a bipartisan way -- to pass a jobs plan that would stimulate the economy (especially Upstate) and create jobs for workers.

I argued that if we didn't cut taxes to create jobs...as our neighboring States were doing with great success...our economic situation would go from crisis to catastrophe, and New Yorkers would be left behind.

The jobs plan I unveiled would do a number of important things for the business community and strengthen your position for the future, including:

- > cutting taxes in half for small businesses and eliminating taxes altogether for small manufacturers
- > creating new tax credits tied to job creation and training,
- > helping small businesses obtain loans to grow,
- > reducing health insurance costs for small businesses, and,
- > expanding tax credits for emerging technologies businesses.

Many of you publicly supported our plan as a positive step forward.

The result? Our plan was ignored by Democrats who took control of both houses of the Legislature and the Governor's office for the first time in a generation.

In April, every Democrat in the State Senate voted against our jobs plan when it was offered as an amendment to the State Budget, even though they had no alternative of their own.

A year later, the plan we proposed is still the ONLY jobs plan that has been advanced in Albany...by the Governor, by the Democrats in the Legislature, by anyone...

Even with limited resources, it still amazes me that the State Budget didn't include a single initiative to create a single new job in New York.

Instead of tightening our belt, setting clear priorities and responsibly dealing with this crisis, the Budget put in place \$8.5 billion in new taxes to support \$12 billion in new spending...and made things worse.

Many of these tax increases - - opposed by Senate Republicans - - were damaging to business:

> \$651 million in higher utility taxes. Based on figures we have reviewed, a small manufacturer with a \$10,000 electrical bill will see this assessment skyrocket from \$333 to \$2,000 a year. We need to revisit this misguided tax.

> The "health insurance tax" - - A \$240 million assessment on insurance companies. That tax will raise the cost of health insurance premiums for families, individuals and businesses

to unprecedented levels.

> Higher taxes for small businesses which pay taxes through the personal income tax will stifle investment.

These tax increases weren't just columns of additional revenue on a balance sheet....they've had real life consequences.

How can businesses possibly succeed in this State under the crushing weight of high taxes, high energy costs and soaring health care expenses? And why isn't Albany doing anything to help?

While Democrats have defended their tax and spending decisions as the only solution in difficult economic times, Senate Republicans have shown there was a better way.

We proposed the "Better Budget for New York" to provide a roadmap to fiscal responsibility.

No new taxes. Not a dime in new spending. We used the federal stimulus money as a bridge to a balanced budget. And we provided \$500 million for job creation efforts throughout the State.

Our alternative budget included billions in REAL spending cuts, the consolidation of redundant or underutilized state agencies, and a freeze on the state purchase of recreational lands, among other things.

Senate Republicans understand that we've got a lot to do to make this a more business-

friendly state.

Quite simply, the business climate and culture needs to change in New York...and change now.

My Republican colleagues and I are committed to providing that change, to ensure there are checks and balances, and to be a strong voice for business in Albany.

It's why we proposed that every dollar in federal stimulus money be properly accounted for and disclosed to the public...so we know with certainty that it's being used to create real jobs.

We've also called for creation of a Berger-style commission to conduct a top-to-bottom review of every single regulation in New York State.

This commission would determine whether or not there is demonstrated evidence that a specific regulation protects taxpayers or creates jobs.

If not, we take down that hurdle to doing business in the State of New York.

It's time to think outside the box and eliminate all of the red tape and all of the unnecessary regulations that constrain your business's ability to grow and prosper.

And I know this is radical to some in Albany, but Senate Republicans have introduced and passed legislation to implement a state spending cap so government would be forced to live within its means....just like families and businesses all across this State do every single day.

Let's face it: Our budget crisis was an opportunity to change the State's direction and bring commonsense back to Albany...and that opportunity was squandered.

According to the Governor, the budget Democrats passed is already \$2.9 billion - \$3.5 billion out of balance.

The Governor is warning that the State is on the brink of economic disaster. Take a look at the out-year deficits: \$4.6 billion next year, \$13.3 billion the following year.

If we don't make significant changes, what will New York's budget look like when the federal stimulus money runs out at the end of next year?

With only one quarter of this fiscal year complete, it's clear the budget as constructed isn't working for New York, and it should be reopened.

I bet many of you would love to hit the reset button on this year's budget!!

My friends, history is repeating itself in New York. Businesses are being forced to close their doors, families are saying goodbye to loved ones and leaving the State.

Senate Republicans are committed to writing a new chapter and we're ready to work with Democrats to address the economic crisis facing New York.

At a leader's meeting last week, our conference was the only conference to propose specific initiatives to close this year's deficit, including:

* Cutting \$2.7 billion in additional spending that Democrats added to Governor Paterson's budget.

* An across-the-board cut in the size of State government through the consolidation of state agencies (\$300 million in savings).

* Ending the purchase of expensive recreational lands (\$266 million in savings).

* Instead of tax hikes, returning surplus State properties to the private sector (\$600 million in savings).

* Ending State subsidies to a bloated and inefficient shadow government, made up of hundreds of unnecessary public authorities.

I am concerned that Speaker Silver has refused to rule out additional tax increases, as the Buffalo News called on him to do in a recent editorial.

The Speaker and others must get the message that never again can we raise taxes on businesses and families in the midst of an economic crisis just to close a budget shortfall.

The business community must speak with a strong and unified voice in New York to help us reverse the failed status quo and prevent any additional tax hikes.

It's time to focus on the big picture...to stop the kind of job-killing taxes imposed by Democrats in the budget, to put the brakes on wasteful spending, and to do more to create jobs.

If we fail to reform and innovate, Upstate will continue to suffer, no investment will take place, we will lose risk takers to other States, and we will continue to slide backwards when it comes to competitiveness, job creation and quality of life.

A year ago, I argued that New York should be bold and invest in small businesses even during challenging economic times, so individual companies could use the savings to create jobs..

A year later New York continues to lose jobs and the statewide unemployment rate is as high as it has been in decades.

It's time to move forward together to fix the State's economy...for the sake of our budget, for our businesses and for our workers, so we don't waste another second of our future.

Thank you.