



NEW YORK STATE SENATOR

Dean G. Skelos

## Senate Republicans Call for Passage of Major New Jobs Initiative

DEAN G. SKELOS January 26, 2010



### **Statewide unemployment continues to rise amid Democrat paralysis on jobs front; Despite federal stimulus, New York lost 270,000 private sector jobs last year**

New York State Senate Republican Leader Dean G. Skelos and members of the Senate Republican Conference today announced a major new jobs initiative designed to improve New York's business climate, reduce taxes, and create thousands of new jobs for workers across the State.

The plan's centerpiece would reward businesses with a three-year tax credit, averaging between \$2,500 and \$5,000 for every new job created. It would also eliminate taxes for small businesses and manufacturers that pay the state's corporate franchise tax and roll back the income tax surcharge placed on them last year by Democrats in the budget. It also places a moratorium on new taxes, fees and regulations that are killing private sector job-creation efforts in the state.

“This plan will get people working,” said Senate Republican Leader Dean G. Skelos. “It will give businesses small and large real incentives to create jobs and get our economy moving in the right direction. Despite spending billions of dollars in federal stimulus monies, this state is hemorrhaging jobs. Obviously, what this state is doing hasn’t been working.”

Last year, New York lost 269,000 jobs. This year, Governor Paterson’s budget projects that another 40,000 jobs will be lost. Governor Paterson and Democrats last year raised taxes on businesses in this State by \$3.6 billion.

Senator James Alesi, ranking Republican on the State Senate’s Committee on Commerce, Economic Development and Small Business and its former Chairman, said the simplicity of the Republican’s plan, is also its strength. “Give businesses incentives and the ability to stay and grow here and then leave them alone as they try and do so. Instead of repeatedly taxing and regulating them, why not reward businesses and manufacturers when they create new jobs and give them incentives to create more.”

The Republican jobs plan would provide a refundable tax credit averaging \$2,500 up to a maximum of \$5,000 to businesses, manufacturers and other private sector employers for every new job they create. The tax credit would be recurring for three years and would only be provided for new jobs that expand total payroll, equal to the amount of tax withholding for each new job.

For example, a new job paying \$30,000 would provide an employer with a tax credit of about \$1,150. A job paying \$50,000 would provide a \$2,500 tax credit.

That credit could grow by as much as an additional \$3,000 per job if new hires are taken from the ranks of the unemployed who are collecting unemployment insurance from the State. Such an incentive would help reduce unemployment and the costs borne by taxpayers.

"With the unemployment rate at 9 percent, the State's unemployment costs have dramatically increased and worsened our State's budget deficit. This revenue-neutral plan would provide incentives for businesses to put New Yorkers back to work and take them off the unemployment rolls, while reducing unemployment costs to the taxpayer," said Senator Michael Ranzenhofer.

The proposal applies only to new jobs and employees that don’t currently provide New York with any payroll revenue.

The plan also places a moratorium on any new business taxes and fees and eliminates the corporate franchise tax for hundreds of small businesses and manufacturers with 50 or fewer employees and less than \$2 million in net income. It also accelerates the phase-out of the PIT increase on small businesses that is scheduled to expire at the end of next year.

The jobs initiative would also prohibit the State from enacting any new regulations on New York companies, and create a new Berger-style commission that would have the power to eliminate regulations which are currently hindering businesses.

Senate Republicans said passage of a State spending cap is key to the State's efforts to create jobs, arguing that putting the brakes on wasteful spending is critical to ensure the resources necessary to invest in important job creation and tax cutting efforts in the future.

"Businesses continue to leave New York State because the government spends too much and taxes too much. In order to keep businesses here and create jobs, the 2010-2011 budget must cut spending and lower the tax burden on New Yorkers," said Senator John DeFrancisco, the ranking Republican on the Senate Finance Committee.

"When New York overspends, it overtaxes and businesses suffer along with everyone else," Senator Owen Johnson, former Chairman of the Senate Finance Committee said. "That is why any plan to spur the economy and create jobs must start with a cap on state spending. We passed spending cap legislation repeatedly when we were in the Majority and even though the Governor supports our plan, his fellow Democrats refuse to let us take action on a bill."

In his budget, Governor Paterson cut in half funding currently targeted for job creation. He calls for new tax credits for creating jobs. However, the requirements on businesses are highly restrictive, and he caps the program. The Governor's Budget Division estimates that fewer than 50 companies might benefit each year.

According to the latest statistics, the bulk of the state's job losses have been outside of New York City in regions such as Central and Western New York, the North Country, Hudson Valley and Long Island. If enacted, the Senate GOP plan would provide a much-needed, shot-in-the-arm for New York's stagnant economy.

Business groups were quick to weigh in with praise for the Senate Republican plan.

"Private sector job creation needs to be New York's highest priority. This plan addresses this vital need by removing barriers to job growth and giving our citizens hope and opportunity. The tax credit for job creation and the moratorium on new regulations and taxes on small business are effective tools to create jobs. New York has lost hundreds of thousands of jobs because the state spends too much and taxes too much. The spending cap in this plan is an important fiscal reform that must be enacted," said Kenneth Adams, president and CEO of The Business Council of New York State, Inc.

"Small business is the engine that drives most job creation in our economy--and that will grow us out of this economic mess. Lowering New York's second worst in the nation business tax climate and cost of doing business is really what small business needs to survive and grow, and that's exactly what this job creation plan will do. The proposal put forth today by the Senate Republican Conference is the right recipe for expanding our economy and deserves bipartisan support in both houses of the Legislature," said Mike Elmendorf, New York State Director of the National Federation of Independent Business (NFIB), New York's leading small business advocacy association.

### **The 2010 Job Creation and Retention Package: Fact Sheet**

The Senate Republican Conference has advanced a comprehensive plan to improve New York's economy, cut taxes, and help create thousands of new jobs across the State. Elements include:

- **Cap on State Spending:** Imposing a constitutional cap on state spending is one of the most critical steps we can take to improve New York's overall business climate. A cap on spending will help break the never-ending cycle of tax and fee increases that stifle job creation and new economic investment.
- **Job Creation Tax Credit:** An average \$2,500 - \$5,000 credit to employers in New York for every new job created / only new jobs that expand total payroll. They would receive up to \$3,000 in an additional credit for hiring a New Yorker on unemployment.

- **Small Business Tax Freedom Plan:**

1. Enact a moratorium on any new taxes or fees on small businesses, manufacturers and farms.
2. Accelerate the phase-out of the 2009 personal income tax increase for small businesses.
3. Eliminate corp. franchise tax for small businesses and manufacturers.

- **Red Tape Moratorium Plan:**

1. Enact a moratorium on new business regulations and red tape from state agencies. Any new regulations would have to be approved by Legislature.
2. Establish new commission to identify and make binding recommendations on eliminating the most costly and counter-productive regulations.

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