



NEW YORK STATE SENATOR

Thomas P. Morahan

Senate Plan would improve business climate and create new jobs

THOMAS P. MORAHAN February 1, 2010



I want to take this opportunity to share with you a plan that my colleagues in the Senate Minority and I are supporting in the Senate that is 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 the Governor's budget. It also places a moratorium on new taxes, fees and regulations that are killing private sector job-creation efforts in the state.

According to the Labor Department, New York State's seasonally adjusted unemployment rate climbed over the month from 8.6 percent in November to 9.0 percent in December 2009, matching a 26-year high. The number of unemployed state residents increased from 832,200 to 868,600 over the same period. Since the state went into recession in August 2008, it has lost 263,500 private sector jobs, or about two-thirds of the employment added during the state's 2003-2008 economic expansion. The statewide total nonfarm job count (private plus public sectors) also decreased over the month -- by 5,900, or 0.1 percent, to 8,544,900 in December 2009.

The new 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. 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.

If enacted, this new jobs plan would provide a much-needed, shot-in-the-arm for New York's stagnant economy.

The 2010 Job Creation and Retention Package:

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:

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

Red Tape Moratorium Plan:

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