



NEW YORK STATE SENATOR

John J. Flanagan

Senator Flanagan Proposes Major Jobs Initiative To Get New York State Back To Work

JOHN J. FLANAGAN February 16, 2010

| ISSUE: **ECONOMIC DEVELOPMENT**

Senator John Flanagan (2nd Senate District) joined with the other members of the Senate Republican Conference to announce 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 that was included in last year's budget passed by the Democrat-controlled Senate and Assembly. In addition, it also places a moratorium on new taxes, fees and regulations that are inhibiting private sector job-creation efforts in the state.

"New York needs a comprehensive job-creation package that will stimulate our economy by making it easier to do business in our state and that is what this package does. Instead of the same tax-and-spend 'solution' for getting our economy moving, this will provide our small business owners with the incentive to grow and succeed and that will create the jobs our economy needs," stated Senator Flanagan.

“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 and Governor Paterson’s budget projects that another 40,000 jobs will be lost in the coming year. Meanwhile, he along with the Democrat-led Assembly and Senate raised taxes on businesses in this State by \$3.6 billion last 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.

In his budget, Governor Paterson cut in half funding currently targeted for job creation. And while his budget proposes new tax credits for creating jobs, his plan also places requirements on these proposed programs that are highly restrictive and contains a cap. In fact, the Governor’s Budget Division estimates that fewer than 50 companies might benefit each year.

The jobs plan Senator Flanagan is proposing 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 save taxpayer money.

The proposal applies only to new jobs and employees who are not currently providing the state any payroll tax 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 Personal Income Tax (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.

Senator Flanagan has already called for the state to sunset every business regulation unless it can prove the regulation provides a realistic benefit. This would force the state to review every one of these regulations and require the elimination of those that only inhibit the growth of business in New York State.

This elimination would also be tied to the passage of a State spending cap which Senator Flanagan believes is the key to the State's efforts to create jobs. By putting an end to wasteful spending, the state could make sure that these resources would be used to invest in important job creation and tax cutting efforts in the future.

“The loss of jobs is the number one factor of our economic problems and it is imperative that we offer our businesses the incentive to grow so that we can continue to recover. Any new jobs created will have a real impact on our overall economy through increased spending and tax revenue collection and that is a positive for all of us,” added Senator Flanagan.

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.