



NEW YORK STATE SENATOR

John J. Flanagan

Senator Flanagan Introduces Job Creation Proposal

JOHN J. FLANAGAN March 2, 2010

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Senator John Flanagan (2nd Senate District) joined with the other members of the Senate Republican Conference to announce legislation to create thousands of new jobs and turn around the state's economy. The jobs proposal would provide tax credits to businesses that create new jobs, eliminates the state corporate franchise tax for small businesses, and rolls back the personal income tax surcharge that hit small businesses last year.

The jobs bill provides incentives similar to those passed last week by the United States Senate, which also includes a tax credit for businesses that create new jobs. It would save individual businesses thousands of dollars for each new job created. And the tax benefit would grow based on how much a business pays their new employee.

When combined, the two plans would save employers thousands of dollars for every job they create.

For example, under the Senate Republican plan, if a business creates a new job with a salary of \$35,000, it would receive a \$1,487 tax credit. If the business hires someone off unemployment, it would receive an additional \$3,000 credit. The federal plan would provide that same business a credit of \$1,808 and an additional \$1,000 bonus if the employee is retained for the entire year. In conjunction, the Republican State Senate and the federal

plan would save the business a total of \$10,269 over three years for creating that new job.

A key difference is that while the legislation passed by the U.S. Senate provides the tax credit only when an employer hires someone who is unemployed, Senator Flanagan's proposal is free of this restriction. It does provide an additional tax credit if someone is hired off unemployment but as an added incentive.

The state tax credit would have minimal impact on the state budget because the new jobs would generate revenue for the state, and, if a new employee is hired off unemployment, the credit would be paid for with federal stimulus dollars within the unemployment fund.

The legislation Senator Flanagan is proposing would also eliminate taxes for small businesses and manufacturers with 50 or fewer employees or less than \$2 million in net income that pay the state corporate franchise tax, and roll back the income tax surcharge placed on them last year by Democrats in the budget.

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.

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 Long Island and upstate areas. If enacted, the Senate GOP plan would provide a much-needed, shot-in-the-arm for New York's stagnant economy.

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.

"Increased taxes and burdensome regulations are crippling small businesses and further contributing to the already massive job loss experienced by our economy. This proposal provides real incentives for businesses to hire more employees and gives them greater flexibility to grow. This will generate additional tax revenues and help to accelerate our economic recovery," stated Senator Flanagan.