



NEW YORK STATE SENATOR

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## Governor Cuomo, Majority Leader Skelos & Speaker Silver Announce Comprehensive Plans to Create Jobs and Grow the Economy

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Governor Andrew M. Cuomo, Senate Majority Leader Dean Skelos and Assembly Speaker Sheldon Silver today announced that they have reached a proposed three-way agreement on legislative and executive proposals to create jobs and cut taxes for middle class New Yorkers. The agreement includes support for a comprehensive New York Works Agenda that will create thousands of jobs with new investments in New York's infrastructure, passing a fair tax reform plan that achieves the first major restructuring of the tax code in decades resulting in a tax cut for 4.4 million middle class New Yorkers taxpayers, approving \$50 million in additional relief for areas devastated by recent floods, and reducing the MTA payroll tax to provide relief for small businesses. The leaders will now present the agreement to their members for approval.

"Our state government has come together in a bipartisan manner to create jobs, grow our economy and, at the same time enact a fair tax plan that cuts taxes for the middle class," Governor Cuomo said. "We are investing in projects that will restore our state's infrastructure and put thousands of people to work. We are cutting taxes on middle class

New Yorkers and small businesses, which will inject nearly \$1 billion into our economy. We are targeting new tax credits to hire inner city youth and reduce unemployment in some of the poorest areas of our state, as well as providing direct aid to communities struggling to recover in the wake of this year's severe storms. This would be lowest tax rate for middle class families in 58 years. This job-creating economic plan defies the political gridlock that has paralyzed Washington and shows that we can make government work for the people of this State once again. I commend Majority Leader Skelos and Assembly Speaker Silver for their partnership in our effort together to create jobs for New Yorkers and put our state's economy on a path for growth."

"This year, working in a bipartisan manner, we've accomplished some very important things for the people of this State - - including eliminating a \$10 billion deficit, bringing spending under control and capping property taxes," Majority Leader Skelos said. "This comprehensive plan will reduce the tax rate for middle class families to their lowest levels in more than fifty years, create thousands of new private sector jobs, and begin to turn our economy around. I am pleased that this proposed agreement realizes long-held Senate Republican priorities like cutting the corporate franchise tax for manufacturers, reducing the job-killing MTA payroll tax for small businesses, eliminating New York's stealth tax by indexing tax brackets and deductions, and building our reserves, along with providing additional flood relief to support job growth in devastated communities. I am looking forward to presenting this framework agreement to the members of our conference tomorrow and hearing their feedback."

"Assembly Democrats share the Governor's belief that we need to restore fairness and equity to our tax system - someone who makes \$50,000 should not be paying the same tax rate as someone making \$5 million," Speaker Sheldon Silver said. "With Governor Cuomo's leadership, we have forged a bipartisan plan that is fair to all New Yorkers and will help build a brighter economic future for this State. I am submitting to my conference a proposal that

will provide \$2 billion in revenue for the people of New York in each of the next three years by creating a more progressive tax structure, coupled with a significant middle class tax cut. I will recommend that they give it favorable consideration. I congratulate the Governor for helping to forge this comprehensive plan to revitalize New York State's economy."

The Governor's New York Works Agenda will create tens of thousands of jobs through a \$1 billion targeted and accelerated investment in key infrastructure projects around the state including roads, bridges, parks, energy and water projects. The NY Works Agenda also includes pursuing a comprehensive gaming plan and enacting a new tax credit to incentive the hiring of inner city youth.

The Governor and the legislative leaders have agreed to tax code reforms including a temporary restructuring of current tax brackets to reduce taxes for 4.4 million middle-class New Yorkers. The Governor is also establishing a commission to examine a comprehensive overhaul of the state's entire tax code that will make it simpler and fairer for all taxpayers and to create economic growth in the state.

In addition to these agreements, the Governor and legislative leaders announced a new round of flood relief, including a \$50 million grant program for at businesses and counties impacted by Hurricane Irene and Tropical Storm Lee. The plan also includes a job retention tax credit for businesses impacted by a natural disaster during the last year. Finally, the Governor and legislative leaders announced that the MTA payroll tax will be reduced for small businesses.

The details of the proposed agreement are as follows:

### **The New York Works Agenda**

*New York Works Infrastructure Fund: Creating Jobs by Rebuilding New York*

The Governor and the legislative leaders have agreed to a plan creating New York's first infrastructure fund to inject over \$1 billion in job creating investment. The accelerated state funding will leverage \$10 billion in direct capital investment to create thousands of direct jobs by rebuilding roads and bridges; parks, dams and flood control projects; upgrading water systems and educational facilities; and investing in energy efficient improvements to commercial and residential buildings. The plan will focus on projects that support regional Economic Development Plans in the transportation, energy, environment and public facilities sectors. The accelerated infrastructure fund investment is within the state's debt ceiling.

Specific investments undertaken by the New York Works Infrastructure Fund include replacing deficient state and local bridges in every region of the state, rehabilitating dams and flood control infrastructure, renovating parks, rebuilding water systems, conducting energy retrofits on homes, farms, businesses, and schools, as well as accelerating major SUNY and CUNY projects.

The Governor and the legislative leaders agreed on proposing legislation that will permit the New York Works Infrastructure Fund to bid the design and construction of infrastructure projects as a single contract, reducing costs and improving construction time. Passage of "Design-Build" legislation would shave 9 - 12 months from the construction time of major infrastructure projects. The Fund would also streamline permitting and regulatory approvals for infrastructure projects and procurements and consolidate activities across agencies and authorities.

Financing for the infrastructure fund would be provided through advancing capital investment and the creation of a public/private infrastructure fund. \$700 million in state capital investments would be front loaded to increase job and economic impact by moving up capital projects planned for 2013 to 2012 wherever possible. An additional \$300 million

from the Port Authority would be directed towards funding for infrastructure projects in New York City. A new public/private infrastructure fund would raise up to \$1 billion from pension funds and private investment.

### ***Gaming Agreement***

The Leaders expressed support to work with the Governor and request support from their respective majorities to put a constitutional amendment up for a vote.

### ***Inner City Youth Employment Program and Tax Credit***

The Governor and the legislative leaders agreed to create an inner-city youth employment program and a \$25 million tax credit for employers who hire unemployed youth between 16 and 24 years of age over the first six months of 2012. The program and credit would be available to employers in businesses such as clean energy, healthcare, advanced manufacturing and conservation. Eligible employers would receive up to \$3,000 for a six month training period and an additional \$1,000 if they retained their workers for an additional six months.

Nearly \$37 million in funding will be provided to critical jobs programs for inner city youth. This includes \$12 million in support grants to youth providers for work readiness training, occupational training, placement or job matching, workplace mentoring and follow up services to increase retention. Participating youths will be provided with up to three monthly stipends of \$300 each to cover costs associated with transitioning into the workplace. An additional \$25 million will be appropriated for workforce skills training and support programs including digital literacy, basic education and occupational training, summer youth employment, job search and placement, and facilitated child care enrollment.

### **Fair Tax Code Reform**

The Governor and the legislative leaders announced tax code reforms to create jobs and restore fairness to the tax system. Under the new rate structure, a total of 4.4 million New Yorkers would receive a tax cut, including a \$690 million reduction for middle class taxpayers, and all taxpayers would see a tax reduction or no change compared to their previous tax bill. Brackets would increase with the rate of inflation. The newly implemented top bracket expires in December 31, 2014.

The new tax structure would generate \$1.9 billion in additional revenue for the State. Any additional unspent funds from this revenue would be held in a new priority reserve fund to be dedicated towards future needs regarding job creation, local mandate relief, education, health care and mortgage foreclosure protection.

The new tax bracket structure would be reorganized as follows:

**Income Level | Previous Tax Rate | New Tax Rate**

\$40,000 to \$150,000 | 6.85% | 6.45%

\$150,000 to \$300,000 | 6.85% | 6.65%

\$300,000 to \$2 million | 7.85% - 8.97% | 6.85%

Over \$2 million | 8.97% | 8.82%

Through an executive order, the Governor has created the New York State Tax Reform and Fairness Commission to address long term changes to the tax system and create economic growth. The commission will have thirteen members, including four recommended by the Senate and Assembly majority leaders and two recommended by the Senate and Assembly minority leaders. The chair of the Commission will be appointed by the Governor. All members are required to have expertise in the tax field and will receive no compensation.

The Commission will conduct a comprehensive and objective review of the State's taxation policy, including corporate, sales and personal income taxation and make revenue-neutral policy recommendations to improve the current tax system. In its review, the Commission will consider ways to eliminate tax loopholes, promote administration efficiency and enhance tax collection and enforcement.

### **Flood Recovery Grant Program**

The Governor and the legislative leaders have agreed to establish a \$50 million grant program to continue recovery efforts in regions of the State impacted by Hurricane Irene and Tropical Storm Lee.

The program includes the following support for communities recovering from the storms:

- \$21 million for small businesses, farms, multiple-dwellings and non-profit organizations that sustained direct physical flood-related damage costs not covered by other federal, State or local recovery programs. Grants would be limited to \$20,000 and eligible only to companies that are on the Small Business Administration's list of companies that have sustained damage.
- \$9 million for county flood mitigation or flood control projects. The grants for each county would range from \$300,000 to \$500,000; however, counties could jointly apply. Eligible counties must be included in Federal disaster declarations
- An additional \$20 million included in federal disaster declarations distributed on an as needed basis
- Permitting local government to let taxpayers impacted by the storms to pay their property taxes in installments

### *Jobs Retention Credit for Businesses Impacted by a Natural Disaster*

The Governor and the legislative leaders have agreed to the enactment of a job retention credit for businesses harmed by a natural disaster. The credit would be available to firms with at least 100 employees that have retained or expanded their workers' roles during this time. The credit would equal 6.85 percent of the wages of retained jobs and is targeted towards employers in financial services, manufacturing, software development, new media, scientific development, agriculture and other sectors.

### **Reduced Manufacturing Tax Rate**

The Governor and the leaders agreed to provide a new reduction in the tax provided to corporate manufacturers by lowering their tax rate that would save them \$25 million.

### **Reducing the MTA Payroll Tax**

The Governor and the legislative leaders have agreed to reduce the MTA payroll tax on small businesses while maintaining the necessary funding for the MTA from other sources. The payroll tax would be eliminated or reduced for 294,900 taxpayers overall. The tax would also be eliminated from an additional 415,000 taxpayers by raising the self-employment income exemption. In addition, private elementary and secondary schools, as well as parochial schools, would be exempt from the tax. The State would compensate the MTA for the \$250 million in lost revenue.