



NEW YORK STATE SENATOR

Dean G. Skelos

Senate Republicans Announce 2012 New Jobs-NY Job Creation Plan

DEAN G. SKELOS March 7, 2012

*Plan Would Create Jobs, Cut Taxes and Control State Spending
Jobs Proposal Will Be Included in Senate Budget Proposal*

Senate Majority Leader Dean G. Skelos and members of the Senate Republican Conference today announced details of the 2012 NEW JOBS-NY Job Creation Plan that includes significant tax relief to encourage the creation of new private sector jobs, measures to ensure fiscal responsibility and control state spending, as well as other reforms and incentives to make New York more economically competitive. The plan will be included in the Senate budget resolution to be acted on next week.

“Last year, Senate Republicans partnered with Governor Cuomo to begin revitalizing the state’s economy by reducing spending and cutting taxes for businesses and middle class New Yorkers,” Senator Skelos said. “The New Jobs-NY plan will build on that progress by cutting taxes even more, ensuring fiscal responsibility, protecting taxpayers and helping businesses create more jobs.”

Highlights of the Senate Republican job creation plan, which is supported by statewide business organizations, including the Business Council of New York, Unshackle Upstate and the National Federation of Independent Businesses, include:

> A 20 percent tax cut for small businesses: reducing the corporate tax rate for small businesses from 6.5 to 5.2 percent and eliminating the fixed dollar minimum; This would save almost 200,000 small businesses \$65 million;

> A 10 percent tax credit for 800,000 small businesses that pay under the personal income tax will save them \$120 million;

> Accelerating the end of the 500 percent energy tax increase imposed by Senate Democrats from the current expiration date in 2014 to 2013 will save millions of dollars, especially for energy-intensive industries such as manufacturing and agriculture;

> An innovative new tax financing plan to free-up investment capital;

> A new job creating incentive would give businesses a tax credit of up to \$5,000 for each new job they create; or up to an \$8,000 credit if the job goes to someone on unemployment; or up to a \$10,000 credit if a business hires a returning military veteran; and

> Tying existing tuition tax credits and deductions enacted in 2000 to the Higher Education Price Index to provide tuition relief for middle class families and ensure that assistance keeps pace with the increasing costs of higher education.

Additional provisions of the 2012 New Jobs-NY plan include a two percent state spending cap; requiring a super-majority vote to increase state taxes; placing a moratorium on new taxes and fees; and new regulatory reforms to cut expensive red tape for businesses.

Job-Creating Tax Cuts

- **20% TAX CUT FOR SMALL BUSINESSES:** The plan would provide small businesses with a corporate tax rate cut from 6.5 to 5.2 percent – a 20 percent reduction. It would also eliminate the fixed dollar minimum. This \$65 million tax cut impacts almost 200,000 small businesses and would make our state more competitive and help create thousands of new jobs.

- **SMALL BUSINESS JOBS CREDIT:** The plan would also provide a 10% tax credit for about 800,000 small businesses that have at least one employee, have business income of less than \$250,000, and that file under the personal income tax. This tax credit would save businesses \$120 million.

“Small businesses provide the bedrock for a healthy economy,” Senator Jim Alesi (R-C- I, Perinton), Chairman of the Senate Committee on Commerce, Small Business and Economic Development, said. “Cutting taxes for New York State’s small businesses will help provide job opportunities for tens of thousands of people, helping to energize our economy and improve the quality of life here in the Empire State.”

· ELIMINATE SENATE DEMOCRATS 500 PERCENT ENERGY TAX HIKE: In 2009, Senate Democrats hurt New York's economy by enacting a dramatic 500 percent hike in the 18a assessment that New Yorkers pay on utility bills. This disastrous tax hike took \$1.2 billion out of the economy and chased businesses and jobs out of New York.

The new Energy Tax Cut would accelerate the phase-out of this huge tax hike by one year, from 2014 to 2013. By cutting taxes earlier than previously scheduled, we will deliver \$600 million in relief and give a major boost to New York's economy.

"I am glad that the elimination of the Senate Democrats 500 percent Energy Tax Hike is part of this year's job creation plan," said Senator George Maziarz (R-C, Newfane). "As Chairman of the Energy Committee, I was extremely opposed to this Energy Tax Hike as it imposed a huge burden on New Yorkers. This acceleration and phase-out will help create more jobs and help keep the jobs we have now stay in New York."

· TUITION RELIEF FOR MIDDLE CLASS FAMILIES: The Senate Majority wants to ensure that rapidly escalating tuition costs don't place the dreams of an outstanding higher education out-of-reach for hardworking middle class families across our State. That's why our plan includes new reforms that would peg existing tuition tax credits and deductions to the Higher Education Price Index (HEPI).

Under the plan, the current tax deduction would increase from \$10,000 to \$13,820 and the maximum credit would increase from \$400 to \$553.

“Senate Republicans fought to enact tuition tax credit and deduction plans in 2000, but this assistance has not kept pace with inflation and the rising cost of higher education,” Senator Kenneth LaValle (R-C-I, Port Jefferson), Chairman of the Senate Higher Education Committee, said. “Tying them to the HEPI index would ensure this assistance keeps pace and provides much-needed help to middle class families.”

· **SUPPORT FOR JOB-CREATING PROJECTS:** The plan also allows Tax Increment Financing (TIF) of local development projects, an innovative and fiscally responsible step to free up investment capital for major job-creating projects.

New Incentives For Job Creation

· **“HIRE-NOW-NY” TAX INCENTIVE:** Our Hire-Now-NY proposal includes direct incentives to encourage businesses to begin expanding their workforce again. For each new job they create, a business would get a tax credit of up to \$5,000. That credit would increase to up to \$8,000 if the job goes to someone on unemployment.

· “HIRE-A-VET” ENHANCED CREDIT – The Senate job creation plan would provide an enhanced tax credit of up to \$10,000 to any business that hires a veteran returning home from military service.

“When New York’s heroic servicemen and women return home, they should be welcomed with the promise of economic opportunity,” Senator Greg Ball (R-C, Pawling), Chairman of the Senate Veterans, Homeland Security and Military Affairs Committee, said. “That’s why the Senate Majority’s plan would give an enhanced credit of up to \$10,000 per year to any business that provides a job opportunity to a returning veteran.”

Taxpayer Protection, Fiscal Responsibility and Regulatory Reform

· STATE SPENDING CAP: The cap, set at two percent or 120 percent of inflation, whichever is lower, would help to ensure fiscal responsibility, and provide a better environment for economic growth and job creation.

“Last year’s budget plan reduced State expenditures for the first time in years, closing a \$10 billion deficit by holding the line on spending with a \$2.4 billion cut in Medicaid spending, a 10 percent reduction in State operating costs, and a consolidation of government agencies,” said Senator Ranzenhofer (R-C-I, Amherst). “These actions are a stark contrast to the

unsustainable spending increases in State budgets over the past few decades, and a spending cap is the only mechanism to prevent massive spending increases in the future."

- CONSTITUTIONAL AMENDMENT TO HELP PREVENT TAX INCREASES: This constitutional amendment would require a two-thirds "super majority" vote, rather than a simple majority, for any tax increase – making it far more difficult to raise taxes.

"By requiring a two-thirds 'super majority' vote in the Legislature to increase any state taxes or fees, we can eliminate any further quick fix policies that sell out New York taxpayers. Last year, by working in a bi-partisan manner with Governor Cuomo and the State Assembly, we were able to pass a budget that didn't increase any taxes or fees and cut spending for the first time in over 15 years. This supermajority amendment will be an added tool for the taxpayers to hold their legislators fiscally accountable," said Senator Lee M. Zeldin (R, C, I-Shirley).

- MORATORIUM ON NEW TAXES AND FEES: Last year, we closed a \$10 billion budget deficit – without resorting to any new taxes and fees. To continue our efforts to strengthen our economic climate and help create private sector jobs, the Senate Majority is again committed to enacting a new State Budget that avoids any new taxes and fees.

- ELIMINATING JOB-KILLING REGULATIONS: Our plan includes repeal of the annual notification provisions of the "Wage Theft Prevention Act of 2010" – a duplicative and costly

mandate that the previous Senate leadership imposed on employers statewide. This job-killing measure is a perfect example of unnecessary red tape that does nothing to help employees, while also hurting businesses and our economy. (S. 6063A / Passed Senate, 2/29/12)

“Other than costing businesses to lose countless hours and waste millions of dollars, this mandate has done nothing to help employees or create new jobs,” Senator John A. DeFrancisco, Chairman of the Senate Finance Committee and sponsor of the legislation, said. “We have to eliminate mandates like this to make New York more competitive so businesses can focus on growing and creating jobs rather than keeping track of more paper and paying fines if they don’t.”

· **MAKING STATE AGENCIES MORE RESPONSIVE:** For years, many small business owners have expressed concern about unresponsive state agencies – especially when it comes to the permitting process. When someone applies for a professional license or a permit, they should not be left hanging for months on end. The Honesty in Permit Processing Act (S. 2461) requires agencies to publicly disclose their response times, and to tell applicants how long they can expect to wait for approval. If approval takes more than 134 percent of the average processing time, applicants would get a refund. This will improve New York’s economic climate, empower taxpayers, and help break through bureaucratic logjams.

"The Honesty in Permit Processing Act makes government more accountable and provides taxpayers with reasonable expectations for when their licenses or permits arrive," said

Senator Tom Libous (R-C-I, Binghamton). "I wrote this legislation after hearing from many of my constituents who are small business owners. They had waited months to simply hear back from state agencies on permits that were essential to running their businesses. It's only right that the state be accountable and does its job rather than stand in their way."

Heather Briccetti, President and CEO of The Business Council of New York State, Inc. said: "New York needs good paying jobs. The New Jobs NY legislation shows that Dean Skelos and the State Senate leadership are clearly focused on creating them. The program provides much needed tax

relief to small businesses, which are the engines of job creation and economic growth throughout the state. We look forward to working with the Senate to ensure that the enacted budget will continue to restrain the cost of government, while reforming major state spending programs, and providing mandate relief that reduces the cost of local government."

Mike Durant, State Director of the National Federation of Independent Business, said: "This portion of the Senate's budget proposal addresses many of the critical needs of small businesses. I applaud the commitment of Leader Skelos and his colleagues in working to reduce taxes, fees and putting parameters in place to force the state to be financially responsible. All critical in repairing New York's dubious business reputation. I look forward to seeing the Senate's budget proposal in its

entirety in hope that significant mandate relief is also addressed, such as comprehensive pension reform, to further decrease the substantial burden on taxpayers."

Brian Sampson, Executive Director of Unshackle Upstate said: “The Senate Majority’s one-house budget plan shows that the Senate is serious about providing relief to taxpayers and boosting private sector job growth. By advancing a constitutional limit on the growth of state spending, reducing hidden energy taxes by expediting the repeal of the 18a assessment and providing tax credits for creating jobs, the Senate Majority’s plan will help get our economy back on track. Unshackle Upstate supports the Senate Majority’s plan and we’ll continue to work with them to address meaningful mandate relief for our local governments that will help unlock their potential and make our communities more affordable.”

“The Senate Republican’s 2012 job creation plan will build on the achievements of last year when we partnered with the Governor to make state government function again and take significant steps to revitalize our economy and create new jobs,” Senator Skelos said.

Last year’s achievements included:

- > Passing an on-time state budget;
- > Closing a \$10 billion budget deficit without raising taxes;
- > Reducing state spending;
- > Cutting taxes on small businesses;

- > Enacting a property tax cap;
- > Approving the UB2020/SUNY 2020 economic development plan;
- > Repealing the MTA payroll tax for 80 percent of the business that paid it;
- > Enacting the Recharge-NY power-for-jobs plan and the Power-NY (Article X) power plant siting law;
- > Cutting taxes for middle class families and reducing tax rates to the lowest level in half a century; and
- > Enacting a tax cut for Upstate manufacturers.