



NEW YORK STATE SENATOR

John J. Flanagan

## Senate Passes 2012 New JOBS-NY Job Creation Plan

JOHN J. FLANAGAN June 11, 2012

| ISSUE: **ECONOMIC DEVELOPMENT**

**Controlling Spending – Cutting Taxes – Helping Businesses Grow**

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## **THE 2012 NEW JOBS-NY JOB CREATION PLAN**

Senator John Flanagan (2nd Senate District) today joined with his colleagues in the New York State Senate Republican Conference to announce Senate passage of the 2012 NEW JOBS-NY Job Creation Plan. The plan includes significant tax relief to encourage the creation of thousands 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.

“New York State has to continue building on our recent efforts to help businesses of every size succeed and grow here. This plan will give the businesses that are currently operating in our state the tools they need to stay here while removing unnecessary obstacles that can inhibit their efforts. That will help them create the jobs our residents sorely need and help our overall economy grow,” stated Senator Flanagan. “It will also help make our state more attractive to businesses from around the country that may want to bring their jobs and their tax dollars here.”

The 2012 NEW JOBS NY job creation bill (S7448) to be acted on today includes the following provisions:

### **New Incentives For Job Creation**

“HIRE-NOW-NY” TAX INCENTIVE: The packages Hire-Now-NY proposal includes direct incentives to encourage businesses to begin expanding their workforce again. Businesses would get a tax credit of up to \$5,000 for each new job created.

MOVING FROM UNEMPLOYMENT TO THE WORKPLACE: The Hire-Now-NY tax incentive would increase to up to \$8,000 if the employer hires someone who is currently unemployed.

“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.

### **Job-Creating Tax Cuts**

ENCOURAGE JOB-CREATING INVESTMENT IN START-UPS: The legislation includes a new “angel investor” tax credit program to help ensure that promising business start-ups

have access to the investment capital they need to grow and expand. This provision would create an “Angel Investor” program with a pool of \$7 million and also create a 35 percent angel investor credit for those businesses that donate funds to the pool.

**ELIMINATE TAXES ON MANUFACTURERS:** Over a three-year period, the legislation would provide manufacturers throughout New York State with \$495 million in tax relief – phasing out the taxes they pay under the State’s Corporate Franchise Tax and Personal Income Tax. This unprecedented step would immediately and dramatically improve the competitiveness of New York’s manufacturers, create thousands of new jobs, and provide a major economic boost to communities across the state.

**20 PERCENT CORPORATE TAX CUT FOR SMALL BUSINESSES:** The plan would provide small businesses with a 20 percent reduction by cutting the “small business corporate tax rate” from 6.5 percent to 5.2 percent. It would also virtually eliminate the fixed dollar minimum for small businesses. This \$49 million tax cut, which would impact almost 200,000 small businesses, would make our state more competitive and help create thousands of new jobs.

**SMALL BUSINESS JOBS CREDIT:** The plan would also provide a 10 percent 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 help encourage new job creation by saving small businesses \$80 million.

**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 \$1.7 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, the Senate package will deliver \$522 million in relief and give a major boost to New York's economy.

**BREWER'S PRODUCTION CREDIT AND LABEL REGISTRATION CREDIT:** In response to a recent NYS Supreme Court order which hurt a number of New York's craft brewers, the legislation would allow a credit to small brewers for the first 200,000 barrels of beer brewed in New York and a \$150 credit for each beer label registered with the NYS Liquor authority for beer labels where less than 1,500 barrels are produced annually in New York.

**STRENGTHEN THE FILM PRODUCTION INDUSTRY:** The legislation provides support for New York's film production industry by increasing the post-production tax credit from 10 percent to 30 percent.

### **Taxpayer Protection, Fiscal Responsibility and Regulatory Reform**

The overall 2012 NEW JOBS-NY Job Creation Plan also includes a number of other pieces of legislation that would make New York State more economically competitive. These bills include:

**STATE SPENDING CAP:** As part of the 2012 NEW JOBS-NY Job Creation Plan, the Senate approved legislation (S.716) that would cap state spending. The legislation would limit the growth of state operating funds spending to no more than the average rate of inflation of the three previous calendar years.

In addition, the bill would increase the maximum capacity of the state's rainy day reserve from 3 percent of General Fund spending to 10 percent of General Fund spending. This bill would enhance the state's fiscal responsibility and provide a better environment for

economic growth and job creation.

**ELIMINATING JOB-KILLING REGULATIONS:** The plan also includes legislation (S.6063) that would repeal of the annual notification provisions of the “Wage Theft Prevention Act of 2010” – a duplicative and costly mandate that the Senate Democrats 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.

**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.

**CONSTITUTIONAL AMENDMENT TO HELP PREVENT TAX INCREASES:** The Senate passed a constitutional amendment (S.1919) that would require a two-thirds “super majority” vote, rather than a simple majority, for any tax increase. This measure would make it more difficult for the state to raise taxes.

The Senate Republican plan is supported by a number of business organizations around the state including the Long Island Association, the Long Island Business Council, the Business Council of New York, Unshackle Upstate and the National Federation of Independent Businesses.

Kevin Law, President and CEO of the Long Island Association said: "We applaud Majority Leader Skelos and his New Jobs-NY Job Creation Plan because it will stimulate economic growth, cut taxes, create jobs and bring regulatory relief to create a more business-friendly climate for our state and region."

Heather Briccetti, President and CEO of The Business Council of New York State, Inc. said: "We applaud the Senate Majority's continued focus on reducing the cost of doing business, lowering the state's business burden on business, and reducing the cost of creating jobs. This package focuses on key sectors and emerging industries, and will promote new private sector investments and critically needed new jobs."

Mike Durant, State Director of the National Federation of Independent Business, said: "The past few weeks have seen continuous discussion in the other house on issues that not only harm small business, but hurt those that seek meaningful employment. This legislation is aimed at real problems and reaffirms the Senate Majority's commitment to revitalizing our economy and helping spur new and innovative economic development opportunities. Simply, this is another step in the right direction for New York. From helping reduce taxes on manufacturers to an accelerated reduction on stifling energy costs, Majority Leader Skelos and his colleagues are continuing to put the needs of New York's unemployed and small business owners first."

Over the past year and a half, the Senate Majority has successfully taken a number of key steps to improve New York's business climate to help create jobs:

- > Passing two consecutive on-time state budgets;
- > Closing approximately \$13 billion budget deficits -- without raising taxes or fees in the budget;
- > Reducing state spending for two consecutive years;

- > Cutting taxes on small businesses;
- > Enacting a landmark 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 more than half a century; and
- > Helping to launch the NY-Works initiative to revitalize New York's infrastructure.