



NEW YORK STATE SENATOR

Patrick M. Gallivan

SENATE REPUBLICAN BLUEPRINT FOR JOBS: ReThink. ReVitalize. ReBuild.

PATRICK M. GALLIVAN March 8, 2013

| ISSUE: **ECONOMIC DEVELOPMENT, EDUCATION, ENERGY, FINANCE, SUNY (STATE UNIVERSITY OF NEW YORK)**



A Fiscally Responsible Approach to Job Creation

Senate Republican Conference Leader Dean Skelos and members of the Senate Republican conference today announced a bold and sweeping job creation plan to improve New York's business climate so it not only keeps up with other states, but surpasses them. Among other things, the "Senate Republican Blueprint for Jobs: ReThink. ReVitalize. ReBuild." would cut

taxes for one million small businesses and reduce energy costs for every business and residential ratepayer in New York, saving them \$2.5 billion.

“There’s been much discussion at the Capitol about a lot of different issues, but when the members of our conference are in their districts, the issue they hear the most about is jobs,” Senator Skelos said. “Helping businesses to create new private sector jobs has to be priority one. Other states are taking major steps to attract new businesses. With our plan, we would make New York much more competitive by reducing taxes on small businesses and manufacturers, cutting energy costs by allowing the utility tax surcharge to expire, and eliminating burdensome and redundant rules that inhibit job growth. If we lower the cost of doing business here, the businesses, jobs and people will follow.”

Senator Patrick Gallivan (R-C-I, Elma), said: “The last two years have shown that state government is capable of reversing decades of dysfunction and again working on behalf of the people. Now New York State must focus its attention on its most central challenge – transforming our economy into one where existing businesses can grow and new businesses want to locate. A long history of regulations, mandates, and taxes on private business has created one of the worst climates in the nation for private sector development. The Senate Republican Blueprint For Jobs is a set of common sense, pro-growth reforms that will create jobs, attract investment, and move our state forward through tax cuts, spending restraint, extensive regulatory reform, and targeted investments in our workforce.”

Senator John A. DeFrancisco (R-C-I, Syracuse), Chair of the Senate Finance Committee, said: “The key to revitalizing our State’s economy is to improve the business climate. Our job creation plan offers a combination of tax cuts, reduced regulations, and other incentives, which will encourage businesses to locate, remain, or grow in New York State.”

The “Senate Republican Blueprint for Jobs” plan would provide:

- A Tax Cut for One Million Small Businesses
- Tax Relief for Manufacturers
- Lower Energy Bills for Every New Yorker and Every Business
- Sweeping Reforms to Cut Red Tape and Bureaucracy
- Job Training to Help New Yorkers Secure Good, High-Paying Jobs
- Common-Sense Budget Reforms
- Investment Funding to Help Launch Start-Ups
- Incentives to Revitalize Downtowns and Main Streets
- Help for New York's Veterans to Secure Good-Paying Jobs
- Key Reforms To Reduce the Cost of Doing Business

Heather Briccetti, President and CEO of The Business Council of New York State, Inc. said, "The budget plan put forth today by the Senate Republicans is clearly designed to control state spending and create good-paying jobs. If we are to improve the state's economy and create more private-sector jobs we need to reduce the cost of doing business in New York through tax cuts, fiscal restraint, regulatory reform, and targeted investments in our workforce.

Brian Sampson, Executive Director of Unshackle Upstate said: "Unshackle Upstate has long advocated for lowering the tax burden in order to help our Upstate manufacturers and small business owners. This proposal advances sensible tax cuts, the elimination of the surcharge on the 18-A energy tax, the repeal of the Wage Theft Prevention Act's annual notification

requirement and the implementation of a state spending cap. We support these measures as they will help boost job growth and strengthen our economy.”

Mike Durant, State Director of the National Federation of Independent Business (NFIB) said: “This job creation plan injects significant fiscal relief for small business and is a commitment to drastically changing the economic trajectory of New York. It incorporates many of the top legislative priorities for NFIB by drastically reducing taxes and providing needed regulatory reform. This is exactly what small business needs in this State.”

Manufacturer’s Association of Central New York (MACNY) President Randy Wolken stated: “This past week, manufacturers from across the State convened in Albany to let legislators know that in order to strengthen our critical sector and the economic strength we provide, a better business climate is needed, with lower costs of doing business. Senate Republicans clearly heard this message. With their proposal of a repeal to the 18a tax, in addition to elimination of the corporate franchise tax for manufactures, they are clearly proposing a budget version that is business friendly, helps create a better business climate, and creates a platform that will enable manufacturers and businesses help get our State back on track.”

The state’s revenues are projected to increase by more than \$200 million. Senate Republicans are recommending that, rather than spend new revenues, the additional funds should be invested in business and job growth to strengthen the state’s economy more rapidly and create new jobs at a faster pace.

“A critical part of our job growth plan is a constitutional amendment for a two-percent spending cap to ensure that New York maintains fiscal responsibility,” Senator Skelos said. “We’ve reduced spending in the last two budgets and we need to keep that spending restraint going so we can reinvest in our economy and make us more competitive with other states.”

By working with Governor Cuomo over the last two years, New York State has saved approximately \$18.6 billion by adhering to a self-imposed spending cap of two percent.

According to the Governor's January 2013 estimates, state operating revenue will increase by 9.5 percent from SFY 2013-14 to SFY 2016-17 with a possibility of revenue growth even higher than that. Revenue growth is expected to grow by an average of 3.1 percent over the three years following SFY 2013-14. Unfortunately, state operating spending is expected to grow by nearly 12 percent, or an average of 3.8 percent, over that same period.

Senate Republicans have repeatedly passed legislation to establish a spending cap, but the Assembly has not acted on it. Over the past two years, the state has saved \$18.6 billion by adhering to a self-imposed two percent cap. By making a cap permanent going forward, New York will save \$11.2 billion over the next four years.

As revenues improve, many other states are proposing bold tax cut plans. The Governors of Nebraska and Louisiana have proposed eliminating income taxes on residents and corporations. The Governor of Kansas is proposing a major personal income tax cut. Other states that have either begun to reduce income taxes or are seriously considering significant tax cuts include: Indiana, Oklahoma, Missouri, Michigan and Ohio.

The Senate Republican plan would eliminate the Corporate Tax entirely for small businesses over the next four years, saving 200,000 small businesses more than \$250 million. The Blueprint for Jobs would also provide 800,000 small businesses that pay under the personal income tax (PIT) a 10- percent PIT exemption for business income, and eliminate the Corporate Tax entirely for manufacturers over the next three years, saving them \$445 million. These investments will stimulate job growth, make New York more competitive and increase revenues overall.

In addition, the Senate Republican job creation plan would create a \$100 million low-interest loan fund for new high-tech and small business start-ups.

Senator Skelos noted that New York's business climate is currently ranked last in the country by the Tax Foundation, and, in a recent study by United Van Lines published in Forbes Magazine, New York ranked fourth in number of people moving out-of-state.

"The Senate Republican Blueprint for Jobs would help us reverse those numbers," Senator Skelos said. "When it comes to cutting taxes and creating jobs, New York should lead the way."

SENATE REPUBLICAN BLUEPRINT FOR JOBS

ReThink. ReVitalize. ReBuild.

A TAX CUT FOR ONE MILLION SMALL BUSINESSES

> Eliminate Corporate Tax entirely for 200,000 small businesses over the next four years (\$250 million).

> Provide a 10-percent Personal Income Tax (PIT) exemption for business income by 2016 (\$120 million) for 800,000 small businesses that pay personal income taxes.

BOOSTING NEW YORK'S MANUFACTURERS

The Blueprint for Jobs includes two key provisions that will provide an enormous boost for manufacturers throughout the state, helping them compete, succeed and create thousands of new jobs. These elements include:

> Eliminating the Corporate Tax entirely for manufacturers over the next three years, saving them \$445 million.

Senator Tom O'Mara (R-C, Big Flats) said: "It's time to try something bold for the upstate economy. Manufacturing has always been the economic engine of many upstate communities, and it remains our best hope for any long-term revitalization. Government can help lead that effort by starting with this pro-job, pro-private-sector, pro-manufacturing tax cut. We can't just settle for no new taxes. The goal needs to be tax cuts."

> Increasing Sales Tax Relief for Manufacturers – While the state provides certain sales tax breaks on the energy used in the manufacturing process, the current law imposes cumbersome restrictions that can actually make manufacturers less efficient. The Blueprint for Jobs would reform, broaden and improve the current law, to help manufacturers substantially increase their sales tax savings.

LOWER ENERGY BILLS FOR EVERY NEW YORKER

> To help New York's energy intensive manufacturers, the Senate's plan rejects the Governor's proposal to extend the 18-a energy tax surcharge and restores the 18-a assessment back to its pre-2009 level. This would provide over \$2.5 billion in relief to families and employers across New York over the next five years.

> According to figures from National Grid, the impact of the Executive's proposed energy tax extension on a typical large business is estimated at \$30,000 per year. The added cost on a typical small business would be about \$540 per year. Average household utility bills would increase \$55 per year.

Senator George Maziarz (R-C, Newfane), Chairman of the Senate Committee on Energy and Telecommunications, said: "High utility bills can be explained in part by the little known but widely felt 18-a assessment, a temporary but onerous tax that my Republican colleagues and I have vigorously opposed ever since its inception. We must not allow this tax to be extended, or else every single business and residential ratepayer in our state will continue to

suffer to the tune of \$509 million per year. If New York is to be truly open for business, this tax must sunset.”

Senator Jack M. Martins (R-C-I, Mineola) said: “There’s absolutely no reason our homeowners and businesses should be paying taxes on their utilities. People are struggling and working toward ending this surcharge reinforces our commitment to ease the tax burden and get government off people’s backs.”

CUTTING RED TAPE

> Repeal 1,000 Rules

New York’s regulatory burden is notorious, containing 23 Titles and filling 83 volumes. The manual explaining New York’s rule-making process alone includes 66 single spaced pages.

To address this problem, the Blueprint for Jobs includes legislation that would direct Executive State Agencies to repeal at least 1,000 job-killing rules and regulations. The legislation is modeled on a successful effort in the State of Florida that ultimately led to more than 3,000 regulations and rules being identified for repeal and/or revision.

Senator Kathleen A. Marchione (R,C-Halfmoon) said: “State government’s job-killing regulations, costly rules and bureaucratic red tape hurt small businesses, stifle private sector innovation, make our economy less competitive and result in more lost jobs for New Yorkers. Job creators need regulatory reform and real regulatory relief that gets state government off their backs and out of their way so they can expand their operations to grow new jobs and new opportunities.

“Our jobs plan would deliver the regulatory relief and regulatory reform needed to get job-killing rules off the books and also stop bad regulations from taking effect. This is exactly the approach we need to jumpstart our economy and encourage long-term economic growth,”

said Senator Marchione.

> Industry-specific regional roundtables will be held to gather input from business leaders regarding specific rules and regulations that should be considered for revision.

Senator Gallivan said: “The exhaustive, redundant and duplicative nature of New York’s regulatory structure is tantamount to ‘death by a thousand cuts’ for small businesses. Not a day goes by that I don’t hear from an employer about yet another state mandate or regulation that is costing his or her business unnecessary time and money, and ultimately impacting the bottom line. This job growth plan will engage business owners and entrepreneurs, and seek their perspective as we begin to untangle the years of bureaucratic red tape that Albany has handed down through the years.”

> Red Tape Veto Power

The Blueprint for Jobs includes a Constitutional Amendment that would empower the Legislature to exercise veto power over any new regulations that negatively impact job creation and retention efforts. The Administrative Regulations Review Commission (ARRC) would conduct regular reviews and make recommendations to the full Legislature.

In addition to the Constitutional Amendment, a separate bill will also be introduced to ensure that Executive Agency rules and regulations do not overly burden small businesses. The measure would enable ARRC to provide greater guidance during the regulatory process and oversight of implemented rules and regulations.

> Paperwork Reduction Act:

This bill (S2313) would eliminate the burdensome and unnecessary annual wage notification requirements mandated by a 2010 law, which Senate Republicans opposed. An independent

employee benefit firm has calculated that with 7.3 million people employed in New York State, more than 51 million pages of paper are needed to comply with this law -- a massive, costly mandate on every employer in the state.

Senator John A. DeFrancisco said: “This mandate has done nothing to help employees or create new jobs, and, in fact, it has cost businesses millions of dollars and wasted countless hours of time. We need to eliminate regulations like this, so that businesses can focus on growing and creating jobs, instead of spending time on unnecessary paperwork.”

> Fast-Track Permit Processing: (S.968)

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 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.

In addition, the Blueprint for Jobs package will seek to improve transparency and provide more definitive timelines in the State Environmental Quality Review (SEQR) process.

Senator Tom Libous (R-C-I, Binghamton) said: “The Honesty in Permit Processing Act makes government more accountable and provides taxpayers with reasonable expectations for when their licenses or permits arrive. 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 is accountable and does its job rather than stand in their way.”

ACCESS TO JOB TRAINING OPPORTUNITIES FOR ALL NEW YORKERS

The Blueprint for Jobs includes new initiatives and increased funding to help ensure that every New Yorker -- in every region of the state -- has access to job training services that can help them succeed in a rapidly changing economy. Our Plan includes:

> Fast Start-NY: Based on the successful “ready-workforce” programs used in a number of states, this initiative will help attract and retain tens of thousands of jobs by providing comprehensive, targeted training that is specifically tailored to meet the needs of individual employers. In recent years, these types of customized, employer-specific programs have helped states such as South Carolina, Georgia, Louisiana and Alabama attract major manufacturers like Mercedes Benz, Boeing, Caterpillar, Honda, KIA and others.

Senator Joe Robach (R-C-I, Rochester) said: “This is a comprehensive package that will help New York grow jobs by making sure people have the skill set they need to fill jobs.”

> Double Funding For Workforce Training: SUNY and CUNY’s Workforce Development Initiative provides targeted training to help employers refine the skills of their new hires, and enable more experienced employees to upgrade their skills. These programs have proven highly successful, but the demand for them in some communities is currently outstripping their availability. The Blueprint For Jobs would double funding -- from \$3.8 million to \$7.6 million -- to increase access to the programs.

Senator Kenneth LaValle (R-C-I, Port Jefferson) said: “The Workforce Development Training Initiative and Blueprint For Jobs, along with our community colleges, are critical components for developing and training the workers needed to grow our economy.”

> The Workforce Development Institute is a not-for-profit that works with businesses and the AFL-CIO to provide focused training for workers, and workforce transition support to help prevent jobs from being outsourced to other states. In the 2012-13 State Budget the Senate worked to provide \$2.3 million in funding for the WDI. The Blueprint For Jobs Plan would double funding levels to \$4.6 million.

FUNDAMENTAL FISCAL REFORMS TO CONTROL TAXES AND SPENDING

In an increasingly competitive global marketplace -- and at a time when investment dollars and jobs can quickly depart to other states and other countries -- New York State must remain on a fiscally responsible path that controls spending and avoids tax increases.

To build upon the past two consecutive State Budgets that have controlled spending and avoided tax increases, the Senate Republican Jobs Plan includes the following two fiscal reforms which are supported by the State's leading business advocacy groups:

- > Impose a two-percent cap on state spending; and
- > Help prevent future tax increases by requiring a 2/3 super-majority vote for the approval of any tax increases.

Senator Michael Ranzenhofer (R-C-I, Amherst) said: "Over the past two years, we've saved \$18.6 billion by adhering to a self-imposed two-percent. By implementing these fundamental reforms, the spending cap will put the brakes on spikes in spending and New York will save \$11.2 billion over the next four years."

Senator Lee M. Zeldin (R, C, I- Shirley) said: "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. The past two years, we passed early budgets that held the line on taxes and spending. This super majority requirement will be an added tool

for the taxpayers to hold state government fiscally accountable.”

These fundamental reforms would provide corporate leaders and investors with greater long-term confidence that New York State has changed the way it conducts business.

LAUNCHING START-UPS

One of the biggest problems facing small businesses today is the lack of access to capital. And with banks being more stringent on lending in response to the financial crisis, it has made things tougher for many promising small entrepreneurs. To help address this problem, the Blueprint for Jobs will:

- > Provide \$100 million in new low-interest loan funding to promising new high-tech and small business start-ups;
- > Make improvements to the State’s current Linked Deposit Loan Program, expanding access to the program, generating additional economic activity, and stimulating more investment and more jobs across the State; and
- > Strengthen the Excelsior Jobs Program, by increasing the amount of the program from \$50 million to \$70 million per year, enhancing the investment tax credit and the real property tax credit, and amending the job creation and retention thresholds.

Senator Robach said: “Nothing is more critical than the commercialization of ideas and technological advances. Improving opportunities for today’s emerging companies will not only help them grow, but help create job opportunities across Rochester and the Empire State.”

- > Create the New York State Incubator Program (\$5 million). There are currently over 40 business incubators across the State. This program would provide operating grants to these

incubators to provide support services to start up businesses, and to facilitate the transfer of technology from research and development to commercialization.

Senator Martin Golden (R-C-I, Brooklyn), the Chairman of the Senate Select Committee on Science, Technology, Incubators, and Entrepreneurship, said: "Everyone understands that the New York economy is challenged, but we are recovering. Critical to our ability to recover and sustain growth, is a

workforce that is trained and ready for the jobs of today and of the future."

TURNING EMPTY BUILDINGS INTO NEW OPPORTUNITIES

> In order to encourage private sector investments in hometowns, downtowns and Main Streets across the state, the Blueprint for Jobs would expand the Historic Properties Tax Credit Program by incrementally increasing the cap on credits from \$5 million to \$12 million.

Senator Mark Grisanti (R, North Buffalo) said: "With this measure, we are taking a tool that promotes the revitalization of historic properties and making it even better. Raising the maximum award to nearly two-and-a-half-times its current level will provide builders with an incentive to clean up and refurbish historic neighborhoods so we can continue to put our best foot forward and strengthen all of Western New York."

> The Blueprint for Jobs also includes legislation establishing a tax credit for the rehabilitation of distressed commercial properties.

Senator Ranzenhofer said: "Enacting a tax credit to encourage the rehabilitation of distressed commercial buildings will encourage revitalization and make these properties more attractive for businesses and jobs."

HELPING OUR HEROES

The Senate Republican job creation plan would provide a tax credit to any business that hires a veteran returning home from military service. That credit will equal 10 percent of wages paid -- increasing to 15 percent of wages if the veteran is also disabled. New York's heroic servicemen and women should be welcomed home with the promise of economic opportunity.

The plan will also include legislation (S.2803) to help small businesses owned by service disabled veterans by increasing their access to government contracts.

Senator Greg Ball (R-C, Pawling), Chairman of the Senate Committee on Veterans, Homeland Security and Military Affairs, said: "We must strengthen opportunities in New York for our returning veterans. With the number of returning veterans suffering from ailments like traumatic brain injury, this bill will create a great incentive for businesses to hire and support those heroes that are so fully deserving."

CURBING THE COST OF UNEMPLOYMENT INSURANCE AND WORKERS' COMPENSATION

High Unemployment Insurance and Workers' Compensation costs are frequently cited by New York employers as major barriers to new job creation. The Senate Republican Conference is committed to reducing these costs to help make our state a more attractive place to do business.

The Governor has submitted constructive proposals to help address these costs, and the Senate Republican Conference will work together with him and our legislative colleagues to reach consensus on reform legislation that can be enacted during this year's session.

THE SENATE REPUBLICAN BLUEPRINT FOR JOBS WOULD BUILD ON TWO YEARS OF ACCOMPLISHMENTS

Over the past two years, the Senate Republican Conference has successfully taken a number of key steps to improve New York's business climate to help create jobs. These include:

- Passing two consecutive on-time state budgets;
- Closing approximately \$13 billion in 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 businesses that paid it;
- Enacting the Recharge NY power-for-jobs plan;
- 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.