



NEW YORK STATE SENATOR

Timothy M. Kennedy

Senator Kennedy Outlines New Tax Relief to Strengthen Manufacturing Industry in State Budget

TIMOTHY M. KENNEDY April 2, 2014

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State budget reduces taxes for manufacturing industry to boost job growth.

Kennedy pushed for tax relief for manufacturers to improve the economic competitiveness of Upstate New York.

Kennedy: WNY's economy supports more than 50,000 manufacturing jobs, and with this new budget, we will spur the creation of even more good-paying jobs.

BUFFALO, N.Y. – Senator Tim Kennedy, D-Buffalo, visited Industrial Support Incorporated, a manufacturing company based in Buffalo, today to outline the details and impact of the manufacturing tax relief programs included in the 2014-15 state budget. Kennedy, the ranking Democrat on the Senate Economic Development Committee, pushed for tax relief for manufacturers based in Western New York to help boost local job creation. The provisions included in this year's state budget will substantially reduce the burden on manufacturers which will unleash their growth, and encourage out-of-state companies to relocate to New York State.

“When Buffalo's economy was at its peak, our manufacturing industry was thriving. Hardworking men and women found jobs to support their families in the steel mills and factories, and our communities prospered,” said **Senator Tim Kennedy**. “This new tax relief for manufacturers will boost the competitiveness of our state, and help return Buffalo and cities across Upstate New York to our historic economic strength. It will spur economic growth and support middle-class families with good-paying jobs.

“By incentivizing manufacturing in New York State, we will attract businesses from out of state to give new life to those vacant sites left behind from our manufacturing glory days, and we'll foster the development of those manufacturers that already call Western New York home,” Kennedy added. “We've seen signs of revival throughout our region, and with this new state budget, I'm confident we can speed up our resurgence and get more Western New Yorkers back on the job. I want to thank Governor Cuomo for his ongoing commitment to our region and for his relentless focus on strengthening our economy. He pushed hard to help us secure new tax relief for manufacturers, and we can't thank him enough.”

This year's budget establishes a 20 percent real property tax credit for all manufacturers who own or lease property. It also cuts the tax rate on manufacturers' income down to zero. The state budget also accelerates the phase out of the 18-A utility surcharge to reduce the cost of

energy bills for businesses and residents.

Western New York sustains over 50,000 manufacturing jobs, according to the federal government. That number is generally stable, but with global competition facing local companies, it is critical that the state provide support to protect and improve these jobs statistics. Manufacturing jobs also tend to pay very well. In Upstate New York, the average manufacturing job pays about \$16,000 more in annual wages than the average non-manufacturing job in the private sector, according to research from the Business Council of New York State. The changes in this budget will strengthen the industry, spur job growth and deliver much-needed help that will reinvigorate our manufacturing sector.

Industrial Support Incorporated and Rigidized Metals Corporation are Buffalo-based companies that will be among the many manufacturers across the state to benefit from this much-needed tax relief. This will bolster efforts to revive the economy in communities across Upstate New York.

Dave Sullivan, president of Industrial Support Incorporated, said, "This new tax relief from the state will allow us to reinvest in our company and our workers, and it will open up new opportunities to consider expanding. This will be a huge help for us, and I'm thrilled Senator Kennedy pushed for this boost for manufacturers. I'm confident this will help strengthen the industry and entice other companies to join us in Western New York."

Rick Smith, CEO of Rigidized Metals said, "The state is putting manufacturing back on the map in Western New York. Successful companies are always in need of help as far as getting some of the state's former burdens relieved, particularly the property-tax issues and energy costs. I think Governor Cuomo's administration, Senator Kennedy and his colleagues are doing a great job of moving the state in the right direction here."

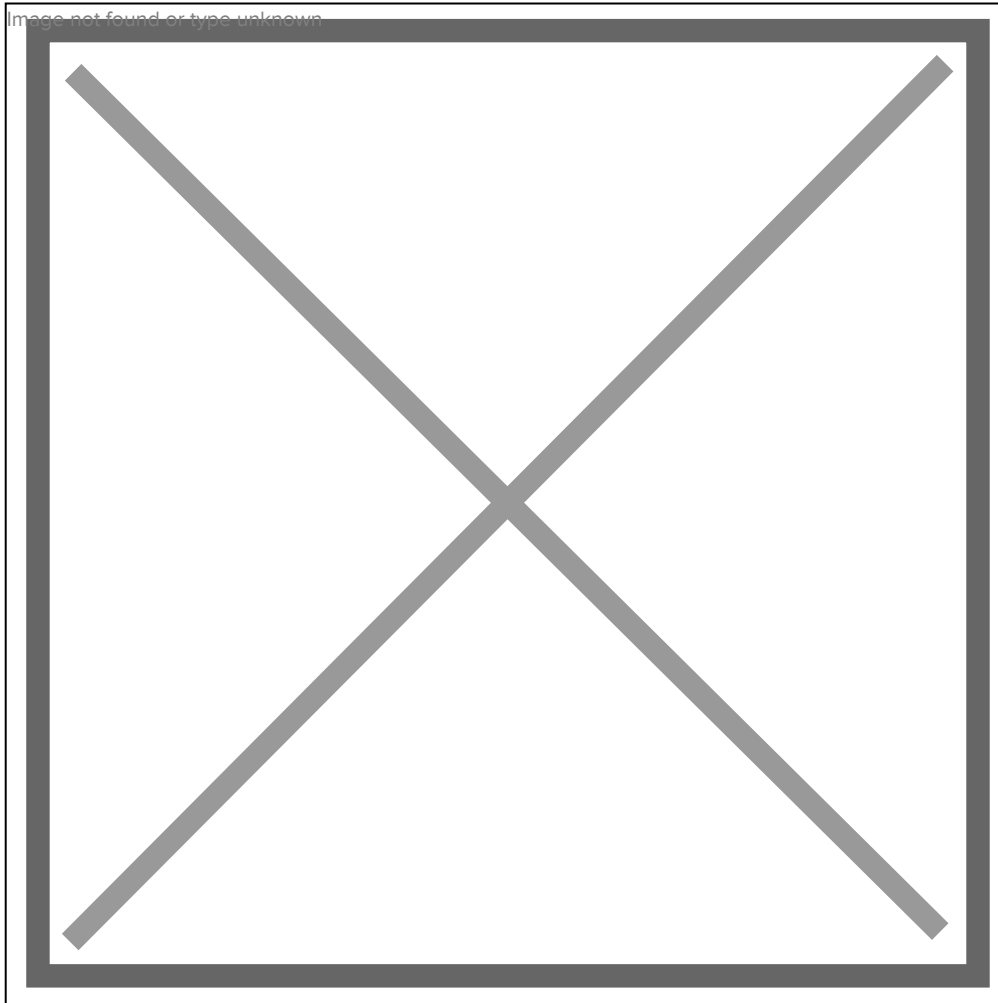
New York State suffers from unfortunately high property taxes that remain a burden on manufacturers, weighing down their ability to invest and expand. Many manufacturers own or lease large plots of land with considerable assessments, which leads to a substantial tax burden for manufacturing companies. The budget will reduce manufacturers' property taxes by 20 percent with the creation of a 20 percent real property tax credit for manufacturers who own or lease property. This measure is estimated to provide about \$100 million in property tax relief for manufacturers.

The budget also cuts the tax rate on manufacturers' income down to zero. Their rate currently stands at 5.9 percent, but in 2014 and in the years to come, the rate will drop to zero. This will free up capital, and encourage manufacturing companies to invest in their workers and expand their business. This provision, which eliminates the earned-net-income tax on manufacturers will provide an estimated \$193 million in savings for these companies statewide.

The budget will also reduce energy costs for manufacturers by accelerating the elimination of the 18-A utility surcharge. Each month, 18-A costs your average, small manufacturing company several-thousand dollars. For larger manufacturers that use high volumes of energy, it costs them about \$10,000 each month, according to the Business Council of New York State.

Under the reforms in this budget, 18-A will be completely eliminated by 2017, and this utility assessment will drop faster in each of the coming years until then. This budget drops 18-A from 2 percent to 1.63 percent in 2014, from 1.75 percent to 1 percent in 2015, and from 1.5 percent to .73 percent in 2016. In 2017, the 18-A will assessment will be eliminated. Over the course of the next three years, the Governor's office estimates this will save businesses and residents about \$600 million.

“Together, these new measures will lead to significant cost-savings for manufacturers, empowering these companies to grow their businesses with new investment and job expansion,” Kennedy said.



Senator Kennedy with Dave Sullivan of ISI and Rick Smith of Rigidized Metals.

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Senator Timothy M. Kennedy represents the New York State Senate’s 63rd District, which is comprised of the town of Cheektowaga, city of Lackawanna and most of the city of Buffalo. More information is available at <http://kennedy.nysenate.gov>.