



NEW YORK STATE SENATOR

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## Economic Course Change Needed

JAMES L. SEWARD October 28, 2010

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Dead last. Number 50 out of 50. That's where New York placed in the recently released ranking of state business climates by the non-partisan Tax Foundation. The embarrassing showing is yet another example why the economy must be job one in Albany.

The [Tax Foundation's 2011 State Business Tax Climate Index](#) (SBTCI) is a clear illustration of just how low New York has sunk when it comes to attracting new businesses and assisting those that already exist. Clearly, those running the ship in Albany have steered far off course

and run aground.

According to the report, New York scores at the bottom by having the third worst individual income tax, ninth worst sales tax, and worst property tax. While the poor marks may come as no surprise to many, they do serve as another concrete piece of evidence that should serve as a real wakeup call.

The report also makes a very relevant point concerning the evolving global market place:

*“The modern market is characterized by mobile capital and labor. Therefore, companies will locate where they have the greatest competitive advantage. States with the best tax systems will be the most competitive in attracting new businesses and most effective at generating economic and employment growth.”*

Based on that statement, it is no surprise that more and more companies are fleeing the Empire State for more business friendly environments. It is also a prime reason why the state is failing in efforts to bring new businesses to our borders.

The Business Council of New York State has a number of constructive ideas to help breathe new life into the state's economy. The council's **“Enough Already New York”** campaign opposes new taxes, new borrowing and new gimmicks. I concur with the platform and have pledged to support the campaign's **“Five to Survive”** reforms. They include:

**Cap property taxes.** Local property taxes in New York are 59 percent above the national average. When property taxes are measured as a percentage of home value, 15 of the 25 highest taxed counties in the US are in New York State. New York must adopt a property tax cap to control and ultimately lower all property taxes;

**Cap state spending.** Over the last decade Albany has increased spending at more than twice the rate of inflation. Our current state budget would be at least \$18 billion smaller -- and

there would be no deficit -- if the state had just kept spending hikes within the rate of inflation during this period. We need a cap to limit annual increases in state spending;

**Reduce the tax burden.** The burden of the broad array of state and local taxes simply makes New York uncompetitive. In every study that measures tax burdens, New York is the worst place to be. With such high taxes we are losing residents, businesses and jobs to other states;

**Reform public employee pensions.** In 2009, a new pension tier with reduced benefits was created for newly hired public employees -- called Tier V. But more must be done to control public employee pension costs;

**Limit government borrowing.** New York State and local government debt has grown by 32 percent in the past five years. Our state and local debt per-capita is nearly double the national average. Increasingly, state and local officials seek to borrow money in order to pay operating expenses. Government debt should only be issued to finance capital needs. New York should strictly prohibit government borrowing to pay state and local operating expenses.

Commerce crushing policies enacted over the last two years need to be rescinded and replaced with new guidelines that will show government's willingness to partner with the business community and change the negative culture. I am prepared to enact the reforms needed to rally our state and encourage business growth.

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