



NEW YORK STATE SENATOR

Thomas F. O'Mara

Senator O'Mara's weekly column 'From the Capitol' -- for the week of September 26, 2022 -- 'NY not addressing root causes of economic uncertainty'

THOMAS F. O'MARA September 26, 2022

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Small business is the economic lifeline for thousands of local workers. The surest way to revitalize upstate communities is through private-sector, manufacturing, small business job creation. That means supporting -- not neglecting -- policies and programs that strengthen our small businesses. Senator O'Mara offers his weekly perspective on many of the key challenges and issues facing the Legislature, as well as on legislative actions, local initiatives, state programs and

policies, and more. Stop back every Monday for Senator O'Mara's latest column...

This week, "NY not addressing root causes of ongoing economic uncertainty"

I was pleased recently to have New York's leading small business association, the National Federation of Independent Business of New York (NFIB/NY), reaffirm my commitment to the future of small business and revitalizing our state and local economies overall.

As part of the organization's 2021-2022 legislative review, I was one of seven state senators to earn a 100% rating on how priority issues were addressed for small business owners across New York.

The NFIB/NY "Voting Record" can be viewed online at <http://www.nfib.com/new-york/>.

NFIB's New York State Director Ashley Ranslow said, "Our voting record is meant to show our members and the small business community whether their legislators support New York's job creators and our local economies ... The latest national NFIB Optimism Index data show the number of small business owners expecting conditions to improve in the next six months is the lowest it's been since the 1970s, and we're looking to the state legislature to step up and support Main Street businesses in New York on issues like crushing and unfair pandemic-induced hikes in UI taxes and suffocating overregulation. On behalf of our thousands of members and struggling small business owners across the Empire State, I want to sincerely thank the legislators who time and again backed their words with action, voting in support of homegrown job creation every opportunity available to them."

At the moment, the COVID-induced Unemployment Insurance (UI) tax crisis facing New York's employers is especially alarming, and Governor Kathy Hochul and the Democrat-controlled majorities in the Senate and Assembly have turned their collective back on it.

Remember that the COVID-19 pandemic and its subsequent economic shutdowns produced a massive, record number of UI claims in New York and other states. New York's UI fund didn't have the money to pay the escalating claims and began borrowing from the federal government in May 2020. Many states did the same, but New York is one of only seven states or territories still in debt to the federal government, to the tune of \$8.1 billion (only California's outstanding loan balance is higher). As of last May, New York State had only paid back \$1.2 billion of its federal loan, which many of us have been highlighting as unacceptable and a serious threat to employers and economies alike. If New York doesn't fully repay its outstanding balance by this November, interest costs will go on accumulating and, consequently, the federal portion of employers' 2022 tax bills will continue to rise.

According to a June report from the state comptroller, “Absent any significant federal or State action, employer costs will continue to grow, potentially impeding the State’s employment recovery amid growing economic uncertainty.”

The Senate and Assembly Republican conferences have been clamoring for action on this UI front. For Governor Hochul and legislative leaders to continue ignoring this building UI crisis -- especially after just approving the largest-ever state budget that’s spreading around billions upon billions of taxpayer dollars, including federal aid, on a questionable if not downright irresponsible spending spree -- is yet another abandonment of fiscal, and all New Yorkers pay the price.

Following the comptroller’s assessment, Upstate United Executive Director Justin Wilcox stated, “The findings of Comptroller DiNapoli’s updated Unemployment Insurance report are extremely alarming. New York’s unemployment insurance crisis will continue to hurt employers and consumers at the worst possible time. Millions of families who are already being squeezed by historic inflation rates will ultimately pick up the tab for New York’s remaining \$8.1 billion debt to Washington. Governor Hochul and legislative leaders owe struggling New Yorkers an explanation as to why they decided to pass along this massive hidden tax rather than use federal aid to pay down this burdensome debt.”

The UI crisis is just one example of how Governor Hochul and one-party, all-Democrat control of New York State government have fallen down on the job of rebuilding, revitalizing, and strengthening the post-COVID future of state and local economies, short and long term. They have ignored this state’s massive tax burden and enormous debt and done little more than shrug their shoulders at the longstanding need for mandate relief and regulatory reform.

As a previous recipient of NFIB/NY’s “Guardian of Small Business Award,” I take considerable pride in being a strong and steady voice in the state Legislature for our small, independent businessmen and businesswomen.

Small business is the economic lifeline for thousands of local workers. The surest way to revitalize upstate communities is through private-sector, manufacturing, small business job creation.

I’m grateful for NFIB/NY’s ongoing recognition of my commitment to a future of economic and fiscal sanity in state government.

Priority number one moving forward must be to stay focused on the upstate economy, upstate jobs, and the long-term economic rebuilding, recovery, and security of upstate workers and their families.

That means supporting -- not neglecting -- policies and programs that strengthen our small businesses.

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