



NEW YORK STATE SENATOR

Thomas F. O'Mara

Senator O'Mara's weekly column 'From the Capitol' -- for the week of December 12, 2022 -- 'Another reminder on how New Yorkers keep paying the price'

THOMAS F. O'MARA December 12, 2022

| ISSUE: **STATE BUDGET; TAX BURDEN**



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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, "Another reminder on how New Yorkers keep paying the price"

**I recently joined members of the Senate Republican Conference to again call on Governor Kathy Hochul to immediately begin addressing the COVID-induced Unemployment Insurance (UI) tax crisis facing New York's small businesses and local economies.**

**Remember that the 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 did not have the money to pay the escalating claims and began borrowing from the federal government in May 2020. Many states did the same thing, but New York is one of only seven states or territories still in debt to the feds. We currently owe \$7.8 billion. If New York doesn't move swiftly to fully repay this federal loan, interest costs will go on accumulating and, consequently, the federal portion of employers' 2022 tax bills will keep on rising.**

**Unfortunately, Governor Hochul and the Legislature's Democrat-controlled majorities continue to ignore it. The Senate and Assembly Republican conferences have been clamoring for action over the past year. Governor Hochul's ongoing failure to act on the UI crisis -- especially after approving the largest-ever state budget that is 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 responsibility, and all New Yorkers will keep paying the price.**

**In a December 5th letter to the governor, we wrote, in part, "It is unconscionable that state leaders are expecting New York employers to foot the bill for their failures ... The state should not be balancing its mistakes on the backs of our hardworking businesses who employ millions of people across New York. The state received billions of dollars of funding from the federal government. Other states used this funding to pay down their UI Trust Fund debt. We are asking New York State to do that as well."**

**Back in June, state Comptroller Thomas DiNapoli stressed that the ongoing lack of action would mean that "employer costs will continue to grow, potentially impeding the State's employment recovery amid growing economic uncertainty."**

**Following the comptroller's June 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 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.”

More recently, a bombshell audit from the comptroller has revealed that the state unemployment insurance system has lost at least \$11 billion to COVID-related fraud resulting from the Department of Labor’s lax oversight and mismanagement -- an astounding finding that heightens the urgency for action.

The UI crisis is a prime example of how Governor Hochul and one-party control of New York State government has 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 pay lip service to the longstanding need for mandate relief and regulatory reform.

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