

OPINION

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POLITICS | SEN. TOM O'MARA

The politics of cutting taxes in New York

A few weeks ago in this column, I posed the question and examined the political odds whether long-overdue, badly needed, meaningful tax and regulatory reforms could be on the horizon for New York's workers, families, communities, small businesses, manufacturers and every other taxpayer, especially upstate property taxpayers, in 2014.

I concluded that column, after noting that there were at least strong hints of a legislative consensus building to move in this direction, this way, "At the moment, it's looking like we may just have a puncher's chance to win this next round on tax and regulatory reform."

Last week, we won the first round of a fight that's likely to go the distance in 2014. That's because Gov. Andrew Cuomo appointed a bipartisan "Tax Relief Commission" headed by former Gov. George Pataki, a Republican, and former Democratic State Comptroller H. Carl McCall, two high-profile political figures in New York



SEN. TOM O'MARA

government, and a well-regarded team of state-wide fiscal, business and labor leaders, to develop a comprehensive set of tax cut recommendations by December for the governor's and the Legislature's consideration.

The governor charged the commission with focusing on property tax relief, but to also not ignore the fact that New York's business tax climate is considered dismal by many important decision makers.

"The responsible budgets and fiscal reforms put in place over the last three years have put the state in a position to seriously tackle the 'tax capital' mentality that for too long has driven businesses and families from New York," the governor said in his announcement.

Positive news. We've endured significant budget deficits and been forced to make tough choices to climb out of them since 2011. But the administration now projects a \$1.5-billion budget surplus in 2016, and a \$1.9-billion surplus the following year. This turnaround, the governor said, offers the opportunity to consider how to "use this period of growth to actually increase the economic competitiveness of the state of New York."

Economic competitiveness remains priority No. 1 in my view. But you can count on the pushback (in fact, it's already started) from those who would immediately spend any surplus instead of returning it to taxpayers.

So it's important that the governor has used this new commission, right out of the gate, to stake a claim to any future state surpluses being used for "new ways that we can reduce the burdensome taxes facing our businesses and our families, and by doing so make our state more competitive and fuel economic

growth."

Let's make it clear that not a single taxpayer needs this Commission as a reminder that New York is a high-taxed, overregulated state in which to live, work and raise a family. We've known that for as long as I can remember. A series of Senate hearings across the state this fall (including one on manufacturing I hosted this week at Corning Community College) have been doing a good job of reinforcing the fact that New York's tax and regulatory burden remains the single-greatest obstacle to upstate economic growth and private-sector job creation. But the new Tax Relief Commission is undeniably important to moving the politics of cutting taxes in New York state forward.

Skeptics will say the commission is just blowing more smoke, that it's just another election-year ploy to keep a fed-up electorate at bay. Fair enough. I've certainly said myself in the past that while New York government, including under this governor, has been very good at creating these study groups and

task forces, there's been a less-than-stellar record of following through on the direct actions needed to make a difference.

Mandate relief comes to mind as the prime example of past failures. But this specific Tax Relief Commission, arriving as it does at this time, when government is breaking down at so many levels, drives up the political stakes riding on its success. In other words, this one better work. A lot's going to be expected from this new commission – from legislators like myself, yes, but especially from an aforementioned New York voters, especially upstate, tired of all the endless talk and looking for the relief. Count me among them.

There's plenty on the line for Governor Cuomo here. He's going to have a lot riding on the commission's ultimate success. Same goes for ex-Governor Pataki and ex-Comptroller McCall – who've built careers and reputations on accomplishment in public service. The truth is there's a lot at stake for all us to hope for the Commission's

success: Nothing changes in New York until this state's tax and regulatory burden is lifted.

The Senate Majority's on board with the pursuit of a tax-cutting agenda in 2014. We've been driving this train for a long time. But when everything's said and done, bipartisan, across-the-board cooperation will be the determining factor – and this Commission is directly aimed at solidifying that legislative consensus to act. That's what stands out, to me, as the commission's overriding value and importance. So we'll see, and we'll reserve the right to think differently down the road. But for now it can't hurt, and it could truly help by providing some of the political push we're going to need to cut taxes and eliminate regulations, really cut taxes and eliminate regulations, in New York state.

State Sen. Tom O'Mara, R-Big Flats, represents New York's 58th Senate District, which includes Steuben, Chemung, Schuyler and Yates counties, and part of Tompkins County.

READER'S VIEW

House's brave decision

It may surprise some of the progressive liberal readers to learn that there are people who do not want a government take over of the health care system. In our view, it will be a disaster. I believe what the congress is doing is responding to their constituents, who are feeding them this information. While congress is being challenged that they have no power to stop the ACA, they do in fact have the power of the purse strings to defund it and that is exactly what they are doing.

Our president who has sworn to uphold the constitution of the United States, appears to have the power to pick and choose who he can exempt from ACA and at the same time he lectures congress about how he will not negotiate over a law approved by the supreme court. He has chosen which immigration laws to enforce and which to ignore. Where is that in the constitution? It is the view of many of us that this is not about health care at all, it is about the continual increase of the power and authority of the executive branch of the government.

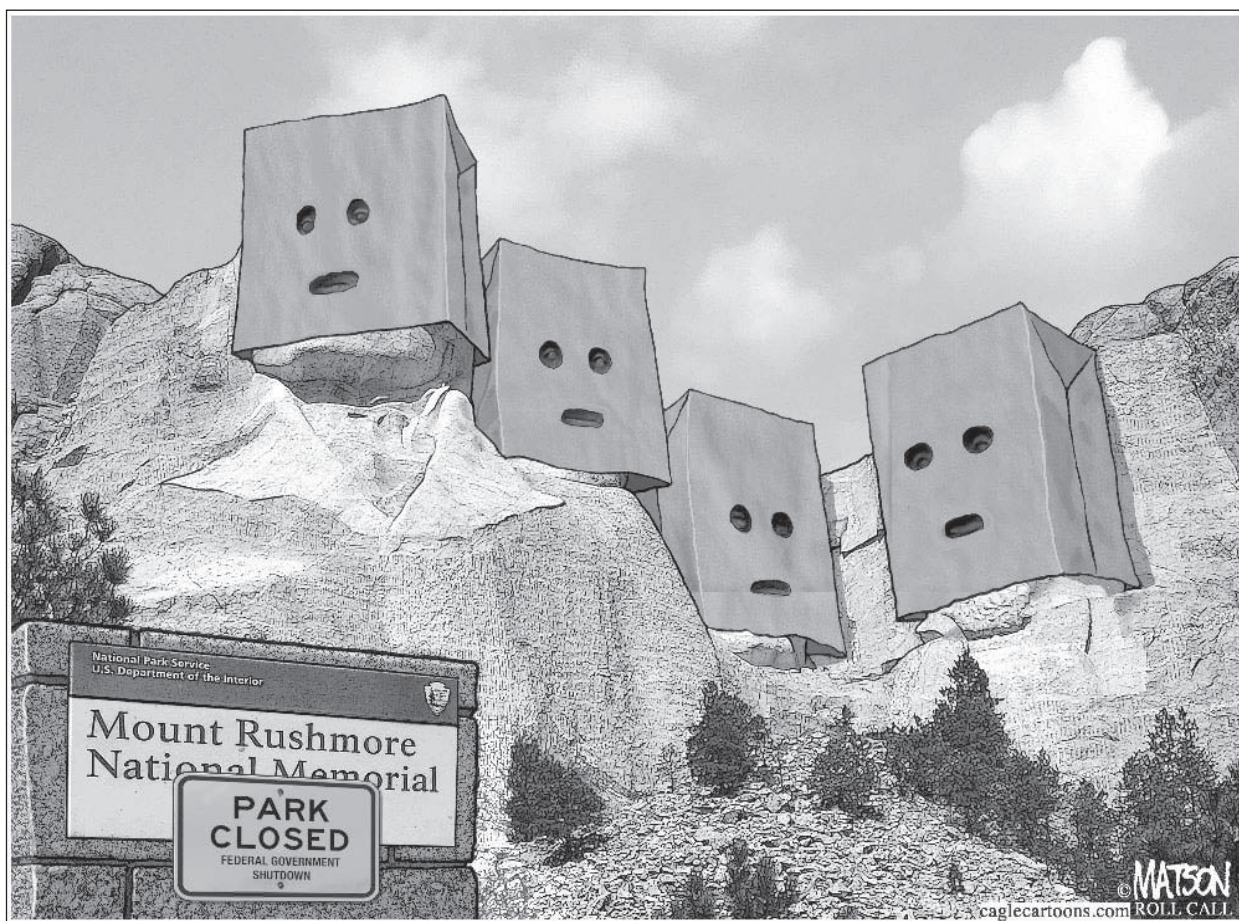
Congressman Reed has the responsibility to represent his constituents, and that is what he is doing. I applaud the guts and integrity displayed by members of congress who are willing to stand up and fight for the people they represent. I encourage them to keep up the fight and see if we have a chance to salvage what freedom we have left. It is my opinion this administration is the most divisive group I have experienced in my lifetime, rich against

poor, union against non-union, men against women, etc. It is time for the silent majority to stand up and be heard.

The "tea party" is always coupled with the name of Tom Reed. I wonder if the news media would take the same liberty and tie the word "progressive" to Senator Schumer, Hillary Clinton, President Obama, Harry Reid, and nearly every democrat in office today. The progressives believe in big government being the answer to solving social issues. The tea party or conservatives believe in small central government and the constitution. The USA was founded on the principles that hard work usually results in improvement of one's lifestyle. It has certainly been demonstrated over the years that the USA has surpassed every country in the world based on these principles and our constitution. In our history, every generation has improved their lifestyle over their parents. It now seems that may not be the case as we continually regress to the European-style social programs. While the tea party members have been slandered as assassins, anarchists, radicals, etc., I have been to several meetings and all I have witnessed is a good discussion on issues facing the country today. Members are lawyers, school teachers, business owners and just everyday citizens that love their country. People should attend a meeting before they just arbitrarily classify the people who do participate in these forums.

Bill Card,
Beaver Dams

ANOTHER VIEW



HIS VIEW

Loans for family members in today's world

In today's world of increasing costs for housing, healthcare, college, etc., asking for a loan is a common experience most individuals go through. While asking a family member for a loan seems like a logical solution, it can be a very confusing one. Here are some key factors that you need to consider and be aware of before the check is cashed.

■ Get it in Writing
The initial step in establishing a loan among family members should be to document the loan in detail, including the schedule of payments, collateral if used, established interest rate and any other specifications. Having the loan clearly documented avoids confusion among the parties regarding the terms, especially as time passes. You can choose to draw up documentation of the loan yourself or use the help of a lawyer, though not necessary. The IRS accepts do-it-yourself loan documentation. Remember, both parties must sign and



DAVID W. DAVIES

date the loan agreement for it to be valid.

■ Establish an Interest Rate

While the appeal of borrowing money from a family member is that you possibly could pay little to no interest, this can turn around and do more harm than good in the long run. There is a chance that the interest payments that were never made could be considered income for the lender, which would mean they are subject to tax. Setting a low interest rate for the loan can prove more beneficial in the long run and help the lender avoid complications with their taxes.

■ Be Aware of Imputed Interest

As mentioned above,

interest payments that were never made can be taxed. The IRS states that for a loan to be considered a loan, interest has to be paid and if interest is being paid then the lender needs to be paying tax on the income from those payments. This is called imputed interest. Be sure to ask your financial consultant and tax advisor about your individual loan situation to see how it could be impacted by imputed interest.

■ Plan for the Worst

While loaning money to family members can create numerous problems, it is a wise idea to have predetermined action plans in case you default on the loan. Whether its death, bankruptcy, disability or some other cause, you should have an established arrangement ahead of time that details your plans for paying back the entirety of the loan. While probably unnecessary, this could potentially calm any reservations on the part of the lender.

Money and family must be handled very carefully when intermingled. While family loans aren't the best solution for everyone, they can work for certain situations if handled with the right amount of knowledge and preparations.

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