



NEW YORK STATE SENATOR

Michael F. Nozzolio

Senator Nozzolio Urges Governor and Legislative Leaders to Fix Empire Zone Problem

MICHAEL F. NOZZOLIO May 7, 2009

Albany- State Senator Mike Nozzolio joined other senators from across New York today demanding that Governor David Paterson, Senate Majority Leader Malcolm Smith and Assembly Speaker Sheldon Silver fix a serious problem they created during the passage of the 2009-10 New York State budget.

Under a recent revision in the law, businesses certified under the 2008 Empire Development Zone program must now reapply for certification under the new 2009 guidelines and regulations. This means that these businesses will not be receiving their 2008 tax benefits as promised by New York State, benefits that were anticipated, budgeted for and in some cases, already expended. The affected businesses were notified by the New York State Department of Taxation and Finance on April 15th - the last day to file their state and federal income tax returns. The notice came without warning or without any time to adjust to the changes in the law.

“This bait and switch by the State is nothing more than a way for New York State to keep more of our hardworking taxpayers’ money. It amounts to nothing more than an interest-free loan to the State of New York of well over a half a billion dollars from an already struggling economy,” said Senator Nozzolio.

The legislation that was enacted essentially removes any certifications granted in 2008 and makes all applicants reapply under new 2009 rules and regulations.

These changes were recently adopted by Democratic majorities in both the New York State Assembly and State Senate and pushed through by a New York City-driven agenda that seeks to completely eliminate the Empire Zone Program. The legislation creates a cumbersome, time-consuming, unstable, uncertain, lengthy and bureaucratic re-certification process in order to receive Empire Zone credits. It could take the Empire State Development Corporation (ESDC) longer than six months to recertify a business and another six months after the recertification process for a business to receive its refund.

“New York State simply cannot operate in this unpredictable, unstable way. Our businesses are already struggling with the increased cost of doing business in New York State and for many this is the last straw,” Senator Nozzolio continued. “We should be doing everything we can on the State level to support and encourage business development and growth in our economy. This latest action by the Governor sends the absolute worst message possible to employers and job-producing businesses seeking to locate in New York State. It may also force many to leave.”

Senator Nozzolio fought against the plan when it was proposed by the Governor in his Executive Budget and was an outspoken opponent of the changes when it came before the New York State Senate for debate and vote.

In calling for immediate steps to correct this situation, Senator Nozzolio wrote to Governor Paterson, Senator Smith and Assemblyman Silver.

The letter states in part:

“This situation must be corrected to restore fairness to a program that is crucial to our economy. Many communities, especially Upstate, have effectively managed Empire Zones to create economic growth and new jobs. Either the budget language should be amended or removed or the time frame for recertification of businesses in Empire Zones should be significantly shortened.”

“The problems created by the changes in the Empire Zone program are just the tip of an iceberg that could sink many businesses. The 2009-10 state budget raised their utility taxes, took away low-cost power and will subject thousands of small businesses that pay the personal income tax to a record increase. All this without a single proposal to promote economic development.”

Senator Nozzolio has advanced a job creation plan that reduces taxes on businesses, makes us more economically competitive and would position New York’s economy for a rebound.

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