



NEW YORK STATE SENATOR

Hugh T. Farley

## Senator Farley and Fellow Senate Republicans Call for New Jobs Initiative

HUGH T. FARLEY January 26, 2010

| ISSUE: **ECONOMIC DEVELOPMENT**



State Senator Hugh T. Farley (R, C, I - Schenectady) and fellow members of the Senate Republican Conference announced on January 26th a major new jobs initiative designed to improve New York's business climate, reduce taxes, and create thousands of new jobs for workers across the State.

The plan's centerpiece would reward businesses with a three-year tax credit, averaging between \$2,500 and \$5,000 for every new job created. It would also eliminate taxes for small businesses and manufacturers that pay the state's corporate franchise tax and roll back the income tax surcharge placed on them last year by Democrats in the budget. It also places a moratorium on new taxes, fees and regulations that are killing private sector job-creation efforts in the state.

Last year, New York lost 269,000 jobs. This year, the proposed Executive State Budget projects that another 40,000 jobs will be lost. Governor Paterson and Democrats last year raised taxes on businesses in this State by \$3.6 billion.

The Republican jobs plan would provide a refundable tax credit averaging \$2,500 up to a maximum of \$5,000 to businesses, manufacturers and other private sector employers for every new job they create. The tax credit would be recurring for three years and would only be provided for new jobs that expand total payroll, equal to the amount of tax withholding for each new job.

For example, a new job paying \$30,000 would provide an employer with a tax credit of about \$1,150. A job paying \$50,000 would provide a \$2,500 tax credit. That credit could grow by as much as an additional \$3,000 per job if new hires are taken from the ranks of the unemployed who are collecting unemployment insurance from the State. Such an incentive would help reduce unemployment and the costs borne by taxpayers.

The proposal applies only to new jobs and employees that don't currently provide New York with any payroll revenue.

The plan also places a moratorium on any new business taxes and fees and eliminates the corporate franchise tax for hundreds of small businesses and manufacturers with 50 or

fewer employees and less than \$2 million in net income. It also accelerates the phase-out of the PIT increase on small businesses that is scheduled to expire at the end of next year.

The jobs initiative would also prohibit the State from enacting any new regulations on New York companies, and create a new Berger-style commission that would have the power to eliminate regulations which are currently hindering businesses.

Senate Republicans said passage of a State spending cap is key to the State' efforts to create jobs, arguing that putting the brakes on wasteful spending is critical to ensure the resources necessary to invest in important job creation and tax cutting efforts in the future.

In his budget, Governor Paterson cut in half funding currently targeted for job creation. He calls for new tax credits for creating jobs. However, the requirements on businesses are highly restrictive, and he caps the program. The Governor' Budget Division estimates that fewer than 50 companies might benefit each year.

If enacted, the Senate GOP plan would provide a much-needed, shot-in-the-arm for New York's stagnant economy.