



NEW YORK STATE SENATOR

Kenneth P. LaValle

## Senate Unveils “New Jobs-NY” Job Creation Plan

KENNETH P. LAVALLE May 23, 2012

**Controlling Spending – Cutting Taxes – Helping Businesses Grow**

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### **THE 2012 NEW JOBS-NY JOB CREATION PLAN**

New York State Senator Kenneth P. LaValle said today that the New York State Senate Republican conference will continue its strong focus on job creation and economic growth by announcing that the Senate will pass legislation next week to implement the 2012 NEW JOBS-NY Job Creation Plan. The Senate’s comprehensive plan will help create thousands of new private sector jobs by delivering tax relief to small businesses and manufacturers, reduce energy costs, and enacts major fiscal reforms to make New York State more economically competitive.

“This plan,” Senator LaValle said, “will help small business owners, and the entrepreneurs who want to expand their business, hire more people and prosper.”

Senate Republicans first approved a small business tax cut plan as part of its budget resolution in early March. However, the tax cuts were not included in the enacted 2012-13 state budget.

“Job creation is critically important,” Senator LaValle said. “We have enacted two fiscally responsible early budgets, reduced state spending, and worked with the Governor to get the state functioning and headed in the right direction. Putting our tax cut and job creation plan in place will help set a course for more jobs and a stronger economy.”

Kevin Law, President & CEO of the Long Island Association: “We support the Senate’s “New Jobs-NY” Job Creation Plan as a means to generate jobs, cut taxes, and bring regulatory relief to create a more business-friendly environment.”

Among the highlights of the Senate Republican’s NEW JOBS-NY plan that is supported by statewide business organizations, including the Business Council of New York, Unshackle Upstate and the National Federation of Independent Businesses, are the following:

- **Eliminating Taxes on New York Manufacturers:** The plan would spur creation of thousands of manufacturing jobs by eliminating income taxes paid by manufacturers over a three year period (\$495 million in tax relief).
- **20 percent Corporate Tax Cut for Small Businesses:** This cut in the corporate tax rate will save nearly 200,000 small businesses \$49 million.

- 10 percent Personal Income Tax Credit for Small Businesses: This tax cut would save 800,000 small businesses \$80 million.
- Major Energy Tax Cut: The legislation accelerates the phase-out of the 500 percent energy tax hike Senate Democrats previously approved.
- New Incentives for Each New Job Created: The bill includes new job-creating incentives that would give businesses a tax credit of up to \$5,000 for each new job they create; up to an \$8,000 credit if the new job goes to someone on unemployment; up to a \$10,000 credit if a business hires a returning military veteran.
- Help for New York's Small Brewers: The plan includes a new Production Credit and Label Registration Credit for New York's vibrant craft brewing industry.
- Fiscal Reforms to Improve New York's Business Climate: The plan includes a two percent state spending cap; a super-majority vote provision to make any future tax increases more difficult; and new regulatory reforms to reduce red tape for businesses.

### **Job-Creating Tax Cuts:**

**ELIMINATING TAXES ON MANUFACTURERS:** Over a three year period, the legislation would provide manufacturers throughout New York State with \$495 million in tax relief – phasing out the taxes they pay under the State's Corporate Franchise Tax and Personal Income Tax. This unprecedented step would immediately and dramatically improve the competitiveness of New York's manufacturers, create thousands of new jobs, and provide a major economic boost to communities across the state.

**20 PERCENT CORPORATE TAX CUT FOR SMALL BUSINESSES:** The plan would provide small businesses with a corporate tax rate cut from 6.5 percent to 5.2 percent – a 20 percent reduction. It would also virtually eliminate the fixed dollar minimum for small businesses.

This \$49 million tax cut, which would impact almost 200,000 small businesses, would make our state more competitive and help create thousands of new jobs.

**SMALL BUSINESS JOBS CREDIT:** The plan would also provide a 10 percent tax credit for about 800,000 small businesses that have at least one employee, have business income of less than \$250,000, and that file under the personal income tax. This tax credit would help encourage new job creation by saving small businesses \$80 million.

**ELIMINATE SENATE DEMOCRATS 500 PERCENT ENERGY TAX HIKE:** In 2009, Senate Democrats hurt New York's economy by enacting a dramatic 500 percent hike in the 18a assessment that New Yorkers pay on utility bills. This disastrous tax hike took \$1.7 billion out of the economy and chased businesses and jobs out of New York.

The new Energy Tax Cut would accelerate the phase-out of this huge tax hike by one year, from 2014 to 2013. By cutting taxes earlier than previously scheduled, we will deliver \$522 million in relief and give a major boost to New York's economy.

**BREWER'S PRODUCTION CREDIT AND LABEL REGISTRATION CREDIT:** In response to a recent NYS Supreme Court order which hurt a number of New York's craft brewers, the legislation would allow a credit to small brewers for the first 200,000 barrels of beer brewed in New York, and a \$150 credit for each beer label registered with the NYS Liquor authority (only for beer labels where less than 1,500 barrels are produced annually in New York.)

**ENCOURAGING JOB-CREATING INVESTMENT IN START-UPS:** The legislation includes new investment tax credit provisions to help ensure that promising business start-ups have access to the investment capital they need to grow and expand.

**STRENGTHENING THE FILM PRODUCTION INDUSTRY:** The legislation provides support for New York's film production industry by increasing the post-production tax credit from 10

percent to 30 percent.

### **New Incentives For Job Creation**

**“HIRE-NOW-NY” TAX INCENTIVE:** Our *Hire-Now-NY* proposal includes direct incentives to encourage businesses to begin expanding their workforce again. For each new job they create, a business would get a tax credit of up to \$5,000.

**MOVING FROM UNEMPLOYMENT TO THE WORKPLACE:** The *Hire-Now-NY* tax incentive would increase to up to \$8,000 if the employer hires someone who is currently unemployed.

**“HIRE-A-VET” ENHANCED CREDIT:** The Senate job creation plan would provide an enhanced tax credit of up to \$10,000 to any business that hires a veteran returning home from military service.

### **Taxpayer Protection, Fiscal Responsibility and Regulatory Reform**

The overall 2012 NEW JOBS-NY Job Creation Plan also includes key fiscal reforms to make New York State more economically competitive. These include:

**STATE SPENDING CAP:** The two percent cap would help to ensure fiscal responsibility, and provide a better environment for economic growth and job creation.

**CONSTITUTIONAL AMENDMENT TO HELP PREVENT TAX INCREASES:** This constitutional amendment would require a two-thirds “super majority” vote, rather than a simple majority, for any tax increase – making it far more difficult to raise taxes.

**ELIMINATING JOB-KILLING REGULATIONS:** Our plan includes repeal of the annual notification provisions of the “Wage Theft Prevention Act of 2010” – a duplicative and costly mandate that the previous Senate leadership imposed on employers statewide. This job-killing measure is a perfect example of unnecessary red tape that does nothing to help

employees, while also hurting businesses and our economy. (S. 6063A / Passed Senate, 2/29/12)

**MAKING STATE AGENCIES MORE RESPONSIVE:** For years, many small business owners have expressed concern about unresponsive state agencies – especially when it comes to the permitting process. When someone applies for a professional license or a permit, they should not be left hanging for months on end. The Honesty in Permit Processing Act (S.2461, Passed Senate, 3/13/12) requires agencies to publicly disclose their response times, and to tell applicants how long they can expect to wait for approval. If approval takes more than 134 percent of the average processing time, applicants would get a refund. This will improve New York's economic climate, empower taxpayers, and help break through bureaucratic logjams.

Over the past year and a half, the Senate Majority has successfully taken a number of key steps to improve New York's business climate to help create jobs:

- > Passing two consecutive on-time state budgets;
- > Closing approximately \$13 billion budget deficits -- without raising taxes or fees in the budget;
- > Reducing state spending for two consecutive years;
- > Cutting taxes on small businesses;
- > Enacting a landmark property tax cap;
- > Approving the UB2020/SUNY 2020 economic development plan;
- > Repealing the MTA payroll tax for 80 percent of the business that paid it;
- > Enacting the Recharge-NY power-for-jobs plan and the Power-NY (Article X) power plant siting law;
- > Cutting taxes for middle class families and reducing tax rates to the lowest level in more than half a century; and

> Helping to launch the NY-Works initiative to revitalize New York's infrastructure.