



NEW YORK STATE SENATOR

Mark Grisanti

New York State Senate passes “New Jobs-NY” job creation plan

MARK GRISANTI May 31, 2012

| ISSUE: **ECONOMIC DEVELOPMENT**



The New York State Senate today passed 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, reducing energy costs, and enacting major fiscal reforms to make New York State more economically competitive.

“New York is headed in the right direction, but we have to do even more so the job creators can put more New Yorkers to work,” Senate Majority

Leader Dean G. Skelos said. “The [business tax](#) cuts we are proposing would put more [money](#) back into the pockets of small businessmen and women so they can [invest](#), grow and hire more employees. Senate Republicans are taking action to stoke the fires of job growth so we can really get our economy moving. This is absolutely the right time to cut taxes and create jobs.”

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.

The Senate Republican’s NEW JOBS-NY plan is supported by business organizations across the state, including the Business Council of New York, Unshackle Upstate, the Manufacturers Association of Central New York (MACNY), the National Federation of Independent Businesses, the Long Island Association and the Long Island Business Council. Highlights of the plan include:

- 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.
- Significant Energy Tax Cut: The legislation accelerates the phase-out of the 500 percent energy tax hike Senate Democrats

previously approved in 2009.

- 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.
- A new "angel investor" tax credit to encourage investments in start-up businesses.

The overall NEW JOBS- NY job creation plan also includes fiscal reforms to improve New York's business climate. The plan includes a 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:

The 2012 NEW JOBS NY job creation bill (S7448) passed today includes the following provisions:

ELIMINATE 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.

“By reducing and eliminating burdensome business taxes, manufacturing companies can grow and create private sector jobs, which will generate revenue for New York State. Job creation has always been, and will continue to be my number one priority,” said Senator John A. DeFrancisco, Chairman of the Senate [Finance](#) Committee.

20 PERCENT CORPORATE TAX CUT FOR SMALL BUSINESSES: The plan would provide small businesses with a 20 percent reduction by cutting the “small business corporate tax rate” from 6.5 percent to 5.2 percent. 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.

“Small businesses provide the bedrock for a healthy economy,” Senator Jim Alesi (R-C- I, Perinton), Chairman of the Senate Committee on Commerce, Small Business and Economic Development, said. “Cutting taxes for New York State’s small businesses will help provide job opportunities for tens of thousands of people, helping to energize our economy and improve the

quality of life here in the Empire State.”

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.

“I’m extremely pleased that the job-creation plan eliminates the 500% energy tax hike a year early, a tax that was enacted in 2009 when the Senate Democrats were in the majority,” said Senator George D. Maziarz. “The early elimination of this enormous burden on the economy and local businesses is necessary and will bring a large boost to the state. I was against the installation of this tax from the beginning and I’m glad that we will finally get rid of it and bring relief to local businesses.”

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.)

“While other industries have suffered and jobs have been lost, the New York craft brewing industry has thrived and expanded over the past decade. As the result of a recent Supreme Court ruling, an unexpected and significant tax burden has been recently placed on New York brewers. This decision unfortunately struck down an important excise tax exemption for our craft breweries. I’m pleased that our efforts have been included in the “New Job- NY” legislative package that will grow jobs in our state,” said Senator Lee Zeldin (R, C, I- Shirley).

“We need to enact this credit to help the rapidly-growing craft brewing industry,” Senator Joe Griffo (R-C, Rome) said. “The brewing industry is an important segment of the local economies in many areas of the state, including Matt’s brewery in Utica. This tax credit would address the problems created by a recent court decision and enable craft brewers to continue to grow and create more jobs.”

ENCOURAGE JOB-CREATING INVESTMENT IN START-UPS: The legislation includes a new “angel investor” tax credit program to help ensure that promising business start-ups have access to the investment capital they need to grow and expand. This provision would create an “Angel Investor” program with a pool of \$7 million and also create a 35 percent angel investor credit for those businesses that donate funds to the pool.

“This bill will allow for intelligent investment that will help invest in small, and medium technology companies that are creating the majority of today’s jobs. This policy change will help New York continue to create more quality jobs,” Senator Robach said.

STRENGTHEN 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.

"The inception of the film tax credit in New York has sparked significant job growth and has created substantial tax revenue for New York City and State. As we continue to work to get the economy moving in the right direction, it is important that New York State remain a viable location for the television and film industries. We cannot afford to have New York sets created in Hollywood," Senator Marty Golden (R-C-I, Brooklyn) said.

"Providing a film production tax credit is another means of keeping film production in New York state, which provides jobs, and stimulates the economy," said Senator DeFrancisco.

"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.

"With the state budget now passed, jump-starting New York's economy and getting people back to work are at the top of the to-do list. The Hire-Now-NY tax incentive will spur businesses to expand their workforce. Under the plan, a business can qualify for a tax credit of \$5,000 for each new job created; up to an \$8,000 credit if the new hire goes to someone on unemployment. As part of the "New Jobs-NY" Job Creation Plan, I am confident the Hire-Now-NY incentive will create jobs for many New Yorkers,"

said Senator Michael Ranzenhofer (R-C-I, Amherst).

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.

“We must strengthen employment opportunities for our veterans” said Senator Greg Ball who currently Chairs the Senate Committee on Veterans, Homeland Security and Military Affairs. “This bill will provide a small measure of recognition and support to the men and women who have put their lives on the line to protect our freedom. New York State needs to do everything in its power to provide quality employment opportunities to these heroes returning to civilian lives.”

“I have talked with many veterans here locally and throughout the state, and what I am hearing from them is that they are returning home from serving our country to a struggling job market and no jobs,” said Senator Mark Grisanti (R-Buffalo). “I plan to fix this; there has been enough grandstanding around the issue. This legislation provides relief to employers and opportunities for hard working veterans to return home with a job.”

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 bills include:

STATE SPENDING CAP: The Senate today passed state spending cap legislation (S716) sponsored by Senator Joseph Robach (R-C-I, Rochester), that would limit the growth of state operating funds spending to no more than the average rate of inflation of the three previous calendar years. In addition, the bill would increase the maximum capacity of the state's rainy day reserve from 3 percent of General Fund spending to 10 percent of General Fund spending. This bill would enhance the state's fiscal responsibility and provide a better environment for economic growth and job creation.

"Capping the state budget will add fiscal sanity and responsibility to the state budget process and will avoid putting more of a burden on working men and women and families," Senator Robach said.

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 (S1919A, Senator Lee Zeldin, passed Senate 1/19/11).

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 Senate Democrats 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. (S6063A / 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 (S2461, 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.

Heather Briccetti, President and CEO of The Business Council of New York State, Inc. said: "We applaud the Senate Majority's continued focus on reducing the cost of doing business, lowering the state's business burden on business, and reducing the cost of creating jobs. This package focuses on key sectors and emerging industries, and will promote new private sector investments and critically needed new jobs."

Mike Durant, State Director of the National Federation of Independent Business, said:

"The past few weeks have seen continuous discussion in the other house on issues that not only harm small business, but hurt those that seek meaningful employment. This legislation is aimed at real problems and reaffirms the Senate Majority's commitment to revitalizing our economy and

helping spur new and innovative economic development opportunities. Simply, this is another step in the right direction for New York. From helping reduce taxes on manufacturers to an accelerated reduction on stifling energy costs, Majority Leader Skelos and his colleagues are continuing to put the needs of New York's unemployed and small business owners first."

Kevin Law, President and CEO of the Long Island Association said: "We applaud Majority Leader Skelos and his New Jobs-NY Job Creation Plan because it will stimulate economic growth, cut taxes, create jobs and bring regulatory relief to create a more business-friendly climate for our state and region."

Brian Sampson, Executive Director of Unshackle Upstate, said: "Unshackle Upstate supports the '2012 New Jobs-NY Job Creation Plan' recently introduced by Senate Majority Leader Skelos. Our organization has consistently called for much-needed tax cuts for the businesses and taxpayers across Upstate and we are particularly pleased with the Senate's commitment to reducing taxes on our manufacturers and eliminating the onerous, hidden 18a energy surcharge a year earlier than expected. After weeks and months of endless talk about raising the cost of business in New York, we now call on the Assembly to introduce and pass this bill to help boost private sector job growth, get our economy back on track, and demonstrate to the world that we are truly serious about changing the reputation of the state."

MACNY President Randy Wolken said: "For years, MACNY has stated the way Albany treats its manufacturing community will have significant impact

on the state's overall well being, and I am pleased to see the Senate Majority has listened and acted on our message. Eliminating costly and burdensome taxes including the corporate franchise tax will allow for the state's manufacturing community to invest their dollars in more productive and necessary areas to help foster statewide growth: supporting and adding good paying family supporting jobs, making significant capital investment in their businesses and investing dollars back into their communities. This is a big day for manufacturers statewide, and I applaud the Senate Majority for their leadership on this significant investment in our state's manufacturing community."

Richard Bivone, Nassau Chairman, Long Island Business Council, said: "Creating jobs in New York for small businesses keeps New Yorkers working and fuels our local economies. I commend Senator Skelos and the Republican Majority in the state Senate for making this a priority during this legislative session."

"The Senate Republican's 2012 job creation plan will build on the achievements of last year when we partnered with the Governor to make state government function again and take significant steps to revitalize our economy and create new jobs," Senator Skelos said.

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.