



NEW YORK STATE SENATOR

James L. Seward

Business Fix Needed Now

JAMES L. SEWARD June 24, 2010

| ISSUE: **ECONOMIC DEVELOPMENT, SMALL BUSINESS**



The 2010-2011 state budget, being approved bit by bit through weekly budget extender bills, is continuing to come together. The process is like crumbling up your medicine into tiny pieces and taking a little at a time rather than swallowing the pill whole. Even worse, it is a prescription for failure for New York.

One of the most recent budget bills, which I opposed, will gut the state's job creation program, force more taxes on businesses, slash economic investment and make New York

state less competitive with other states when it comes to attracting new businesses.

Upstate New York has many redeeming qualities – our natural beauty, diverse population, renowned schools and historic landmarks – just to name a few. Unfortunately, a welcoming business climate cannot be added to that list. Each time the state takes a stride forward in improving our economic outlook, it is followed by two giant steps backward.

The most recent hindrance, the elimination of the Empire Zone program, was hidden in one of the governor's budget bills. Without the program, thousands of businesses will face tax increases and lose a significant job creation and retention tool. Surely now other states will be stepping up their efforts to lure companies that want to escape New York's high taxes.

The governor's replacement for the Empire Zone program is something he is calling the Excelsior Jobs program. This is not a thorough substitute for the current program. The misguided scheme focuses on a limited group of industries and calls for the creation of at least fifty new jobs for five years. Many smaller businesses, the backbone of the upstate economy, would fall through the cracks. Certainly I am eager to attract large manufacturers, bio-tech startups and the like, but we also need to be mindful of the small businessman with an idea who needs a helping hand.

The new program, adopted by senate Democrats, also cuts funds for economic development from more than half a billion dollars down to just \$50 million. While I am supportive of reducing state spending, cutting back on efforts to create jobs is shortsighted. In addition, the timing couldn't be worse.

Keep in mind that last year's budget was filled with billions of dollars in tax increases for our businesses; higher utility taxes, income taxes, payroll taxes, health insurance taxes, and countless other fee hikes were imposed on companies small and large. Rather than working

hand in hand with the business community to foster economic growth in New York, the downstate legislators in charge in Albany have used our businesses like their own personal ATM. Whenever they are in need of a couple of bucks, they simply approve a new business tax.

The Business Council of New York State called the new Excelsior program “an inadequate replacement” that “will limit New York’s ability to compete in the race to create and retain jobs as the nation moves out of the recession.” The Buffalo News called the Excelsior Program “a much weaker program that will have a negative effect on the upstate economy and jobs.”

Time and again I have supported efforts to jump start our economy through targeted tax breaks and meaningful job creation incentives. Earlier this year I signed onto the 2010 Job Creation & Retention Plan. The comprehensive recovery blueprint would add no spending to the state budget and would pay for itself through increased jobs and revenue from economic growth.

Along with giving businesses a boost, the plan also continues my long-standing call for a constitutional cap on state spending. We need to improve New York’s overall business climate and a cap on spending would help prove that the state is ready to break the never ending cycle of tax and fee increases that stifle job creation and new economic investment.

The plan can make a real difference in our job climate and reverse what has become a troubling trend of unfriendly business legislation flowing from Albany.

#####