



The Business Council



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CONTACT: Michael Moran (The Business Council) 518-465-7511  
Mike Elmendorf (NFIB) 518-434-1262  
Brian Sampson (Unshackle Upstate) 585-256-4606

**New York’s Business Community Tells Albany:  
Stop Destroying our Economy and Get Your Fiscal House in Order**

An unprecedented and broad coalition of business organizations--representing tens of thousands of job-creators and employers from all corners of New York--has united to send a clear message to the Governor and Legislature as they return to Albany to address New York’s growing mid-year budget deficit: Forget about imposing even more job-killing tax and fee increases and deal with the real issues that are creating New York’s ongoing budget crises.

“The budget passed this spring contained the biggest tax increase in New York history and has done real damage to our economy and ability to create jobs. State leaders failed to position New York for a road out of the current economic recession. And yet, now they still face budget deficits that must be closed. The answer is simple, New York State must cut its spending. It cannot tax its way out of this fiscal crisis,” said Kenneth Adams, President and CEO of The Business Council of New York State, Inc.

Mike Elmendorf, New York State Director of the National Federation of Independent Business (NFIB) said, “When this budget emerged after being negotiated in secret, many of us called it the ‘worst budget ever,’ and we were right. It was not only the biggest spending increase in state

history, but also smacked New Yorkers with the largest combined tax increase ever--during the worst economic downturn since the Great Depression. Employers and employees alike cannot afford anymore. Governor Paterson was right to say that even higher taxes and fees should not be on the table as the Legislature reconvenes to close the budget gap, but history tells us that business owners and taxpayers still have reason to be watching their wallets. It is high time for Albany to stop managing its finances from crisis to crisis, and instead of imposing even higher taxes that will further decimate our economy, take real steps to address New York's structural budget issues and lower our out of control spending, oppressive tax burden and high costs of doing business and living."

"Taxpayers and businesses are saying it loud and clear: Stop nickel and diming us into oblivion and start addressing our needs and concerns. Governor Paterson and the Legislature must close the budget gap by cutting costs, and then they must start giving back what they've taken from us by reducing the costs of living, working and running a business in this state," states Brian Sampson, Executive Director of Unshackle Upstate. "New York has real fiscal problems that cannot be solved by continually reaching into the pockets of taxpayers. Lawmakers must go through this budget and start crossing off the things that aren't necessities and that includes the long-standing 'sacred cows.'"

What's the problem? Two words: **Taxes and spending.**

- New York's state and local tax burden is the highest in the nation, 60% above the national average.<sup>1</sup>
- New York's 2009 Business Tax Climate Ranks 49<sup>th</sup>, which includes a combination of corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes, and taxes on property.<sup>2</sup>
- New York's cost of doing business is the 2<sup>nd</sup> highest in the Nation. Only Hawaii—out in the middle of the Pacific Ocean—is a more expensive state in which to do business.<sup>3</sup>
- Per capita state and local spending in New York is 2<sup>nd</sup> highest in the nation, trailing only Alaska which is a unique state.<sup>4</sup>
- New York lost 2 million people to other states between 1998 and 2007—the nation's largest net domestic migration outflow in that time.<sup>5</sup>

New York's deficit is growing because spending is soaring well above the rate of inflation. Revenues are flat. Trying to adjust the revenue curve up to meet spending would be disastrous. Even before this year's budgets tax increases, New York's per capita state and local tax burden was already the second highest in the nation, 60 percent above the national average, according to the U.S. Census Bureau.

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<sup>1</sup> U.S. Census Bureau Data

<sup>2</sup> Tax Foundation

<sup>3</sup> Milken Institute 2007 Cost of Doing Business Index

<sup>4</sup> U.S. Census Bureau Data

<sup>5</sup> American Legislative Exchange Council (ALEC)

The coalition of business organizations is urging the Governor and Legislature to take real and meaningful steps to address the root cause of New York's chronic budget problems: spending that both New York state government and its taxpayers simply cannot afford. In addition to spending reductions to address the current fiscal year deficit, action needs to be taken on broader reforms that will reduce the cost of government going forward. These include a spending cap, property tax cap, implementation of the Lundine Commission's recommendations on local government efficiency and consolidation, and Tier V public employee pension reform. These measures would save taxpayers billions, and have had bi-partisan support.

"As business owners, farmers know that there are things that they can't control, such as low commodity prices or bad weather. However, farmers are extremely frustrated at the high cost of farming in New York. We've lost farmland and farmers in recent years, and we need to be proactive if we're to keep farmers producing local food in our communities. It's time to control mandates, fees and taxes, and excessive and redundant regulatory costs," said Julie Suarez, Director of the Public Policy for New York Farm Bureau.

"The idea that Albany's tax increases have no economic consequences is false. The idea that businesses and individuals will not abandon this state because of its penchant for continually increased spending paid for by taxpayers is dangerously misguided. There are already negative consequences to the taxes raised by Albany just a few months ago. Small businesses, which create 80 percent of New York's jobs, have been pushed to the edge of the economic precipice. Not-for-profits, which make up our state's safety net, are struggling to survive. This has to stop. The Governor and the Legislature must not solve this year's budget gap with any form of tax or fee increases," said Matthew Crosson, President of the Long Island Association.

"It is not an exaggeration to say that the future of New York State is now. Reform recommendations that were prudent two years ago are no longer enough. For example, the introduction of a Tier V pension plan for new government hires is no longer enough when the current pension costs will skyrocket due to the market downturn and taxpayers have to make up the shortfall. Extensive structural reform is required if the New York economy is to survive," said William Mooney, President of the Westchester County Association.

"Enough is enough. With every additional dollar of taxes, fees and mandates, New York State is destroying jobs and driving people out of upstate. The budget cannot be fixed by taxing more. We have to create conditions for economic growth, and that means reducing the size of state government and enacting common sense reforms in almost every state program and policy. If Albany doesn't change now, we may never be able to recover," said Garry Douglas, President of the Plattsburgh-North Country Chamber of Commerce.

"The residential housing industry in New York is falling off of a cliff right now. Housing permits are down 80 percent over the last five years, and much of that is due to skyrocketing property taxes and our young people fleeing this state. It is time for New York to show some common economic sense," said Philip LaRocque, Executive Vice President of the New York State Builders Association.

"New York State cannot tax itself back to prosperity. In the real world, in businesses and in households, we have no choice but to live within our means, to scrutinize our spending, if we are to keep a roof over our heads or our operations running. It's high time New York's elected

officials stepped up and required our state government to live by these same rules. That means capping property taxes, cutting spending and finding efficiencies in operations through consolidations and other means," said Sandy Parker, President and CEO of the Rochester Business Alliance.

"For too long, New York has been at the wrong end of every study measuring criteria for a successful economic climate. This has been true regardless of which political party controls Albany. It would certainly appear that 'politics,' long ago, surpassed 'purpose' as the goal of those in power. Or worse, 'politics' has become the 'purpose.' Study after study says taxes and union influence are the two most serious inhibitors to NY's sustainability. Our elected officials must, today, be bolder than their predecessors. The private sector, for example, has converted defined pension plans into 401ks; the public sector must do the same. Capitulation to untenable demands by organized labor must be resisted. Welfare programs must be replaced by real jobs programs and incentives must be provided to the private sector to make this happen. A continuing burden of ever increasing taxes and fees will destroy our state." said Al Samuels, President and CEO of the Rockland Business Association.

"One of the license fees mom-and-pop retailers have to pay New York State is going up 900 percent to 4,900 percent, and it's based on their gross sales of products totally unrelated to the license. Meanwhile, the State allows their unlicensed, untaxed competitors to have a huge price advantage by choosing not to enforce tax collection laws already on the books. Where does it end--other than small business bankruptcy?" said James Calvin, President of the New York Association of Convenience Stores.

"After passing what has become known as the worst budget in history, New York cannot continue to place additional costs on our businesses and taxpayers. It is unconscionable that during a severe economic recession, this administration would choose to pass a budget containing over \$6 billion in new taxes and fees, while also increasing spending over the previous year. New York is already the most expensive state in which to operate a trucking company and has the second highest cost of doing business in the nation. We can no longer afford this tax and spend fiscal policy. It is no wonder that more and more of our businesses are choosing to move out of New York State," said Kendra L. Adams, CDS, Executive Director of the New York State Motor Truck Association.

"We've lost 20,000 private sector jobs in our region in the last decade. New private sector job loss announcements seem to appear in the news almost everyday. Albany must realize that without a strong private sector, there will be little money for the public sector. We have to lower taxes immediately and reduce, not just freeze, the size of the state budget so the private sector will invest in New York," said Lou Santoni, CEO of the Greater Binghamton Chamber of Commerce.

Other coalition partners include: The Mainstreet Small Business Coalition, the Northeast Ag and Feed Alliance, the Empire State Restaurant and Tavern Association, the New York State Nursery & Landscape Association, the New York Corn Growers Association, the Northeastern Retail Lumber Association, the New York State Liquor Store Association and the Adirondack Regional Chamber of Commerce and Chambers of Commerce from throughout New York State.

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