

# 2014 POLICY AGENDA

A New ERA for Upstate



# A MESSAGE FROM UNSHACKLE UPSTATE'S EXECUTIVE DIRECTOR



On behalf of the entire team at Unshackle Upstate, I am pleased to present you with our 2014 Policy Agenda – *A New ERA for Upstate.*

This year, we will focus on our five-point broad based tax relief plan, “A New Economic Revitalization Agenda (ERA) for Upstate New York,” which will provide

immediate tax relief where it is needed the most. The plan is already generating significant, bipartisan support from legislators in both houses.

As a non-partisan, pro-taxpayer, pro-economic growth, education and advocacy organization made up of business and trade groups from throughout Upstate New York, we take your fight to Albany. We advocate for controlling state spending, holding the line on taxes, eliminating unnecessary and expensive mandates and limiting the growth of state debt.

Unshackle Upstate’s constant presence and activity at the Capitol has led to recent policy successes such as consecutive state budgets that limit spending increases, the two-percent

property tax cap, the creation of a new retirement tier, and bringing balance to the Workers Compensation and Unemployment Insurance regulations.

However, our attention on improving the business climate in the Empire State is not over. New York State is viewed as “anti-business” in virtually every news publication, with the Tax Foundation’s 2013 State Business Tax Climate Index ranking New York dead last...AGAIN! We can and must do better.

Our adversaries will be out in full force at the Capitol pushing for higher taxes and spending to support their agendas. With 2014 being an election year, it is critical that we the taxpayers aggressively push our agenda and urge the Governor and Legislature to continue on the path of fiscal restraint.

I look forward to our partnership this year on behalf of the countless hardworking taxpayers and businesses that call Upstate New York home.

Sincerely,

A handwritten signature in black ink that reads "Brian Sampson". The signature is fluid and cursive.

Brian Sampson  
Executive Director, Unshackle Upstate

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## UNSHACKLE UPSTATE'S CORE PRINCIPLES INCLUDE:

- Reduce State Spending
- Reduce Taxes, Fees and Assessments
- Reduce Mandates
- Reduce State Borrowing and Debt



# A NEW ERA FOR UPSTATE

The Upstate economy is in crisis, and fundamental changes are needed. These can best be accomplished through broad-based tax relief, which will enable the growth of private sector jobs and strengthen communities in need.

The New ERA plan consists of five key points:

## **Income Tax Relief: Reduce state income taxes by 25 percent for Upstate residents making less than \$50,000 annually**

Unshackle Upstate supports policies that allow for working families to keep more of their money. When people have more money in their pockets, they use those funds on goods and services in their communities, bolstering the economy.

## **Business Tax Relief: Reduce the Corporate Franchise Tax (9-A) for Upstate businesses**

In addition to programs and policies that lure private business to Upstate, New York should also provide tax relief to those that are already here so they can expand their operations and create jobs.

## **Sales Tax Relief: Reduce state sales tax by 50 percent in targeted Upstate counties**

Many Upstate counties suffer from population loss or high unemployment, and in some cases,

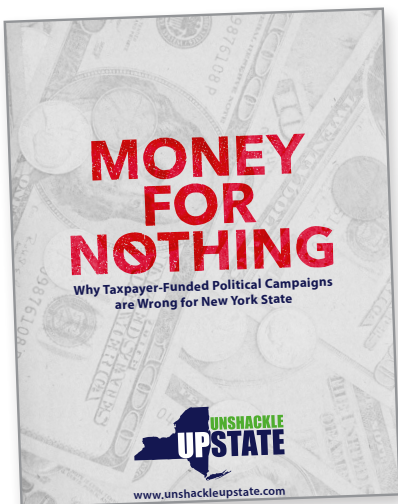
both. It is imperative that the state spur economic activity in these financially troubled areas by reducing the state sales tax in targeted counties.

## **Energy Tax Relief: Eliminate the 18a energy assessment for Upstate manufacturers**

In 2009, Unshackle Upstate opposed the imposition of the energy tax commonly referred to as the 18a assessment, and we support its repeal. Unshackle Upstate feels strongly that this burden should be immediately eliminated for those high energy use industries that are hit the hardest by 18-a.

## **Improve the Upstate Economy and Promote Private Sector Job Creation: Develop the Marcellus Shale**

The Marcellus Shale can be developed responsibly and New York State must begin to take full advantage of this tremendous economic opportunity. The state should finalize its comprehensive review of the potential environmental impacts of natural gas development and adopt regulations that strike an appropriate balance between economic development and environmental protection as soon as possible.



## **KEEP YOUR TAX DOLLARS OUT OF POLITICIANS' POCKETS**

In November, we issued a white paper titled "Money For Nothing – Why Taxpayer-Funded Political Campaigns are Wrong for New York State." Our detailed report identifies significant flaws with proposed reforms that some advocates claim will "change the way politics works in Albany."

Lawmakers must reject any proposal to establish a system of taxpayer-subsidized political campaigns that won't clean up Albany and violates the state constitution. Giving politicians a blank check wastes taxpayer dollars that should be spent on more pressing needs.



## REDUCE STATE AND LOCAL SPENDING

### Protect the Property Tax Cap & Oppose Circuit Breaker Program

The enactment of the property tax cap in 2011 was a monumental event for property owners and a critical first step in controlling local spending. The property tax cap encourages local governments to explore all avenues to reduce spending and enact efficiencies before increasing taxes.

We must make the tax cap a permanent law and ensure that it continues to help keep taxes low for everyone.

Unshackle Upstate has consistently opposed the “circuit breaker” program as a means of providing property tax relief.

The “circuit breaker” is not tax relief, rather it is a tax shift – moving the burden but doing nothing to address the underlying problem of too much spending. Worse still, current versions of a “circuit breaker” will have a disproportionate benefit to downstate communities and does not provide any relief to employers.

We have always viewed meaningful mandate relief as the next step toward cutting local government taxes and spending.

### Continued Fiscal Control of New York’s Major Cost-Drivers

Education and Medicaid spending – which make up a significant part of the state budget – have been capped in recent years. We support continuing these spending restraints and the exploration and implementation of additional recurring savings in future years.

### Promote Government Efficiencies

Unshackle Upstate supports government consolidation efforts and will work to identify other cost-saving items for New York State. The Spending and Government Efficiency (SAGE) Commission issued its final report in February 2013 and the state should complete the report’s recommendations and continue to pinpoint additional initiatives to help make government more open, transparent and accountable.

## REDUCE TAXES, FEES AND ASSESSMENTS

### Eliminate the HCRA Surcharge

New York’s Health Care Reform Act (HCRA) imposes a surcharge on charges for patient care provided by licensed health care providers. Businesses have been facing skyrocketing health care costs for years, making it more and more difficult for employers to provide employees with access to employer-sponsored health insurance plans. Repealing this surcharge will make employer-sponsored health care more affordable.

### Avoid Increasing Thruway Tolls

The New York State Thruway Authority must get its fiscal house in order, and that starts with

undergoing a thorough, independent audit of its operations to explore potential additional areas of savings before increasing the tolls we pay.

### Repeal Ton Mileage Tax on Trucking

The ton-mile tax is based on the specific weight of trucks and is intended to offset wear and tear on roads by charging fees for miles traveled in the state. This nearly 60-year-old levy is applied to vehicles with maximum gross weights of at least 18,000 pounds operating in the state. This tax is a barrier to competition with neighboring states and a major reason for trucking operations moving out of the state.



# REDUCE MANDATES

State-imposed mandates limit the ability of local governments and school districts to provide essential services and drive up local taxes. They also prevent private-sector businesses from competing in the global marketplace. Unshackle Upstate supports proposals that will alleviate these burdens to make our communities more affordable by eliminating unfunded state mandates and will promote job growth through streamlining the state's complex regulatory scheme.

## Let New York Work Agenda

Unshackle Upstate is a leader in the Let New York Work coalition, which includes representatives from the business community, local government organizations and members in public education. This group has identified the core cost drivers for local government and the education systems that must be addressed. We urge the state's elected officials to support the adoption of the Let New York Work agenda, which will provide relief from unfunded mandates for local governments and school districts. For additional information, visit [www.unshackleupstate.com/let-ny-work](http://www.unshackleupstate.com/let-ny-work).

## Wage Theft Prevention Act

This law imposes onerous compliance requirements that are of questionable value in terms of protecting employees. Unshackle Upstate supports repealing the "annual notice mandate," which requires that employers annually provide a notice regarding pay and other information to every employee.

## Unemployment Insurance & Workers' Compensation

Last year, Unshackle Upstate worked with the Governor and Legislature to help enact meaningful reform to the state's Unemployment Insurance and Workers' Compensation programs,

which greatly improved each system, lowered long-term costs for employers and provided much-needed stability to both state programs. But our work is not done.

We need, relative to Workers Compensation, for New York to adopt national standards in the diagnosis, care and treatment of injured workers. That includes adopting the American Medical Association (AMA) guidelines as well as the American College of Occupational and Environmental Medicine (ACOEM) treatment protocols. Coupled with changes to the Scheduled Loss of Use (SLU) tables, they will help to drive down costs while providing consistent, predictable care for injured workers.

## SEQR Reform

The State Environmental Quality Review (SEQR) process has often been cited as a main impediment in the project development process, too often being used to stifle economic development. SEQR should be reviewed and updated to establish an efficient, predictable and fair environmental review process. Transparency in the process should also be addressed, as well as the inclusion of definitive timelines.

## Health Care Quality and Cost Containment Commission

In 2007, New York State created the Health Care Quality and Cost Containment Commission, to review all current and proposed mandated health insurance benefits. This review was to provide an objective "cost-benefit analysis" before legislative action would be taken on specific proposals. This commission exists only in law, and not in reality. At a time when all New Yorkers are grappling with rising health care costs, the need for this commission to fulfill its legislative charge could not be clearer.



## REDUCE STATE BORROWING

While recent decisions in Albany have resulted in responsible fiscal policies, debt still remains a major issue in New York State.

According to a 2013 report by State Comptroller:

- New York State is responsible for \$63.3 billion in state-funded debt, second only to California's \$96.4 billion and more than 80 percent higher than New Jersey, the state with the third highest level of debt outstanding
- The state's debt per person at \$3,253 is nearly three times the median of all states, ranking second among its peer states

- At 5.4 percent, New York's ratio of debt to GSP was 2.1 times the national median and far higher than levels in most comparable states

New York must continue to address its infrastructure needs in a fiscally responsible manner and borrowing and bonding should never be implemented as revenue streams for non-infrastructure.

Last year, the state was projected to spend roughly \$1.1 billion to repay prior years' borrowing that was used for budget relief or other non-capital purposes.

## IMPROVE NEW YORK'S BUSINESS CLIMATE

### Prevailing Wage

Wage mandates such as prevailing wages impede economic development and should be rejected. Most particularly, efforts at attaching prevailing or living wage requirements to private construction projects/IDA supported can only hinder goals to re-build New York. A recent study by Columbia University's Center for Urban Real Estate (CURE) finds that the state's prevailing wage rates are costing New Yorkers millions of dollars every year.

### Project Labor Agreements

Mandating regionally negotiated PLA's should also be rejected. Replacing one ill-advised anti-business mandate (prevailing wages) with another (PLA's) is not sound public policy. We support the "Public Construction Savings Pilot Act," legislation that would allow contractors to bid on public works projects whether they employ a PLA or not.

### Paid Family Leave

A "one size fits all" mandate of this nature does not adequately factor in the wide range of employment situations that are in place

throughout the state. Legislation that does not provide any flexibility for employers to craft their own family leave policies based on the needs of the company or its personnel will not work.

### Annualization Reform

Currently, the New York State Department of Labor calculations annualize private and public benefits with the same method, resulting in excessive costs to contractors already providing benefits to their employees. We support legislation that would utilize the Federal methodology for annualization of benefits under the Davis Bacon Act, which is more equitable and does not penalize employers for doing both public and private work.

### Call Centers

Bills that require regulated entities, such as telecommunications companies and utilities, to provide certain call center services to customers from centers located within their respective in-state service territories drive up customer costs, while providing no benefits to the employers.



### **Out of Network Health Coverage Mandates**

Legislation that would require health insurers to reimburse out-of-network providers at certain minimum rates will result in higher insurance costs for many New Yorkers. We are also concerned that proposals of this nature will ultimately lead to private health insurance becoming less affordable, leading employers to drop coverage.

### **Extend and Expand Design-Build & Public Private Partnerships**

In 2011, the state authorized the implementation of design-build project delivery for certain infrastructure projects. This provision is set to expire in December 2014 and should be immediately and permanently extended. We support the expansion of this practice to deliver projects faster, more efficiently and at a lower cost.

### **Oppose Chemical Regulation and Product Ban Legislation**

State laws and regulations like Chemical Regulation and Product Ban legislation in New York are hindering our state's economic recovery. The Chemical industry represents 9 percent of total manufacturing employment, 24 percent of the state's overall manufacturing shipments; and many of these sites are located in Upstate New York. Proposed changes and bans would add uncertainty for more than 1,400 chemical manufacturing employees; forcing companies to comply with another regulatory program among an already crowded patchwork of state laws.

### **VoIP Reform**

We support modernizing and improving the state's telecommunications infrastructure by eliminating the state's regulatory authority over Voice-over-Internet-Protocol (VoIP) communications. New York should encourage investment in Internet-based telephony by eliminating the state's regulatory authority in the area, which has never been exercised.

### **Scaffold Law**

New York should pass legislation to apply a comparative negligence standard (liability proportional to fault) under the Scaffold Law in situations where a worker's injury is caused by a failure to follow safety training, intoxication or commission of a crime.

### **Wicks Law**

Currently, most public construction projects in New York are subject to separate bidding requirements. In 2008, the Wicks Law was amended that set an exemption threshold of only \$500,000 for Upstate projects (while New York City receives a threshold of \$3 million and Long Island and Westchester County receive a threshold of \$1.5 million). The Upstate threshold remains far too low to generate any real savings to Upstate taxpayers. We propose increasing the Wicks Law threshold to a uniform \$10 million across the state.

### **Economic Development**

Unshackle Upstate supports the Regional Economic Development Council process. Locally driven economic development will help maintain momentum and stimulate important job creation efforts across the state. This vital initiative should continue in 2014.

### **Extend the Brownfield Cleanup Program**

Originally created in 2003, and modified in 2008, the state's Brownfield Cleanup Program (BCP) has become a useful tool in recruiting private sector companies to develop abandoned and contaminated properties. To date, this program has resulted in the environmental remediation of more than 120 sites, with an average tax credit of \$9.4 million per site. The program is scheduled to sunset in 2015 and should be extended.



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