

WCA joins allies in opposing tax hikes

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The Westchester County Association has joined forces with statewide business groups to thwart more tax and fee hikes as an option for lawmakers when they return to Albany next month to tackle New York's ballooning budget deficit.

Raising earlier projections in light of continued weakness in the economy, the state budget division last month said the state faces a \$2.1 billion deficit in the current fiscal year, which will grow to \$4.6 billion in 2010-11. With steep declines in revenue, the deficit is expected to swell to \$13.3 billion in 2011-12 and \$18.2 billion in 2012-13.

Acting on Gov. David Paterson's financial plan to reduce the deficit, the state Legislature last spring approved a budget that included sweeping increases in taxes and fees for businesses and individuals. They included the so-called millionaire's tax on personal income, expected to raise \$4 billion yearly; more than \$1.4 billion in increased assessments on utilities, hospitals, home care providers and insurers, and nearly \$271 million in new and increased fees.

But more such hikes are not an option in the Capitol this year, the governor reportedly said during an appearance on Long Island last week. The Daily News said Paterson warned state lawmakers to be ready to make "some very tough decisions" on spending cuts or risk ending up like California when they return to Albany for a special session expected to be called by the governor after Labor Day.

"I think we've raised enough fees, and I think we've raised enough taxes," the Daily News quoted Paterson on its blog, The Daily Politics. The millionaire's tax, which Paterson first opposed but later agreed to in a compromise with lawmakers, "drives the job creators out of the state and then the jobs go with them."

"We're really going to have to tighten our belts," Paterson reportedly said.

In a joint statement last week, the WCA, National Federation of Independent Business (NFIB), Unshackle Upstate and Long Island Association said they were "encouraged" by the governor's warning for returning lawmakers.

“The record tax and fee increases included in the budget enacted in April were a mistake, and to repeat that mistake would worsen our fiscal condition, not improve it,” the business groups said.

“At the risk of stating the obvious, New York does not face growing budget deficits because taxes in our state were artificially low. We find ourselves in these dire financial straits because for too long state government has spent at a rate that our citizens – and our government – could not afford. That must change, and the time for that change is now.

“New York state government needs to do what small-business owners do when their revenues are down: spend less. New York needs to grow its way out of this economic downturn and deficit. Raising taxes is not the answer, particularly in a state whose tax burden already leads the nation; cutting and controlling spending and advancing policies that will allow small businesses to create jobs and our economy to grow is.”

Mike Elmendorf, state director for the NFIB, a leading advocate for small businesses nationwide, said state lawmakers have sent no signals as to how they plan to reduce the deficit this fall. “You don’t really need a divining rod here to know that the default position has been to raise taxes and fees.”

Those hikes “are easier for the Legislature and governor” than spending cuts, he said.

“Spending is the problem,” Elmendorf said. “They need to cut spending this year and they need to look forward and look at how they spend it ... The rate of spending increase has been way in excess of the inflation rate.”

Elmendorf said business allies support the governor’s call for a state spending cap and public employee pension plan reform.

Amy Allen, WCS managing director for advocacy and international business, said last week’s joint stand by business groups was especially important because “this is the first time that we’re getting some real collaboration upstate and downstate, all around the town. I’m sure this coalition will grow.”

Based in Rochester, Unshackle Upstate is a bipartisan coalition of more than 70 business and trade organizations representing about 45,000 companies and employing about 1 million workers. The 83-year-old Long Island Association is the largest business organization in the Long Island region with a membership of more than 5,000 businesses, labor unions, colleges and universities, nonprofits, government agencies and civic groups that employ two-thirds of Long Island’s work force.