

Unshackle Upstate

## 2012 POLICY AGENDA: UNLOCK NY

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## WHAT IS UNSHACKLE UPSTATE?

Unshackle Upstate is a non-partisan, pro-taxpayer, pro-economic growth, education and advocacy coalition made up of business and trade organizations from all parts of Upstate New York. We hail from across Upstate New York with one goal: To achieve reforms in Albany that make Upstate New York a stronger place to do business.

We use social media tools – Facebook, Twitter, YouTube and a newly redesigned, interactive website – to give taxpayers a platform to share their ideas and concerns with the governor and state Legislature.

Since the founding of Unshackle Upstate in 2006, we have raised our voice in Albany by educating the public through advocacy in the

halls of the Capitol. Thousands of Upstate New York residents have already been heard by sending emails through our website to the decision makers in Albany. Progress has been made and the coalition continues to work for more.

In 2011, we were able to achieve a great deal of success. The passing of the 2-percent property tax cap was the signature event of the year. Unshackle Upstate spent a majority of the previous two years pushing the issue and raising the understanding of what a tax cap could do for New York taxpayers. In addition, we saw significant advancement in efforts to add power plants, control the cost of Medicaid, the creation of Regional Economic

Development Councils and many other positive steps that will help New York's future.

The message for us in 2012 is to Unlock New York. What does that mean? It is a reminder that we need to focus on the issues that matter. Those issues that will unlock our potential for job creation and easing the tax burden on New Yorker's. Our agenda will accomplish both goals and help return New York to the Empire State.

Visit our web site at: [UnshackleUpstate.com](http://UnshackleUpstate.com) to join the Unshackle Upstate Army – a group of taxpayers committed to keeping lawmakers focused on lowering taxes and spending, promoting job creation and improving New York's economy.



## UNSHACKLE UPSTATE'S CORE PRINCIPLES

### 1) Reduce State and Local Spending

Overspending by state government continues to be a major problem for New York State, causing all New Yorkers to pay taxes that are too high. We sorely need economic development and new job creation, and this overspending serves as a drag on our economy.

### 2) Reduce Taxes, Fees and Assessments

The 2009-10 and 2010-11 state budgets included \$9.2 billion in new taxes and fees, but the 2011-12 state budget bucked this devastating trend by not including any new taxes or fees. This was a significant first step toward improving the state's economic climate. The 2012-13 state budget must continue this course, while reducing the tax burden on New Yorkers.

### 3) Reduce State Borrowing

The 2011-12 state budget included significant improvements to the state's future debt and borrowing policies. Last year, the governor and Legislature reduced the 2012-13 projected budget deficit from \$15 billion to approximately \$2 billion. As it continues to reduce its spending, the state should avoid relying on irresponsible borrowing and long-term debt.

### 4) Reduce Mandates

The tangle of laws and regulations that make New York notoriously unfriendly to business and job creation also saddle local governments with expensive requirements, typically without funding to pay for them. The result is a tax shift to local governments to cover the cost of paying for a range of services, which is then passed along to the taxpaying public.

The governor and Legislature must provide relief from unfunded and underfunded statutory mandates for local governments, school districts and businesses throughout New York State. The Property Tax Cap signed into law last year included a new 11-member Mandate Relief Council tasked with identifying and reviewing mandates that can be eliminated or reformed. Governor Cuomo has promised that this new body will hold public hearings and make recommendations this year. Unshackle Upstate looks forward to meaningful action to address New York State's unfunded mandate problem.



## REDUCE STATE AND LOCAL SPENDING

The 2011-12 state budget reduced spending by 2 percent – the first such reduction in decades. This downward trend must continue in order to “right size” state spending. It is essential that additional savings be realized by consolidating state agencies and streamlining services.

Spending on education and Medicaid – which make up a significant majority of the state budget – were capped in the 2011-12 state budget, but additional recurring savings must be found for the future.

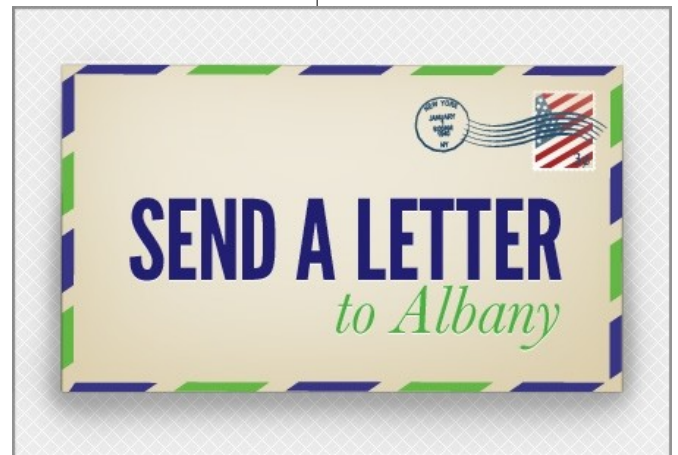
Unshackle Upstate is looking forward to another enacted state budget that does not increase state spending and includes no new taxes, fees or borrowing,

and one which cuts inefficiencies and waste.

**Spending and Government Efficiency (SAGE) Commission** – The SAGE Commission was launched last year to review every state agency for structural and operational changes. The SAGE Commission must work throughout 2012 to present an agency reorganization plan to the Legislature that includes actual streamlining of services and cost savings to the state.

**Saving Money in the Medicaid Program** – New York’s Medicaid program spends more than \$53 billion annually to provide health care to more than 4.7 million people. Medicaid is the largest health insurance program in the nation, and its costs are borne by state, county and federal taxpayers.

During 2011, the Medicaid Redesign Team (MRT) was tasked with finding savings in the Medicaid program, while improving program quality. Under Executive Order #5, the MRT will disband at the end of the 2011-12 fiscal year. Given the massive size of the state’s Medicaid program and its history of unchecked growth, it is critical that the state continue to aggressively pursue cost controls in the program.







## REDUCE STATE BORROWING

The 2011-12 state budget included significant corrections to the state's future debt and borrowing policies. Last year, the governor and Legislature reduced the 2012-13 projected budget deficit from \$15 billion to approximately \$2 billion. As it continues to reduce its spending, the state should avoid relying on irresponsible borrowing and long-term debt.

**Debt Statistics –**  
According to the State

Comptroller, New York's debt averages out to \$2,517 per person, more than double the national average and ranks fifth highest among the states in tax-supported debt per person. The large amount of debt being issued also translates to higher debt service costs, one of the fastest growing categories of state spending.



## REDUCE TAXES, FEES AND ASSESSMENTS

The 2009-10 and 2010-11 state budgets included \$9.2 billion in new taxes and fees, but the 2011-12 state budget bucked this devastating trend by not including any new taxes or fees. This was a significant first step toward improving the state's economic climate. The 2012-13 state budget must continue this movement, while reducing the tax burden on New Yorkers.

**Eliminate the 18-a Assessment –** New York's already high energy rates were made even higher by the imposition of the Article 18-a assessment on

energy in 2009. We urge the immediate repeal of this onerous, hidden, job-killing tax in 2012.

**Eliminate the Health Care Reform Act (HCRA) Surcharge –** New York's Health Care Reform Act (HCRA) imposes a surcharge on rates for patient care provided by state licensed health care providers. New York State businesses have been facing skyrocketing health care costs for years, making it difficult for employers to provide employees with access to employer-sponsored health insurance plans. Eliminating this tax will

help employers provide affordable health care coverage to employees – keeping people off of Medicaid – while re-opening the market in New York for insurance companies.

**Repeal the 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 operating in the state which have

maximum gross weights of at least 18,000 pounds. This tax is a

**WE ♥ 2% TAX CAP**

**NEW YORK'S JOB CREATORS AND TAXPAYERS SUPPORT THE TAX CAP BILL**

barrier to competition with neighboring states. It is also a major reason for trucking operations moving out of the state and the increasing void of distribution centers.

## REDUCE MANDATES

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### Make Our Communities Affordable

Mandate relief for local governments is a complicated and intricate set of laws and regulations. Taxpayers have little understanding of the true impact of mandates on their tax bill.

As a leader in developing the Let New York Work agenda, we took the



time to identify some of the core cost drivers for local government. We call on all elected officials to support the adoption of the six-point-plan. For more details on Let New York Work, visit [www.unshackleupstate.com/let-ny-work](http://www.unshackleupstate.com/let-ny-work)

### Mandate Relief to Spur Job Creation

**Wage Theft Prevention Act** – The onerous compliance requirements that are mandated on businesses by this law run counter to the fundamental changes the governor and Legislature are trying to implement. This statute should be repealed, or at a minimum, substantially modified to make compliance less burdensome.

**Unemployment Insurance “Base Period”** – Currently, the calculation of an unemployment insurance claimant’s “base period” can unfairly raise the unemployment rate for some businesses. These employers have had an employee quit within the “base period” to take another job, and then the employee is subsequently laid off from that job. The original employer, who had no ability to prevent the employee from quitting, will see an increase in their unemployment insurance rate.

**Workers Compensation Reform** – New York State must continue to improve the administration and operation of the workers' compensation program and avoid undermining the important reforms achieved in 2007. These reforms imposed a cap on permanent partial disability benefits and raised the maximum benefit to workers.

However, additional work needs to be done to ensure that employers receive the savings necessary to help improve New York's economy. Clear and objective medical guidelines must be adopted to ensure that injured workers have their cases properly classified and treated fairly without prolonged battles before the Workers Compensation Board and costly litigation. Treatment guidelines should be established that set standards of care for practices among health-care professionals and will allow workers to return to gainful employment more quickly.

**Repeal Diesel Emission Reduction Act of 2006** – This costly mandate requires all on-road and off-road heavy-duty diesel vehicles, which are owned by, or are under contract with New York State, to use ultra-low sulfur diesel fuel and be fitted with the best available retrofit technologies. Originally set to go into effect on Dec. 31, 2010, the 2011-12 state budget extended the compliance time period to December 31, 2012. This mandate has an enormous adverse impact on contractors, subcontractors and material suppliers who work on public job sites.

**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 needs to be extensively reviewed and updated to establish a more efficient and predictable process. Transparency in the process should also be addressed, and we recommend the implementation of definitive timelines/deadlines.

**Seat the Health Care Quality and Cost Containment Commission** – In 2007, the Health Care Quality and Cost Containment Commission was created to review all current and proposed mandated benefits. The purpose of the review was to provide necessary objective cost-benefit analysis prior to legislative action. This commission has not met since its inception, nor have all commission members been appointed.

## REDUCE MANDATES CONTINUED

### Oppose New Business Mandates:

New York's powerful labor interests are always looking to deliver for their constituencies, typically at the expense of the taxpayers. These are some of the more egregious proposals that have been advanced in the past few legislative sessions:

#### Prevailing Wage

Prevailing wage mandates impede economic development efforts and should be rejected. Most particularly, efforts at attaching prevailing or living wage requirements to private construction/IDA supported projects can only hinder efforts to re-build New York.

#### Project Labor Agreements

Mandating regionally negotiated PLA's should also be rejected. Replacing one ill-advised anti-business mandate (prevailing wages) with another is not sound public policy.

#### Paid Family Leave

A "one-size-fits-all" paid family leave mandate does not adequately factor in the wide range of employment situations that are in place throughout New York State. The bills currently pending in the Legislation do not provide the flexibility employers need to craft family leave policies based on the needs of the company or its workers.

#### Call Centers

Bills that require telecommunications companies or 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 customers or employers.

## ECONOMIC DEVELOPMENT

Unshackle Upstate supported the launch and implementation of the Regional Economic Development Councils in 2011. We congratulate all Best Plan Awardees. In order to restore our economy and keep talented people in New York, we must continue to promote private sector job growth.

Unshackle Upstate supports the commitment by state leaders for a second round of funding for the regional councils in 2012. This locally driven initiative will help maintain momentum and focus toward important job creation efforts across the state. In addition, the state must find ways to decrease the regulatory environment that cripples our economy and our ability to create jobs. Every effort needs to be made to enact the reforms highlighted under the Business Mandate Reform section of this agenda.

The state should also finally pass **Tax Increment Financing (TIF)**. TIF legislation is more attractive for economic development investors with significant redevelopment projects.



## NATURAL GAS DEVELOPMENT

and that New York State must be prepared to take full advantage of this tremendous economic opportunity. The DEC should continue its science-based, comprehensive review of the potential environmental impacts of natural gas development, and determine whether its draft regulations strike an appropriate balance between economic development and environmental protection. But further delay in developing the Marcellus Shale is not acceptable. New York must finalize the rules so that wells can be drilled in 2012.

Unshackle Upstate believes that the development of the Marcellus Shale gas deposit can be done safely,

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