



2015

POLICY AGENDA



LET'S GET UPSTATE GROWING

Make the Property Tax Cap Permanent

The enactment of 2011's property tax cap was a monumental achievement for taxpayers and the essential first step in controlling local spending.

Since its enactment, the property tax cap has succeeded in keeping growth in local real property taxes to just 2 percent, 40 percent lower than the average rate of growth in the previous decade. If the trends continue, the typical taxpayer will have saved nearly \$2,300 in local property taxes by 2017.

Unshackle Upstate and its partners fought for years to finally put a statutory restraint on New York's out-of-control property taxes, but now the future of the property tax cap is at risk. The Governor and Legislature should make permanently extending the state's property tax cap their first priority of business in 2015.

Invest in Infrastructure

Thanks to a series of legal awards resulting from settlements with several financial institutions, New York is the beneficiary of what could eventually total \$6 billion in windfall funds. It is imperative that New York learn from past mistakes

and use this opportunity to invest in our economy and in our future wisely. Unshackle Upstate supports the creation of a \$3.5 billion infrastructure bank to fund vital state and local infrastructure projects, which would be awarded through a regional process similar to the REDC model, to ensure that the most needed and beneficial infrastructure projects are addressed first.

Prevent Thruway Toll Hikes

Nearly every citizen and every business across Upstate relies upon the Thruway for routine travel, for the delivery of goods and services, and to attract customers and tourists to our communities. Any increase in Thruway tolls would burden commuters and delivery vehicles, and negatively impact the Upstate economy. In 2012, Unshackle Upstate led the effort to oppose a proposed 45-percent toll increase on all shipping and transport vehicles. Now, as the state tries to finance the Tappan Zee Bridge, talks swirl about increasing tolls on Upstate motorists to pay for it.

Unshackle Upstate also firmly supports a thorough and comprehensive independent audit of the Thruway Authority's

operations to identify savings before adding to the burden of commuters and businesses.

Expand and Extend Design-Build

The state must make permanent the project delivery method known as Design-Build to finish construction projects faster, more efficiently and at lower cost, and authorize counties, cities, towns and villages with populations above 50,000 to use this process.

Expand and Extend the Brownfield Cleanup Program

The state's Brownfield Cleanup Program (BCP) is a critical tool to enable private sector companies to develop abandoned and contaminated properties, returning them to the tax rolls and revitalizing distressed neighborhoods. 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 Governor and Legislature must extend and expand this program immediately to ensure the success of important remediation projects across the state and particularly for our urban centers: Buffalo, Rochester, Syracuse and Binghamton.



LET'S GET UPSTATE GROWING

The Upstate Investment Fund

The Buffalo Billion demonstrated that economic progress can be achieved when the state and the private sector cooperate to leverage growth and investment. Now, Governor Cuomo has indicated he wishes to employ a similar economic development program for other communities across Upstate. We encourage the Governor and the Legislature to use this fund prudently to attract investment and sustainable private sector growth across Upstate and particularly in our urban and economic centers: Rochester, Syracuse, Binghamton and Plattsburgh.

Income Tax Relief

Reduce state Income Taxes by 25 percent for Upstate residents making less than \$50,000 annually.

Sales Tax Relief

Reduce state sales tax by 50 percent for the Upstate counties with significant decline in population and high unemployment rates.

Allow Natural Gas Development in the Southern Tier

New York State recently became the first state with large natural gas deposits to ban hydraulic fracturing (commonly called

fracking), the highly productive drilling process that has led to what many are calling a "shale gas revolution." This revolution has produced jobs and economic opportunity throughout the nation (in addition to affordable natural gas).

New York has made a monumental mistake that will harm the Southern Tier economy. Hydraulic fracturing should be appropriately regulated by the state, not banned. Many states have developed rules that are sensitive to both the environmental concerns and the natural gas industry. New York should do so as well.

IMPROVE NEW YORK'S BUSINESS CLIMATE

Scaffold Law Reform

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

Prevailing Wage

Forcing a "prevailing wage" on private construction projects stunts development and impedes economic growth. Most particularly, efforts at attaching prevailing or "living"

wage requirements to private construction projects/IDA supported projects can only hinder goals to rebuild New York, especially in critical Upstate cities. 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. Prevailing wage mandates should be rejected.

Project Labor Agreements

Mandating regionally negotiated PLA's should also be rejected. Replacing one ill-advised, anti-business mandate (the

aforementioned "prevailing wage") with another (PLAs) 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. This would save taxpayers millions of dollars.



IMPROVE NEW YORK'S BUSINESS CLIMATE

Paid Family Leave

The “one size fits all” nature of this mandate does not adequately factor in the wide range of employment situations that exist in our modern, mobile and information-based economy. Legislation that does not provide any flexibility for employers to craft their own time-off policies based on the needs of the company and its personnel will not work, particularly for small businesses.

Annualization Reform

Currently, the New York State Department of Labor calculations annualize private and public benefits using 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 Federal Davis Bacon Act, which is more equitable and does not penalize employers for doing both public and private work.

Call Center Restrictions

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 state service territories drive up customer costs, while providing no benefits to the employers. These mandates should be rejected.

Out of Network Health Coverage Mandates

Requiring 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.

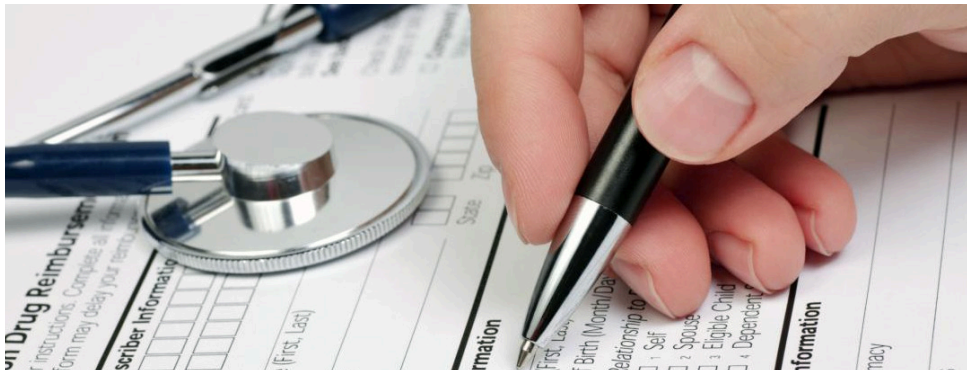
Oppose Chemical Over-Regulation and Product Bans

Over-reaching chemical regulations and particular product ban bills are hindering the state's

economic recovery, particularly in Upstate, which contributes to our reputation as hostile to private business. The chemical industry represents almost 10 percent of total manufacturing employment in New York State; 24 percent of the state's overall manufacturing shipments; and many of these sites are located in Upstate. Proposed changes and bans would lead to uncertain futures for 1,400 chemical manufacturing employees; forcing companies to comply with another regulatory promulgation among an already burdensome 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 that area, which has never been exercised.



IMPROVE NEW YORK'S BUSINESS CLIMATE

Oppose Unnecessary Bureaucracies

A number of interest groups throughout the state are urging support for legislation to create a new state office of Utility Consumer Advocate, promising that such an entity will help lower utility costs. Unfortunately, this office would not be given the authority to address what is really the cause of high utility bills – taxes, fees, assessments and state-imposed mandates. New Yorkers pay some of the highest energy prices in the nation. The first action to protect energy ratepayers in New York State should be reducing the taxes, fees and surcharges on our utility bills, which currently account for 25 percent to 30 percent of a typical bill.

Wicks Law

Most public construction projects in New York are subject to

separate bidding requirements. In 2008, Wicks Law was amended that set an exemption threshold of just \$500,000 (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 savings to Upstate taxpayers. We propose increasing the Wicks Law exemption threshold to \$10 million throughout the state.

Stop New Small Business Wage Mandates

In 2013, New York State approved a graduated increase in the state's minimum wage that would bring it to \$9.00 per hour by 2015, excluding most tipped workers. There have been efforts by some in the Legislature to amend the law to immediately increase the minimum wage to an even higher rate, include restaurant and tip workers and allow individual

municipalities the ability to set their own minimum wage. Unshackle Upstate rejects any effort to change the minimum wage law prior to the full implementation of the current law.

Continue to Bolster New York's role in a Global Economy

Upstate New York's border with Canada provides unlimited potential as an International gateway for private sector job creation and additional business opportunities.

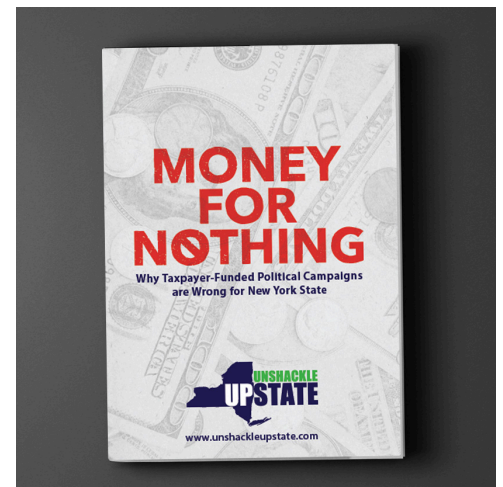
Unshackle Upstate supports the maximization of Upstate's growing economic partnership with neighboring Quebec and Ontario including efforts to improve cross-border commerce and tourism.

REJECT TAXPAYER-FUNDED POLITICAL CAMPAIGNS

Unshackle Upstate continues to strongly oppose the use of New Yorkers' hard-earned tax dollars to pay for political campaigns. In November 2013, we issued a white paper titled **Money for Nothing – Why Taxpayer-Funded Political Campaigns are Wrong for New York State**. Our report identifies significant flaws with proposed

election reforms that some advocates claim "will change the way politics works in Albany."

Using taxpayer dollars to pay for political activities is inappropriate, a waste of money, and only creates more opportunities for corruption and abuse.



CONTINUE TO REDUCE STATE AND LOCAL GOVERNMENT SPENDING



Two Percent State Spending Cap

For the past four budgets, state government has operated under a self-imposed all funds spending cap that has limited out-of-control spending and allowed New York to reduce its out-year budget deficits. We support continued efforts to limit growth in state spending.

Continue Fiscal Control for New York's Major Cost Drivers

Education and Medicaid spending – which make up nearly half of the annual 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 state and local 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 several years ago. The state should complete the report's recommendations and continue to identify additional areas where reform and efficiencies can be realized.

REDUCE TAXES, FEES, SURCHARGES AND ASSESSMENTS

Eliminate the HCRA Surcharge

New York's Health Care Reform Act (HCRA) imposes a strict surcharge on the cost of 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 insurance plans more affordable.

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 travelled 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 trucking operations are moving out of the state.



REDUCE MANDATES

Let NY Work Agenda

Unshackle Upstate is a leader in the Let New York Work coalition, which includes representatives from the business community, local municipal leaders and members in public education. The coalition has identified the core cost drivers for local governments and the education system that need to be reformed. We continue to urge state leaders to promote and support the “Let NY Work” agenda, which will provide relief from unfunded mandates for local governments, school districts, and ultimately taxpayers.

Unemployment Insurance & Workers’ Compensation

Unshackle Upstate has successfully worked with the Governor and Legislature to enact substantive reforms to the State’s Unemployment and Workers’ Compensation programs, which has greatly improved each, lowered long-term costs for employers and provided much-needed stability. But much more work remains to make New York economically competitive with the rest of the nation.

Now we need New York State to adopt national standards in the diagnosis, care and treatment of injured workers, including the American Medical Association Guidelines (AMA) and the American College of Occupational and Environmental Medicine (ACEOM) treatment protocols. Coupled with updates

to Scheduled Loss of Use (SLU) awards that take modern medical advances into account, they will help drive down the 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.

Controlling the Real Drivers of Rising Health Care Costs

New York State’s business community – especially small businesses – have consistently identified the rising costs of health care as a major issue. A primary cost driver of health care premiums includes drug costs, coverage mandates and state and Federal taxes.

While spending on specialty drugs grows at an alarming rate, it’s imperative that state government examine health care’s true cost drivers and take action to make health care more affordable for all New Yorkers.

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 alleviating these burdens, which will make our communities more affordable by eliminating unfunded state mandates and promoting job growth through regulatory reform.



REDUCE STATE BORROWING

Reduce the State and Local Debt Burdens

While the past four state budget have seen Albany turn towards more responsible fiscal policies, growing debt and interest payments remains a major fiscal issue. We urge state lawmakers to look for ways to reduce debt burden at every level of government in 2015.

According to Census Bureau data from 2011, New York State and its local governments owe more than \$17,000 per resident – the highest in the entire nation.

In his 2013 Analysis of New York State's Debt Burden, Comptroller DiNapoli found that the cost of borrowing (repaying principal and interest) is increasingly crowding out other State expenditures. In 2011-12, the state spent \$6.8 billion on debt service – 5.1 percent of all state spending.

The Comptroller also found that:

- 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, which ranks third.

- New York's debt per person (\$3,253) is nearly three times the median of all states, ranking second nationally.
- 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.

Monies spent to pay down debts and on interest cannot be used to provide essential services. We should reduce our reliance on debt as much as possible.

Rein in Public Authority Debt

Last month, the State Comptroller issued a report which found that state and local public authorities reported \$59.6 billion in total annual revenues. The report also found that spending by New York's largest public authorities

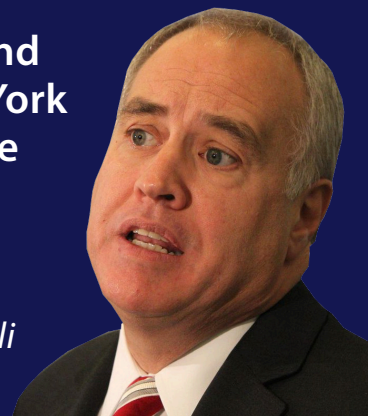
increased by \$3.5 billion since 2013, and that the state uses public authorities to provide hundreds of millions of dollars annually to support the state budget.

Public authority borrowing is commonly called "backdoor borrowing" because it is used to get around the state constitutional provision that restricts "general obligation debt" without voter approval. New York's public authorities are responsible for nearly 95 percent of all state-funded debt, totaling almost \$257 billion.

Public authorities must not be viewed as a credit card for the state. These entities exist to finance, construct and operate revenue-producing facilities for the public benefit, and it is incumbent on state lawmakers to ensure that these entities are able to perform their functions.

"Comprehensive, strict reforms of the State's debt policy and capital planning practices are needed to ensure that New York can address its capital infrastructure needs over time, while keeping debt costs affordable and reducing the burden on future generations."

New York State Comptroller Tom DiNapoli



ABOUT 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 across Upstate New York. The organization has advocated for controlling state spending, holding the line on taxes, eliminating unnecessary and expensive mandates and limiting the growth of state debt.

OUR PARTNERS

The Buffalo-Niagara Partnership is the privately-funded economic development organization and regional chamber of commerce for the Buffalo-Niagara Region. The Partnership is comprised of thousands of employer members, including dozens of major investors who are committed to growing private investment and jobs in the Buffalo-Niagara region.

The Rochester Business Alliance is the chamber of commerce for the nine-county Rochester region, which includes Monroe, Genesee, Livingston, Ontario, Orleans, Seneca, Wayne, Wyoming and Yates counties. The RBA provides information, advocacy, human resource services and networking to help employers grow.

The Greater Binghamton Chamber of Commerce serves as the premier resource for business development in the Greater Binghamton region. Its aim is to support the existing local business community and the attraction of new businesses to the region through member-driven programs and services, the development of strategic community partnerships and effective political advocacy.

The Empire State Chapter of Associated Builders and Contractors is the New York Chapter of ABC, a national construction trade association devoted to merit contractors. The Empire State Chapter serves close to 400 members throughout New York State from our central office in East Syracuse, and from branch offices in Albany, Buffalo, Rochester and Long Island/Metro NYC.

The North Country Chamber of Commerce is a regional chamber serving Clinton, Essex, Franklin, Hamilton and northern Warren Counties in New York State and southern Quebec. With more than 4,000 members, it is the largest business and economic development alliance in northern New York and one of the five largest chambers in the state.

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