

2018 ADVOCACY AGENDA



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ABOUT US AND OUR PARTNERS



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 leadership team is comprised of:

The Buffalo Niagara Partnership, a founding

member of Unshackle Upstate, is the area's regional chamber of commerce and privately-funded economic development organization. Partnership members employ more than a quarter of a million people in the Buffalo Niagara region. By mobilizing members and strategic partners around common goals, the Partnership grows private investment and jobs in Buffalo Niagara through advocacy, business development and convening.

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 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 Greater Rochester Chamber of Commerce, a founding member of Unshackle Upstate, is the regional

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

The North Country Chamber of Commerce is a regional chamber of commerce 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.



WELCOME



*Greg Biryla,
Executive Director,
Unshackle Upstate*

The national and global economy continues to transform at a rapid pace all around us. Employers will continue to respond to these changes by investing and growing in locales where tax climate, regulatory environment, available talent and the infrastructure of commerce provide the best opportunity for success.

The nonpartisan Tax Foundation ranked New York State's "Business Tax Climate" 49th in the nation (or second worst). The same report rated our sales taxes 43rd, property taxes 47th, and personal income taxes 49th.

These data points do not even begin to take into consideration New York's noxious regulatory environment. High workers' compensation costs, new and expanding wage and leave mandates, onerous construction and development regulations like Scaffold Law and a broken environmental quality review process continue to diminish the appeal of investing in Upstate.

This tax and regulatory burden manifests itself in very tangible ways.

Since 2011, every metropolitan statistical region in the state has seen their economies grow

at a significantly slower rate than the national average; only the New York City region comes close to mirroring national economic trends.

Six of the State's ten federally defined regional economies have actually contracted in that same period: All of them Upstate.

The state's taxpayers – retirees, recent graduates, young professionals, small business owners etc. – will migrate to where their respective economic prospects burn brightest. Since the 2010 census, Downstate New York's population has increased by 426,000 people; during that same span, Upstate New York's population decreased by nearly 60,000 people.

These trends aren't set in stone. Contained in these pages are dozens of reforms and actions New York State can take to correct course and

create a growing economy from Brooklyn to Buffalo.

Economic activity will follow where economic investment is welcome. It's time Upstate New Yorkers demand their government live within its means, respect the means of its taxpayers and pursue reforms that will declare to the world that jobs, investment and bright futures are welcomed again in the Empire State.

A handwritten signature in black ink that reads "Greg Biryla".

Greg Biryla,
Executive Director,
Unshackle Upstate

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HOLD THE LINE ON TAXES AND SPENDING

Governor Cuomo and the Legislature have prioritized spending restraint, holding each of the past seven enacted budgets below two percent growth. Facing some new and unique fiscal challenges, we support, in the strongest possible terms, continuing on this path of fiscal discipline.

According to the Governor's Division of Budget, the New York State Comptroller's Office and reputable independent watchdogs, New York State is facing a 2018 budget deficit

between \$1.7 billion and \$4.4 billion, with similar budget gaps to address in the years to follow. This is largely due to lower than expected state income tax returns.

Further, continued infrastructure investment is needed in Upstate, the Metropolitan Transportation Authority (MTA) continues to face financial difficulty and there is uncertainty surrounding new federal reforms and their impact on state finances.

Upstate New York needs strong leadership now more than ever. Our already struggling economy simply cannot withstand additional state taxes or enhanced revenue actions. Albany has already created the "2nd Worst Business Tax Climate" in the United States. Any effort to raise or extend taxes, increase fines, surcharges or assessments, or implement new revenue actions must be categorically rejected by elected officials and taxpayers.

New York's state budget is more than \$160 billion, exceeding that of both Texas and Florida, two states with larger populations. Efficiencies, reforms and programmatic savings exist that can help balance the State's budget without increasing taxes or reducing important public services.

Many such reforms to existing state policies that benefit our economy, taxpayers and the state's bottom line are contained within these pages.

NEW YORK'S 2017-2018 STATE BUDGET IS MORE THAN \$160 BILLION, EXCEEDING THAT OF BOTH TEXAS AND FLORIDA.



PREVAILING WAGE

Forcing a “prevailing wage” on private construction projects stunts development and impedes economic growth. Efforts to attach prevailing wage requirements to private construction projects or industrial development agency (IDA) supported projects will stifle goals to rebuild New York, especially in Upstate cities and urban centers.

By law, public construction projects must pay prevailing wage, which in New York State is not calculated as a true “prevailing wage” but rather reflects labor union collective bargaining agreements covering various building trades. In New York, the mandated prevailing wage as calculated also includes the value of high priced benefits, further increasing the cost of public construction.

A 2017 study by The Empire Center for Public Policy, ***Prevailing Waste: New York’s Costly Public Work’s Pay Mandate***, found that New York’s prevailing wage law increases the cost of public

NEW YORK'S PREVAILING WAGE LAW INCREASES THE COST OF PUBLIC CONSTRUCTION BETWEEN 13% AND 25% DEPENDING ON THE REGION.

PREVAILING WASTE
NEW YORK'S COSTLY PUBLIC WORKS PAY MANDATE

EMPIRE CENTER

construction between 13 and 25 percent depending on region. The study makes a point to note that this is a conservative estimate. Mandates like this increase the cost of all public projects resulting in fewer schools, road and bridge repairs, fire and police stations, etc.; or forces elevated spending by state and local governments fueling our notorious tax burden.

There are efforts in Albany to expand this anti-taxpayer mandate to private development projects that utilize state or local support through

industrial development agencies, Regional Economic Development Council programs, brownfield redevelopment credits, and other widely used economic development incentives.

It’s an unfortunate reality, but in a state consistently viewed as having among the worst business and tax climates in the nation, local and state economic incentives are necessary to attract development and economic activity, especially Upstate. Applying New York’s convoluted and cost prohibitive prevailing wage mandate to private

construction projects will halt even glimpses of economic momentum and growth across Upstate and must be rejected.

Rather than expand its onerous prevailing wage mandate, Albany should focus on fixing this broken and opaque law by reforming how prevailing wage is calculated to reflect the actual “prevailing wage” in a given labor market.

Determining an accurate and responsible prevailing wage will save billions on state and local public construction projects.

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**REFORMING THE
PREVAILING WAGE LAW
WOULD HAVE REDUCED
THE COST OF THE NEW
TAPPAN ZEE BRIDGE BY
ROUGHLY \$1 BILLION.**



- » Return New York to the federal Davis-Bacon standard so that prevailing wage reflects the wage of 50 percent of the labor force in a given trade or a weighted average for each construction trade, not New York's 30 percent standard.
- » Survey private-sector trade workers to determine how many construction workers are, in fact, covered by a collective bargaining agreement. These surveys should be conducted using the defined borders of the state's Regional Economic Development Councils.
- » Where the state's 30 percent standard has not

been reached, use federal occupational statistics or apply already available and collected New York State Unemployment Insurance job classification data to determine regional prevailing wages.

As New York State faces significant budget deficits in coming years, and serious investment needs for Upstate infrastructure and Downstate's MTA, state leaders must find creative ways to save money without increasing taxes or cutting services. Responsibly reforming New York State's prevailing wage will save billions of dollars on public construction costs for state and local governments.

PROJECT LABOR AGREEMENTS

Mandating regionally negotiated PLA's should also be rejected. PLA's significantly increase the cost of construction projects.

In 2011, adding a PLA to the construction of a new exit (122) off of State Route 17 cost state taxpayers an additional \$6 million dollars on this project alone.

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. It would also save taxpayers millions of dollars on public construction projects.

"MORE AND MORE MUNICIPAL GOVERNMENT WORK IS BID WITHOUT A PROJECT LABOR AGREEMENT, SIMPLY BECAUSE THEY KNOW IT ISN'T NECESSARY TO SAVE MONEY AND THEY WANT TO MAKE SURE ALL LOCAL WORKERS HAVE A SHOT."

- BRIAN SAMPSON, PRESIDENT, EMPIRE STATE CHAPTER OF ASSOCIATED BUILDERS & CONTRACTORS

NYS MWBE PROGRAM

New York is a national leader in providing economic opportunity to Minority and Women Owned Businesses (MWBE). However, MWBE goals should be realistic and attainable. The goals and targets of MWBE programs must reflect demographic realities across the state and responsibly differentiate the available pool of MWBE

contractors in individual economic development regions where contracts are awarded.

It's unfair to expect the North Country or the Southern Tier to award the same percentage of contacts (30 percent) to MWBE certified firms as New York City when there are not enough MWBE firms operating in those regions.

This often results in contracts being awarded outside of one region to fulfil the requirements of this artificial threshold, depressing local job opportunities Upstate.

Unshackle Upstate supports common sense legislation to reform state contracting practices that reflect the demographics of the state's

diverse economic development regions.

We also support making the MWBE application and certification process more open, accessible and efficient to grow the pool of available MWBE contractors across New York.

WORKFORCE DEVELOPMENT

Across the state, tens of thousands of so-called "middle- skills" or "new collar" jobs remain unfilled. Survey's conducted by Monroe Community College estimate that as many as 20,000 jobs remain "chronically" unfilled in the Finger Lakes region alone, many of which are in middle-skill fields like computer systems, health care, trades and manufacturing. These jobs often require more than a high school diploma but less than a college degree and pay good salaries and wages.

Upstate's short-term and long-term job creation and economic goals would be best served by strategically cultivating workforce development programs to fill the jobs we have and meet the needs of Upstate employers.

State, federal and local governments, secondary and higher education institutions, not-for-profit organizations and private sector entities all spend commendable time, energy and resources towards training job seekers with new skills to make them more attractive candidates.

Unfortunately our current funding, administration, training and job placement systems are siloed and counterproductive, often resulting in unnecessary costs, jobs remaining unfilled and too many left unemployed or underemployed.

Unshackle Upstate and its partners support a flexible talent pipeline management process for our time that is employer-led and responsive to the skills and jobs demanded by employers in today's modern economy. New York State should direct

workforce development funds to qualified regional chambers of commerce and other employer-led organizations that are better aligned with the needs of regional labor markets.

By engaging and empowering private sector employers, New York's workforce development efforts will be more effective, Upstate communities will be able to put more of its residents to work and employers will be able to source more talent locally.

EASE NEW YORK'S REGULATORY BURDEN

New York State has two primary regulatory problems: First, there are too many regulations that are too confusing; second, the agencies empowered to enforce these regulations often act as prosecutorial entities rather than regulatory or compliance agencies.

Legislative taskforces have identified more than 2,000 outdated and overly burdensome regulations that warrant review, reform or repeal. Many of these are

discussed in these pages and we strongly support continued action on these specific identified burdens.

Unilateral action in the regulatory process has become a troubling trend. Wage and labor mandates are increasingly promulgated and implemented by unelected state agencies and appointed boards, without significant legislative input or oversight. The State Legislature is a coequal branch of state government whose members

are often in the best position to communicate, interact and be held accountable by their constituents.

In addition to repealing and reforming specific regulations identified to be outdated or overly burdensome, we also support ongoing efforts to reform the regulatory promulgation and rule-making process in New York, including:

- » Limiting the use of “emergency rulemaking” authority.
- » Improving regulatory “job impact” analyses.
- » Ensuring small businesses with limited resources have the assistance necessary to ensure compliance.
- » Improving the public comment period and hearing process to make it more inclusive of employers.

LEGISLATIVE TASKFORCES HAVE IDENTIFIED MORE THAN 2,000 OUTDATED AND OVERLY BURDENSOME REGULATIONS THAT WARRANT REVIEW, REFORM OR REPEAL.



REJECT HARMFUL MANDATES ON EMPLOYERS

New York's challenging business climate is notorious, but it is not just our tax burden that stifles economic growth. Albany places a never ending and always expanding set of mandates and regulations on large employers, small businesses and not-for-profits that increase the cost of doing business, deter potential employers from locating Upstate and put current Upstate employers at a competitive disadvantage.

Potential new mandates that will place onerous

restrictions on common place hiring practices, flexible scheduling, gender-based compensation and digital security requirements carry burdensome reporting, administrative and compliance costs that simply make New York less attractive to do business.

No matter how well intended, one-size-fits-all mandates like these are a major contributor to the state's continued economic struggles and should be rejected.

STATE MANDATED OR SPONSORED RETIREMENT

Proposals that currently exist to create a payroll deduction to fund a state administered private sector retirement plan are simply new legislative mandates from Albany that will increase administrative and regulatory burdens and raise compliance costs on small employers.

We are also concerned that the state-administered system will be more expensive than lawmakers anticipate, and

that state taxpayers could ultimately be required to make up the difference.

In 2016 Governor Cuomo created the SMART ("Saving More to Achieve Richer Tomorrows") Commission to study available options for employees who do not have access to a private sector retirement plan.

We hope that the release of this study will respond to some of the concerns that remain.

"UNPRECEDENTED NEW MANDATES SUCH AS A DRASTIC INCREASE IN THE STATE'S MINIMUM WAGE AND THE MOST EXPENSIVE PAID LEAVE IN THE NATION, CONTINUES TO KEEP NEW YORK STATE WITH THE SECOND WORST BUSINESS CLIMATE IN THE NATION."

- JENNIFER CONWAY, PRESIDENT AND CEO, GREATER BINGHAMTON CHAMBER OF COMMERCE

WORKERS' COMPENSATION

2017 marked the first time in a decade that New York State enacted significant workers' compensation reform. The 2017 reforms take important steps to reduce employer costs, modernize the system and retain worker protections.

However New York employers, small businesses, not-for-profits, and local governments still pay among the highest workers compensation costs in the nation. Much work remains to ensure the enacted reforms achieve their cost saving intent in the coming years.

» **Modernize SLU**

Impairment Guidelines:

The 2017 reform package required the New York State Workers' Compensation Board to update the medical impairment guidelines that govern "schedule loss of use" award calculations to ensure they are "reflective of advances in modern medicine." The state's medical impairment



guidelines were last updated in the early 1990's and therefore ignore more than two decades of medical and scientific advancement in the testing, diagnosis, and treatment of injuries. This process is ongoing and it is imperative that modern, effective and cost saving guidelines are the result.

» **Expand the Current Preferred Provider Opt-Out Period from 30 to 90 Days:** This change will benefit injured workers and their employers by reducing

administrative costs for all stakeholders; improving continuity of medical treatment; providing expedited access to medical providers, specialists, testing, referrals and treatment; while reducing loss and restricted work days and limiting lengthy and expensive litigation.

» **New York Should "Do No Harm" To Our Already Expensive Workers' Compensation:** Any efforts to roll back the just adopted reforms should be rejected

as should new proposals that would allow indemnity benefits for incarcerated claimants; create onerous new regulations on independent medical exams; presume disability based on the qualification of social security disability benefits; empower judges to order forfeiture of business assets; or add vague and ambiguous new qualifying conditions like "workplace stress" to the system.

ENERGY

To rebuild and grow the Upstate economy, employers need access to affordable energy, particularly in the manufacturing sector. Beyond commerce, New York State relies on natural gas for residential heating and electricity generation.

Even though New York has denied its residents the economic opportunities associated with developing our own energy resources, natural gas is being produced in abundance by nearby Pennsylvania and Ohio. But current transportation infrastructure (pipelines) does not fully meet the needs of existing or potential large volume end-users.

The New York State Department of Environmental Conservation has been denying permits for enhanced and modern energy transportation infrastructure by failing to act within legally required timeframes. New York's



resistance to new pipelines is bad for businesses and residents (who end up paying more for energy than they should). The state's Independent System Operator (ISO) has reported that a lack of needed natural gas infrastructure can undermine the reliability of the state's electrical grid.

Without reliable and affordable energy options, New York State simply cannot compete in a global economy. Fossil fuels and supporting infrastructure are important

for attracting and retaining businesses in New York State. The Public Service Commission has said that if gas infrastructure is not available, those businesses, and the jobs associated with them, will go elsewhere.

We urge the state to stop making politically motivated decisions to delay or reject important energy infrastructure projects. Doing so makes natural gas more difficult to obtain and thus more costly, driving up our already high energy costs.

New York should revisit its total ban on natural gas development, and put in place rules and regulations that are sensitive to both environmental and economic concerns relating to the development and transportation of energy resources. In order to grow our economy, we need more natural gas capacity.

NO NEW ENERGY TAXES

New Yorkers already pay some of the highest utility rates in the country. Imposing a new carbon tax will make New York less economically competitive; increase energy costs on households, businesses, schools and local governments; and will undermine our efforts to create new private sector jobs.

One carbon tax proposal would impose \$7.1 billion in new

energy taxes, making it one of the largest tax increases in state history.

New York already has an tremendously difficult tax and regulatory environment. A state carbon tax would only make our situation worse, forcing more employers to consider relocating their operations out of state.

MINIMUM WAGE

In 2016, New York State passed the largest increase to the State's minimum wage in recent history. For most industries, the minimum wage will increase substantially over the next several years.

Upstate New York will see its minimum wage rise to \$12.50 per hour by 2020 with a to-be-determined indexing formula to govern Upstate's subsequent wage increases.

The Department of Labor

and the Division of Budget must use an Upstate-specific economic indicator(s) when developing its Upstate Wage Indexing Formula to ensure that the increases are responsible and do not harm struggling small businesses.

New York State should end its use of appointed wage boards to determine economic policy in New York State. Such decisions are the responsibility of the state's elected representatives.

GROW THE NY/ CANADA ECONOMIC CORRIDOR

From Buffalo to the Northern reaches of the Adirondacks, Upstate enjoys a unique cross-border market with close to 14 million people and hundreds of billions of dollars in economic activity stemming from Toronto, Montreal, Ottawa, Hamilton and St. Catherine's.

Upstate's 445 mile border with Canada provides tangible benefits and significant potential as an international gateway for private sector job creation and economic opportunities.

Unshackle Upstate strongly supports existing efforts such as Global NY, and supports growing Upstate's economic partnership with neighboring Ontario and Quebec to improve cross-border commerce and tourism.

We oppose shortsighted "source of origin" procurement mandates that ignore and jeopardize our unique integrated economy with Ontario and Quebec.



**THE NEW YORK/CANADA
TRADE PARTNERSHIP
SUPPORTS 680,000 JOBS
IN NEW YORK.**

EXCELSIOR JOBS PROGRAM

The Excelsior Jobs Program is a key job retention and attraction tool for struggling Upstate regions. We support this program and would like to see its usefulness expanded by lowering the job creation thresholds to 10 jobs and capital investment

of \$1 million to qualify as a “regionally significant manufacturing project” in rural and low population regions of Upstate. In the North Country and Southern Tier in particular, what constitutes a “significant project” differs from other parts of the state.

PAID FAMILY LEAVE

In 2016, New York State enacted the most expansive paid family leave mandate in the country. While the program is supposed to be funded by employee payroll deductions, we have serious concerns that, when fully phased-in, the costs of this program will exceed the funds identified to support it.

The Legislature and the Governor have promised that employers would not directly fund this new mandate and that promise must be upheld. Employers and taxpayers simply cannot afford to bear the currently unknown cost of this expansive and expensive program.

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MAKE YOUR VOICE HEARD!

TWO-PERCENT 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.

This self-imposed cap has introduced much-needed fiscal discipline and with Albany now facing uncertain budget deficits, the time is now to make the cap law.

THE STATE'S TWO-PERCENT SPENDING CAP HAS SAVED TAXPAYERS BILLIONS.

WIRELESS TAXES

Even as the average cost of a cell phone plan has dropped, state and local taxes account for nearly 20% of New Yorkers' cell and wireless bills – 3rd highest in the nation. Such high excise taxes on communication devices that have become central to our personal lives and successful business operation should be reduced as part of the

broader tax reform proposals previously outlined.

Moreover, excessive taxes and fees reduce low-income consumers' access to wireless service at a time when such access is critical to economic success.

OPPOSE NEW REDUNDANT BUREAUCRACIES

Interest groups have sought to create a new state office of Utility Consumer Advocate in a purported effort to combat rising utility costs. Unfortunately, this office is not imbued with the requisite power to actually address what causes our energy and utility bills to be so high -- state-imposed taxes, fees and assessments on every single

utility bill that we pay each month. New Yorkers pay the third highest electricity prices in the nation.

The first action to protect energy ratepayers in New York State must be to reduce the taxes, fees and surcharges on our utility bills,

WICKS LAW

Currently most public construction projects in New York are subject to separate bidding requirements. In 2008, Wicks Law was amended to set an exemption threshold of just \$500,000 Upstate (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.

SEQR REFORM

The State Environmental Quality Review (SEQR) process is frequently cited as a major impediment in the project development process, effectively stifling economic development. SEQR should be reviewed

and updated to establish an efficient, predictable and fair environmental review process. Transparency in the SEQR process should also be addressed, as well as the inclusion of definitive timelines.

REVITALIZING UPSTATE COMMUNITIES

Upstate's industrial heritage – once the main driver of our economy – has left parcels and properties that simply cannot be cleaned-up, redeveloped and returned to the tax rolls without fiscal incentives. The Brownfield Cleanup Program has proven to be successful in redeveloping long vacant and environmentally damaged properties into community assets.

We support similar efforts to provide tax credits to

incentivize the redevelopment and remediation of properties with significant quantities of asbestos, lead paint and mold. This would improve the environmental quality of Upstate communities and continue the momentum of urban redevelopment.

Asbestos abatement notification fees should also be reduced from their current level to incentivize the safe and efficient abatement of asbestos-present properties.

INVESTING IN INFRASTRUCTURE

In early 2015, Unshackle Upstate issued a report calling on lawmakers to make greater investments in maintaining and upgrading roads, bridges, water mains and supply networks, and sewer systems throughout the state. Our report began with the following assessment: "New York's essential infrastructure is in dire need of repair and replacement."

Unfortunately, our assessment has not changed. In some ways – with respect to the state's

natural gas infrastructure, for example – we have taken a step backwards.

Continuing responsible and equitable investment in the State's aging infrastructure is a paramount economic imperative. The State should also seek intelligent construction development reforms that will allow infrastructure to be built efficiently and cost effectively, like reforming the aforementioned prevailing wage.

38% OF MAJOR URBAN ROADS ARE IN POOR CONDITION AND 39% OF BRIDGES SHOW SIGNIFICANT DETERIORATION OR DO NOT MEET MODERN DESIGN STANDARDS.

PROMOTE ACCESS TO WIRELESS SERVICES

The state should promote private investment in existing and new telecommunications networks by putting in place a uniform process for the placement, co-location, modification and maintenance

of equipment on existing wireless facilities. Doing so will ease burdens on local governments and serve as an incentive for wireless carriers to co-locate their equipment onto existing wireless

facility sites. This would be particularly helpful in rural communities that are seeking wireless coverage, helping to lower the cost to expand into currently underserved communities.

MAINTAIN AND IMPROVE REDC PROCESS

Since 2011, the Regional Economic Development Council program has redefined and improved how New York State distributes vital economic development aid.

According to REDC documents, New York State has awarded more than \$4 billion through six rounds of the competition which has funded more than 5,000 projects.

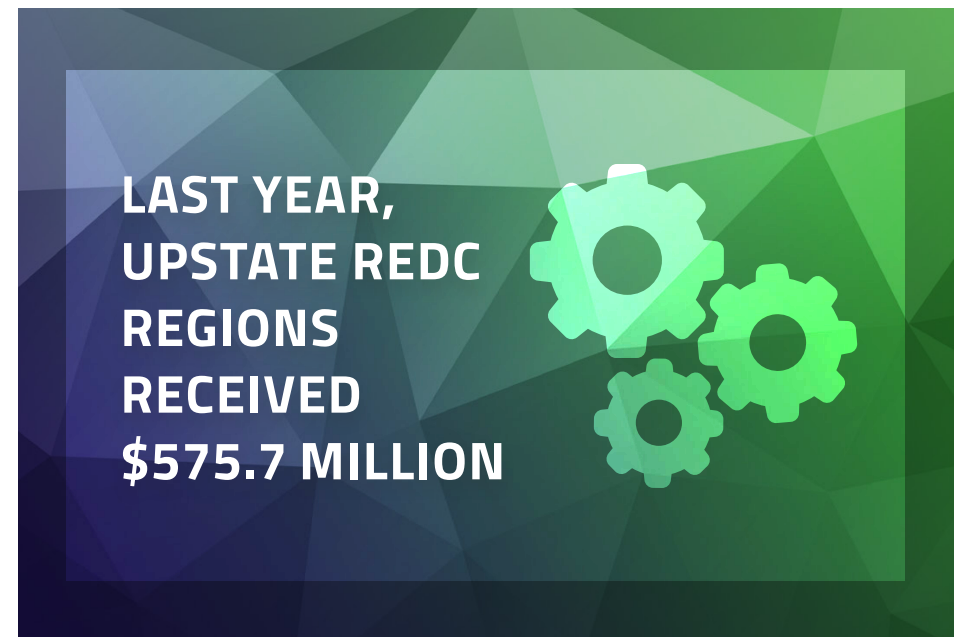
The REDCs focus the economic development process at

the regional level, take advantage of unique assets and opportunities present in New York's diverse economies, and empower local stakeholders to guide the economic direction of their communities.

New York State should continue to utilize and emphasize regional expertise and input in economic development investment decision making.

CONTINUE SUNY2020 CHALLENGE GRANTS

Across Upstate, SUNY campuses provide world class educations while also driving regional economies. We continue to support using our public higher education assets as engines for promoting economic growth.



TAX RELIEF FOR OVER BURDENED SMALL BUSINESSES

In recent years, the Executive and the Legislature have successfully implemented some tax reforms that we are proud to have supported: personal income tax rates, the corporate franchise tax, taxes on manufacturers and the dreadful 18-A energy assessment tax have all been positively addressed.

To provide long awaited tax relief to all sectors of the economy, Unshackle Upstate believes additional tax relief must apply to the small and medium-sized businesses that drive our economy:

For any small employer which files business taxes via the personal income tax with an

income at or below \$500,000 with a business income less than \$1.5 million:

- » PIT exemption is increased from the current 5% to 15% for small business
- » PIT exemption is increased from the current 5% to 20% for farm income

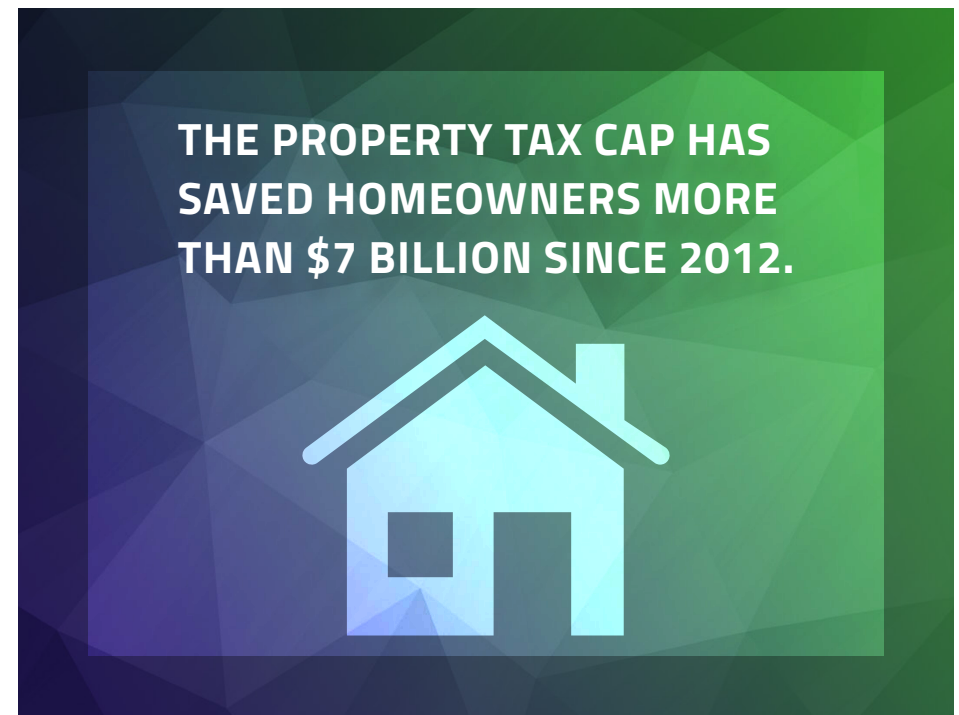
For those small businesses which file their taxes via the corporate tax with an income at or below \$500,000:

- » Reduce tax rate from current 6.5% to 2.5%

MAKE THE PROPERTY TAX CAP PERMANENT

2011's Real Property Tax Cap stands as the state's signature economic achievement in recent history. Thanks to Unshackle Upstate's and its partners' efforts, New York's landmark tax cap has been extended through the end of the decade. We believe

the tax cap has exceeded everyone's expectations in its effectiveness, saving Upstate property taxpayers billions while close to 90 percent of taxing entities have stayed within the strictures of the cap.



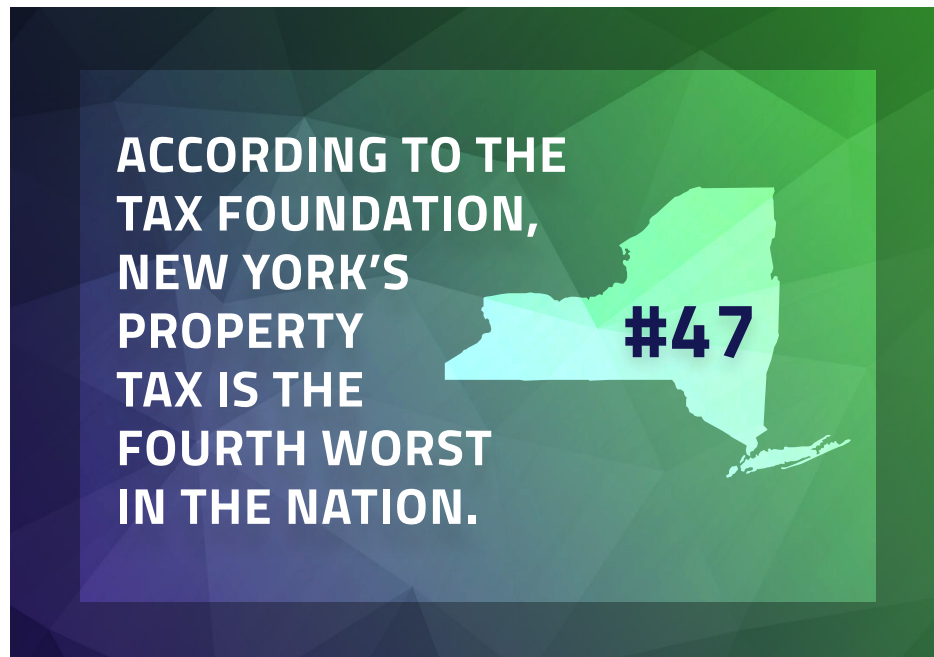
PROPERTY TAX RELIEF FOR ALL

As effective as the real property tax cap has been, it's limited in its ability to actually reduce taxes. Governor Cuomo has championed and enacted additional property tax relief measures, commonly referred to as the property tax rebate and the property tax freeze.

New York State should now focus on reforming our expensive patchwork of

unfunded state mandates that keep our property taxes high and also allow commercial property owners to participate in any future property tax relief efforts.

The Governor's Mandate Relief Council, which has been dormant for several years, should be re-empaneled and its recommendations followed.



LET NY WORK AGENDA

Unshackle Upstate is a supporter of the Let NY Work coalition, which includes representatives from the business community, local municipal leaders and public education. This group has identified the core cost drivers for local governments and the education systems 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.

We also continue to support efforts to place a moratorium on new unfunded mandates, independent reviews of existing mandates and reform to the notoriously burdensome Taylor Law and Triborough Amendments.

PROMOTE GOVERNMENT EFFICIENCIES

Unshackle Upstate supports state and local government consolidation efforts. The Spending and Government Efficiency (SAGE) Commission issued its final report several

years ago. The State should follow through on the report's recommendations and identify additional reforms and efficiencies.

MAKE THE SHIPMENT OF GOODS MORE AFFORDABLE

New York currently ranks as the 2nd most expensive state in the nation to operate a truck, primarily because it is one of only four states in the nation with a highway use tax (HUT) on commercial vehicles.

Although the HUT is imposed only on commercial vehicles, it serves to increase the operating costs of many businesses in New York State as a result of trucking companies imposing higher

transportation rates to cover this expense.

Reforming this onerous, antiquated tax that continues to put New York employers at an economic disadvantage would reduce shipping costs to businesses across the state, improve the competitiveness of New York based motor carriers and help to improve the overall economy for all businesses and consumers.

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.

SCAFFOLD LAW

New York's one of a kind and more-than-a-century old Scaffold Law increases the cost of general liability insurance on every construction project in the state, serving as a drag on growth and economic development. This includes public projects like schools

and bridges; the Scaffold Law is estimated to cost taxpayers \$785 million annually. New York should pass legislation to apply a comparative negligence standard (liability proportional to fault) under the Scaffold Law.

NEW YORK STATE'S OUTDATED SCAFFOLD LAW COSTS TAXPAYERS \$785 MILLION EACH YEAR.



OPPOSE CHEMICAL OVER-REGULATION AND PRODUCT BANS

State laws and regulations like chemical regulations and product ban legislation are hindering the state's economic recovery, particularly Upstate, and contributing to its 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.

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 state service territories drive up customer costs.

Such mandates should be rejected by lawmakers.

MAKE HEALTH CARE MORE AFFORDABLE

The rising cost of private health insurance is routinely cited as a primary concern by Upstate employers and their employees; we continue to pursue opportunities to keep health insurance affordable in New York State.

There is no question that while the Federal government has added to this problem, New York's employers pay some

of the highest health care costs in the nation largely due to burdensome state taxes, mandates and regulations that ultimately complicate health care delivery.

The governor and Legislature should explore ways to reduce the taxes, fees and surcharges and help make employer-sponsored health insurance plans more affordable.

REDUCE HEALTH CARE TAXES, ASSESSMENTS AND SURCHARGES

One of the chief reasons New York State has among the highest health care costs of any state in the nation is the number of taxes, surcharges and assessments the state imposes on employers and individuals who purchase health insurance.

These taxes are “hidden” in health insurance premiums. In 2016, the “covered lives” assessment (\$1.1 billion), the premium tax on commercial health insurance (\$353 million), the New York State Department of Financial Services section 206 assessments (\$149 million)

and the HCRA surcharge (\$3.1 billion), combine to cost consumers \$4.7 billion. In some cases, these taxes are adding up to over 10% of a business’s overall premium costs. We support reducing the cost of health insurance by reducing these taxes.

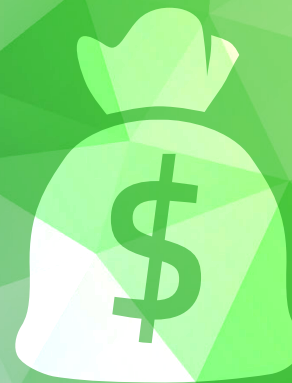
REIN IN DRUG COSTS

The rapid increase of prescription drug costs continues to be a serious issue both nationally and in New York State.

According to The Centers for Medicare & Medicaid Services (CMS), overall health care spending increased 5.5% in 2014, while prescription drug spending grew by 12.6% over the same period.

As spending on prescription medication, particularly specialty drugs, grows at an alarming rate, it’s imperative that state government examine health care’s true cost drivers to make it more affordable – including promoting greater transparency by pharmaceutical companies.

IN 2016, NEW YORK STATE IMPOSED \$4.7 BILLION IN TAXES ON EMPLOYERS AND INDIVIDUALS WHO PURCHASED HEALTH INSURANCE.



PHYSICIAN COLLECTIVE BARGAINING

Allowing for “collective negotiation” by physicians and other health care providers will raise the health care costs for all privately insured New Yorkers. A recent study found that a federal physician collective bargaining proposal would raise premiums by 6% to 11% - which will ultimately be borne by businesses and

their employees across New York State.

We recognize that certain areas of Upstate New York struggle with providing health care delivery options and believe it’s important to ensure the viability and sustainability of small practices in rural communities.

ENSURE THAT HOSPITAL MERGERS DO NOT RESULT IN HIGHER COSTS

As hospital systems across New York continue to consolidate through acquisition of other systems, our elected leaders must ensure that these activities

improve efficiencies, reduce the cost of care, and do not adversely affect employers and consumers through increased health care costs.

PREVENT EXCESSIVE ER CHARGES BY OUT OF NETWORK HOSPITALS

In 2014, legislation was enacted requiring out-of-network provider bills emergency services (and some additional “surprise bills”) to an Independent Dispute Resolution (“IDR”) process which would protect consumers from balance billing and take them “out of the middle” of provider and health plan reimbursement disputes. The new law,

however, only applied to physician emergency service charges and not out-of-network hospital emergency charges. The Governor and Legislature should enact legislation to subject excessive hospital charges to the same IDR process which has both reduced health care costs for employers and their employees.

NEW YORK’S HEALTH CARE SPENDING OVERALL AND PER CAPITA ARE AMONG THE HIGHEST IN THE NATION.

-NEW YORK HEALTH FOUNDATION, *HEALTH CARE COSTS ANDS PENDING IN NEW YORK STATE*

REJECT A SINGLE-PAYER HEALTH COVERAGE MANDATE

Replacing our current system of health care coverage in New York State with a multi-billion dollar, state-run single payer system funded by the state's taxpayers is not a viable or desirable policy objective.

We question New York State's ability to run and maintain such a program, given its track record in administering its Medicaid program. New York's Medicaid is the most expensive in the nation, costing more than \$60 billion annually.


Reliable cost analyses for such a system are scarce, but conservative estimates indicate that the cost of a single-payer system would be \$340 billion - more than twice the State's \$160 billion

state budget. Further, more than \$197 billion in new taxes would be levied on individuals and employers to pay for this gargantuan new bureaucracy; New York currently collects \$71 billion in revenues from all sources of taxation.

While the administration and delivery of health care in New York State must continue to be analyzed and updated to benefit its residents, additional government programs which will only burden the businesses and their employees through additional taxes and fees is policy that will have a devastating impact to the hard-working communities across Upstate New York.

ACCORDING TO SINGLE-PAYER SUPPORTERS, ENACTING SUCH A SYSTEM WOULD ELIMINATE 150,000 JOBS ACROSS NEW YORK STATE.

THAT'S ROUGHLY THE SAME AMOUNT OF NEW YORKERS WHO LOST THEIR JOBS IN THE FIRST SEVEN MONTHS OF THE GREAT RECESSION.



**150K
LOST
JOBS**

IT'S TIME FOR ALBANY TO STAND UP FOR UPSTATE TAXPAYERS!

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