



OPPOSE MINIMUM WAGE INCREASE

S.2006/A.3006, Part N

We, the organizations listed, represent thousands of businesses throughout New York State, and we **OPPOSE** this legislation to increase the hourly minimum wage from \$9.00 to \$11.50 in New York City and \$10.50 across the rest of New York State, effective December 31, 2016.

Businesses, both small and large, have been required to adjust to a number of additional costs over the past year including the continued phase-in of an original minimum wage increase, rising healthcare premium costs, and higher Unemployment Insurance assessment charges. This latest proposed increase, when coupled with the original minimum wage increase adopted two years ago, would represent a 45% increase over four years.

This may be well-intentioned but it will have an unintended, adverse impact on the job market. This proposed increase would result in a nearly \$4,200 per job per year cost increase on a full-time equivalent basis and nearly \$6,600 per job per year cost increase on a full-time equivalent basis in New York City when considering the payroll costs as well as increases in federal social security and Medicare taxes, unemployment taxes and workers' compensation costs.

Most studies find that, when the minimum wage increases, employment goes down. A higher minimum wage prices unskilled and inexperienced workers out of the job market and dampens the demand for new employees. It also drives up the cost of entry-level jobs making them harder to find for inexperienced workers and more attractive to better qualified candidates against whom they can't compete. A recent study showed that an earlier increase in the state's minimum wage resulted in a 12.2% reduction in jobs for young, low-skilled workers, who are among the intended beneficiaries of the minimum wage increase.

An increase in minimum wage fails to accomplish its intended public policy goals; it does little to reduce poverty and does not result in increased workforce productivity. It only serves to increase the cost of goods and services for consumers and limit the ability of businesses to grow.

For these reasons, we strongly oppose this legislation and urge its defeat.



OPPOSE

Minimum Wage Increase





REGULATORY REFORM

We, the organizations listed, represent thousands of businesses across New York State and **SUPPORT** efforts for regulatory reform.

Recently, both the Governor and the New York State Senate have focused on regulatory reform to encourage economic development and make NY "open for business." The Governor's Office in December 2014 released a report detailing more than 200 administrative and regulatory reforms implemented between 2011-2014. Similarly, the New York State Senate Majority Coalition held a series of public meetings last year and identified in a report over 2000 rules and regulations that put New York State at a competitive disadvantage. Several pieces of legislation to address New York's burdensome regulatory climate were introduced as a result of the Senate Majority Coalitions findings.

A focus on cutting red tape and reducing regulatory burdens on small business is vital to the state's economic growth. We strongly support these recent efforts and encourage the continued attention to providing regulatory relief to New York's small businesses and entrepreneurs.

More specifically, we **SUPPORT** the following:

SEQR Reform

The State Environmental Quality Review (SEQR) process should be reviewed and to increase efficiency, fairness and transparency. Definitive timelines should be included in the process.

S.6483 (Valesky) /A.8715 (Magnarelli) of 2014

Amends the state administrative procedure act to detail the benefits and costs of proposed rules in regulatory impact statements

S.1191 (Marchione)/A.3830 (DiPietro)

Starts the process of repealing agency rules and regulations that are an impediment to economic growth and job creation by establishing a timetable for state agencies to identify rules that should or could be repealed



SUPPORT
Regulatory Reform





SUPPORT TAX REFORM

Small Business Tax Cut (with amendment)
Permanent Property Tax Cap

We, the organizations listed, represent thousands of businesses across New York State and **SUPPORT** the following tax reform proposals:

Small Business Tax Cut

S.2009/A.3009 (Part N)

We support this proposal to reduce the corporate tax rate for small business from the current rate of 6.5% to 2.5% over three years. **However, while we support this proposal, we encourage a more broad approach to small business tax relief.**

More than 90% of small businesses are set up as subchapter S, LLC or LLPs, meaning that they are pass through entities. These small business owners pay their business taxes through their personal income tax and would NOT receive a corporate tax cut. **The proposed tax cut would benefit an estimated 40,000 small businesses – out of more than 500,000 small businesses in our state.**

Alternatively, we propose a permanent and broad personal income tax reduction to provide relief and help sustain small employers.

Permanent Property Tax Cap

We reject the real property tax relief credit or "circuit breaker" approach put forth in the Governor's budget proposal (S.2009/A.3009, Part G) and instead encourage the adoption of a permanent property tax cap coupled with meaningful mandate relief.

The current tax cap, which limits year-to-year property tax increases to 2%, is set to sunset in 2016. The adoption of the cap has effectively helped local governments control spending and implement efficiencies. We urge lawmakers and the Governor to make the property tax cap permanent to ensure that families, farms and businesses can afford to stay in New York State.



SUPPORT
Tax Reform





SUPPORT

SCAFFOLD LAW REFORM

We, the organizations listed, represent thousands of businesses throughout New York State, and **SUPPORT** efforts to reform the "Scaffold Law."

Summary:

Labor Law sections 240/ 241, commonly referred to as the "Scaffold Law," impose a standard of ABSOLUTE LIABILITY upon contractors and property owners for all "gravity related" injuries that happen on the job. In its current form, the law does not provide for any consideration of the injured employee's fault—essentially, defendants are automatically presumed to be at fault. The proposed legislation would replace the *absolute liability standard* (full liability regardless of fault) with the more fair *comparative negligence standard* (liability is proportional to fault) only in situations where a worker's injury is found to have been caused by that worker's failure to follow safety training or use available safety devices, intoxication, or commission of a crime.

Why we support this legislation:

The Scaffold Law costs taxpayers

- The Scaffold Law costs taxpayers more than \$785 million annually.
- Local governments pay higher costs for capital projects—for example, liability costs on one joint NY-NJ bridge projects are more than double on the NY side.
- More than half of the top 30 highest settlements resulted from Scaffold Law claims, and of those, 25% were against public entities.¹
- The Scaffold Law is estimated to add \$200 – \$400 million in additional costs to the construction of the new Tappan Zee Bridge.²

The Scaffold Law hurts schools

- The New York State School Boards Association estimates the Scaffold Law costs schools \$200 million annually.
- In 2013, the New York School Construction Authority (SCA) was nearly unable to get insurance for its \$2 billion capital program, despite an excellent safety record. The new insurance costs are \$240 million for 2014, nearly triple that of the previous year, and no guarantee of coverage after 2014.³
- The SCA's increased insurance costs are equivalent to 8-10 new schools over a 3 year period.⁴ Currently, there is a shortage of nearly 50,000 pre-K seats in NYC.⁵
- Higher insurance costs for the SCA jeopardize the future of their Owner-Controlled Insurance Program, which provides insurance to over 800 M/WBE firms. Without this program, hundreds of M/WBEs may be put out of business.
- The highest Scaffold Law settlement in 2012, \$15 million, was against a school district (*Jamindar v. Uniondale Union Free School District*).⁶

The Scaffold Law drives up the cost of construction

- The number of Scaffold Law cases has increased 500% since 1990, even though the rate of injury has decreased.⁷
- New York's general liability insurance costs, the highest in the nation for construction, are directly correlated to the Scaffold Law,⁸ and the number of carriers that write general liability policies in New York is declining.⁹
- The Scaffold Law costs the private sector an estimated \$1.49 billion annually.¹⁰
- When the trial lawyers tried to reinstate the Scaffold Law in Illinois after it was repealed, labor unions refused to back the effort because they did not want to hurt the industry.¹¹

The Scaffold Law hurts workers

- The Scaffold Law is associated with estimated 677 additional construction injuries each year.¹²
- Reforming the Scaffold Law would create over 27,000 jobs in the construction industry.¹³
- Illinois repealed its Scaffold Law in 1995, and construction related fatalities decreased by 28% over the next six years.¹⁴

Sources:

¹ "Top New York Settlements 2012." *ALM VerdictSearch*.

² Chaban, Matt. "Builders, Insurers Stepping up Effort to Dismantle Scaffold Law." *Crain's New York Business*. 17 March, 2013

³ Gieger, Dan. "School Construction Authority Hit With Huge Bill." *Crain's New York*.

⁴ Office of NYC Public Advocate Bill de Blasio. "*The Pre-K Crunch: How NYC Parents Struggle to Find Pre-Kindergarten Slots*." 2013.

⁵ Gieger, Dan. "School Construction Authority Hit With Huge Bill." *Crain's New York*.

⁶ "Top New York Settlements 2012." *ALM VerdictSearch*.

⁷ Google Scholar search of NYS Labor Law 240 citations.

⁸ Geddes, Richard. "*Memo: Labor Law 240 and Loss Costs*." Cornell University. 2014.

⁹ Green, Meg. "Mass Withdrawal of Construction Liability Writers in NY Traced Back to Scaffold Law." *AM Best*. 03 October, 2012.

¹⁰ Hattery, M, Geddes, R, and Kay, M. "*The Costs of Labor Law 240 on New York's Economy and Public Infrastructure*." Rockefeller Institute of Government. 2013.

¹¹ Roder, David. "*Labor Leader: Scaffold Law More Important to Lawyers than Unions*." *Chicago Sun-Times*. 20 December 2002.

¹² Hattery, M, Geddes, R, and Kay, M. "*The Costs of Labor Law 240 on New York's Economy and Public Infrastructure*." Rockefeller Institute of Government. 2013.

¹³ *ibid*.

¹⁴ United States Department of Labor, Bureau of Labor Statistics.



SUPPORT

Scaffold Law Reform





HEALTH CARE COSTS OPPOSE

Health Insurance Tax to Sustain NY's Exchange
S.2007/A.3007, Part G

We, the organizations listed, represent thousands of businesses throughout New York State, and we **OPPOSE** this legislation to impose an assessment on domestic accident and health insurers in the individual, small group and large group markets.

New York State already taxes health insurance plans more than \$5 billion annually or approximately 5% of premiums. At a time when small business owners and individuals are already concerned about the rising cost of health care insurance, this proposal will allow for up to a \$25 increase in all plans purchased both on and off the exchange. As a result, insurance will be less affordable, causing small businesses to opt out or drop coverage.

For these reasons, we urge you to oppose this legislation.

SUPPORT

Health Care Quality Cost and Containment Commission

Legislative mandates contribute to roughly 14 percent of overall premium costs and some unintentionally lead to diminished medical care. Nationwide 26 states have established commissions which address the problem of escalating costs and ensure quality health care. Without a panel to review current and proposed mandates, costs for New Yorkers will continue to rise, making insurance unaffordable for a greater number of consumers.

In March of 2007, the legislature approved and allocated funding for The New York Health Care Quality and Cost Containment Commission tasked with reviewing health insurance mandates. As of today, the commission has never been appointed.

At a time when all New Yorkers are facing rising health care costs, it is necessary for this commission to be appointed, meet regularly and fulfill its legislative charge.



OPPOSE

Health Care Premium Tax to Sustain NY's Exchange

