



**Brooklyn Chamber
of Commerce**

Brooklyn Agenda for Recovery and Growth 2010

The Legislative Agenda of the Brooklyn Chamber of Commerce 2010

Annual Albany Lobbying Trip
February 23, 2010

Presented by:

The Government Affairs Committee of the Brooklyn Chamber of Commerce

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Brooklyn Chamber of Commerce 2010 Agenda for Growth and Recovery

The Brooklyn Chamber of Commerce understands the awesome fiscal challenges being faced by New York State and recognizes these times of record unemployment, business loss and deficits call for a different approach to sustaining the economy. As such, we support the effort to find efficiencies and reduce costs. We believe the burden must be carried equally among all those invested in New York State and, where possible, provide support for those sectors with the ability to boost our State's tax base. We respectfully submit our 2010 legislative agenda which was created using feedback from our Members.

The Brooklyn Chamber of Commerce's 2010 Member Issues Survey was conducted to gauge the business community's outlook for 2010, including health care, workforce, top obstacles to growth and views on local issues. Brooklyn is home to more than 43,000 businesses of all sizes, from sole proprietorships like Donovan Communications and Gavin Thomas Photos to large corporations like National Grid and Verizon. This annual survey for years has served as a good indicator of the pulse of Brooklyn's business community. The business community appears to be more optimistic in its outlook than it was last year during what seemed to be the height of the "Great Recession." The following are highlights from our latest survey.

Job creation and retention is paramount to economic recovery in Brooklyn and indeed New York State. Our Chamber Members told us the top three ways to help this happen quickly are:

- 1. Wage subsidies to offset the cost of hiring for the next 6 – 12 months**
- 2. Easier access to credit/ loans**
- 3. Tax credits for hiring**

While we expected a high number of employers to tell us they had no plans to hire, we were pleased to find more than 36% have indicated they will make 1 – 5 new hires this year.



NYS LEGISLATIVE ISSUES	Support	Oppose	Don't Know
Mandatory Employee Benefits – The last several state legislative sessions have included vigorous debate about including a state law requiring minimum leave policies that private sector employers must offer their employees. These potential mandated, employee leave policies range from paid family leave to paid sick leave.	25%	42%	8%

QUALITY OF LIFE

To what degree are you concerned about the following quality of life issues?	Percentage citing problem or severe problem	Current rank	Rank in 2008 (Top 3)	Rank in 2007 (Top 3)	Rank in 2006 (Top 3)
Parking (availability/ violations)	69%	1	(2) 72%	(1) 79%	(2) 79%
Traffic (congestion)	63%	2	(1) 73%	(2) 74%	(1) 80%
Potholes and poor street conditions	52%	3	(3) 64%	(3) 68%	(3) 70%
Unfinished development/ construction sites	34%	4	–	–	–
Litter	34%	5	–	–	–

Other (please specify): *City should halt the issuing of new taxi medallions; traffic congestion has worsened since many two-lane streets were changed to a single lane with a bike lane that is rarely used.*

OBSTACLES TO GROWTH

Obstacles	Percentage citing problem or severe problem	Current rank	Rank in 2008 (Top 8)	Rank in 2007 (Top 8)	Rank in 2006 (Top 8)
Increased cost of providing health insurance for my employees	54%	1	(1) 55%	(2) 52%	(1) 62%
Fuel or energy costs (gas, diesel, electric, oil, etc.)	51%	2	(2) 51%	(1) 55%	(3) 54%
Cost of general liability insurance	49%	3	(3) 48%	(3) 50%	(2) 58%
Access to credit/liquidity problems	44%	4	(6) 38%	(3) 50%	(4) 50%
Government regulations, fines and violations	44%	4	(8) 31%	(7) 39%	(5) 49%
Finding/hiring reliable,	44%	4			



qualified workers			–	(5) 43%	–
Traffic/transportation problems	42%	5	(4) 46%	–	–
Cost of real estate	38%	8	(7) 35%	(5) 43%	(6) 48%
Affordable housing for employees	35%	9	–	(6) 41%	(4) 50%
Corporate taxes	34%	10	–	(8) 30%	–
Other (please specify): <i>Increased government regulation; government fines and violations are interfering with my existing business, draining much needed time and money, and preventing me from expansion – the DOB, ECB and the Mayor's Office of Special Enforcement are predatory on small businesses.</i>					

HEALTHCARE PROVIDERS

Cuts and Tax Increases to Brooklyn Healthcare Institutions – OPPOSE

Currently, the Governor’s proposed budget includes nearly \$1 billion in taxes and cuts on hospitals, nursing homes, and home care. Combined with almost \$4 billion in reductions to health care providers in the last two years, these additional taxes and cuts will cripple New York’s health care system, jeopardizing life-saving care for millions of vulnerable New Yorkers; especially the elderly, disabled, and children.

The healthcare industry is the largest employer in Brooklyn. These additional taxes and cuts, particularly those outlined below, will lead to a reduction in health care jobs, hinder the economic recovery of our borough and have a negative impact on services.

1. **Increase in Gross Receipts Tax (GRT) from .375 to .75%:** The GRT places a 0.75% tax on all gross revenue while not helping institutions to provide better services.
2. **Elimination of the 2010 Trend Factor for Medicaid:** The trend factor is intended to increase Medicaid rates for inflation.
3. **Reduction in the Bad Debt and Charity Care (BDCC) Pools by 20%.** BDCC partially reimburses hospitals for the delivery of charity care and uncollected debt. Safety net hospitals serve a disproportionate number of indigent patients. In a battered economy where healthcare costs can be crippling for those without resources, BDCC is critical.
4. **Increase in MTA Payroll Tax from 0.34% to 0.54%.** This payroll tax levied against non-profit businesses including hospitals is a further burden on our leading institutions.

The Brooklyn Chamber of Commerce urges the New York State Legislature to reject critical health care funding cuts and the imposition of new taxes on healthcare providers.



HEALTHCARE INSURANCE

Since 2004, Chamber Members have consistently cited the lack of affordable health insurance as one of the most important obstacles to their business growth. Rising premiums eat away at business margins, and some companies have been forced to drop coverage altogether. Businesses unable to provide health benefits find it more difficult to recruit and retain key employees; workers lacking access to health care are often less productive, which ultimately makes employers less competitive. Statewide, there are 2.5 million uninsured non-elderly residents; more than 50% are low-income workers at small businesses.

Increase Funding for Healthy NY/Brooklyn HealthWorks – SUPPORT

Under the stewardship of the New York State Insurance Department (NYSID), Healthy NY is an extremely flexible vehicle, which currently insures approximately 160,000 State residents. Healthy NY offers uninsured small businesses the most affordable alternative available and provides a way to tailor products based on business needs. Brooklyn HealthWorks, the Chamber's private-label Healthy NY product localized to meet the needs of small businesses in Brooklyn, requires adequate funding to meet future program demands. Since the State began providing funding for Brooklyn HealthWorks in October 2007, the Chamber has more than quadrupled the number of small businesses enrolled in the program—from 123 to nearly 550 small businesses in every corner and legislative district of Brooklyn.

Because of consistent demand for Brooklyn HealthWorks, available State premium support for Brooklyn HealthWorks was exhausted as of November 2009. While the Chamber continues to enroll businesses in the program at the full Healthy NY rate, the number of new groups signing onto Brooklyn HealthWorks has slowed dramatically since the loss of premium support.

With the goal of enrolling an additional 500 businesses during the next two years, the Chamber seeks the following State support:

1. Increase Healthy NY funding from last year's budget allocation of \$161 million to \$188 million. The Executive Budget's funding for Healthy NY is flat for this fiscal year even though Healthy NY claims have already exhausted the full \$161 million budget allocation from last year. Without an increase in Healthy NY funding, Brooklyn HealthWorks will be forced to close enrollment to new businesses altogether. In addition, statewide enrollment in Healthy NY will be forced to shut down by mid-2010.
2. Double the share of Healthy NY funding dedicated to Brooklyn HealthWorks and the upstate HealthWorks pilot (HealthCore), administered by the Syracuse Chamber of Commerce. Legislation (A.9138/S.6181) meeting this objective was introduced by the Brooklyn Delegation to the Assembly and Senate in September 2009.

This combined infusion of State resources will result in the Brooklyn Chamber enrolling a total of more than 1,000 small businesses and sole proprietors in Brooklyn HealthWorks by July 2012.

<p>The Chamber supports increasing annual Healthy NY funding to \$188 million and passage of (A.9138/S.6181) to allow the Chamber to enroll an additional 500 businesses in Brooklyn HealthWorks by July 2012.</p>
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Increase Health Insurance Premium Taxes – OPPOSE

Many of the State’s health reform efforts, enacted as part of the Health Care Reform Act (HCRA) in 2000, have been funded by taxes placed upon health insurance premiums. Prior to last year, even the Chamber’s signature health insurance program, Brooklyn HealthWorks, was funded by HCRA funds. For the first time in the program’s history, Brooklyn HealthWorks and Healthy NY will be funded solely by insurance premium taxes based on the number of Healthy NY/ Brooklyn HealthWorks individuals and employees an insurance carrier has enrolled. Health insurance premium taxes have increased steadily over the past several years and have contributed to the rising cost of health insurance premiums as insurance carriers pass along these new taxes to individual and small business health insurance consumers. While businesses in Brooklyn have benefited from State premium support for Brooklyn HealthWorks, it is counter-productive to increasingly rely on funding for this and other programs by increasing health insurance premium taxes and passing them along to small businesses and ultimately to employees in the form of flattened or reduced wages. In order to moderate future increases to health insurance premiums, the Brooklyn Chamber opposes all new insurance premium taxes.

The Chamber opposes health insurance taxes and fees that make premiums for small businesses and workers more expensive and less affordable.

Reinstate Prior Approval of Health Insurance Premiums – SUPPORT

For far too many years, small businesses have experienced double-digit rate increases in their health insurance premiums. Under current “file and use” regulations, neither they nor the New York State Insurance Department (NYSID) can effectively question the basis for these increases. The Brooklyn Chamber supports the reinstatement of NYSID’s authority to regulate health insurance premiums by reviewing large proposed premium increases prior to their implementation. To ensure rates are released in a timely manner, the Chamber also supports a “trigger” mechanism that effectively deems proposed rates as approved if NYSID does not release them to consumers within 45-60 days of their implementation.

The Chamber supports sensible regulatory checks and balances that help to keep health insurance premium increases at a manageable level for employers and workers.

Allow New York’s Mandate Review Commission to Become Operational – SUPPORT

State mandated health services and benefits increasingly drive up the cost of health insurance premiums for individuals and small businesses—forcing some employers to shift the costs of mandates to their workers or drop coverage altogether. In 2007, the New York State Health Care Quality and Cost Containment Commission was created to analyze the impact that proposed health insurance mandates will have on health insurance costs and quality. A mechanism supported for years by The Business Council of New York State and others, a mandate review commission will foster an objective cost-benefit analysis of all proposed mandates before they are acted upon by the Legislature. To date, however, the composition of the body is incomplete and is not functioning.

The Chamber supports allowing New York’s Mandate Review Commission to become operational.



UTILITIES

Authorize Localities to Increase Gross Receipts Taxes on Utilities – OPPOSE

Over the last four years utility costs have ranked in the top three obstacles to growth among Brooklyn Chamber of Commerce Members. With this in mind, we strongly oppose Governor Paterson's proposal that would authorize localities to increase the Gross Receipts Tax (GRT) by 2%. This tax would increase utility taxes by about 200% across the State with consumers carrying the load with no improvement in their services as utilities gain no benefits from the increase. New Yorkers already pay taxes of an estimated 27% on their electric bills, nearly 28% on their natural gas, and as much as 17% on their telephone bills. This proposal is another deleterious tax that will hurt the most vulnerable New Yorkers (seniors, low-income workers and the unemployed). Further, it will create yet another burden for the businesses the government hopes will create and preserve jobs. The State economy will not grow without attracting, retaining and expanding businesses. The imposition of this tax will only prolong – or in the worse case – prevent our climb out of the fiscal morass we currently face.

The Brooklyn Chamber of Commerce cannot support a bill that increases costs but not quality of services. We urge legislators to reject this tax increase tax.

Extension of the Power for Jobs Program – SUPPORT

The Power for Jobs Program provides discounted electricity or energy rebates to businesses and non-profit organizations throughout the State that pledge to produce and sustain jobs within New York. The program, which includes energy audits, has helped participants access low-cost energy at a time when controlling costs is crucial. Equally as important, Power for Jobs creates and maintains jobs. Some 330,000 jobs are supported by the program.

The Brooklyn Chamber of Commerce urges the legislature to extend this program that supports both employers and employees.

Investments in Infrastructure – SUPPORT

New York State's aging energy infrastructure requires solid investment. Our State ultimately will lose more money maintaining the current system than it would reap in benefits if investments to upgrade this aging system were made. New technology is being developed and the federal government is emphasizing sustainability and preservation. The time to make these investments is now.

The Brooklyn Chamber urges legislators to make investments ensuring utilities can meet growing customer demand and accommodate emerging alternative technology to ensure savings to businesses, residents and the State government.

WORKFORCE DEVELOPMENT/ JOB CREATION

Reduction in TANF Programs – OPPOSE

The Brooklyn Chamber of Commerce opposes budget cuts that directly impact businesses such as those to the Temporary Assistance for Needy Families (TANF) Wage Subsidy program as well as the



Summer Youth Employment Program (SYEP). For small businesses, any source of immediate cash payment, such as a wage subsidy program, can be put to work more immediately than a tax credit. In addition, programs such as these have proven to be a critical source of labor and wage assistance to encourage employers to add jobs. In the case of SYEP, the program is providing a key source of labor AND a critical connection to the workplace for youth.

The Chamber opposes this reduction to this job creation investment.

Paid Leave Mandates for Small Business – OPPOSE

The Chamber and its Members oppose any unfunded mandates that force businesses to provide paid benefits to employees including paid leave. Businesses, especially small businesses, are already overburdened by costs including taxes, insurance and basic utilities – with even more increases being proposed. Any additional impediments, especially now during this unprecedented economic downturn, would take away the competitive advantage of existing businesses and deter new businesses from choosing New York State.

The Chamber would support proposals that would have the government and employees partner with businesses to share the cost of these initiatives.

EXCELSIOR Jobs Program – AMEND

While the Governor’s proposed Excelsior Jobs Program does have promising aspects, the program is lacking several key mechanisms to increase business attraction to New York State and, consequently, increase jobs:

1. **Ad Hoc Decision Making Mechanism:** As currently proposed, the program’s Executive Officer has complete authority to distribute program credits. This approach leaves the Legislature open to criticism and potentially could create the appearance of a lack of fairness. More importantly, this approach leaves applicants – potential investors in our economy – with too much uncertainty. Companies that have moved forward with planning may be turned down and, conversely, those unwilling to wait will turn to our competitors.
2. **Does Not Embrace Small- and Medium Sized Businesses:** The current proposal requires a company to create and retain at least 50 new jobs to receive the benefit from the program. Since 90% of Brooklyn businesses historically employ 20 people or less, this leaves many potential businesses unable to qualify. The reality is most Brooklyn companies, and indeed thousands throughout the State, will be disaffected because they are unable to hire at this rate.

The Brooklyn Chamber recommends the Legislature fully consider the impact of this program as currently proposed. It alienates thousands of businesses with the potential to create and retains jobs and boost the State’s tax base.



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