

Senate Select Committee on Budget and Tax Reform

Chair: Senator Liz Krueger

Members: Neil Breslin, Kenneth LaValle, Kevin Parker, Bill Perkins, Michael Ranzenhofer

NOTICE OF PUBLIC HEARING

**SUBJECT:** Weighing the fairness of the Corporate Franchise Tax and the effectiveness of its tax expenditures.

For years, New York State has taken a shoot-at-the-hip approach toward economic development with regard to its employment of tax benefits. Their aim has been questionable. Their results, hit or miss. Despite recording \$3.13 billion in Corporate Franchise Tax expenditures in 2005 for economic development purposes, the state's return on investment was marginal. Between 2004 and 2007, New York's private sector grew by 3.6 percent while the U.S. average was 5.6 percent. Since the state entered a recession in March 2008, it has lost over 124,100 private sector jobs — almost a third of 391,400 jobs it gained during the 55-month recovery from the previous economic downturn. New York now faces the dilemma of declining tax revenues and a heightened need to spur job growth, making it important for the state to more strategically employ its tax benefits. Given this predicament, the Select Committee will review New York's Corporate Franchise Tax (Article 9-A of the Tax Law) with an emphasis on the effectiveness of its various tax benefits and whether they create inequities in the state's business environment.

**ROCHESTER**

**Thursday, April 30<sup>th</sup>**

**12:30 p.m.**

**Monroe County Office Building, Room 407**

**39 West Main Street**

**Rochester, NY**

Testimony should relate to proposals to modify New York State's business taxes. Among the questions that testimony should address are:

- Are the tax benefits associated with the Corporate Franchise Tax doing what they promised to do: creating jobs, promoting economic development and providing the state with an adequate return on investment?
- Are there certain tax benefits provided for larger corporations that small businesses cannot take advantage of or have difficulty receiving? How can a better balance between small and large businesses be achieved?
- How should the Corporate Franchise Tax's expenditures be structured to better balance the needs of New York's agriculture, retail and manufacturing sectors?

- What is the best way to use tax benefits to revitalize upstate urban areas?
- What provisions in the Empire Zone program should be preserved, scrapped or replaced to better achieve its missions of job creation and economic development?
- What tax benefits should be added to or enhanced in the Corporate Franchise Tax to give New York an edge in attracting business investment?
- Is the Corporate Franchise Tax's four-way structure, which computes tax liability under four alternative bases, too complex or unfair for certain businesses?
- Are businesses paying a reasonable share of the overall New York State tax burden? How would changing the balance between business taxes and other parts of the tax structure effect the stability of the state's revenue system and impact economic development?

The Select Committee welcomes all written testimony. The number of witnesses giving oral testimony will be limited by time constraints.

Oral testimony will be limited to ten (10) minutes per witness. The public hearing is expected to run from 12:30 p.m. to 5:30 p.m. Persons intending to testify at the public hearing should e-mail a copy of their written testimony to [budgetandtaxreform@senate.state.ny.us](mailto:budgetandtaxreform@senate.state.ny.us) four days prior to the event or bring twelve (12) extra copies of the written testimony to be distributed to Select Committee members and other senators.

Persons wishing to present pertinent testimony to the Select Committee at the above hearing should complete and return the enclosed reply form as soon as possible. It is important that the reply form be fully completed and returned so that persons may be notified in the event of an emergency postponement or cancellation.

In preparing the order of witnesses, the Select Committee will attempt to accommodate individual requests to speak at particular times in view of special circumstances. These requirements should be made on the attached reply form or communicated to Select Committee staff as early as possible.

In order to meet the needs of those who may have a disability, the Senate, in accordance with its policy of non-discrimination on the basis of disability, has made its facilities and services available to all individuals with disabilities. For individuals with disabilities, accommodations will be provided, upon reasonable request, to afford such individuals access and admission to Senate facilities and activities.

PUBLIC HEARING REPLY FORM

Persons invited to present testimony at the public hearing on creating a more rational and fiscally sound tax policy for New York State are requested to complete this reply form as soon as possible and return it by mail, fax, or email to:

James Schlett  
Select Committee Administrator  
Room 609 – LOB  
Albany, NY 12247  
(518) 455-2293  
(518) 426-6874 (fax)  
[schlett@senaet.state.ny.us](mailto:schlett@senaet.state.ny.us)

\_\_\_\_\_ I plan to attend the public hearing to be conducted by the Senate Select Committee on Budget and Tax Reform on April 30, 2009.

\_\_\_\_\_ I plan to make a public statement at the hearing. My statement will be limited to 10 minutes, and I will answer any questions that may arise.

\_\_\_\_\_ I do not plan to attend the Select Committee public hearing.

\_\_\_\_\_ I would like to be added to the Select Committee mailing list for all notices and reports.

PERSONAL INFORMATION

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

ORGANIZATION: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_