

# Punishing Street: a Pyrrhic victory

BY KENNETH ADAMS

**B**ASHING WALL STREET has become an obsession of many New York legislators. While they may score some political points, they risk doing great harm to our most important industry. Indeed, members of the New York state Legislature have introduced no fewer than 91 bills and resolutions this session aimed at punishing Wall Street.

The members of the Assembly and the Senate are pursuing everything from direct business income taxes and "excessive bonus" tax surcharges to regulations that restrict or add costs to specific financial-services activities—and more. Before state lawmakers rush to punish this sector, they should consider that more than 1.5 million New Yorkers depend on the financial services field for their jobs. Beyond the direct employment provided by financial firms, many professionals, real estate offices, restaurants, and hospitality and tourism enterprises rely on the dollars that this sector and its workers spend throughout our city and state. It is alarming that so few elected officials seem concerned that these new tax and regulatory schemes would inflict a major blow to New York's primary industry and thus to the state's recovery and its economic future. One would be hard-pressed to imagine Michigan lawmakers bashing the auto industry with equal

zeal. In most states, lawmakers seek to nurture their core industry.

In 2008, the financial services sector contributed \$187 billion to New York's gross state product: more than 16% of the total. The sector, the largest driver of economic output in the state, directly employed more than half a million New Yorkers that year.

Talk about the proverbial goose that lays the golden eggs: The financial services sector pays nearly \$13 billion annually in New York state taxes and at least \$5.5 billion in New York City levies. Now hardly seems to be an appropriate time to sharpen the ax.

Albany punishes banks and insurance companies at our collective peril. Legislators should pause to consider how many jobs throughout the city and state are at stake before pursuing their many tax and regulatory proposals. It would seem prudent to put these plans on hold until financial services reform is resolved in Washington and we have had time to fully understand its implications for our leading industry and the future of our state.

*Kenneth Adams is president and chief executive of the Business Council of New York State Inc.*

