

“JUMP-START NEW YORK”

A Plan for Economic Recovery



“JUMP-START NEW YORK”


A Plan for Economic Recovery

The COVID-19 pandemic has hit New York State harder than anywhere in the world. With more than 1.1 million confirmed cases and nearly 32,000 COVID-related deaths, the pandemic continues to threaten lives, cause widespread business closures and layoffs—particularly in the small-business sector—and has forced the State economy into a downward spiral.

Recovery from this pandemic will take a years-long concerted, collaborative effort from every level of government. These are uncertain and unprecedented times, but the Assembly Republican Conference is committed to finding solutions to these challenges and determined to come out stronger and more resilient on the other side.

All one has to do is look around to realize communities and small businesses are in desperate need of help. In fact, a recent report indicates a staggering 28 percent of the State’s small businesses have not opened their doors since January of this year. Storefronts are shuttering and restaurants are closing. The very fabric of our communities is changing.

Many of these businesses faced an unfriendly tax and regulatory climate even prior to the effects of COVID-19.



Fact: CNBC ranks New York 27th in their Top States for Business rankings. The State ranked highly in the categories of access to capital (2nd), technology and innovation (4th), and education (7th), but the overall ranking is dragged down by the high cost of doing business (42nd), the high cost of living (48th), and a lack of business friendliness (49th).

Fact: New York ranks 48th, according to the Tax Foundation’s State Business Tax Climate Index. Factors contributing to this ranking include low scores for Individual Taxes, Sales and Excise Taxes, Property and Wealth Taxes, and Unemployment Insurance Taxes.

Earlier this year, we devised a plan to assist New York’s working men and women, small businesses, and job creators. The need was great then and it’s even greater now. We have revisited our “Jump-Start New York” initiative, which serves as a blueprint for short- and long-term economic relief for the State’s small businesses, in an effort to make it more robust and inclusive for those it seeks to help.

There is no question that the scale and severity of our current fiscal condition is dire, and business owners are feeling tremendous pressure.

To New York State’s business owners and employees, we are here to ensure our job-creators return to an improved business climate. With the help of federal and state partners, “Jump-Start New York” offers a path to financial relief and protections for small businesses and their employees, and a brighter future for New Yorkers.

Restoring Legislative Authority

- 1 Advocate for passage of A.10546 (of 2020)** to limit the Governor’s expanded powers and increase local authority during future emergencies.
 - Removes the Governor’s authority to issue directives.
 - Requires Executive Orders to be done on county by county basis.
 - Requires the Legislature to authorize, by concurrent resolution, an extension of an Executive Order issued beyond an initial period of 45 days.
 - Allows chief executives of a county, or mayor of NYC, to request the termination of an Executive Order.
 - Creates a judicial review process for every person, entity, or business that feels their rights were violated by an Executive Order.

- 2 Establish the Joint Senate/Assembly Emergency Operations Committee** that would be activated immediately upon a disaster or emergency declaration by the Governor. Made up of the four legislative leaders, and one additional appointee by each, the Governor would immediately be required to submit periodic (at least monthly) updates on any and all spending increases, delays, and/or reductions related to the emergency, notify the Committee when issuing Executive Orders and include a plain-language description of an Order’s impact, notify the Committee when suspending regulations and rules. The Committee would also immediately assume investigatory powers on actions taken by the Executive. After 45 days, the Committee would assume equal decision-making powers with the Governor, including, but not limited to, approving or denying disbursements related to the emergency, approving/denying any Executive Order issued by the Governor, approving or denying regulatory/statutory suspensions, making recommendations to the Governor and Legislature on actions to address the emergency, and creating a plan for ending the emergency over a specified time period.

Economic Recovery Plan


- 1 **Reevaluate non-essential businesses in Red and Orange Zones** that could remain open and maintain proper social distancing practices immediately. Many big box stores that have multiple marketing aspects (grocery, hardware, gardening, household products, appliances, etc.) are considered to be essential and have been given preferential treatment compared to small specialty stores that offer similar or comparable single markets and have been deemed non-essential. A list of these best practices and a comprehensive list of all essential businesses should be posted on all major agency sites providing assistance to businesses and employees.



Fact: According to a recent survey by the National Federation of Independent Business (NFIB), 22% of small business owners anticipate that they will be able to operate no longer than 7-12 months under current economic conditions.

- 2 **Extend and/or waive State regulations** that have been enacted by Executive Orders during the declared State of Emergency for an additional year or permanently to help bridge the rebuilding of the economy once the emergency period has been lifted. Examples include:
 - Allowing retail on-premises licensees to sell alcohol for off-premises consumption with take-out or delivery orders;
 - Allowing additional telehealth provider and other types of practitioners to deliver service;
 - Allowing for utilizing audio-video technology for notary services;
 - Allowing individuals and businesses licensed by the Department of State to extend the expiration of their license;
 - Allowing manufacturers, retailers, installers, and mechanics currently certified to continue to renew their license if continuing education requirements cannot be met; and
 - Waiving the earnings limitations for retired public retirees returning to work.
- 3 **Suspend fees for occupational licenses** for one year following the end of the emergency period. Also, promote greater interstate reciprocity for licensed professionals, including licenses veterans may have received while in the military, or deregulating occupations such as interior designers and outdoor guides.


- 4 Implement the “NY Business Emergency Relief Act of 2021”** to direct all unallocated settlement funds (currently \$1.49 billion) and any further settlement money to business relief purposes.
- Sets forth the “Restart NY Grant Relief Program” to businesses deemed non-essential by Executive Order.
 - Directs NYS Urban Development Corp (UDC) to provide grants equal to the likely net income lost as a result of non-essential business status during an Executive-mandated shutdown or closure.
 - Applications would be established by UDC and require applicants to provide relevant income loss information.
 - Authorizes the Executive to repurpose all monies of the NYS Urban Development Corp, Environmental Facilities Corp, Dormitory Authority, and NYSERDA, as well as other State resources and federal relief aid provided to the State as needed to fund the Restart NY Grant Relief Program.

 **Fact: According to the NFIB, after using the PPP loan, 19% of borrowers anticipate having to lay off employees in the next six months, about the same as one month ago. If eligible, 44% of small business owners would apply or re-apply for second PPP loan.**

- 5 Utilize Regional Economic Development Councils for Disaster Recovery** instead of general economic development purposes. The regional councils could be essential in our efforts to identify regional needs to reboot the local economy, as needs will vary throughout the State. Consolidation Funding Applications (CFA) should be used to help funnel State money for immediate relief and long-term recovery efforts at the local level.
- 6 Repurpose and utilize capital programs** to jump-start the economy. When State capital funding becomes available it should be repurposed to rebuild NY’s economy. The funding that could be repurposed for this stimulus includes: State and Municipal Facilities, NYS Special Infrastructure, REDCs, NY Works Economic Development Fund, and START-UP-NY benefits.
- 7 Implement a 180-day “regulatory amnesty” period** to allow small businesses to remedy rules or regulations violations without being subjected to fines or penalties.
- 8 Establish the Division of Regulatory Review & Economic Growth (DRREG. A.4112 of 2020)** to establish a framework to reduce regulatory burdens on businesses. DRREG would:
- Review and make recommendations for the elimination of burdensome State agency rules, regulatory processes, and permit requirements affecting local governments, school districts, or businesses.
 - Establish an 800 hotline and website to assist businesses and for the public to report regulatory burdens and excessive fines and to submit requests for regulatory review.
 - Review every proposed State agency rule and either approve or reject such rule.

 **Fact: According to the 2020 Thumbtack Small Business Friendliness Survey – NY got a grade of “D” for its lack of support for small businesses during COVID-19.**

- 9 **Provide a tax credit to landlords** for any loss of rental income due to any actions taken to suspend rent as a result of COVID-19 (A.10396 of 2020).

 **Fact: Property owners who rely on rental income to make mortgage payments, maintain and renovate properties, or for living expenses have experienced a significant loss of income. This legislation is necessary to provide relief to those taxpayers to ensure that they, as well as renters, are held harmless from the loss of income resulting from the State’s restrictions that were implemented for the purpose of slowing the spread of COVID-19.**

- 10 **Allow nursing home residents to designate an essential person** who would be permitted to be present and provide aid at a nursing home (A.10966 of 2020).

- 11 **Expand Eligibility for the Film Tax Credit for Business Relief** to non-essential businesses and sole proprietors. Any unallocated credits under this program during the COVID-19 pandemic may be used to provide relief to businesses and sole proprietors deemed to be “non-essential” who have had to endure a significant period of lost income.

 **Fact: According to the Empire Center, New York State has spent roughly \$5 billion on film tax credits since 2003.**

- 12 **Exclude claims for unemployment insurance** from affecting employers’ experience rating as a result of the mandatory closure of businesses because of COVID-19 (A.10817 of 2020).

- 13 **Increase rural internet accessibility** to ensure equality in access to telehealth, remote learning, and work-from-home capabilities.

 **Fact: According to Real Clear Policy, in the United States, lack of broadband access is chiefly a rural problem. More than 31% of rural Americans don’t have access to high-speed internet, compared to only 4% of urban homes.**

- 14 **Support New York farmers and agricultural businesses** by loosening regulatory expenses and requirements, broadening eligibility standards for funding, and expanding markets to foster greater opportunities to move their products.

Fact: According to a survey conducted by the New York Farm Bureau, 65% of the State’s farms and agribusinesses have been negatively impacted financially by the COVID-19 pandemic. Specifically,

- 43% of farms have lost sales during the pandemic.
- More than a third of farms and agribusinesses (37%) are experiencing cash flow issues.
- 47% say they have reduced spending to local vendors and suppliers or will do so in the future.

- 15 **Increase the CHIPS competitive bid threshold** from \$350,000 to \$750,000. The enacted budget raised the bid threshold from \$250,000 to \$350,000, this proposal would increase the threshold to \$750,000. Municipalities would be permitted to perform such work either with the municipality’s workforce or by contract let by competitive bid. Also increase competitive bid thresholds for municipalities and school districts for one year.
- 16 **Minority and Women-Owned Business Enterprise (MWBE) reforms** to require contactors to hire MWBEs at a rate that correlates with the percentage in their economic development region (Similar to A.1237 of 2020).

Fact: In some regions of the State, there may be too few MWBEs with which to contract. Loosening the requirements would enable existing businesses in regions like the Southern Tier to be awarded contracts even though they may lack the 30% MWBE subcontracting requirement.



Fact: The utilization rate for New York State’s Minority- and Women-Owned Business Enterprises on state contracts increased to 29.51% during the 2019-20 Fiscal Year - representing \$3.14 billion in contracts.

- 17 **Create the New York State Volunteer Fire Protection Emergency Reimbursement Account** to reimburse volunteer fire companies, districts, departments, and EMS for expenses related to procurement of PPE and for lost revenues due to municipal budget cuts or restrictions on public fundraising events during the state of emergency declared by the Governor (A.10397 of 2020).
- 18 **Delay sales tax filing dates** 180 days for businesses that have been impact by Governor Cuomo’s COVID-19 restrictions.

Federal Actions to Jump-Start New York

- **30-Day Federal Stimulus Distribution**, federal money provided to businesses and individuals must be distributed within 30 days of any stimulus bill passage. It is important for these businesses and individuals to receive immediate cash needs to help maintain the economy during the emergency period.
 - ◆ Further, in order to bridge the gap between the declared emergency period and when the emergency period is deemed over, the federal government should extend the benefits provided for an additional year. This would allow non-essential businesses and the economy time to recover from the COVID-19 pandemic.
 - ◆ In addition, there should be increased transparency on when the State receives the funding, how it spends the funding, who is receiving the funding, and what other forms of federal aid the State is receiving (i.e. FEMA).
- **Direct Federal Stimulus Aid to Local Governments and School Districts**, future federal stimulus money should be provided directly to local governments and school districts for property tax relief and sales tax, to offset increased costs and loss of revenue associated with COVID-19.
- **Cap Unemployment Insurance Premiums**, the federal government should hold businesses harmless on any increases they must pay into the Unemployment Insurance system. It would be unfair for businesses to pay higher Unemployment Insurance premiums following the COVID-19 pandemic when many of these non-essential businesses were forced to close their doors, lay off employees, and receive no profits at this time. Once non-essential businesses are allowed to reopen, they may be more inclined to use their future profits to hire their employees back, if they did not have to worry about paying higher insurance rates in the future.

Fact: The Partnership for New York City estimates one-third of New York City small businesses will close before the pandemic passes and more than two in five vulnerable jobs in New York City are in small businesses with fewer than 100 employees.

Fact: Between March and September, the New York State Department of Labor has provided almost \$40 billion in unemployment benefits to more than 3.3 million New Yorkers, which according to DOL is over 18 years' worth of benefits in just over five months.

- **Expand the Zero-Percent Interest Rate to all Small Business Administration Loans**, similar to the Paycheck Protection Program (PPP) loans. All loans provided should be zero percent interest to the recipient with set interest paid by the federal government. A portion of the loan should be forgiven if 2019 employment levels are maintained.

- **Include Stimulus for Non-Essential Sole Proprietors and LLCs**, which provides relief to non-essential small businesses and LLCs that is similar in effect to unemployment benefits – a weekly payment to help offset lost income. This program would be targeted at those non-essential sole proprietorships and LLCs that are unable to seek relief under existing programs, such as loans through the Small Business Administration or unemployment.