

Groups Say Tax Free-NY is Bad Economic Development Policy, Bad Tax Policy and Bad for New York.

Urge Governor and Legislature To End This "Game of Zones"

ALBANY -- Community, student and labor groups gathered in Albany today to urge the Legislature to reject the Governor's ill-conceived Tax Free-NY proposal. The proposal would create designated Tax Free Zones around New York State in an attempt to spur economic job growth. The groups pointed out that designated tax free zones have been tried repeatedly over the past three decades by prior Administrations and have all failed. The groups debunked the claims that the program will cost nothing, is good for business and good for students.

According to Frank Mauro, Executive Director of The Fiscal Policy Institute, "By giving very favorable tax treatment to some business activities, the Tax-Free New York proposal is likely to reduce the market share of some existing New York businesses that do not receive this favored treatment. This, in turn, will reduce the profitability of those existing businesses and, thus, their tax liability. The favored businesses will not be paying taxes on their covered activities; and the negatively-affected existing businesses will be paying less because of diminished income or closure. This will mean some combination of tax increases and service cuts for other businesses and for residents resulting in a costly, downward spiral rather than a no-cost nirvana."

"Tax Free NY may make for a great sound bite but it is not sound policy. We only need to look back over the last 30 years to see that "designated tax free zones" have been repeatedly tried in the past and have not worked. Most recently we had the failed Empire Zone Program, prior to that Economic Development Zones and the Job Incentive Program. Empire Zone programs were ripe with waste, fraud and abuse and never created the jobs that were promised. Simply renaming the program and putting it on steroids will not change the outcome," said Ron Deutsch, Executive Director of New Yorkers for Fiscal Fairness. "The Governor needs to focus on smart economic development policy not driven by politics and stop playing this failed Game of Zones."

We think the Governor's proposal is not only bad public policy, but bad economic development policy. While good business groups, including the alliance here today have advocated for tax fairness, this scheme does nothing but expand the inequity for the average taxpayer. It is fundamentally unfair, undemocratic and would result in creating one more layer of corporate welfare in New York State," stated PEF President Susan M. Kent.

"When Poor and Working Class New Yorkers are struggling to attend SUNY schools because of rising tuition, I find it insulting that Governor Cuomo would propose a plan that gives tax breaks to wealthy corporations simply for their proximity to a SUNY campus. Almost every New Yorker lives within 30 miles of a SUNY campus, where is their relief? Cuomo has presided over a 30% tuition increase that taxes students and a sea of department cuts across SUNY that reduce the quality of education being offered in our state because campuses are forced to make choices that serve the neoliberal environment of austerity. It's time to support public institutions like SUNY, to support affordability and quality in our public higher education system. New Yorkers cannot afford more corporate tax breaks when the wealthy already don't pay their fair share," said Angelica Clarke, Save Our SUNY.

"As the union that represents Graduate Student Employees at SUNY we wholeheartedly disapprove of these measures. Not only does this plan evidence a near total ignorance of the real business of a university--which is the education of Students --it is also based on a race to the bottom logic that fails to account for the fact that the private sector cannot actually prop up the States economy with labs, gadgets, and fast food. Instead of these giveaways we would hope that the Governor would finally provide undergraduate instructors a living wage so that they could spend more money locally and give more much needed attention to their students," said James Searle, Business Agent, GSEU/CWA 1104

United University Professions (UUP) Albany Chapter President Bret Benjamin exclaimed that the Governor's proposal was infuriating. "Austerity budgets coupled with corporate welfare policies of this sort are plainly bad economic policy. The Governor and his staff know this as well as anyone. So we need to call out this tax free SUNY-zone proposal for exactly what it is: a continuation of Cuomo's effort to undermine the public educational mission of the SUNY system through its intensified privatization, and, more directly, an enormous give-back by Gov. Cuomo to his political benefactors."

"We all agree that New York need more jobs. However, decades of ever-growing giveaways of tax dollars and subsidies to politically connected firms has not worked, especially in upstate New York. Cuomo's new Tax Free New York proposal seems like a parody written for the LCA show, designed to generate laughs for its absurdity. A public jobs program such as FDR instituted during the Great Depression is the most cost-effective way to provide living wage jobs to New Yorkers," said Mark Dunlea, Executive Director of the Hunger Action Network of NYS.

Colin Donnaruma a Ph.D. candidate at SUNY-Albany and organizer with NY Students Rising slammed the Governor's proposal, noting that "at the same time students and their families are being asked to pay 30% more in tuition to attend under-funded SUNY campuses, the Governor is not only not asking corporations to share in the sacrifice, he is in fact giving them a massive government hand-out and saying that they have to contribute literally nothing. It is fundamentally incongruent and unjust."