



## Taxpayers to subsidize NY's higher minimum wage

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**The Associated Press**

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workers paid minimum wage when it rises to \$8.75 in 2015. When the minimum wage rises to \$9 in 2016, employers would be subsidized \$1.35 an hour for three years.

Mauro calculates the state will pay over \$2,800 a year to an employer beginning in 2016 for paying a teenager minimum wage. And although the measure would prohibit firing an adult solely to hire a teenager and collect a credit, Mauro and Dunlea said that would be hard to enforce.

But Cuomo said the credit was a compromise to raise the lowest wages for millions of New Yorkers.

"This budget balances the needs of families and workers who have waited far too long for a minimum wage hike with business owners looking to grow in this still fragile economy," said Cuomo spokesman Rich Azzopardi.

Scott Reif, spokesman for the Senate's Republican conference, which had opposed raising the minimum wage, said the group insisted upon certain provisions to protect the business community.

"If you are going to do a minimum wage, do it phased in over several years without indexing to inflation," Reif said. "This specific refundable tax credit was a compromise. We had suggested a (lower) teenager or youth wage, and this was the compromise."

Sen. Jeff Klein, who leads the Independent Democratic Conference that runs the Senate with Republicans, said the tax credit would be effective in helping small businesses hire at the minimum wage. He said a smaller program directed at inner cities has worked well.

ALBANY — A hike in New York's minimum wage is a big win for Democrats, but a provision buried inside the tentative state budget shows taxpayers will be paying much of the bill.

The "minimum wage reimbursement credit" is spelled out at the bottom of a revenue bill in the budget separate from the minimum wage measure. The credit would reimburse employers for part of the difference in wages from the current \$7.25 minimum wage as it rises to \$9 an hour by 2016.

Once it reaches \$9 an hour, employers would pay 40 cents and taxpayers \$1.35 of the extra \$1.75 an hour workers are paid.

Employers including big-box department stores and fast-food chains will get tax credits for seasonal employees, ages 16 to 19, who are still in school, which some advocates for low-income residents say will hurt adult workers.

The cost of the measure approved in closed-door negotiations between Gov. Andrew Cuomo and legislative leaders won't be known publicly until after the budget gets final legislative approval, which is expected by the end of this week. Early estimates are between \$20 million and \$40 million, with no cap on the total.

"You are kind of flying blind on this," said Frank Mauro of the progressive Fiscal Policy Institute.

Advocates for the working poor fear the credit will prompt employers to replace adults with students. Mauro said Tuesday the credit also would result in the first maximum wage for many employees because employers would lose the credit if they raise wages over the minimum wage.

The credit "flies in the face of sound tax policy, good labor market practice, or common sense," Mauro said.

The think tank said the credit would "dangle \$1,560 to \$2,808 out in front of employers for every adult worker they manage to substitute with a student."

"It's a big subsidy for the corporate low-wage economy," said Mark Dunlea of the Hunger Action Network advocacy group.

Employers would be compensated at a rate of 75 cents an hour per employee when the minimum wage rises to \$8 beginning next year, an election year. Employers would get \$1.31 an hour for workers paid minimum wage when it rises to \$8.75 in 2015. When the minimum wage rises to \$9 in 2016, employers would be subsidized \$1.35 an hour for three years.

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