

Climate Change

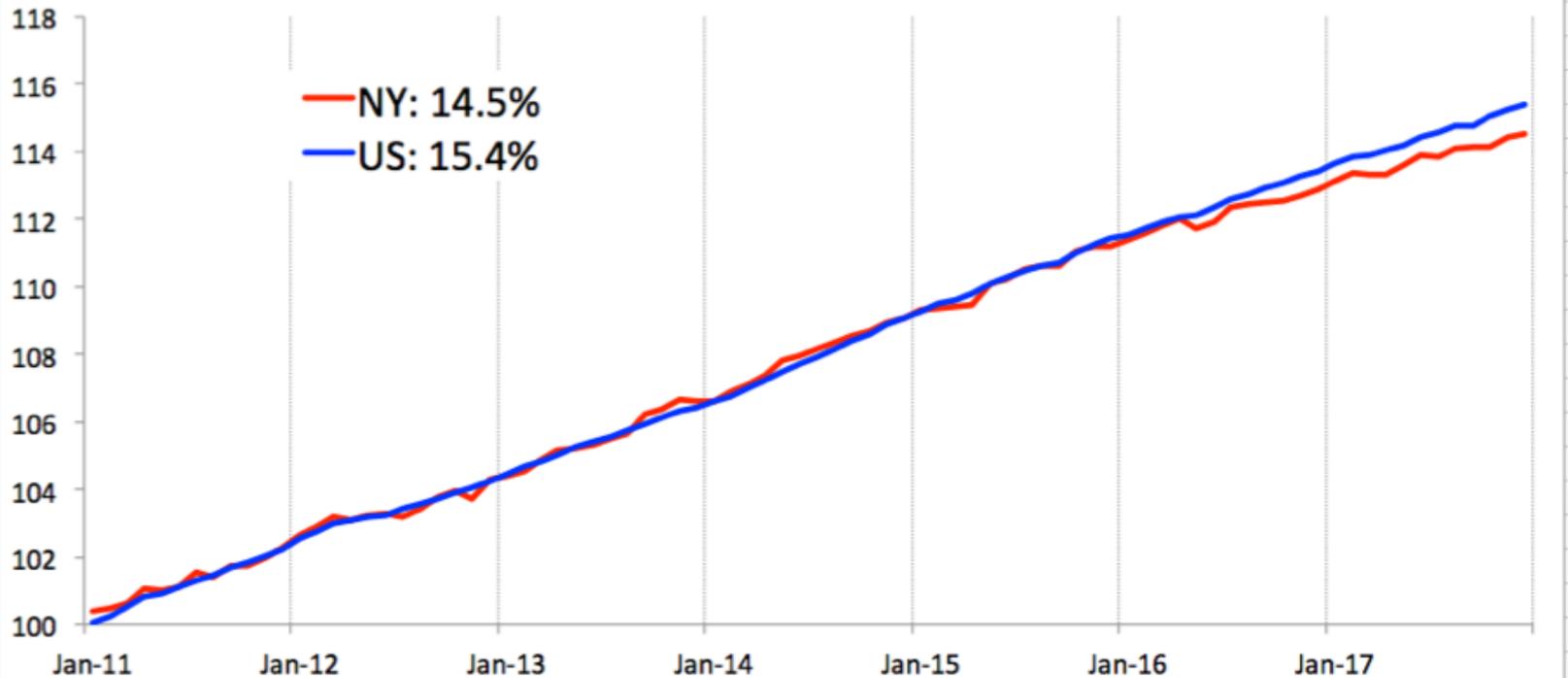
and why Greater Binghamton needs it

Presentation by E.J. McMahon
August 1, 2018

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Private Sector Employment Growth Since December 2010

Seasonally Adjusted, Index = 100



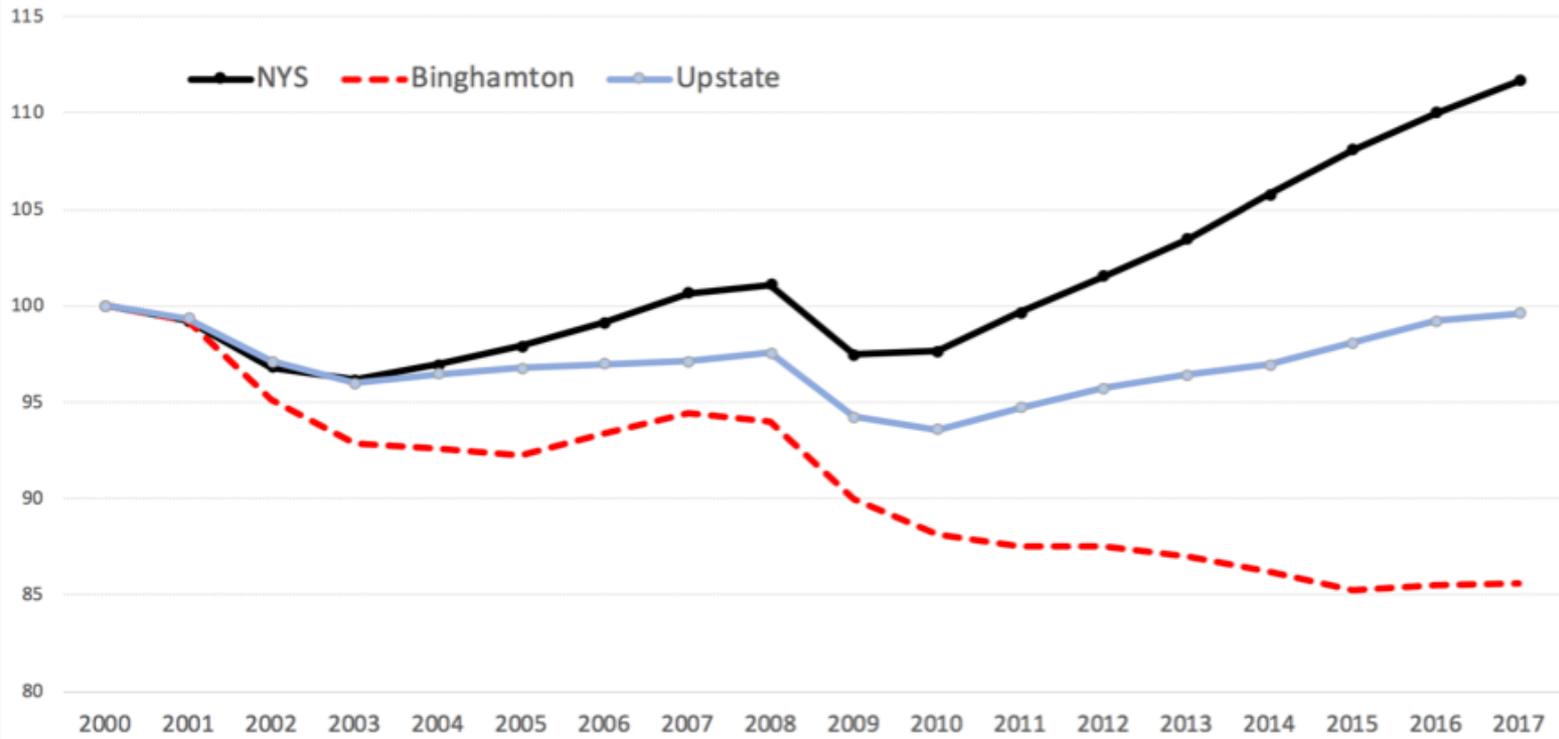
Source: US Bureau of Labor Statistics, NYSDOL March 2018 re-estimate

New York State has gained about 1 million private-sector jobs since Governor Cuomo took office, a growth rate of about 14.5% in seven years, and this has closely tracked the national trend.



Private Sector Employment Trends, 2000-2017

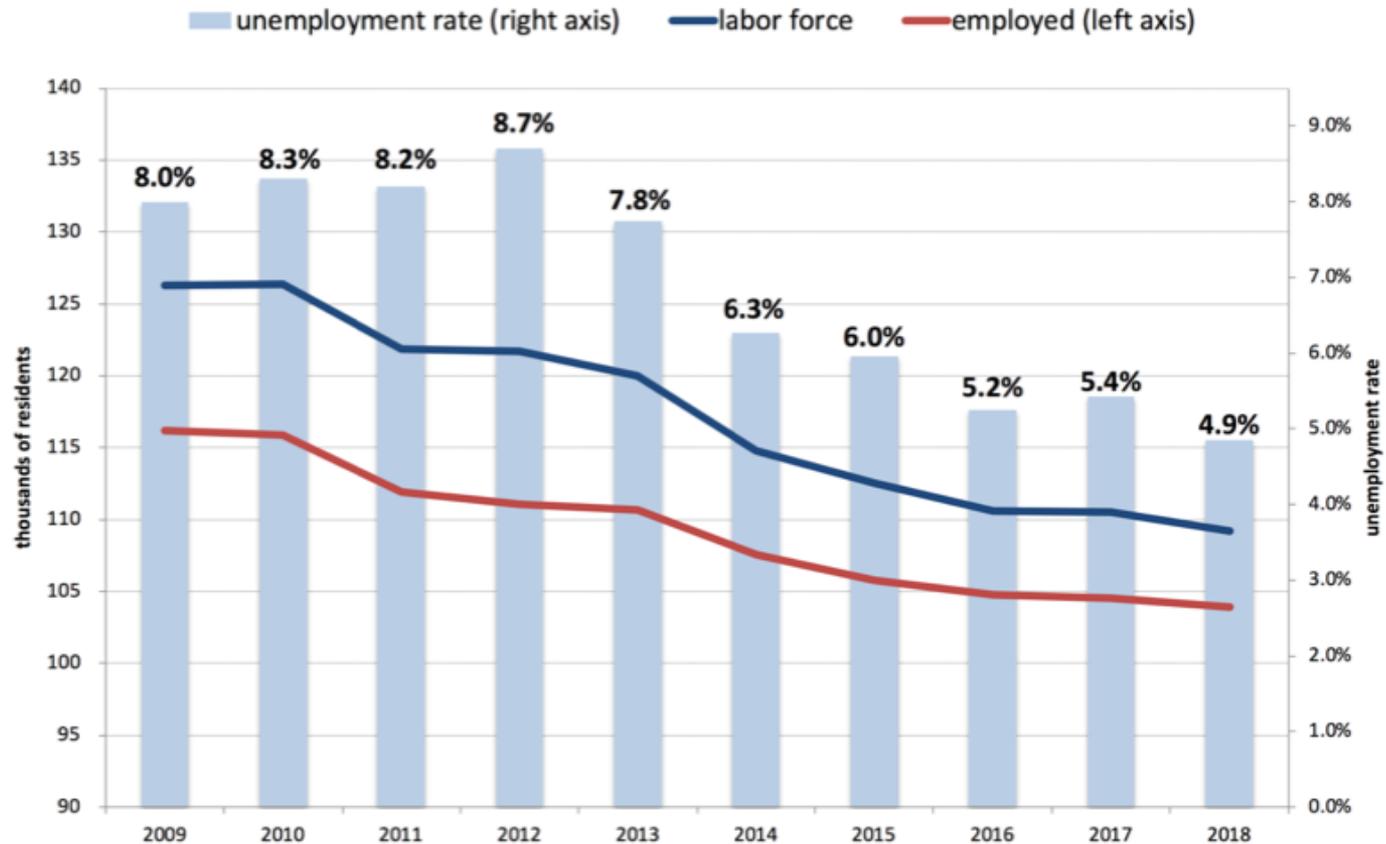
2000 = 100



Source: NYSDOL, annual data from Quarterly Census of Employment and Wages

Private employment in the Binghamton metro area has declined steadily since 2007 and as of 2017 was 14% **below** the 2000 level, a net decline of more than 13,000 jobs.

Resident Employment and Unemployment - Binghamton MSA*

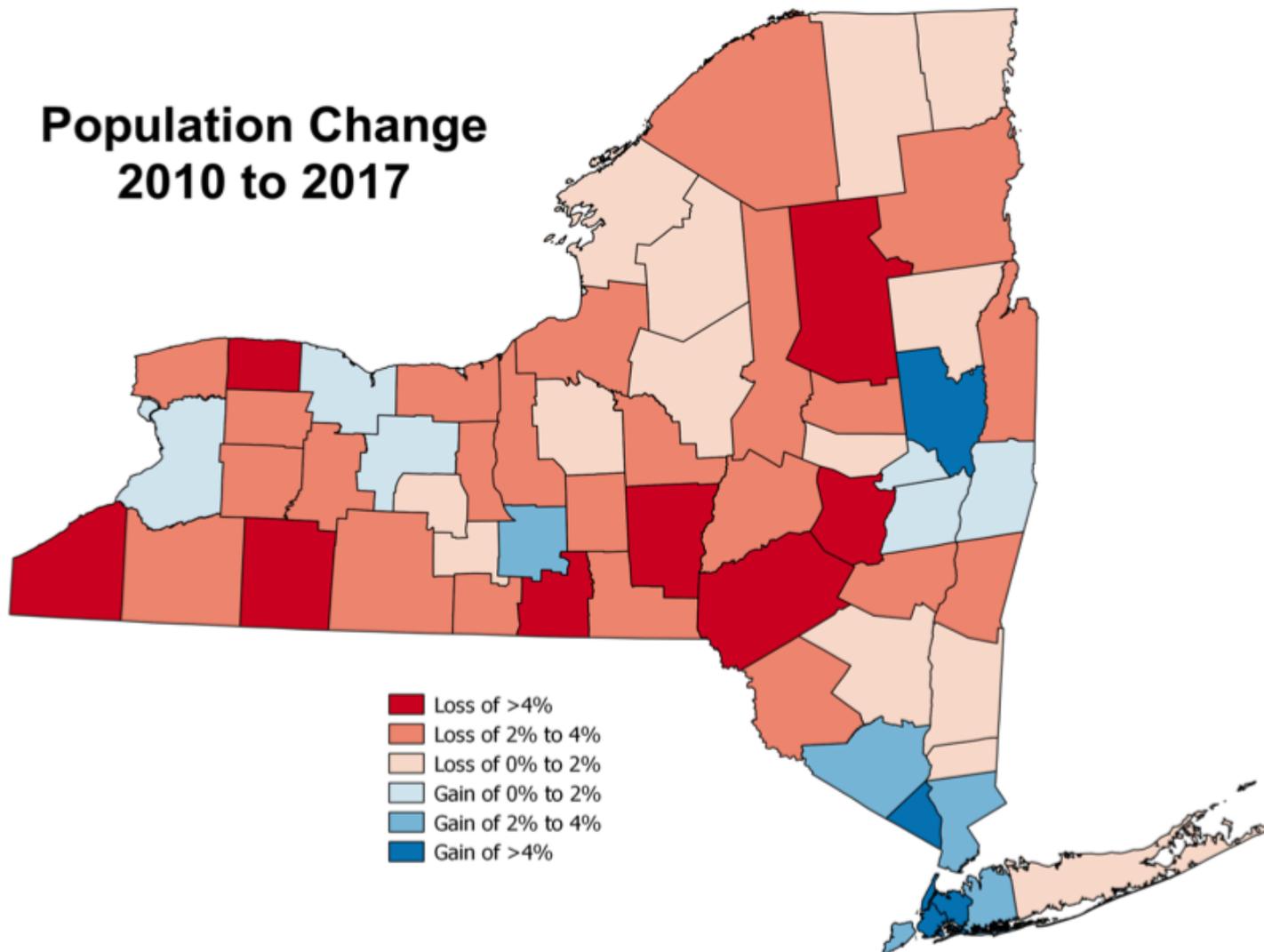


* Broome and Tioga counties

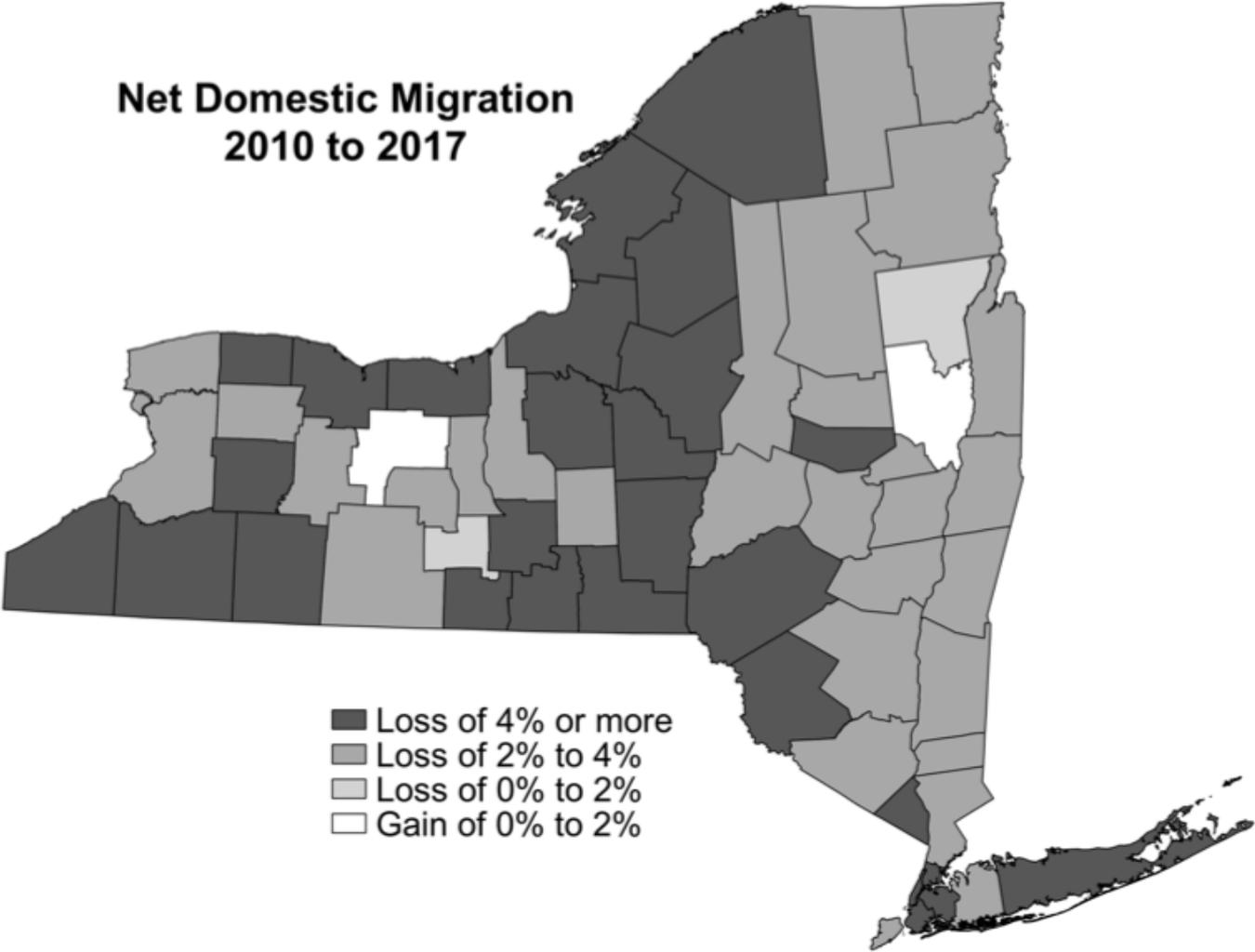
Source: New York State Department of Labor, June seasonally unadjusted numbers

The drop in the Binghamton's unemployment rate has been due entirely to a decline in the area's labor force. Resident employment has actually even as the rate was going down.

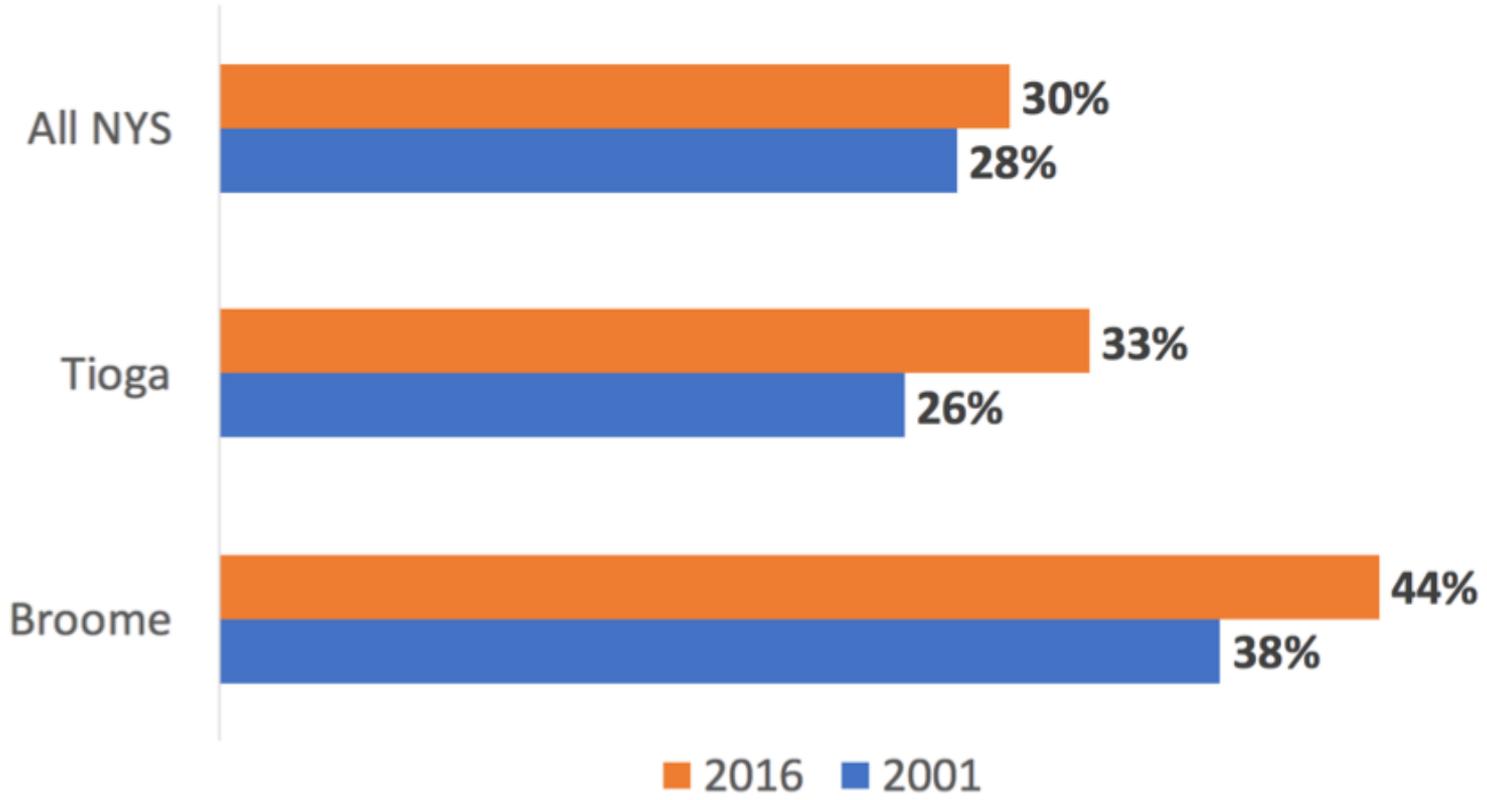
Population Change 2010 to 2017



Net Domestic Migration 2010 to 2017



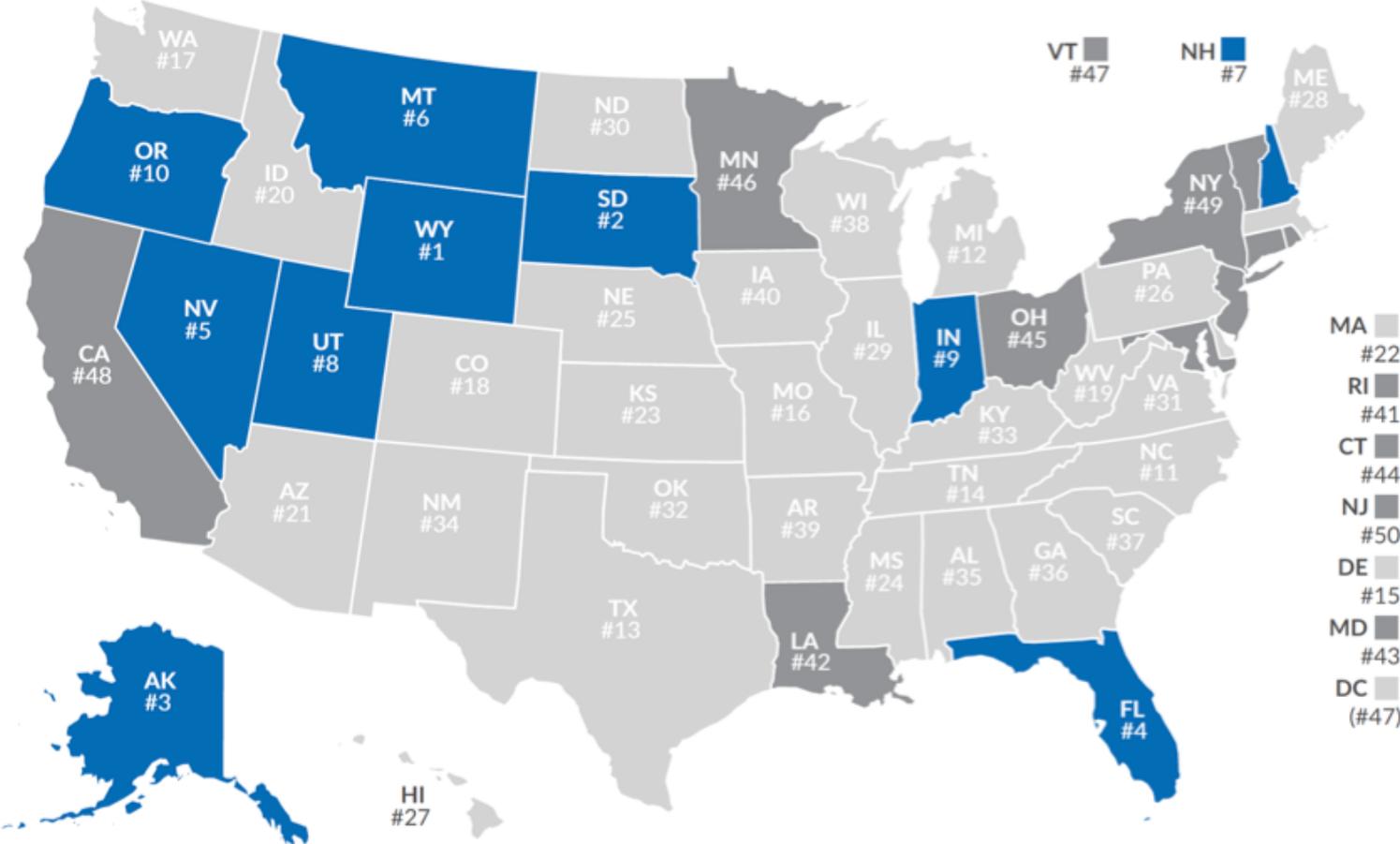
Transfer Payment & Government Wage Share of Personal Income



What you can change:

- Taxes
- Cost of government
 - Labor regs
 - Energy
- Development

2018 State Business Tax Climate Index



Note: A rank of 1 is best, 50 is worst. Rankings do not average to the total. States without a tax rank equally as 1. DC's score and rank do not affect other states. The report shows tax systems as of July 1, 2017 (the beginning of Fiscal Year 2018).

Source: Tax Foundation.

- 10 Best Business Tax Climates
- 10 Worst Business Tax Climates

2018 State Business Tax Climate Index

New York State Overall T.F. Index Rank: 49

Rank on T.F. Index Components:

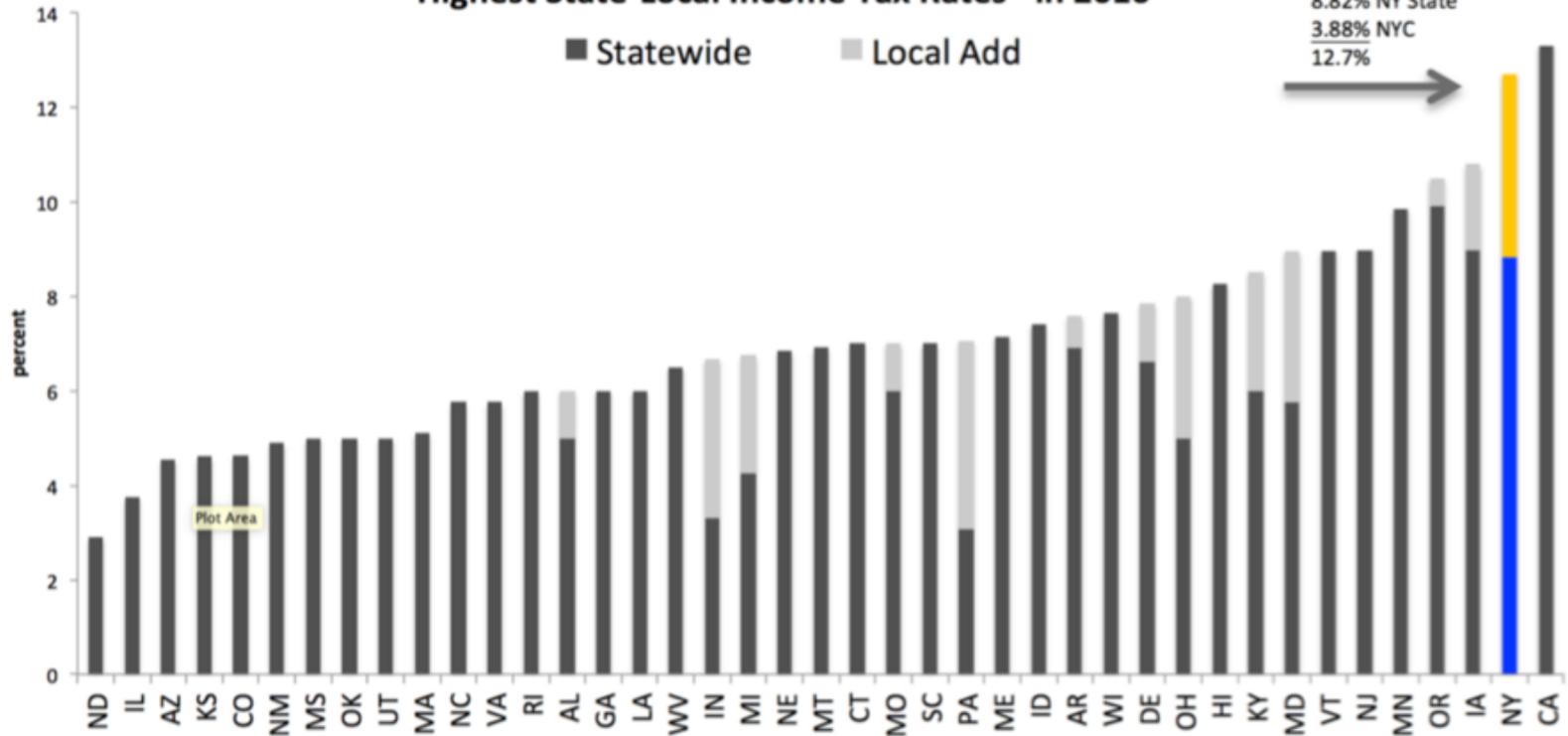
Individual Income Tax (33%)	49
Sales Tax (23%)	43
Corporate (20%)	7
Property Tax (15%)	47
Unemployment Insurance (10%)	30

Note: A rank of 1 is best, 50 is worst. Rankings do not average to the total. States without a tax rank equally as 1. DC's score and rank do not affect other states. The report shows tax systems as of July 1, 2017 (the beginning of Fiscal Year 2018).

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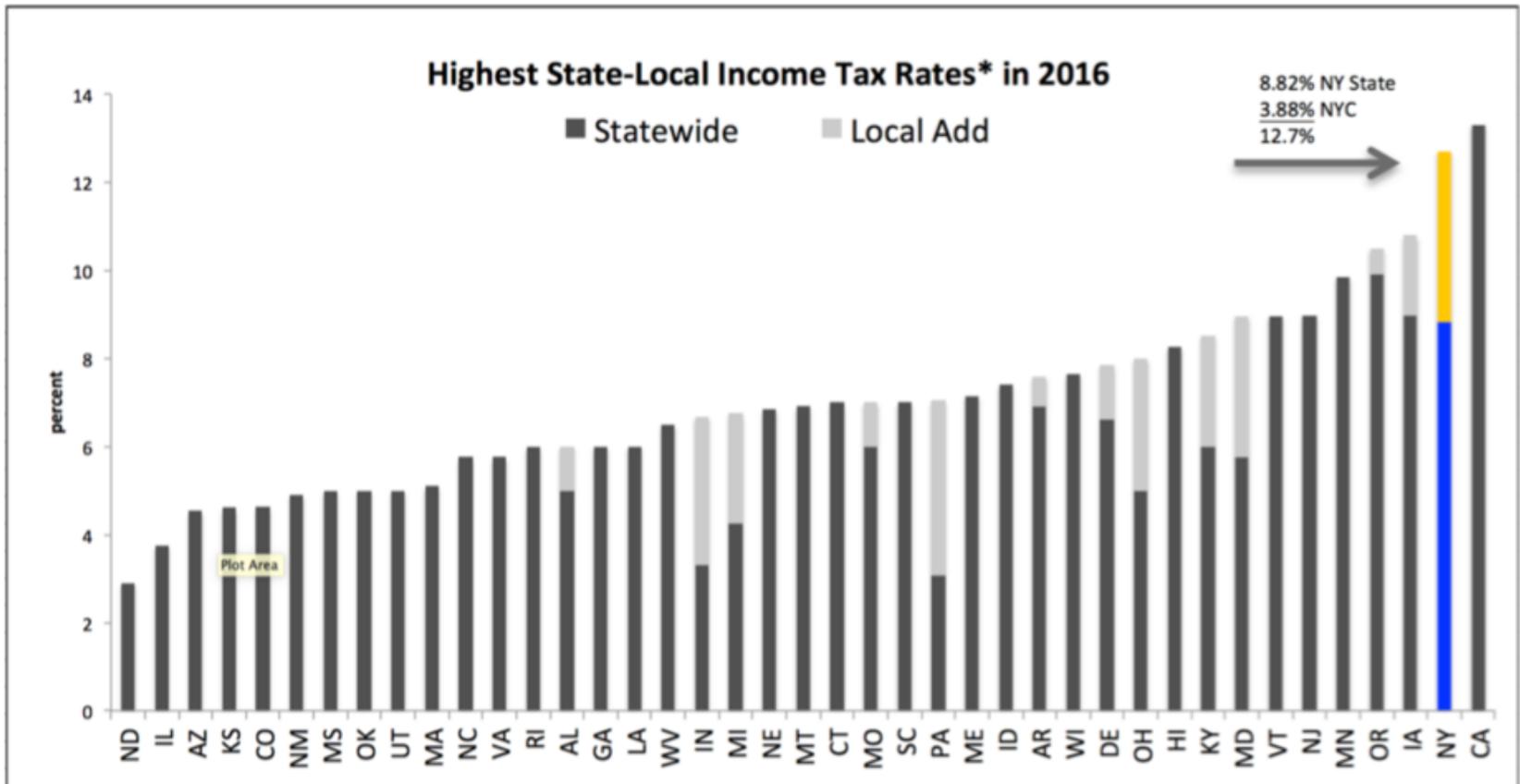


Highest State-Local Income Tax Rates* in 2016



* Tax on wages & salaries only; NH and TN tax interest and dividends only. CO, IL, IN, MA, MI, NC, PA and UT are flat rates; all other rates apply at varying income thresholds; NY statewide rate is flat rate on all taxable income for filers whose incomes start just above \$1 million. Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming have no income tax.

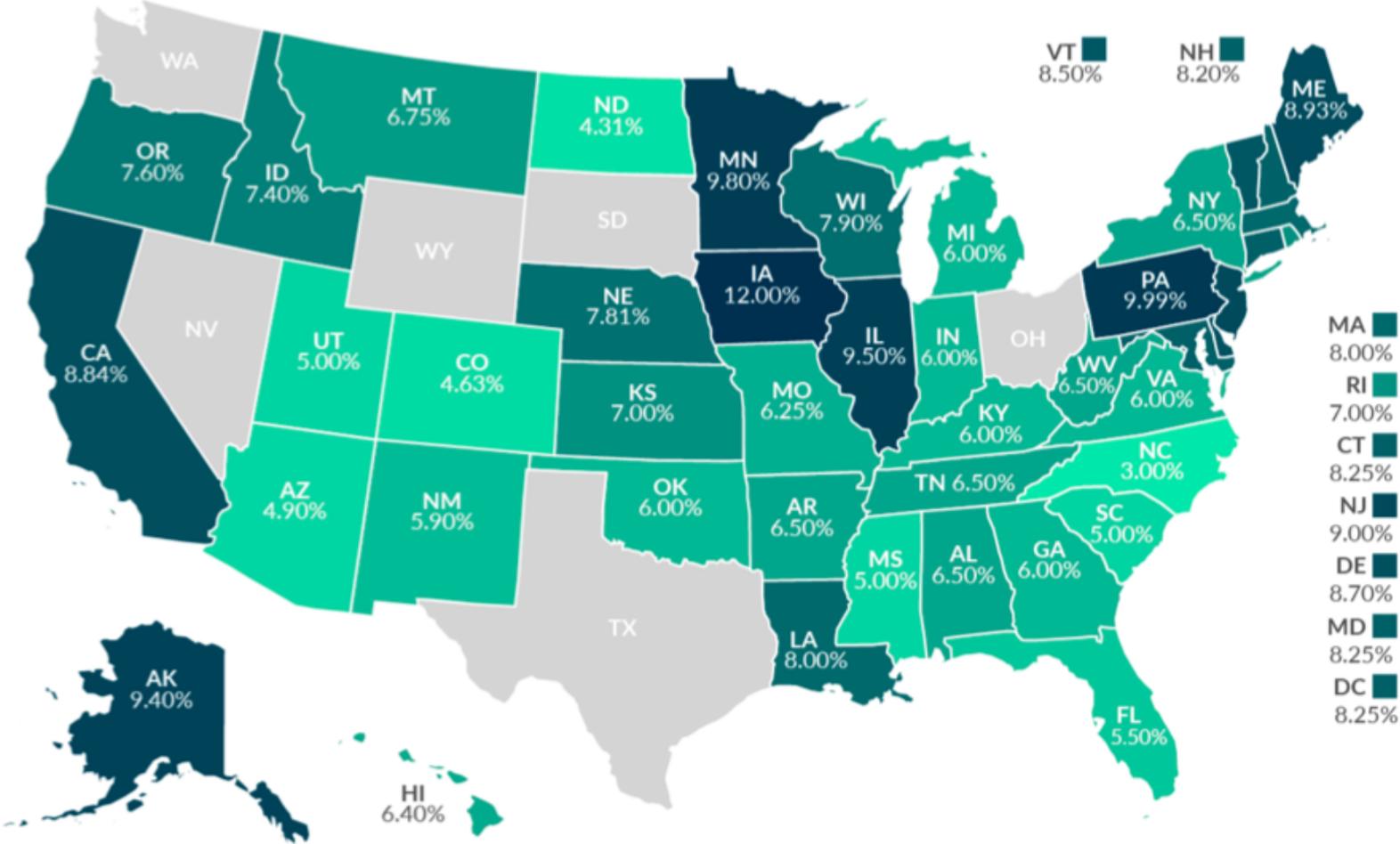
Source: Federation of Tax Administrators



NY’s temporary “millionaire tax” rate of 8.82% ranked 7th among all state rates—and 2nd among the 10 largest states that have an income tax. The NYC top rate of 12.7% is topped only by California’s 13.3 percent.

How High Are Corporate Income Tax Rates in Your State?

Top State Marginal Corporate Income Tax Rates in 2018



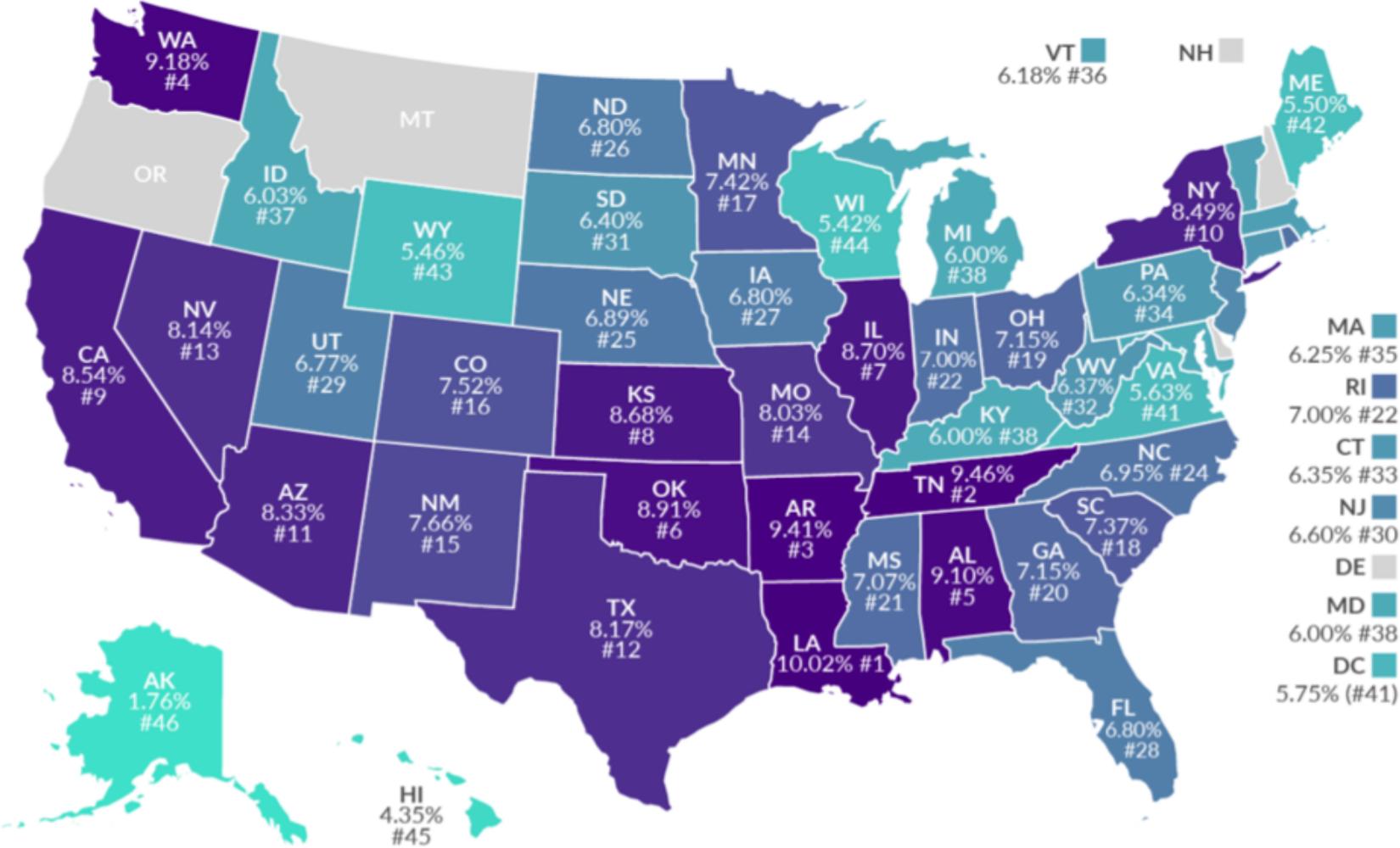
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How High Are Sales Taxes in Your State?

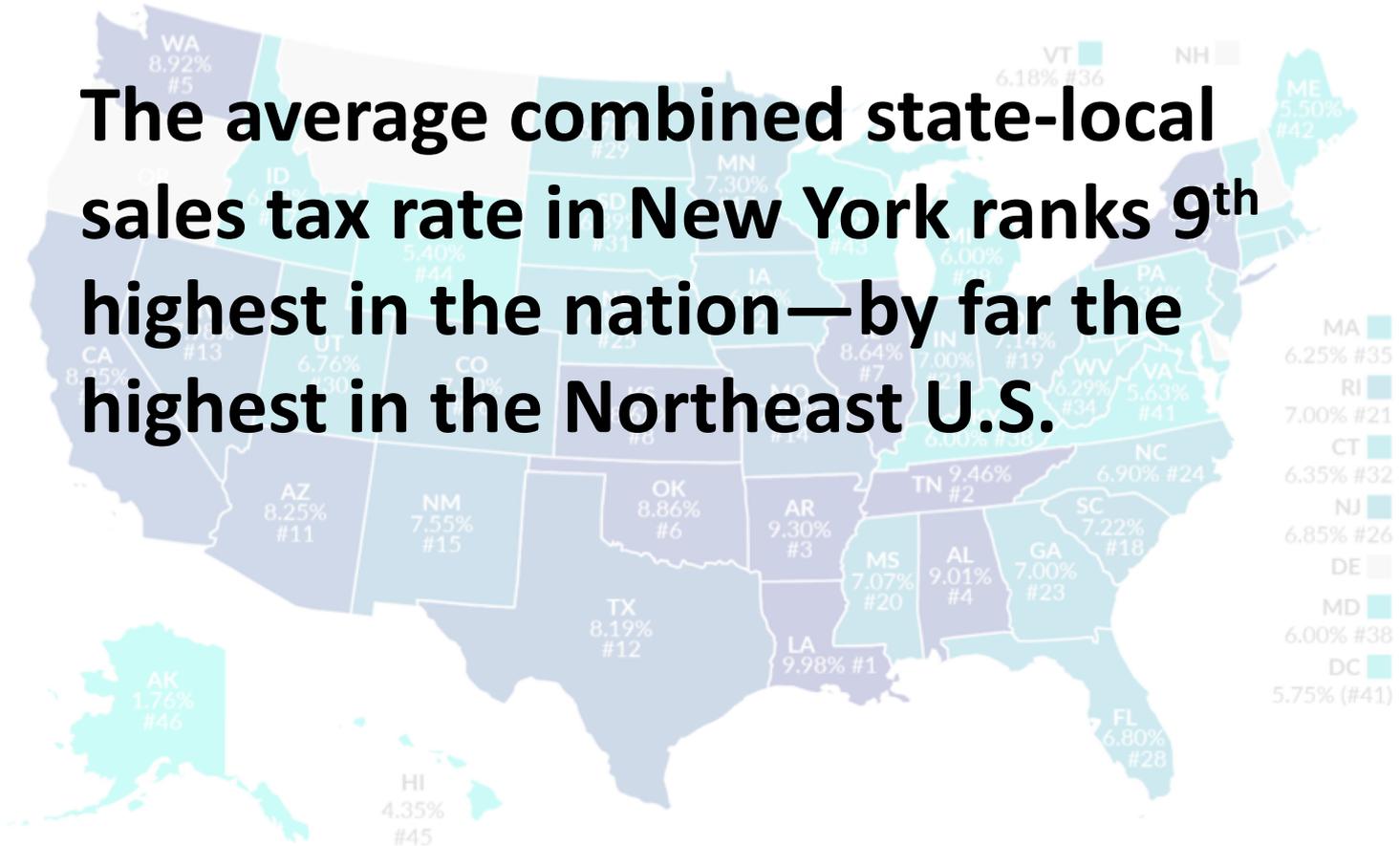
Combined State & Average Local Sales Tax Rates, Jan. 1 2018



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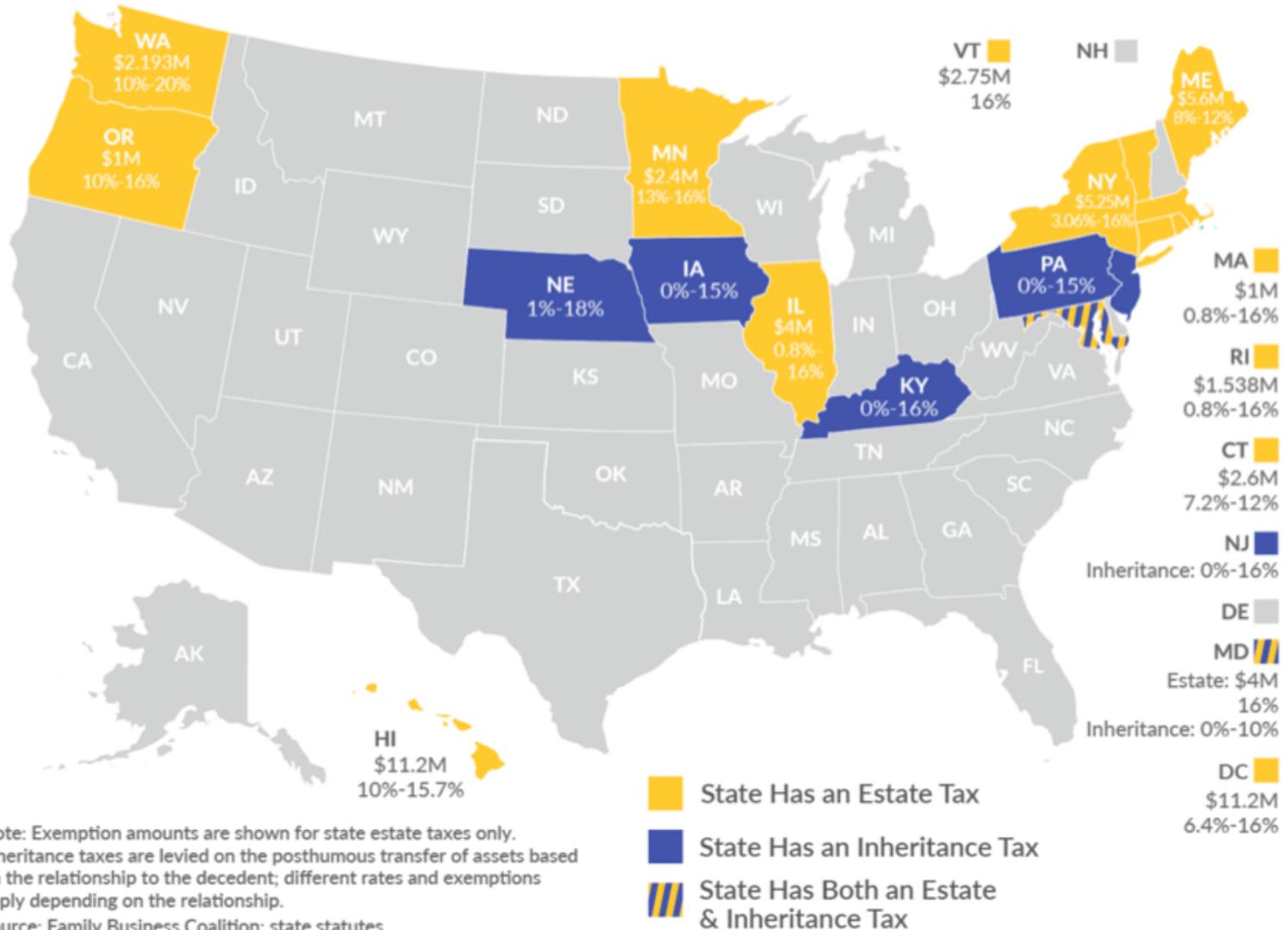
Combined State & Average Local Sales Tax Rates, Jan. 1 2017

The average combined state-local sales tax rate in New York ranks 9th highest in the nation—by far the highest in the Northeast U.S.



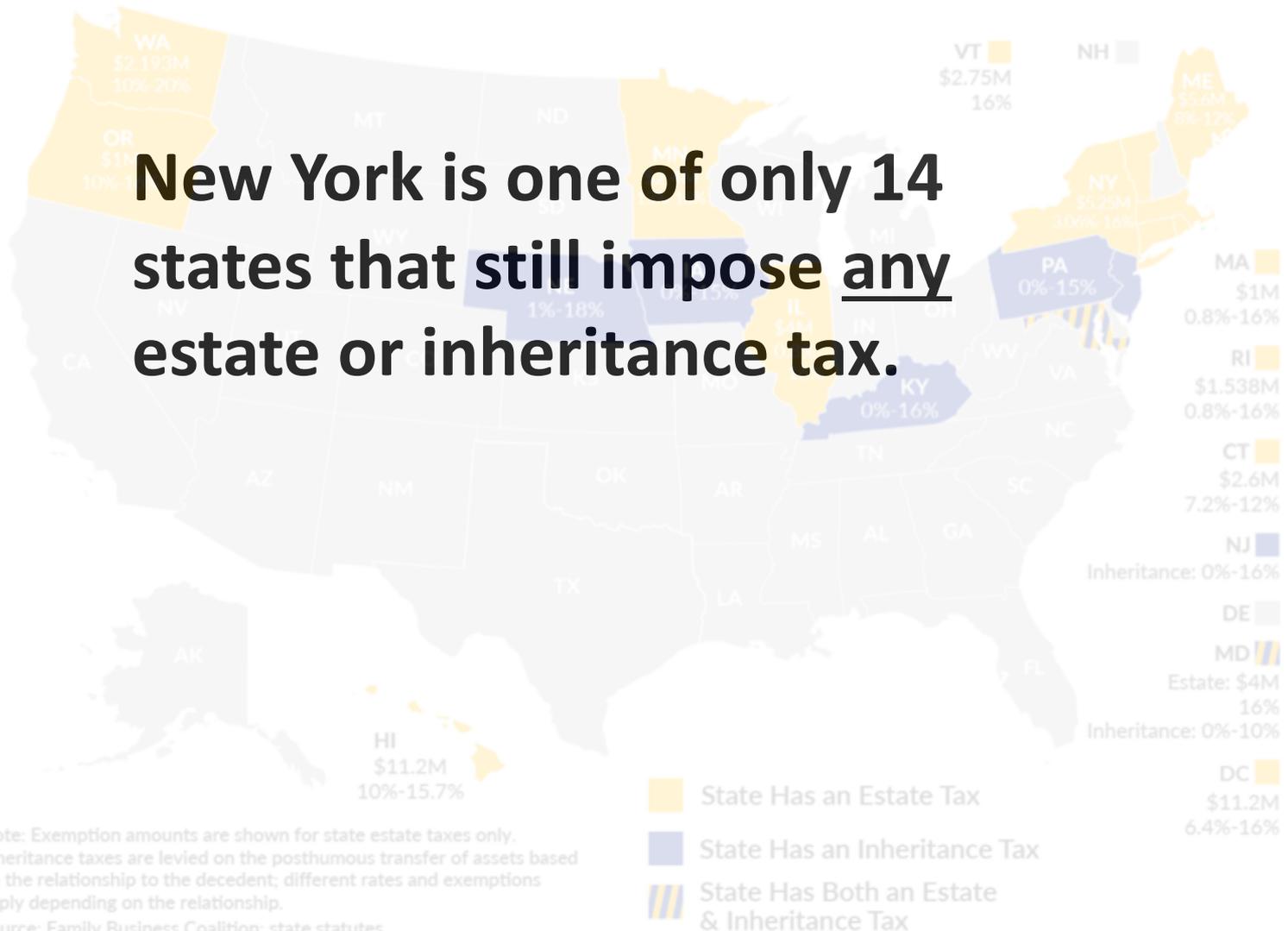
Does Your State Have An Estate or Inheritance Tax?

State Estate & Inheritance Tax Rates & Exemptions in 2018

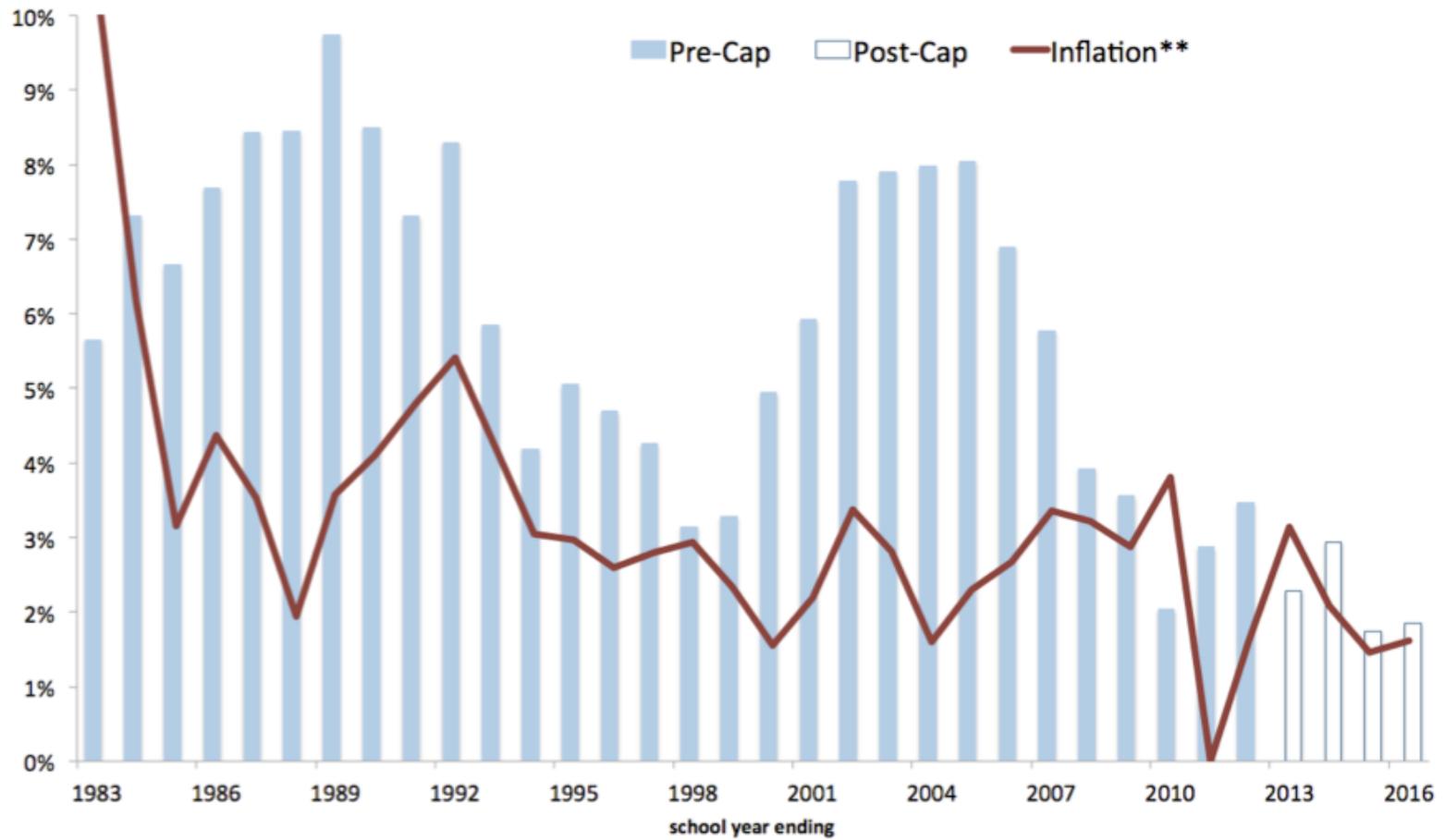


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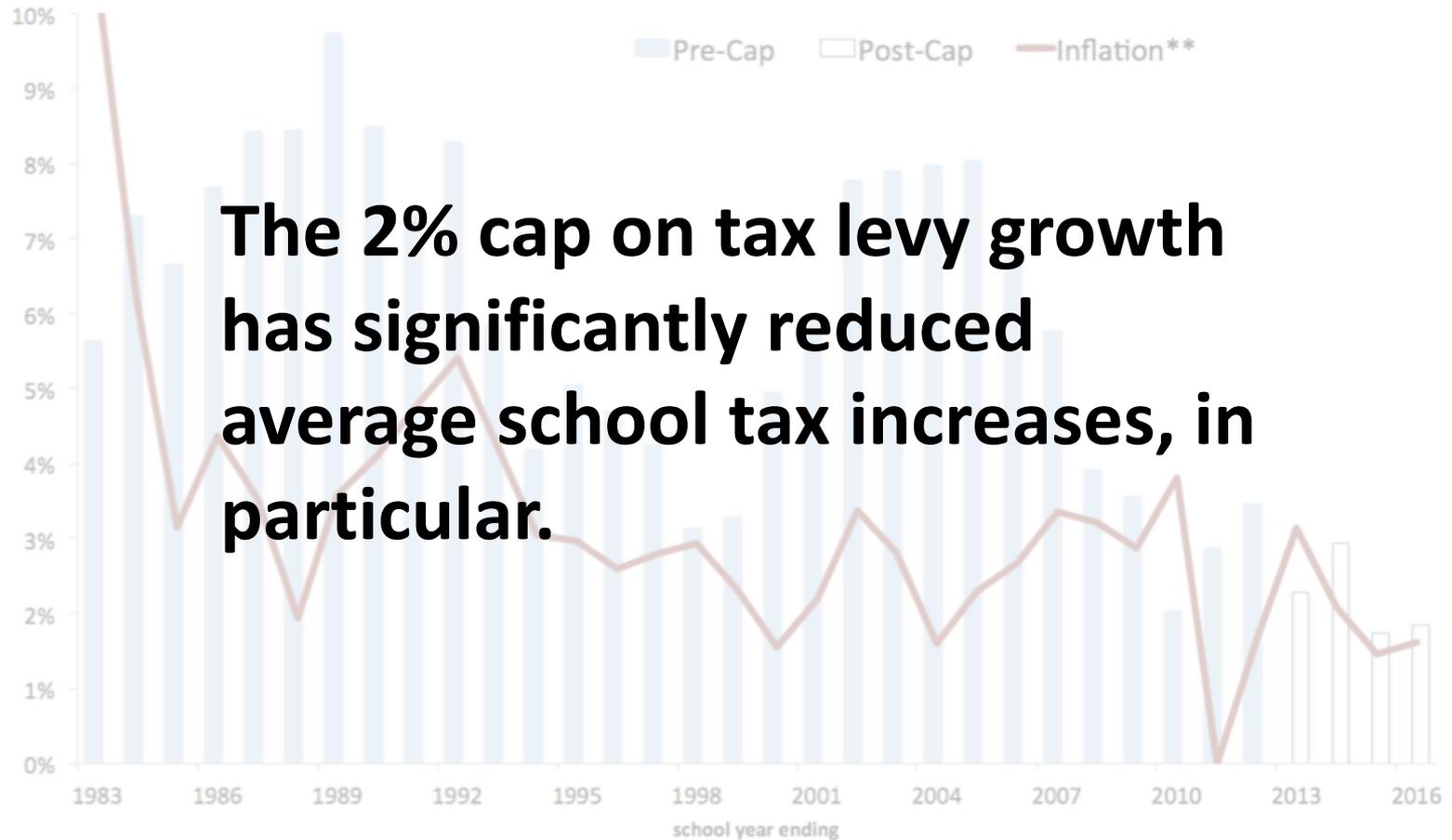
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Growth in NYS School Property Tax Levies, 1982-83 to 2015-16*



Growth in NYS School Property Tax Levies, 1982-83 to 2015-16*



The 2% cap on tax levy growth has significantly reduced average school tax increases, in particular.

New York Tax Priorities

- Sunset the “millionaire tax” on schedule at end of 2019.
- Make Property Tax Cap permanent
- Eliminate estate tax rate “cliff”
- Phase out remaining state estate tax
- Hold the line on everything else.

Controlling the Cost of Government

- Repeal the Triborough Amendment

A Teacher Climbs the Pay Scale*

(Assumes BA on Steps 1-2, MA on Steps 3-6, and MA+30 on Steps 7-11)

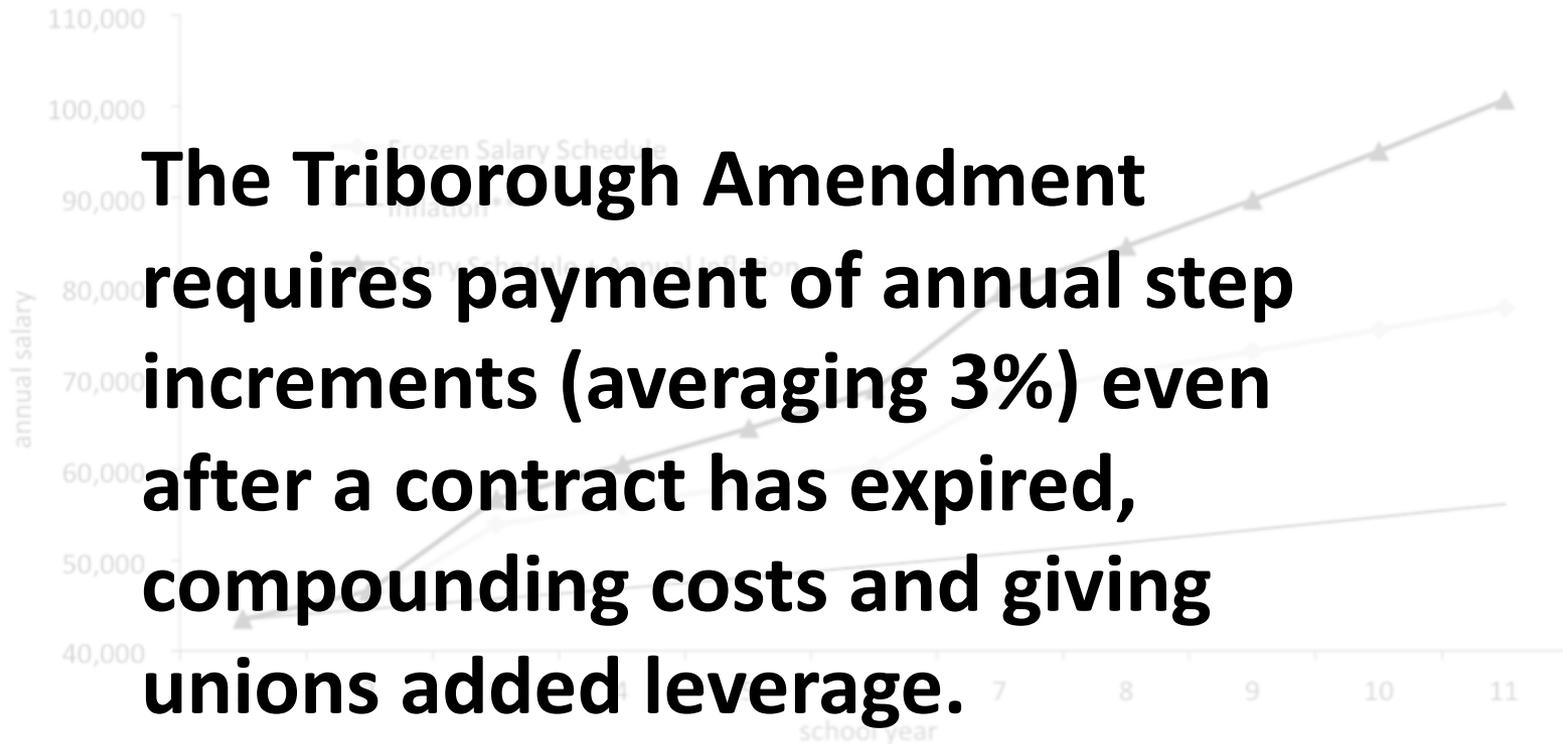


* Based on Suffolk County Salary Schedules at 50th Percentile ** 2.6%

Source: Calculations based on data from Nassau-Suffolk School Boards Association

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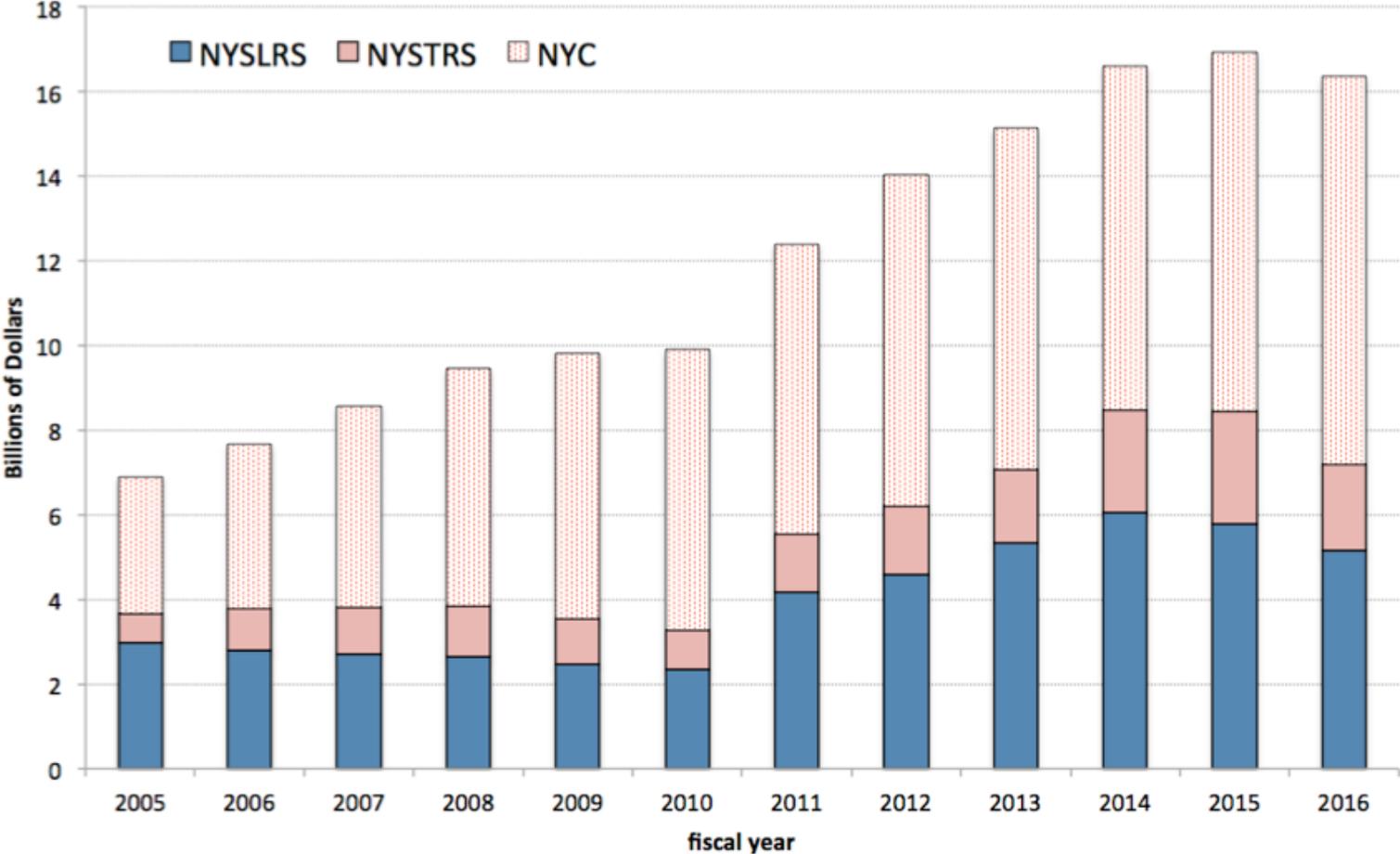
The Triborough Amendment requires payment of annual step increments (averaging 3%) even after a contract has expired, compounding costs and giving unions added leverage.

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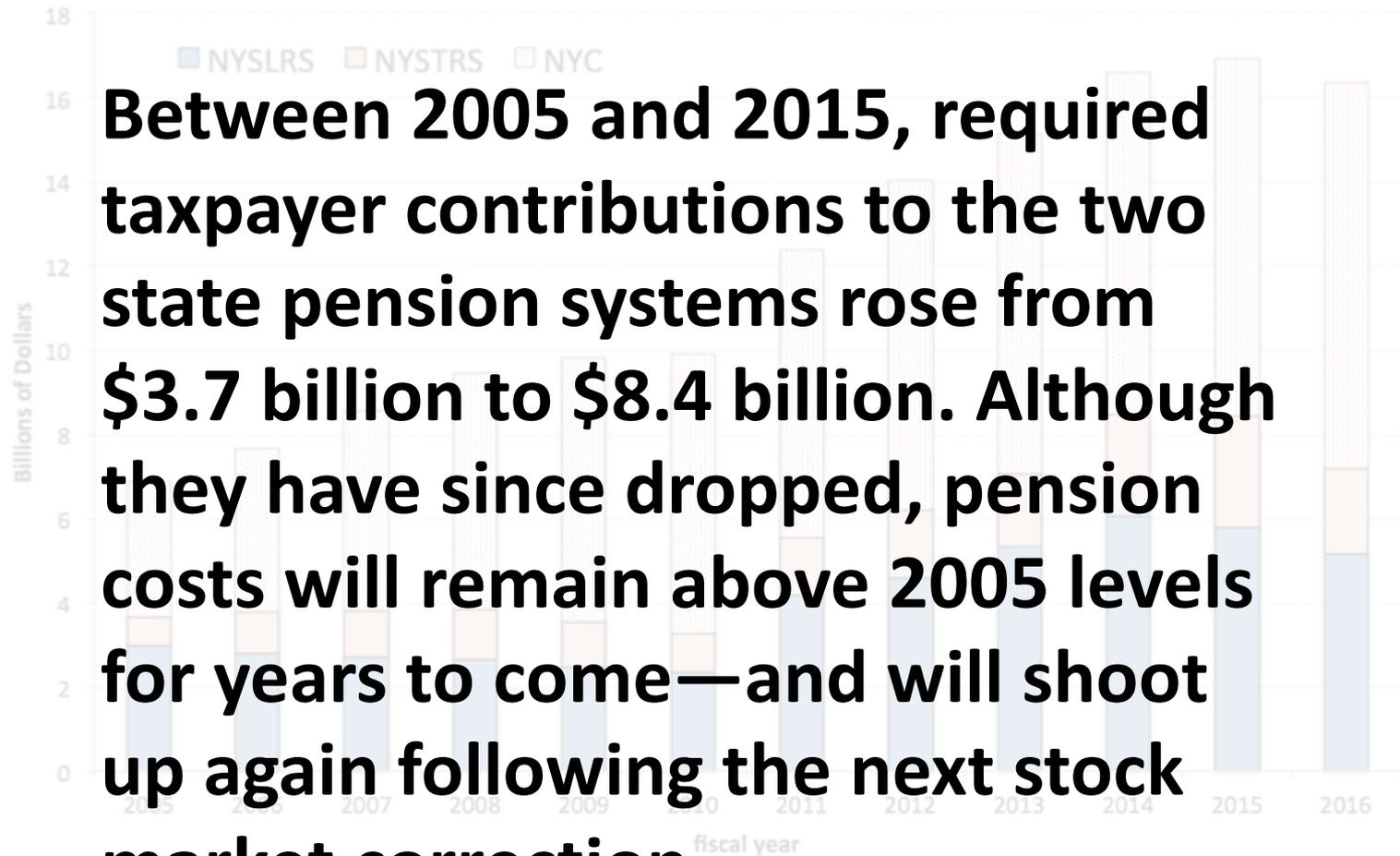
Controlling the Cost of Government

- Repeal the Triborough Amendment
- Cap binding arbitration awards
- Require health insurance contributions
- Enact pension reform

Taxpayer-Funded Public Pension Contributions



Taxpayer-Funded Public Pension Contributions

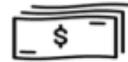


Between 2005 and 2015, required taxpayer contributions to the two state pension systems rose from \$3.7 billion to \$8.4 billion. Although they have since dropped, pension costs will remain above 2005 levels for years to come—and will shoot up again following the next stock market correction.

Costly Labor & Public Works Regs

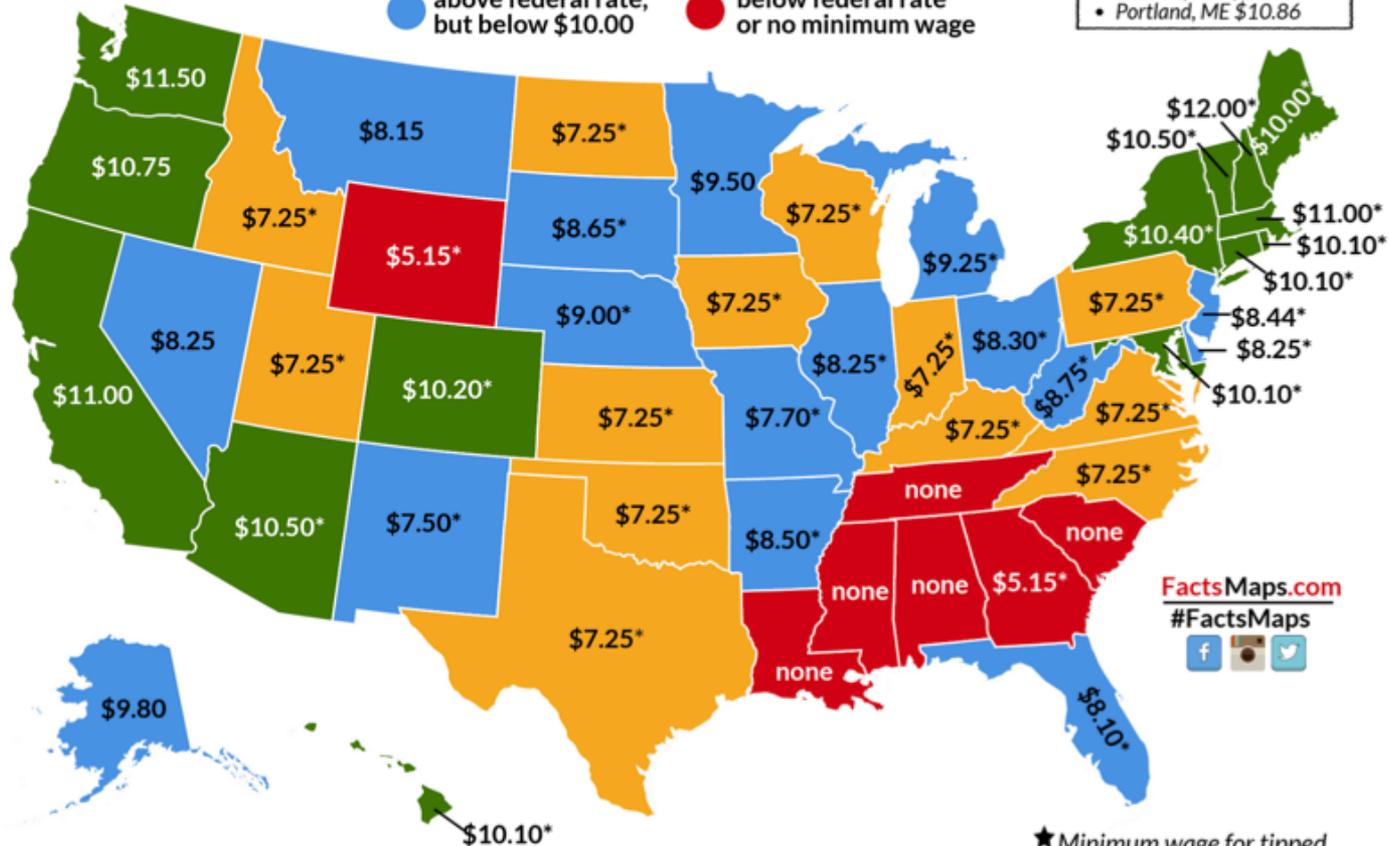
- Freeze the minimum wage
- Enact workers' compensation reform
- Reform the “prevailing wage” law
- Repeal the ‘Scaffold Law’

Minimum Wage by U.S. State as of July 1, 2018



- Some local minimum wage rates:**
- San Francisco, CA \$15.00
 - Berkley, CA \$15.00
 - Los Angeles, CA \$15.00
 - Washington, DC \$13.25
 - New York City, NY \$13.00*
 - Oakland, CA \$12.86
 - San Jose, CA \$12.00
 - Portland, OR \$12.00
 - Sana Fe, NM \$11.09
 - Portland, ME \$10.86

- above \$10.00
- above federal rate, but below \$10.00
- federal rate
- below federal rate or no minimum wage



FactsMaps.com
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Source: United States Department of Labor, state & local web sites

★ Minimum wage for tipped professions and/or small businesses is less

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The upstate minimum wage of \$10.40 is 6th highest in U.S.—and set to rise to \$12.50 by 12/31/20.



FactsMaps.com
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* Minimum wage for tipped professions and/or small businesses is less

Source: United States Department of Labor, state & local web sites

2017 MINIMUM WAGE BY STATE

● \$9.50 and above ● \$8.50 - \$9.30 ● \$7.50 - \$8.40 ● \$7.25

Scheduled Minimum Wages in New York

Effective	NYC > 10*	NYC < 11*	Long Island & Westchester		Fast Food Workers**	
			Rest of State	NYC	Rest of State	
12/31/16	11.00	10.50	10.00	9.70	12.00	10.75
12/31/17	13.00	12.00	11.00	10.40	13.50	11.75
12/31/18	15.00	13.50	12.00	11.10	15.00	12.75
12/31/19	15.00	15.00	13.00	11.80	15.00	13.75
12/31/20	15.00	15.00	14.00	12.50	15.00	14.50
12/31/21	15.00	15.00	15.00	TBD***	15.00	15.00

* total workers

** employed by chains with 30 or more outlets nationally

*** Labor Department to develop a schedule for continuing to raise minimum to \$15 an hour



Sources: National Conference of State Legislatures and state government websites
<http://www.bankrate.com/finance/jobs-careers/state-minimum-wage.aspx>

Bankrate

Minimum wage safety valve:

On or after Jan. 1, 2019, and each Jan. 1 thereafter until minimum wage is \$15 throughout the state, governor's Budget Division "shall conduct an analysis of the state of the economy in each region, and the effect of the minimum wage increases (scheduled by law), to determine whether there should be a temporary suspension or delay in any scheduled increases."

-- Labor Law Article 19, Section 652.6

State Workers' Compensation Insurance Rates

Ranked on State of Oregon Insurance Study Index*

State	Rank	Index	% of study median
CA	1	3.24	176
NJ	2	2.92	158
NY	3	2.83	154
CT	5	2.74	149
AK	5	2.74	149
DE	6	2.32	126
OK	8	2.23	121
IL	8	2.23	121
RI	9	2.20	119
LA	10	2.11	115

As of 2016, New York's average workers' compensation premium ranked third-highest in the nation—54 percent above the median for all states—and has actually gotten worse since the last major “reform” in 2007

NY's "Prevailing Wage" Problem

- ✓ Requires contractors on public projects to pay their workers the amounts required by union collective bargaining agreements.
- ✓ Mandates expensive union fringe benefits, which can approach or exceed the cost of hourly pay.
- ✓ Effectively requires contractors on public projects to organize and assign work as required by inefficient union rules.
- ✓ Drives up total construction costs by 13% to 25% depending on region.
- ✓ Emerges from opaque NYSDOL regulatory process.
- ✓ Effectively serves as a taxpayer subsidy to shore up underfunded construction union pension and welfare plans.

Regional Impact of Labor Cost Differences on Total Project Cost

(PW = Union Prevailing Wage)

	Albany ^a	Buffalo ^b	Rochester ^c	Syracuse ^d	Mid-Hudson ^e	Long Island	NYC ^f
Weighted average of all wages/hr	\$30	\$28	\$28	\$26	\$33	\$38	\$39
Weighted average of PW/hr	\$48	\$51	\$44	\$43	\$56	\$69	\$75
Labor cost increase due to PW	57%	84%	60%	62%	68%	80%	95%
All labor share of total cost	39%	38%	37%	39%	37%	42%	44%
Construction labor share of total	23%	23%	23%	23%	22%	25%	27%
Total project cost impact	13%	20%	14%	14%	15%	20%	25%

^a Albany, Saratoga, Schoharie, Schenectady and Rensselaer counties

^b Cattaraugus, Erie and Niagara counties

^c Monroe, Ontario, Wayne, Livingston, Orleans and Yates counties

^d Onondaga, Oswego and Madison counties

^e Dutchess and Putnam counties

^f All of NYC; Orange, Rockland, Westchester in NY; Bergen, Hudson, Middlesex, Monmouth, Ocean and Passaic in NJ

^g Based on regional medians from 2016 Occupational Employment Statistics for nonresidential construction sector

Source: NYS Department of Labor, Prevailing Wage orders; Bureau of Labor Statistics, Occupational Employment Statistics

New York's unique-in-nation Scaffold Law (Labor Law sections 240/241) creates imposes "**absolute liability**" for elevation-related injuries on contractors and property owners engaged in construction, repair, or demolition work.

Absolute liability means that the contributing fault of an injured worker, such as failure to use provided safety equipment or gross negligence, is virtually irrelevant in court.

Result: higher liability insurance costs = higher construction cost statewide

Energy

Reform the PSC, scrap its undemocratic mandates

- Repeal the Clean Energy Standard, which will otherwise add \$3.4 billion to energy bills over its first five years and require a massive addition of solar- and wind-powered generation to an already strained grid.
- Eliminate the PSC's ability to unilaterally levy surcharges and mandate other "credit" schemes such as the CES.

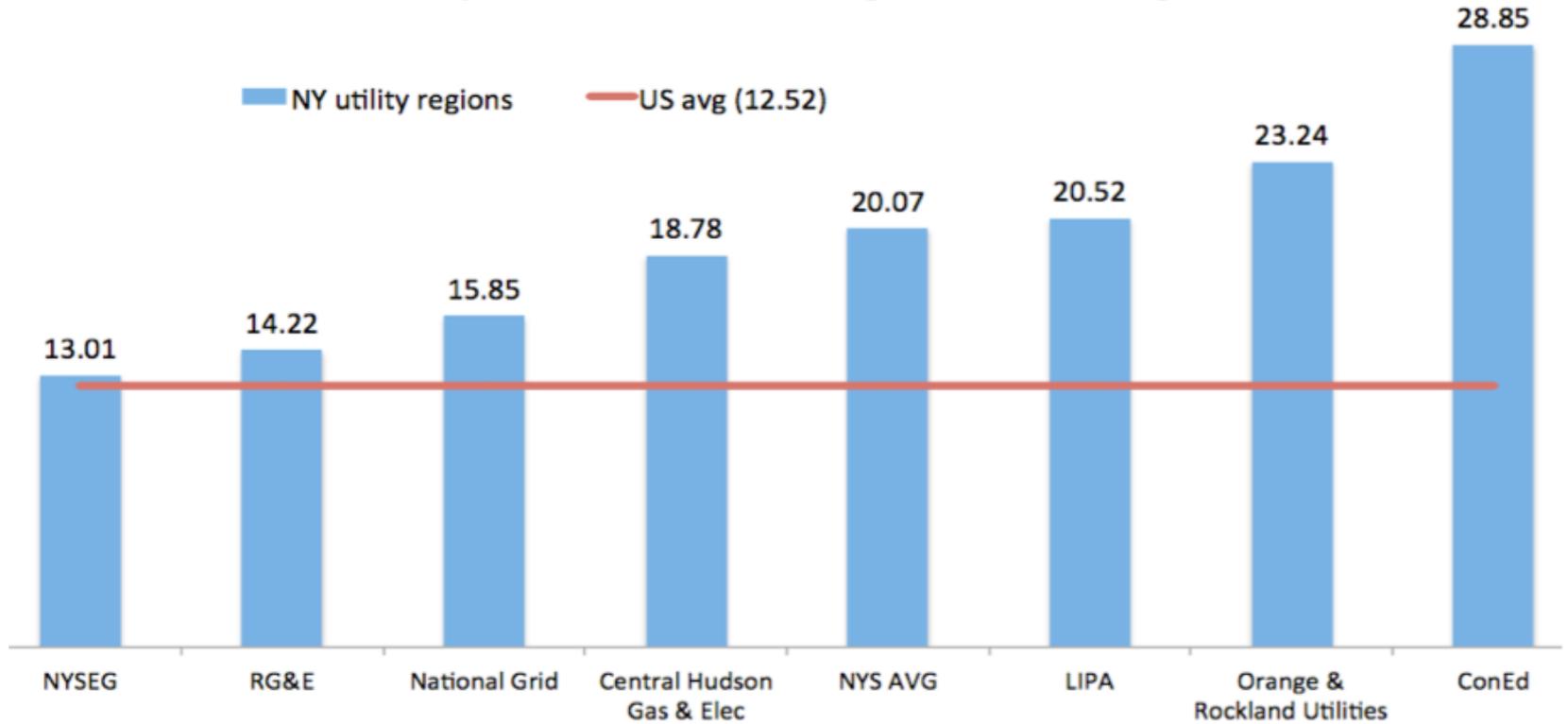
Address transmission challenges

- Focus on improving the reliability and capacity of the electrical grid.

Reconcile the state's conflicting policies on natural gas

- Remove obstacles to new natural gas pipelines.
- Authorize hydraulic fracturing, enacting safeguards based on best practices from other states.

Fig. 1: Average Residential Electricity Price, 2014
Cents per kilowatt hour, NY regions vs US average



Energy Information Administration, U.S. Dept. of Energy

States with comprehensive environmental review statutes



New York is one of only 16 states with more broadly applicable, comprehensive environmental planning laws. New York's SEQRA is one of only *three* applying to policy changes as well as physical developments, to local as well as state actions, and to private as well as public projects.

The background features a faint, light-colored image of a car wheel on the left and a map of Indonesia on the right. A large, irregular, light-brown shape is overlaid on the left side of the image, partially covering the wheel and the map.

Reform and reduce taxes

Control cost-drivers

Clear impediments to growth

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