



MEMO IN SUPPORT

2019-20 State Budget Tax Parity for All Manufacturers

The Manufacturers Association of Central New York (MACNY) strongly supports a 0% tax rate for all manufacturers to be included in the final 2019-2020 State Budget.

In 2014, the final State Budget included a reduction in the tax rate for manufacturers incorporated as C-corps. This single action propelled New York from the bottom ten to the top 10 states for manufacturing and sent a message to large manufacturers that New York was the place to invest. It was a proven and effective tool to retain and grow manufacturing jobs across New York State.

However, the vast majority of manufacturers in New York State are small to medium sized manufacturers organized as S corps, proprietorships, LLCs and partnerships (pass-through entities). These small to medium size manufacturers do not currently benefit from the existing zero percent rate and actually pay the 2nd highest income tax rate in the United States. They are constantly being enticed by other states with friendlier tax climates to move operations and invest there. These manufacturers are looking to their home state, New York, to demonstrate that they should stay in New York and continue to grow and invest here.

In response to the pleas from our small to medium size manufacturers, the Manufacturing Research Institute of New York State, commissioned a study to analyze the impact of extending the zero percent corporate franchise tax rate to these small and medium manufacturers. According to a study by the Beacon Institute in September 2018, “the elimination of the PIT for pass-through manufacturers would increase private sector jobs by **4,660** in the first full-year and by **5,850** in 2023. It would cause investment to rise by \$118 million in 2019 and by \$147 million in 2023. This proposal could be phased in over multiple years.

Extending a 0% tax rate to small and medium sized manufacturers would send a strong signal to manufacturers that New York State is not only open for business, but making a solid investment in their economic future. For the reasons stated above, the Manufacturers Association of Central New York urges inclusion of this proposal in the 2019-20 State budget.

MACNY, the Manufacturers Association, represents over 330 companies. Distributed across 26 counties in Central and Upstate New York, MACNY’s member companies employ over 50,000 workers. The organization provides human resource services, training, purchasing solutions, networking opportunities and advocacy support for its members. *For more information, please visit www.macny.org.*