



Testimony To:

New York State Senate Finance Committee
New York State Assembly Ways and Means Committee
Joint Legislative Budget Hearing: *Economic Development*

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Testimony From:

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My name is Randy Wolken. I am the President and CEO of MACNY, The Manufacturers Association. Thank you for the opportunity to submit this testimony to you.

MACNY is a trade association representing more than 300 manufacturing companies and businesses with more than 55,000 employees across the Central New York/Upstate region. Founded in 1913, MACNY continues to advocate for the growth and development of the manufacturing sector of New York State. We also represent the Manufacturers Alliance of New York, which includes seven regional manufacturing associations statewide.

Though the COVID-19 pandemic has brought many challenges, the manufacturing industry has remained resilient. Many of our member companies have met these challenges head on, learning how to retool to produce Personal Protective Equipment (PPE) and other medical supplies to help keep New York frontline workers safe. They also instituted a growing list of significant operating enhancements to mitigate the risks associated with the spread of COVID. They have remained committed to keeping their workers safe on the factory floor and in office spaces with these practices that are aligned with the guidelines set forth by the New York Health Department, U.S. Department of Health, the CDC, OSHA, and WHO. MACNY has taken the lead on forming and coordinating Keeping People Safe and Factories Running, a

group of regional manufacturers that have pledged to uphold these safety measures. This effort is growing as we continue to communicate with the New York State Manufacturing community.

On top of the current pandemic, New York manufacturers continue to deal with the challenges of an increasingly competitive global climate and are being hit every day with progressively increasing business costs. Despite such complexities, manufacturers are continuing to do what they can to maintain operations, sustain and create jobs, invest in their facilities, produce quality products, and contribute to communities statewide. They believe in New York state and want to do business here.

I am testifying in support of Governor Cuomo's proposed Medical Supplies Act, which would prioritize buying American-made PPE and medical supplies, and in the process, help create and retain local jobs while ensuring the dependability of the manufacturing sector. It would incentivize more manufacturers to retool, as well.

MACNY, and our Alliance Partners, recently surveyed our members on the Medical Supplies Act. This survey found that while not all member companies would directly benefit from the new policy, the vast majority of our companies strongly support and promote Buy-American policies that would help retain jobs in New York. We know of many hardworking and dedicated manufacturers that at the onset of the pandemic pivoted their production to meet demand. In the Central New York region, Tessey Plastics started making COVID-19 testing kits, and Cascade pivoted from making lacrosse helmets to face shields. Hudson Valley Plastics also has started producing face shields, along with several other companies making face shields and masks in that region. In the Albany area, Precision Valve & Automation started manufacturing ventilators. The Rochester region has witnessed similar activity with its small and larger manufacturers, such as Lidestri Foods producing hand sanitizers. These are just a few examples of New York businesses that have stepped up to provide in-demand products during the pandemic, ramping up production of their critical products or shifting operations to produce much-needed supplies.

Ever since the COVID-19 pandemic exposed certain risks associated with a global supply chain, namely America's reliance on medical supplies produced in China, there has been a greater focus on reshoring. American consumers also have realized the importance of worker health and safety. According to a recent study conducted by Reshoring Institute, about 70% of those surveyed said they prefer American-made products, and more than 80% said they would be willing to pay more for domestically made goods.

In another study conducted by the Manufacturing Institute, three quarters of the manufacturers surveyed said that a stronger domestic economy would be key to growth for their companies. In addition, most companies reported that they have been making technological investments to achieve cost efficiencies and improve operational performance.

Our state must be prepared for what could likely be a near constant demand for personal protective equipment and other supplies, as New York continues to move toward fully reopening our economy. Our manufacturers are ready and willing to meet this demand. The Medical Supplies Act will prioritize buying local and provide companies statewide with incentives to help them increase the production of such essential goods. It also will align with President Biden's Executive Order that strengthens Buy-American Provisions.

Besides Buy-American policies that would strengthen the manufacturing sector in New York, MACNY and The Alliance continue our push for tax equality for all manufacturers in New York. We support bill S.27 (Kaplan) / A.3734 (Stirpe), which would extend the 0% tax rate and provide tax parity to all manufacturers in our state.

In 2014, a zero percent corporate franchise tax rate was enacted for manufacturers organized as C corps. This tax cut accounted for only 25% of manufacturers in New York State. While it provided significant help to those manufacturers, it left 75% of manufactures still paying the higher rate, and therefore, putting them at a competitive disadvantage with manufacturers located in other states with no income tax. This legislation would help put all New York manufacturers on the same level playing field.

Thank you for allowing me the opportunity to share our support for the Medical Supplies Act and other measures that could boost statewide manufacturing. And thank you for your continued support of New York's manufacturers.

Sincerely,

Randy Wolken

MACNY President & CEO