



Testimony To:

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

Testimony From:

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My name is Randy Wolken, and I am President and CEO of MACNY - The Manufacturers Association, as well as the head of the Manufacturers Alliance of New York that consists of seven regional manufacturing associations statewide. Thank you for the opportunity to provide you with the state of manufacturing in New York, and how the State Legislature can help manufacturers through enactment of tax parity and an investment in our highly successful apprenticeship program, known as MIAP.

MACNY is a trade association representing more than 300 manufacturing companies and businesses with more than 55,000 employees across the Central/Upstate New York region. Founded in 1913, MACNY continues to advocate for the growth and development of the manufacturing sector of New York State.

While the ongoing COVID-19 pandemic has brought many challenges to the industry, manufacturers have remained resilient, working hard to emerge from the pandemic stronger than before. Many of our member companies have retooled to produce Personal Protective Equipment (PPE) and are playing an integral role in the manufacturing of vaccine supplies and other medical devices. They also have instituted significant operating enhancements to mitigate the risks associated with the spread of COVID-19 to keep their employees safe and factories and facilities running safely and efficiently.

Here are some examples: In Upstate New York, HealthWay has aided the global fight against the virus by supplying thousands of portable air purifiers to schools, hospitals, hotels, restaurants, and other establishments, while adding dozens of jobs to meet increased demand. Another family-owned business in the region is producing COVID-19 testing kits. This type of effort is seen throughout the state as key suppliers contribute to the vaccine manufacturing industry. Ertel Alsop in Kingston is making filtration equipment key to the vaccine manufacturing process. In the Albany area, Precision Valve & Automation has been manufacturing ventilators. Meantime in Rochester, Build Optimization has built several automated lines for vaccine production, while Carestream Health has been producing portable x-ray machines, increasing production from 45 machines per year to 40 per month in less than 60 days with a seven day a week, 24-hour schedule. These are just a few examples of New York manufacturers statewide that have ramped up production of their critical products or shifted operations to provide in-demand equipment and supplies.

The pandemic also has brought greater exposure to employment shortages and the need to create more opportunities for underserved and under-represented populations in our region and beyond. Employers continue to look to MACNY, and our Alliance Partners, for innovative ways to facilitate the recruitment, upskilling and retention of these new workers. With thousands of open positions in high-demand manufacturing and technology sectors, it is critical that the state continue to invest in workforce development. We were very pleased that Governor Hochul proposed several bold workforce development initiatives in her FY2023 Executive Budget, but funding for the Manufacturers Intermediary Apprenticeship Program (MIAP) was eliminated.

MACNY and the Alliance Partners are rising to meet this workforce challenge by focusing on youth programming that will work to get hundreds of at-risk youths on the road to success. We are also focusing our efforts on building justice, equity, diversity, and inclusion within the industry by coordinating with community-based partners and focusing recruitment efforts in new areas. Additionally, MACNY and our partners continue to make great strides creating new opportunities for individuals who identify with a disability, as well as military personnel and their families transitioning into civilian life.

On top of these complex issues, New York manufacturers continue to deal with the challenges of an increasingly competitive global climate.

MACNY and The Alliance continue to reiterate our support for Bill S.27 (Kaplan) / A.3734 (Stirpe), which would extend the zero percent tax rate and provide tax parity to all manufacturers in our state, fixing a long-standing inequity.

In 2014, a zero percent corporate franchise tax rate was enacted for manufacturers organized as C corps. This tax measure has provided much relief to larger manufacturers and created a growth environment to spur expansion and help attract new business to New York. It has allowed us to compete for the next generation of semiconductor chip fabs, clean energy jobs, food production facilities, and other high-tech, advanced manufacturing companies.

However, this tax measure only accounted for about 25% of manufacturers in New York State. It left 75% of manufactures, many of which are small, family-owned manufacturers with less than 100 employees, still paying the higher rate and placing them at a competitive disadvantage with manufacturers located in New York as well as in other states with no income tax. This legislation would help put all New York manufacturers on the same level playing field and allow our small-to-medium sized manufacturing companies to continue to recover from the pandemic and invest in people, products, and local communities.

We continuously survey our members. While these manufacturers want to grow and invest in New York and provide more opportunities for New Yorkers, this tax inequity remains a top concern and hindrance. For these small and medium sized companies to make capital investments in their New York facilities and increase employment opportunities, we believe the state should establish an equitable tax environment, along with such targeted workforce development initiatives, like MIAP, so individuals and communities across the state can thrive for years to come.

Thank you for allowing me the opportunity to testify and for your continued support of New York's manufacturers.

Sincerely,

Randy Wolken

MACNY President & CEO