



## ROCHESTER

Updated 08/16/2011 06:08 PM

## Schumer Wants 'Job Killing Tax' to End

By: Mike Hedeem

There is a charge that all New York State businesses must pay to the federal government that some believe is costing jobs across the state. Senator Charles Schumer wants that charge dropped.

The payment is the result of skyrocketing unemployment back in 2009 when businesses could no longer afford to pay for unemployment benefits. The federal government then began lending tax free money to states to help them deal with the high number of people out of work.

"Unfortunately, because of the fighting in Washington, that was not renewed in the July debt ceiling agreement," said Schumer, (D-NY). "As a result, the average New York employer, big or small, is going to have to pay approximately \$20 and as much as \$21.75 for every employee, not just the unemployed employees, but every employee, to help pay the interest that is owed to unemployment insurance."

New York State borrowed \$3 billion to pay for its unemployment programs. New York now owes the federal government \$95 million in interest.

The unemployment surcharge adds about \$1,000 to the cost of doing business for a company such as American Aerogel, which employs about 50 people at its Buffalo Road facility. The company is looking to add up to 100 new jobs within the next year; however, the unemployment surcharge may keep that from happening.

"In and along with the other taxes and fees that are retroactive may change our plans, yes," explained Robert Mendenhall, Vice President of Business Development at American Aerogel. "This fee represents approximately a four percent increase in the fees that we pay into this fund."

At a time when New York is struggling just to keep the businesses it has, the unemployment surcharge may be what keeps new businesses from setting up shop here.

The Rochester Business Alliance and Unshackle Upstate have been advocating the state to become more business friendly. It's believed that this added fee is another reason to drive businesses away.

"The regulations, the mandates, the uncertainty that businesses face when they open up their mail on Monday morning and find another charge that they haven't planned on, that they haven't budgeted for. These are the things that drive companies nuts and really puts a wrench in their prospects for growth," said Sandy Parker, Rochester Business Alliance president.

Schumer says he will introduce legislation to retroactively extend the interest free loans and save New York businesses from what he calls "job killing taxes."