

As seen in...

REAL ESTATE WEEKLY

Wednesday January 12, 2011

REBNY Watch

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I am pleased that I was invited and attended Governor's Andrew M. Cuomo's first State of the State address last week in Albany.

"Business built New York, and we are declaring that New York is once again open for business," Gov. Cuomo said.

He said that restoring the State's historically thriving private sector will require holding the line on taxes and working to lower taxes in the future. Emphasizing this point he delivered the most memorable line of the speech: "New York has no future as the tax capital of the nation and our people cannot afford to pay more taxes."

The Real Estate Board of New York has been calling for a reduction in spending and holding the line on taxes. REBNY supports the Governor's efforts to put in place a fiscally sound budget without raising taxes that will encourage private sector job growth and make NY an attractive place to live.

If you want to help secure a fiscally sound budget in Albany, visit the new website www.letsfixalbany.org

I wanted to share with you some key points from Gov. Cuomo's speech related to the real estate industry.

Time of Crisis: Challenges

The people of New York are facing the crush of the second highest combined state and local tax burden in the nation. New York's already hostile business climate—ranked 50th in the nation—must change if we are to have prosperity.

Our government costs are simply unsustainable—at this rate government employee pension and employee healthcare costs will collapse the State's economy. The cost of pensions and health benefits for active and retired employees will grow from \$1.3 billion in 1998-99 to \$6.2 billion in 2013-14—almost a 476 percent increase.

State spending continues to exceed income and inflation. From 2000 to 2010 state spending grew at an average rate of 5.9 percent, while personal income only grew 3.8 percent. Moreover, we face an ever-growing budget deficit this year of nearly \$10 billion, but if we do nothing, it grows to more than \$14.5 billion in 2010-2013 and more than \$17 billion in 2013-2014.

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New Yorkers see the dysfunction and they're voting with their feet by leaving. We have one of the highest rates of out migration in the nation.

Young people are leaving the State because of dwindling job opportunities. From 1998-2007, New York experienced a cumulative domestic out migration of approximately 2 million people, with 20 to 35 year olds—the most critical demographic group for economic growth and community vitality—leading the way.

Transform New York's Economy

A key element of this program will be holding the line on taxes now while working to lower taxes in the future. To do this, our government needs to complete attitude adjustment, one that makes us job facilitators and not frustrating job creation.

Fixing the Recently Enacted Excelsior Tax Credit Program.

The Governor's reform will give qualifying businesses a tax credit equal to 100 percent of the income tax receipts the State will collect from the companies' new employees for a period of 10 years.

His program will base the property tax credit on the value of a property post-improvement, which will ensure that the company realizes the full value of the credit.

Enact Property Tax Relief

New York property taxes are out of control and are destroying the State. High property taxes are hurting out entrepreneurs, farmers and homeowners.

Local property tax levies in New York grew by 73 percent from 1998-2008, more than twice the rate of inflation during that period. When measured in absolute dollars paid, Westchester (1st), Nassau (2nd) and Rockland (5th) are among the five highest taxes counties in the nation.

When property taxes are measured as a percentage of home values, 13 of the top 16 highest taxed counties were in New York.

New York has no future as the tax capital of the nation and our people cannot afford to pay more taxes. That is why we need a property tax to give taxpayers a relief.

The Governor faces staggering and unprecedented budget gaps over the next three years. It is imperative that the real estate industry and the entire business community strongly and publicly support that Governor Cuomo's initiatives that would balance the

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state's budget this year and the next three years and that would create a fiscal climate that encourages capital investment and job creation state-wide.

In other REBNY news:

It's your last chance to be part of the real estate industry's most anticipated event of the year, REBNY's 115th annual Banquet on Thursday, Jan. 20, 2011 at the New York Hilton. More than 2,000 of the industry's leading professionals will attend to honor six great New Yorkers. To order tickets, please visit REBNY.com or contact the Banquet Department at 212-532-3100.

The submission deadline for the "Most Promising Commercial Salesperson of the Year Award-2010" is 5 p.m. Wed. Jan. 19, 2011. The award, created by the directors of the Board's Commercial Brokerage Division, recognizes current and potential professional achievement as well as "high moral character and ethical professional behavior." The prize will be presented at the April 5, 2011 REBNY Members Luncheon. For a full list of award criteria, please visit REBNY.com.