



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

September 14, 2011

The Honorable Tim Bishop
31 Oak Street, Suite 20
Patchogue, NY 11772

Dear Congressman Bishop:

We write asking that Congress take prompt action and resolve a situation threatening to undermine New York's economic recovery and do untold damage to our small business community. The situation we refer to is the "Unemployment Insurance Interest Assessment Surcharge" which was recently levied by the State Department of Labor on small businesses operating in the Empire State.

As you know, the federal government is seeking to recover interest payments on the \$3 billion New York State has borrowed since 2009 from the Federal Unemployment Insurance Trust Fund to finance unemployment insurance payments. Unless the federal government continues to extend interest-free loans, as it has done previously, New York State will be required to pay \$95 million in interest payments by September 30, 2011.

In order to reimburse the accumulated interest, state government is mandated to assess a temporary charge on employers, referred to as an "Interest Assessment Surcharge." This charge amounts to \$21.25 per employee for any worker making more than \$8,500 annually, which applies to a majority of individuals employed by small businesses.

Nearly 98 percent of all New York businesses are small ones – approximately 1.7 million in the state – and more than half of all working New Yorkers earn a paycheck from a small business owner. Without question, small businesses are the backbone of New York's economy. However, it is small businesses who will absorb this \$95 million surcharge at a time when they can least afford it. The imposition of this multi-million dollar surcharge will deal another painful blow to our economy, leading to more private sector job losses as companies scramble to try to absorb the increased costs.

We have written Governor Andrew Cuomo alerting him to this situation and specifically requested that state government use a small portion of New York's first quarter fiscal surplus to reimburse small businesses and help offset the surcharge. Unfortunately, Governor Cuomo has refused our recommendation, a decision that would force small businesses to pick up this considerable tab.

With close to 800,000 New Yorkers unemployed – a conservative figure that does not begin to account for underemployment – we can ill afford for this surcharge to go forward. The federal government must rectify this situation and stop the surcharge.

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Before entering public service, we worked extensively in the private sector, starting and running successful companies in New York State – one of the most challenging places in the entire nation for job creators. These years of real-world business experience is fueling our effort to rescind the surcharge and lead a statewide push to raise awareness among New York’s small business community as to the existence of this \$95 million tax on job creators.

Accordingly, we are requesting your direct assistance in this effort to spare New York’s small businesses from the \$95 million Unemployment Insurance Interest Assessment Surcharge. We are asking that you do the following:

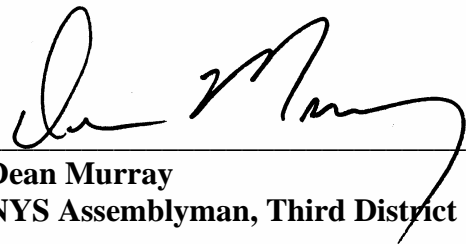
- 1.) Support federal legislation that would rectify this situation, specifically H.R. 650 and S.1513 – introduced by Congressman Peter Welch and Senator Charles Schumer, respectively – initiatives that would amend title XII of the Social Security Act to extend the provision waiving certain interest payments on advances made to states from the federal unemployment account in the Unemployment Trust Fund;
- 2.) Urge your Congressional colleagues in the House and Senate – from both sides of the political aisle – to support this non-partisan effort to extend the federal government’s interest-free loans to spare small businesses from the financial pain of the \$95 million surcharge. Particularly, we are hopeful that you, and others, can encourage those serving on the Congressional “Super Committee” to recognize that extending the interest-free loans would spur increased revenues to the federal coffers by helping small businesses continue operating; and
- 3.) Contact Governor Cuomo and ask that he reconsider his opposition to utilizing a portion of the state’s fiscal surplus to offset the costs imposed by the \$95 million surcharge.

Thank you for your assistance in this effort. We stand ready to partner with you in urging New York State’s Congressional Delegation, and all Members of Congress, to support this non-partisan effort to spare our small businesses from this costly, job-destroying surcharge. For further information regarding our request, feel free to contact us at either (315) 781-2030 or (631) 207-0073.

Sincerely,



Brian M. Kolb
NYS Assembly Minority Leader



Dean Murray
NYS Assemblyman, Third District