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The Partnership for New York City is a nonprofit organization representing leading international and regional businesses that are responsible for nearly 7 million American jobs and contribute \$740 billion to the national Gross Domestic Product. Partnership members currently employ 775,000 people in New York City and 1.3 million people in New York State, with respective contributions to the annual Gross City Product of \$143 billion and Gross State Product of \$202 billion.

The Partnership works with leaders of government, organized labor and the civic sector to advance policies that contribute to building a healthy economy, a great education system, and state-of-the-art infrastructure.

The Partnership's mission is to maintain New York City's status as the world's leading center of business, finance and innovation. In 2010, the city's future is threatened less by foreign competition than by domestic conditions, including the fallout of an economic recession that has led to huge public budget deficits and high unemployment. As a result, the Partnership agenda for 2010 will focus on advancing policies that promote economic growth and private sector job creation, featuring three key themes:

- **Global Competitiveness:** The Partnership will advocate at all levels of government for tax and regulatory policies that support the city's and the nation's competitive advantage as a platform for global business and a magnet for international talent.
- **Investment in the Future:** The Partnership will promote collaborative public and private investment in transportation and energy infrastructure, quality education, and entrepreneurial activities that insure New York's continued pre-eminence.
- **Job Creation:** The Partnership will use the expertise and resources of its members to help develop and implement programs that accelerate the creation of new, high quality jobs in growth sector industries.

Lloyd C. Blankfein
Co-Chairman

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Co-Chairman

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President & CEO

GLOBAL COMPETITIVENESS

Because New York's growth sector industries are global in scope, the Partnership's top priority is that the U.S. maintains a competitive advantage when it comes to business taxes, regulation, trade and immigration policies.

- **Financial Services Regulation:** New York will benefit from financial regulatory reform that allows U.S. firms to continue to innovate and compete effectively in global markets and encourages foreign firms to invest and create jobs in the U.S. While there is consensus on the need for reform, negative business implications flow from many proposals that would slow economic recovery and damage the U.S. financial services industry. Over-regulation of financial products, mandates on corporate governance and restrictions on executive compensation all jeopardize the profitability of New York's largest taxpayers and employers.
- **Business Taxes:** Piecemeal tax actions that are punitive toward international business or unfairly target single sectors of the economy are a particular threat as the federal government seeks to plug budget holes. The Partnership supports enactment of a simpler, fairer and more transparent business tax code, but opposes actions that will damage New York's position as an international business center.
- **Intellectual Property Protections:** New York's struggling media, pharmaceutical and manufacturing sectors desperately need federal action to achieve effective global protections for proprietary intellectual property, content and patents. Strong protections for intellectual property will accelerate economic recovery, particularly in New York, home to thousands of companies that generate creative content and products.
- **Immigration & Visas:** Comprehensive immigration reform is necessary to replenish the talent pool, fill shortages in the labor market, encourage foreign investment in the U.S. and to expand U.S. exports. The Partnership will join with Mayor Bloomberg to mobilize support for immigration reform in cities across the country.
- **Reform of State and City Business Taxes:** In 2009, the Partnership took the lead in a successful effort to secure the first significant reform of city business tax policies in more than two decades. The result is substantial conformity by the city to state tax policies, including adoption of single sales factor. In 2010, the New York State Department of Taxation and Finance is attempting to simplify and reform business tax laws. The Partnership supports this initiative and is working to insure that the reform plan makes New York City and State more competitive.

INVESTMENT IN THE FUTURE

America's standing in the global economy requires substantial investment in two areas. The first is investment in people, through improved public education and workforce development. The second is investment in physical infrastructure, focusing on modernization of the country's transportation, communications, and energy systems.

- **Education Reform:** Public education is essential to maintaining a world class talent pool and a highly competitive environment for economic growth in New York State. The budget crisis requires reduction in state funding for education, but this can be ameliorated by allowing greater flexibility for local school districts in how funds are used. With progressive reform, New York should be able to secure more federal funding to sustain investment in public education.
- **Infrastructure:** Investment in America's physical infrastructure, largely through public-private partnerships, should be a key component of economic recovery efforts. The Partnership supports President Obama's proposal to create a national Infrastructure Bank and advocates for a transportation funding formula that directs more resources into mass transit (as opposed to highways). In collaboration with the Port Authority and members of the NextGen Alliance, the Partnership supports fast-track federal investment in modernization of the nation's air traffic control system.
- **MTA Funding:** The regional transportation system is facing both an operating deficit and a shortfall of over \$10B in its five-year capital plan. The Partnership supported a package of regular fare increases, motor vehicle registration and license fee increases and a payroll tax to fund operations and supplement capital funding. These were enacted, but failed to fill the gap created by rising labor costs, debt service and other expenses. The Partnership continues to support putting tolls on free bridges and congestion pricing as revenue sources for transit. Additional funding, however, cannot be justified unless the MTA gets better control of spending and improves its contracting and procurement processes.
- **Energy and the Environment:** The Partnership continues to work on a broad sustainability agenda in conjunction with the Mayor's PlaNYC 2030, a long-term plan consisting of 127 initiatives to "green" New York. The Partnership supports updating the State's generation and transmission network to meet increases in energy demands and to mitigate the grid's physical and operational limitations.
- **Government Efficiency:** The large budget deficits confronting New York State and New York City require serious changes to the way government does business. The city budget deficit is primarily a function of falling revenues caused by the recession. In the case of the state, there is a structural problem that even economic recovery will not solve. State expenses have been significantly outpacing revenue growth for years. The Partnership has mobilized business and professional organizations across the state to help identify and

promote solutions that put New York on sound fiscal footing. The agenda is to hold the line on taxes, reduce spending, reform personnel and benefits policies, and promote strategic investment in projects and programs that stimulate economic growth. Change will take time, but the Partnership will be a steady advocate for reform in state government.

- **Rightsizing State Government:** For decades, the Upstate economy has been deteriorating and state government has stepped in with government jobs and subsidies to

compensate for the diminishing private sector economy. Health care, the prison system, public education and state and local government have become the most important employers in much of New York beyond the metropolitan region. This is not sustainable, particularly as the Downstate economy is threatened by an ever-increasing tax burden. The Partnership will advocate for government retrenchment, while helping to encourage business investment and private sector job creation in economically distressed areas of the state.

JOB CREATION

Technology allows business operations to locate anywhere in the world. New York must enhance its business climate through local action and federal advocacy to insure that the world's largest employers and entrepreneurs in growth industries continue to make New York their home.

- **A New Approach to Economic Development:** As detailed in a report by A.T. Kearney, prepared in cooperation with members of the Partnership, New York State's economic development programs are costly and ineffective. The Executive Budget introduces a new, more strategic approach to economic development that builds on recommendations of this report. It provides for refundable tax credits based on new job creation, research and development activity and other investment in business expansion. Enacting this new approach to economic development is a top priority of the Partnership in 2010.
- **University-Business Partnerships:** Under-exploited assets that New York State has in abundance are its great universities, colleges, medical schools and research institutions. The Partnership led efforts to organize medical research institutions in support of the city's first commercial biotech cluster facility, the East River Science Park, which will open in 2010. A combination of public incentives and commitments by leaders of industry and academia are needed to continue to put New York State at the forefront of the innovation economy. The Partnership will act as a convener and advocate for economic development and tax policies designed to capitalize on the intellectual capital of the state's higher education, corporate, investment and entrepreneurial sectors.