



Empire State Forest Products Association

The people behind New York's healthy forests and quality wood products

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Comments on 2020 State of the State Message

January 9, 2020

The Constitution of New York State requires the Governor to deliver an annual message to the Legislature regarding the State of the State. Since taking office, Governor Cuomo has used this opportunity nine times to update New Yorkers on the progress of the State, while laying out a series of priorities for the year.

The Governor's agenda is initially laid out in the State of the State in generally broad policy/program terms and is then followed up by his Executive Budget Proposal which will be out in the third week of January. These two documents lay out the Executives priorities for negotiation with the State Legislature. You can find the 2020 State of the State Message – entitled "***Making Progress Happen***" [here](#).

The Governor's message this year continues a very progressive agenda for New York State across his policy recommendations. This year was particularly strong on social and economic justice which is a theme that resonates in New York's democratic led Legislature. The Governor spent a lot of time speaking to "progressivism" (used over 100 times in his speech and "pragmatism" used to help balance the reality that we are faced with a \$6 billion deficit.

The following highlights parts of his message that may affect New York's Forests and wood products industries and businesses. Many of these are still very conceptual and we will need to see financial details in the Budget and in legislation submitted by the Governor to implement them.

Climate Change

Governor Cuomo is positioning New York to lead the nation in combatting the threat of climate change with ambitious goals and a concrete plan for achieving them as outlined in the Climate Leadership & Community Protection Act (CLCPA) and what he refers to as "The Green New Deal for New York". In the Message yesterday the Governor recognized environmental restoration as essential to New York's continued economic success. "Our **floodplains and forests** are indispensable natural barriers. They reduce risk to communities from increased flooding and more intense storms by providing a first line of defense, while also providing vital habitat necessary to sustain fish and wildlife species." We wish he would have broadened that to note that these forests and floodplains are largely privately owned, and our forests are a major economic benefit to many rural upstate communities. But he at least sees value in our forests.

Environmental Bond Act

This year, The Governor is proposing to launch **Restore Mother Nature**, a program for significant habitat restoration and flood reduction, funded, in part by a **\$3 billion Environmental Bond Act**. The program will reduce flood risk and revitalize critical fish and wildlife habitats by connecting streams and waterways, right-sizing culverts and dams, restoring freshwater and tidal wetlands, reclaiming natural floodplains, restocking shellfish populations and upgrading fish hatcheries, preserving open space, **conserving more forest areas, replanting more trees**, reducing contamination from agricultural and storm water runoff, and expanding renewable energy.

Following the State of the State we received a call from the Governor's office inviting us to some stakeholder meetings to flush the details out on this proposal. We will be looking at this closely to see how it may align with our goals of keeping forest as forests and keeping forests working – a long standing “green economy” in New York.

Much of the rest of “**Restore Mother Nature**” and the bond act looks at addressing flood control infrastructure and resiliency of our communities and coastal resources. It does mention “natural resource solutions to climate change” and we will need to see how this flushes out in the coming weeks.

Renewable Energy

Governor Cuomo has set New York on course to achieving 70 percent renewable electricity supply by 2030, and zero greenhouse gas emissions from the electricity sector by 2040. While the 70 by 30 target will not include biomass, we will work with the Governor and his agencies to ensure that biomass has a role in the remaining 30% clean renewable goal by 2040. We are hearing this will be included but we will have to work hard to retain it.

The Governor also is proposing significant investment in upstate wind projects which will entice a lot of land leases, including potential leases on forest lands. We will be asking members how they feel about this before we position on it. In addition, with also this effort on upstate renewables the Governor recognizes that the power needs to be transmitted to load centers down state. That means new and significant power transmission corridors in upstate. Siting both renewable generation and transmission will be challenging to both landowners and municipalities.

The Governor’s renewable portfolio outside of electric power generation remains largely in electrifying the transportation sector. Governor Cuomo will convene an EV technology task force led by Dr. Whittingham of Cornell and co-chaired by NYSERDA to ensure that New York is at the center of the electric vehicle revolution.

Ban Styrofoam Single Use Food containers and Packaging

To build on last year’s plastic bag ban, the Governor is proposing new legislation to prohibit the distribution and use of expanded polystyrene, commonly known as Styrofoam, single-use food containers and packaging materials by January 1, 2022. This proposal would ban the distribution and use of expanded polystyrene foam containers used for prepared foods or beverages served by food service establishments, including restaurants, caterers, food trucks, retail food stores, delis and grocery stores. It would also ban the sale of polystyrene loose-fill packaging, commonly known as packing peanuts.

What this holds for paper substitutes and the overall paper products sector is not known but we will hopefully see some incentives for substitution materials.

Reduced Taxes

The Governor proposes to reduce the Corporation Franchise Tax rate for small corporate taxpayers (less than 100 employees and less than \$390,000 in income), from 6.5 percent to 4 percent. An estimated 36,000 taxpayers would benefit from this proposal.

The Governor proposes to continue to lower Personal Income Tax rates for middle-class New Yorkers. In 2020, the third year of the multi-year tax cuts enacted in 2016, income tax rates will drop from 6.85 percent to 6.09 percent for taxpayers in the \$40,000 to \$150,000 income bracket, and to 6.41 percent in the \$150,000 to \$300,000 income bracket.

Current law allows refundability for the Investment Tax Credit (ITC) only for new businesses. The Governor proposes to make the ITC refundable for taxpayers whose primary source of income is from farming operations, allowing taxpayers to receive the full benefit of their credits earned. ESFPA needs to confirm whether the proposed definition of ‘farm operations’ includes silviculture and logging as does the sales, use and franchise tax. We are coordinating with NY Farm Bureau on this.

Current law allows sole proprietors and farmers who file under the Personal Income Tax and have less than \$250,000 in net business income or net farm income to reduce their Adjusted Gross Income by five percent of such income, ultimately reducing taxable income and tax liability. The Governor proposes to triple this important benefit for sole proprietors and farmers.

Protecting NY Workers

To further empower New York’s low-wage workers, Governor Cuomo proposes that all working New Yorkers have access to sick leave. Businesses with five to ninety-nine employees will provide their employees at least five days of job protected paid sick leave per year and businesses with 100 employees or more will provide at least seven days of paid sick leave per year. Smaller businesses with four or fewer employees will guarantee five days of job-protected unpaid sick leave to their employees every year.

While speaking to this in the context of New York’s “GIG Economy” the Governor is proposing a number of reforms to New York’s labor laws related to contractors and subcontractors. Over the past few years we have seen this in workers compensation changes, the Governor is now speaking to other worker benefits such as paid family leave, sick leave, etc. There is not a lot of detail here, but we can expect to see legislation in the Governor’s Executive Budget.