



TESTIMONY OF THE LONG ISLAND BUILDERS INSTITUTE
BEFORE THE NEW YORK STATE SENATE COMMITTEE ON
FINANCE AND THE COMMITTEE ON INVESTIGATIONS
AND GOVERNMENT OPERATIONS RELATING TO TAX
POLICY IN NEW YORK STATE

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My name is Mitchell H. Pally and I am the chief executive officer of the Long Island Builders Institute, the largest residential home building trade association in New York State. I am very pleased to be on this panel with my fellow development and home building experts to assist in the discussion of tax policy in New York State.

I want to first agree completely with the issues raised by my colleague from LIBOR. Keeping taxes down, if not reducing them, may be one of the most important ways in which to ensure that our young people can live and work on Long Island. However, that presupposes that the amount of money the state spends and the priorities it encompasses are correct. The ability to purchase a home or condominium on Long Island is not effected just by the financing computations; it is also affected by the real property taxes paid to the multiple levels of government. The need to reduce our emphasis on real property taxes is of utmost importance and while the 2% cap is a step in the right direction, it cannot be the only step in that direction. Our school districts and other levels of government deserve to be relieved of the substantial burdens of state mandates which affect almost all of the money which they receive and spend. It is not enough to say do not spend more, it must also be combined with giving the municipality the ability to spend what they need on what they believe are the most important priorities in their community, in a manner in which they believe will accomplish the goals they themselves have set. Otherwise we just go around in circles, with no apparent end in sight.

In addition to the issues already discussed, LIBI firmly believes that it is essential that the mortgage tax deduction be continued for our homeowners, regardless of whether such a deduction is eliminated on the federal tax level. It is essential for the ability of our builders to build and for our residents to purchase such homes that the mortgage deduction is available. If at such a time the federal government reduces or eliminates such a deduction, it is essential that the State of New York continue their deduction to ensure that continued ability of the housing industry to survive.

Long Island continues to face the need for continuing tax relief from Albany in order to provide the real job opportunities necessary for our economy to grow. But taxes alone do not provide a better business climate, it also encompasses such issues as regulatory reform, the elimination of the Scaffold Law, the ability of projects to move forward without undue delay because of substantial court actions and the willingness of our local municipalities to look beyond their own individual needs to take into account the real needs of the region and the state. Only in this way will a real productive business climate be created which will allow New York State to once again be the primary growth state in this region. Thank you very much.