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April 20, 2010

Honorable David Paterson
Governor
Executive Chamber
State Capitol Building
Albany, NY 12224

Re: S7094A (C. Johnson) / A10238A (Towns)

Dear Governor Paterson:

This letter of *support* is written on behalf our client, the New York Bankers Association. The Association is comprised of the community, regional and money center commercial banks and thrift institutions doing business in New York State. In aggregate, members of the Association employ approximately 250,000 New Yorkers and hold more than \$9 trillion in assets.

If enacted, this legislation would extend the Bank Tax, originally enacted in 1985, for an additional year, until December 31, 2010. This legislation is necessary in order to ensure proper tax planning for the State's banks, thrifts and article 9-A general corporations. It will also allow these institutions to avoid having to make extensive and unnecessary public disclosures under recent changes in accounting standards.

Since its original enactment in 1985, the Bank Tax is regularly extended by the State, typically in the year after it expires. Similarly, the transitional provisions originally adopted by the State in 2000 after passage of the federal Gramm-Leach-Bliley Act (GLBA) are regularly extended (*See Chapter 24 of the laws of 2010*). In recent years, the Bank Tax has provided more than \$1 billion a year in revenue to New York State, while the GLBA transitional provisions ensure that financial institutions that compete with each other are taxed similarly, enhancing New York's status as a financial capital. Consistent with this long-time practice, the Governor's 2010-2011 Executive Budget contains language that extends the bank tax - which expired on December 31, 2009 - for an additional year, until December 31, 2010.

In the past, retroactive reenactment of the Bank Tax and GLBA provisions created few compliance problems for financial institutions. However, recent changes in accounting standards, requiring that financial institutions describe the effects of pending legislation and of possible changes in tax law on their quarterly financial statements, are causing concern that reenacting these pieces of legislation after first quarter (ending on March 31) financial statements are due will impose extensive, expensive, unnecessary and confusing additional reporting requirements on the State's financial institutions. This legislation, if enacted in April, would eliminate that requirement.

In view of the foregoing, we respectfully request that you approve the legislation.

Respectfully Submitted,

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP

Jill T. Sandhaas