



NEW YORK STATE SENATOR

Stephen M. Saland

Senator Saland Testifies At MTA Hearing To Condemn Proposed Payroll Tax

STEPHEN M. SALAND March 3, 2009

Testimony of Senator Steve Saland at an MTA hearing held on March 2, 2009 in Newburgh, NY:

Good evening and thank you for the opportunity to testify on a matter of grave importance to the people of Dutchess County.

The Ravitch Commission was charged with making recommendations which would provide an alternative to the 23% fare hike proposed by the MTA to meet their fiscal needs. While the Ravitch Commission succeeded in making recommendations to offset the fare increase, their proposal to impose a payroll tax on all 12 counties in the MTA region failed to take into account the unjust burden this tax would have on Dutchess County and the other counties outside the city of New York.

As the State Senator representing the majority of towns in Dutchess, I will limit my testimony to the impact this ill-sought proposal will have on my home county.

The payroll tax as recommended by the Ravitch Commission, would be imposed on every business including not-for-profits like our hospitals, colleges, museums, veterans' organizations, the boy scouts and the girl scouts. The Ravitch Commission wants to tax all

public employers' payroll as well, which means school districts, local and county governments, libraries, community colleges, the US post office, correctional facilities and homes operated for the mentally disabled. The Ravitch Commission spares no one, not even the self-employed who may run a day care or a dog grooming business. The thought that every entity doing business in the MTA region must contribute more to help MTA through its fiscal woes is outrageously wrong. It is ludicrous to think that a school district or local library somehow benefits from the MTA or that our veterans' groups or fire districts gain from being part of the MTA region.

In order to keep fares down for commuters, the Ravitch Commission proposes to tax 33 cents on every \$100 of payroll. Now let's add up those numbers.

Dutchess County wages for 2007 exceed \$5 billion (\$5,206,830,230) which means the MTA would collect more than \$17 million in payroll taxes. From the health and social assistance sector alone more than \$2.2 million would be collected. Dutchess County has three hospitals and like other hospitals around the State, they are in no position to lose more funding to government. The total wages for Dutchess County's public sector is more than \$1 billion (\$1,056,131,362). Do the math and you arrive at public taxpayers footing the bill for almost \$3.5 million. It is utterly ludicrous to ask public entities with boards elected by the voters to be required to send hard-earned taxpayer dollars to an entity with an unelected board. As an official who is here to represent those that elected me to represent their interests, I can assure you that you won't find a person living in Dutchess County that thinks they should pay more in taxes even if they take the Metro-North train to work daily.

As for the number of individuals (assumedly including Ulster County residents) who commute regularly from Dutchess train stations, the MTA reports 6,129 on average ride Metro-North per day during the week. According to the latest census data available,

Dutchess County population is currently 292,746. Again, let's do the math. This would mean that approximately 2% of Dutchess residents are regular Metro-North weekday riders.

At present, according to figures provided by the MTA, Dutchess County taxpayers already pay the MTA \$63.4 million in collected taxes and fees for a service regularly used by roughly 2% of the county's population. If we calculate average weekday ridership and the amount currently collected by Dutchess, the county taxpayers contribute \$10,344 per commuter.

While that number is staggering, the amount collected as proposed by the Ravitch Commission would inflate Dutchess County's contribution to the MTA to over \$80.5 million(\$80,582,539)annually or \$13,147 per weekday rider.

As a member of the New York Senate who will be asked to vote on this unfair, ill-conceived plan, I assure you I will cast my vote in the negative and will encourage all of my colleagues to do the same. For those of us representing districts outside the city of New York, the math is simple. Our taxes are already too high and Dutchess residents already pay too much.