



NEW YORK STATE SENATOR

Charles J. Fuschillo Jr.

Senator Fuschillo: Gov. Paterson's State Budget Tax Hikes Will Hit Consumers & Businesses With Higher Costs Starting June 1st

CHARLES J. FUSCHILLO JR. May 21, 2009

Senator Charles J. Fuschillo, Jr. announced that starting June 1st, New Yorkers will be paying more for bottled water, purchases made over the Internet, and for car rentals as a result of tax increases in Governor Paterson's 2009-10 state budget. In addition, June 1st tax hikes will hit companies that transport employees in and out of New York and double a state fee on auto insurance policies.

Senator Fuschillo (8th District) said, "Every month brings a new round of tax and fee hikes that Governor Paterson forced on New Yorkers in the state budget. This month it was higher taxes for wine and beer, next month it will cost New Yorkers more for bottled water, internet purchases, car rentals and auto insurance. And the biggest hit will come this fall when homeowners don't get their STAR rebates checks to help pay their property taxes because Governor Paterson took them away."

Senator Fuschillo voted against the state budget and proposed an alternative plan that would have avoided the \$8.5 million in tax and fees increases. He also proposed amendments to the budget to eliminate the tax hikes and restore the STAR rebate checks. The budget

amendments were opposed by Senate Democrats.

The expanded bottle deposit law that will take effect June 1st will impose a new nickel deposit on bottled water. Retailers also face increased costs related to the handling, redeeming and storage of returned bottles, costs that will be passed along to consumers. It is estimated that these new fees will increase the average cost of a 24 pack of bottled water from \$4.99 to \$8.59.

A coalition of bottlers has filed a lawsuit to stop implementation of the expanded bottle bill, saying that a requirement that bottles covered by the law have a UPC code specific to New York State would prohibit those bottles from being sold outside the state.

In addition, the industry has said the measure, passed last month, doesn't give them sufficient time for implementation and could force them to pull water off store shelves.

As of June 1st, consumers will also have to pay state sales taxes on all purchases over the Internet from retailers that also have stores in New York State. Expanding the sales tax to online affiliates of New York stores will cost consumers \$9 million more this year and \$12 million more next year.

Other tax hikes taking effect June 1st include:

* Doubling the state fee on auto insurance from \$5 to \$10, increasing car insurance costs by more than \$48 million;

* Increasing the auto rental tax from five percent to six percent, a total tax hike of \$8 million in 2009-10 and \$10 million a year after that;

* Extending the state sales tax to black cars and limousine services, a tax hike of more than \$26 million; and

* Creating a use tax on businesses that use vehicles, including cars, planes or boats, that are owned by out-of-state affiliates, to transport their employees, partners and stock holders into the state. This new tax will cost businesses \$4 million in 2009-10 and \$6 million each year after that.

Senator Fuschillo said, "We have to control spending and reduce taxes if we are going to help struggling families make ends meet and help businesses retain and create jobs. Every tax hike makes New York less competitive and puts us further behind other states when the recovery begins."

Earlier this month, due to Governor Paterson's 2009-2010 state budget, the state excise tax on beer rose from 11 cents per gallon to 14 cents per gallon and the excise tax on wine increased from 19 cents per gallon to 30 cents per gallon. The tax increases on both will cost consumers \$14 million.