



NEW YORK STATE SENATOR

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More New Taxes on the Way Starting June 1st

ANDREW J LANZA May 29, 2009

Budget Tax Hikes Will Hit Consumers & Businesses With Higher Costs

Starting June 1st, New Yorkers will be paying more for purchases made over the Internet and paying more for auto insurance as a result of tax increases passed by Democrats in the Senate and Assembly as part of the 2009-10 state budget. The 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.

“Every month brings a new round of tax and fee hikes that Democrats in the Senate and Assembly forced on New Yorkers in the state budget,” Senator Lanza said. “This month it was higher taxes for wine and beer, and soon it will cost New Yorkers more for bottled water, internet purchases and car 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 the Democrats took them away.”

Senator Lanza 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.

As of June 1st, consumers will 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.

“These tax hikes are costing New Yorkers more and more every month and when they are all in place, they will increase the annual taxes paid by an average family of four by about \$3,175 a year,” Senator Lanza said. (The 2009-2010 Budget increases the annual taxes paid by \$2,650. The recently approved MTA bailout increases transportation costs by \$526 per family.)

“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.”