



NEW YORK STATE SENATOR

Kenneth P. LaValle

Senator LaValle Calls Mta Bailout Plan a Massive New Mandate

KENNETH P. LAVALLE June 25, 2009

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Senator Kenneth P. LaValle was outraged over the secretly negotiated MTA bailout plan, which Senate Democrats passed and praised as “the right plan at the right time.” (Senator Bill Perkins, Chair of the Senate Committee on Corporations, Authorities, and Commissions.) However, the \$2.2 billion plan amounts to a massive new mandate that will drive up property taxes, increase taxes on businesses, and cause the loss of jobs throughout the MTA region.

“The MTA bailout plan will cost Long Island taxpayers an additional \$9 million in county property taxes,” said Senator LaValle. “Ironically, the Democrats passed the bill just days after Governor Paterson announced he was committed to not placing new mandates on local governments and called a meeting to discuss property tax relief.

“The centerpiece of the plan is a \$1.5 billion jobs tax that will undoubtedly result in more layoffs and will further hurt New York’s ability to recover from the national economic recession,” continued Senator LaValle. “And, while the Democrats argue that this payroll tax is necessary due to declining revenues from real estate and other taxes, the plan does not provide a trigger or sunset to review or eliminate the tax when the economy rebounds.”

While the plan proposes to reimburse school districts after they pay the tax, Senator LaValle fears this commitment could be broken. The earliest date for reimbursement would be April 1, 2010, which may force school districts to raise taxes to pay for this and next year’s liability. “If the Governor were serious about protecting school districts, he would have exempted them from the payroll tax,” Senator LaValle said.

Senator LaValle also noted that private, parochial, charter schools, and SUNY schools were not included in the reimbursement provision and, most likely, will not be able to afford the payroll tax without raising tuition.

“The MTA bailout was crafted behind closed doors, just as the state budget. Between the two, we will be paying more than \$10 billion in new taxes, fees, and fare hikes this year,” concluded Senator LaValle.

