



NEW YORK STATE SENATOR

John J. Flanagan

## Senator Flanagan Offers Information To Businesses Affected By The MTA Payroll Tax

JOHN J. FLANAGAN October 8, 2009

| ISSUE: **PAYROLL TAX**

In an effort to help his constituents comply with the devastating MTA Payroll tax that was passed by the Democratically-controlled Assembly and Senate and signed into law by Governor David Paterson, Senator John Flanagan (2<sup>nd</sup> Senate District) is alerting the thousands of downstate businesses, hospitals, non-profits, school districts and local governments that will be affected that their first payment is due on November 2<sup>nd</sup>.

This tax, which Senator Flanagan very vocally opposed and voted against, will cost businesses, non-profits, school and localities around the state one-third of one percent of total payroll. Statewide the total cost to these entities will be approximately \$600 million. “The bill is now coming due for this misguided plan and that will force our businesses and taxpayers to shell out millions of dollars to bail out the MTA. When Senate Democrats joined with Governor Paterson to hatch this plan, I called it a massive \$1.5 billion mandate that will drive up local property taxes and force businesses to eliminate jobs and, today as I warn my constituents about this unwelcome bill, I think it is even more ridiculous,” stated Senator Flanagan. “This was the wrong approach back in May when it was approved without any public input and it is wrong now.”

The MTA Payroll Tax placed a .34% tax on every employee in the MTA region. Since Suffolk County is a part of that region, the \$1.5 billion payroll tax centerpiece of the MTA bailout will

place an additional burden on Long Island businesses, not-for-profits, hospitals, local governments and school districts.

The November 2<sup>nd</sup> payment is the first installment and covers a six-month period that started retroactively on March 1, 2009. And the next payment is due on February 1, 2010.

In an effort to help those he represents comply with this onerous tax, Senator Flanagan is working to alert them about the guidelines that were recently sent out by the New York State Department of Taxation and Finance (NYSDTF).

While he remains steadfast in his opposition to this tax and believes that the MTA should have come to the table as more of a willing partner in fixing its own mess, Senator Flanagan wants everyone to be well informed about their rights and obligations under this new tax.

“While repealing this shortsighted tax is the main goal, it is critical for everyone who will be affected to have the information they need to comply with the law as it stands. The last thing anyone on Long Island needs to do is give Albany an excuse to take more of their hard-earned money through late fees,” stated Senator Flanagan.

Senator Flanagan is also publicly calling on Governor Paterson to fulfill his promise to reimburse school districts that are going to have to make their first payment on November 2<sup>nd</sup>. Senator Flanagan said the estimated cost of the MTA payroll tax to school districts will be about \$100 million and that it is time for the state to commit to making good on its promise to the taxpayers who will eventually have to foot the bill.

“Recently, Governor Paterson announced that the state budget deficit could be as much as \$3 billion. That makes me doubt his commitment to protecting the property taxpayers of Long Island by reimbursing our school districts and I think it is time that he publicly commits to fulfilling his promise,” stated Senator Flanagan. “When you consider that he sought to cut state aid to suburban school districts just this past spring, our taxpayers are looking for some assurances that their schools and their households will be protected and not hung out to dry.”

Private, parochial and charter schools would not be reimbursed for the tax and may have to raise tuition to cover this new cost.

This tax is just the latest in a long line of tax and fee increases affecting hit New Yorkers as a result of the 2009-10 state budget. It follows increases in the costs of driver's licenses and motor vehicle registrations that took effect on September 1<sup>st</sup>; increases in hunting and fishing license fees that took effect on October 1<sup>st</sup>; and the Democrats' elimination of STAR property tax rebate checks that would have been arriving in mailboxes right now.

Please click on the PDF link below to access and print the information from the NYSDTF.