Senator Flanagan Joins With Small Businesses And Non-Profits to Call For Repeal Of MTA Payroll Tax

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Senator John Flanagan (2nd Senate District) joined with his fellow Long Island Republican Senators, business owners and non-profit organization leaders to call for the repeal of the MTA Payroll Tax. Joining together with those who will be directly impacted, Senator Flanagan, Senator Kemp Hannon, Senator Charles J. Fuschillo, Jr., Senator Owen H. Johnson and Senator Carl Marcellino promised to bring their voice to Albany in their continued efforts to repeal this devastating tax.

They were acting today because the first installment of the MTA payroll tax, which is one-third of one percent of total payroll and is retroactive to March 1st, is due November 2nd. This will force thousands of businesses, self-employed New York State residents, non-profits and school districts to reach deeper into their pockets and that will eventually hurt Long Island's economy.

"The MTA payroll tax was a bad idea back in May when it was forced on New York State residents and today we are seeing how harmful it will really be. Everyone who is joining us today understands that this new tax will cost Long Island businesses, schools, not-for-profits and taxpayers real money and it is time for the leaders in Albany to realize that as well. Long Island is not the state's ATM and our residents deserve better," stated Senator Flanagan.

The new tax, which was passed by the Democratically-controlled Legislature and signed by Governor David Paterson back in May, is part of a $1.5 billion MTA bailout plan and is retroactive to March 1, 2009.

Every single Republican state senator voted against the bailout to protect taxpayers from facing additional tax increases and further job losses that would jeopardize businesses at the worst economic times.

According to the New York State Comptroller's Office, the impact of the MTA payroll tax on businesses and nonprofits in Suffolk County is $87.9 million and the cost to Nassau County is $103.9 million for a combined impact of $191.8 million.

The plan will also force local governments, who are already being asked to do more with less, to pay the tax at a cost of $4.3 million. That is a cost that will be made up through either budget cuts or increased taxes that will have to be covered by taxpayers.

Additionally, the tax will have to be paid by school districts at a cost of $28 million across Long Island. This will force these schools to make the difficult decision of whether to cut programs or further increase the property tax burden faced by Long Islanders and it could have a damaging effect on educational quality throughout the region.

While there had been some discussion early on among Democratic supporters of the MTA bailout about reimbursing school districts for this new burden, no guarantees were written into the law.

To help school districts get some clarity, Senator Flanagan is demanding that the legislative leaders who enacted this tax provide proof that the restoration will be made or explain why they have changed their plan: "Governor Paterson recently announced that the state budget deficit could be as much as $3 billion and that has many concerned that the state will fail to honor the commitment it made to the school districts and taxpayers of Long Island. When you consider that the state was aiming budget cuts at these very same school districts this time last year, our taxpayers and school officials have a right to doubt the state and they deserve to know the truth so that they can make realistic spending plans."

The MTA Payroll Tax is just the latest in a long line of tax and fee increases that are affecting Long Island residents since the beginning of this year. It follows increases in the costs of driver's licenses and motor vehicle registrations that took effect on September 1st; increases in hunting and fishing license fees that took effect on October 1st; and the Democrats' elimination of STAR property tax rebate checks that would have been arriving in mailboxes right about this time of year.