



NEW YORK STATE SENATOR

Brian X. Foley

Sen. Foley Introduces Legislation to Significantly Reduce MTA Payroll Tax on Long Island

BRIAN X. FOLEY December 15, 2009

| ISSUE: **MTA (METROPOLITAN TRANSPORTATION AUTHORITY), TAXES, PAYROLL TAX**

Senator Brian X. Foley (D – Blue Point) and Assemblyman Fred Thiele (I – Sag Harbor) announced the introduction of major legislation that will significantly reduce the MTA payroll tax in Suffolk and Nassau as well as five other counties outside New York City that are currently served by the MTA.

The legislation (S. 6312) will reduce Suffolk County's payroll tax by 66%, bringing it down to just 11 cents per every \$100 in payroll. Nassau County's share of the payroll tax will be reduced to 23 cents per every \$100 in payroll. Currently, businesses in all counties served by the MTA are required to pay 34 cents per \$100 in payroll.

The new MTA payroll tax structure, as outlined by the legislation, will call for the following payroll tax levels:

- Suffolk County - 11 cents per \$100 in payroll (down from 34 cents per \$100)
- Rockland County – 11 cents per \$100 in payroll (down from 34 cents per \$100)
- Dutchess County – 11 cents per \$100 in payroll (down from 34 cents per \$100)
- Orange County – 11 cents per \$100 in payroll (down from 34 cents per \$100)
- Putnam County – 11 cents per \$100 in payroll (down from 34 cents per \$100)
- Nassau County – 23 cents per \$100 in payroll (down from 34 cents per \$100)
- Westchester County – 23 cents per \$100 in payroll (down from 34 cents per \$100)

*New York City will continue to pay the original 34 cents per \$100 in payroll

In addition to Foley, the legislation is sponsored in the Senate by Senator Thomas Morahan (R – Rockland County) and Senator Suzi Oppenheimer (D – Mamaroneck).

“This legislation will be welcomed relief for businesses throughout Long Island as they will see their share of the payroll tax reduced significantly,” said Foley. “The MTA is a critical component of our transportation infrastructure and Suffolk and Nassau counties will continue to contribute to it. Thanks to this legislation, they will now do so in a more efficient and fair manner,” said Foley, pointing to the fact that New York City, which is served much more comprehensively by the MTA than the suburbs, will continue to pay 34 cents per \$100 in payroll taxes.

The payroll tax was instituted as part of the MTA restoration package enacted earlier this year, following years of mismanagement and dysfunction within the Authority. Revenue from the tax was to go towards addressing the MTA’s most critical needs, including capital projects that would generate well-paying jobs on projects such as a new track in Suffolk County. At the time of the MTA restoration plan’s adoption, Senator Foley and others committed to revisit payroll tax; a commitment that has been realized in the form of this legislation.

“By adjusting the amount of the MTA payroll tax in the counties outside New York City,” said Senator Oppenheimer, “this legislation more equitably reflects the services provided by the MTA for taxpayers in those counties.”

"I have vigorously opposed and voted against the MTA payroll tax," said Assemblyman Fred Thiele. "This tax should be repealed. I will support whatever measures are available, either an outright repeal which I have already introduced, or the dismantling of this tax bit by bit. I support the reduction of the rate for Suffolk County proposed today as well as exemptions for schools, libraries, and not-for profit corporations as a means to eliminate this tax."

Vision Long Island, a smart growth planning organization hailed the legislation: “As an advocate for public transportation Vision Long Island supports Senator Foley's legislation to

reduce the impact of the MTA payroll tax on Suffolk County small businesses and other institutions. The limited nature of MTA services to Suffolk County necessitates a more equitable distribution of funding and cost burdens,” said Executive Director Eric Alexander.

Representing chambers of commerce across Suffolk County was Rick Ammirati, President of the Holbrook Chamber of Commerce. “We are here to support this important legislation because it will reduce the tax burden on Long Island’s businesses,” said Ammirati, who is the owner of a local pharmacy in Holbrook and has served as President of the Holbrook Chamber of Commerce since 2000.

The Hauppauge Industrial Association (HIA), which represents approximately 1,000 companies on Long Island commended the legislation in a statement: “The HIA prefers to have the MTA payroll tax repealed in its entirety yet in light of the present economic situation of the state and the MTA we realize this is highly unlikely. The HIA supports Senator Foley’s effort to reduce the MTA payroll tax by 66% commensurate with services provided to and utilized by the citizens of Suffolk County.”

“Even with the reduction in Long Island’s share of the payroll tax, the MTA will still have billions of dollars in recurring revenue it never had before,” said Foley. “It’s now up to the MTA to do its part and end the inefficiencies and dysfunction that has plagued the MTA for years,” said Foley, referring to numerous independent analyses that have exposed waste, fraud, and abuse within the MTA.

In 2007, a thorough review by the New York State Comptroller pointed out over 2,700 positions within the MTA that could be streamlined through shared services. According to the review, the MTA has not taken the steps necessary to streamline these redundant positions; a fact that has led to the further weakening of the Authority’s fiscal health.

In addition, years of irresponsible borrowing have saddled the MTA with billions of dollars in debt. From 1996 to 2008, the MTA’s debt was allowed to triple; from \$8.6 billion in 1996 to \$24 billion in 2008. By 2008, the MTA was paying \$125 million in debt service fees each month; a total of \$1.5 billion per year.

“Despite inheriting an MTA that was laden with inefficiencies and debt, we have provided the support necessary for the Authority to stay on its feet long enough to clean up its act,” said Foley, who was voted into office last November. “Now, the MTA must finally take up the reforms necessary to restore trust in New York State infrastructure.”