



NEW YORK STATE SENATOR

Kenneth P. LaValle

LaValle Co Sponsors Legislation To Repeal The MTA Payroll Tax

KENNETH P. LAVALLE June 6, 2011

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



Hauppauge, NY- Senator Lee M. Zeldin (R, C, I- Shirley) and Senator Jack Martins (R-Mineola) announced today the introduction of legislation to repeal the job killing MTA Payroll Tax. This announcement came on the heels of months of studying, listening and learning about the MTA and its financial situation. Also joining them at today's announcement in Hauppauge was Senate co-sponsor Kenneth P. LaValle (R, C, I- Port Jefferson).

“I have spent my first few months in office, questioning Chairman Walder, MTA board members, state legislators, transportation experts, economists and others to identify ways for the MTA to tighten its belt,” said Senator Zeldin. “There is absolutely no doubt that the MTA, without increasing fares or cutting services, can balance its books after this legislation is implemented. One must question the motives and veracity of any individual or group that attempts to dispute this fact going forward.”

Summary of Legislation

Small businesses with twenty- five employees or less, as well as public and non-public schools throughout the entire Metropolitan Commuter Transportation District (MCTD), would be completely exempted from the payroll tax as of January 1, 2012.

The payroll tax, for the seven suburban counties within the MCTD, beginning on January 1, 2012, will have tax rates reduced to .23%. The tax will be further reduced to .12% for 2013 and fully repealed as of January 1, 2014. These counties include Suffolk, Nassau, Westchester, Rockland, Orange, Putnam and Dutchess.

Within New York City’s five boroughs, the tax would be reduced to .28% on January 1, 2013 and .21% beginning on January 1, 2014. The payroll tax would remain in effect at the .21% rate for New York City’s five boroughs.

Senator Greg Ball (R, C- Patterson) is also a co-prime sponsor. Additional co-sponsors include Senators LaValle, Johnson and Saland. The bill is being carried in the Assembly by Assemblyman George Latimer (D-Rye). Assembly co-sponsors Assemblyman Dean Murray (R, C- East Patchogue) and Assemblyman Al Graf (R,C- Holbrook) were also in attendance at today’s press conference.

“This is a tax that should have never been implemented. It has hurt our businesses, schools, hospitals, not-for-profit groups and all of our residents at a time when people are struggling. The MTA could and should operate without this additional tax being levied against employers that have nothing to do with the MTA’s service. We are committed to the elimination of this onerous tax. This legislation, which I am proud to co-sponsor, will phase the MTA Payroll Tax out until it is completely eliminated at the end of 2013. When this tax was enacted in 2009, our taxpayers were asked to once again reach into their pockets to pay for MTA inefficiencies. That has to stop now,” said Senator Jack Martins (R-Mineola).

“The MTA payroll tax was ill conceived and is onerous. I voted against it when it was introduced by the democrat majority and thank Senators Zeldin and Martins For their leadership on this important issue that is crippling job creation and growth in our region,” said Senator Kenneth P. LaValle (R, C, I- Port Jefferson).

“I have studied the MTA’s budget, consolidated balance sheets, real estate portfolios, comptroller audits, news articles and more. I have spent many hours reflecting on an effective legislative solution for Albany to act on. I am extremely confident that this bill is the legislative solution to not only repeal the MTA Payroll Tax, but also help shine a light on how the MTA can begin to fix its own financial house. My promise is not to rest until the legislature takes action on this bill to repeal the payroll tax,” continued Senator Zeldin.

The payroll tax can be repealed without cuts to services or increases in fares as the MTA may choose to threaten going forward. While noting that real estate transfer tax collections are now increasing due to a recovering economy, Senator Zeldin has identified over a dozen potential ways for the MTA to cut expenses to balance its books. These include, but are not limited to:

- Eliminate overtime abuse- well over \$400 million is spent on overtime annually;

- MTA should share in enforcement camera fines in MTA bus lanes;
- Competitive bidding/ privatization of NYC bus system;
- Public/private partnerships;
- Reduce outside litigation costs by increasing utilization of in-house attorneys or the NYS Attorney General's office;
- Sell some of the MTA's capital assets currently valued at over \$50 billion;
- Reduce the cash and investment float, which amounts to billions;
- Reduce the amount of managers and supervisors, which is currently over 10,000 of the MTA's 66,000 employees;
- Crack down on pension padding where possible;
- Cashless tolls throughout the system;
- Reduced "vacancy/absentee" coverage of MTA Bridges and Tunnels; and
- Improve process for approving personal and miscellaneous services contracts.

"This has been a job-killing tax on Long Island. The simple fact of the matter is that the MTA needs to put better controls in place to stop waste, fraud, mismanagement and abuse, instead of unfairly forcing Long Island families and businesses to pay this payroll tax," said Assemblyman Dean Murray (R, C - East Patchogue). "Since this tax was first levied, I have consistently said that the MTA's problem is on the expenditure side, not the revenue side of their balance sheet. I applaud Senators Zeldin and Martins for introducing this legislation, and plan on co-sponsoring companion legislation in the Assembly."

"We applaud the efforts of Senator Martins and Senator Zeldin by introducing legislation to repeal the regressive MTA payroll tax, which places an unnecessary fiscal burden on local

businesses and in particular, not-for-profit charitable organizations. The amount of tax Long Island Cares would pay to the MTA represents 3,164 meals that could be provided to feed the hungry. In essence, the MTA payroll tax has taken emergency food out of the mouths of children, veterans, seniors and families in need when they least can afford it," said Paule Pachter, Executive Director, Long Island Cares, Inc. - The Harry Chapin Food Bank.

"This devastating tax was the last nail in the coffin for many small business owners during these difficult economic times. We are glad to see the process move forward to repeal this tax," said Richard Bivone, Nassau Chairman of the Long Island Business Council.

"Realizing the negative impact this MTA payroll tax has on LI businesses we commend Senator Zeldin for leading the way in its repeal," said Terri Alessi-Miceli, President of the Hauppauge Industrial Association.

"We must support Senator Zeldin's efforts to eliminate the MTA Payroll Tax and the unfair burden placed on the residents and business owners by it," said Steve Foray, President of the East Islip Chamber of Commerce.

"As a small business owner, I struggle everyday to manage my funds and maintain a budget that is reasonable for what my earnings will allow. I am forced to make difficult decisions such as the ability to hire and release employees, track benefits spending and make adjustments where necessary to stay within my means and be a responsible business owner. And when it becomes difficult to achieve these goals, I am left to try harder, not ask for a bail out. I think it is time for the MTA to try harder to be responsible in running their operations. I am tired of paying the MTA and each time I must write my quarterly check to them, I sit and wonder what I could have used this for in my own business...new equipment for my patients, a new computer, etc. I am confident that I speak behalf of many other business owners who have had enough. It is time to ask Albany to do what's right and repeal the MTA

tax and provide some relief to our overburdened small business owners. I support the efforts of Senator Zeldin and applaud his efforts in the presentation of this bill," said Laura Rogacki, President/Bayport-Blue Point Chamber of Commerce.

"Many small businesses in Suffolk County, especially in our downtowns are not thriving. They are simply trying to survive. Any tax is too much when you are trying to survive in this economic climate. The MTA Payroll tax adds more cost to our products making it difficult to compete with other states and the internet. Any effort to repeal it is supported by the Bellport Chamber of Commerce," said Dianne Romano, President of the Bellport Chamber of Commerce.

Senator Zeldin had recently announced a website and petition collection solely dedicated to the repeal of the Payroll Tax. Zeldin also recently penned a letter to Governor Andrew Cuomo asking him to add a repeal of the MTA payroll tax to his agenda.

Additionally, Senator Zeldin recently sent a letter to Comptroller Thomas DiNapoli requesting a thorough top-down forensic audit of the MTA's finances.

"The job killing MTA Payroll Tax should have never been enacted in the first place," stated Senator Zeldin. "If I had been in office in 2009, I would have voted against it then. Now that I am in office, it is my duty to introduce this important legislation," concluded Senator Zeldin.