



NEW YORK STATE SENATOR

Jack M. Martins

## Senator Martins Introduces Legislation to Eliminate MTA Payroll Tax

JACK M. MARTINS June 6, 2011

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Long Island's two freshman Senators – Senator Jack M. Martins and Senator Lee M. Zeldin – have introduced legislation to eliminate the MTA Payroll Tax, which has been a burden to Long Island businesses, school districts, local governments, hospitals and even not-for-profits ever since it was enacted in 2009.

The Martins-Zeldin plan calls for the MTA Payroll Tax to be phased out each year until 2014, when it will be completely eliminated.

“In the midst of a recession, the state leadership in 2009 saw fit to further burden our communities with this tax on numerous entities, which do not even use the MTA’s services,” said Senator Martins. “The county, towns, our villages, school districts, hospitals, businesses and not-for-profits have all been forced to pay this tax at a time when government should have been seeking way to ease the burden on our taxpayers.”

“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,” said Senator Zeldin.

The legislation calls for the following:

- Small businesses with 25 employees or less as well as public and non-public schools would be completely exempt from the MTA payroll tax as of January 1, 2012.
- Beginning January 1, 2012, the payroll tax for Nassau and Suffolk Counties would be reduced from its current .34 percent on payroll (34 cents for every \$100 of payroll) to .23 percent.
- Beginning January 1, 2013, the payroll tax for Nassau and Suffolk Counties would be reduced to .12 percent on payroll.
- Beginning January 1, 2014, the payroll tax for Nassau and Suffolk Counties will be totally repealed.

At the same time, the tax would be reduced for New York City's five boroughs to .28 percent on January 1, 2013; then .21 percent on January 1, 2014. The rate of .21 percent for New York City's five boroughs would remain in effect.

The estimated savings from the elimination of the MTA Payroll Tax would be \$767 million.

Senators Martins and Zeldin believe that as the economy turns around, additional revenues such as those from the real estate transfer tax would replace the revenue lost from the payroll tax. Furthermore, the two Senators believe there can be cost-savings found within the MTA's budget. The following ways should be looked at:

- 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.

“The MTA could and should operate without this additional tax being levied against employers. We are committed to the elimination of this onerous tax. Getting rid of this tax will help businesses across Long Island and will be another measure to get our economy moving forward” said Senator Martins.

“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.

“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.