



NEW YORK STATE SENATOR

Lee M. Zeldin

Senator Lee M. Zeldin and The National Federation of Independent Businesses Call on The State Assembly to Pass MTA Payroll Tax Repeal

LEE M. ZELDIN June 16, 2011

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

Albany, NY- Senator Lee M. Zeldin (R, C, I- Shirley), Assemblyman Dean Murray (R, C- East Patchogue) and the National Federation of Independent Businesses today continued to keep the pressure on Assembly Majority Speaker Silver in calling for an up or down vote on legislation to repeal the MTA Payroll Tax before the end of session.

S.5596-A/A.8193-A passed the New York State Senate in a bi-partisan vote of 40-22. The bill was introduced in the Assembly by Assemblyman George Latimer (D-Rye). Co-sponsored include Assembly Members Dean Murray (R, C- East Patchogue), Al Graf (R, C- Holbrook), Dan Losquadro (R, C- Shoreham), Marcus Molinaro (R, I, C-Red Hook), Jim Conte (R, I, C, WF- Huntington Station), Mike Spano(D-Yonkers) and Fred Thiele (I- Sag Harbor).

“Last night the Senate passed this very responsible legislation to repeal and phase out the MTA Payroll Tax. The passage of this legislation in the Assembly remains uncertain because of Assembly Speaker Silver’s reluctance to act. I am proud to have partnered with my colleagues in the Senate and the Assembly, both Republicans and Democrats, and it is now time for Speaker Silver to do the right thing,” said Senator Zeldin.

“This tax is a colossal failure,” said Assemblyman Murray “The only beneficiary of this tax is the MTA. This is a job-killing tax that is another excessive burden on New York State taxpayers. I am calling on the Assembly Majority to bring this bill to the floor before the close of session.”

“Small business applauds the Senate for taking this necessary action in passing S5596a/A8193a which seeks to repeal the onerous MTA Payroll Tax, and we thank Senator Zeldin and his colleagues on both sides of the aisle for standing with small business and taxpayers. This legislation will reverse a tax that has stifled job creation and forced existing businesses to bear a burden born from irresponsible spending by the state and the MTA. We now look to the Assembly to follow the Senate’s lead and pass this bill to further enhance the economic recovery of New York”, said NFIB State Director Mike Durant.

Summary of Legislation

Small businesses with 25 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 0.23 percent. The tax will be further reduced to 0.12 percent 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 0.28 percent on January 1, 2013 and 0.21 percent beginning on January 1, 2014. The payroll tax would remain in effect at the 0.21 percent rate for New York City’s five boroughs.

This legislation also includes several measures to mitigate the immediate fiscal impact of the PMT phase-out on the MTA's operating budget and in order to provide the MTA with the opportunity to implement greater operating efficiencies. These mitigation measures will result in the MTA having to absorb only \$375.6 million in foregone PMT revenue by 2014, a tiny 2.4 percent of the expected \$15 billion MTA operating budget.

These measures include:

- Direct up to \$100 million Regional Greenhouse Gas Initiative (RGGI) funds collected within the MCTD to the MTA.
- Eliminate the PMT for public and non-public schools and state savings from the PMT reduction.
- Prohibit the use of transit funds for state General Fund relief and other purposes.
- Restore a portion of the New York City revenue sharing in SFY 2014-15 and have it dedicated to the MTA for New York City transit purposes.
- Dedicate a portion of the state sales tax on gasoline to transportation including transit and the Dedicated Highway and Bridge Trust Fund, which supports Department of Transportation capital spending.

“This legislation is a responsible measure to phase out this job killing payroll tax for our local small businesses, hospitals, schools and non profits. 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,” concluded Senator Zeldin.

