



NEW YORK STATE SENATOR

Lee M. Zeldin

## NYS School Boards Assoc. Endorses Sen. Zeldin's MTA Payroll Tax Repeal Legislation

LEE M. ZELDIN October 7, 2011

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Senator Lee M. Zeldin (R, C, I –Shirley) announced today that the New York State School Boards Association (NYSSBA) has endorsed his MTA Payroll Tax Repeal legislation.

S.5596-A/A.8193-A passed the New York State Senate on June 15, 2011, with a bi-partisan vote, 40-22. The bill was introduced in the Assembly by Assemblyman George Latimer (D-Rye). Twenty-one other Assembly Members have signed on as co-sponsors of this legislation, including Dean Murray (R, C- East Patchogue), Al Graf (R, C- Holbrook), Dan Losquadro (R, C- Shoreham), and Fred Thiele (I- Sag Harbor).

The New York State School Boards Association released the following statement:

“The MTA Payroll Tax never made sense; it calls for employers in the MTA service area to pay a tax on their payroll. For schools, this means that the state would divert the use of local school property taxes to pay for a state transportation program... Both the Governor and legislative leaders have promised mandate relief this session and this legislation is one step toward that relief. NYSSBA strongly supports this legislation and applauds the sponsors for this effort.”

## 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 exempt from the payroll tax as of January 1, 2012.

The payroll tax, for all other employers within the seven suburban counties of 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 The tax will be further reduced to 0.12 percent for 2013 and fully repealed as of January 1, 2014.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 fiscal impact of the PMT phase-out on the MTA's operating budget. This provides the MTA with the additional time and 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 minimal 2.4 percent of the expected \$15 billion MTA operating budget.

"The New York State School Boards Association clearly understands that our local school districts have been deeply affected by the job-killing MTA Payroll Tax," said Senator Zeldin.

"I thank the New York State School Boards Association for their support in helping to repeal this onerous tax. They know that one of the best ways to improve our downstate economy and ensure that our local school districts' funds are spent where they are needed most—on our children's education—is to get rid of this job-killing tax as soon as possible. The Assembly Majority needs to act on this very important and responsible legislation to phase out the

MTA Payroll Tax and bring it to the floor for a vote when the Legislature reconvenes.”

“I commend Senate Majority Leader Dean Skelos for his staunch leadership on this issue and for allowing this bill to come to the floor for a vote this past June,” Senator Zeldin continued.

“I also thank all the Senate co-sponsors, especially Senator Jack Martins, and our fine Majority Finance and Counsel staff members whose hard work ensured that we have the right bill to get the job done.”

The New York State School Boards Association’s support adds to a growing list of endorsements the legislation has received since being announced in June 2011. Endorsements have also come from Independent Insurance Agents & Brokers of New York, Nassau-Suffolk Hospital Council, Tax Relief Now, New York State Catholic Conference, Empire State Chapter of the Associated Builders and Contractors, National Federation of Independent Businesses, Business Council of New York State, Inc., Conservative Party of New York State, Long Island Business News, New York Farm Bureau, GrowPAC, restructuring expert Harry Wilson, Long Island Cares, Inc., Long Island Business Council, Hauppauge Industrial Association, and several Chambers of Commerce.