



NEW YORK STATE SENATOR

Jack M. Martins

## From the Desk of Senator Jack M. Martins

JACK M. MARTINS January 30, 2012

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### **Local Governments Need Relief From MTA Payroll Tax**

If you'll indulge me, I'd ask you to imagine a very complex flow chart, one with a jumble of miniscule numbers and overlapping arrows pointing in every direction that are nearly impossible to decipher. That's what government bureaucracies tend to create. But in my years of public service, I happen to have gotten pretty good at analyzing these labyrinths, tracing their complexities back to their respective centers. What's more, I can now almost always predict what you'll find there: an overburdened taxpayer that doesn't know what hit him.

You see, bureaucracies avoid coming right out and asking you for more money because they know it makes you angry. Now I know you're saying "Are you kidding, Jack? Have you seen my property tax bill?" But I can assure you that if government truly approached you, the taxpayer, directly for everything they want, your head would explode. Rather, they prefer creating ingenious new taxes and fees, pinching a bit here, squeezing a bit there and hopefully distancing taxpayers from the sting. The former Senate majority came up with an astonishing 214 of them in 2009 alone, imposing billions of dollars in new taxes and fees as we struggled through a recession. If there was a trophy for creatively fleecing people, I have no

doubt it would be found sitting on their mantle.

The most egregious of those 214 was the MTA payroll tax. Every employer downstate, large and small, profit or nonprofit, public or private was required to pay it on the wages of each of their employees, whether they used public transportation or not. Unfortunately, while this allowed the MTA to avoid evaluating its own budget and implementing cost saving measures, it threw a wet blanket on our local economy. It killed job creation, stifled local investment, and squeezed our middle class businesses.

Thankfully, with Governor Cuomo's cooperation, we recently eliminated this tax for employers with payrolls of less than \$1.25 million. That means a full 78 percent of those paying it, more than 704,000 entities including public and non-public schools.

But we can't stop there. Unfortunately, most counties, including Nassau and Suffolk, as well as towns, villages and even some of our local libraries have payrolls over that threshold. They remain saddled with the burden. It's forcing them to scale back valuable services we've come to expect and, in some cases, to even raise taxes. All of these costs are eventually borne by us in our property taxes. As always, when you peel back the onion that this tax is, you'll find the taxpayer at the center.

Consider that Nassau and Suffolk each pay over \$3 million a year for the MTA Payroll Tax or that there are currently 28 libraries in Nassau County and 31 in Suffolk County that have payrolls of over \$1.25 million. Repealing the tax for them would free up precious resources that could be used for government services, exactly what you thought your taxes were for. Hopefully you'll agree that it is simply unacceptable that property taxpayers should have even more of their hard-earned dollars backhandedly diverted to subsidize the MTA.

That's why I'm sponsoring a bill to exempt local governments from the tax (S6206) as well as a separate bill exempting libraries (S6079A). "Why two bills?" you might ask. Frankly, in my short time in Albany, I've learned that progress is incremental and its best to argue the merits of one's ideas independently, avoiding a winner-takes-all outlook.

In any circumstance, I will continue to fight for property tax relief. Our libraries, villages, towns, and counties should never be conduits for diverting property taxes to the MTA. We absolutely can make New York more affordable, but these onions must be peeled one at a time.