



NEW YORK STATE SENATOR

Hugh T. Farley

Senator Farley Unveils Family Tax Relief Act

HUGH T. FARLEY March 5, 2013

| ISSUE: **TAXES**



State Senator Hugh T. Farley (R, C, I - Schenectady) and his fellow members of the Senate Republican Conference recently unveiled the Family Tax Relief Act, a package of tax relief and reform measures designed to provide a major economic boost to New York's struggling middle class families.

The Senate Republican plan would increase tax breaks that have not kept pace with inflation, and, in some instances, haven't been adjusted for more than 25 years. The plan also restores the STAR property tax rebate check program to provide real and direct relief to

millions of New Yorkers who pay some of the highest property taxes in the country.

The Senate plan would: more than double the value of the Dependent Exemption; increase the Child Tax Credit and provide an additional \$500 child tax credit; increase the value of the Dependent Care Credit; and restore STAR property tax rebate checks.

The current \$1,000 value of the Dependent Exemption was last updated in 1987. At that time, gasoline was 89 cents-per-gallon and iPads and flat screen TVs didn't exist. Since then, inflation has reduced the value of that exemption to essentially nothing. The value of similar family tax credits have also been eroded significantly and would be adjusted by the Senate Republican Family Tax Relief Plan.

For a family with an annual income of \$55,000 and two children, the total increase in tax savings would be \$1,036. A family making \$100,000 a year with two children would have their tax savings increased by \$812. A single parent with one child and an income of \$45,000 per year would see an increased tax savings of \$811 under the Senate plan.

The Senate Republican Family Tax Relief Act includes the following:

Increase Dependent Exemption

- > Increase the Dependent Exemption from \$1,000 to \$2,020 per dependent;
- > Allow a subtraction from gross income for each dependent the taxpayer claims;
- > Dependent Exemption last increased in 1987.

Increase Dependent Care Credit

- > The Dependent Care Credit, which is a percentage of the federal credit, allows taxpayers a tax credit for the expenses incurred for the care of a child;
- > Dependent Care Credit last increased in 1999;

> Our plan will increase the percentage range of the federal child care credit that parents can receive, from 20 percent to 110 percent (depending on income), to 27 percent to 150 percent of the federal child care credit.

Increase Child Tax Credit

> Increase the maximum Child Tax Credit from \$330 to \$375 to adjust for inflation;

> Child Tax Credit last amended in 2006;

> Our plan increases the Child Tax Credit from 33 percent of the federal child tax credit to 37.5 percent;

> In New York State, married-joint filers with income less than \$130,000 (federal), who have a child that is between the ages of 4 and 16, can receive the credit;

> Provide an additional \$500 Child Tax Credit per family.

Restore STAR Property Tax Rebate Checks

> Restore STAR Rebate Check Program to provide an estimated additional \$1.3 billion in tax relief; This will provide real and direct relief to millions of people across the state, including seniors and middle class families.

Restoring STAR Rebate Checks would provide an additional total of approximately \$1.3 billion in tax relief. The average statewide rebate check would be \$445. The average enhanced STAR rebate check for seniors would be \$460.

The U.S. Commerce Department recently reported that retail sales across the country slowed down after the federal payroll tax was increased and consumers took home less money in their paychecks. According to the IRS, the payroll tax hike took \$83 a month away from an individual with an annual salary of \$50,000; \$125 a month from a worker making \$75,000 and \$166 a month from someone earning \$100,000 a year.

These proposals would build on the Senate Republican's record of providing tax relief to middle class families, especially through the historic property tax cap which finally put the brakes on skyrocketing property taxes, and the 2011 middle class tax cut that reduced income tax rates to the lowest levels in more than half a century.