



NEW YORK STATE SENATOR

John J. Flanagan

Senator Flanagan Announces Tax Relief For Businesses and Families In State Budget

JOHN J. FLANAGAN May 15, 2013

| ISSUE: **BUDGET**

Senator John Flanagan (2nd Senate District) announced that much-needed tax relief for middle-class families, help for job-creating businesses and additional funding for our school children are all included in the recently passed 2013-14 state budget. For the third consecutive year, the budget keeps spending growth below two percent, which is consistent with the local spending cap that applies to school districts and local governments.

As the Chairman of the Senate Education Committee, Senator Flanagan led the fight to increase state school aid by close to one billion dollars to ease pressure on property taxpayers and ensure that the aid was distributed in a manner that was fair to all regions of the state.

Under his leadership, the additional state aid will deliver an increase of over \$75 million for Suffolk County schools, which is \$31 million more than Governor Cuomo's budget proposal.

"Education is, and should always be, our number one priority. The Governor provided the Legislature with a good template and we have taken the opportunity to build on that plan. It is the part of the budget with the highest and largest growth because children all across our state should have sufficient access and opportunity to a quality education. This budget invests close to one billion dollars more statewide for schools to provide families with the opportunities they deserve," said Senator Flanagan.

The budget also increases community college base aid by \$150 per student and provides local libraries with a state aid increase of \$4 million.

The approved budget also includes direct tax relief for middle class families in the form of a \$350 Family Tax Relief credit and increased tax breaks for small businesses.

Under the terms of the middle class tax relief credit, over the next three years each New York family with at least one dependent child under the age of 17 and a household income between \$40,000 and \$300,000 will receive a Family Tax Relief credit in the amount of \$350. The total tax relief for middle class families will be \$1.23 billion over three years beginning in 2014.

The budget also extends the middle class personal income tax rate reductions enacted in 2011, which were due to expire in 2014. These reductions put tax rates at their lowest level in 60 years and will provide 4.4 million taxpayers with \$707 million in tax relief per year. The budget will also continue the inflation indexing approved in 2011 to provide taxpayers with protection from unintended tax increases that could otherwise occur as a result of normal income growth. This will save taxpayers \$230 million next year.

To provide property tax relief, the budget also includes a record amount of \$3.4 billion in funding for the New York State School Tax Relief Program (STAR) program, which represents an increase of \$143 million over last year. Of that \$3.4 billion in funding, \$912 million will be utilized to fully fund the enhanced STAR property tax relief for senior citizen homeowners.

In addition to the enhanced STAR funding, the budget also preserves full funding for the EPIC (Elderly Pharmaceutical Insurance Coverage) program to help eligible seniors save money on their prescription drug costs.

To help create sorely needed jobs, the budget also includes most elements of the Senate Republican's "Blueprint for Jobs" plan which was proposed earlier this year and is aimed at improving the state's economy by cutting taxes, reducing costs, making targeted economic investments and expanding job training opportunities to make businesses more competitive.

The 2013-14 state budget includes the following elements of that plan:

- Phase out and elimination of the 18a assessment over the next three years to help reduce energy costs for both businesses and residents. This is the elimination of a surcharge Senator Flanagan strongly opposed when it was approved because it has raised energy costs for all Long Island ratepayers.
- Implementation of reforms to modernize and simplify the workers compensation and unemployment insurance program to save businesses \$1.3 billion. The savings do not impact workers' benefits.

- Reduction in personal income taxes on business income for small business owners that pay personal income taxes.
- A refundable tax credit for businesses that hire people under the age of 20.
- Creation of a tax credit for any business that hires a veteran returning home from military service. The credit will equal 10 percent of wages paid - increasing to 15 percent of wages if the veteran who is hired is disabled.
- Creation of the Next Generation Job Linkage Program to help create and retain jobs by providing comprehensive, targeted training that is specifically tailored to meet the needs of individual employers.
- \$110 million for SUNY 2020, CUNY 2020 Economic Development programs and \$1.25 million for the New York State Incubator Program to provide operating support for the state's business incubators and to create or designate 10 high-tech business incubators at locations affiliated with higher education institutions with tax benefits for tenant businesses.

The approved budget also includes mandate relief for local governments and increased transportation aid. Additionally, the budget will allow local governments and school districts to take advantage of pension reforms in order to get short term relief from rising employee pension costs. The budget will also provide county governments with an advance of federal aid from the Affordable Care Act of \$80.6 million this year.

For the first time in five years, there will be an increase in local aid for road and bridge improvement projects and a two-year transportation capital program of \$3.7 billion for highway and bridge construction and repair projects to help improve infrastructure, create jobs, and promote economic development.

“This is a budget that will continue moving our state and our residents in the right direction. We have worked with Governor Cuomo to improve his budget proposal by providing record funding for Long Island schools to protect both our taxpayers and students, and by also providing the economic jumpstart our businesses need to create good paying jobs for all Long Islanders,” stated Senator Flanagan.