



NEW YORK STATE SENATOR

Dean G. Skelos

## SENATE PASSES TAX RELIEF LEGISLATION: Bills Would Encourage Business Growth and Job Creation

DEAN G. SKELOS June 10, 2014

The New York State Senate today passed seven bills that would provide tax relief to businesses, expand exemptions from the job-killing MTA payroll tax, encourage historic preservation projects, reduce energy taxes, protect forestland, and provide tax benefits to disabled veterans, as well as teachers who purchase school supplies.

“Providing additional tax relief to encourage job creation is an end-of-session priority for Senate Republicans,” Senate Co-Leader Dean Skelos said. “The measures we passed today build on the major tax relief initiatives Senate Republicans successfully fought for in the state budget to help make small businesses and manufacturers more competitive.”

The bills approved by the Senate today include the following measures:

### Exempting Hospitals from the MTA Payroll Tax

Legislation (S2467) sponsored by Senator Andrew Lanza (R-C-I, Staten Island) would add hospitals to the list of institutions that are exempt from the MTA payroll tax. The MTA payroll tax was enacted by Senate Democrats in 2009. In 2011, Senate Republicans successfully fought to eliminate the onerous tax for most of the businesses that paid it. However, it continued to apply to hospitals.

“From the moment I debated and voted against the MTA Payroll tax on the floor of the Senate I vowed to do everything I could to repeal this unfair and punitive tax on Staten Island families, businesses, schools and hospitals,” said Lanza. “My bill would exempt hospitals from paying the MTA payroll tax so that their money can be invested in providing quality, affordable health care for patients rather than our mass transit system.”

#### Expanding the MTA Payroll Tax Exemption on Self-Employed

Under the current law, self-employed individuals who earn over \$50,000 a year are still paying the MTA payroll tax. This legislation (S2648), sponsored by Senator Greg Ball (R-C, Patterson) would repeal the tax for self-employed individuals who earn less than \$250,000 annually.

In addition, the bill would reduce from .34 percent to .11 percent, the payroll tax rate paid by self-employed individuals earning \$250,000 to \$300,000, and reduce to .23 percent, the rate paid by self-employed individuals earning from \$300,000 to \$350,000.

Senator Ball has been fighting to repeal the tax since it was enacted in 2009. As a member of the New York State Assembly, Ball introduced legislation to repeal the tax and audit the MTA.

“The single most important thing we can do collectively in the Hudson Valley to create jobs is completely reverse the MTA payroll tax,” said Senator Ball. “While it was a great achievement to repeal the MTA Payroll Tax for 80 percent of those suffering from its burden, we never accepted the important mission of a full repeal as complete. I am happy that we again passed this legislation through the Senate, I hope the Assembly follows our lead to finally repeal this tax once and for all.”

#### Expanding the Historic Preservation Tax Credit

A bill (S4642A) sponsored by Senator Mark Grisanti (R, Buffalo), would encourage more revitalization projects by increasing the maximum award available under the historic preservation tax credit from \$5 million to \$12 million dollars for developers willing to rehabilitate historic buildings.

“The Historic Preservation Tax Credit has played a significant role in revitalizing buildings in Buffalo and across New York State,” Senator Grisanti said. “There are so many beautiful buildings with historic architecture that could be restored and saved if the Assembly was to join the Senate in passing this bill and it was signed into law.”

Senator Grisanti said the Historic Preservation Tax Credit has aided developers in the redevelopment of historic buildings in Western New York from the Hotel Lafayette, the Central Terminal, Statler City to Artspace Buffalo.

Current law caps the tax credit at \$5 million on a project which can act as a disincentive for the development of larger, more blighted or more expensive projects. This legislation continues the 20-percent tax credit but raises the maximum threshold to \$12 million.

#### Full Property Tax Exemption for Totally Disabled Veterans

Legislation (S6563A) sponsored by Senator Greg Ball (R-C-I, Patterson), would make the primary residence of a permanently, totally disabled veteran exempt from property taxes. The exemption helps address concerns that totally disabled veterans who are unable to pay skyrocketing property taxes may be forced out of their homes.

“All throughout New York State, our service-disabled veterans are being forced out of their homes due to the out-of-control property taxes. During their service, these disabled veterans suffered physical and mental injuries that in some cases prevent them from being able to afford the high property taxes in New York State. This legislation will enable these heroes to

age with dignity and respect in the comfort of their own homes,” said Senator Ball, Chairman of the Senate Veterans, Homeland Security and Military Affairs Committee.

### Reducing Energy Taxes on Businesses

Legislation, sponsored by Senator Tom O'Mara (R-C, Big Flats), would make businesses in New York State fully exempt from the Petroleum Business Tax (PBT) on heating fuel. Currently, residential consumers are fully exempt from the PBT on heating fuel, while businesses receive a partial exemption. The bill (S3471) would completely eliminate the PBT on heating fuel for commercial use.

“High energy costs are a major deterrent to economic growth and job creation,” Senator O'Mara said. “By providing a full exemption, we would save businesses more than \$7 million in energy costs and help make businesses, particularly small businesses, more economically competitive.”

### Tax Credit To Encourage Forest & Habitat Conservation

A bill (S1005A) sponsored by Senator Betty Little (R-C-I, Queensbury), would create a forestry stewardship and habitat conservation tax credit for personal income and business franchise taxes. The tax credit would provide an incentive for private forest landowners to keep their land from development and preserve the benefits provided by contiguous forests to wildlife, water quality, and the forest-based economy.

“Stewardship of privately owned land helps protect habitats important to many species,” said Senator Little. “A refundable tax credit for a portion of the property taxes paid would make the cost of maintaining large tracts more affordable for those interested in participating in this state program. It would be voluntary and managed in partnership with the Department of Environmental Conservation. The state fiscal impact is small and the

local tax base would not be affected. There's a public benefit in encouraging the private stewardship efforts of individual owners, families and businesses."

#### Tax Deduction for Teachers Who Purchase School Supplies

Legislation (S3626D) sponsored by Senator Andrew Lanza (R-I-C, Staten Island), would create a state personal income tax deduction of up to \$500 per year for out-of-pocket school supply expenses incurred by public and non-public school teachers of grades K-12. Many teachers spend hundreds of dollars a year on supplies for their classes and while there is a federal tax deduction, no state deduction currently exists.

"Every year, teachers across New York dip into their own pockets to purchase classroom supplies they believe will benefit their students and create a better learning environment," said Senator Lanza. "This legislation will help offset the costs that these incredible teachers incur to go the extra mile for their students."

All of the tax relief bills passed by the Senate today will be sent to the Assembly.

Other job-creating tax cut measures initiated by Senate Republicans were included in the 2014-15 state budget, including:

- > Eliminating the corporate income tax on manufacturers this year;
- > Creating real property tax credit of 20 percent for manufacturers that lease or own property;
- > Accelerating the elimination of the 18-a energy tax surcharge to save all business and residential ratepayers \$600 million over the next three years; and

> Increasing the estate tax exclusion over the next five years from \$1 million to \$5.25 million. Starting in 2019, the exclusion will be equalized with the federal exemption and indexed to inflation, thereafter.

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