



NEW YORK STATE SENATOR

John J. Flanagan

## Senator Flanagan Supports Wide Reaching Tax Relief Package

JOHN J. FLANAGAN June 12, 2014

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Senator John Flanagan (2<sup>nd</sup> Senate District) joined with his colleagues in the Senate to pass 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 tax relief to all New Yorkers is essential to the future prosperity of our state and remains our conference’s highest priority. This legislative package will reduce the burden faced by a wide variety of our residents and that will help the greatest number to benefit. By providing relief to hospitals, school teachers, veterans, the self-employed and others, this package will ensure that every sector of our state is part of the recovery and the growth of our state,” stated Senator Flanagan.

The bills approved by the Senate include the following measures:

### **Exempting Hospitals from the MTA Payroll Tax**

S2467 - 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.

### **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. S2648 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.

### **Expanding the Historic Preservation Tax Credit**

S4642A 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.

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**

S6563A 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.

### **Reducing Energy Taxes on Businesses**

S3471 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 would completely eliminate the PBT on heating fuel for commercial use.

### **Tax Credit To Encourage Forest & Habitat Conservation**

S1005A 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.

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

S3626D 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.

“There are many teachers in our state who are willing to reach into their pockets to help their students. They should know that the State is a willing partner in their efforts. The

items they purchase to enhance the school experience for their students only helps strengthen the quality of our educational system,” added Senator Flanagan.

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