



NEW YORK STATE SENATOR

George Amedore

## SENATOR AMEDORE: SENATE BUDGET PLAN WILL MAKE NEW YORK MORE AFFORDABLE

GEORGE AMEDORE March 9, 2016



Senator George Amedore and members of the Senate Republican Conference today unveiled a key component of their state budget plan that would enact tax cuts for families, seniors, and businesses in order to help make New York more affordable. Highlights of the plan include the elimination of the 18-a utility tax, a personal income tax (PIT) exclusion for small businesses, estate tax relief for family farmers, a phased-in income tax reduction, and tax relief for seniors and retirees.

“Affordability is the biggest issue facing families, seniors and businesses in New York State,” said Senator Amedore. “We have some of the highest tax burdens and energy costs in the entire nation. The plan we are announcing today as part of our one-house budget puts us on the right path to help make more affordable to live and do business in New York. In particular, getting rid of the 18-a utility tax will provide immediate relief to residents and businesses – it needs to be completely eliminated this year.”

Highlights of the plan, which will be passed on Monday as part of the Senate’s budget resolution, include:

### **Complete Elimination of the 18-1 Utility Tax**

Senator Amedore has made the elimination of the 18-a utility tax a top priority. The tax was first enacted in 2009-10 and adds a two percent assessment charge, costing ratepayers nearly \$600 million annually. In 2013, Senate Republicans fought to phase-out the surcharge by the end of 2017. This plan eliminates the 18-a utility tax completely this year, reducing energy bills for residents and businesses.

### **Middle Class Income Tax Reduction**

Current middle class tax cuts are set to expire in 2018, reverting to a 6.85 percent tax rate that would cost middle class taxpayers more than \$700 million. The Senate’s plan preserves the rate and establishes the lowest middle class tax rate in more than 70 years. Starting in 2018, a

total of 5 million eligible taxpayers – including more than 770,000 small businesses who file under the Personal Income Tax – will see savings. By 2025, middle class New Yorkers will pay a 25 percent lower tax rate and save \$3.5 billion in taxes each year.

Taxpayers eligible for the savings include: single filers with taxable income between \$20,000 and \$150,000; heads of households with taxable income between \$30,000 and \$225,000; and married joint filers with taxable income between \$40,000 and \$300,000. The proposal prevents the existing middle class tax cuts from expiring in 2018 and then begins a rate reduction in 2019 that will be phased down each year over seven years. It would also continue the current indexing of income bracket on a permanent basis.

### **Savings For Small Businesses and Family Farmers**

The Senate's budget proposal would expand small business tax cuts that were enacted in 2013 to provide even more tax relief to help businesses grow and create jobs. When fully enacted, small businesses and small farms would save \$494 million annually.

The proposal expands the eligibility of a small business to include any business that files under PIT regardless of how the business is structured; raises the income eligibility threshold from \$250,000 to \$500,000 when the business entity income is less than \$1.5 million; eliminates the employee requirement; increases the exemption from 5 percent to 15 percent for small business income and from 5 percent to 20 percent for farm income; increases the Corporate tax threshold from \$390,000 to \$500,000; and reduces the Corporate business income rate for small businesses from 6.5 percent to 2.5 percent over two years.

To encourage small businesses and farms to pass down their business from one generation to the next, the Senate has proposed to speed up the full phase-in of estate tax reform first enacted in 2014. This will allow estates to have a tax exclusion amount equal to the federal exclusion amount when the estate has farm operations or small business property and where the value of the farm operations or small business are a majority of the estate. Starting April 1, 2016, the exclusion would be increased to \$5.45 million, resulting in an annual savings of \$70 million and a \$210 million total savings by 2020.

### **Relief for Seniors**

The Senate Majority's budget proposal includes new income tax relief to help more seniors save money and choose to stay in New York during retirement. The tax cut would provide the first increase to the exempt amount of private pensions and retirement income since 1981, saving approximately \$275 million annually when fully phased in.

For 35 years, seniors have been able to claim the first \$20,000 of pension or retirement income as exempt income. The Senate Majority's proposal increases that exempt amount to \$27,000 in 2017, \$34,000 in 2018, and \$40,000 in 2019. This would provide tax relief to more than 377,000 seniors and, in the first year alone, would save each an average of \$361.

### **Increased School Funding**

In addition to the tax cuts unveiled today, Senator Amedore also reiterated the importance of eliminating the Gap Elimination Adjustment (GEA) in its entirety this year. The GEA was instituted in 2009, and since then has taken more than \$99 million out of schools in the 46th Senate District.

“We have a long way to go to truly make New York State a more affordable place to live and do business,” said Senator Amedore. “But the budget proposals we are advancing are a great step to put us back in the right direction by providing relief to middle class families, seniors on a fixed income, struggling small business owners and family farmers, and to our underfunded public schools.”

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