



NEW YORK STATE SENATOR

Michael Venditto

## Senator Venditto Supports Senate Majority Tax Cut Plan to Provide Billions of Dollars in Tax Relief

MICHAEL VENDITTO March 9, 2016

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New York State Senator Michael Venditto (R, C, I- Massapequa) 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. "I am proud to stand with our Senate Majority and support our Tax cut package. Cutting taxes helps families grow, small business create jobs and provides economic opportunity for our future generations. One of the most onerous taxes paid by

businesses and consumers alike is the 18-a energy tax surcharge. In last year's enacted budget, we made real progress in doing away with the energy tax and this year we want to finish the job. Eliminating what's left of this tax this year will save taxpayers \$125 million and reduce energy costs for businesses and consumers," said Senator Venditto. 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 Venditto 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.