NEW YORK STATE SENATOR

Terrence Murphy

Murphy Warns Trump about Tax Implications on New Yorkers

TERRENCE MURPHY October 6, 2017

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Albany, NY - New York State residents face the largest state and local tax burden in the country. It has been reported that New York has ranked second among all 50 states for the amount its residents deducted for real estate, income and other state and local taxes to the amount of $68 billion per year. According to the Internal Revenue Service, Westchester County, a large portion of the 40th Senate District represented by Senator Terrence Murphy, is ranked second in New York in this category.

Tax reform has been one of Senator Murphy's top priorities since his election to the State Senate in 2014. Senator Murphy and his colleagues on both sides of the aisle have sought to pass meaningful reforms that would bring significant tax relief to all New Yorkers.

Senator Murphy has studied the Trump administration's recently released tax reform plan and in a letter to President Trump has expressed significant concerns regarding the ramifications of the proposed elimination of state and local tax deductions.

"I have heard from dozens of my constituents, many of whom live in one of the highest taxed counties in the nation, that the elimination of the state and local tax deduction would be a crushing blow to them and their families," said Senator Murphy. "Our goals should be strengthening, not stifling the middle class and adopting a tax reform plan that will stop business from fleeing New York. Based on my personal experiences as a small business owner and elected official, I am more than willing to offer my partnership to help the Trump administration fully understand the complexities and unintended consequences of that their proposed tax plan will have on all New Yorkers."

Residents in the high-tax states of California, New York and New Jersey depend the most on the state and local tax deduction -- accounting for 38 percent of all the state and local taxes deducted nationwide.

One of the more contentious parts of the Trump tax reform would enable taxpayers with business income to instead pay a new 15 percent corporate rate by reducing rates on so-called "pass-through" companies. Under such entities, a business's income is "passed through" to its owners, who pay individual tax rates ranging from 10 percent to 39 percent.

Many small businesses and partnerships, as well as some privately held large companies -

including Trump's own real estate empire - are structured this way. Small business organizations have long sought such a measure, which they say would treat them equally under corporate tax law.