



NEW YORK STATE SENATOR

Elaine Phillips

Senator Phillips Announces Legislation Protecting Taxpayers From Hidden, \$1.5 Billion Hike In State Tax Bills Passes Senate

ELAINE PHILLIPS January 23, 2018



Senator Elaine Phillips announced today that the New York State Senate passed a bill she co-sponsored that will protect hardworking taxpayers from a hidden, \$1.5 million state income tax hike that was a result of the recent changes to the federal tax code.

“Long Islanders are among those being hit hardest by the recent changes to the federal tax code, and this measure will mitigate the crippling burden on our hardworking taxpayers,” Senator Phillips said. This is an important first-step to protecting the taxpayers of Long

Island. The bill will also protect the tax cuts that the Senate fought hard to enact which, when fully phased in, will result in the lowest income tax rates in modern history.”

The bill (S6974A) works to hold harmless New Yorkers who may have to pay more in state income taxes because of the changes at the federal level and prevents the state from benefitting from the sudden revenue increase at the expense of taxpayers.

The bill proactively modifies the state tax law to provide \$1.5 billion in annual savings to New Yorkers starting next tax year when the federal changes begin taking effect. The bill mitigates the potential for New York taxpayers to see a state income tax increase because of changes on the federal level in several ways, including:

- Save approximately \$400 million by allowing taxpayers to deduct their full property tax payments and save approximately \$300 million by restoring other deductions:
Currently, state personal income taxes are based on the federal tax code. The bill changes the reference to the federal tax code to reflect the code in effect prior to December 1, 2017 - pre-dating the passage of the federal tax cuts. This effectively decouples the state income tax code from the new federal tax code and allows individuals to choose to deduct the full amount of state and local tax (SALT) payments, among other potential benefits for those who might be negatively impacted by the \$10,000 federal SALT cap and other federal tax changes.
- Save \$800 million by ensuring that more than 5 million single filers can claim their full New York State standard deduction. This is achieved by making a technical amendment to the definition of a single non-dependent filer in the state’s income tax code.

- Save \$45 million by removing the existing state prohibition on itemizing a state income tax return if a taxpayer chooses to take the new higher federal standard deduction. With the increase in the federal standard deduction, it is expected that more people will claim the standard deduction. However, under current state law, filers cannot itemize their state deductions if they take the federal standard deduction, and such a prohibition could cost New York taxpayers who want to itemize their state return to save more money.

This legislation is another component of the comprehensive “Affordability Agenda” Senate Republicans have advanced as part of the “Blueprint for a Stronger New York.” It would cut income taxes, cut energy taxes, freeze property taxes for seniors and increase the size of the rebate checks by 25 percent for homeowners, cut retirement taxes and balance our budget without new taxes or fees.

The bill will be sent to the Assembly.