



NEW YORK STATE SENATOR

Catharine Young

NYS Senate Acts on Measure to Protect Taxpayers from Recent Federal Tax Law Changes

CATHARINE YOUNG January 23, 2018

| ISSUE: **TAX RELIEF, FEDERAL TAX LAW, ECONOMIC DEVELOPMENT**



Albany, New York – Underscoring the Senate’s commitment to “protecting every taxpayer in New York State,” Senator Catharine Young (R, C, I – 57th S.D.) took to the Senate floor today to praise an innovative proposal by Senator Simcha Felder (D – 17th S.D.) that would help New Yorkers negatively impacted by the new federal tax law. A key provision of Senate Bill 6974A, which passed unanimously, would preserve the full deductibility of property taxes on state personal income taxes (PIT) by decoupling the state and federal tax codes. Alongside

other provisions regarding single filers and rules on itemizing state returns, the bill would protect taxpayers from an added \$1.5 billion in state income taxes caused by the federal tax changes.

“The Senate’s commitment to New York’s hardworking taxpayers is unwavering. That means we will not only fight to continue reducing the tax burden of our residents, but we will respond proactively to changes at the federal level that threaten to roll back our progress,” said Senator Young. “I applaud Senator Felder’s strong leadership on this issue. When he realized the problem, he immediately took action by introducing the legislation we passed today. He understands that enhancing the affordability of our state – a key part of our 2018 agenda - is a priority that affects the lives and opportunities of all New Yorkers.”

“While the federal tax cuts will help many people in my district, action needed to be taken to ensure that all New Yorkers in my district and across the state can continue to benefit from valuable state income tax and property tax deductions. This bill is part of the Senate Majority’s continuing promise to be the voice and advocate for the taxpayer. That commitment has driven us to spearhead the \$12 billion in tax cuts we’ve enacted over the past seven years, dropping middle class tax rates to their lowest level since 1948 and delivering much-needed property tax relief through the two-percent tax cap as well as the property tax rebate and STAR programs. I urge our colleagues in the Assembly to act swiftly to approve this bill and provide a measure of certainty to taxpayers who may be concerned about the recent changes.”

Senator Felder’s bill 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 as a result of changes on the federal level through the provisions outlined below.

- 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.

“Today is a reminder of what we can achieve when we work together and are united by a common goal: to make New York a place where people can live, work, raise their families and succeed.”