



NEW YORK STATE SENATOR

Patrick M. Gallivan

Senator Gallivan Announces Senate Passes Bill to Stop \$1.5 Billion Tax Grab

JIM RANNEY January 25, 2018

| ISSUE: **2018 AFFORDABILITY AGENDA THAT FOCUSES ON BROAD-BASED TAX RELIEF FOR FAMILIES AND SENIORS**



Senator Patrick M. Gallivan (R-C-I, Elma) announces the New York State Senate today passed legislation to protect hardworking taxpayers from a new \$1.5 billion state income tax burden created by the recently adopted federal tax overhaul. The measure (S6974A), co-sponsored by Senator Gallivan, 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.

“Reform of personal income tax deductions at the federal level should not have a negative impact on an individual’s New York State income tax liability,” Gallivan said. “By passing this legislation, we can ensure that New York taxpayers are protected from additional tax burdens.”

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.

The bill will be sent to the Assembly.

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RELATED LEGISLATION

2017-S6974A

- Introduced

- ◦ In Committee Assembly
 - In Committee Senate

- ◦ On Floor Calendar Assembly
 - On Floor Calendar Senate

- ◦ Passed Assembly
 - Passed Senate

- Delivered to Governor
- Signed By Governor
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Relates to federal income tax terms and their applicability to state tax law

December 21, 2017

In Assembly Committee

Sponsored by **Simcha Felder**

Do you support this bill?