



NEW YORK STATE SENATOR

Stephen M. Saland

Senator Steve Saland: The MTA Tax Equals Higher Property Taxes

STEPHEN M. SALAND March 27, 2009

The Metropolitan Transportation Authority (MTA), on the recommendation of the Ravitch Commission, has proposed a payroll tax on all wages in the Hudson Valley counties served by the MTA – Dutchess, Orange, Putnam, Westchester and Rockland. The Commission, instituted by the Governor to develop ideas to ease the MTA's severe financial problems, proposed a tax of 33¢ on each \$100 of wages paid in these five counties.

“At a time when local taxpayers are at the breaking point trying to pay their ever increasing property taxes, the Governor and the MTA want to increase that burden by instituting a payroll tax – it's ludicrous and blatantly unfair,” said Senator Steve Saland (R,I,C Poughkeepsie). “This payroll tax would not just be levied on already struggling businesses, but on local governments, not-for-profits and school districts as well. Where will they get the money to pay these payroll taxes? From the wallets of local taxpayers.”

“With the Governor proposing to eliminate scheduled increases to local government assistance and incentive grants for shared services, and reduce school aid by approximately \$1.1 billion, the addition of a payroll tax is an unreasonable hit on Hudson Valley property owners,” said Senator Saland. “The MTA proposes to rub salt in the wounds of local taxpayers. While our localities are being subjected to proposed cuts in aid, local property taxpayers would simultaneously be required to subsidize the activities of a public authority

run by a board which was not elected by the people.”

Here’s how Hudson Valley taxpayers will be impacted by the public sector portion of the payroll tax:

Column 2 is the total wages for all state and local government and school district employees.

Column 3 is the MTA payroll tax of 33¢ for each \$100 of wages .

Dutchess	\$993.5 million	\$3.3 million
Orange	\$1.07 billion	\$3.5 million
Putnam	\$256.3 million	\$845,865
Westchester	\$3.6 billion	\$11.8 million
Rockland	\$1.09 billion	\$3.6 million
Total	\$7 billion	\$23 million

“With the economy as it is, this will be one heck of a financial burden on our district next year that could cause cuts to staff and programs. Even though only a few of our school district employees use the railroad, the MTA wants us to bail them out. This is a hardship at the wrong time and they need to find other ways to set the ship straight,” said Richard Powell, Superintendent of the Wappingers Central School District.

"The MTA must think that property taxes are not high enough so they're avoiding responsibility for their own mismanagement by hiding behind children and overburdened tax payers. Arlington's share of the proposed payroll tax would be \$283,000 -- that means

cutting four teachers or raising property taxes. We are doing everything possible to deal with the financial crisis in complete transparency but the MTA operates in complete obscurity. The electorate gets to vote on the school budget -- perhaps the electorate should be allowed to vote on the taxes levied by the MTA," said Frank Pepe, Superintendent of Arlington Central School District.

"The current property taxes that a property owner pays are already a burden. The adding of the proposed MTA payroll tax on schools and local governments will only add to that burden," said Gary Cooper, Minority Leader of the Dutchess County Legislature.

The total impact for all Dutchess County school districts if this payroll tax is enacted would be \$1.4 million. In total, Dutchess taxpayers would be asked to hand over \$3.6 million more in taxes to support the MTA. Already Dutchess residents are paying five separate taxes and fees for a capital program that largely benefits New York City.

"Taxpayers in our area already support the MTA through sales tax and a petroleum business tax among others. We are all being asked to tighten our belts. Enough is enough – it's time for the MTA to tighten its belt and not impose yet an additional burden on already overburdened taxpayers," Saland concluded.

Dutchess County School District 2007 Annualized Payroll

District	Annualized	Payroll 1/3 of 1%
Arlington	\$85,812,077	\$283,180
Beacon	24,368,879	80,417

Dover	13,379,049	44,151
DC BOCES	23,917,087	78,926
Hyde Park	35,756,516	117,997
Millbrook	9,956,892	32,858
Pawling	16,824,528	55,521
Pine Plains	12,684,195	41,858
Poughkeepsie	44,474,466	146,766
Rhinebeck	13,720,000	45,276
Red Hook	20,891,908	68,943
Spackenkill	18,500,000	61,050
Wappingers	96,000,000	316,800
Webutuck (Northeast)	8,693,000	28,687
Total	\$424,978,597	\$1,402,430

Sources:

Dutchess County BOCES

Dutchess County School District Business Offices