



NEW YORK STATE SENATOR

Frank Padavan

Padavan Rejects Spitzer's Car Tax

FRANK PADAVAN March 5, 2008

New York State Senator Frank Padavan (Queens) today announced that he stands in strong opposition to Governor Spitzer's "Car Tax" and the Governor's plan that will lead to an increase in gas prices. Padavan's opposition to the both plans comes as the Senate Majority will act on their budget next week.

The proposed "Car Tax" was among the \$1.7 billion in fee and tax increases included in Spitzer's 2008-09 Executive Budget. The Governor's plan calls an increase of the annual Motor Vehicle Fee for all registered vehicles in New York from \$5 to \$20 annually, an astounding 300 percent increase. The fee was increased from \$1 to \$5 in 2003 and is slated to be reduced back to the original \$1 fee on July 1, 2008.

"This hidden tax increase hits all New Yorkers right in their pockets," Padavan said. "Despite his pledge not to raise taxes, Governor Spitzer tucked this burdensome tax increase into his Executive Budget at time when millions of New Yorkers are feeling the crunch of economic hard times. I stand with New York's hard working families and taxpayers in adamant opposition to this onerous tax increase."

Governor Spitzer's 2008-09 Executive Budget also includes a proposal that would eliminate the gas tax cap, instituted in 2006, on any state sales tax over \$2 a gallon by consolidating the tax into the Petroleum Business Tax.

Specifically, the Governors plan would combine the Petroleum Business Tax (PBT), the Motor Fuel Excise Tax and the sales tax on fuel under the PBT. As a result the previous cap on Sales and fixed rate Motor Fuel tax would be indexed just as the PBT is indexed.

According to the Governor's State Budget Division this action will increase state fuel taxes by an estimated \$55.9 million in 2009-10.

The gas tax cap was enacted into law nearly two years ago in response to the increase in gas prices statewide. Padavan and his Senate Majority colleagues worked in a bipartisan effort to secure passage of this measure that has been instrumental in saving money for New York motorists, commuters and families

"Some industry experts and economic analysts are predicting New Yorkers biggest economic fear of a gallon of gas reaching upwards of \$4 could become a reality as soon as this summer," Padavan said. "For many families and commuters paying high prices at the pump is an almost daily occurrence. Given the constant rise of gas prices, proposing a plan that would ultimately lead to a further increase of the state gas tax is only going to lead to further hardship for all working families and commuters in New York City." 200