



NEW YORK STATE SENATOR

Suzi Oppenheimer

Senator Oppenheimer Announces Passage of Mta Bailout Plan That Reimburses School Districts for Payroll Taxes

SUZI OPPENHEIMER May 11, 2009

Senator Suzi Oppenheimer (D-Mamaroneck) announced passage of Governor David Paterson's proposed bailout of the Metropolitan Transportation Authority (MTA), which was approved by the Senate on May 6. The measure provides \$2.26 billion for the financially crippled MTA and affords New York area commuters significant relief from the exorbitant fare hikes and drastic service reductions that had been anticipated.

The unlimited-ride MetroCard, for example, which the MTA had planned to increase to \$103 per month, is now expected to rise more moderately from \$81 to \$89. The cost of a subway ride will increase to \$2.25, not \$2.50 as was previously announced. In Westchester County, the cost of a monthly Metro-North rail pass is expected to increase by 10 percent, significantly less than the 24-29 percent fare hikes that the MTA had proposed in March of this year. The MTA bailout will be funded by a payroll tax, a surcharge on taxicab rides, and increases in vehicle registration and license fees, as well as taxes on car rentals.

Senator Oppenheimer had serious concerns about the payroll tax, favoring the imposition of tolls on the East and Harlem River bridges as one alternative source of funding. She opposed the imposition of the payroll tax on schools, municipalities and not-for-profit organizations and proposed changes in the original plan to protect these institutions. While Senator

Oppenheimer was not able to achieve all of the relief she sought, she was successful in obtaining financial concessions for local school districts. First, the payroll tax levy will not go into effect for school districts until September 1, 2009, not March 1st as for other entities. Second, and most importantly, school districts will be fully reimbursed for any payroll taxes collected in this and every year for which the levy remains in effect.

“While I would have preferred an explicit exemption for school districts, I worked hard to broker a compromise that would help local school districts and offer some protection for taxpayers who are already struggling with the growing burden of high property taxes,” said Senator Oppenheimer. The Senator praised the Governor and Senate Majority Leader Malcolm A. Smith “for listening to my concerns and making a real effort to address the needs of financially pressed school districts and homeowners.”

As amended, the MTA bailout plan will restore, on a full year basis, more than \$60 million to schools throughout the MTA region. “As Chair of the Education Committee, I am pleased that property taxes collected for education will remain available to school districts for their intended purpose – the education of our children.”

The State Assembly also voted to approve the bailout measure, which Governor Paterson signed into law on May 7, 2009.