



NEW YORK STATE SENATOR

John A. DeFrancisco

More New Taxes on the Way Starting June 1st

JOHN A. DEFRANCISCO May 26, 2009

| ISSUE: **FINANCE**



Senator John A. DeFrancisco (R-I-C, Syracuse) today said that starting June 1st New Yorkers will be paying more for bottled water, paying more for purchases made over the Internet and paying more for auto insurance, as a result of tax increases passed by Democrats in the Senate and Assembly as part of the 2009-10 state budget. In addition, June 1st tax hikes will hit companies that transport employees in and out of New York and double a state fee on auto insurance policies.

“The Democrats’ tax and fee increases just keep coming,” said Senator DeFrancisco. “Every month brings a new round of hikes. This month it was higher taxes for wine and beer, next month it will cost New Yorkers more for bottled water, internet purchases and car insurance, and the biggest hit of all will come this fall when homeowners don’t get their STAR rebates checks.”

Senator DeFrancisco voted against the state budget and proposed an alternative plan that would have avoided the \$8.5 million in tax and fees increases. He also proposed amendments to the budget to eliminate the tax hikes and restore the STAR rebate checks. The budget amendments were opposed by Senate Democrats.

The expanded bottle deposit law that will take effect June 1 st will impose a new nickel deposit on bottled water. Retailers also face increased costs related to the handling, redeeming and storage of returned bottles, costs that will also be passed along to consumers. It is estimated that these new fees will increase the average cost of a 24 pack of bottled water from \$4.99 to \$8.59.

A coalition of bottlers has filed a lawsuit to stop implementation of the expanded bottle bill, saying that a requirement that bottles covered by the law have a UPC code specific to New York State would prohibit those bottles from being sold outside the state.

In addition, the industry has said the measure, passed last month, doesn’t give them sufficient time for implementation and could force them to pull water off store shelves.

As of June 1 st, consumers will also have to pay state sales taxes on all purchases over the Internet from retailers that also have stores in New York State. Expanding the sales tax to online affiliates of New York stores will cost consumers \$9 million more this year and \$12 million more next year.

Other tax hikes taking effect June 1 st include:

- > Doubling the state fee on auto insurance from \$5 to \$10, increasing car insurance costs by more than \$48 million;

- > Increasing the auto rental tax from five percent to six percent, a total tax hike of \$8 million in 2009-10 and \$10 million a year after that;

- > Extending the state sales tax to black cars and limousine services, a tax hike of more than \$26 million; and

- > Creating a use tax on businesses that use vehicles, including cars, planes or boats, that are owned by out-of-state affiliates, to transport their employees, partners and stockholders into the state. This new tax will cost businesses \$4 million in 2009-10 and \$6 million each year after that.

“Each month, the Democrats’ tax hikes are costing New Yorkers more and more,” said Senator DeFrancisco. “In total, the annual taxes paid by an average family of four will increase by approximately \$2,350 a year. These tax hikes are hurting our struggling families and making New York less competitive. The tax and fee increases will put us further behind other states when the recovery begins.”