



NEW YORK STATE SENATOR

Joseph A. Griffo

## New Yorkers Can Expect to Be Tax-Whacked This Summer

JOSEPH A. GRIFFO June 2, 2009



### **New Budget Tax Hikes Will Hit Consumers & Businesses With Higher Costs**

Senator Joseph A. Griffo (R-C-I, Rome) warns that beginning today June 1<sup>st</sup>, 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 New York City leaders in the Senate and Assembly as part of the 2009-10 State Budget. In addition, June 1<sup>st</sup> tax hikes will hit companies that transport employees in and out of New York and double a state fee on auto insurance policies.

“Every month brings a new round of tax and fee hikes that New York City leaders in the Senate and Assembly forced on New Yorkers in the state budget,” said Senator Griffo. “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 will come this fall when homeowners don’t get their STAR rebates checks to help pay their property taxes because the downstate-minded pols took them away.”

Senator Griffo 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 Democratic Majority.

“The news that we’re looking at a Budget shortfall this fiscal year should concern all of us,” Griffo contends. “Comptroller DiNapoli concluded what we all expected to happen – that despite all that Federal stimulus money coming into our coffers, the State has still not cut enough spending.”

The expanded bottle deposit law that will take effect June 1<sup>st</sup> 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. “The owners of Nirvana Inc. of Boonville, have one of the largest water bottling operations in the State,” said Senator Griffo. “They contacted me to ask why there was such little notice or forethought given before implementing this measure in the Budget.”

As of June 1<sup>st</sup>, 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<sup>st</sup> 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 stock holders into the state. This new tax will cost businesses \$4 million in 2009-10 and \$6 million each year after that.

Griffo also tells that he heard from Guy and Shirley Vivenzo of 'A Vintage Limousine Service' in Yorkville, NY who called to express their concerns about the timing and collection of the increased sales taxes. "We've been in this family business for twenty-seven years now," said Guy Vivenzo. "We realize that New York is in tough shape and everyone should pay their fair share, but we don't understand why the State should place more pressure on small business."

"These Downstate leadership-driven tax hikes are costing New Yorkers more and more every month and when they are all in place, they will increase the annual taxes paid by an average family of four by \$2,400 a year," Griffo added. "We have to control spending and reduce taxes if we are going to help struggling families make ends meet and help businesses retain and create jobs. Every tax hike makes New York less

competitive and puts us further behind other states when the recovery begins.”