



NEW YORK STATE SENATOR

Stephen M. Saland

Senator Saland Announces Mta Payroll Tax Repeal Has Passed the Senate

STEPHEN M. SALAND June 22, 2011

| ISSUE: **MTA (METROPOLITAN TRANSPORTATION AUTHORITY)**

Removing Payroll Tax Burden Will Help Businesses Create Jobs

Senator Steve Saland (R, I, C - Poughkeepsie) announced that the Senate has passed legislation to repeal the MTA Payroll Tax (S.5596A) and to require the MTA to renegotiate the joint service operating agreement with the State of Connecticut (S.4825A), easing an enormous financial burden that has caused job losses and hurt businesses across the downstate region.

Legislation S.4825A sponsored by Senator Saland ensures fairness to the residents of the counties of Dutchess, Orange, Putnam, and Rockland by eliminating the MTA payroll tax imposed upon the residents of these four counties and requires the MTA to renegotiate the joint service operating agreement with the State of Connecticut. To date, Connecticut has not contributed their fair share to reduce the MTA's debt level. Senator Saland's bill rectifies the inequitable treatment of New York taxpayers who have been required to bear the burden of subsidizing 26% of Metro-North transit riders commuting from Connecticut.

Under S.5596A, an initiative co-sponsored by Senator Saland, the phase-out of the payroll tax would begin on January 1, 2012, by exempting small businesses of 25 employees or less, as well as public and non-public schools. The tax would be fully phased out by January 1, 2014 for the seven suburban counties outside of New York City. Within the five boroughs of New York City, the tax would be phased down to .21 percent and would remain at that level. The

bill includes several provisions to provide the MTA with \$465 million in revenues by 2014 to significantly offset revenues lost due to the significant reduction and repeal of the payroll tax, leaving \$375 million, or about three percent of the overall MTA budget, for the MTA to absorb.

“I strongly opposed the MTA bail-out which imposed the payroll tax when it was enacted in 2009 because it hurt our businesses, not-for-profits, schools and local governments and ultimately every tax payer in Dutchess County during one of the worst economic climates New York State has ever experienced. I made a promise to our community that I would fight to eliminate it,” stated Senator Saland. “As our state continues to recover from the recession, the repeal of the MTA tax is a critical component which will assist in our efforts to attract employers to the Hudson Valley and stimulate job growth.”

The legislation is supported by the National Federation of Independent Businesses, the Business Council of New York State, Inc., the Long Island Business News, New York Farm Bureau, GrowPAC, the Empire State Chapter of the Associated Builders and Contractors, Long Island Cares, Inc., the Long Island Business Council, New York State Catholic Conference, the Nassau-Suffolk Hospital Council, Tax Relief Now, the Hauppauge Industrial Association, and several Chambers of Commerce.