



NEW YORK STATE SENATOR

Jack M. Martins

Senators Martins, Zeldin and Fuschillo Seek Repeal of MTA Payroll Tax For Local Governments

JACK M. MARTINS February 3, 2012

| ISSUE: **LOCAL GOVERNMENT, PAYROLL TAX**

| COMMITTEE: **LOCAL GOVERNMENT**



Legislation Would Provide Tax Relief for Long Island

Senators Jack M. Martins and Lee Zeldin (R, C, I- Shirley) have introduced a bill (S-6206) to exempt all counties, towns and villages from having to pay the MTA Payroll Tax. Senators Martins and Zeldin, since taking office last January, have been committed to eliminating the

payroll tax that was enacted in 2009. The Senators are introducing the bill as a way to provide tax relief to municipalities that are still forced to pay the .34 percent tax per \$100 of payroll to pay the MTA.

Last month, Governor Andrew Cuomo signed legislation that exempted the MTA Payroll Tax for entities, including businesses, with a payroll of \$1.25 million or less as well as all private and public schools. That's over 700,000 of the taxpayers who were paying it. Approximately 80% of all employers received a total elimination. Thousands of others received a reduction. However, many counties, including Nassau and Suffolk, as well as towns and villages with payrolls over that threshold, are still paying the tax.

When counties, towns and villages have to pay the MTA Payroll Tax, that money is ultimately coming from the taxpayers. "Property taxpayers paying for village, town and county services should not have their hard earned tax dollars diverted to subsidize the MTA through this payroll tax," Senator Martins said. "We need to alleviate some of the burdens placed on our local governments. This legislation does that and the result will be relief for our taxpayers, something we desperately need."

In addition to this bill, Senator Martins is also sponsoring a bill (S-6079A) that repeals the MTA Payroll Tax for all libraries. This will allow for libraries to provide more services to the community instead of having to support the MTA. "Repealing it for libraries would free up limited resources and allow libraries to enhance their services for the community," said Senator Martins

"In December, the Senate Republicans under the leadership of Senate Majority Leader Dean Skelos, working closely with Governor Andrew Cuomo and supportive Assembly members, were able to secure an elimination of the MTA Payroll Tax for 80 percent of all employers forced to pay the MTA Tax. Now, we are taking the next step with the Martins-Zeldin bills to

exempt all municipalities outside New York City, as well as all libraries throughout the MTA region. Senator Martins and I are working hard with our Senate and Assembly colleagues to even further eliminate this ill-conceived tax on jobs," said Senator Zeldin. "Meanwhile, we support and encourage the MTA's progress to become efficient and reduce operating costs."

"The MTA payroll tax has discouraged job creation and raised costs on local governments and taxpayers. Last December, we took a great first step by repealing the MTA payroll tax for 80 percent of employers. Now we need to take another step forward by exempting local governments to reduce their costs and save taxpayers money. That's what this legislation would do, and I'm pleased to support it," said Senator Charles J. Fuschillo, Jr. (R-Merrick).

"Last year, we were able to repeal the MTA payroll tax for roughly 80 percent of businesses. Unfortunately, this hidden tax still hurts far too many organizations, including libraries, local governments and municipalities. It's a job killer and the legislation Senator Martins, Senator Zeldin and I are proposing will finally rid our job creators and communities of this onerous tax," said Assemblyman Dean Murray (R, C- East Patchogue).

Nassau County alone pays over \$3 million for the MTA Payroll Tax. "In times of economic stress, it's vital that government remove obstacles to job growth. While I applaud the Governor and State Legislature for repealing the MTA job-killing payroll tax for small businesses; I call upon them to join Senator Martins and I in supporting the full repeal of this onerous tax that impacts the wallets' of every homeowner in Nassau County. The full repeal of this job-killing tax will provide direct relief to municipalities and thus the taxpayers they represent., said Nassau County Executive Ed Mangano.

In addition, towns and villages have also been saddled with this tax on their payrolls. Repealing the tax would free up precious resources for counties, town and many of the villages on Long Island.

"I voted against the MTA Payroll Tax in 2009 and accurately predicted that it would be an unfair, job-killing tax that hindered Long Island's efforts to return to economic prosperity. Thankfully, working with our Senate partners, Jack Martins and Lee Zeldin, the State Legislature was able to repeal this ill-considered policy for more than 80% of our employers last December. Elimination of the tax for ALL local governments is another meaningful step in totally repealing this tax. There is no rational reason why the State should impose this tax on its own political subdivisions. By repealing the tax for all counties, towns, and villages, we are at the same time reducing local taxes for all Long Islanders by insuring that this state tax is not passed through on the property tax bill," said Assemblyman Fred Thiele (I- Sag Harbor).

"The repeal of the MTA Payroll Tax for counties, other municipalities and medium to large size businesses will serve as an economic boost for the Suffolk County economy and our region," said Suffolk County Executive Steve Bellone. " In these difficult economic times, if we are able to assist in reducing an additional tax burden for municipalities and businesses we are helping the entire economy and allowing businesses to redirect those fund to creating jobs. I applaud the bi-partisan work of our state delegation in repealing the MTA Payroll Tax on schools and small businesses and look forward to continued bi-partisan support of the proposed legislation."

"Our communities should not be forced to subsidize the MTA in the form of this MTA Payroll Tax. Resident's property taxes should be used for what they were intended - to provide needed resources to our communities, such as maintaining our school systems and roads," said Town of North Hempstead Councilwoman Dina DeGiorgio.

"Senators Martins and Zeldin have truly distinguished themselves in less then two years in office," said Councilman Dan Panico "Together their leadership is the dawn of a new day in Albany and for the future of our island. This legislation will bring much needed relief to the Town of Brookhaven and my constituents in 6th Town Council District."

"The Nassau County Village Officials Association commends Senator Martins for sponsoring this bill. The legislature's prior action in ending this tax for some villages but not others was arbitrary and unwarranted. The tax is yet another example of an unfunded mandate - a requirement imposed on a local municipality, the cost of which is imposed on its residents which too often results in increased real property taxes. In today's harsh economic times, villages must devote their limited resources to providing services our residents need and desire," said Ralph J. Kreitzman, President of the Nassau County Village Officials Association

"We could not be more proud or grateful to Senator Zeldin and Senator Martins for continuing to fight for the residents of Islip. With the passing of this legislation, the Town of Islip will no longer have the burden of paying the MTA payroll tax, which put an unnecessary strain on our residents and local economy. We will have more resources to dedicate to improving services and the quality of life in our Town," said Islip Town Supervisor Thomas Croci (R, C, I- Bohemia).

The bill, S-6206 is now in the Senate Standing Committee on Investigations and Government Operations.