



NEW YORK STATE SENATOR

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## Gallivan, Senate Republicans Unveil Family Tax Relief Act

PATRICK M. GALLIVAN March 4, 2013

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*Plan Would Increase Tax Credits to Help Struggling Middle Class Families, Restore STAR Property Tax Rebate Checks for Millions of New Yorkers*

Senate Republican Leader Dean Skelos and members of the Senate Republican Conference today unveiled the Family Tax Relief Act, a package of tax relief and reform measures designed to provide a major economic boost to New York's struggling middle class families.

The Senate Republican plan would increase tax breaks that have not kept pace with inflation, and, in some instances, haven't been adjusted for more than 25 years. The plan also restores the STAR property tax rebate check program to provide real and direct relief to millions of New Yorkers who pay some of the highest property taxes in the country.

"Federal payroll taxes went up, paychecks got smaller, the cost of health care, gas and tuition have gone through the roof, and family budgets are squeezed even tighter," Senator Skelos said. "Just when families find a way to make ends meet, somebody moves the ends."

"Millions of middle-class families are finding it more difficult to maintain a decent standard of living and stay in New York," Senator Skelos said. "The existing state tax breaks for middle class families have been significantly eroded by inflation. Our plan updates them to provide families with much-needed tax relief from income and property taxes."

Senator Patrick M. Gallivan (R-C-I, Elma) said: "Middle-class families in New York State are getting squeezed from every direction. The still rebounding economy has failed to keep income levels and take-home pay in line with inflation and increases in the cost of living, while our tax burden remains one of the highest in the nation. The Family Tax Relief Act will update and increase state tax breaks for working families and provide essential property tax relief by restoring the STAR rebate program. This is tax reform that New York State families need and the time to make it happen is now."

Senator Michael Ranzenhofer (R-C-I, Amherst) said: "The tax cap has been slamming the door on spikes in property tax increases since being enacted two years ago. Yet, for middle-class families and seniors on a fixed income, more still needs to be done. Restoring STAR rebate checks will provide direct property tax relief to homeowners, totaling hundreds of dollars for the average New Yorker."

Senator Lee Zeldin (R-C-I, Shirley) said: "The Child Tax Credit would help middle and low-income families with today's high cost of living. This credit was last amended approximately seven years ago and clearly the time for an increase is long overdue. The Senate Republican plan's credit of almost \$1,000 per child would give a necessary boost to any family's budget. As the father of two small children, I certainly understand the value in getting more for every dollar. Increasing the Child Tax Credit will help offset some of these costs and be a tremendous help to many families struggling to make ends meet. I am also extremely pleased that the Senate Republicans are working hard to restore the STAR Rebate Check program. When it was previously available, it proved to be a big help to seniors and middle income families and individuals. The fact is, it should never have been repealed in the first place."

Senator Simcha Felder (D, Brooklyn) said: "For far too long, New York State has treated us like an ATM machine. It is high time that we stop asking New Yorkers to withdraw their hard earned monies and turn it over to the government to support our bloated budget. The Family Tax Relief Act puts money back where it belongs – into the pockets of financially over-burdened families – and sets New York on a good course to fiscal health. I wholeheartedly support this measure."

Senator Charles J. Fuschillo Jr. (R, Merrick) said: "High taxes, a challenging economy, and rising costs on all types of necessary items are stretching family budgets to the breaking point. However, many of the tax credits designed to help them have not been increased in years, and in some cases decades. Updating these tax credits will help provide families with desperately needed tax relief and enable them to keep more of their hard earned money."

The Senate plan would: more than double the value of the Dependent Exemption; increase the Child Tax Credit and provide an additional \$500 child tax credit; increase the value of the Dependent Care Credit; and restore STAR property tax rebate checks.

The current \$1,000 value of the Dependent Exemption was last updated in 1987. At that time, gasoline was 89 cents-per-gallon and iPads and flat screen TVs didn't exist. Since then, inflation has reduced the value of that exemption to essentially nothing. The value of similar family tax credits have also been eroded significantly and would be adjusted by the Senate Republican Family Tax Relief Plan.

For a family with an annual income of \$55,000 and two children, the total increase in tax savings would be \$1,036. A family making \$100,000 a year with two children would have their tax savings increased by \$812. A single parent with one child and an income of \$45,000 per year would see an increased tax savings of \$811 under the Senate plan.

**The Senate Republican Family Tax Relief Act includes the following:**

**Increase Dependent Exemption**

- > Increase the Dependent Exemption from \$1,000 to \$2,020 per dependent;
- > Allow a subtraction from gross income for each dependent the taxpayer claims;
- > Dependent Exemption last increased in 1987.

**Increase Dependent Care Credit**

- > The Dependent Care Credit, which is a percentage of the federal credit, allows taxpayers a tax credit for the expenses incurred for the care of a child;
- > Dependent Care Credit last increased in 1999;
- > Our plan will increase the percentage range of the federal child care credit that parents can receive, from 20 percent to 110 percent (depending on income), to 27 percent to 150 percent of the federal child care credit.

## **Increase Child Tax Credit**

- > Increase the maximum Child Tax Credit from \$330 to \$375 to adjust for inflation;
- > Child Tax Credit last amended in 2006;
- > Our plan increases the Child Tax Credit from 33 percent of the federal child tax credit to 37.5 percent;
- > In New York State, married-joint filers with income less than \$130,000 (federal), who have a child that is between the ages of 4 and 16, can receive the credit;
- > Provide an additional \$500 Child Tax Credit per family.

## **Restore STAR Property Tax Rebate Checks**

- > Restore STAR Rebate Check Program to provide an estimated additional \$1.3 billion in tax relief; This will provide real and direct relief to millions of people across the state, including seniors and middle class families.

Before it was eliminated in 2009, the STAR Rebate Check Program provided real and direct relief to millions of people across the state, many of whom pay the highest property taxes in the country. The Senate Republican plan would restore the program, providing a major boost to seniors and middle class families who are getting squeezed by high property taxes.

Restoring STAR Rebate Checks would provide an additional total of approximately \$1.3 billion in tax relief. The average statewide rebate check would be \$445. The average enhanced STAR rebate check for seniors would be \$460.

“A strong middle class is an essential part of our economy and a critical component of every community in this state,” Senator Skelos, said. “By providing more state tax relief we can help

offset some of the recent federal tax increases, strengthen the middle class and also have a positive impact on small businesses that depend on them as consumers.”

The U.S. Commerce Department recently reported that retail sales across the country slowed down after the federal payroll tax was increased and consumers took home less money in their paychecks. According to the IRS, the payroll tax hike took \$83 a month away from an individual with an annual salary of \$50,000; \$125 a month from a worker making \$75,000 and \$166 a month from someone earning \$100,000 a year.

These proposals would build on the Senate Republican’s record of providing tax relief to middle class families, especially through the historic property tax cap which finally put the brakes on skyrocketing property taxes, and the 2011 middle class tax cut that reduced income tax rates to the lowest levels in more than half a century.