



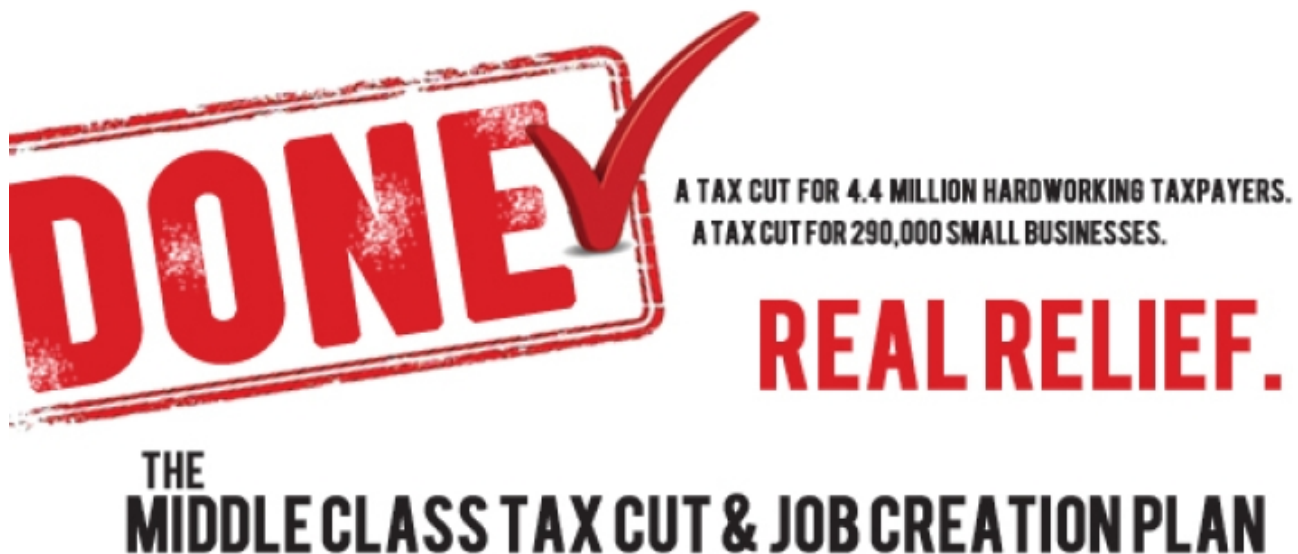
NEW YORK STATE SENATOR

John J. Flanagan

Senator Flanagan Announces \$3.3 Billion Tax Cut and Job Creation Plan

JOHN J. FLANAGAN December 7, 2011

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Senator John Flanagan (2nd Senate District) joined with his colleagues in the New York State Senate to pass the Middle Class Tax Cut and Job Creation Plan that will reduce taxes for millions of hardworking, middle-class taxpayers to their lowest levels in more than half a century. The plan, which was crafted by working in a bipartisan manner with Governor Andrew Cuomo, will create jobs, rebuild our state's infrastructure and cut \$690 million in personal income taxes for 4.4 million middle class New Yorkers allowing families to save,

spend and invest more of their hard-earned money.

The legislation, which was also approved by the Assembly and recently signed into law by Governor Cuomo, will help strengthen New York State's economy and create new jobs by eliminating the job-killing MTA payroll tax for close to 80 percent of the small employers that pay the tax. In addition the bill cuts taxes paid by manufacturing companies, encourages job retention, invests in infrastructure improvements, eliminates tax indexing, and sets aside additional money in state reserve funds.

"This was a truly bipartisan effort that should show our residents and all businesses that New York is changing how we operate. Over the past year, the Senate has worked with Governor Cuomo to make the changes New Yorkers need and deserve and this plan is another great step forward in that process. This plan delivers tax relief to residents who sorely need it, provides businesses with incentives to grow and create jobs and invests in our infrastructure so our state will continue to recover," stated Senator Flanagan.

Highlights of the Middle Class Tax Cut and Job Creation bill include:

MIDDLE CLASS TAX CUT

Approximately 4.4 million middle-class taxpayers will receive \$690 million in personal income tax relief, allowing them to save, spend and invest more of their hard-earned money. After these tax reforms are implemented, middle-class taxpayers will pay the lowest tax rate in more than 50 years.

According to the legislation that was approved by the Senate, the tax rates would be reorganized as follows:

The tax rate would decrease from 6.85 percent to 6.45 percent on the following incomes:

- o Married – Incomes Between \$40,000 and \$150,000
- o Single – Incomes Between \$20,000 and \$75,000
- o Head of Household – Between \$30,000 and \$100,0000

The tax rate would be lowered from 6.85 percent to 6.65 percent on the following incomes:

- o Married – Incomes Between \$150,000 and \$300,000
- o Single – Incomes Between \$75,000 and \$200,000
- o Head of Household – Between \$100,000 and \$250,0000

The tax rates of 7.85 and 8.97 percent would be lowered to 6.85 percent for the following incomes:

- o Married – Incomes Between \$300,000 and \$2,000,000
- o Single – Incomes Between \$200,000 and \$1,000,000
- o Head of Household – Between \$250,000 and \$1,500,000

The tax rate for single taxpayers making over \$1 million, head of households making over \$1.5 million and over \$2 million for married filers will be set at 8.82 percent. This is a decrease from the present rate of 8.97 percent.

MTA PAYROLL TAX REPEAL

This plan repeals the devastating MTA payroll tax for almost 80 percent, or more than 704,000, of the business entities that currently pay it. This includes eliminating the tax for 290,000 employers with payrolls of less than \$1.25 million; 415,000 self-employed taxpayers; and all public and non-public schools.

ELIMINATE TAX INDEXING

Under the provisions of this bill, income brackets and the standard deduction will be adjusted for the rate of inflation, eliminating “bracket creep,” and providing about \$440 million in total tax savings over two years for New Yorkers that pay the personal income tax.

PERSONAL INCOME TAX SURCHARGE ELIMINATION

The bill eliminates the PIT surcharge, enacted by Democrats in 2009, to deliver tax relief to 91% percent of taxpayers currently impacted by the surcharge. Tax rates for these individuals will revert to the lower rate they paid prior to the enactment of the surcharge.

CAPITAL INVESTMENTS AND JOB CREATION

A new \$1 billion infrastructure fund has been established to rebuild roads, bridges and other infrastructure, and encourage the creation of thousands of related jobs. Specific investments by the infrastructure fund include replacing bridges, rehabilitating dams and flood control infrastructure, rebuilding water systems, renovating parks and projects that support regional economic development plans.

ADDITIONAL FUNDING IN RESERVES

The plan sets aside \$1.5 billion, completely unspent and held in reserve for economic uncertainties and to help support: job creation; local government mandate relief; ensure funding for education and health care; and closure of budget gaps.

The Middle Class Tax Cut and Job Creation Plan is supported by major business organizations across the state including: The Business Council of New York State, Unshackle Upstate, the Long Island Association, the National Federation of Independent Businesses, and the New York Farm Bureau.