



NEW YORK STATE SENATOR

Terrence Murphy

## Murphy supports Senate Majority's tax cut plan to provide billions in tax relief

TERRENCE MURPHY March 9, 2016

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ALBANY, NY - When Senator Terrence Murphy entered office last year he worked vigorously to create legislation that would ease the tax burden for the middle class and give senior citizens an incentive to remain in New York. Senator Murphy fulfilled his promise today when the New York State Senate Republican Majority unveiled the first part of their one-house budget proposal creating a broad-based tax cut plan to provide billions of dollars in tax relief for the middle class and seniors. The plan creates a new 25 percent rate reduction

for middle class taxpayers and gives seniors more financial security.

"I am proud to support this innovative tax plan which will help make life more affordable for middle class families and allow seniors to remain in the communities they have come to know and love," Senator Murphy said. "The new tax package will help communities thrive and improve the quality of life for seniors struggling to make ends meet. This plan is not about gimmicks or tricks but delivers real tax relief to households across New York State."

"Republicans are listening to the people of New York who know that high taxes inhibit economic growth and make it more difficult for families to make ends meet," Senate Majority Leader John J. Flanagan said. "This bold plan will put more money back into the wallets of hardworking taxpayers and make our state a more affordable place to live and work."

The highlight of the Senate Republicans' tax plan is the new Middle Class Income Tax Relief Program that establishes the lowest middle class tax rate in more than 70 years. Starting in 2018, a total of 5 million eligible taxpayers would begin seeing savings. When fully implemented in 2025, middle class New Yorkers will pay a 25 percent lower tax rate and save \$3.5 billion in taxes each year.

Right now, existing middle class tax cuts are set to expire in 2018 and the tax rate will jump to 6.85 percent. This results in an annual cost of \$155 on average to middle class taxpayers, totaling \$700 million per year. The Senate Majority's plan not only eliminates this expected middle class tax increase, but it also phases in a 25 percent tax rate reduction to 5.14 percent when fully effective. This permanent rate cut saves middle class taxpayers an average of \$897, for a total of \$3.5 billion per year in 2025 and thereafter.

Taxpayers eligible for the savings include: single filers with taxable income between \$20,000 and \$150,000; heads of households with taxable income between \$30,000 and \$225,000; and married joint filers with taxable income between \$40,000 and \$300,000. The proposal prevents the existing middle class tax cuts from expiring in 2018 and then begins a rate reduction in 2019 that will be phased down each year over seven years. It would also continue the current indexing of income bracket on a permanent basis.

The Senate Majority's budget proposal includes new income tax relief to help more seniors save money and choose to stay in New York during retirement. The tax cut would provide the first increase to the exempt amount of private pensions and retirement income since 1981, saving approximately \$275 million annually when fully phased in.

For 35 years, seniors have been able to claim the first \$20,000 of pension or retirement income as exempt income. The Senate Majority's proposal increases that exempt amount to \$27,000 in 2017, \$34,000 in 2018, and \$40,000 in 2019. This would provide tax relief to more than 377,000 seniors and, in the first year alone, would save each an average of \$361.