



NEW YORK STATE SENATOR

Catharine Young

Senator Young Unveils A Broad-Based Tax Relief Package That Will Save Taxpayers Billions of Dollars

CATHARINE YOUNG March 10, 2016

| ISSUE: **TAX RELIEF, FARMING, SMALL BUSINESS, ENERGY**

ALBANY – Broad-based tax cuts that will provide billions of dollars in tax relief to the middle class, seniors, and small businesses were unveiled yesterday as part the Senate’s one-house budget proposal.

Senator Catharine Young (R,C,I- 57th District), Chair of the Senate Majority Finance Committee, unveiled the Senate’s tax relief package that includes a proposal to create a new 25 percent rate reduction for middle class taxpayers, new tax savings to help keep seniors in their communities, and tax relief for small businesses, farms and other job creators.

Senator Young said, “Making our state more affordable for middle income families and seniors through meaningful tax relief will enhance the quality of life for millions of New Yorkers. People need good paying jobs and a strong economy. Our small businesses and farms make up the majority of our state’s economy and our tax relief package will help them thrive and grow.”

One facet of the Senate’s proposal would be further savings through the Middle Class Income Tax Relief Program, setting the middle class tax rate at its lowest point in more than 70 years. The current rate 6.45 percent is set to expire in the 2018 tax year, with it reverting

back to the previous 6.85 percent – resulting in an increase of \$700 million on middle-income taxpayers. The Senate’s plan would extend the current tax cut and reduce the rate further, another 25 percent by 2025.

The plan would cut the middle class tax rate down to 5.14 percent when fully effective, saving the average middle class taxpayer \$897, for a total of \$3.5 billion statewide per year by 2025. Those taxpayers eligible for the savings would include: single filers with taxable incomes between \$20,000 and \$150,000; heads of households with taxable incomes between \$30,000 and \$225,000; and married joint filers with taxable incomes between \$40,000 and \$300,000.

“The loss of the Middle Class Income Tax Relief Program, which Senate Republicans championed when it was enacted, would be devastating to families across our community. By making the tax cut permanent, and expanding it to an even greater number of New Yorkers, we can save taxpayers billion that they will be able to reinvest in their families and communities,” said Senator Young.

The tax cut package also provides greater financial security for seniors. For the first time in 35 years, the plan would increase the amount taxable income for seniors who have private pension or retirement funds, allowing seniors to exempt up to \$40,000 by 2019. The change would result in a savings of \$361 in the first year for 377,000 seniors and a total savings of approximately \$275 million annually when fully phased in.

“Our seniors need relief as they live out their golden years. By reducing their tax burden, we can improve the quality of life for seniors in our community and help keep them in their homes, closer to their friends and families,” Senator Young said.

A third aspect of the Senate’s plan would include the full elimination of the 18-a energy surcharge, a costly tax gimmick which was originally implemented as a “temporary

surcharge,” but is not scheduled to be phased out until December 31, 2017. The Senate’s plan would eliminate it by the end of 2016 – resulting in a \$600 million savings for ratepayers.

Senator Young said, “The energy tax surcharge shows up on everyone’s electric bills each month and will for the next two years if we don’t act. The Senate previously fought to secure a phase-out of the assessment, saving ratepayers \$455 million over five-years, and now we have the opportunity to do away with it for good.”

The Senate’s tax cut proposal also includes several measures to provide relief for small businesses and farms, cornerstones of the economic success of the state. After previously securing the inclusion of a Personal Income Tax (PIT) exemption for small businesses and small farms in the 2013 State Budget, the Senate Republican Conference is now pushing to significantly expand eligibility for additional small businesses and farms. If enacted, the proposal would save small businesses \$494 million annually. The Senate is also pushing to expedite the full phase-in of the estate tax reforms first enacted in 2014. The plan will allow estates to have a tax exclusion amount equal to the federal exclusion amount when the estate has farm operations or a small business property that make up the majority of the estate. As proposed, the exclusion would be increased to \$5.45 million beginning on April 1, 2016, savings about \$70 million annually.

“Today’s proposals are just a few of the ways Senate Republicans are working to make our state more affordable. By creating a better business climate and easing the tax burden for residents we can keep families in their homes, help young people advance professionally and ensure economic prosperity for everyone,” said Senator Young.

Video of Senator Young unveiling of the Senate’s tax cut plan can be seen at:

<https://www.youtube.com/watch?v=zsrlqcASYeI>.