



NEW YORK STATE SENATOR

John J. Flanagan

New York State Senate Passes Legislation To Protect Taxpayers From \$1.5 Billion State Tax Hit From Federal Tax Changes

[John J. Flanagan](#)

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ISSUE:

- [Personal Income Taxes](#)

TAKING ACTION TO PROTECT TAXPAYERS



The New York State Senate has passed legislation to protect hardworking taxpayers from a new \$1.5 billion state income tax burden created by the recently adopted federal tax overhaul. The measure ([S6974A](#)), sponsored by Senator Simcha Felder (17th Senate District), works to hold harmless New Yorkers who may have to pay more in state income taxes because of the changes at the federal level and prevents the state from benefitting from the sudden revenue increase at the expense of taxpayers.

Senate Majority Leader John J. Flanagan (2nd Senate District) said, “Today, the New York State Senate acted on an important bill sponsored by Senator Felder that will protect hardworking New Yorkers from \$1.5 billion in new and higher taxes, and prevent the state from receiving a windfall from recently enacted federal tax changes.”

Senator Felder said, “We’re responsible to do everything in our power to save hardworking, over-taxed New Yorkers from any additional tax burdens. New Yorkers shouldn’t be the collateral damage of federal tax reform. This bill rights an egregious injustice that would have cost New York taxpayers billions! We will continue to work to keep taxes down and New York affordable for the individuals, families and seniors who live, thrive and succeed here.”

The bill is part of the Senate Majority’s comprehensive “[Affordability Agenda](#)” and was created in direct response to many of the significant concerns raised about

the state income tax ramifications of the federal Tax Cuts and Jobs Act passed in December. Those federal changes could force millions of taxpayers to pay more in state income taxes because of the capping of state and local deductions and other itemization revisions.

Senator Felder's bill proactively modifies the state tax law to provide \$1.5 billion in annual savings to New Yorkers starting next tax year when the federal changes begin taking effect. The bill mitigates the potential for New York taxpayers to see a state income tax increase as a result of changes on the federal level in several ways, including:

- **Save approximately \$400 million by allowing taxpayers to deduct their full property tax payments from their state tax returns and save approximately \$300 million by restoring other deductions:** Currently, state personal income taxes are based on the federal tax code. The bill changes the reference to the federal tax code to reflect the code in effect prior to December 1, 2017 - pre-dating the passage of the federal tax cuts. This effectively decouples the state income tax code from the new federal tax code and allows individuals to choose to deduct the full amount of state and local tax (SALT) payments, among other potential benefits for those who might be negatively impacted by the \$10,000 federal SALT cap and other federal tax changes.
- **Save \$800 million by ensuring that more than 5 million single filers can claim their full New York State standard deduction.** This is achieved by making a technical amendment to the definition of a single non-dependent filer in the state's income tax code.
- **Save \$45 million by removing the existing state prohibition on itemizing a state income tax return if a taxpayer chooses to take the new higher federal standard deduction.** With the increase in the federal standard deduction, it is expected that more people will claim the standard deduction. However, under current state law, filers cannot itemize their state deductions if they take the federal standard deduction, and such a prohibition could cost New York taxpayers who want to itemize their state return to save more money.

The Senate Majority's broad-based "[Affordability Agenda](#)" helps individuals, families, and seniors continue to live, work, and succeed in New York. Initiatives like this one that are being advanced by the Senate in 2018 will reduce the excessively

high taxes and other factors that make it difficult to live, raise a family, own a home, or retire in New York.

The bill has been sent to the Assembly.

related legislation

[2017-S6974A](#)

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- Introduced
 - - In Committee Assembly
 - In Committee Senate
 - - On Floor Calendar Assembly
 - On Floor Calendar Senate
 - - Passed Assembly
 - Passed Senate
 - Delivered to Governor
 - Signed By Governor
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[Relates to federal income tax terms and their applicability to state tax law](#)

December 21, 2017

In Assembly Committee

Sponsored by [Simcha Felder](#)

Do you support this bill?