



NEW YORK STATE SENATOR

Patrick M. Gallivan

Senator Gallivan Announces Efforts to Make NYS More Affordable by Cutting Taxes

JIM RANNEY May 7, 2018

| ISSUE: **CUTTING TAXES**



Senator Patrick M. Gallivan (R-C-I, Elma) says the New York State Senate has approved a sweeping affordability package that focuses on property taxes, energy costs, unfunded mandates, and other drivers that are making it harder for middle-class families to succeed.

The measures would result in billions of dollars in savings annually for taxpayers in the form of new and expanded property tax cuts, including the state assuming local Medicaid costs.

They also eliminate costly energy taxes; create new tax cuts for seniors to prevent them from moving to another state; requires a supermajority vote when taxes are increased by state and local governments; and prevents unfunded mandates from being passed on to the taxpayer.

“The one issue I hear the most about from constituents is taxes,” Gallivan said. “New York’s tax burden is making it difficult for families to get ahead and forcing too many people to leave the state for better opportunities. This multi-billion dollar tax savings plan will help hard working New Yorkers keep more of their money and encourage them to stay here to live, work and raise their families.”

The largest savings from this package comes from two initiatives co-sponsored by Senator Gallivan that require the state to assume the local share of Medicaid payments. Since the enactment of the Medicaid program in 1965, counties and the City of New York have been required to share in both its cost and administrative operation. The State is responsible for program design and, over the course of several years, the overall administration of the program has been gradually shifting to the state. The counties’ Medicaid share is currently capped at 2015 levels and the current local contribution amount to the state for Medicaid is a combined statewide total of \$7.63 billion.

The first bill (S.8411) reduces the local Medicaid contribution by 20 percent a year over five years for all counties outside New York City. The counties must then enact dollar-for-dollar reductions in property taxes, resulting in direct taxpayer savings of up to \$451 million in the first year alone, and \$2.3 billion when fully effective.

The second bill (S.8412) reduces counties’ contributions by 10 percent a year over 10 years and again requires that \$2.3 billion in cumulative savings to be returned dollar-for-dollar back to

property taxpayers. In New York City, the contribution would be reduced by up to \$2.3 billion and returned to taxpayers in the form of a dollar-for-dollar reduction in the personal income tax. In addition, the city would be required to enact a two-percent property tax cap similar to what is already in effect in the rest of the state and which has already saved taxpayers \$23 billion to date.

“Mandate relief is a key component of our ongoing effort to reduce New York’s high property taxes, and for county governments there is no greater burden than Medicaid,” Gallivan said. “Eliminating the Medicaid costs on counties over the next several years will save residents across the state billions of dollars in local taxes. This legislation is a major step forward in doing away with this unfunded mandate imposed on local governments by the state.”

Other bills approved by the Senate include:

- (S.8398) provides additional property tax relief for all STAR-eligible New Yorkers by increasing the amount of the property tax relief credit by 25 percent. This bill expands an already successful program first created by Senate Republicans that is helping to reduce the property tax burden and helps mitigate tax savings that could be lost as a result of the recent federal State and Local Tax deduction. The increase would take effect in the 2019 tax year and save an expected \$331 million by 2020, \$1.6 billion annually thereafter.
- (S.8399) saves business and resident ratepayers by phasing in a new elimination of the two-percent Gross Receipts Tax on utility bills.
- (S.8407) eliminates the base underlying 18-A assessment tax and shifts the cost of the Public Service Commission to the General Fund. Together, they will result in needed reduction in consumers’ utility bills and provide a total savings of \$280 million.

- (S.8406) creates a senior school tax rate that phases in a yearly 10 percent reduction of school taxes, based on age of the eligible senior, starting at age 70 to reduce the burden that seniors face when paying the school tax portions of their real property tax bills. By reducing the financial burden of home ownership for seniors, this bill may make it more affordable for a larger number of seniors to stay in New York State instead of relocating to states with less burdensome real property tax rates. The bill would save \$274 million by 2022 and \$556 million by 2023.
- (S.414A) helps more seniors save money and choose to stay in New York during their retirement by increasing the private pension and retirement income exclusion from \$20,000 to \$40,000 for single taxpayers and to \$80,000 for married taxpayers, over three years. This would be the first increase to the exempt amount for private pensions and retirement since 1981 and will save retirees approximately \$275 million.
- (S.8401) requires a two-thirds vote from each house of the state legislature to increase, impose, or extend taxes, a two-thirds vote from local legislative bodies to increase, impose, or extend local taxes, and a two-thirds vote from local legislative bodies requesting an increase, imposition, or extension of taxes by the state legislature. This bill holds elected officials more accountable to the state's taxpayers, both at the state and the local levels of government, by requiring a supermajority.
- (S.8402) would also accomplish the supermajority requirement for state and local tax laws by proposing a constitutional amendment.
- (S.8400) proposes a constitutional amendment to reduce property taxes by prohibiting many of the unfunded mandates that place a hardship on local governments. The bill would prevent state government from passing a financial burden of new mandates to local governments without financial assistance, preventing them from being forced to decide between taking resources from already strained local programs and redirecting those funds to the latest unfunded mandate, or turning to already over-burdened

taxpayers for additional support.

- (S.7783) makes New York’s tax law consistent with changes to 529 plan tuition eligibility that recently took effect on the federal level. The federal Tax Cuts and Jobs Act enacted last year expanded the use of 529 plans to include tuition expenses for attendance at elementary or secondary schools, but existing tax law in New York may not allow such expenses to be eligible. This bill enables 529 plan distributions used to pay for elementary or secondary school tuition expenses after January 1, 2018, to have the same tax benefits as distributions used for attending an eligible institution of higher education.

The package builds upon the Senate Republican Majority’s record of success in securing new and needed tax relief. This year alone, the conference led the way to include a provision in the budget that will help protect taxpayers from the negative impacts of federal tax changes by enabling a decoupling of the state and federal tax codes to prevent New Yorkers from taking a \$1.5 billion state tax hit as a result of the SALT deduction changes. Earlier this year, the Senate also passed legislation (S.1207) to make the property tax cap permanent and to enact a two-percent spending cap into law (S.365). The self-imposed spending cap has already saved taxpayers \$41 billion to date.

The bills have been sent to the Assembly.

2017-S8411

- 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
-

Relates to medical expenditure amounts

May 04, 2018

In Assembly Committee

Sponsored by Catharine Young

Do you support this bill?

2017-S8412

-
- 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
 -

Relates to medical expenditure amounts and establishes limitations upon real property tax levies in cities of over 1,000,000

May 04, 2018

In Assembly Committee

Sponsored by Catharine Young

Do you support this bill?