



## **This Week In Albany**

### **Week ending December 9, 2011**

#### **Lawmakers Enact Much Needed Tax Reform**

The New York State Legislature passed legislation that makes changes to the state tax code, provides funding for job creation and flood relief, partially eliminates the MTA tax, and lowers next year's deficit by \$1.6 billion.

The agreement reached by the Legislature and the Governor is a huge victory for CSEA.

For the last decade, CSEA fought vigorously to ensure fairness in our tax code and continually argued that the wealthiest New Yorkers should not be paying the same tax rate as those who earn \$40,000. While these changes do not go as far as we would have liked, it's a step towards a more progressive tax system.

#### **Tax Reform**

The agreement raises \$1.9 billion in new revenue by creating new tax brackets for the wealthiest New Yorkers. Previously, any family who made over \$40,000 paid the same marginal tax rate (6.85%) as someone who made \$20 million. Rates do not change for families making under \$40,000. Those making between \$40,000 and \$300,000 will get a tax cut. Families making over \$2 million will now pay a tax rate of 8.82%.

Further, a commission will be established in order to look at long term changes to the tax code as these changes expire in 2014.

#### **Job Creation**

The bill cuts taxes paid by manufacturing companies, rewards job retention by companies in areas hit by recent natural disasters, addresses flood relief, provides tax credits for companies hiring inner-city and unemployed youth and establishes a new \$1 billion infrastructure fund to rebuild roads, bridges and other infrastructure, and encourage the creation of thousands of related jobs.

#### **MTA**

The legislation partially repeals the MTA tax that was implemented in 2009. The plan eliminated the MTA Payroll Tax from all businesses with payrolls less

than \$1.25 million. In addition, businesses with payrolls above \$1.5 million would see the tax rate reduced from 0.34 percent to 0.11 percent, and those businesses with payrolls over \$1.75 million would be reduced to 0.23 percent. The law will now exempt BOCES as well as public and private schools from the tax.

### **Casino Gambling**

While not included in this legislation, a press release issued by the three leaders said that they will work together during the next legislative session to pass a constitutional amendment to allow for more casino gambling in the state. In order for this to become law, the state legislature would have to pass the same bill in 2012 and 2013, and it would then be put up for a vote to all voters in New York.