

**GENERAL CONTRACTORS ASSOCIATION OF NEW YORK
NYPIRG STRAPHANGERS CAMPAIGN
REGIONAL PLAN ASSOCIATION
TRI-STATE TRANSPORTATION CAMPAIGN**

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STATEMENT ON PAYROLL MOBILITY TAX

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We appreciate the effort by the Governor and Legislative Leaders to limit the impact of reducing the Payroll Mobility Tax on the MTA.

But we think they can do better.

Under their proposal, many thousands of small businesses would be made exempt from the PMT. To make up the loss, the State leaders propose a new subsidy to the MTA of \$250 million.

The problem with this approach is three-fold:

- estimates of what's needed can be incorrect, exposing the MTA to serious financial risk;
- payrolls can grow over time, subsidies do not; and
- subsidies can be lowered over time, as was the appropriation for student MetroCards;

A better way can be found in the way public schools are being treated right now. These schools now pay the PMT and then apply for reimbursement from the State.

This rebate approach assures that the MTA gets the PMT money up front and there's no need for estimates.

We urge the approach for public schools be adopted for small businesses.

Our concerns about the small business exemptions are shared by The New York Times which editorialized today: "The plan also contains a troubling proposal to cut the payroll tax for small businesses and private and parochial schools, which provides revenue for the Metropolitan Transportation Authority. Although the Albany leaders say that the state will make up any lost revenue, they have not determined a secure source of financing. Mr. Cuomo needs to make certain that the already cash-starved transportation authority doesn't suffer. The last thing New York needs is to downgrade the system that gets so many millions of people to and from their jobs."