

NEWS FROM ASSEMBLYMAN MARC MOLINARO

For Release: February 4, 2010

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MOLINARO: MTA PAYROLL TAX STRIKES AGAIN

Assemblyman says \$400 million revenue shortfall underscores need for reform

Assemblyman Marcus J. Molinaro (R,I,C-Red Hook) today took aim at the MTA after the authority announced it faces a \$400 million budget gap due to insufficient payroll tax revenues. Molinaro said the announcement demonstrates the need for fundamental changes at the MTA.

“Once again, the MTA has announced a shortfall in revenue collected from the job-killing payroll tax,” said Molinaro. “This tax, which was concocted as a secret bailout by Albany leaders, continues to be a black eye for the MTA and the state. It has unfairly burdened businesses, non-profits, and families of the Hudson Valley.”

Since the tax was first introduced, revenue projections for 2009, 2010, and 2011 have dropped by \$700 million – from \$4.17 billion to \$3.47 billion. The authority may also attempt to raise bus, subway, and train fees on commuters. Molinaro said the news should prompt the governor to action.

“While visiting Dutchess County recently, the governor said he would be willing to revisit the idea of negotiating the payroll tax. The news today is a clear signal that he needs to act,” said Molinaro. “It also reinforces the need for a third party forensic audit of the MTA, a sunset of the payroll tax, an audit and oversight board, and a comprehensive overhaul of an authority plagued by inefficiencies, waste, and abuse.”

The drop in revenues prompted Moody’s to downgrade its revenue bonds from A3 to A2, according to an MTA spokesman. The likely higher interest rates accompanying such a rating downgrade will increase the cost of the MTA’s debt for Hudson Valley and New York State taxpayers. Molinaro said this was a clear signal that the state and the MTA must learn to confront spending, rather than rely overwhelmingly on taxing.

“The payroll tax has shown us what we already knew: taxing in a recession is a disastrous idea,” Molinaro said. “Astoundingly, the state and MTA leadership continue to generate revenue forecasts that disregard the fact that when faced with higher taxes, companies will either hesitate to expand or move to a location where the costs of doing business – taxes – are lower. Impeding economic growth, which is what the MTA and state are doing, only shrinks taxable revenue.”

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