

PEF SUPPORTS THE GOVERNOR'S PROPOSALS TO CLOSE TAX LOOPHOLES & RAISE REVENUE!



The Governor's Executive Budget proposes to eliminate a number of corporate and other tax loopholes and to institute reasonable revenue proposals which will raise \$1.9 billion this year and \$2 billion annually thereafter.

Big businesses and corporations have been dodging their corporate tax responsibility for too long. Over the past 30 years, big businesses' share of state tax revenue has declined by 48 percent as they've taken advantage of loose tax laws which allow corporations to dodge hundreds of millions of dollars in taxes every year.

Guess who's been making up the difference? Ordinary taxpayers and small businesses must play by the rules, and so should big business.

In addition, corporations are not required to disclose how much they pay in New York State taxes but are required to disclose how much they pay in federal taxes. This veil of secrecy allows big corporations to pay little or no state tax without facing public accountability.

WE SUPPORT:

Conforming New York tax law to the practices of 18 other states that have decoupled from the federal deduction related to qualified production activities. This loophole was originally intended to create incentives for corporations to preserve and promote domestic manufacturing jobs. However, corporations have used this deduction for activities which go beyond the familiar concept of manufacturing and dodge \$56 million a year in tax payments. It is possible that a multi-state firm could use the deduction to reduce its New York taxes without having a single production employee in the State where they file!

WE SUPPORT:

Providing the Department of Taxation and Finance with the necessary permanent statutory tools to allow them to continue to crack down on the increasing use of abusive tax shelters. These tools were originally scheduled to sunset July 1, 2009. This measure will generate \$17 million annually starting in SFY 2009-10.

WE SUPPORT:

Raising the Motor Vehicle Law Enforcement Fee imposed on the purchase of auto insurance from \$5 to \$20 and broaden the scope of eligible uses of this revenue to include bridge and highway safety initiatives. Half of the new fee will support a new State and Local Bridge Preservation Program and a net of 322 new DOT positions. This action will generate \$145.2 million in additional revenue to fund these activities in SFY 2008-09, and \$193.5 million in SFY 2009-10. If this revenue source is not approved there is no funding source for the new DOT positions.

WE SUPPORT:

Expanding the bottle bill to cover more types of containers and requiring that unclaimed deposits be transferred to the Environmental Protection Fund. This proposal will raise \$25 million in SFY 2008-09 and \$100 million annually thereafter.

STOP THE CORPORATE TAX DODGE!

**ENACT THE GOVERNOR'S PROPOSALS
TO CLOSE TAX LOOPHOLES.**



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