Information for those libraries impacted by Metropolitan Transportation Authority (MTA) Payroll Tax.

The MTA Payroll Tax reform bill was signed into law that added private schools to public schools as exempt entities (underlined is new language). In addition, the legislation also exempts any employer (including libraries) with payrolls of $1.25 million or less annually from the MTA Payroll Tax. There is also a graduated reduction in the MTA payroll tax for those employers with payrolls between $1.25 and $1.75 million per year (see legislation below). The Senate Majority has informed me that leaving libraries out of full exemptions (like private and public schools) was an oversight and that they plan to address it in the 2012-13 State Budget.

Section 1. Subsection (b) of section 800 of the tax law, as added by section 1 of part C of chapter 25 of the laws of 2009, is amended to read as follows:

(b) Employer. Employer means an employer required by section six hundred seventy-one of this chapter to deduct and withhold tax from wages, that has a payroll expense in excess of three hundred thousand five hundred dollars in any calendar quarter; other than

(1) any agency or instrumentality of the United States;

(2) the United Nations;

(3) an interstate agency or public corporation created pursuant to an agreement or compact with another state or the Dominion of Canada; or

(4) Any eligible educational institution. An "eligible educational institution" shall mean any public school district, a board of cooperative educational services, a public elementary or secondary school, a school approved pursuant to article eighty-five or eighty-nine of the education law to serve students with disabilities of school age, or a nonpublic elementary or secondary school that provides instruction in grade one or above.

§ 2. Subsection (a) of section 801 of the tax law, as added by section 1 of part C of chapter 25 of the laws of 2009, is amended to read as follows:

(a) For the sole purpose of providing an additional stable and reliable dedicated funding source for the metropolitan transportation authority and its subsidiaries and affiliates to preserve, operate and
improve essential transit and transportation services in the metropolitan commuter transportation district, a tax is hereby imposed at a rate of thirty-four hundredths (.34) percent of (1) the payroll expense of every employer who engages in business with in the MCTD (1) at a rate of (A) eleven hundredths (.11) percent for employers with payroll expense no greater than three hundred seventy-five thousand dollars in any calendar quarter, (B) twenty-three hundredths (.23) percent for employers with payroll expense greater than three hundred seventy-five thousand dollars and no greater than four hundred thirty-seven thousand five hundred dollars in any calendar quarter, and (C) thirty-four hundredths (.34) percent for employers with payroll expense in excess of four hundred thirty-seven thousand five hundred dollars in any calendar quarter, and (2) at a rate of four hundredths (.34) percent of the net earnings from self-employment of individuals that are attributable to the MCTD if such earnings attributable to the MCTD exceed ten fifty thousand dollars for the tax year. § 3. Any reductions in transit aid attributable to reductions in the metropolitan commuter transportation mobility tax authorized under article 23 of the tax law shall be offset through alternative sources that will be included in the state budget. § 4. This act shall take effect immediately; provided however, that section one of this act and the amendments in section two of this act that concern employers shall take effect for the quarter beginning on April 1, 2012.

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