

Optional payroll tax plan revealed

■ **Cuomo touts** program to help NYers facing tax hit

■ **But questions** remain whether feds would OK it

BY MICHAEL GORMLEY

michael.gormley@newsday.com

ALBANY — Gov. Andrew M. Cuomo proposed on Monday an optional payroll tax that would be paid by employers as a way to shield some higher-earning New Yorkers who also pay high property taxes from paying more federal income taxes under the new federal tax law.

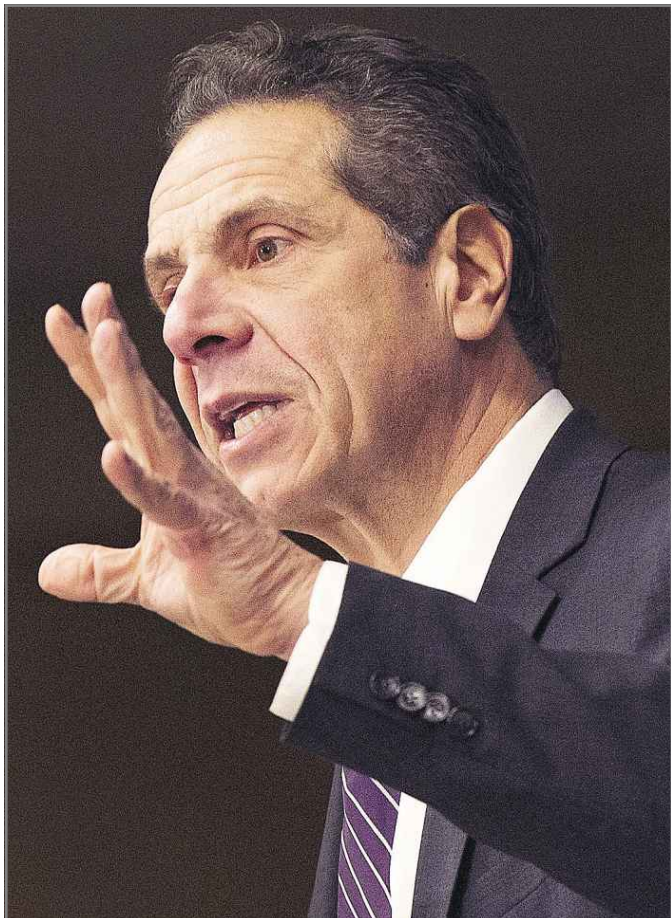
Whether employers will join the plan and whether Congress and President Donald Trump will allow New York to avoid paying as much as \$14.3 billion more in federal income taxes remain questions, state budget director Robert Mujica said on Monday.

“I don’t underestimate what they want to do,” Mujica said of Trump and the Republican-led Congress. The federal tax law passed in December. “We think we are living within the structure of the law.”

Treasury Secretary Steven Mnuchin once called such ideas being proposed by New York, New Jersey and California “ridiculous” and said his department is skeptical of whether they will work. The department could challenge the plans under federal law.

Cuomo’s proposal also includes legislation to create two, state-operated charitable organizations for school districts and local governments. New Yorkers would receive an 85 percent tax credit for their payments as an incentive to join the system, Mujica said.

“We believe there needs to be something done, but it can’t come at the expense of predictability and stability” of state school aid, said David Albert of the state School



Cuomo proposes an optional payroll tax to be paid by employers.

Boards Association. He said schools will need to analyze the legislative bills that would enact the proposal. Mujica said the bills would be released Thursday.

Overall, Cuomo’s proposal would benefit workers by reducing the amount of income that would be subject to federal income taxes.

The federal tax law provides tax breaks to corporations, the wealthy, and most middle-class families. But to help pay for the lost federal revenue, the law also caps the deductibility of state and local tax on federal incomes taxes at \$10,000. In exchange, the federal law doubles the standard deduction.

However, the federal mea-

sure would add thousands of dollars to the federal income tax bills for middle-class families approaching \$200,000 in household income who also pay high property taxes, such as those charged on Long Island.

Mujica said that if all employers, local governments and school districts join the program, New Yorkers would save \$14.3 billion in federal taxes.

Business groups didn’t immediately embrace the proposal.

“Employers will have to carefully consider the shift of tax liability and administrative costs when evaluating this election,” said Heather C. Briccetti, president and CEO

of The Business Council of New York State. “The creation of a charitable contribution mechanism is more palatable to the state’s business community, but its value will depend on IRS deductibility.”

“We continue to believe this entire exercise is unnecessary and based on political rhetoric,” said Mike Durant, state director of the National Federation of Independent Businesses. “Most small businesses in New York are getting a tax cut from the federal plan and the governor’s proposal just creates confusion and opens small employers up to future tax increases.”

Mujica said Cuomo’s proposal would redirect state income taxes now paid by individuals to a voluntary payroll tax that would be fully deductible for employers on their federal tax returns. The proposal would also convert local property tax payments into charitable contributions, which remain fully deductible for individuals under the new federal law.

Employers who choose to join the system would pay a 5 percent tax on all annual payroll expenses in excess of \$40,000 per employee. That would be phased in beginning Jan. 1, 2019, at 1.5 percent and 3 percent in 2020.

Cuomo’s proposal would benefit workers of those companies by reducing the amount of income that would be subject to federal income taxes.

Mujica said the payroll plan wouldn’t cost employers, but he didn’t address any added administrative duties that might be involved.

Employers covered by the proposal wouldn’t pay state income taxes.

Cuomo also would “decouple” the state tax code from the federal tax code, which Mujica said would avoid sending \$1.5 billion in individual federal income taxes to Washington.

PHARMACIES URGED TO JOIN KIDS’ FLU PLAN

BY DELTHIA RICKS

delthia.ricks@newsday.com

Gov. Andrew M. Cuomo is calling on pharmacies to join a state program that provides immunizations to children regardless of their parents’ or guardians’ ability to pay — his latest salvo against the flu epidemic that continues to claim lives across the nation.

An estimated 6,300 children in New York have been inoculated against the flu as a result of a Jan. 25 executive order by Cuomo that expanded flu shot access.

In his announcement Monday, the governor said he was altering that order to add a 30-day budget amendment to encourage pharmacies to enroll in the state’s Vaccines for Children Program.

The original executive order suspended state law that prohibited pharmacists from administering flu vaccinations to children, authorizing them to give the flu shot to those ages 2 to 18 during the epidemic.

Cuomo’s latest announcement comes as Long Island officials set more free flu shots at clinics this week and as the New York City Department of Health on Monday confirmed the fourth pediatric flu death in the five boroughs. The child was a 5-year-old girl who lived in the Canarsie section of Brooklyn, according to news reports.

Statewide, five children have died from influenza since the season for the illness began in October. To date, an estimated 8,317 children statewide have been diagnosed with laboratory-confirmed cases of influenza, state health department.

Nationwide, 63 children had died of the flu as of Friday, according to the Centers for Disease Control and Prevention.

Free flu shots are being given in Nassau Tuesday from 5 to 7:30 p.m. at the WIC Office in Hempstead and Thursday from 7:30 to 10 a.m. at the Yes We Can Community Center in Westbury. In Suffolk, clinics will be Tuesday from 1 to 3 p.m. at the Riverhead Library and Thursday from 5 to 7 p.m. at the H. Lee Dennison Building in Hauppauge.

There were 3,864 confirmed cases in Nassau since October and 3,723 in Suffolk.

With Lisa Irizarry