

WCA president says MTA bailout 'outrageous'

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Gauging the intensity of the opposition to the newly approved payroll tax invoked by the state Legislature to bail out the MTA, all one had to do was look at Bill Mooney.

His face said it all.

"This is just really outrageous stuff," the president of the Westchester County Association said as blood rose to his face. "We believe this is just another nail in the coffin of New York state business."

The nail he referred to was the part of the Legislature-approved MTA financial bailout package that placed a 34-cent tax on every \$100 of payroll on all 12 counties in the MTA service area, including Westchester, Putnam, Rockland, Orange and Dutchess counties.

That payroll tax includes not just businesses, but nonprofits and the health care sector such as hospitals.

There are about 55,000 people working in health care in the Hudson Valley. Mooney said the average core earnings for most of the hospitals are zero to minus 2 percent. "That's pretty dramatic. And so we're in danger of losing a major part of our infrastructure here. And we're going to protect that at all costs; both on a political level and a business level."

His means of attacking this legislative affront on business and health care was to announce at a news conference the formation of a coalition to, among other things, repeal the tax.

Hitting the lectern for emphasis, Mooney declared war.

And as any commanding officer about to do battle, he said, “we’re mobilizing ... we’re going to have unusual alliances as we go forward.”

He would not specify as to who or what the alliances would be, but Al DelBello, chairman of the WCA, said they group has already spoken to counterparts on Long Island. Meanwhile, Long Islanders are so angry over the additional tax that a Newsday poll shows a majority would support seceding from the state.

“We’re going to lobby to get rid of it (tax),” Mooney said. “We’re going to bring some of our local state legislators to their senses. And we’re going to make it pretty clear ... we’re going to lobby them very aggressively.

“We’re fighting forces that are not in our best interest. And that’s very clear to us here in suburbia. We’ve just seen the actions of the state and the city as it relates to Westchester and the surrounding counties. We can’t tolerate this any more. We’ve talked about a whole different level of organization; a whole different level of mobilization. The battle of the budget is starting now and we’re mobilizing to that. If we’re just going to get more taxes to balance this budget, boy are you going to see an all out war,” Mooney said.

Replying to a reporter’s question last week at a United Way summit in Tarrytown, Gov. David Paterson said initially he did not think the MTA tax on the region was the best solution. “Inevitably, the regional plan was the only answer we could come up with in order to balance the budget.”

He went on to say, “taxes will be refunded to those school districts because of the property taxes they create. ... nonprofits are under the same recoverance that the school districts are. We would like to bridge that problem by inviting reps of those nonprofits to Albany to discuss how we might be able to replenish the law, as a result of the payroll tax.”

Mooney said the state is “number one” and it would be a good thing if “this were the NCAA tournament,” but the ranking is for all the wrong reasons. He ticked off the state’s dubious distinctions: population loss of 1.9 million people over the decade; the high state and local tax burden of \$6,405 per capita for fiscal year 2005-06; \$3,432 per capita for local taxes; the average individual income tax of \$2,000; marginal personal income tax rate rank and the marginal corporate tax rate rank.

His litany continued for those who “pay the freight” for the state budget – hospitals, businesses and residents.

According to Neil Abitabilo, president of the Northern Metropolitan Hospital Association, the impact of the MTA payroll tax on area hospitals is \$6,075,000, about \$3.5 million for Westchester alone.

Abitabulo said the payroll tax “makes a poor financial situation for the hospitals even worse,” in light of three cuts to Medicaid reimbursements and “an onerous gross receipts tax.”

As to who’s not contributing, Mooney said just look to state government and the MTA. He said there have been no concessions made by the MTA unions and no attempt by the authority to streamline or restructure. He faulted the state for its failure to reform itself and lower the cost of government. It also did not pass a pension reform bill for state workers that would have created a Tier 5 for new state and local non-uniformed employees. The new tier would have required a 3 percent employee contribution for the duration of employment; increase the minimum retirement age from 55 to 62; and eliminate overtime earnings from the final average salary calculation.

“Two of our local senators, who I won’t identify,” Mooney said next to a poster showing state Sens. Suzi Oppenheimer, Jeff Klein and Andrea Stewart-Cousins, “one of them said there is a ‘silver lining’ here. A silver lining? What could possibly be a silver lining? The other one said ‘this is a victory’ for education. So, in other words, to hell with the consumers. It doesn’t make any sense.”

And Mooney asked, “Why should the teachers be exempt?”

“The largest single part of our taxes are property taxes; 70 percent of it goes to schools. And they become exempt under this; it doesn’t make any sense.”

Mooney called on the three state senators to break rank with Democratic Party leadership on any future legislation that would hurt suburban businesses. If two had voted against the payroll tax it would have defeated the bill.

“They need to solve a problem and they look only at the money; it’s a management problem. It’s a management problem within the MTA and that has not been addressed at all in this whole process,” County Executive Andrew Spano said.

Spano wondered aloud during the news conference if the MTA is paying the payroll tax. “Because that would be interesting either way, right? Because if they’re not paying it then we have something to say. And if they’re paying, how stupid is that?”