



The Voice of the Human Services Community

EXEMPT HUMAN SERVICE NOT-FOR-PROFITS FROM THE MTA MOBILITY TAX

MTA Mobility Tax

HSC opposes the inclusion of not-for-profits as employers eligible to be taxed under the MTA Mobility Tax, which was hastily planned to reduce the MTA's deficit last year. As part of his 21-day amendment, the Governor is now proposing to increase the tax structure from 0.34 percent of payroll for all Metropolitan Commuter Transportation District (MCTD) counties to 0.54 percent in New York City and reduce the rate to 0.17 percent for employers in the rest of the MCTD.

From the beginning, this plan failed to make a distinction between not-for-profits, most of which are funded primarily with public funds, and for-profit businesses. **Taxing not-for-profit human service providers reduces the amount of funding they have to deliver essential services to the public.** Unlike for-profit businesses, they do not have profit margins they can reduce to pay for this additional cost. In the not-for-profit world, any additional expenses must translate into a reduction in service. The economic crisis has worsened the situation for not-for-profits across the City. Agencies have suffered a loss of private dollars while also enduring numerous program cuts from the State and City. Yet the demand for services continues to grow during this recession, and government's workload and outcome requirements have not been reduced in correlation with reduced funding. This is not the time to add one more unfunded mandate to this critical sector, not-for-profits should be exempt from this new tax.

We ask that you consider the drastic impact this tax is having on the not-for-profit sector and take action to relieve this severe burden. Specifically, we ask that you:

- 1) **Exempt not-for-profits from the MTA payroll tax, or**
- 2) **Implement a mechanism for the State to provide not-for-profits with the funding to help pay for this additional cost.**

Imposing this tax on not-for-profits creates an unfunded mandate that organizations will have to pay using money allocated to programs. Private donors make contributions expecting that it will be used to fund programs, and have expressed that they do not want their donations going to administrative costs and taxes. And since most government contracts also provide very little funding for administrative or overhead costs, not-for-profits are unsure of how they will pay this new tax.

Please see the chart on reverse side of this page that shows the drastic results of the impact of the MTA Mobility Tax on human service not-for-profits. As you will see, the collective cost to this small sample of 25 agencies alone is \$3.4 million, which is equivalent to approximately 72 jobs.

(TURN- chart on back)

Cost of MTA Tax on Not-for-Profit Human Service Providers

Sample of Not-for-Profits Compiled by the Human Services Council

Not-for-Profit Organization	Annual Cost of MTA Mobility Tax at .34%	Annual Cost of MTA Mobility Tax at .54%	Difference from .34% to .54%	Approximate Number of Staff Lost at .34%	Additional Staff Lost with an Increase to .54%	Total Potential Staff Lost
Jewish Board of Family and Children's Services	\$294,000	\$466,941	\$172,941	9.80	5.76	15.56
Met Council	\$240,000	\$381,176	\$141,176	8.00	4.71	12.71
Goodwill Industries of Greater New York	\$200,000	\$317,647	\$117,647	6.67	3.92	10.59
YMCA	\$200,000	\$317,647	\$117,647	6.67	3.92	10.59
Children's Aid Society	\$170,000	\$270,000	\$100,000	5.67	3.33	9.00
JCCA	\$132,600	\$210,600	\$78,000	4.42	2.60	7.02
Institute for Community Living	\$121,600	\$193,129	\$71,529	4.05	2.38	6.44
Good Shepherd Services	\$114,288	\$181,516	\$67,228	3.81	2.24	6.05
Children's Village	\$108,640	\$172,546	\$63,906	3.62	2.13	5.75
Public Health Solutions	\$80,000	\$127,059	\$47,059	2.67	1.57	4.24
Project Renewal	\$73,000	\$115,941	\$42,941	2.43	1.43	3.86
St. Vincent's	\$66,684	\$105,910	\$39,226	2.22	1.31	3.53
Episcopal Social Services	\$63,000	\$100,059	\$37,059	2.10	1.24	3.34
Brooklyn Bureau of Community Service	\$62,500	\$99,265	\$36,765	2.08	1.23	3.31
University Settlement	\$60,000	\$95,294	\$35,294	2.00	1.18	3.18
Lighthouse	\$42,000	\$66,706	\$24,706	1.40	0.82	2.22
Heights and Hill Community Council	\$27,246	\$43,273	\$16,027	0.91	0.53	1.44
Comunilife, Inc.	\$25,000	\$39,706	\$14,706	0.83	0.49	1.32
Urban Pathways	\$23,460	\$37,260	\$13,800	0.78	0.46	1.24
WHEDCO	\$20,000	\$31,765	\$11,765	0.67	0.39	1.06
Forestdale	\$14,452	\$22,953	\$8,501	0.48	0.28	0.77
Shorefront YM-YWHA of Brighton-Manhattan Beach	\$14,280	\$22,680	\$8,400	0.48	0.28	0.76
Center for Family Representation	\$8,500	\$13,500	\$5,000	0.28	0.17	0.45
Lower East Side Family Union	\$5,800	\$9,212	\$3,412	0.19	0.11	0.31
Midwood Development Corp.	\$2,400	\$3,812	\$1,412	0.08	0.05	0.13
TOTALS	\$2,169,450	\$3,445,597	\$1,276,147	72.32	42.54	114.85