



MTA TAXPAYER ABUSE



NYS Business Owners – Stop Being Albany's ATM Card!

My company, Hampton Luxury Liner, started a lawsuit to annul the unconstitutional and illegal MTA payroll tax. Winning this lawsuit will:

- * Save NYS business owners and not-for-profits \$1.8 billion.
- * Force Albany to recognize that the MTA is a failed business model that no bailout can save.
- * Force Albany to be more business friendly.

NYS is ready for a tax revolt by all businesses. Enough is Enough! The MTA is the most fiscally irresponsible organization in New York State. In 2008 the MTA cost NYS taxpayers a total of \$13.5 billion composed of \$5.9 billion in its absurd overpriced service fees, tolls, fares, etc.. plus \$7.6 billion in additional taxes and subsidies from NYS taxpayers. And now they want an additional \$1.8 billion with the new Payroll Tax. NYS Taxpayers will now be subsidizing the MTA on top of their fares a total of \$9.4 billion.

The MTA is a failed business model with a 45 year history of corruption, wasteful spending, inefficiency and fiscal irresponsibility. It operates as a shadow government, answerable to no one with a Board of Directors picked to function as a rubber stamp. The new chairman will never be able to eliminate the \$2.6 billion in excess salaries above the norm, nor stop the corrupt business practices that continue to this day. No bailout can save the MTA, which should have been put into bankruptcy long ago and its functions divided up and appropriate parts privatized. It is time for our elected official to realize this and stop wasting taxpayer dollars.

This is how NYS business owners are thought of and treated by the current administration in Albany. In the early spring of 2009, my industry association went to Albany to lobby against the MTA payroll tax and other taxes that Governor Paterson had put into his proposed 2009 budget. We met with various legislators to describe the disastrous results Paterson's taxes would have on the state economy, particularly jobs. One meeting was with Denny Farrell, chairman of Ways and Means, one of the sponsors of the MTA payroll tax, whose committee controls legislation that deals with taxes and one of the most powerful legislators in Albany. Our meeting was short. After listening to our complaints for a few minutes, he stood up, looked at us with utter contempt and said "Well, someone has to pay for it" and then he walked out of the room. It is no surprise that a recent study found that NYS is first in business failures and last in business start-ups.

It's not just the outrageous taxes that NYS business owners have to pay. There is a fundamental, systemic anti-business attitude throughout NYS government. If you have ever had disputes with some of the administrative agencies, the deck is clearly stacked against you. Hearings at agencies like the Dept of Labor, Division of Human Rights, and Taxation and Finance are run like kangaroo courts. It's very difficult for NYS business owners to get a fair shake. Winning this lawsuit is the first step in reversing the anti-business attitude that gave us the \$1.8 billion MTA bailout, and will gain NYS business owners the respect they deserve. It sends the correct message to every existing and potential Politician that NYS business owners and taxpayers in general are a force to be



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reckoned with and no longer will be Albany's ATM card. No longer will taxpayers accept legislators who constantly lie to us claiming tax reforms to get elected, and then end up supporting special interest groups when they get to Albany. Just a quick review of the NYS pension system reveals how special interest groups cause high taxes.

The MTA payroll tax is particularly harmful as there is no sunset clause for the tax. Unless nullified by this lawsuit it will go on forever and most likely increase. Beyond the fact that the MTA tax is illegal and unconstitutional, the MTA tax revenues are going into a bottomless money pit. Although the payroll tax revenues come from the 12 counties in the Metropolitan Commuter Transportation District (MCTD), a recent analysis revealed that 92% of the tax collected is supporting NYC MTA operations.

Unfortunately legislative efforts recently introduced to repeal the MTA tax are highly unlikely to be successful. Governor Paterson or Governor Ravitch will veto them. Chairman Farrell will try to block them. Any political "deal" made to address this tax will wind up hidden somewhere else in the budget. Even post the 2010 election it will be virtually impossible to overcome the 60% majority that voted for the tax in the assembly. Thus it is imperative that we sustain this legal battle.

The six causes of action in the lawsuit were researched extensively and reviewed by experts with NYS legislative experience. Four of the causes deal with seemingly clear violations of the NYS constitution. This does not guarantee a win. This is New York State which is not immune from a political judicial decision. A copy of the 50 page complaint is available at www.mtataxpayerabuse.org

The MTA is taking our lawsuit very seriously because they know we are on solid ground. They hired Nixon Peabody, an extremely expensive New York City law firm who charges around \$800 per hour. To add more salt in our wounds the legal fees paid to Nixon Peabody will be paid by NYS taxpayers to defend an illegal unconstitutional tax that every business owner hates to pay and receives no benefit.

Right now I am funding this lawsuit by myself. I borrowed the money to take it this far. I need financial help from every business owner in the Metropolitan Commuter Transportation District. We need to raise approximately \$350,000. MTA Taxpayer Abuse, Inc. is registered to be a 501(c)3 for educational purposes and legal fees. I intend to speak at every business group in the 12 counties affected by this tax. Please make checks payable to the MTA Taxpayer Abuse, Inc. It is hard to imagine a better return on investment. I need your help. Together we will win this!!!

Contact: William Schoolman
Email: bschoolman@classictrans.com
Telephone #: 631-567-2524
Website: www.mtataxpayerabuse.org