

# Overview of NYS Tax Laws and Policies that Support the Passage of a Sales Tax Credit for Clean-Fuel School Buses

New York School Bus Contractors Association

Updated: October 15, 2009

## 1. Sales Tax Exemptions:

- Food sold at school cafeterias - \$94 mil
- Commercial aircraft - \$14 mil
- Fuel sold to airlines – \$95 mil
- Purchase of Commercial buses - \$4 mil

## 2. Petroleum Business Tax Credits, Refund or Reimbursements:

- Omnibus Carriers – \$4.5 (If an omnibus carrier in a city having a population of one million or more (NYC) buses children to school the carrier is exempted from the Petroleum Business Tax)
- Fuel used by commercial fishers
- Fuel used by farm products
- Fuel used for railroad purposes
- Fuel used for mining or extracting purposes
- Fuel used for passenger commuter ferries

## 3. 2009-2010 Budget and Legislative Initiatives:

- Any mid-contract increases are impossible for school bus contractors to recapture
- MTA Bailout – employer tax (School bus contractors should be exempted given that the school districts are exempted.)
- Increased vehicle registration fees
- Increase in state's income taxes
- Massive sales tax credit for the rehabilitation of historic properties passed and signed into law
- Continuation of the sales tax exemption for private aviation parts and service – Tax Dept.'s Private Aircraft Exemption Report show's positive results of increased economic activity resulting in an increase in tax revenue and a 3% increase in jobs

## 4. Rising Costs:

- Workers Compensation is going up almost 15%
- Rising labor costs – approximately half of the industry has fixed union contracts, many expect double digit increases
- Some school districts are reducing bus services due to local budget issues
- Fluctuating fuel prices
- Depending on the outcome of the federal healthcare debate, healthcare costs may increase
- CPI – the industries means of increasing contracts is directly related to the health of the economy – negative or no growth in the economy translates to a low Consumer Price Index and no increase in contracts – meaning the industry has to absorb the losses

**Note:** The school bus industry is a low margin business, any increase in costs significantly affects the industry's sustainability. Information in sections 1 and 2 are based on 2009 estimates by NYS DOB.