

Similar to the film industry tax credits that were signed into law this year, a sales tax credit for New York school bus contractors will increase tax revenues for the state of New York: *Comparison of the impact of the 2009-2010 New York State Film Industry Tax Credit and the Proposed Sales Tax Credit for School Bus Contractors*

This is a comparison of the state's film industry tax credits and sales tax credit legislation for New York's school bus contractors to illustrate the **importance of the sales tax credit for the purchase of clean-fuel school buses** and to demonstrate that there are **equally good reasons** for providing a sales tax credit incentive for the New York school bus contractors.

The New York State Legislature and Governor Paterson approved a \$184.4 million annual tax credit for the film industry for a total of \$350 million in tax credits. From April 23, 2008 to December 31, 2008 the film industry spent \$1.8 billion on labor, facilities and contractors helping the film industry's labor force of 19,512 (7,031 direct jobs and 12,481 indirect jobs).

Compare these statistics with New York's private School Bus Industry that pays almost \$1 billion in labor alone, receives no tax credits from the state and has over 30,000 jobs statewide:

	NY Film Industry	NY School Bus Contractors
Tax Credits	\$184.4 million film credits (law)	\$3.2 million sales tax (proposed)
Jobs	19,512 (7,031 direct jobs)	30,000 (30,000 direct jobs)
Labor and Facility Costs	\$1.8 billion (labor and facilities)	\$940 million (labor)
Tax credit dollars per job	\$9,450/job	\$106/job
Increase in annual tax revenue per credit dollar	\$1.10 / \$1	10 cents / \$1

If considered in a vacuum, the sales tax credit for the purchase of clean fuel school buses being proposed by Senator Valesky and Assemblyman Gantt would reduce state revenues by \$3.2 million (\$1.4 million in additional sales tax revenue if you include parts, maintenance and fuel)¹; however, if looked at more closely, it is clear that New York's school bus contractor industry will generate an increase in tax revenue for the State of New York.

If NYS passed a sales tax credit for the purchase of clean fuel school buses, the industry would nearly double the number of buses purchased and generate an estimated \$2.1 million in new income tax revenue for NYS.² Additionally, the state's only small bus manufacturer would sell approximately 700 new buses and generate an estimated \$1.4 million in new income tax revenue for the state and create additional jobs in their Orange County manufacturing facility.

Net Impact of a Sales Tax Credit for Clean-Fuel School Buses and the MTA Payroll Tax:

Sales Tax Credit for Clean Fuel School Buses (S.4878/Valesky)	Sales Tax Loss on School Bus Purchases	Increase in Income Tax Revenue to NYS	Net Increase in Tax Revenues to NYS	Net Increase in Tax Revenue from School Bus Industry Realized by NYS – Includes new MTA Employer Tax, does not include newly imposed income tax increases
SFY 09-10	\$0.00	\$0.0	\$0.0	\$4.5 mil
SFY 10-11 (25% of \$828,000)	(\$207,000)	\$875,000 (25% more buses purchased per year)	\$668,000	\$5.168 mil
SFY 11-12 (50% of \$3.2 mil)	(\$1.6 million)	\$1.75 million (50% more buses)	\$150,000	\$4.65 mil
SFY 12-13 (75% of \$3.2 mil)	(\$2.4 million)	\$2.625 million (75% more buses)	\$225,000	\$4.725 mil
SFY 13-12 (100% of \$3.2 mil)	(\$3.2 million)	\$3.5 million with 1,500 more buses/year	\$300,000	\$4.8 mil

¹The loss of sales tax revenue for the portion of the sales tax attributed to the sale of parts, maintenance, and fuel will actually be less than what the NYS Dept. of Taxation and Finance is projecting given the industry will be deploying newer more efficient clean-fuel school buses.

² Estimates are based on the cost of purchasing conventional buses; revenues estimates would be higher if the increased cost of new clean-fuel school buses were taken into account. Given the range of the cost differential of the new clean-fuel school buses it was less complicated to base the above estimates on today's prices.

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