

11.3: OTHER TAXES

While the main focus of this chapter is on income taxes, the tax burden of citizens goes well beyond just income taxes. NYS typically ranks as one of, if not the highest tax burden state in the country. In 2012, NYS was ranked first in terms of the highest overall tax burden for its residents. (Source: Tax Foundation 2018, <https://taxfoundation.org/state/new-york/>, July 22, 2018.) According to that study, NYS residents pay 12.7% of their income in state and local taxes. This would be in addition to their federal tax liability.

So, what are some of these other taxes? NYS has sales taxes, property taxes, hotel occupancy taxes, cellphone surcharges, taxes on utility use, taxes on automobile insurance policies, and even criminal conviction and traffic violations surcharges just to name a few. Some taxes go by other names like fees or surcharges, but regardless of what you call them, they all have the same affect, less money in a taxpayer's pocket.

SALES TAXES: According to the NYS Department of Taxation and Finance, Sales and use tax (sales tax) is applied to:

- tangible personal property (unless specifically exempt);
- gas, electricity, refrigeration and steam, and telephone service;
- selected services;
- food and beverages sold by restaurants, taverns, and caterers;
- hotel occupancy; and
- certain admission charges and dues.

The overall sales tax rate in NYS varies depending on where you make your purchase within the state. The NYS rate itself is 4%. Each county or city in the state then adds its own sales tax. There is also a transit tax that some counties add to their sales tax. As of 2018, the NYS sales tax rate is between 7% and 8.875% across the state.

HOTEL OCCUPANCY TAX: Besides sales tax charges for a hotel room, many local municipalities charge an occupancy tax. For example, the hotel occupancy tax in NYC over and above the 4% sales tax charged by NYS is 10.375% plus an additional \$3.50 per room per night fee. (Source: YourMileageMayVary.net article "*Understanding Hotel Taxes, Resort Fees & Deposits For Incidentals*" by Sharon Kurheg, January 2, 2018.

(<https://yourmileagemayvary.net/2018/01/02/understanding-hotel-prices-hotel-taxes-resort-fees-deposits-for-incidentals/> July 22, 2018.)

CELLPHONE TAX: According to the New York Post article "*New Yorkers pay the third-highest cellphone taxes in the country*" by Kirstan Conley, October 14, 2016, cellphone taxes in NYS when combined with the federal surcharge of 6.64% total 24.68%. (<https://nypost.com/2016/10/14/new-yorkers-pay-the-third-highest-cell-phone-taxes-in-the-country/> July 22, 2018)

CRIMINAL CONVICTIONS AND TRAFFIC VIOLATION SURCHARGES: Surcharges are extra fees or taxes imposed over and above the fine. Penal Law § 60.35 requires, (except for convictions covered by Vehicle and Traffic Law § 1809 and Parks, Recreation and Historic Preservation Law § 27.12) in addition to any sentence required or permitted by law the following surcharges:

- \$300.00 for a felony conviction;
- \$175.00 for a misdemeanor conviction;
- \$95.00 for a conviction of a violation.

Additionally, Section 60.35 also requires a crime victim assistance fee of \$25.00 on a person convicted of a felony, misdemeanor, or violation. Traffic violation surcharges range from \$30 to \$520 depending on the traffic violation conviction. Surcharges are not the only fees that are imposed by traffic courts and the DMV. For example, there is a driver responsibility assessment fee that is imposed on drivers:

- convicted of an alcohol or drugged driving-related traffic offense while driving a motor vehicle, boat, or snowmobile in NYS;
- refuse to take a chemical test for blood alcohol content in NYS;
- received six or more points on their NYS driver record within an 18-month period for convictions of traffic offenses committed in New York, Quebec, or Ontario.

The driver responsibility assessment fee is imposed whether the driver's license is issued by New York State, another jurisdiction, or if the driver does not have a driver license. The fee ranges from \$300 to \$750, and is payable in equal installments over a three-year period.

PROPERTY TAXES: School districts, municipalities, counties, and special districts use property taxes to raise the necessary revenue to fund their respective financial responsibilities. Property taxes are calculated by multiplying a property's taxable assessment (the assessment minus any exemptions) by the tax rates for school districts, municipalities, counties, and special districts. Tax owed = taxable assessment x tax rate.

Tax rates are calculated by the local jurisdictions. The steps involved in determining tax rates are as follows:

- Taxing jurisdiction (school district, municipality, county, special district) develops and adopts a budget.
- Taxing jurisdiction determines revenue from all sources other than the property tax (state aid, sales tax revenue, user fees, etc.).
- Revenues are subtracted from the budget and the remainder becomes the tax levy. The tax levy is the amount of the tax levy that is raised through the property tax.

$$\text{Tax levy} = \text{budget} - \text{revenues.}$$

- To determine the tax rate, the taxing jurisdiction divides the tax levy by the total taxable assessed value of all property in the jurisdiction.
- Because tax rates are generally expressed as “per \$1,000 of taxable assessed value,” the product is multiplied by 1,000.

Tax rate per thousand (tax levy ÷ total of all taxable assessments in jurisdiction) x 1,000

Example

Town A's tax levy = \$2,000,000

Town's total taxable assessed value = \$40,000,000

Tax rate = \$50 per \$1,000 of taxable assessed value

Tax bill for property with a taxable assessment of \$150,000 = \$7,500

(Source: NYS Department of Taxation and Finance, “How property taxes are calculated” <https://www.tax.ny.gov/pit/property/learn/proptaxcalc.htm> July 22, 2018)

The following is from the NYS's *An Electronic Town Hall* website, Cap NY Property Taxes-A Citizens Guide (<https://reforminggovernment.ny.gov/reforminggovernment/propertytaxmap/> July 22, 2018)

How High is Your Community's Property Taxes?

New York property taxes are out of control. The median U.S. property tax paid is \$1,917 and in New York it is \$3,755—96 percent higher than the national median. Moreover, New York has the highest local taxes in America as a percentage of personal income—79 percent above the national average.

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