

On April 9, 2017, the New York State legislature granted final approval to a \$153 billion state budget for fiscal year 2018. The budget contains a provision, believed to be the first of its kind in the nation, permitting private and public sector union members to deduct the full amount of their union dues on their personal New York State income tax filings. The provision modifies the New York State tax law, effective immediately, and applies to income earned on or after January 1, 2018.

On the federal and state level, union dues are already included in the category of “miscellaneous” itemized deductions. However, all miscellaneous itemized deductions are limited on the federal level (and until now, had been similarly limited at the state level) to only those amounts that exceed two percent of a filer’s adjusted gross income. The new state budget does away with that limitation, allowing the full amount of union dues to be deducted on state income tax filings. The change should increase the number of individuals eligible to deduct their union dues on their state filings.¹

¹ Filers who are residents of New York City and who itemize for state income tax purposes will also receive the benefit of the dues deduction for New York City income tax purposes.