

New York Can't Afford Tax Breaks for the Wealthiest

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Governor Cuomo's plan to give a tax break to the wealthy gets it wrong. The root of New York's fiscal problems isn't high taxes or excessive spending. It's that we tax the wrong people.

In 2009, Albany took a small step to fix this. It implemented an exceedingly modest income tax surcharge on households with incomes over \$300,000 -- the top three percent of New Yorkers. Governor Cuomo does not plan to renew it.

The surcharge -- just one percent on incomes between \$300,000 and \$500,000 and about two percent on incomes above \$500,000 -- generates over \$4.6 billion a year for the state.

That's enough to offset a sizable chunk of the state's deficit, pay for major job-generating infrastructure projects, prevent cuts to education and health care or fund real property tax relief for middle class homeowners with an income-sensitive circuit breaker.

That's why Governor Cuomo's first step should be to extend the rates on incomes over \$300,000.

Without it, afterschool programs, community health services and affordable mass transit -- lifelines for struggling New Yorkers -- will be slashed further. Those lucky enough to survive more rounds of layoffs will have a harder time getting to their jobs and caring for their families.

Without it, we will revert to an income tax structure in which a bus driver earning \$40,000 a year bears the same proportional burden as a banker with an income of \$4 million.

When you add property taxes and sales taxes to the mix, the picture worsens: Households earning between \$33,000 and \$95,000 pay a whopping 11 percent of their incomes to state

and local taxes. But the top 1 percent of earners, who make over \$633,000 a year, pay only 7 percent.

Even with the surcharge, the wealthiest still pay proportionally less than the middle class. Add that to the impact of the extension of the Bush tax cuts. It's still a great time to be a CEO in New York.

The results for the middle class? Secretaries, construction workers and nurses still struggle to keep their homes while Wall Street executives enjoy the fattest paychecks on record. No wonder the Empire State is the most unequal in the nation, with the top one percent now claiming a stunning 35 percent of all the state's income.

It wasn't always this way. In 1980, the top one percent controlled only 10 percent of income. But over the past decades Albany has halved the top rates for the wealthiest earners at the expense of working and middle income people.

Voters get it. Poll after poll shows that the vast majority of residents -- conservatives and liberals alike -- support higher tax rates for the very wealthy over cutting essentials like education, transit and health care.

Unfortunately the Governor's proposals are a train speeding in the opposite direction. Property tax caps, spending freezes and service cuts will deepen inequality, worsen the jobs crisis and send Main Street economies tanking.

Governor Cuomo has a golden opportunity to create jobs and usher in an era of true fiscal responsibility. First, he should extend the high-end income tax surcharge. Then he should get to work setting our revenue system right side up.

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