

FUND OUR FUTURE



TAX
THE RICH!

**INVEST
IN OUR**



SAVE OUR STATE

Invest in Our NY Act:
Six bills to raise \$51–75
Billion annually

**100s of organizations
statewide are involved**

90%

**of New Yorkers favor taxing the rich before
cutting public services.**

Source: Poll via Communications Workers of America and the New York State United Teachers

This is about the future of New York

- New York is one of the hardest-hit states in the country and faces a slow, grim recovery if half measures are taken
- We need massive public investment or New York's economy will suffer greatly long-term
- Invest In Our NY Act ensures that we not only get through the budget crisis, but also have the means to support the economy long-term

Big Picture: Scale is important

- New York's economy is huge and wealthy. When it comes to boosting public investment, money is not the issue.
- Decades of public under-investment have left us in a precarious situation. The scale of new annual revenue we need is on the order of \$50 billion per year.
- The top 5% are massively undertaxed and doing better than ever.
- K-Shaped economic recovery shows that this specific action is needed and that approach of last ten years has failed.

The last 10 years: service cuts & tax giveaways

2011: Cuts to homeless programs, summer youth job programs, education

2012: Cuts taxes on those earning \$500k - \$2m

2014: Cuts taxes for corporations, banks, and cuts estate tax

2015: Cuts taxes on yachts and private jets

2016: Cuts to Medicaid and higher education; cut taxes by 1% on those earning \$40k - \$300k

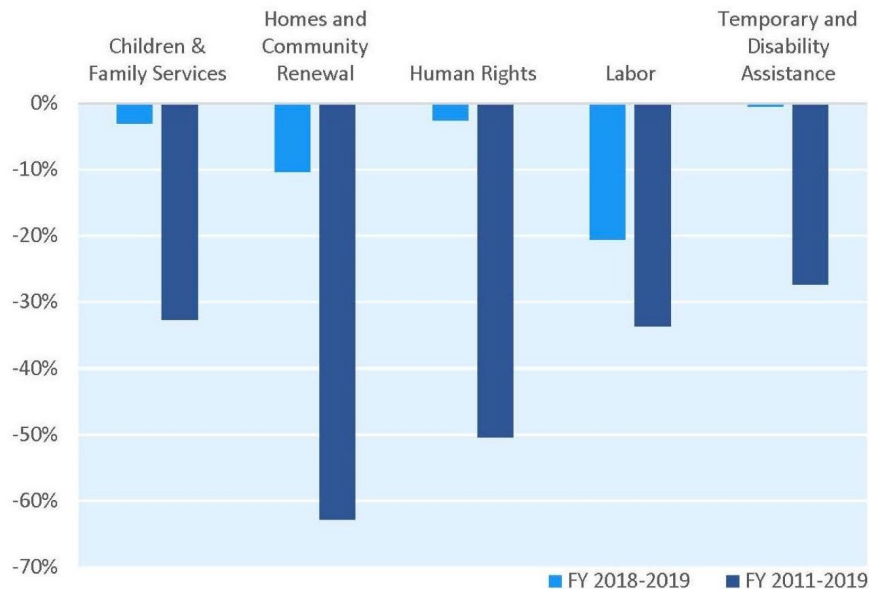
2017: Cuts to Medicaid

2018: Cuts funding to localities by \$1.2b

2019: Cuts to social welfare agencies

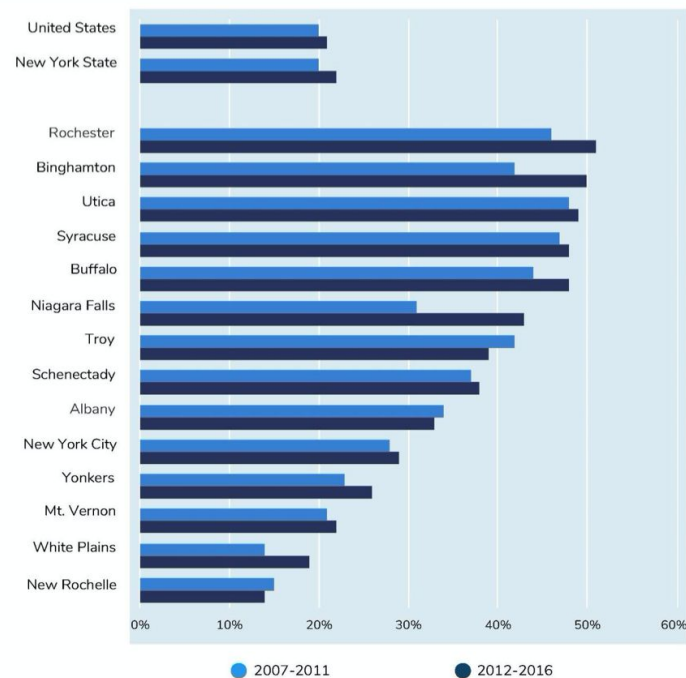
What does this look like?

Fig 15. Funding for Social Welfare Agencies Continues to Decrease



Sources: FPI Calculation of FY18-19 Executive Budget, NYS Division of the Budget, January 2018.

Fig 17. Child Poverty Rates in Many Upstate Cities Are Abysmally High
PERCENT OF CHILDREN LIVING BELOW THE FEDERAL POVERTY LINE



Source: American Community Survey 2007-2011 and 2012-2016 five-year data

Where New York Ranks

- #1 most unequal state in the US
- #48 for cost of living, due to housing, grocery, transportation, and utility costs
- #39 for economic well-being of children
- #1 in homelessness rate
- #47 in public hospital safety
- #49 in state and local education funding equity

Cuomo's 2022 Executive Budget

- Pray for \$15B in Federal Aid, or:
- Immediate massive cuts
 - ❑ 5% across the board cut
 - ❑ \$2B in school funding cuts
 - ❑ \$600M in Medicaid cuts
 - ❑ Tiny tax increase on people making over \$5M that will be reimbursed

Relying on Federal Aid alone will be disastrous

- Creates a huge fiscal cliff that will lead to massive cuts down the road
- Does not address major issues:
 - ❑ Evictions
 - ❑ Public Education Funding
 - ❑ Medicaid Cuts
 - ❑ SUNY/CUNY
 - ❑ Excluded Workers Fund

Revenue Needs

- **Fully Funded Public Schools:** \$6 billion to fund education at the minimum levels New York's highest court established as necessary for providing "sound basic education"
- **Fund CUNY & SUNY:** \$2 billion for the CUNY and SUNY systems to allow for free tuition, needed construction, and emergency assistance for students
- **Fund Healthcare:** \$2.2 to 2.8 billion to restore cuts to Medicaid from Medicaid Redesign Team II ("MRT II")¹⁸⁶
- **Invest in Affordable Housing:** \$6 billion for long-term operating of social and supportive housing including NYCHA
- **Cancel Rent:** \$4 billion to fund tenant rent obligations so as to avert a catastrophic eviction crisis
- **Unemployment Aid for Workers Excluded from federal aid:** \$3.5 billion to provide income replacement benefits to the mostly immigrant workers who are denied federal benefits and assistance¹⁸⁷
- **Close Budget Hole:** \$15 billion to close current budget deficit caused by Covid-19 and decades of Cuomo's tax cuts
- **Funding for services to support working New Yorkers and our most vulnerable communities:** universal pre-K to students in all of New York; living wages for homecare workers; access to health insurance for undocumented New Yorkers; investment in emergency housing vouchers; provision of critical life-saving services, including overdose prevention; harm-reduction and treatment programs to help address the opioid crisis

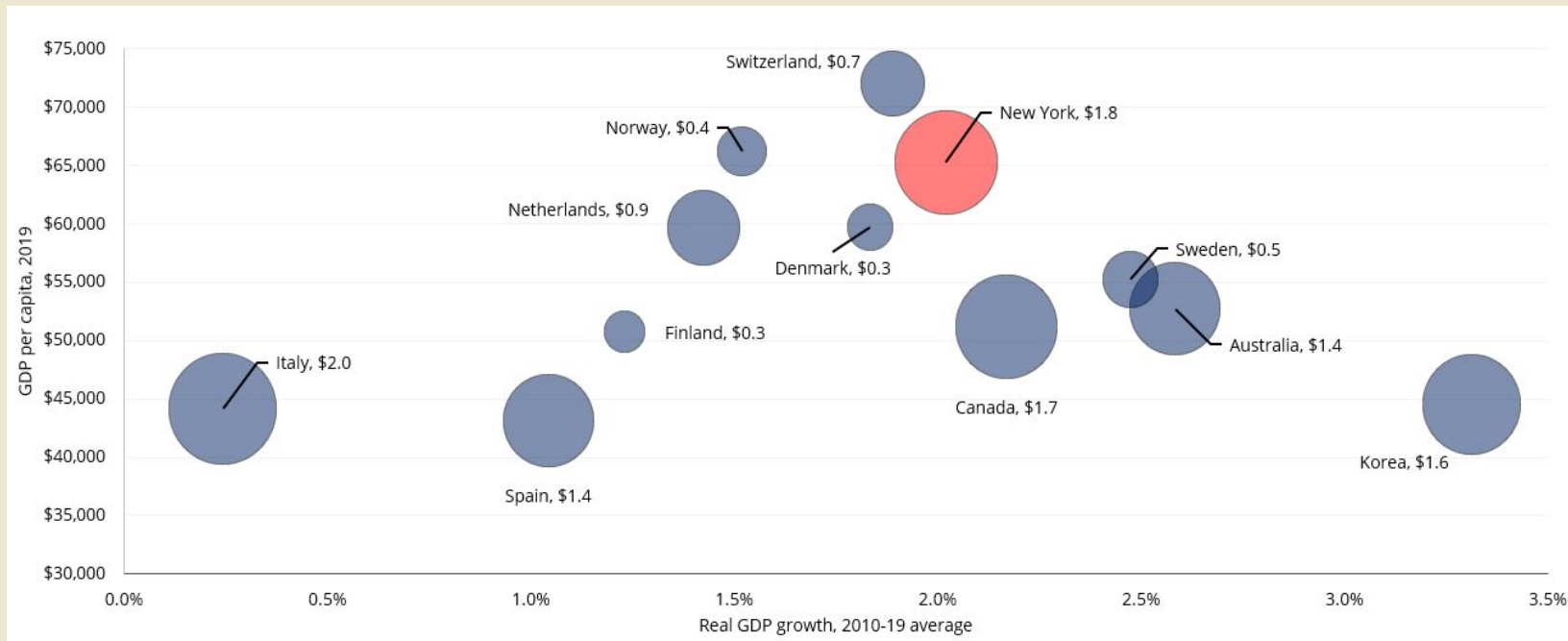
**It doesn't have to be
this way**

New York's economy is huge

- In 2019, New York's GDP was \$1.8 trillion.
- On its own, New York is the 10th largest economy in the world. It has a bigger economy than Canada, Russia, and South Korea.
- New York has a higher per capita GDP than countries like Sweden, Denmark, and the Netherlands—all of which easily afford the kind of social support and economic security we dream of.

It's among the world's most dynamic economies

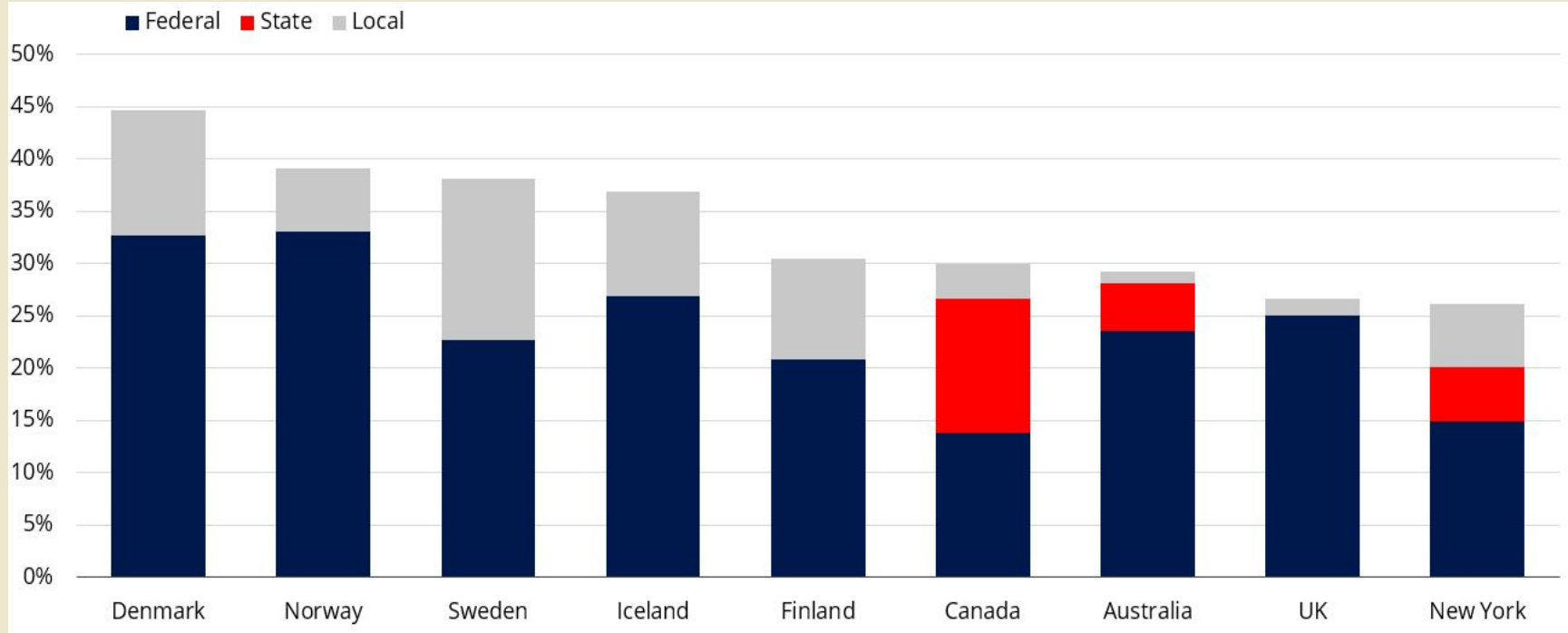
NY GDP per capita and growth rate vs. select countries, size of bubble: 2019 GDP (\$ trillions)



Sources: US BEA, US Census, IMF, Macro for the Many

New York's economy can support a higher tax load

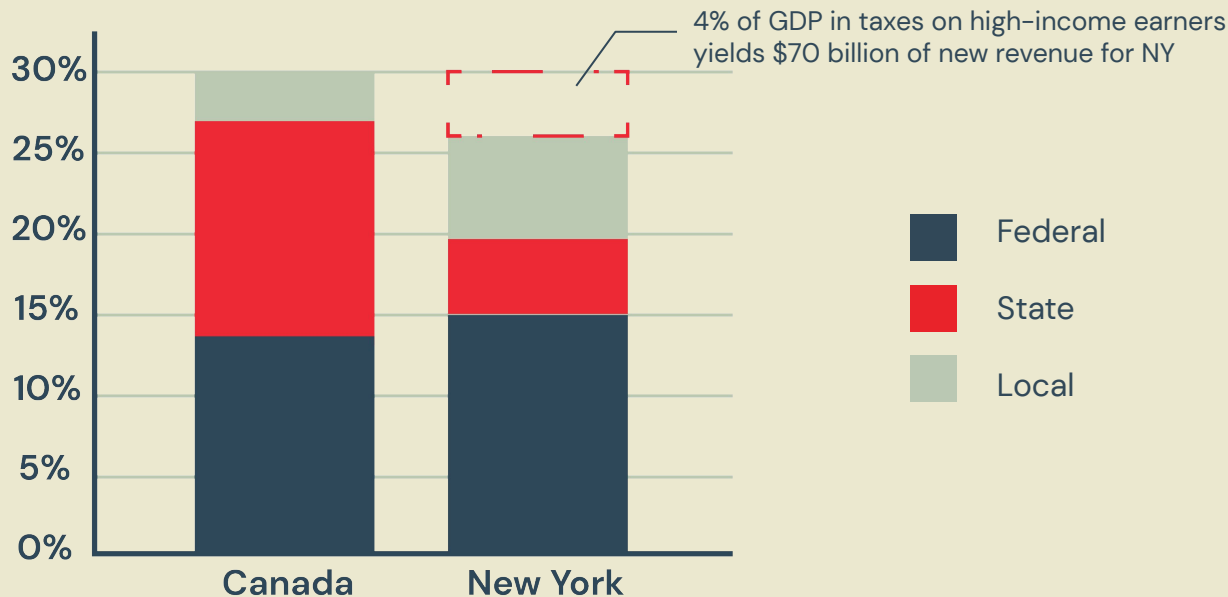
Federal, state and local government tax revenue as a % of GDP, 2018



Note: New York's federal tax burden is the amount that New Yorkers paid to the federal government in the form of income, payroll, corporate, excise and estate taxes
Sources: US BEA, US Census, IMF, OECD, Macro for the Many

A small increase in tax burden goes a long way

Federal, state and local government tax revenue as a % of GDP, 2018

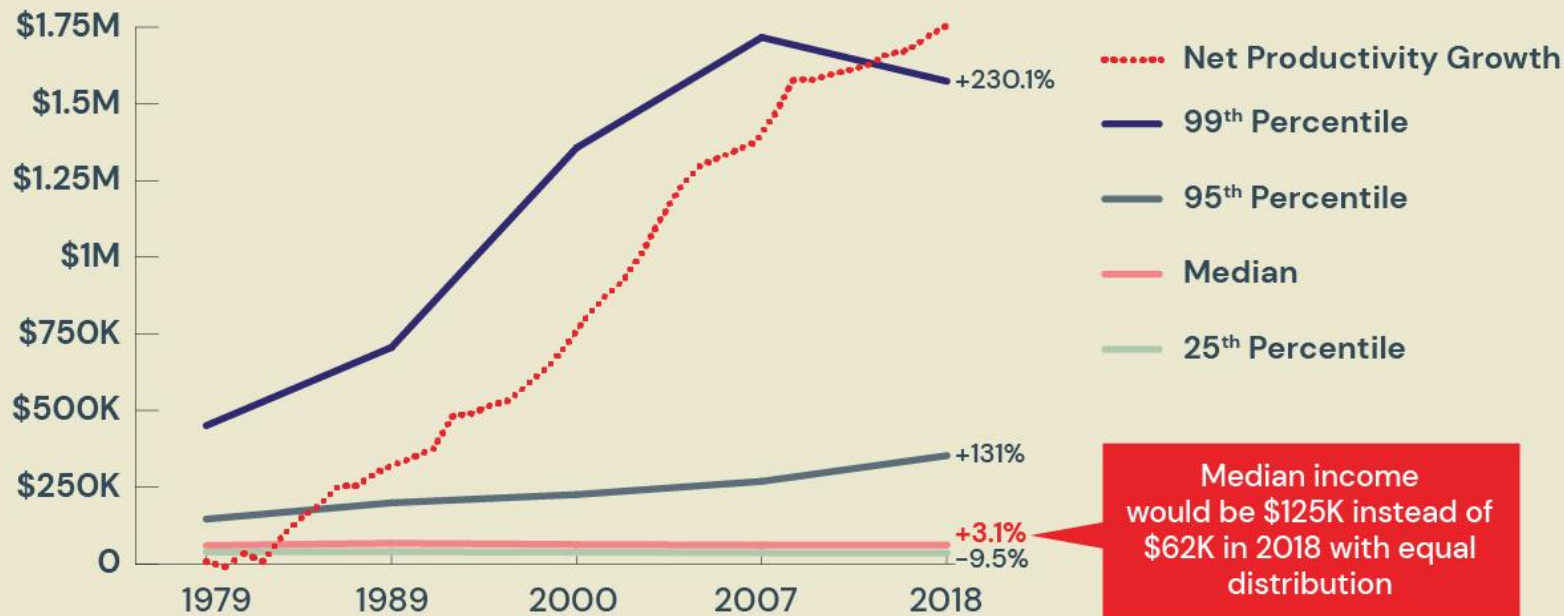


Note: New York's federal tax burden is the amount that New Yorkers paid to the federal government in the form of income, payroll, corporate, excise and estate taxes

Sources: US BEA, US Census, IMF, OECD, Macro for the Many

We must focus on the top 5%

Change in income for different income classes in New York State

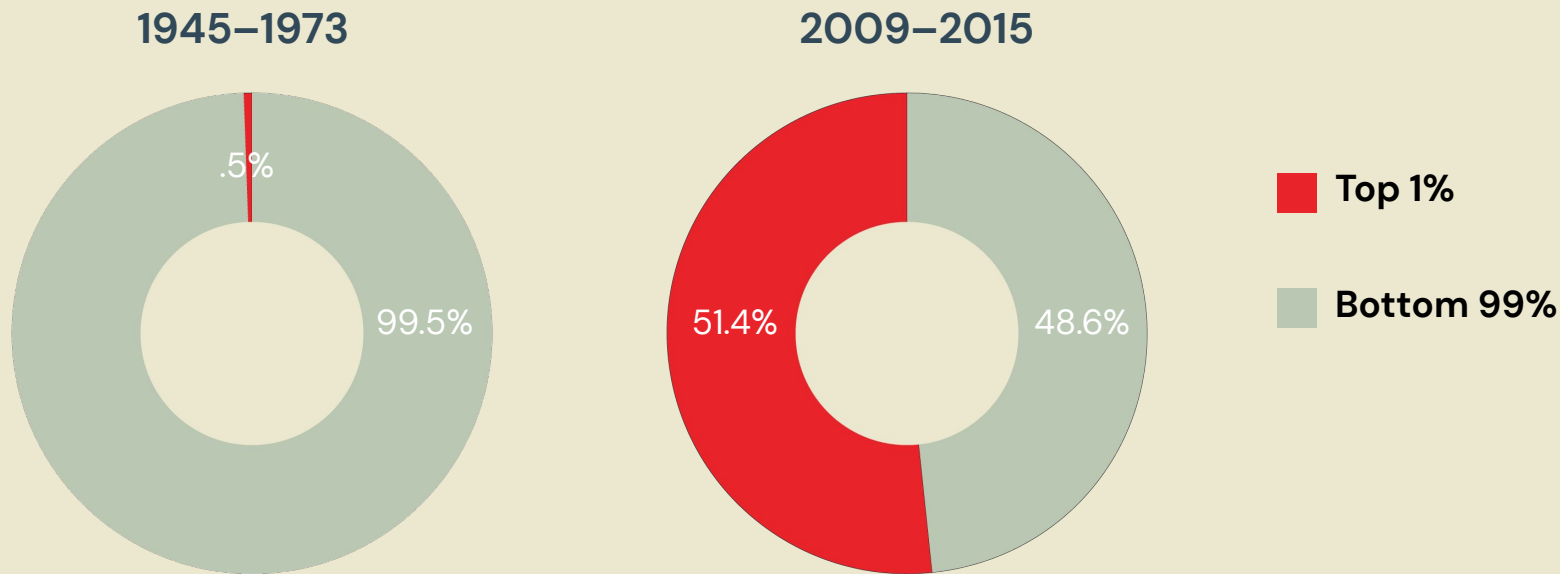


Note: Compensation is (wages and benefits) of production/nonsupervisory workers in the private sector.

Source: Economic Policy Institute

The rich are hoarding our economic growth

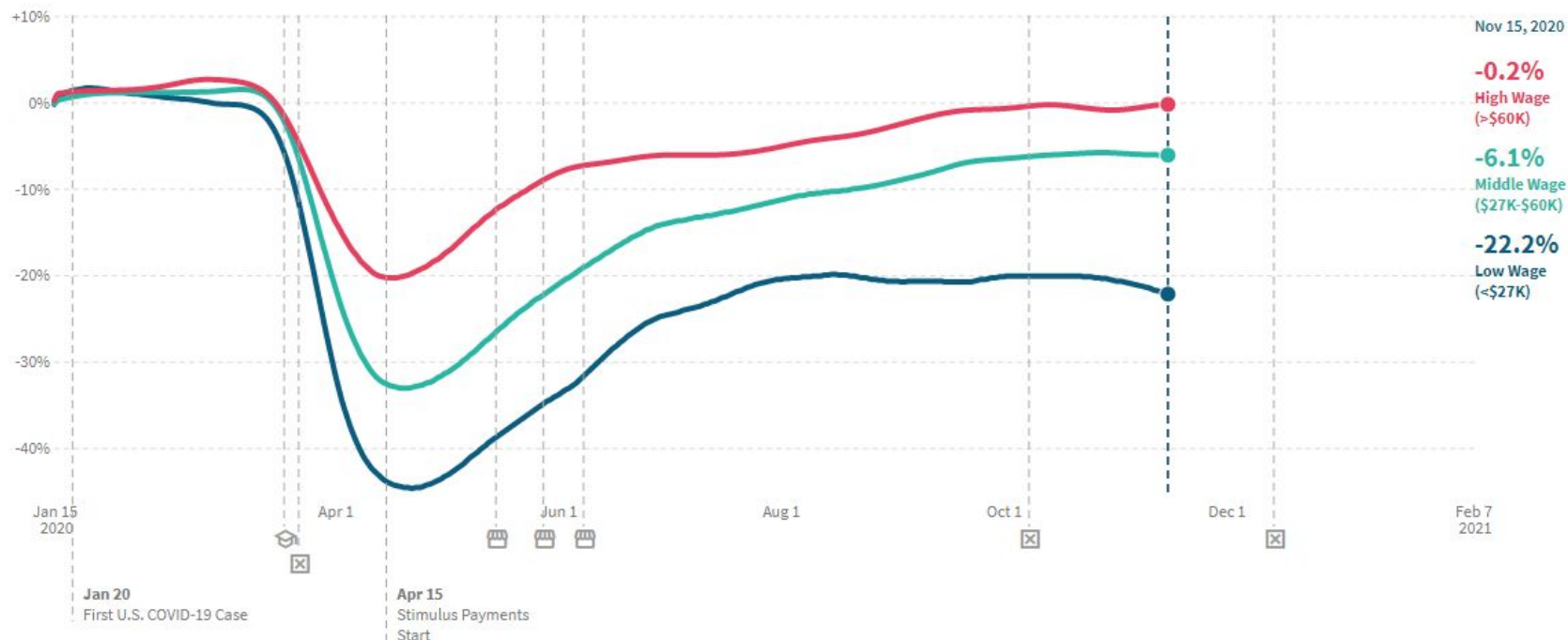
New York State: Income growth share captured by top 1% and bottom 99%, 1945-73 and 2009-15



We're experiencing a K-Shaped Recovery

In **New York**, as of November 15, 2020, employment rates among workers in the bottom wage quartile decreased by **22.2%** compared to January 2020 (not seasonally adjusted).

DOWNLOAD CHART 

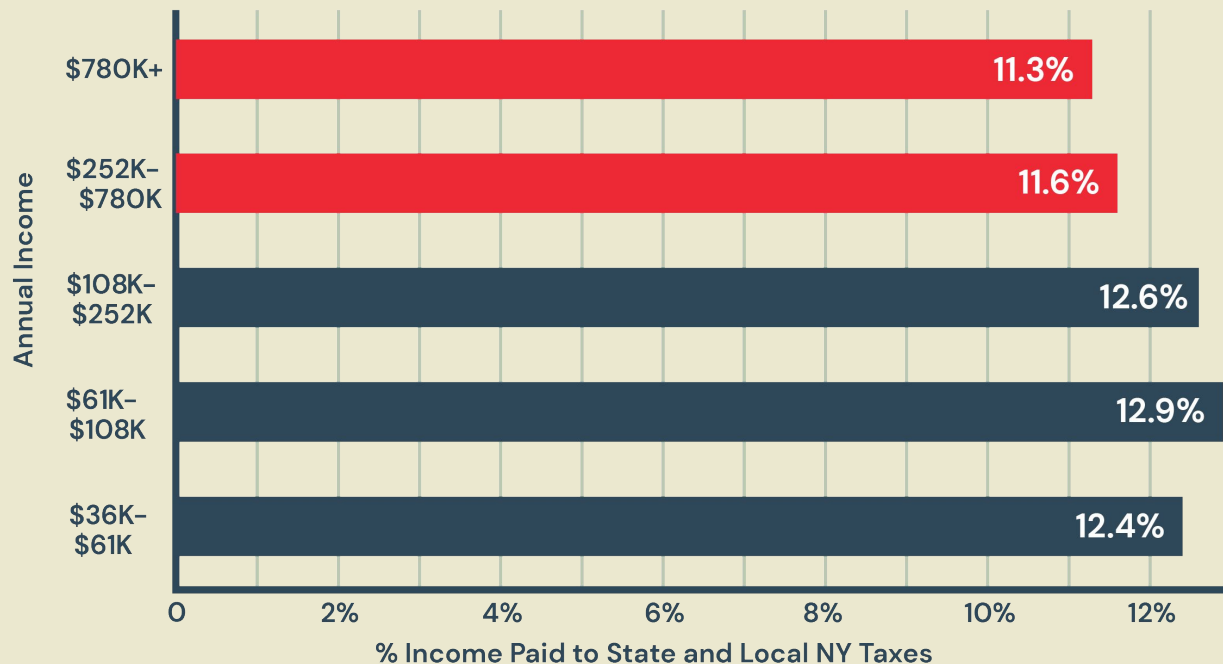


K-Shaped Recovery: Exacerbating the Trend

- Elite professions have largely recovered from the pandemic.
- The stock market is at an all time high
 - Dow Jones historical high was Jan 20, 2021.
- The coronavirus relief package:
 - \$3 trillion to bail out big business, large corporate tax breaks
 - \$4.5 **trillion** in support for corporate bond purchases
- Usual wisdom of not raising taxes in a crisis does not apply here. There's no crisis for the top 5%.

Our tax structure still favors the wealthiest

The top 1% of New Yorkers have the lowest tax burden of all.



Source: "Who Pays" 2018 Report, Institute on Taxation and Economic Policy

Invest in Our NY Act:
Six bills to raise \$51–75
Billion annually

Six bills make three major reforms

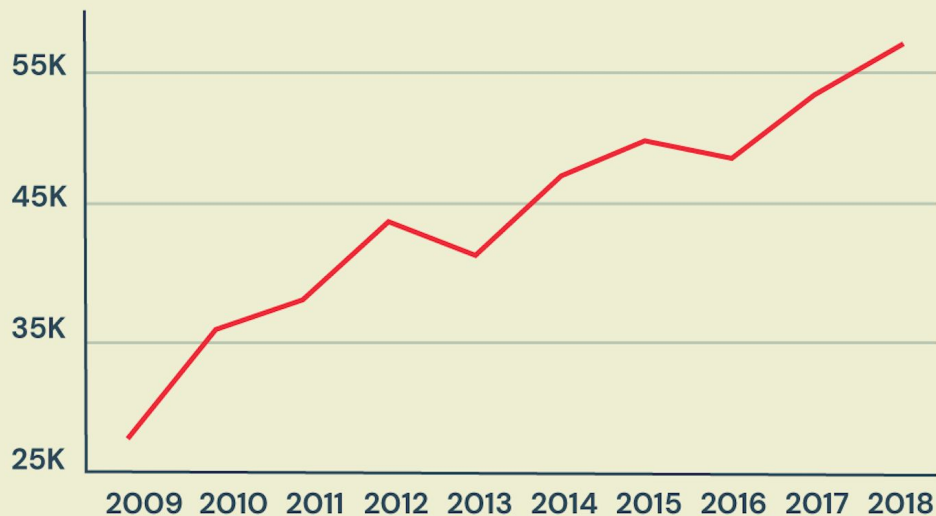
- **Tax high incomes**
 - Bill #1:** Create a progressive income tax system
Sen. Robert Jackson [[S2622](#)] and AM Demond Meeks [[A4604](#)]
 - Bill #2:** Tax investment income the same as wages
Sen. Gustavo Rivera [[S2522](#)] and AM Ron Kim [[A3352](#)]
- **Tax wealth**
 - Bill #3:** Tax inheritances
Sen. Jabari Brisport [[S3462](#)] and AM Michaelle Solages [[A4643](#)]
 - Bill #4:** Tax billionaire fortunes & amend Constitution to allow a wealth tax
MTM: Sen. Jessica Ramos [[S4482](#)] and AM Carmen de la Rosa [[A5092](#)]
Constitution: Sen. Jabari Brisport and AM Marcela Mitaynes
- **Tax big business**
 - Bill #5:** Small tax on Wall St. financial transactions
Sen. Julia Salazar [[S3980](#)] and AM Yuh-Line Niou [[A5215](#)]
 - Bill #6:** Offset Trump's corporate tax cuts
Sen. Brad Hoylman [[S2833](#)] and AM Anna Kelles [[A4595](#)]

“The Rich Will Leave” argument is BS

“The fact is that the state of New York did something very, very foolish, and they increased [the income tax] very substantially from what it was. You're talking about people that really have other options. They can move to other states.”

-Donald Trump, after 2009 tax increase

Number of millionaires filing taxes in New York State since 2009 tax increase



Sources: New York State Department of Taxation and Finance, IRS

“The Rich Will Leave” argument is BS

- Most comprehensive study done on this shows rich people move least
- Intuition is obvious:
 - ❑ Age, marriage, children tie people to a place
 - ❑ Being late in your career, social ties, business opportunities force you to stay.
 - ❑ Professional reputation and client base are location-specific.
- We need to worry about the working class and middle class leaving due to unsustainable cost of living and lack of public services

The same holds true for businesses

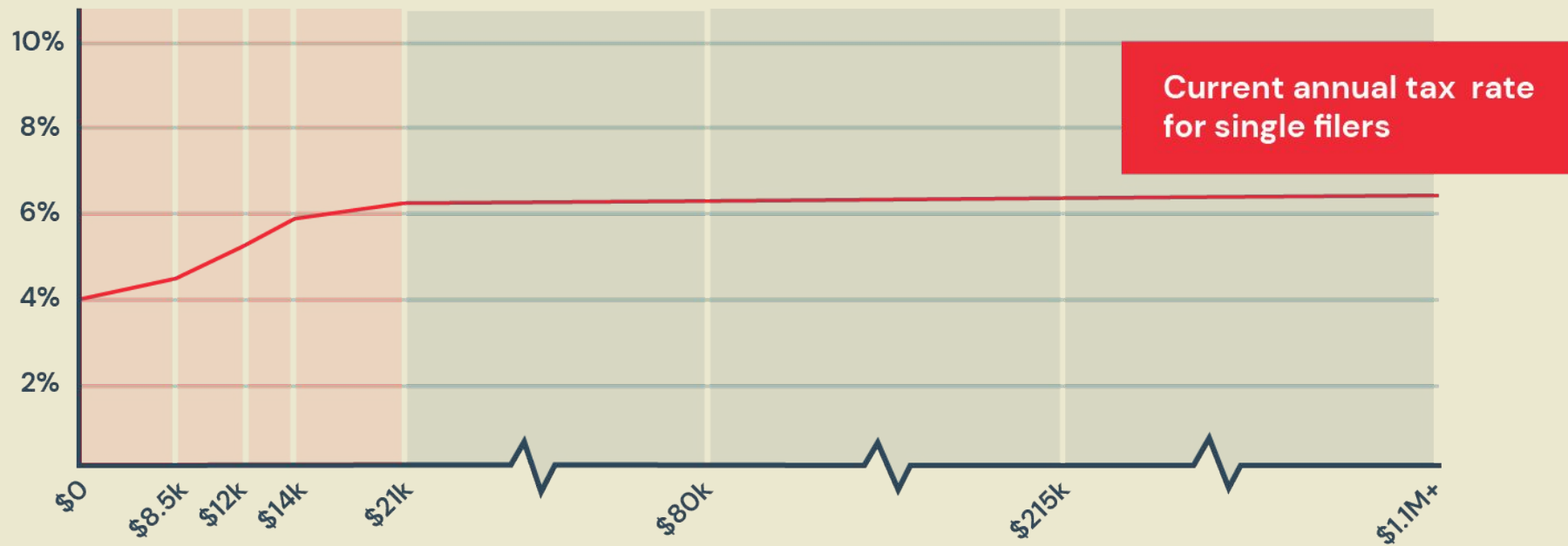
- New York allows businesses to make more money than they can anywhere else
- Moving a business is incredibly expensive
- States have tried to attract businesses by cutting taxes and it hasn't worked (Kansas) because factors other than tax rates are much more important to a business's bottom line
- We need to worry about small businesses closing

Bill #1: Create a progressive income tax system

**Revenue estimate:
\$12–18 billion**

- Instead of a progressive tax system, we have a regressive flat tax in New York.
- Our current tax brackets were made for a different time.
- As a result, high earners have been getting an income tax break for decades.

New York currently has a flat tax



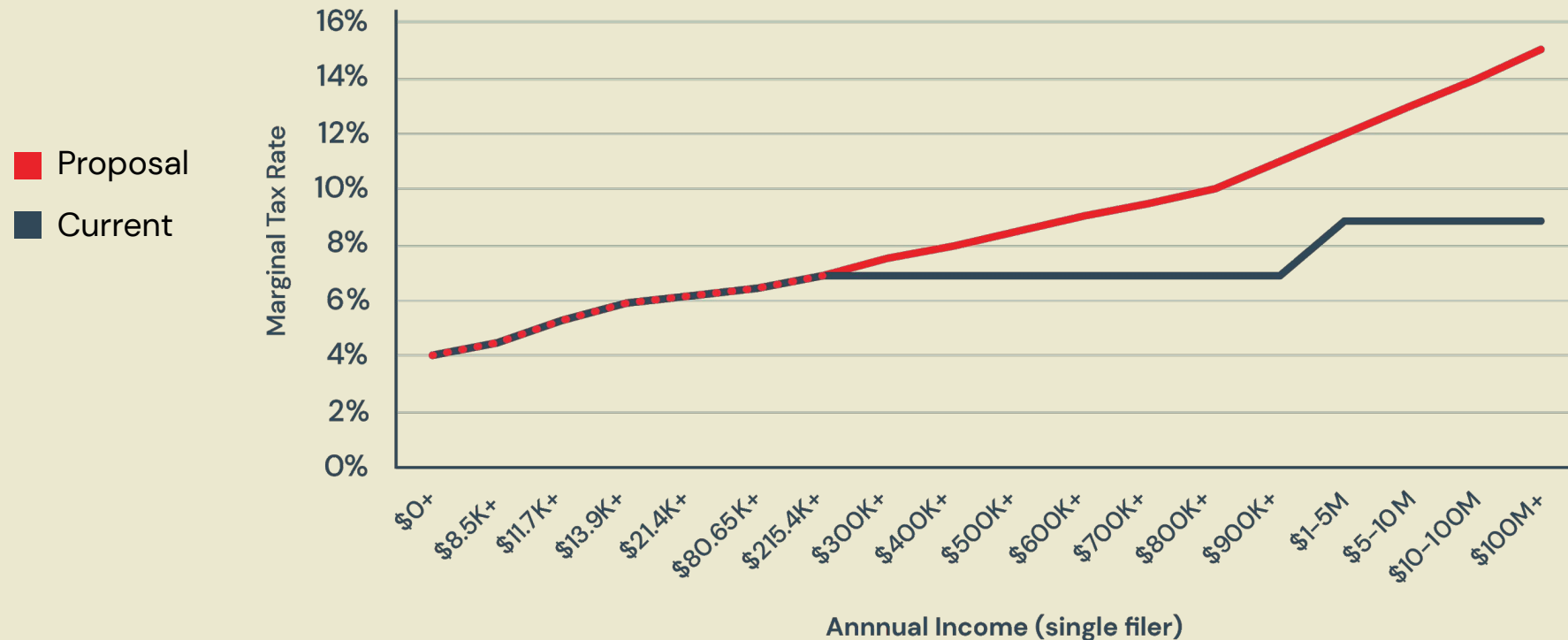
Current & Proposed income tax rates

SINGLE FILER			
CURRENT		PROPOSED	
\$0+	4%	<\$300,000	no change
\$8,501+	4.50%		
\$11,701+	5.25%		
\$13,901+	5.90%		
\$21,401+	6.33%		
\$80,651+	6.57%		
\$215,401+	6.85%	\$300,000	7.50%
↓	↓	\$400,000	8.00%
		\$500,000	8.50%
		\$600,000	9.00%
		\$700,000	9.50%
		\$800,000	10.00%
		\$900,000	11.00%
\$1,077,551+	8.82%	\$1,000,000	12.00%
↓	↓	\$5,000,000	13.00%
		\$10,000,000	14.00%
		\$100,000,000	15.00%

JOINT FILER			
CURRENT		PROPOSED	
\$0+	4%	<\$450,000	no change
\$17,151+	4.50%		
\$23,601+	5.25%		
\$27,901+	5.90%		
\$43,001+	6.33%		
\$161,551+	6.57%		
\$323,201+	6.85%	\$450,000+	7.50%
↓	↓	\$600,000+	8.00%
		\$700,000+	8.50%
		\$800,000+	9.00%
		\$900,000+	9.50%
		\$1,000,000+	10.00%
		\$1,100,000+	11.00%
\$2,155,351+	8.82%	\$1,200,000+	12.00%
↓	↓	\$5,500,000+	13.00%
		\$11,000,000+	14.00%
		\$110,000,000+	15.00%

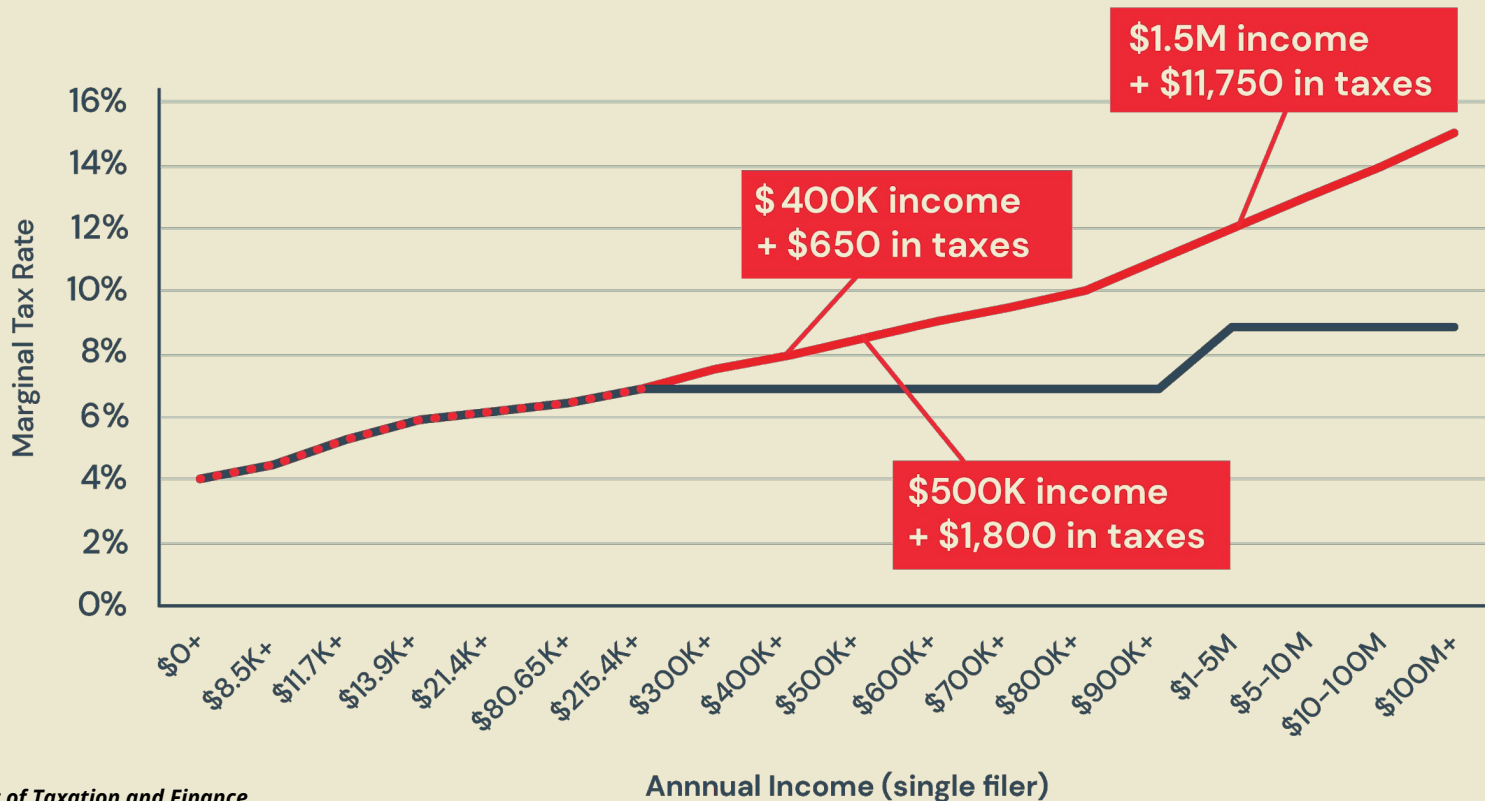
This creates a truly progressive income tax

Top marginal tax rates vs current



This creates a truly progressive income tax

Top marginal tax rates vs current

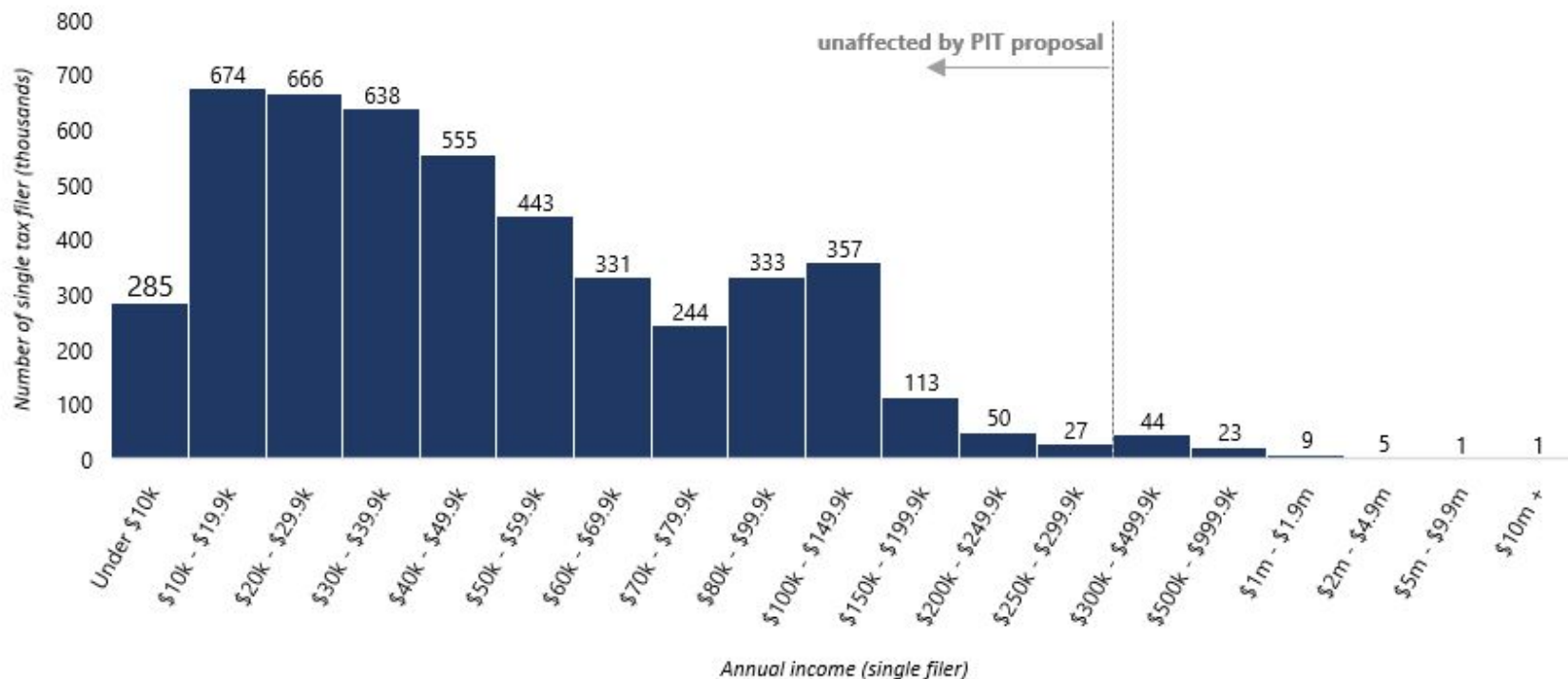


\$300k/\$450k is the right place to start

- Who makes \$300-500k per year? Finance, Big Tech, Corporate Law
- The tax rate rises 0.5% for each additional \$100,000 of income, up to \$1 million. This is a fair distribution of the tax burden.
- We need to broaden the base to actually make money.
- Raising taxes on those earning \$5M is not a progressive tax.
- New York has had progressive taxes before: this is not new.

Why \$300k is the right place to start for individuals

Number of Single/Head of Household tax filers in NY by annual income

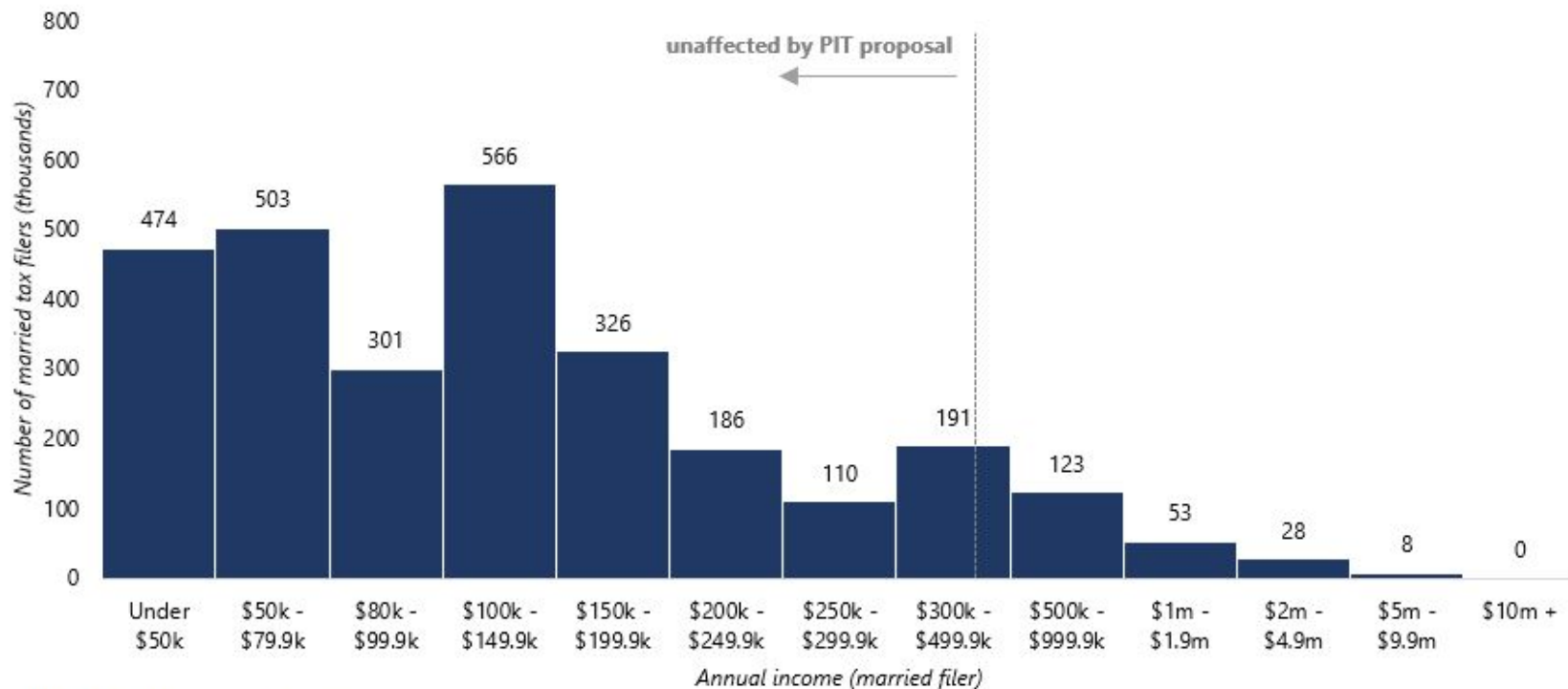


Note: NY Adjusted Gross Income

Source: NY Department of Taxation and Finance

Why \$450k is the right place to start married filers

Number of married household tax filers in NY by annual income



Note: NY Adjusted Gross Income

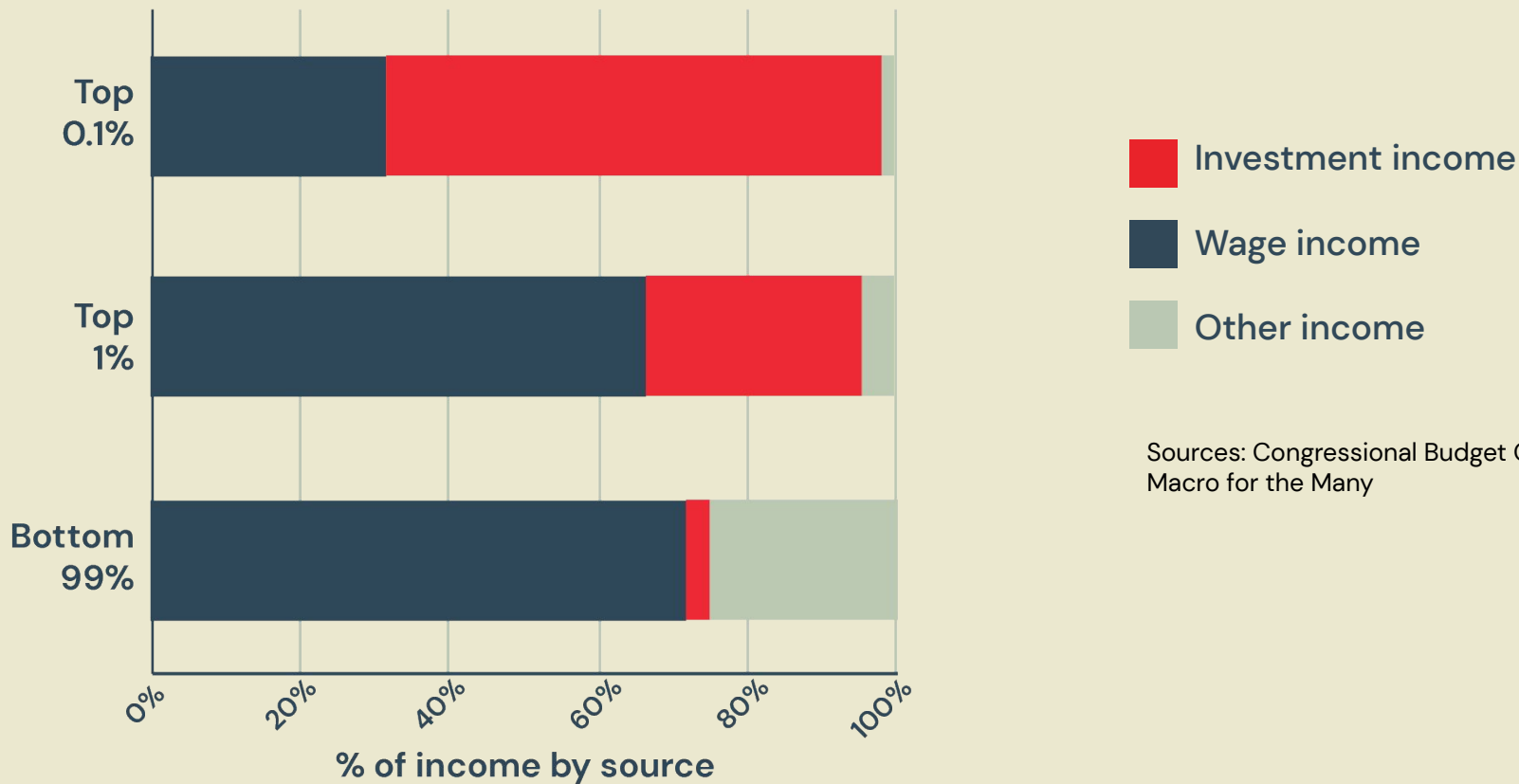
Source: NY Department of Taxation and Finance

Bill #2: Tax investment income the same as wages

**Revenue estimate:
\$7 billion**

- Rich people make much of their income from investments, not their jobs.
- This income is called “capital gains”
- The federal government taxes “capital gains” at a much lower rate than the income we make at our jobs.
- New York can counteract this by adding a tax to “capital gains income” that’s equal to the tax break the rich are getting from the federal government.

Rich derive most income from capital, not wages



Sources: Congressional Budget Office,
Macro for the Many

Bill #3: Create a meaningful inheritance tax

**Revenue estimate:
\$8 billion**

- Large inheritances pool huge amounts of money in the hands of people who don't need it and don't use it productively.
- It's much better for the economy and society if that money is used by the government to pay for infrastructure, health care, education, and housing.

Inheritances are unearned income


- If you earn \$50k per year at your job you pay taxes on it. The rich child of a rich family can inherit \$5m or \$50m and not pay a dime in taxes.
- Even people that win the lottery pay taxes on their winnings.
- Tax rates on inheritances should be progressive, and rise to high levels for very large inheritances. This kind of unearned income should be taxed more than what we make at our jobs.

Our proposal creates a progressive inheritance tax that properly taxes large inheritances


Inheritance Amount (post federal estate tax)	Total Effective Tax	Effective Tax Rate	Remaining Inheritance After Tax
\$250,000	\$0	0.00%	\$250,000
\$500,000	\$12,500	2.50%	\$487,500
\$1,000,000	\$87,500	8.75%	\$912,500
\$2,000,000	\$387,500	19.38%	\$1,612,500
\$6,000,000	\$1,987,500	33.13%	\$4,012,500
\$10,000,000	\$3,587,500	35.88%	\$6,412,500
\$20,000,000	\$8,587,500	42.94%	\$11,412,500
\$200,000,000	\$98,587,500	49.29%	\$101,412,500
\$2,000,000,000	\$998,587,500	49.93%	\$1,001,412,500

Regular working people won't be affected

- 80% of people do not receive any inheritance. Those that do over half are less than \$10k. Nearly all inheritances are less than \$200k.
- If you receive a family house, a family farm, or a family business there are exemptions so you never have to sell to pay the tax.
- Inheritances of pensions or retirement funds are exempt.



Bill #4: Tax Billionaire Fortunes & Amend the Constitution to allow a wealth tax



- We already have a working class wealth tax in New York. It's called a property tax. Homeowners pay it every year.
- Meanwhile, if you own a massive stock portfolio that can't be taxed. New York's Constitution prohibits taxing "intangible property."
- Our bills will tax the growth of billionaires publicly traded assets and amend the Constitution to allow taxes on "intangible property" so that we can have a real wealth tax.

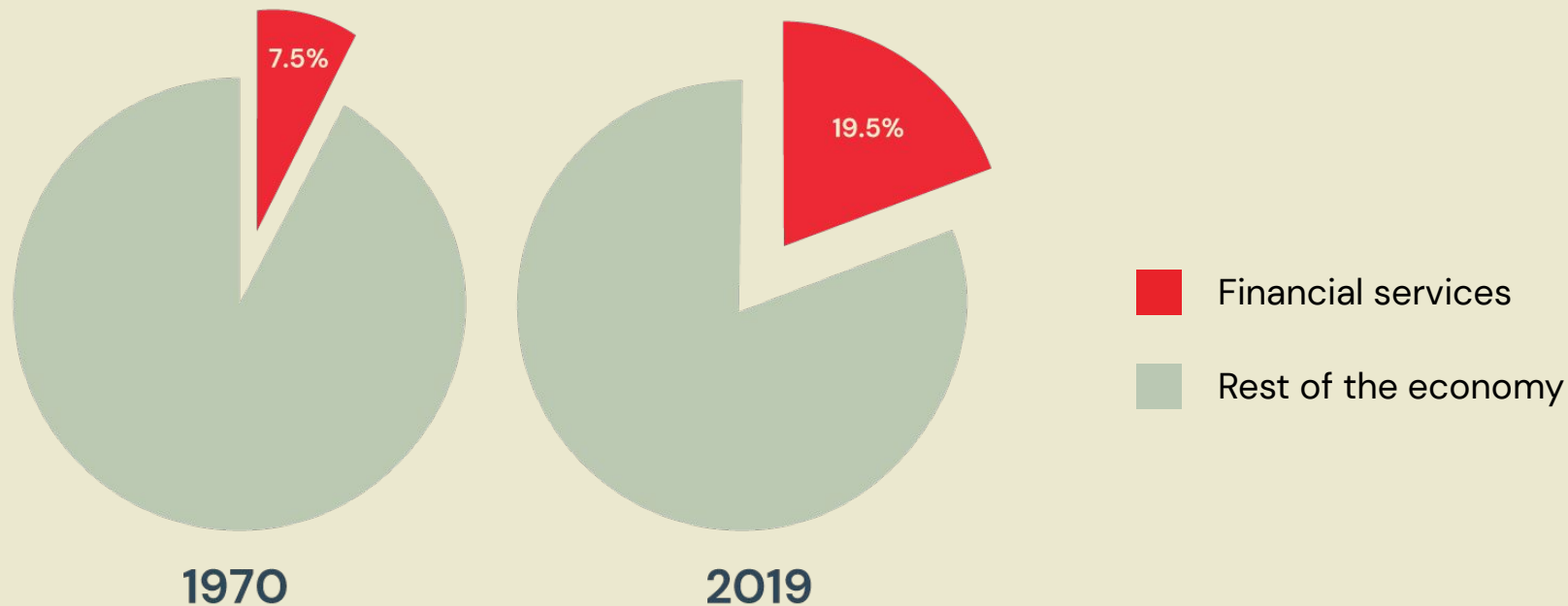
Bill #5: Create a financial transactions tax

**Revenue estimate:
\$12–29 billion**

- The financial industry is the largest industry in New York State. It makes up 20% of the state economy.
- Unlike other major financial centers, like London and Hong Kong, New York currently doesn't place any tax on financial transactions.
- Our bill places small taxes on all financial transactions involving the trade of stocks, bonds, and derivatives.

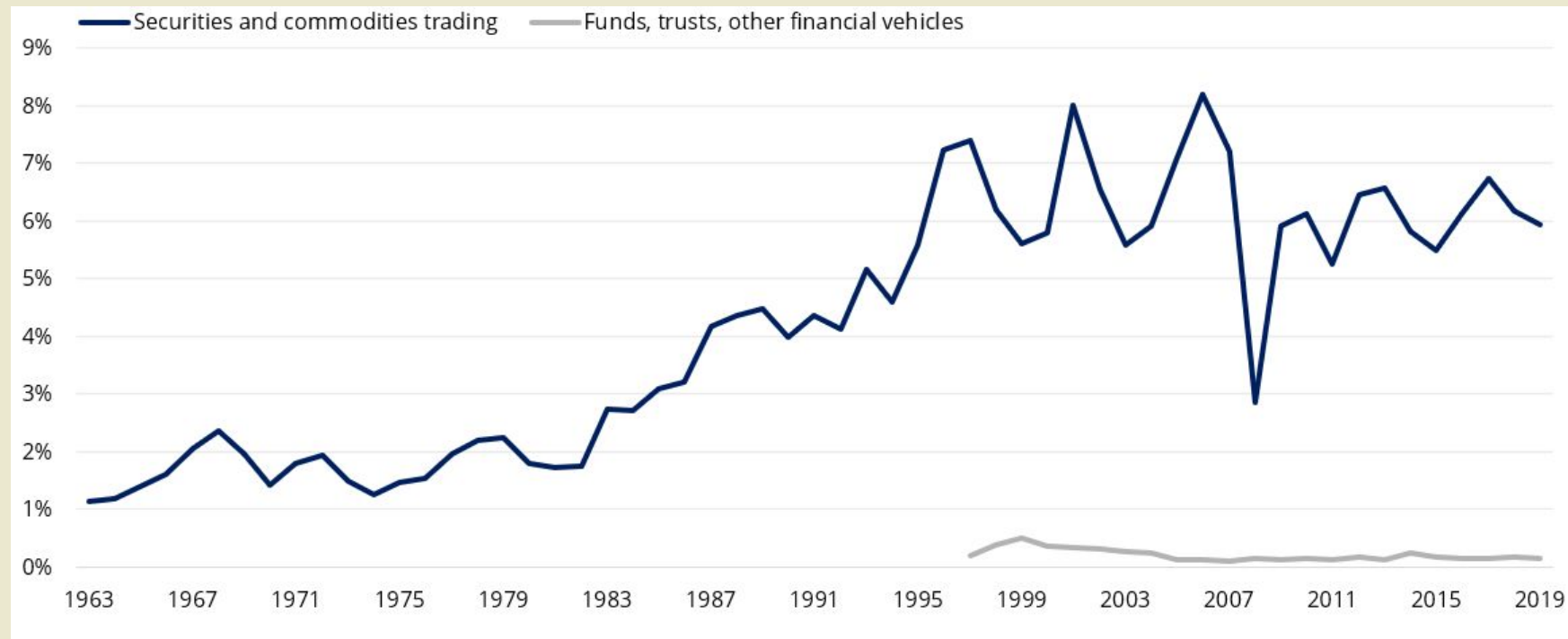
The finance industry is an untaxed behemoth

New York State: Financial sector GDP vs rest of the economy, % of total state GDP



Wall St. trading has exploded over last 40 years

New York State: Securities and commodities trading, % of New York State GDP



FTT would have no impact on the middle class

- The wealthiest 10% of Americans own 84% of all stocks. The bottom 60% own 1.8% of stocks ([NBER](#))
- Only 1 in 2 Americans have retirement accounts
- Retirement accounts and pensions have low turnover in their portfolios so would be minimally affected ([Public Citizen](#))
- Bottom line: At least 50% of stock trading volume in the US is driven by high frequency trading, not by the kinds of trades made by middle class investors ([NASDAQ](#))

Unchecked Finance will Harm the Economy

- Massive bailouts and tax breaks have led to a bloated financial industry
- Speculation creates economic instability
- The entire sector is creating “brain drain”
- Regulating finance will have long-term economic benefits

Bill #6: Offset Trump's corporate tax cuts

**Revenue estimate:
\$9 billion**

- In 2017, Trump's tax cuts reduced the federal corporate income tax rate from 35% to 21% and gave a 20% tax deduction to businesses, like real estate developers.
- New York can offset these tax cuts so that businesses pay the same tax they did 3 years ago.
- Our bill would add a surtax of 14% to the New York corporate income tax, and a surtax of 5-7% on business receiving the Trump tax deduction.

**These six bills raise
\$51-75 Billion annually**