WE HAVE MADE GREAT PROGRESS IN NEW YORK
NEW YORK IS THE MOST PROGRESSIVE STATE IN THE NATION

- First Big State to Pass Marriage Equality
- Nation-Leading Environmental Agenda
- Best Paid Family Leave in the Nation
- $15 Minimum Wage
- Most Aggressive Building Agenda
- National Champion for Labor
- Free College Tuition
- Lead the Nation on Gun Safety
OUR SOCIAL PROGRESS IS MATCHED BY OUR ECONOMIC PROGRESS
We have the strongest economy the state has ever seen...

- JOBS: 8.2 MILLION HIGHEST EVER
- TAXES: LOWEST SINCE 1947
- UNEMPLOYMENT: DOWN ACROSS STATE
- DIVERSE ECONOMY: FINANCE, REAL ESTATE, TECHNOLOGY, TOURISM
But all that is threatened by the devastating impact of SALT.
WARNING!

30% TAX INCREASE

STATE REVENUE CRISIS

NYS HOUSING CRISIS
NEW YORK STATE #1 TARGET
SALT is an economic civil war.

A redistribution of wealth between red and blue — AND THE EFFECT IS NOW!
Personal income tax receipts – our largest category of revenues – are **down**.

This is true both for the **withholding component**, which largely comes from current wages, including bonus income, and the **estimated payment component**, which mostly reflects nonwage income.
The variance from PIT projections appeared abruptly in the final weeks of December 2018 and persisted through January 2019.

Typically, 39-46% of our PIT receipts for estimated taxes arrive during this period.

This year, such collections represent just 30% of the target.
# NYS Estimated Payments

($ in millions)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Payments</td>
<td>$5,129</td>
<td>$8,654</td>
<td>$6,235</td>
<td>$3,933</td>
</tr>
<tr>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Budget</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

| Total (in billions)  | $2.3 B                  |

The graph shows the comparison of estimated payments across different fiscal years.
DOB’s economic and receipts forecasts had anticipated year-over-year declines in both withholding and estimated payments, but not by the amounts observed in recent weeks.

*We are not alone.*
What do these states have in common?
I’ll give you a hint.
(it’s blue.)
Other Non-SALT States Less Impacted

- PA: 3.3%
- OH: 5.8%
- IN: 5.3%
- MT: 7.2%
- WI: 1.7%
A year ago, we warned about the devastating impact of SALT.
# Ranking of States by Average SALT Deduction

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Average SALT Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York</td>
<td>$22,169</td>
</tr>
<tr>
<td>2</td>
<td>Connecticut</td>
<td>$19,664</td>
</tr>
<tr>
<td>3</td>
<td>California</td>
<td>$18,437</td>
</tr>
<tr>
<td>4</td>
<td>New Jersey</td>
<td>$17,850</td>
</tr>
<tr>
<td>5</td>
<td>Washington, DC</td>
<td>$16,442</td>
</tr>
<tr>
<td>6</td>
<td>Massachusetts</td>
<td>$15,571</td>
</tr>
<tr>
<td>7</td>
<td>Minnesota</td>
<td>$12,954</td>
</tr>
<tr>
<td>8</td>
<td>Maryland</td>
<td>$12,931</td>
</tr>
<tr>
<td>9</td>
<td>Oregon</td>
<td>$12,616</td>
</tr>
<tr>
<td>10</td>
<td>Illinois</td>
<td>$12,523</td>
</tr>
<tr>
<td>11</td>
<td>Rhode Island</td>
<td>$12,434</td>
</tr>
<tr>
<td>12</td>
<td>Vermont</td>
<td>$12,407</td>
</tr>
</tbody>
</table>

Source: Government Finance Officers Association
SALT costs New York $14.3 billion.
New York is paying for cuts for other states.
• 52 of New York’s 62 counties have average SALT above $10,000.

• The average New York taxpayer has SALT deductions that are more than twice the $10,000 cap.

• New Yorkers pay some of the highest property taxes in the nation — the median property tax is 2.5X the median state income tax liability.

• New York has the largest percentage of taxpayers getting a tax hike of any state.
The federal tax changes have made New York less competitive.
SALT encourages high-income New Yorkers to move to other states. If even a small number of high-income taxpayers leave the state it would harm State revenues.

Our tax base is getting more diversified, however SALT impacts progressive tax policies disproportionately.
### NY FRAGILE ECONOMY

- New York’s tax code is highly progressive.
- We have the second highest state/local millionaire’s tax in the country.
- The top 1% of taxpayer accounts for nearly half (46%) of State income tax liability.
- More than 95% of the tax increase from SALT falls on the top 20% of taxpayers - these taxpayers pay over 87% of New York income taxes.

<table>
<thead>
<tr>
<th>NUMBER OF RETURNS</th>
<th>Income Level (Level: Share)</th>
<th>Tax Liability (Level: Share)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level ($in millions)</td>
<td>SHARE (%)</td>
</tr>
<tr>
<td>TOP 1%</td>
<td>93,272</td>
<td>$236,996 31.9%</td>
</tr>
<tr>
<td>TOP 5%</td>
<td>466,360</td>
<td>$358,340 48.2%</td>
</tr>
<tr>
<td>TOP 10%</td>
<td>932,717</td>
<td>$437,996 58.9%</td>
</tr>
</tbody>
</table>
Before SALT, a high income taxpayer in NYC paid a combined City/State/Federal tax rate of 45%.

Because of SALT, their rate increases by nearly 12%.

A taxpayer in Florida would see no increase, or a decrease. Florida also has no estate tax.
Taxpayers are adjusting in response to SALT.

Anecdotal evidence suggests that high income taxpayers are considering changing their residence and that financial industry firms are looking at real estate outside of New York.
By shrinking the tax base, SALT will impact funding for many programs that New Yorkers depend on, including School Aid, Medicaid and a range of services.
At stake is the funding viability of our four largest-cost priorities...

$2.3 BILLION IS A LARGE LOSS

- **Education**: $27.7B
- **Health Care**: $19.6B
- **Infrastructure Statewide**: $150B
- **Middle Class Tax Cut**: $1.8B

$2.3 BILLION IS A LARGE LOSS
NY ALREADY SENDS THE MOST TO WASHINGTON

NY contributes more to the Federal Government than any other state – net $35.6 billion.

We are the #1 donor state.
UNCERTAINTY ABOUNDS

• IRS is attempting to remove deductibility of charitable deductions enacted last year. Final regulations still pending.
• New York’s lawsuit against the Tax Cuts Jobs Act (TCJA) is ongoing.
• Federal government shutdown went into tax season for the first time ever. IRS was closed and the annual temporary workforce was not working. A backlog of taxpayer inquiries about the TCJA persists. Another shutdown is possible.
• Many TCJA provisions expire in 2025 and taxes will increase further for middle class New Yorkers.
• Federal dysfunction continues, as does the Trump administration’s assault on New York programs, creating even more pressure on the State Budget.
We must also continue our own financial diligence.

This reduction must be addressed in this year’s budget.
It must be a national priority for the new Congress.

We must continue to fight back.
NEW YORK STATE

JUSTICE AGENDA

THE TIME IS NOW
NEW YORK STATE
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