

## **Empire State Economic Security Campaign (ES2) Legislative Agenda for SFY 2010-2011**

Good jobs require educated New Yorkers, safe communities, affordable health care, reliable transportation and other essential public services. With the state facing a projected budget deficit of \$8 to \$9 billion for FY 2010-11, many needed investments in critical human services, education and jobs programs are being cut. And the poorest of the poor remain largely neglected, starting with the failure to put \$250 million of funds towards TANF that went instead for state fiscal relief.

We must look at the overall tax burden in this state and realize that over the last two decades, as we have continually cut the top rate of the income tax, we have seen dramatic increases in property taxes across the state. New York's leaders could relieve the pressure on the property tax, increase funding for critical services, restore revenue sharing and make sure that working families are not shouldering the tax burden for the rich by restoring some of the personal income tax's lost progressivity. We must start undoing the damage that has been done to the tax system over the last 20 years.

To focus attention on these concerns, a coalition of over 200 groups across New York State have endorsed the **EMPIRE STATE ECONOMIC SECURITY CAMPAIGN – ES2**. ES2 is a statewide coalition of social service providers, faith based groups, and concerned citizens coming together to say that New York can do better. We seek to improve the lives of low and moderate income New Yorkers by challenging our state leaders to make better choices for our families. Specifically, ES2 promotes ongoing access to **education and training**; good **jobs** for all; affordable, high quality **health care**; **income security** for all; decent, affordable **housing**; high quality, affordable **child care**; and affordable, accessible **transportation**.

The following pages outline ES2 positions on each of our core issues, our long-range objectives and our priorities for this legislative session. Although we cover seven different issue areas, the broad themes are clear.

We need:

- Income security for all that enables New Yorkers to meet their most basic needs;
- Opportunities to learn, to develop skills, and to expand employment options;
- Measures to ensure the availability of jobs that pay a living wage; and
- Policies and programs – in transportation and child care – without which, education, and training efforts cannot be meaningfully pursued.

### **How Can New York State Address these Problems and Pay for ES2 Proposals?**

We urge the Governor and the Legislature to work together to ensure that the 2010-2011 state budget meets New Yorkers' needs and does not balance the budget on the backs of the poor and working families. The revenues necessary must be raised in a fair and equitable manner

### **We can promote tax fairness, strengthen local economies and help struggling families by:**

Growing New York's economy requires investing in working families and communities all across the state. Educated New Yorkers, affordable health care, affordable housing, preserving vital state programs and services, a strong safety net and a sound transportation infrastructure all lay the groundwork for a healthy state economy.

Given the current budget deficit, the Governor and the Legislature will be making some difficult decisions. Rather than slashing billions of dollars from public services that New York families depend on, we urge you to address the budget gap by using existing resources and exploring every revenue option available to achieve a balanced approach that will not harm our state's already fragile economy.

To achieve this balance will require solutions that will not hinder the growth of New York's economy and ensure that those hit hardest by the current economic downturn to not bear the brunt of these budget cuts.

**Federal Action: Additional Federal Aid to States**

- At least 48 states are experiencing major budget shortfalls this fiscal year. The President has charted a course in his budget for additional federal aid to states and developed programs to preserve and promote job creation in the states. We urge the NYS Congressional delegation to support the President and to promote a major job creation initiative as well as further fiscal relief to states during this recession.

**State Actions: A balanced approach to address the 2010-2011 budget shortfall should include:**

- **Closing loopholes** that allow large, profitable corporations to avoid paying their fair share of state taxes.
- **Reduce the contracting out of State Work** to high-priced, for-profit consultants who are being overpaid to do jobs that state workers can do better and cheaper.
- **Lowering drug prices** for state and local governments and New York consumers by using New York’s purchasing power to negotiate a fair deal from the drug companies.
- **Reforming economic development/tax credit programs** with an emphasis on improving the effectiveness and accountability of Industrial Development Agencies (IDAs), the Brownfield Clean Up Program (BCP), and by allowing the Empire Zones Program to expire.
- **Closing the Stock Transfer Tax Loophole** that currently rebates 100% of this minimal tax back to the brokers who paid it – we urge an 80% rebate with the state retaining the other 20% on a temporary basis.

- **Curtail growing obesity rates** in NY children by adding a 1 cent per ounce tax on sugary soft drinks and beverages.
- **Collect Taxes that are Due on Cigarettes** before the products reach reservations. Native Americans would be provided coupons to purchase tax free cigarettes while sales to non-native Americans would be subject to the tax.

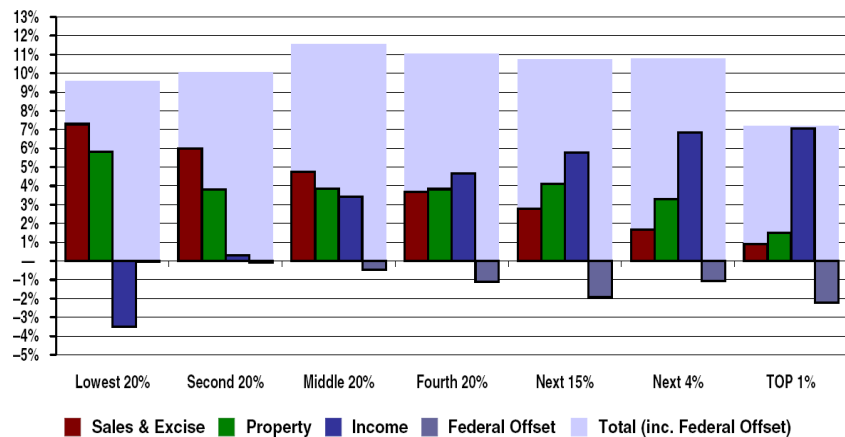
- **Using the Tax Stabilization Reserve Fund** to help close the \$500 million gap in this year’s budget. The Tax Stabilization Reserve Fund (TSRF) is specifically for end-of-year deficits.
- **Help the environment** by instituting a minimal plastic bag tax to eliminate the use of 6.3 billion bags in NYS.

In New York State, the highest of state and local taxes come from

# New York

## State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$16,000	\$16,000 – \$33,000	\$33,000 – \$56,000	\$56,000 – \$95,000	\$95,000 – \$209,000	\$209,000 – \$633,000	\$633,000 or more
Average Income in Group	\$9,600	\$24,400	\$43,800	\$73,100	\$133,000	\$338,100	\$3,065,800
<b>Sales &amp; Excise Taxes</b>	<b>7.3%</b>	<b>6.0%</b>	<b>4.7%</b>	<b>3.7%</b>	<b>2.8%</b>	<b>1.7%</b>	<b>0.9%</b>
General Sales—Individuals	3.6%	3.3%	2.8%	2.3%	1.8%	1.1%	0.6%
Other Sales & Excise—Ind.	1.5%	0.9%	0.6%	0.4%	0.3%	0.1%	0.0%
Sales & Excise on Business	2.2%	1.8%	1.4%	1.0%	0.7%	0.4%	0.2%
<b>Property Taxes</b>	<b>5.8%</b>	<b>3.8%</b>	<b>3.9%</b>	<b>3.8%</b>	<b>4.1%</b>	<b>3.3%</b>	<b>1.5%</b>
Property Taxes on Families	5.3%	3.3%	3.4%	3.4%	3.6%	2.6%	0.6%
Other Property Taxes	0.5%	0.5%	0.5%	0.5%	0.5%	0.8%	0.9%
<b>Income Taxes</b>	<b>-3.5%</b>	<b>0.3%</b>	<b>3.4%</b>	<b>4.7%</b>	<b>5.8%</b>	<b>6.8%</b>	<b>7.0%</b>
Personal Income Tax	-3.5%	0.3%	3.4%	4.6%	5.7%	6.6%	6.7%
Corporate Income Tax	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%	0.4%
<b>TOTAL TAXES</b>	<b>9.6%</b>	<b>10.1%</b>	<b>12.0%</b>	<b>12.2%</b>	<b>12.7%</b>	<b>11.8%</b>	<b>9.4%</b>
Federal Deduction Offset	-0.0%	-0.1%	-0.5%	-1.1%	-1.9%	-1.1%	-2.2%
<b>TOTAL AFTER OFFSET</b>	<b>9.6%</b>	<b>10.0%</b>	<b>11.6%</b>	<b>11.0%</b>	<b>10.7%</b>	<b>10.8%</b>	<b>7.2%</b>

share

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

middle-income families. According to a study by the Institute on Taxation & Economic Policy (ITEP), middle-income New Yorkers pay 11.6% of their income in state and local taxes, while the wealthiest New Yorkers pay 7.2%. Even the poorest fifth of New Yorkers pay a higher percentage of income in state and local taxes, totaling 9.6%. Although the state income tax is progressive, the overall distribution of state and local taxes result in an unfair, regressive system. This is caused by a significant reliance on sales, excise, and property taxes, which have a disproportionate impact on lower and middle-income taxpayers. The result is that the wealthiest New Yorkers contribute less of their income, while low to middle-income families get hit the hardest by paying higher portions of their earnings.

We need to make sure that the programs and services that so many struggling families in NY rely on are there for them in their time of need. The funding initiatives outlined in the following position papers reflect the needs of New York's neediest citizens and should be enacted to ensure that struggling families do not bear the brunt of the budget shortfall.