



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CARL HEASTIE
Speaker

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Honorable Senators and Members of Congress:

Allow us to express our shared concern over the impact of tax reform proposals that have been outlined in the “Unified Framework for Fixing our Broken Tax Code”, as released on September 27, 2017. Among other things, the document establishes a goal of making the tax code “simpler, fair and easier to understand” while giving “American workers a pay raise.” Unfortunately, when it comes to millions of hardworking New Yorkers, these goals are wildly missed.

According to a recent analysis by the New York State Department of Taxation and Finance, the elimination of the state and local tax deduction will cost New Yorkers more than \$17.5 billion in additional taxes on an annual basis. As presently conceived, over 1.8 million of New York’s middle-income families (those earning \$50,000 to \$150,000) will see an average tax increase between \$1,299 and \$2,688.

The implications of the proposed repeal of the state and local tax deduction would have devastating consequences on regional economies throughout the state. For example, 1.1 million taxpayers in the City of New York will see a federal tax increase in excess of a combined \$7.9 billion. Close to one million taxpayers on Long Island will see an average tax increase of \$4,587 and taxpayers in the Mid-Hudson region will see an average tax increase of \$5,597. Capital Region families will see an average tax increase of \$3,088, while taxpayers in Western New York would witness an average tax increase of \$2,967.

We recognize the final outcome of this tax reform package is far from certain and that the impact upon New Yorkers will crucially depend on variables such as tax bracket thresholds, tax rates and child credits. It is incumbent upon you to ensure that New Yorkers are protected from becoming net losers under any proposed tax reforms.

We have heard federal lawmakers claim that the elimination of the state and local tax deduction somehow corrects an inequity in the federal tax code which rewards inefficiency and profligacy by state governments. This overly simplistic assessment completely ignores the extraordinary contribution that hardworking New Yorkers already make through tax payments to the federal government on an annual basis. According to a report issued by New York State Comptroller Thomas P. DiNapoli, in FFY 2016 New Yorkers sent nearly \$41 billion more in taxes to Washington than they received in federal spending in return. Indeed, elimination of this deduction would only widen this chasm.

But in terms of how our state spends its own tax dollars, we are acutely aware that each hard-earned tax dollar comes with an expectation that it will be used wisely. We will never apologize for the size and scope of our state budget because state spending is a reflection of our core values. We invest in our families when we provide robust and accessible healthcare and childcare. We invest in our communities when we provide stable and affordable housing, when

we deliver clean drinking water, and when we maintain our roads, bridges and public transit systems. We invest in the efficient and competent delivery of services when we provide for a highly skilled and talented state workforce. And most important, we invest in our future when we provide support for prekindergarten, our public schools and our colleges and universities.

We are looking forward to your firm and steadfast rejection of any proposals that would make New Yorkers bear the brunt of federal tax reform efforts. We look forward to enactment of a tax reform package that puts families first, provides relief for the middle class and opportunities for taxpayers that need it most. In short, we look forward to enactment of a tax package of which New Yorkers can all be proud.

Sincerely,



CARL E. HEASTIE
Speaker of the Assembly



HELENE E. WEINSTEIN
Chair, Ways and Means Committee