

The tax freeze is ill-conceived and will send more money to wealthier localities, the circuit breaker and the renter's credit are ineffectively targeted, the bank tax repeal is a windfall for large banks, and New York simply can't afford costly estate tax cuts.

(in millions)

	2014-15	2015-16	2016-17	2017-18	Cumulative
Personal Income Tax	\$ (325)	\$ (735)	\$ (1,248)	\$ (1,658)	\$ (3,966)
Close the Resident Trust Loophole	75	225	150	150	600
Establish the Real Property Tax Freeze Personal Income Tax Credit	(400)	(976)	(475)	-	(1,851)
Establish the Residential Real Property Personal Income Tax Credit	-	(200)	(525)	(1,000)	(1,725)
Establish a Renter's Personal Income Tax Credit	-	(200)	(400)	(400)	(1,000)
Other	-	416	2	(408)	10
Business Taxes	\$ 67	\$ (118)	\$ (271)	\$ (267)	\$ (589)
Streamline Corporate Audit Procedures (Administrative)*	-	172	172	172	516
Reform the Investment Tax Credit	65	65	65	65	260
Repeal the Financial Services Investment Tax Credit	30	30	30	30	120
Subtotal Total Business Tax Increases	95	267	267	267	896
Corporate Tax Reform	-	(205)	(346)	(346)	(897)
Establish a 20 Percent Real Property Tax Credit For Manufacturers	-	(136)	(136)	(136)	(408)
Eliminate the Net Income Tax On Upstate Manufacturers	(24)	(24)	(25)	(25)	(98)
Subtotal Other Business Tax Decreases	(24)	(365)	(507)	(507)	(1,403)
Other Business Tax Cuts	(4)	(20)	(31)	(27)	(82)
Other Actions	\$ (40)	\$ (183)	\$ (375)	\$ (612)	\$ (1,210)
Reform the Estate Tax**	(33)	(175)	(371)	(612)	(1,191)
Other	(7)	(8)	(4)	-	(19)
Total All Funds Legislation Change	\$ (298)	\$ (1,036)	\$ (1,894)	\$ (2,537)	\$ (5,765)

* After 2018, the streamline audit saving will sunset and not reoccur.

** Estate Taxes continue to rise in the outyears, in 2019 these cuts will be 757 million

Source: 2014-15 Executive Briefing Book (p. 67) and FPI calculations.

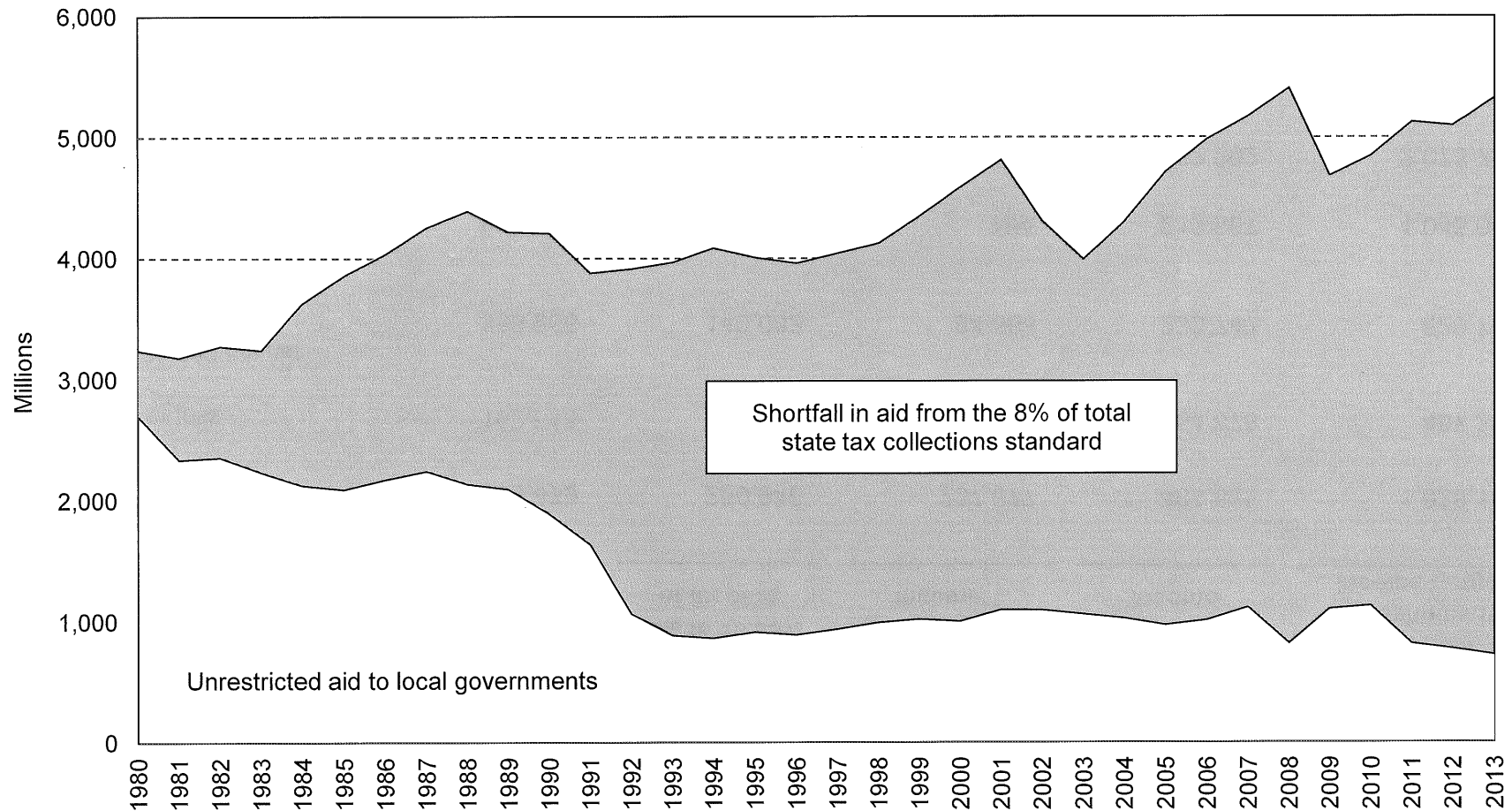
The proposed FY 2015 Gap Closing Plan cuts spending by \$2 billion in 2015, and grows to \$7 billion in 2018 in order to make room for substantial new tax cuts.

(\$ millions)	FY 2015	FY 2016	FY 2017	FY 2018	Cumulative 2015-2018
Mid-Year Budget Gap Estimate	-\$1,742	-\$2,889	-\$2,948	-\$3,887	-\$11,466
Tax and Other Resource Changes	\$286	\$31	-\$153	-\$129	
Surplus Available from FY 2014	\$310				
Total Specified Spending Cuts	-\$1,982	-\$2,684	-\$3,257	-\$3,446	-\$11,369
Agency Operations spending cuts	-\$358	-\$708	-\$990	-\$1,342	
Local Assistance spending cuts	-\$1,624	-\$1,976	-\$2,267	-\$2,104	
Savings on Capital Projects & Debt Management Initiatives (new spending proposals)	-\$116	-\$110	-\$118	-\$158	-\$502
	\$156	\$232	\$394	\$499	\$1,281
Adherence to 2% State Operating Funds Spending Benchmark *					
[resulting in substantial unspecified spending cuts beyond that needed to close the budget gap]					
		-\$1,685	-\$2,367	-\$3,618	-\$7,670
TOTAL SPENDING CUTS (specified plus unspecified)	-\$1,982	-\$4,369	-\$5,624	-\$7,064	-\$19,039
SURPLUS BEFORE NEW TAX CUT PROPOSALS					
Mid-year budget gap + tax and other resource changes + spending cuts + savings on capital - new initiatives	\$486	\$1,389	\$2,247	\$2,707	\$6,829
NEW TAX CUT PROPOSALS	-\$486	-\$1,234	-\$2,082	-\$2,534	-\$6,336
SURPLUS AFTER NEW TAX CUT PROPOSALS	\$0	\$155	\$165	\$173	\$493

* FY 2015 Executive Budget: "Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund."

Source: FPI analysis based on NYS Division of the Budget, *FY 2015 Executive Budget Financial Plan*, p. 23.

As a percentage of total state tax collections, unrestricted aid to local governments, now AIM, has decreased by more than 80 percent since 1989. Cumulative funded aid since that time represents only one-third of what cumulative aid would have been if New York met the former 8 percent of total state tax collections 'standard'.



Note: Adjusted for inflation, 2013 dollars. New York City last received this aid in state fiscal year 2010.

More than 700,000 New York lower- and middle-income households* pay 10 percent or more of their income in property taxes. A quarter million pay 20 percent or more.

Household income range	Estimated number of households whose property taxes paid in 2011 were:				Total number of households in income range
	Less than 10% of income	10% to 19.99% of income	20% or more of income**	10% or more of income	
\$50,000 or less	539,479	250,948	237,677	488,625	1,028,104
\$25,000 or less	152,513	101,865	153,013	254,878	407,391
Above \$25,000 but not above \$50,000	386,966	149,083	84,664	233,747	620,713
Above \$50,000 but not above \$100,000***	832,026	N/A	N/A	213,667	1,045,693
TOTAL: All \$100,000 or less	1,371,505	N/A	N/A	702,292	2,073,797

Notes: *Estimates are for homeownership households with income of \$100,000 or less and who meet the 5-year residency requirement in the Galef/Little and Krueger/Engelbright Circuit Breaker proposals. **This column, for the \$25,000 or less income category, includes households with zero or negative income that paid property taxes in 2011. *** The subtotal of all households in this income range paying 10% or more of income in property taxes in 2011 includes (a) households that paid between 10% and 19.99% of income in property taxes; and (b) households that paid \$10,000 or more in property taxes and who, because of top coding, can not be apportioned between the "10% to 19.99% of income" category and the "20% or more of income" category.

Source: Fiscal Policy Institute analysis of microdata from the U.S. Census Bureau's 2011 American Community Survey.

The Executive Budget's proposed Circuit Breaker is not effectively targeted.

Comparison of Parameters of Executive Budget Circuit Breaker and Composite of Most Widely Supported Legislative Proposals (S3266, A5834, S1002, A1941), When Fully Phased-In							
		Executive Budget Proposal			Brackets From S3266/A5834 and Maximum Credit From S1002/A1941		
		Affordability Threshold	Credit Percentage	Maximum Credit	Affordability Threshold	Credit Percentage	Maximum Credit
Income Brackets	\$0 - \$100,000	3%	20%	\$1,000	6%	70%	\$5,000
	\$100,000 - \$120,000	3%	20%	\$1,000	7%	70%	\$5,000
	\$120,000 - \$150,000	4%	15%	\$1,000	7%	70%	\$5,000
	\$150,000 - \$200,000	5%	10%	\$1,000	8.5%	70%	\$5,000
	\$200,000 - \$250,000	-	-	-	8.5%	70%	\$5,000
	\$250,000 and above	-	-	-	-	-	-

The Executive Budget's proposed Circuit Breaker provides relief to many households that are not overburdened while providing insufficient relief to many who are.

Comparison of Impact of Executive Budget Circuit Breaker and Composite of Most Widely Supported Legislative Proposals (S3266, A5834, S1002, A1941), When Fully Phased In						
			Executive Budget Proposal (Maximum Credit When Fully Phased In = \$1,000)		Brackets From S3266/A5834 and Maximum Credit of \$5,000 From S1002/A1941	
Income	Tax Bill	Tax Before Credit as a Percent of Income	Credit	Tax After Credit as a Percent of Income	Credit	Tax After Credit as a Percent of Income
\$50,000	\$2,500	5.0%	\$200	4.6%	\$0	5.0%
\$50,000	\$5,000	10.0%	\$700	8.6%	\$1,400	7.2%
\$50,000	\$7,500	15.0%	\$1,000	13.0%	\$3,150	8.7%
\$50,000	\$10,000	20.0%	\$1,000	18.0%	\$4,900	10.2%
\$95,000	\$2,500	2.6%	\$0	2.6%	\$0	2.6%
\$95,000	\$5,000	5.3%	\$430	4.8%	\$0	5.3%
\$95,000	\$7,500	7.9%	\$930	6.9%	\$1,260	6.6%
\$95,000	\$10,000	10.5%	\$1,000	9.5%	\$3,010	7.4%

Even though New York's share of U.S. population declined slightly from 2000 to 2011, New York's share of millionaires rose, and the total income of millionaires rose much faster in New York than in the U.S.

	<u>2000</u>	<u>2011</u>	<u>2000 to 2011</u>
New York State			
Total population	18,976,457	19,465,197	2.6%
Number of tax returns with AGI of \$1 million and over	25,780	38,240	48.3%
Total income on returns of \$1 million and over	\$85,466,363,000	\$139,387,527,000	63.1%
United States			
Total population	281,421,906	311,591,917	10.7%
Number of tax returns with AGI of \$1 million and over	241,068	304,118	26.2%
Total income on returns of \$1 million and over	\$760,954,547,000	\$947,002,288,000	24.4%
New York State share of United States			
Total population	6.7%	6.2%	
Number of tax returns with AGI of \$1 million and over	10.7%	12.6%	
Total income on returns of \$1 million and over	11.2%	14.7%	

Note: AGI = Adjusted Gross Income

Source: Tax data from Internal Revenue Service, population from the U.S. Census Bureau.

