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Department of Taxation and Finance
Joint Senate & Assembly Budget Hearing
Hearing Room B - Legislative Office Building
February 12, 2019

Good afternoon Chairwoman Krueger and Chairwoman Weinstein, and to all the members of the fiscal committees who have joined us today. My name is Nonie Manion, and I am the Executive Deputy Commissioner at the Department of Taxation and Finance. Thank you for inviting me to testify regarding Governor Cuomo's 2020 Executive Budget.

Our mission at the Tax Department is to efficiently collect tax revenues in support of state services and programs while acting with integrity and fairness in the administration of the tax laws of New York. We administer over 45 state and local taxes and process over 26 million tax returns annually.

As a career tax administrator, I am acutely aware of the cascading impacts a seemingly small ripple in the tax code can have on businesses and families. The federal tax changes last year wreaked havoc across the nation. Nowhere has the impact been felt more strongly than here in New York, where the cap on state and local tax deductibility alone has effectively raised taxes for many New Yorkers. The SALT cap, combined with market volatility and the uncertainty created by the Federal economic policies, has left New York with a $2.3 billion revenue shortfall as we approach the close of this fiscal year.

Fortunately, last year the Governor advanced comprehensive legislation to decouple from the new federal tax laws, acting quickly to avoid more than $1.5 billion in State tax increases due to the federal tax changes and ensure that our residents could continue to rely on the state tax rules they have come to expect. In this regard, New York is better positioned than many other states, some of which are only now seeing the devastating impact of the federal changes as their residents have begun filing tax returns under the new regime. The Governor also advanced innovative new programs to help New Yorkers weather the impacts of the SALT cap, including a new Employer Compensation Expense Program that has attracted hundreds of employers in its first year.

The fiscal discipline of the past eight years has positioned the State well to navigate the turmoil coming from Washington. The 2020 Budget continues to exercise fiscal restraint for the ninth-straight year, allowing the state to close a $3.1 billion deficit, limit State spending growth to two percent, eliminate structural deficits, and offer much-needed tax relief.

This budget proposes making permanent the two-percent property tax cap that has already saved the typical taxpayer $3,200. The budget also includes measures that would reinforce the progressivity of the State's tax code. It extends the top personal income tax rate for another five years, while continuing the phase in of the middle-class tax cut that will save taxpayers over $4 billion when fully effective. These cuts will result in an average tax cut of $700 for approximately six million New Yorkers and middle-class tax rates that will be at their lowest in more than 70 years.

While the Executive Budget builds on the State's efforts to promote fairness for taxpayers, it is also important that we recognize the need for the tax law to evolve with changing times. The 2020 budget would modernize our tax code by requiring marketplaces that facilitate sales to collect the tax on those sales, implementing a tax on e-cigarettes and other vapor products, and legalizing – and taxing – adult use of cannabis.

The Governor remains committed to protecting New Yorkers from the negative impacts of the federal tax law. The 2020 Budget advances additional reforms to help protect taxpayers from the federal tax law changes, including decoupling from the federal tax treatment of State incentives and ensuring that manufacturers continue to qualify for certain State tax preferences.

Thank you again for the opportunity to speak with you this afternoon, and for your ongoing partnership on these critical issues. I am happy to answer any questions that you might have.

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