

EMPIRE STATE INDIVISIBLE

February 12, 2019
Albany, New York

NEW YORK STATE LEGISLATURE:
HEARINGS ON THE 2019-20 EXECUTIVE BUDGET PROPOSAL -
TAXES

Senate Finance Committee, Senator Liz Krueger, Chair
Assembly Ways & Means Committee, Assembly Member Helene
Weinstein, Chair

Testimony of Ricky Silver, Co-lead Organizer, Empire State Indivisible

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On behalf of Empire State Indivisible, I'd like to thank Senator Krueger, Assembly Member Weinstein and members of the Committee for allowing me to testify on this critical area in the budget. For background, Empire State Indivisible, is a constituent action group made up of volunteer activists who know that a healthy, functioning democracy depends on everyday individuals engaging in their representative government. We helped organize and mobilize the movement that brought massive change to Albany in this past election cycle and now we are working hand in hand with our advocacy partners to delivery on the People's Platform agenda. Our agenda is bold in expectations and inspirational in its mission. We believe in a fairer, cleaner, kinder and more equitable New York---one not built on the backs of the poor and marginalized, but one that will make our state a leader in creating solutions to the most pressing issues of our time.

We know that there are two significant hurdles to achieve this agenda. First, we must get big-money out of our politics. And second, we must reform our tax code to ensure we can truly reinvest in our communities. After a day of speaking with legislators about the former, I am here today speaking with you to advocate for the latter.

Despite the excitement of the first few weeks of the legislative session, where we've seen a host of previously blocked legislation pass both chambers with ease, our state remains woefully behind on economic equality and at the same time has proven unequipped and unprepared to face the generational issues that are upon us. From climate change to homelessness, from the shifting economy driving away middle-class jobs to crippling student loan debt, the issues facing our generation, our communities, our families today must be met with greater urgency.

As our volunteer organizers have spent the last two years speaking with New Yorkers across this state, one central theme has run through these conversations. Everyday New Yorkers have lost

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faith in Albany. They have grown cynical of their representation because for years, the basic needs of their communities have suffered. And it's ONLY the basics New Yorkers are asking for: Public school education that is accessible, equitable, and strong. Housing that is affordable and attainable. Clean water and air now and in the future. Good paying jobs that provide stability and mobility. And essential community services that allow neighborhoods to excel. For most everyday New Yorkers, whether you live upstate, on Long Island, or in the city, these basic needs have devolved in swift and consistent ways. And it's not lost on these New Yorkers, that while they seem to be getting left behind by their representative Government, the wealthiest in this state seem to be accelerating; both in accumulation of wealth and consolidation of power.

We have great challenges ahead as a state, as a country, and as a planet. And at the same time, we must re-commit to providing the basics to ALL New Yorkers. If not now, when? So I urge you to adopt a progressive revenue package commensurate with these challenges. With that in mind, we strongly urge you to implement the following:

Expanded Multi-Millionaires Tax:

The top 1% has captured the vast majority of income and wealth gains over the last decade, with gains to corporate profits and investments accelerating far faster than wages. The Trump Tax Plan actually raised federal taxes for the middle-class all while millionaires and billionaires gained massive tax cuts. To increase our revenue in New York State, the working and middle-class New Yorkers cannot afford to pay more. And they don't have to.

Assembly Speaker Carl Heastie and the Assembly Majority Conference have proposed new state income tax brackets at the high end to capture the explosion of income and wealth among multi-millionaires and billionaires: additional brackets for marginal income over \$5 million, \$10 million and \$100 million would raise over \$2.1 billion per year.

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We are aware that many special interest lobbyists and the wealthiest donors often claim the risk of such a tax would be that millionaires and billionaires will pick up and leave the state. But that simply isn't true. New York's super-rich choose to live here because of business, investment and cultural opportunities not offered anywhere else in the world. And in fact, our current Millionaires Tax hasn't led high-earning New Yorkers to run away to other states: our state has gained 63% MORE millionaires since we instituted the tax in 2009.¹ The super-wealthy must pay their fair-share.

Carried Interest Fairness Fee:

Right now, private equity and hedge fund managers often pay a lower tax rate than teachers and truck drivers -- the "carried interest" loophole lets them pay the lower capital gains tax rate on the fees they charge investors. Trump and the GOP didn't close this loophole, despite their campaign promises.

Governor Andrew Cuomo has included a state-level "carried interest fairness fee" in his budget proposal for the second year in a row; it's previously been supported by the Assembly Majority and would raise over \$3.5 billion per year.

Senator Brad Hoylman and Assembly Member Jeffrion Aubry also sponsor this measure as a stand-alone piece of legislation (S. 303/A. 3976).

New York's private equity and hedge funds are conservatively estimated to be earning \$35.7 billion per year in under-taxed carried interest. A state bill to recapture this revenue at the ordinary income level would add an estimated \$3.5 billion additional dollars to New York's coffers.

¹ <https://www.democratandchronicle.com/story/news/politics/albany/2017/03/17/member-ny-millionaires-rose-63-since-2009/99311558/>

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New York City Pied-à-terre Tax:

Right now, over 75,000 apartments in New York City are owned by individuals who don't live there full time – including the apartment recently purchased by Chicago hedge fund billionaire Ken Griffin for \$238 million, the highest price ever paid for a house or apartment in the United States.

Senator Brad Hoylman and Assembly Member Deborah Glick now sponsor legislation (S. 44/A. 4540) to create a sliding tax surcharge on luxury condos and apartments that are second or third or fourth or fifth homes.

For properties valued between \$5 million and \$6 million, a 0.5 percent surcharge would be added on the value over \$5 million. Fees and a higher surcharge would apply to homes that sold for more than \$6 million, topping out at a \$370,000 fee and a 4 percent surcharge for homes valued at more than \$25 million.

The office of the city comptroller, Scott M. Stringer, estimated that a pied-à-terre tax would bring in a minimum of \$650 million annually if enacted today. “For us, \$650 million a year is a lot of money to deal with things such as our subway crisis,” Mr. Stringer said, “but it’s a rounding error for the people who own these expensive part-time apartments.”²

Bring Back The Stock Transfer Tax:

Big banks and Wall Street traders have received the biggest benefits from the GOP Tax Scam. New York still collects a .25% sales tax on securities trades through our Stock Transfer Tax that is rebated back to the banks to the tune of over \$14 billion per year. We support the legislation to

² <https://www.nytimes.com/2019/02/09/nyregion/pied-a-terre-tax-ny.html?action=click&module=Well&pgtype=Homepage§ion=New%20York>

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be re-introduced this year by Senator Julia Salazar to stop the rebate and invest the money through a new Economic Justice Authority, and we encourage the Legislature to move forward with this measure as part of the final budget package.

Thank you for your time.