

Testimony of CWA District One

FY2022 NYS Budget: Revenue

Tuesday, February 23, 2021

CWA District 1 represents more than 145,000 workers belonging to nearly 200 CWA local unions in New York, New Jersey, New England, and eastern Canada, including over 65,000 in New York State. Our members work in telecommunications, health care, higher education, manufacturing, broadcast and cable television, commercial printing and newspapers, state, local, and county government. Nationally, CWA represents over 500,000 workers in these industries.

CWA District 1 strongly supports raising revenue by increasing taxes for the wealthiest New Yorkers and closing corporate tax loopholes in order to prevent layoffs and cuts, close the budget deficit and invest in a strong and prosperous recovery for all New Yorkers.

We need to provide relief now and we need to rebuild our state

Throughout the COVID-19 crisis, our State has been forced to bear the most devastating public health crisis in a century and a significant economic crisis. We've seen cuts to our public schools, layoffs in our healthcare facilities, and drastic reductions in vital services and programs. The need for food assistance, unemployment insurance, and social services have never been greater yet are woefully inadequate. Millions of New Yorkers will soon see the end to the rent moratorium and will face eviction. The list of needs is endless.

Furthermore, the disparate race and class impacts of the pandemic have been stark. Low-income, communities of color, where essential workers like delivery workers, grocery workers, and restaurant workers live, have suffered the highest infection and mortality rates. Unemployment has hit these communities hardest as well. Meanwhile, most professionals have had the luxury of working from home, the whitest, wealthiest neighborhoods enjoy the lowest infection rates, and the wealthiest among us have actually seen their wealth expand as the Dow climbs inexorably past 30,000. This has not been an equal opportunity crisis -- sacrifice has not been shared.

Decades of austerity have starved our essential services

Even prior to the pandemic, New York faced a budget deficit due to the consequences of years of austerity budgets and a regressive tax system. Furthermore, while the promise of federal dollars is certainly essential and will go a long way towards closing the budget deficit, it is not a recurring source of revenue. New York must implement recurring revenue

sources to address longstanding unmet needs in our state and invest in our recovery. Firing healthcare workers who went to hell and back for us, laying off teachers, first responders, and cutting programs essential to our most vulnerable community members is not only morally apprehensive but only makes it harder for the working people in our state and our economy to get back on a solid financial footing.

Our current tax system burdens working families disproportionately

New York has the highest income inequality in the country. Currently, New Yorkers who earn \$20,000 PER YEAR and New Yorkers who earn up to \$20,000 PER WEEK pay virtually the same state income tax rate.¹

The New York State legislature must create a more progressive tax structure and ensure that the richest New Yorkers pay their fair share. Since the COVID-19 pandemic hit last year, the ultrawealthy have only gotten richer. New York's 118 billionaires have increased their wealth by an estimated \$88 billion over the course of this crisis; they now have a staggering \$612 billion in total assets. Nationally, the total wealth of U.S. billionaires grew by \$1.182 trillion during the roughly first ten months of the coronavirus pandemic -- a 40% spike in wealth.² Meanwhile, working people bear the brunt of layoffs, furloughs, and wage loss and are lining up at foodbanks across the state. This K-shaped recovery is unacceptable and will further deepen the gap between rich and poor.

Raising revenue through progressive taxation is good economic policy and has popular support

CWA District 1 always has and continues to strongly support a variety of modest tax increases on personal income of the rich, on the wealthy or closing corporate and Wall Street loopholes. We support increased tax brackets starting at \$300,000 a year and above, a tax on ultra-costly secondary residences in New York City, closing the carried interest loophole, ending the rebate on stock buybacks or taxing financial transactions. These are good economic policies that will put our state on the right track and have widespread support among New Yorkers.

Poll after poll shows that an overwhelming majority of up to 90% of New Yorkers want tax fairness to support our communities and both legislative leaders have publicly stated they strongly support raising revenue beyond just closing the budget deficit. A majority of voters also reject the premise that higher taxes would hurt the economy and cause high income earners to move to other states, Research backs up this sentiment and has found

¹ New Yorkers who earn \$21,400 per year pay 6.33% in state income taxes. New Yorkers who earn up to \$20,000 PER WEEK—over \$1 million per year—pay 6.85% in state income taxes.

² <https://americansfortaxfairness.org/billionaires/>

that millionaires rarely move across state lines, and when they do, high taxes are not the reason.³

There is a long history of New York State raising taxes on the wealthiest in order to meet the people's needs during an economic crisis. Governor Herbert Lehman raised taxes on the wealthy by 2% during the Great Depression. Nelson Rockefeller raised taxes on the wealthy twice, in 1958 by 3% and in 1961 by 4.9%, when severe recession struck. Legislative leaders raised taxes on the wealthy by 1.1% in 2003 during the post-9/11 recession over George Pataki's vetoes. And Governor Paterson raised taxes 1.1% in 2009 in order to mitigate cuts to education, health care, and social services spending during the Great Recession.

We cannot stress the urgency of this moment enough. This is an historic opportunity to meet the moment and right the wrongs in our tax system. Anything less than a restructuring of the tax system that produces sufficient revenue to go way above and beyond addressing the deficit is simply unacceptable. The choice is simple: We can continue to cut essential services for New Yorkers in need during a pandemic, or the wealthiest pay their fair share. New York must take this opportunity to create a more fair economy and invest in an equitable recovery.

³ <https://web.stanford.edu/~cy10/public/Jun16ASRFeature.pdf>