



Testimony before the Joint Fiscal Committees SFY 2025-26 Executive Budget

Taxes Hearing

February 27, 2025

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I thank the chairs and members of the respective committees for the opportunity to testify on the 2025-2026 New York State Executive Budget. New Yorkers for Fiscal Fairness is an advocacy organization, founded in 1996, to promote fair and equitable state budgets for all New Yorkers.

I am here today to discuss the Share Our Wealth Campaign and its tax proposals for inclusion in the final 2025-2026 State budget. Share Our Wealth Campaign is a coalition of unions, community organizations, nonprofits, and faith-based groups representing millions of New Yorkers.

Together, we are urging the Governor and Legislature to include fair and just revenue measures in the FY 2025-26 final budget to fund the critical investments needed for a thriving and affordable New York.

At a time of record corporate profits and widening income inequality—and with \$90 billion in federal aid at risk—we call on state leaders to ensure our tax system meets the needs of working New Yorkers. It's time to rally around solutions that unite the vast majority of New Yorkers, starting with one of the most obvious: making the super-rich pay their fair share.

Our proposal, Share Our Wealth, is simple:

- Increase the top tax rates for those earning over \$5 million and \$25 million by 0.5%. - this raises approximately \$1 Billion annually.
- Increase the corporate tax rate by 1.75%. The current rate is 7.25%. The new rate would be 9%. - this raises approximately \$2 Billion a year.
- Make these changes permanent. These taxes at their current rate are about to expire due to the sunset provisions. If they end the state will lose an additional \$6 Billion annually that these higher rates are generating. The governor proposes to extend the PIT in its current form through 2032.

I would remind you that these are not new proposals. In fact, the NYS Senate and Assembly included them in their one-house budgets last year. Implementing them would generate up to \$3 billion annually—funding essential services like childcare, education, higher education, healthcare, transportation, and housing. These funds could be used to help working-class New Yorkers build the affordable future they deserve.

Senator Andrew Gounardes has introduced bills S4437 and S3943 that would increase the PIT and corporate rates respectively and make these changes permanent. We strongly support these two pieces of legislation.

These bills are supported by New York State United Teachers (NYSUT), NYS AFL-CIO, 1199, AFSCME, CWA, NYSNA, UUP, PSC-CUNY, DC-37, Community Service Society, FPWA, Human Services Council, Fiscal Policy Institute, New York State Council of Churches and scores of other groups from Buffalo to Long Island.

Who would be impacted by this small increase in PIT Rates?

According to research from the Fiscal Policy Institute only a tiny fraction of the richest New Yorkers—just 0.25 percent—earn 1/6 of all income earned in New York State.

There are 26,500 taxpayers who earn over \$5 million each year. This is just 0.25 percent of all taxpayers.¹

New Yorkers earning over \$5 million annually earned 16 percent of *all income* earned in New York in 2022.

That is, just 0.25 percent of taxpayers earned \$175 billion of the \$1.1 trillion in total personal income earned in New York—an average income of \$6.5 million.

The richest taxpayers make most of their income from investment income and business profits, not wages.

The 0.25 percent of taxpayers making over \$5 million in earn 75 percent of their income from investments and business profits.

The 0.25 percent of taxpayers making over \$5 million earn 61 percent of all investment income, and 71 percent of all rental income and business profits, earned in New York.

By contrast, taxpayers making over \$5 million earn only 5 percent of all wage income, which is predominantly earned by middle income taxpayers.

No, we don't have the highest rates in the US: Some participants in state policy debates argue that New York has the highest tax rate in the country. In fact, the top PIT rate is in line with other states that have progressive state income taxes. Notably, however, the top PIT rate is imposed at the unusual income bracket of \$25 million of annual income. Other states that have comparable top rates impose such rates around the \$1 million income threshold, or, in the case of Hawaii, the \$200,000 threshold. We are only seeking to increase the top marginal rates for the wealthiest taxpayers in NYS, who have been doing extremely well and have seen their incomes skyrocket.

¹ A taxpayer can be a single filer, a joint filer (a married couple), or a head of household. All analysis based on 2022 personal income tax data released by the New York State Department of Taxation and Finance; or on the “Tax Facts” published at <https://www.tax.ny.gov/data/stats/taxfacts/>.

Top state tax rates for married filers

State	Top Tax Bracket	Top Tax Rate
New York	\$ 25M	10.9%
California	\$ 1.4M	13.3%
New Jersey	\$ 1M	10.75%
Hawaii	\$ 200,000	11.0%

Won't the Millionaires Just Move Away? FPI research has clearly debunked the myth of millionaire tax flight.

Anti-tax activists claim that the richest taxpayers will move to avoid New York's tax rates.

[FPI research](#) consistently finds that the top 1 percent of income earners move out of New York State at about ¼ the rate of all other income groups.

The top 1 percent of income earners show no increase in their tendency to move out of New York State when their tax rates rise.

High earners who do move out of state most often move to states with similar taxes, namely New Jersey, Connecticut, and California.

Corporate Tax Increase:

The budget for fiscal year 2023-2024 enacted a three-year extension of this higher 7.25 percent rate, which will expire at the end of 2026. This rate is only for businesses with incomes over \$5 million annually. Smaller, less profitable corporations will continue to pay the lower 6.5% rate. The Governor Executive Budget Proposal will allow these tax rates to expire in 2026.

FPI has previously estimated that the expiration of the 7.25 percent rate would cost the state about \$1 billion per year. The Governor's executive budget, which assumed sustained lower growth levels over the period of the projections, projects that the three-year extension of the higher rate will raise \$800 million in fiscal years 2025, \$1.2 billion in fiscal year 2026, and \$800 million in fiscal year 2027. The difference between FPI's estimate and the executive budget's estimate is largely due to the downward revisions of projected economic growth.

Using last years' executive budget revenue estimate projection of an additional \$800 million for a .75 percent increase in the corporate tax rate, we can assume that each percentage point increase in the corporate tax will yield at least \$1 billion annually in additional revenue, and potentially \$1.5 billion or more in years of stronger economic performance.

This Increase Would Bring NY in line with Corporate Tax Rates in Neighboring States:

New Jersey: 9%

PA: 8.5%

VT: 8.5%

CA: 8.84%

Four states—[Alaska](#), [Illinois](#), Minnesota, and [New Jersey](#)—levy top marginal corporate income tax rates of 9 percent or higher.

The Corporate Tax is mostly paid by a small number of highly profitable corporations – and corporations cannot avoid it by moving their headquarters.

Consider these facts from the Fiscal Policy Institute:

- New York State’s corporate tax is the State’s third largest source of tax revenue, currently raising about \$9 billion in annual revenue.
- 75 percent of New York’s corporate tax revenue comes from about 500 highly profitable corporations.²
- Corporations pay tax to New York based on their profits from doing business in New York—and *not* based on where they locate their headquarters or their employees.
- Anti-tax activists are mistaken when they suggest that corporations can move their offices to avoid tax; the location of a corporation’s offices is irrelevant to its New York tax liability.
- Corporate profits have risen 70 percent over the last 5 years (since immediately before the Covid pandemic).
- 95 percent of businesses are not corporations and pay no corporate tax—they are formed as partnerships and LLCs, which are not subject to the corporate tax.
- Most corporations pay a negligible amount of New York corporate tax. There are about 300,000 corporations that are subject to New York State’s corporate tax—but over 80 percent of these corporations pay less than \$1000 in tax per year.

² Based on data from the New York Department of Tax and Finance for 2020, the most recent year for which data is available.

Corporations received a large tax cut in 2017 under the federal “Tax Cuts and Jobs Act,” which reduced the federal corporate tax rate from 35 percent to 21 percent. President Trump has proposed furthering lowering the corporate tax rate to 15 percent for some corporations.

The Public Supports These Policies:

A January 2024 Sienna College Poll found:

- 75% of New Yorkers in **both parties** support higher taxes on incomes over \$5 million.
- 80 % of Americans believe that wealthy individuals and corporations do not pay their fair share.

Share Our Wealth Campaign Supporters:

1199 SEIU United Healthcare Workers East

AFSCME

Alliance for Quality Education

Asian American Institute for Research and Engagement

ATU Local 1181-1061

Build A Better Planet

Citizen Action of New York

Coalition to Protect New York

Communications Workers of America CWA District 1

Community Service Society

Community Voices Heard

Dansville Presbyterian Church

District Council 37

Delmar First United Methodist Church

EarthMatters Solutions

East End Yimby

Elmont Cultural Center

Fiscal Policy Institute

For the Many

FPWA

Greater NYC for Change

Henrietta United Church of Christ

Housing Works Inc

Human Services Council of New York

Humanists of Long Island

IAM District 15

Indivisible Mohawk Valley

Justice Ministries Committee, Presbytery of NYC

Local Union 94-94A-94B International Union of Operating Engineers

New Economy Project

New Hour for Women and Children

New York Communities for Change

New York Interfaith Power & Light

New York Progressive Action Network

New York Council of Churches

New York State Nurses Association

New Yorkers for Fiscal Fairness
New York State AFL-CIO
New York State Public Employees Federation
New York State United Teachers
New York StateWide Senior Action Council
North American Climate, Conservation and Environment
NYPAN Greene
OPEIU Local 153
Oxfam America
Patriotic Millionaires
Peer/NYPAN Suffolk County
People for a Healthy Environment
Professional Staff Congress/CUNY
Reach Out America
Resource Generation NYC
Riverside Edgecombe Neighborhood Association
RWDSU
S.T.R.O.N.G Youth Inc.
Sisters of Christian Charity
Solidarity Committee, Capital District
Strong Economy for All Coalition
Suffolk Progressives
Teamsters Local 294
TIMBER
United Auto Workers Region 9A
United Federation of Teachers
United University Professions
Utility Workers Union of America
Westchester for Change
WNY Youth Climate Council
Women's Political Action Group