



POPULAR DEMOCRACY

NEW YORK STATE LEGISLATURE
Senate Finance Committee
Assembly Ways & Means Committee

Senator Liz Krueger, Chair
Assembly Member J. Gary Pretlow, Chair

**HEARINGS ON THE 2026-27 EXECUTIVE BUDGET PROPOSAL:
TAXES**

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Testimony of
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Good afternoon Senator Krueger, Assembly Member Pretlow and members of the committee. My name is Charles Khan, and I serve as director of state tax and budget campaigns at the Center for Popular Democracy. Thank you for the opportunity to present testimony today.

Thank you for the opportunity to present testimony today on behalf of Popular Democracy.

Popular Democracy works to create equity, opportunity and a dynamic democracy in partnership with high-impact base-building organizations, organizing alliances, and progressive unions. CPD strengthens our collective capacity to envision and win an innovative pro-worker, pro-immigrant, racial and economic justice agenda.

Popular Democracy brings together [46 grassroots organizations across 33 states, D.C. and Puerto Rico](#) to unapologetically demand transformational change for Black, brown and low-income communities. We upend politics as usual to forge a representative, multiracial government and society where we all thrive – no exceptions.

In 2009, 2011 and 2021, our former governors said firmly that they would not raise taxes on the rich — in the depth of the financial crisis and the COVID crisis, two Democratic governors refused to tax millionaires, billionaires and the wealthiest corporations, preferring to cut budgets, starve programs and let the rich get richer while New Yorkers suffered.

In each of those years, people-powered movements worked with organized labor and leading lawmakers to chart a different course: towards tax fairness, toward public investments, and towards broader prosperity for all of us.

New York's tax changes in recent years to raise tax rates on millionaires and large corporations have been a huge success. They have generated tens of billions of dollars that have supported much needed investments in programs that improve the quality and affordability of life here in New York like healthcare, childcare, and education.

However, it's clear the job is far from done. We are in the midst of an affordability crisis, after the highest inflation in generations drove up prices for housing, groceries, gas and medications. (Studies show that over half of the inflation spike was actually the wealthiest corporations [padding their profits](#) for the benefit of their richest shareholders.) These dynamics have intensified the outmigration of working class, low and middle income families while simultaneously setting new state records for wealth inequality.

New mayors in New York City, Albany, Buffalo and elsewhere need support for new local initiatives on affordability and investment in public goods. [Billionaire wealth is at an all-time high](#), [economic inequality is at an all-time high](#), and the federal government cut taxes for the richest millionaires and billionaires and corporations while imposing benefit cuts on the rest of us.

State government must step in now to rebalance taxes and revenues and put our state on track towards real affordability.

PUBLIC OPINION POLLS SHOW HUGE SUPPORT FOR FAIR TAXES

Polls show it clearly: there is broad public support for taxing the ultra-wealthy and the most profitable corporations.

According to [recent polling](#) of registered New York voters, 78% support raising taxes on large corporations and the wealthiest 5% of earners to address the tens of billions of dollars in federal funding cuts.

This big majority includes 86% of Democrats, 63% of independents, and 53% of Republicans backing increased taxes on the wealthy and large corporations to fund universal childcare, affordable housing, and public transportation.

Support extends across all regions of the state, including 80% in New York City, 74% on Long Island, and 65% upstate.

Eight out of ten New Yorkers support taxing the ultra-rich and the wealthiest corporations doing business in New York to fund universal childcare and restore federal funding cuts – that’s eight out of ten New Yorkers disagreeing with Governor Hochul’s “no new taxes” rhetoric.

Taxes on the working class don’t have public support – but taxes on the millionaire and billionaire class do have public support.

TRUMP AND REPUBLICANS GAVE MILLIONAIRES A \$12 BILLION-A-YEAR TAX CUT

New York’s millionaires are set to benefit from a [\\$12 billion federal tax cut](#) every single year going forward under the OBBBA law passed by Congressional Republicans and signed by the President.

The New York State Legislature could raise taxes on millionaires and billionaires by \$12 billion a year and not one millionaire or billionaire would pay higher taxes than they did last year – their accountants would merely

adjust the difference between federal rates and state rates, but their taxes would stay the same.

Rebalancing our overall tax code on million dollar a year incomes to restore services, benefits and invest in affordability programs like free childcare isn't dramatic or radical. Its a common sense response to the largest transfer of wealth from the poor to the rich in American history.

TRUMP AND REPUBLICANS CUT FUNDING TO NEW YORK STATE BY \$23 BILLION

According to a [report](#) by the Fiscal Policy Institute, under the Trump Administration and a Republican-controlled House and Senate, New York is losing up to \$23 billion per year in federal funding— far more than what the Governor has accounted for in her executive budget, including but not limited to:

- \$13 billion cut from our healthcare system, with a million New Yorkers losing coverage in the weeks to come. That means hospital closures across the state – especially in rural areas – and 250,000 New Yorkers stripped of Essential Plan coverage.
- Three million New Yorkers at risk of losing SNAP benefits
- More than \$300 million in cuts to supportive housing programs, jeopardizing housing stability for over 9,000 New York households.

DON'T JUST "RAISE TAXES" – TAX ONLY THE SUPER-RICH AND THE WEALTHIEST CORPORATIONS TO PROTECT NEW YORK FROM REPUBLICAN CUTS AND INVEST IN AFFORDABILITY

This year Popular Democracy urges lawmakers to pass a comprehensive package of income, corporate and wealth taxes to respond to federal budget cuts and to fund transformative investments in all of our communities:

The [Invest in Our New York package](#) would raise tens of billions of dollars through a combination of personal income tax increases on the top 5% of earners, corporate tax reforms targeting the most profitable corporations (fewer than the top 1%), and addressing loopholes that allow millionaires and billionaires to shield their wealth from their tax liability.

The Invest in Our New York package includes the following proposals:

- **Making our income taxes more progressive**

([S.1622-Jackson/A.1281-Meeks](#)). New Yorkers pay taxes on their hard-earned income to fund the communities and services we all rely on. But, due to the structure of our personal income tax system, millionaires and billionaires don't pay their fair share. Right now, someone who makes \$215,000 pays the same rate as someone who makes \$1 million; a New Yorker making \$5 million pays the same tax rate as someone who makes \$25 million; there is no higher tax for billionaires.

The IONY progressive income tax bill will change that by adding 10 new brackets to New York's personal income tax structure so that the top 5% of earners pay their fair share.

This proposal would raise over \$21 billion annually.

- **Raising corporate taxes on the most profitable corporations in New York**

([S.953-Hoylman/ A.1971-Kelles, Shrestha](#)). Year after year, corporations' contributions to our communities fail to keep up with the record-breaking profits they (and their ultra-wealthy executives) make. Corporations pay less in taxes now than they did in the 1990s.

The IONY corporate income tax reform bill ensures companies doing business in New York with over \$5 million in profits pay what they owe in taxes while keeping New York competitive with neighboring states in the

northeast.

This proposal would raise \$7 billion annually.

- **Implementing a capital gains tax ([S.1439-Rivera/A.676-Kim](#)).**

Many ultra-wealthy New Yorkers make income by selling stocks and other investments. But the federal government favors investment income – known as capital gains – by taxing it at a lower rate than our hard-earned hourly wages and salaries. The **Capital Gains Tax** would close the federal tax gap by adding a state-level surcharge on capital gains income over \$500,000 per year. This way, the ultra-wealthy pay their fair share in taxes on income, no matter how they make it.

This proposal would raise \$12 billion annually.

- **Creating an heirs tax ([S.914-Brisport/A.2049-Solages](#)).**

When a person dies, their heirs typically pay very little in taxes; this is especially true for very wealthy New Yorkers. For example, a New Yorker can inherit \$5 million and pay no taxes. **The Heirs Tax** will overhaul the current inheritance tax system, allowing the state to tax inheritances exceeding \$250,000.

This proposal would raise \$4 billion annually.

The Invest in Our New York package provides over \$44 billion per year in recurring revenue that could restore federal cuts and pay:

- statewide universal childcare with workforce investments;
- full foundation aid and hold harmless provisions for public schools;
- new investments in Medicaid and public health funding for hospitals,
- home care and community services; public renewable energy infrastructure to assure affordable green energy for every New Yorker while preserving our environment for future generations;
- transformative investments in early education and higher education;

- an end to widespread poverty and homelessness; and
- a once-in-a-lifetime investment in affordable housing through the creation of a twenty-first century Mitchell-Lama program and a new social housing finance authority.

Popular Democracy also supports:

- New progressive tax reforms for New York City residents: the “**Fair Share Act**” ([S.8577-Liu/A.8953-Souffrant Forrest](#)) would move away from the current New York City flat income tax on its residents toward a progressive rate structure. Right now, whether you earn \$50,000 or \$5 million, you pay practically the same tax rate of roughly 3.9%. By adding a 2% surcharge to those with incomes over \$1 million per year, New York City could raise \$4 billion for essential services and affordability.
- New tax reforms to require income tax payment on unrealized capital gains for billionaires: ([S165-Ramos/A3632-Kelles](#)) would raise over \$33 billion in its first year and \$1.7 billion annually thereafter by creating a tax that targets the rising value of stocks and investment portfolios. This proposal creates a yearly tax on assets that have accumulated value, requiring billionaires to pay income tax rates on their investment gains. New York already has a system for assessing and taxing the increased value of items in the form of a property tax.

OUR WORST-IN-THE-NATION INEQUALITY IS GETTING WORSE, DRIVING THE AFFORDABILITY CRISIS – TAX LAW MUST RESPOND

Low-income and working-class families are being driven out of our state as a result of rampant unaffordability. Meanwhile, New York’s millionaire and billionaire class keeps growing.

- According to a [December 2023 report](#) covered by the New York Times, the people who left New York at the highest rate in 2022 were

families making between \$32,000 and \$65,000 a year. A disproportionate number of those movers were Black and Latine families.

- A [new Americans for Tax Fairness analysis](#) shows that New York now has 141 billionaires with over 858 billion dollars in wealth, and their wealth has soared by 12% during the first year of the second Trump administration. [Another study](#) found that 1 in 24 people living in New York City alone are millionaires.
- Over 2.78 million New Yorkers (14.2% of the state's population) live in poverty. According to a January 2025 report from Comptroller DiNapoli, homelessness in our state doubled between January 2022 and January 2024. There are more than 158,000 people who are homeless in our state, a third of whom are children.

The way to respond to inequality is to adjust tax laws and tax policies to assure funding for public programs and redistribute wealth.

The revenue picture in New York has made a dramatic turnaround – we closed this year with another budget surplus with \$30 billion in reserve and available funds and more surpluses into the future diminished only by DOB's continuing and unrealistic predictions of declining tax revenues and sunsets of high-end tax increases.

This is in large part, according to the Department of the Budget and the Office of the State Comptroller, due to the smart and responsible progressive tax policies that were passed in 2021.

The small increase in tax contributions on ultra-millionaires, billionaires and profitable corporations has led to repeated increases in tax collections, roughly \$15 billion per year higher than expected.

MYTHS BUSTED: THE MILLIONAIRES AREN'T MOVING – THEY'RE JUST PAYING MORE TAXES

Because this is often a talking point during tax debates we want to note that the Fiscal Policy Institute published a [landmark study](#) demonstrating that high earners move out of New York less often than working & middle class, and do not move in response to tax hikes:

FPI's report includes novel statistical analysis of the two most recent effective tax increases on high-earning New Yorkers (in 2017 and 2021) and reveals that high earners do not significantly change their migration behavior in response to tax increases. The report also finds that when high earners do move out of New York State, they are more likely to move to other relatively high tax states than to move to low tax states.

The report won [front-page coverage](#) across the state, with headlines like "New York's Millionaire Class Is Growing. Other People Are Leaving." Governor Hochul also acknowledged this reality in her State of the State address in January 2024.

Study after study has shown that increased taxes do not result in high-income earners leaving our state.

- [More than three-quarters of the highest income earners](#) (people making more than \$815,000 a year) who left the state during the pandemic moved to other high-tax states including Connecticut, New Jersey and California.
- [According to Census data](#), New York's top 1% of income earners move out of state less than all other income groups. In fact, it was the only income group with no overall net outmigration in 2023.

ELIMINATE THE SUNSETS AND EXTEND POPULAR REFORMS – KEEP PROGRESSIVE TAX POLICY IN LAW AND END WASTEFUL CORPORATE TAX BREAKS

The data has been overwhelmingly positive. New York should make all the 2021 tax increases on the ultra-wealthy permanent – the income tax increases and the corporate tax increases should be locked in, and new progressive income and corporate tax rates should be included. Governor Hochul’s efforts to play games with one-time rebates and hidden tax breaks for millionaires should be rejected.

It’s good policy, there is no reason to go back. In fact, there remains ample room to build on these policies by passing the [Invest in Our New York legislative package](#) and making our tax code even more just.

In addition, complete elimination of ineffective and wasteful corporate tax abatements would provide billions in aid for localities.

We recommend a five-year wind-down of all so-called “economic development” tax giveaways, and a five-year ramp-up of the same amount of money in public investments in public goods like affordable housing, education, health care, social services and public renewables.

At the end of five years, we’d have over [\\$11 billion per year](#) in new investments in the things our state needs the most – and the private sector will do just fine without taxpayer subsidies.

INVEST IN AFFORDABILITY, INVEST IN OUR NEW YORK

We should use new revenues to make New York more affordable by:

- Establishing statewide universal free childcare with investments in the early childhood workforce;
- Building deeply affordable housing families and individuals can afford to live in;

- Building our CUNY and SUNY systems into the best and most affordable public university system in the country;
- Ending homelessness and poverty;
- Rebuilding our mental health infrastructure; and
- Building for our sustainable future and lowering energy costs by investing in public renewables and climate-resilient infrastructure.

Once again, the Governor's budget simply falls short, failing to adequately reflect the urgent needs and real opportunities facing our state. Tinkering around the edges and continuing the Cuomo-Hochul version of trickle-down economics isn't a winning game plan – at least not for New Yorkers that aren't already wealthy.

The rich are richer than ever. Corporate profits are sky-high, explicitly rising at the cost of driving up prices and driving down affordability for working people. Huge and historic federal budget cuts are coming. Especially in the presence of record wealth among the billionaires and centimillionaire class, Governor Hochul's budget needs and deserves more revenue to invest and build towards real affordability for all New Yorkers.