



240 West 35th Street  
Suite 302 Fourth Floor  
New York, NY 10001

515 Broadway  
518-429-2959  
Albany, NY 12207

212-279-2605  
@cbcny

## Testimony on Implications of Tax Increases on State Competitiveness

Submitted to New York State Senate Standing Committees on Finance; and Budget & Revenue;  
and New York State Assembly Committees on Ways & Means; and Real Property Taxation

*February 26, 2026*

*Andrew Rein, President, Citizens Budget Commission*

Thank you for the opportunity to testify on behalf of the Citizens Budget Commission, a nonpartisan think tank and watchdog that advocates for the smart fiscal, operational, and policy choices that will deliver a better future for all New Yorkers.

We urge you to hold the line on taxes. New York already is top of the charts, with the State and its localities [collecting the most taxes per person](#) in the country—not just 78 percent more than the national average, but 40 percent more than California and 37 percent more than New Jersey.

We are in fierce competition with other places. Raising taxes would weaken New York's attractiveness to businesses that create jobs and employ New Yorkers and residents who pay a large share of the cost of our teachers, police officers, healthcare services, and more.

Let's not forget: the State's progressive tax structure is already delivering. State taxes this fiscal year are projected to be \$44 billion higher than just five years ago, having increased 9 percent annually on average. The Fiscal Year 2027 Executive Budget increased the 4-year plan's tax receipt forecast \$21 billion, on top of additions in the midyear update.

Let's get into the details:

New York State and its localities lead the nation in taxes collected, and New York City is home to the nation's highest tax rates. For City residents' the [combined top marginal personal income tax rate](#) is 14.776 percent; California takes second place at 13.3 percent. Business activity in New York City is taxed at 17.44 percent, much higher than the 11.5 percent in New Jersey.

Raising taxes would widen the gap between New York City and its competitors. A 2-percentage point increase would push that top personal income tax rate to 16.776 percent, approaching

one-third higher than California. Bumping the State corporate tax rate to New Jersey's would push the top [rate paid in New York City to 22.49 percent](#), nearly twice New Jersey's.

We want to be clear. Taxes are only one factor residents and businesses consider in location decisions. We are not saying that raising taxes will cause a massive, immediate outflow of residents and businesses. But the truth is that New York's high taxes have helped chip away at its competitive foundation.

The State's [share of the nation's millionaires declined](#) from 12.7 percent to 8.7 percent between 2010 and 2022. Had the State maintained its millionaire share, it would have \$11 billion more in State personal income tax receipts this year alone.

New York relies on high earners for a significant portion of its revenue. In 2023, filers with income over \$1 million paid 43 percent of New York State's personal income taxes and 37 percent of New York City's.

Also consider that the number of publicly traded company headquarters in New York shrank by 41 between 2020 and 2025, while Texas gained 69 and Florida gained 74.

Although New York's corporate tax structure partially mitigates the competitiveness impact of its high rates, a corporate tax increase would put pressure on business margins, prices, and employment. This compounds existing challenges from New York's extensive rules, regulations, and other taxes paid by businesses and their employees.

Attracting and retaining businesses and high-income residents is not the only challenge. New York must work to remain an attractive place for a diverse range of people to build their lives and call home. In 2024, nearly 140,000 more people moved from New York State to other parts of the country than moved in. This trend cuts across the board; our research has found [New Yorkers of all races, incomes, and ages are moving out](#) of New York City faster than others move in.

Again, we urge you to hold the line; do not include State or City tax increases in your one-house or the enacted budgets. They weaken New York's competitiveness.

They also are unnecessary because we already have enough resources to meet New Yorker's needs. State operating funds spending has increased \$29.5 billion more than inflation in the last 10 years. For perspective, if New York State and its localities spent like New Jersey, they would save \$76 billion.

Instead of raising taxes, the State and New York City should double down on getting the most out of their \$263 billion and \$127 billion budgets, by efficiently delivering the right high-quality

services that make New York affordable and attractive, while ensuring the budget is sustainable so our government can serve all people's needs through good times and bad.