



**Testimony of Carolyn Martinez-Class
On Behalf of Invest in Our New York**

**Submitted to NYS Senate Finance and Assembly Ways
& Means Committee Chairs for the February 14th, 2024
Joint Legislative Hearing on Taxes**

Dear Senate Finance Chair Krueger, Assembly Ways & Means Chair Weinstein, and members of the New York State Legislature:

My name is Carolyn Martinez-Class, and I am presenting testimony on behalf of the Invest in Our New York (IONY) Campaign. Invest in Our New York brings together community groups, advocates, volunteer organizations, labor unions, and more, representing millions of New Yorkers fighting for a just economy, a fairer tax system, and investments in working-class people. In 2021, the Invest in Our New York Campaign worked in partnership with the Legislature to increase taxes on New York's millionaires and most profitable corporations - raising over \$10 billion in new, recurring revenue. The Fiscal Year 2025 budget provides a critical opportunity to enact policies that will address New York's deep economic inequality and growing affordability crisis, and advance economic and racial justice - which is why we must increase taxes on New York's wealthiest people and most profitable companies, and make lasting investments in working-class communities.

The Executive Budget proposal falls short of meeting the needs of working-class New Yorkers.

New York State suffers from the greatest economic inequality in the country. This inequity is a result of decades of underinvestment and divestment in our state's public programs and services, paired with a tax code that protects corporate profits and obscene wealth over the needs of working-class people.

- New York ranks as the most economically unequal state in the nation: the average income of the bottom 99% here is \$49,617, while the average income of the top 1% is \$2.20 million.
- New York is home to the highest concentration of extreme wealth in the nation, with over 28,000 tax filers hoarding wealth in excess of \$30 million, over 15,000 tax filers hoarding wealth in excess of \$100 million, and 130 billionaires together hoarding over \$660 billion. The ultra-rich in New York State collectively hold \$6.7 trillion in wealth. And the profitability of large corporations and Wall Street banks has never been higher; a new report found that corporate profits are behind more than half of inflation.

Meanwhile, over two and a half million New Yorkers are [living in poverty](#). Over 100,000 New Yorkers are homeless every night in [New York City](#), and 250,000 New Yorkers were homeless [statewide](#) at some point in 2019. New York's communities of color have been the hardest hit: In 2022, [white New Yorkers earned, on average, nearly five times more than Black New Yorkers and three times more than Latinos](#). In that same year, [the people who left our state at the highest rates were families making between \\$32,000 and \\$65,000 a year](#) - a disproportionate number who were Black and Latino families.

It is no secret that [affordability is the top concern for the majority of New Yorkers](#). Costs related to housing, groceries, utilities, and more have gone up, while wages have not kept pace. Despite the pressing reality of the affordability crisis, the Governor's Executive Budget proposal does little to meaningfully invest in the needs of working-class families and instead puts forward proposals that will deepen inequity, such as the reduction of school aid for our public schools and the cuts to Medicaid spending and the wages of home care workers. The Executive Budget proposes no substantive plan to immediately house people who are currently homeless and overly focuses on tax breaks to incentivize developers to build more housing. [The Governor justified her approach through her Executive Budget speech on January 16th, where she claimed the state needed to reign in spending.](#)¹

The Senate and the Assembly must fight for a budget that reverses trends and includes support for working-class people. The Invest in Our New York Campaign calls on the Senate and Assembly to include in their respective one-house budgets & in the final budget the following:

Housing Access & Equity: The Governor's Executive Budget does little in the way to address the housing crisis New Yorkers are currently facing. Increased housing costs and housing insecurity are the most pressing issues for working-class people. We support calls for \$250 million toward the [Housing Access Voucher Program](#) to provide rental assistance to New Yorkers who are homeless or at risk of becoming homeless, as well as \$250 million toward the [Tenant Opportunity to Purchase Act](#), which gives tenants the right to take over their homes and convert them to limited equity cooperatives, shared equity homeownership, community land trusts, and more. We also know more sizable housing investments are necessary, that's why we are advocating for \$5 billion towards improving New Yorkers living conditions via the creation of a new [Social Housing Development Authority](#) that has the power to acquire and stabilize existing housing, as well as build new housing that New Yorkers can afford. Finally, we know that there are interventions we must support with regard to existing housing stock, including our public housing system. That's why we are calling for [\\$5 billion toward improving New Yorkers' housing conditions](#), through \$5 billion for rental arrears, repairs, and improvements to public housing buildings across the state, including NYCHA buildings in

¹ On January 16th, 2024 during her Budget address Governor Hochul said: "So, what you'll hear about is how this budget invests in programs and services New Yorkers rely on the most, while not spending the money we don't have."

New York City. [Housing is one of the greatest determinants of health](#) - without safe, affordable housing all other interventions will likely fail.

K-12 Education: New York must keep its commitment to public schools by raising year-to-year spending in line with the Foundation Aid Formula. One year of adequate school funding does not make up for decades of divestment, and New York's children deserve better. [Additionally, the state must step up to provide approximately \\$2 billion in new funding for school districts to avoid funding gaps created by the expiration of federal aid.](#)

Higher Education: Affordable, quality public higher education is one of the core pathways for low-income students to access the skills, resources, and professional development necessary to advance in the workforce and join the middle class. Unfortunately, the Executive Budget includes cuts to vital programs and services for our public higher education institutions. [The Invest in Our New York campaign supports demands for a new deal for higher education and calls for an additional \\$4.7 billion of funding for our public higher education institutions.](#)

Healthcare: While the Governor proposes cuts to our state's healthcare spending, New Yorkers need the opposite. The state must address New York's healthcare funding crisis by [fully funding Medicaid Health Insurance reimbursements for hospitals and nursing homes](#). Over seven million New Yorkers rely on Medicaid for their healthcare - our state's chronic underfunding of Medicaid has contributed to poor health outcomes largely in Black and Latino communities, particularly affecting low-income seniors, expectant mothers, young children from low-income families, and people with disabilities. As a result of underfunding, hospitals and nursing homes in New York continue to struggle financially more than in the rest of the U.S. - with nearly two thirds of NY hospitals facing operating deficits.

Other Investments: The Invest in Our New York Campaign also supports calls for state funding to be directed toward strengthening our democracy through the Public Campaign Finance system, investing in New York's workers by creating and fully funding the Unemployment Bridge Program, and making significant investments toward addressing the climate crisis. You can read our full agenda at <https://www.investinourny.org/2024investmentpriorities>.

We know that the needs in our state are extensive, and legislators have to make tough choices about how to spend existing resources through the budget process. The Governor has chosen to put forward a budget proposal that fails to meet the moment and instead shortchanges working-class New Yorkers. The Legislature can forge a new path by making deep, lasting investments in areas that improve equity and affordability for all who reside in New York. We can make sure these investments are sustained and grow by raising new, progressive revenue.

Raising new, progressive revenue is necessary in the short term to address the affordability crisis and in the long term to stabilize and grow state spending in education, healthcare, housing, and more.

New York's affordability crisis results from decades of underinvestments and disinvestments in our communities and the public services we rely on. We cannot dig out of this affordability crisis in just one year, and in a budget that barely tackles the multiple ongoing crises that are forcing middle and low-income New Yorkers to leave the state. Stop-gap budgeting, which we've seen year after year in New York, might balance the budget, but it also creates uncertainty. The [Invest in Our New York package](#) will generate billions of public dollars every year, ensuring lawmakers can budget long-term and make deep, sustainable investments in our state's essential programs and services.

We urge you and your colleagues to include the [Invest in Our New York package](#) in your respective one-house budgets and in the final FY25 budget. This package of bills 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:

- **The Progressive Income Tax Bill** ([S2059-Jackson/A3115-Meeks](#)) would raise over \$21 billion annually by creating new brackets to the state's personal income tax. The bill would raise taxes on individuals earning over \$450,000 a year as single filers and \$500,000 as joint filers. This bill would only impact our state's top 5% of income earners.
- **The Capital Gains Bill** ([S2162-Rivera/A2576-Kim](#)) would raise over \$12 billion annually by creating a surcharge tax on income generated by buying and selling stocks. The tax would only apply to people who earn over \$400,000 as single filers and \$500,000 as joint filers. Currently, people who earn their income through buying and selling stocks have a federal tax benefit (of up to 17%), which means they pay far fewer taxes than people who earn their income through hourly wages or other ordinary income. This bill would only raise taxes on less than 1% of New Yorkers. In the last few years, both Washington State and Minnesota have passed capital gains taxes.
- **Corporate Tax Reforms** ([S1980-Hoylman/A3690-Kelles, Shrestha](#)) would raise over \$7 billion annually by raising the corporate tax rates on corporations that make over \$2.5 million in profits in New York and creating additional progressive brackets for corporations earning over \$10 million in profit, and \$20 million in profit annually. These Corporate Tax Reforms would apply to every corporation that does business in New York - not just those headquartered in the state. The changes in the bill would not kick in until corporate profits exceed \$2.5 million and not impact small businesses. Eighty percent of corporations in New York make less than \$15,000 in profits annually and pay less than \$1,000 in corporate taxes every year. As of 2020, fewer than 0.14% of corporations

reached \$1 million in profits. We can raise taxes on the wealthiest corporations and remain competitive: New York currently has the 2nd lowest tax rate amongst the 11 northeastern states, and our current corporate tax rates are lower than they were in 1990.

- **The Heirs Tax** ([S2782-Brisport/A3193-Solages](#)) would raise \$4 billion annually by replacing New York's existing estate tax by creating a tax that treats inherited income over \$250,000 as taxable income. The creation of this tax would impact less than 1% of inheritances - and those above \$250,000 would only be taxed at a low rate of 2.5%. The rate would increase for inheritances over \$1,000,000, which are almost entirely received by already wealthy individuals.
- **The Billionaires Tax** ([S1570-Ramos/A3252-Kelles](#)) would raise over \$20 billion in its first year and \$1.5 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.

Enacting these proposals isn't just good public policy; it's popular public policy. The Invest in Our New York Campaign [commissioned a Siena poll](#) in December that highlights just how supportive New Yorkers are in making the ultra-wealthy pay a little more in taxes. Seventy-four percent of New Yorkers believe lawmakers should increase taxes on our state's wealthiest residents and highly profitable corporations in order to fund programs and services. And this support transcends party lines: 83% of Democrats, 73% of independents, and 58% of Republicans all support making the ultra-rich pay what they owe so we can invest in our New York. Seventy-four percent of New Yorkers also believe we should increase taxes on the highest-earning individuals and profitable corporations instead of cutting services to address any budget shortfall. And 73% of New Yorkers want that revenue spent on the programs they care about the most, like affordable housing— NOT sports stadiums and racetracks

During her 2024 State of the State address, Governor Hochul acknowledged that increased taxes have not resulted in more outmigration.² [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. Following tax increases on ultra-wealthy New Yorkers in 2017 and 2021, the state did not see increased outmigration of wealthy New Yorkers.

Raising taxes on New York's highest-income earners and most profitable corporations will result in tens of billions of new public dollars, impacting only the wealthiest few. These dollars can be

² On January 9th, 2024 during her State of the State address Governor Hochul said: "For 50 years, we've been hemorrhaging families who can no longer afford to raise their children in the same communities where they were born. This decline shows no sign of stopping. People aren't moving for warmer weather or lower taxes. They're moving next door."

invested in housing, education, healthcare and more. New York can address economic and racial inequity in our state, stem the outmigration of working-class families, and tackle the affordability crisis head-on.

The Senate and the Assembly must put forward one-house budgets that include proposals to raise the needed resources to make deep, lasting investments in the lives of working-class people - like those included as part of the [Invest in Our New York package](#).

Thank you for your time and consideration.