



NEW YORK STATE SENATOR

Liz Krueger

Statement on Education Tax-Credit Scam Endorsed in Daily News Editorial

LIZ KRUEGER March 24, 2014

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Sen. Krueger issued the following statement in reaction to a Daily News editorial that endorsed a tax credit scam that would siphon millions in taxpayer money to reimburse wealthy donors to well-funded private and charter schools:

"With respect to the Daily News editorial board, it looks like they've been hoodwinked by a tax-avoidance scam for wealthy donors to elite private schools. In fairness, they're hardly the first to be bamboozled.

"This private interest school tax-credit scam would literally refund donors more than they give to 'yet to be formed' educational charitable organizations -- basically paying the wealthy and corporations money back on their tax avoidance investments.

"Under this new tax credit the 'charitable contribution' would be deductible on federal and state individual taxes, and wealthy donors would get money back on their federal income taxes. **That is, wealthy donors will make a taxpayer-funded 'profit' on any contributions made under this provision, in addition to getting back the entire amount of their contribution.** At the top marginal federal and state income tax rates, a wealthy tax payer could end up with a 'profit' of nearly \$300,000 on a contribution of \$1 million.

"Full implementation will result in an annual loss of \$300 million in taxpayer money, and as far as I can tell the tax credits would be given out to donors on a first-come, first-served basis. This is not philanthropy, it is tax avoidance for those who least need tax reductions and it will leave a permanent hole in the state budget. **Plus, the research on giving by the**

wealthy and corporations confirms that they are far more likely to choose to invest in elite institutions or favored and well-funded charters, not the struggling schools that really need a 'shot in the arm.'

"This proposed education tax credit is unprecedented, and it allows the wealthiest to avoid paying their taxes and instead direct their tax money to their favored educational activities as they choose, at a time when state aid to public schools falls well short of what's needed to fund a sound basic education for public school students."

Background:

- Daily News editorial, March 24, 2014: "Private Money, Public Gain"
<http://www.nydailynews.com/opinion/private-money-public-gain-article-1.1729876>