



NEW YORK STATE SENATOR

Malcolm Smith

Senate Passes Fair Share Tax Reform That Protects 96% of New Yorkers While Raising \$4 Billion to Avoid Devastating Cuts to Social Services

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Temporary increase on wealthiest 4% will maintain education, healthcare and law enforcement funding for all New Yorkers

(Albany, NY) Today, the Senate, passed the most progressive reform of the tax system in more than three decades. The temporary increase used to prevent dramatic cuts to education for our children, healthcare for seniors, and other services is vital to getting our economy back on track and will protect 96 percent of taxpayers statewide from having any tax increase.

Because of Senate negotiations, this temporary program will sunset in just three years while generating an additional \$4 billion in revenue annually that will be

invested into economic development and job growth initiatives.

The plan adopted today includes two changes to the income tax code:

Head of households earning more than \$250,000, or \$300,000 for married couples filing jointly will have a slight tax rate increase to 7.85 percent.

All filers earning in excess of \$500,000 per year will be taxed at the rate of 8.97 percent.

"I believe that the wealthiest 4 percent of New Yorkers recognize that these are difficult times that require shared sacrifice, and that they understand that we're all in this together," said Senator Liz Krueger (D-Manhattan, Vice-Chair of the Senate Finance Committee. "After hearing Senate Republicans oppose this measure, it's clear they are wrong on two accounts: fairness is good public policy, and the sky will not fall. There is also precedent for this type of action. In 2003, after the 9/11 attacks caused a less drastic economic downturn than we face now, necessary and temporary income tax increases were passed by the former Majority in order to maintain services that we all rely on. It worked then and will help us grow our economy now."

In 2003, Senate Republicans voted in favor of a plan that affected more than 5 percent of all taxpayers to generate revenue restoring \$1.9 billion in proposed cuts to education and Medicaid.

In 2009, Senate Republicans unanimously voted against a plan that would affect less than 4 percent of all taxpayers amid the greatest economic crisis facing our state since the Great Depression, with thousands of New Yorkers entering the roles monthly for food stamps and other vital services.

"No one wants to raise taxes, but this PIT proposal is needed for my district and for all of Upstate. With this proposal we have been able to increase funding for agriculture, our schools, healthcare and higher education to protect the services that benefit Central and Northern New York. More than 99.3 percent of the taxpayers in my district will not be affected by this proposal, but we all rely on these vital

services. This budget is not perfect, but with this proposal, we have protected Upstate from bearing the burden," said Senator Darrel J. Aubertine (D-Cape Vincent).

"I have never been a proponent of tax increases, but facing the most dire economic conditions since the Great Depression demanded a different approach, one that raised enough revenue to prevent cuts to vital services while saving 96 percent of taxpayers from tax increases," said Senate Majority Leader Malcolm A. Smith. "We are all New Yorkers and we all bare a responsibility to help turn our economy around by staying true to the principle of shared sacrifice during times of severe fiscal crisis. This budget was far from ideal, but neither were the choices we faced. This budget we passed confronts our economic problems responsibly and positions us to achieve the long-term economic growth we need to get our State back on track."

Without the additional \$4 billion in revenue, not only would deeper cuts been necessary in education, health, senior and other critical service areas, but the State would not have been able to use as much of its federal stimulus allotment to create the nearly 90,000 new jobs this budget will produce.

Proponents of maintaining an unfair tax code (one that allows a CEO making \$4 million a year to pay the same income tax rate as his receptionist making \$40,000 a year) simultaneously proposed 17 amendments that would have added \$2.2 billion in new spending and left a gaping \$8 billion deficit amid the greatest economic crisis our state has seen in 70 years.

"The personal income tax was an unprecedented and difficult decision that was implemented as a means of accelerating our state's economic recovery and restoring fiscal balance both efficiently and expeditiously," said Senator Carl Kruger (D-Brooklyn), Chair of the Finance Committee. "As our economic climate improves, this tax can be phased out at any time as we further adjust our long-term fiscal agenda."

****CHARTS IN ATTACHMENT****

Senate_Protects_96_percent_Chart.pdf

PIT_Senate_District_Breakdown.pdf

