

Joint Tax Hearing
New York Legislature
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Testimony

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Every year New Yorkers are told about some sort of budget shortfall. This year's tale of woe sounds grimmer. The governor predicts a budget deficit of \$6 billion due in large part to Medicaid costs.

In order to close the deficit, Republicans and most Democrats are telling us we can't raise taxes and must cut spending instead. Lawmakers will again argue that we can't possibly tax rich people any more because they will leave New York and take their money with them.

It may be true that some rich people will leave because of tax increases, but most will prefer to stay because New York is home and has the 14th-largest economy in the world.

It's puzzling why our lawmakers are less concerned about the real people "running away" who are poor, middle-class and low-wealth folks who have endured declining wages and pay too high a percentage of their income on basic necessities and property taxes. Albany should be helping these people stay by investing in affordable housing, education, child care, health care and transportation while offering serious property tax relief.

The narrative that keeping taxes low for the super-rich will create great jobs is a variation on theories that have been in vogue in both political parties for the last 40 years. What these discredited theories actually gave the United States and New York was wealth inequality and flat wages for most people.

It was not always that way. Many years ago, faith communities, during the depths of the Great Depression, made it very clear they could no longer help people through charity alone. Churches successfully called on the government to expand the safety net (like Social Security) and jump-start the economy with robust investments in infrastructure like rural electrification, dams and roads. Today, this bottom-up approach to economics is needed more than ever to lift people out of poverty, expand the middle class, and create a modern clean-energy economy that works for all of New York.

Expansion of Medicaid is good economics. Unlike some states that have refused Medicaid expansion, New York has improved the lives of many while sustaining rural and urban hospitals and paying more just wages. In fact, we should be expanding and not contracting Medicaid while making health care for everyone more affordable and enacting a less wasteful single-payer system.

Keeping taxes low for very rich people has been bad economics in New York and has meant more upward pressure placed on everyone else's taxes to pay for municipal budgets already underfunded by the state. It has also meant people have a lot less money to spend, depriving the economy and businesses of needed stimulus.

If we are serious about caring for all New Yorkers, we must get rid of the needlessly austere 2 percent spending cap. We can also ask the very rich to pay a little more to recapture some of the massive tax windfall they realized from the Tax Cut and Jobs Act of 2017. Some tax strategies include keeping instead of refunding the stock transfer tax, adding income tiers to the millionaire tax, and collecting a pied-a-terre tax on high-end residential real estate, to name just a few. We also must cut discredited tax breaks that are disproportionately offered to large businesses and instead invest in infrastructure and education, which will do more to attract and retain businesses and a healthy work force.

The greatest gift we can offer each other this year is mutual care rooted in a belief in abundance and not austerity.