

Testimony of CWA District One

FY2026 NYS Budget: Taxes

Thursday, February 27, 2025

CWA District 1 represents 145,000 workers in 200 CWA local unions in New York, New Jersey, New England, and eastern Canada. CWA members work in telecommunications, health care, higher education, manufacturing, broadcast and cable television, commercial printing and newspapers, state, local, and country government. District 1 represents 65,000 members in New York State. **This testimony is submitted in support of including S.4437 (Gounardes) / A.5435 (Solages), which would increase New York's top tax rates for those earning over \$5 million and over \$25 million by 0.5%, as well as S.3943 (Gounardes) / A.5377 (Solages), which would increase the corporate tax rate by 1.75%, in the FY26 budget.** These modest proposals would generate \$3 billion in revenue for New York State per year to invest in critical public services.

Addressing growing wealth inequality

The rich are getting richer:

- There are 128 billionaires in New York which hold nearly a trillion dollars in wealth.
- The top 1% of New York has an average annual income of \$2.6 million, earning 35% of the total income in New York.

Meanwhile, regular New Yorkers are struggling:

- The average income of 90% of working New Yorkers is just \$49,000.
- 20% of children in New York live in poverty, and 1 in 8 public school students in New York City experienced homelessness this past academic year.

Wages are not keeping up with increasing costs – the cost of transportation, housing, and healthcare have skyrocketed. In the New York City metropolitan area, housing costs alone - for owners and renters - increased by more than 68% between 2012 and 2022¹. These increases are not sustainable, especially when the richest New Yorkers and corporations continue to see their profits grow.

Dispelling the myth of wealth flight

Despite threats that the wealthy will move away in response to increasing taxes, the richest New Yorkers are actually the least likely to leave New York. In fact, following tax increases in 2019 and 2021, there has been no statistically significant out-migration of high earners. New York's population of wealthy New Yorkers even rose after the most recent income tax hikes, and when high-earners do leave New York, they most often move to high-tax states like California, Connecticut and New Jersey.

However, lower-income families are moving away at increasing rates, largely due to the state's high cost of living. According to the Fiscal Policy Institute, "Households with young children are

¹<https://www.osc.ny.gov/files/reports/osdc/pdf/report-17-2024.pdf>

40% more likely to leave New York State. 36% of households leaving NYS are moving in search of affordable housing — more than twice the share before Covid.²”

Threats from the federal government

New York State’s budget relies on \$90.8 billion in federal funding. Not only has President Trump threatened to reduce federal funding to blue states, Congressional Republicans’ top priority is extending and expanding tax cuts for billionaires and corporations. Both scenarios would result in incredibly harmful cuts to vital programs like Medicaid, SNAP, education, federal rental assistance, and more. 36% of New Yorkers rely on Medicaid for health coverage - while the total impact of these threats remain unclear, we must be prepared to supplement this funding to ensure New Yorkers are taken care of.

The solution

Once again, CWA District 1, along with labor unions and community organizations across the state, strongly supports the inclusion of S.4437 (Gounardes) / A.5435 (Solages), which would increase New York’s top tax rates for those earning over \$5 million and over \$25 million by 0.5%, as well as S.3943 (Gounardes) / A.5377 (Solages) which would increase the corporate tax rate by 1.75%, in the one-house budget proposals.

These proposals are incredibly popular – 75% of New Yorkers in both parties support higher taxes on incomes over \$5 million. And last year, both of these proposals were included in both the Assembly and Senate one-house budget proposals. We urge inclusion in the Senate and Assembly FY26 one-house proposals. Thank you for your consideration.

² <https://fiscalpolicy.org/new-families-with-young-children-in-search-of-housing-drive-state-population>