

Tax Principles, Volatility, and S.2021 and S.2654

Slides to accompany testimony

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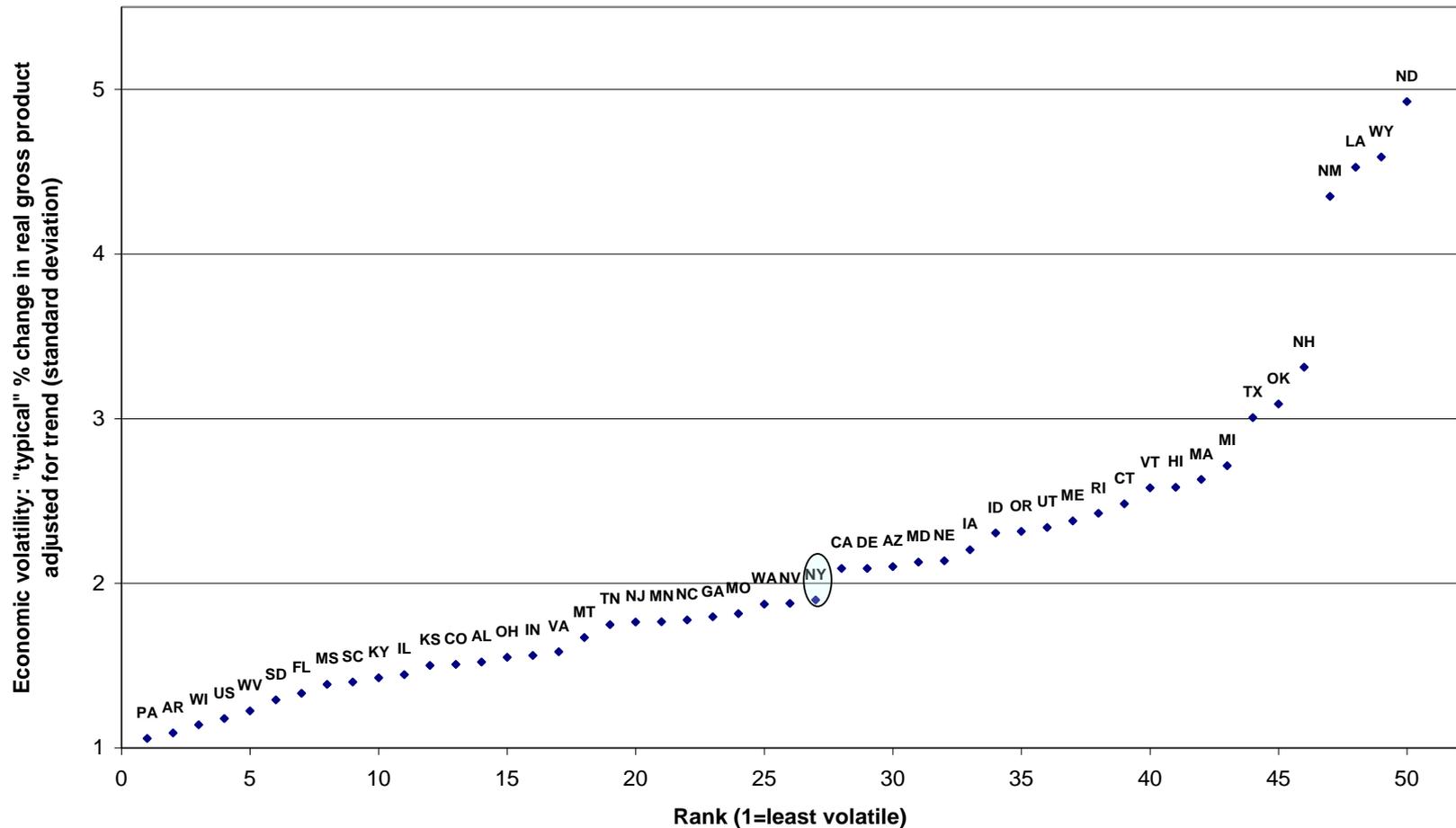
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Competing tax policy goals

- Taxpayer equity or “fairness” – horizontal and vertical
- Tax neutrality
- Revenue adequacy – longer run, and cyclical
- Administration and compliance

New York's economic volatility - perhaps surprisingly - is not atypical

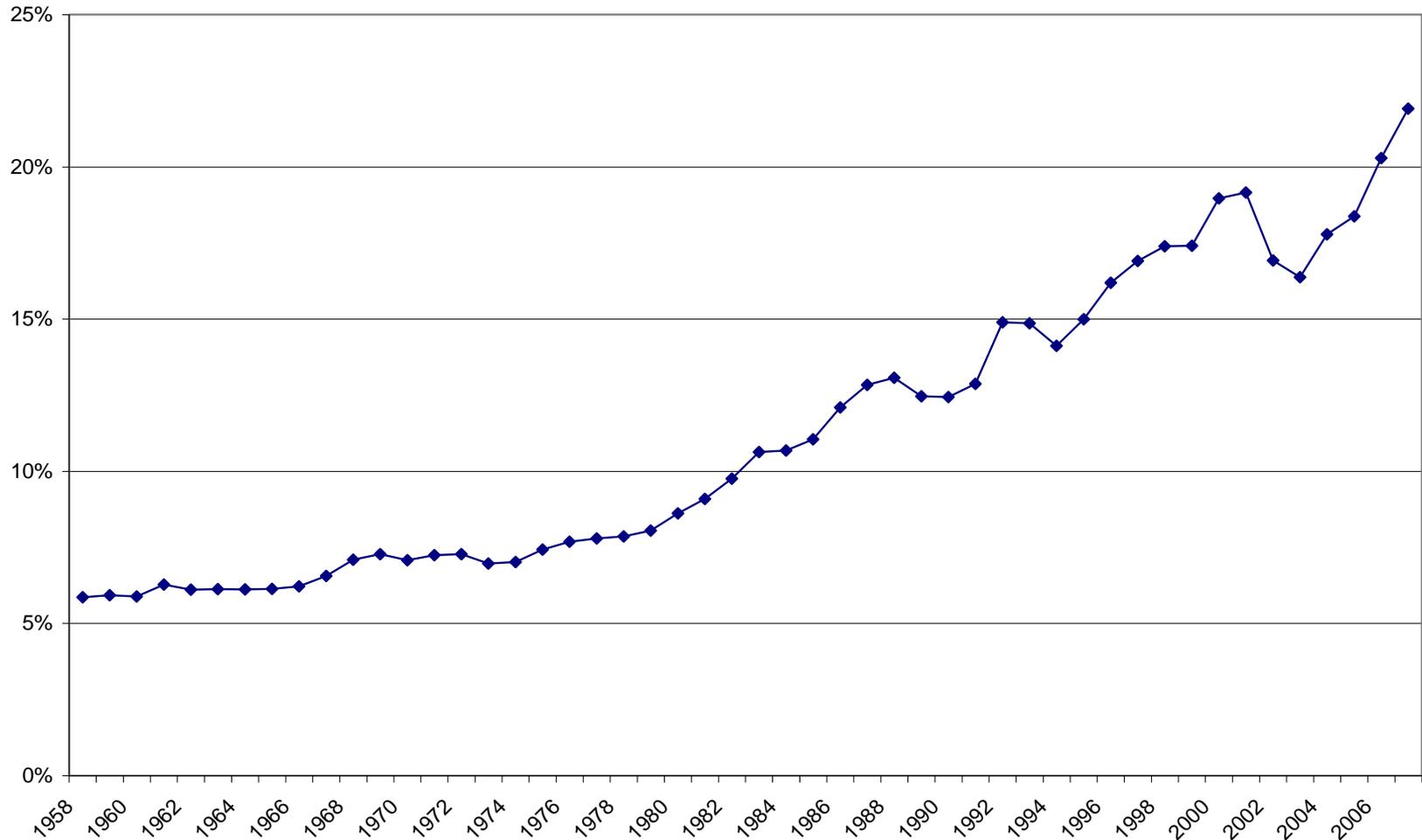
State economic volatility, 1986-2005
(AK excluded as extreme outlier: value=10.1)



Source: Author's analysis of data from U.S. Bureau of Economic Analysis

Excelsior! New York's rising reliance on the financial sector

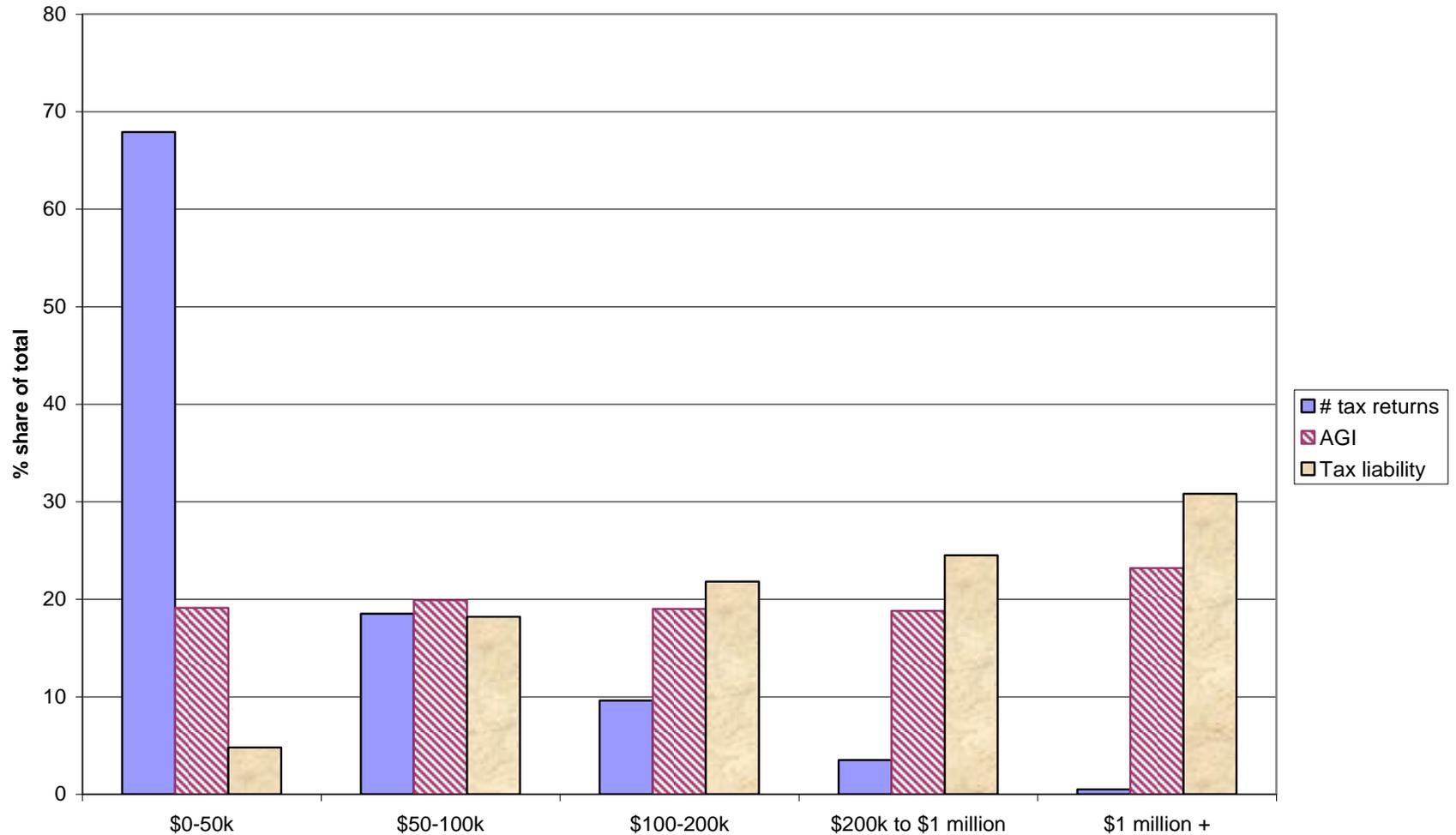
Finance and insurance wages as a share of total wages in New York State



Source: Bureau of Economic Analysis data, spliced by Boyd

The top 0.5% of tax returns have an estimated 23% of AGI and 31% of tax liability

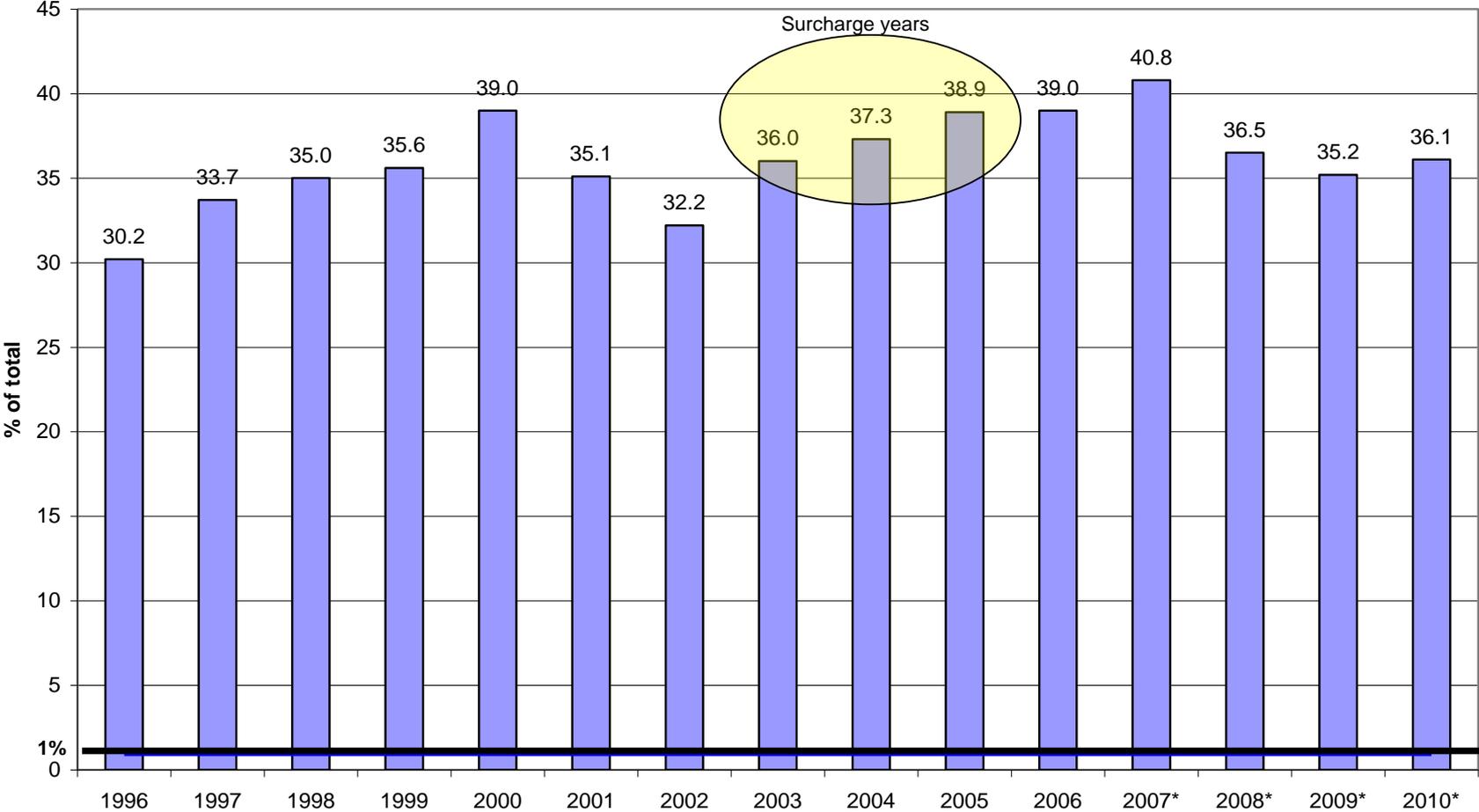
Estimated distribution of NY tax returns, adjusted gross income, and tax liability in 2009



Source: NYS Executive Budget 2009-10, Economic and Revenue Outlook, Table 6, p.200

Top 1% of NY income tax returns historically have paid 30-40% of total

Tax liability of top 1% of NY income tax returns
As percent of total income tax liability



Source: NYS Executive Budget 2009-10, Economic and Revenue Outlook, Table 7, p.200

Concluding remarks

- S.2021 and S.2654 would increase the share paid by the top 1% significantly – perhaps by 5+ percentage points for S.2021
- This certainly will increase volatility of NYS income tax and NYS tax system, probably significantly