

Chair Krueger, Chair Weinstein, and members of the Finance and Ways and Means Committees,

My name is David Siffert, and I am the Chair of the Legislative Affairs Committee of the Village Independent Democrats. I am also an attorney, and I was previously employed as a tax lawyer at Gibson, Dunn & Crutcher, advising corporate clients and high net-worth individuals on tax issues.

New York State is in a fiscal crisis.¹ Meanwhile, needs are at an all-time high. New York City rent-regulated tenants alone owe over \$1B in unpaid rent.² A hard-to-process 25% of New York City residents are facing food insecurity, and food pantries and soup kitchens have been overwhelmed.³ A record number of New Yorkers are homeless in the Winter during a pandemic, and this has resulted in record deaths.⁴

The key to solving all these problems is revenue. The objections have been inconsistent. Governor Cuomo on the one-hand treats revenue proposals as a drop in the bucket, but on the other insists that it will drive wealthy New Yorkers out of the state, and even sometimes denies there is a need at all.⁵ In fact, none of this is true. The need is real. The Invest In Our New York Act would raise New York State revenue by about 50%, more than covering our budget deficit, and allowing us to address our most pressing needs.⁶ Meanwhile, all evidence shows that raising taxes on the wealthy is revenue positive, and the lost revenue from those who leave the state is far less than new revenue gained from those who stay.⁷

You may hear the argument that New Yorkers are already heavily tax burdened. But if they are, it is regressive – the richest New Yorkers pay the least in taxes as a percentage of income.⁸ Contrast that to our progressive Federal system and let it sit with you for a moment. To the extent our tax burden is too high, given our fiscal crisis and extensive needs, it's all the more reason to increase taxes on the wealthy so that we can ease the burden on the middle class.

Tax policy is complicated. That is one reason the Invest In Our New York Act has been written by tax experts. In fact, most of the revenue raisers are not difficult to administer – increases in the personal income tax rate, capital gains tax rate, corporate tax rate, and estate tax rate would require almost no additional administration whatsoever.

There are also numerous options for increasing revenue that are not included in the Invest In Our New York Act. If, for example, the Governor decides to prevent some aspect of the IIONY Act from passing, there are other ways to raise significant revenue. Combining measures such as conforming to GILTI, decoupling from the Federal Opportunity Zone tax loophole, adding a Pied-A-Terre tax, adding commercial and/or residential vacancy taxes, increasing LLC filing fees, repealing 581 valuation and

1 <https://www.nytimes.com/2021/01/19/nyregion/budget-cuomo-ny.html>

2 <https://www.wsj.com/articles/new-york-city-renters-owe-more-than-1-billion-in-unpaid-rent-survey-finds-11610622000>

3 <https://www.cityharvest.org/food-insecurity/>

4 <https://www.cbsnews.com/news/covid-19-homelessness-new-york-city/>; <https://gothamist.com/news/covid-19-causes-sharp-rise-deaths-nyc-homeless>

5 <https://spectrumlocalnews.com/nys/buffalo/politics/2021/01/11/cuomo-throws--cold-water--on-increased-wealth-tax-proposals>; <https://www.nytimes.com/2021/10/18/nyregion/cuomo-says-he-will-not-renew-millionaires-tax.html>; <https://www.thecity.nyc/2021/1/19/22239818/cuomo-to-biden-dont-make-me-tax-new-york-rich>

6 https://investinourny.org/media/pages/home/f6fc1d0d92-1610116749/ionyfullreport_1.2_2021launch.pdf

7 <https://web.stanford.edu/~cy10/public/Jun16ASRFeature.pdf>;
https://www.nber.org/system/files/working_papers/w26349/w26349.pdf;
https://www.nber.org/system/files/working_papers/w10645/w10645.pdf

8 https://investinourny.org/media/pages/home/f6fc1d0d92-1610116749/ionyfullreport_1.2_2021launch.pdf

421-a and 485-a deductions on real estate, and cutting down on itemized deductions could collective create billions of dollars in revenue, collected progressively from the wealthiest New Yorkers.

You have likely heard, over and over, that budgets are moral documents. In our current crisis, it's more true than ever. The richest New Yorkers have accumulated enormous wealth over the last year while the poorest have gone hungry, fallen behind in rent, and had their healthcare benefits cut. We have proposed a way to help both the State's fiscal health and New Yorkers' pressing needs. But whether or not you adopt our solution, there is a moral imperative that you find a solution. And there is a moral imperative that that solution includes substantial new revenue raised progressively from the wealthiest New Yorkers.

Respectfully submitted,

David Siffert