New York Still Needs Progressive Tax Reform

Submitted by: Professional Staff Congress

Whereas, NYSUT has consistently taken positions in support of a progressive tax structure and comprehensive progressive tax reform in New York State; and

Whereas, on December 5, 2011 Governor Cuomo and New York State’s legislative leaders reached agreement on a change in the personal income tax system, a change that was passed by the legislature and signed into law; and

Whereas, New York State’s legislative and executive leaders made the change partly in response to Occupy Wall Street, Occupy Albany and other populist movements, which have shifted political discourse, focusing on economic inequality, and opened a new space for advocacy for fairness by unions and other groups representing ordinary working New Yorkers; and

Whereas, New York State has cut $20 billion in State spending over just the last three years, in areas such as local school aid, public higher education, social services, and mass transit aid; and

Whereas, the change in the tax code represents a significant political shift in Albany’s approach to the economy in that it recognizes that the way to create jobs and provide the revenue New York State needs is to address the regressive tax structure—not to cut public services, lay off teachers and other public servants; and

Whereas, while the new tax structure appears to represent a progressive change, it is, in fact, more regressive than the structure it replaced—which included a temporary surcharge on the income of the highest earners, in place since 2009, often called “the millionaire’s tax,” and only somewhat more progressive than the tax structure in place before the “millionaire’s tax”; and

Whereas, the tax structure in place from 2009 through 2011 would have generated nearly $5 billion in additional revenue for the next fiscal year, while the new structure will generate less than $2 billion per year; and

Whereas, while the new tax structure does provide welcome relief for some in the middle class, it gives millionaires the largest tax cut, at more than 2 percent less than they pay under the surcharge, or “millionaires’ tax,” while the tax cut for many in the middle class is only half a percent; and

Whereas, a joint filer earning one million dollars a year will receive a windfall under the new legislation, with a rate plummeting from 8.97% to just 6.85% —a 25% decrease in rate paid—and those who make up “the 99%” in New York will be forced to shoulder the continuation of this tax break for millionaires; and
 Whereas, the working people and middle class of New York continue to face additional invisible “taxes,” such as the 30% increase in CUNY tuition over the next five years; and

 Whereas, the corporate tax system of New York State also urgently needs to be reformed to ensure that corporations and high-earners pay their fair share—through such measures as revisiting the $5.3 billion in tax breaks to corporations each year, closing tax loopholes, updating filing fees for limited liability companies, taxing non-resident hedge fund management fees, and collecting unpaid taxes; therefore be it

 RESOLVED, that NYSUT welcomes Albany’s recognition that the way to create jobs and stimulate the economy is to address the State’s tax structure, not to cut spending on essential services such as schools, healthcare, roads and bridges; and be it further

 RESOLVED, that NYSUT continue to call on the governor and the legislature to enact comprehensive progressive tax reform that will close corporate loopholes but also go beyond that change and effect broader progressive reform: requiring the richest 1% and the richest one-tenth of a percent to pay a share proportionate to their income, bringing fairness to the tax requirement for the middle class, eliminating the excuse for imposing disguised taxes – such as the 30% tuition increase at CUNY; and providing the State with the revenue it needs in order to invest in jobs, education, housing, healthcare and other human needs.