

For Immediate Release: January 9, 2012
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Coalition Calls on Governor, Legislature to Close Corporate Tax Loopholes & Level Playing Field for Small Business

Groups Release List of Corporate Tax Dodgers

Albany, NY – A large coalition of community, labor, student, faith and Occupy organizations gathered on Monday to announce their campaign to bring fairness and transparency to New York's corporate tax system. The organizations, who last year worked together on the "Millionaires Tax" and personal income tax reform, are calling on Governor Cuomo and the Legislature to close corporate tax loopholes, raising over \$1 billion dollars for this year's state budget. The additional revenue will help New York to create jobs, create a fairer environment for small business, and prevent more devastating budget cuts to services and our safety net and allow for restorations of reduced funding.

The groups released a list of some of New York's worst corporate tax dodgers, including American Express, Verizon, and Goldman Sachs. The list highlights the gross inequities in our tax system that hinder small businesses, job creation, and our economy.

"Last year, Governor Cuomo and the Legislature worked together to make simple, clear changes to the personal income tax code that made it more fair and raised more revenue, while asking a new Tax Reform and Fairness Commission to work on long-term changes. This year, they should do the exact same thing for corporate taxes," said **Michael Kink, Executive Director of the Strong Economy for All Coalition**. "Our recommendations provide a roadmap for reform: strong enforcement, real fairness, and new transparency so the public can know what's going on. We'd raise over a billion dollars for this year's budget and eliminate the absurd situation where bodegas and car repair shops are paying a higher rate in corporate taxes than Goldman Sachs or Verizon."

"The fight for tax fairness is just getting started," according to **Ron Deutsch, Executive Director of New Yorkers for Fiscal Fairness and coordinator of the GrowingTogetherNY coalition**. "Once again all of the coalitions that worked together last year will be coming together to ensure that enforcement, fairness and transparency are part of our corporate tax code and that we restore a fair and level playing field for small businesses in NYS."

The plan to reform New York's corporate tax structure released today focused on three main principles: enforcement, fairness, and transparency. The points of the plan include:

- Requiring real estate partnerships to pay the taxes they owe
- Reforming New York's Corporate Alternate Minimum Tax
- Taxing nonresident hedge fund management fees
- Eliminating the Carried Interest Exemption under New York City's Unincorporated Business tax
- Cracking down on schemes that create "nowhere income"
- Requiring public disclosure of corporate tax payments for publicly-traded companies

"New York State's corporate income taxes have become more and more like Swiss cheese as more and more tax breaks have been added to the tax code in the name of economic development," said **Frank Mauro, Executive Director of the Fiscal Policy Institute**. "Ironically, beginning in 1994, more tax breaks have been added to the state's corporate Alternate Minimum Tax, which was established in 1987 to ensure that profitable corporations made at least some contribution to the cost of government services. The result of these developments is that general business corporations have gone from carrying 9.6% of New York State's tax load in the 1970s to 4.3% last year."

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"New York State should repeal or reform corporate tax breaks that are not creating jobs and not allow tax breaks in the calculation of corporations' Alternate Minimum Tax obligations," Mauro added.

The Swiss cheese nature of New York State's corporate income taxes are also demonstrated by the most recent data on state and local government finances from the U.S. Bureau of the Census. The Census Bureau tabulations show that in 2008-09, New York City's corporate income tax collections were actually greater than New York State's (\$6.03 billion vs. \$4.43 billion). And, the collections attributed to the state include the proceeds from the 17 percent surcharge on the portion of corporations' tax liabilities attributable to activities in the Metropolitan Transportation Authority service area.

"The human services sector appreciates the move toward more fair income and corporate tax systems and continued progress should generate enough revenue to maintain services for New Yorkers struggling to make ends meet. Not only do human services play a critical role in supporting families and removing barriers to work, they also employ 1.25 million throughout the state and purchase over \$1 billion in goods and services." **Michael Stoller, Executive Director, Human Services Council.**

"Because of our unfair corporate tax structure, New York's economy continues to be held back," said **Ivette Alfonso, President of Citizen Action of New York.** "The need for these reforms is yet another example of the massive influence that big CEO campaign contributors have in our Capitol. We need a tax code set up by, and set up for the 99%."

"In schools across the state students have sacrificed college prep courses, reading tutors, arts, sports, music and thousands of teachers," said **Billy Easton, Executive Director of the Alliance for Quality Education,** "meanwhile we are giving sweetheart tax deals to insurance companies, credit card companies and investment bankers. It's just wrong."

Mario Cilento, President of the NYS AFL-CIO, said, "Throughout this budget crisis working men and women have been asked to bear the entire brunt of cost cutting through new pension tiers, higher health premiums and wage freezes. At the same time many corporations fail to even pay the taxes they owe. We need to close corporate tax loopholes to infuse reoccurring revenue and end the vicious cycle of cuts to middle class families."

"Accountability is a two-way street. It isn't just for schools," said **NYSUT Executive Vice President Andrew Pallotta.** "As New York grows its economy and creates jobs -- a goal we all share -- we need business to be accountable, too, and pay its fair share to help pay for the strong schools and colleges; safe bridges and roads; and other vital services that New Yorkers need."

"Governor Cuomo and the legislature took action to make personal income tax rates more fair," said **Michael Mulgrew, President of the United Federation of Teachers.** "Similar action is needed on corporate tax reform. By eliminating the most glaring corporate tax loopholes New Yorkers would save millions more."

"It is outrageous that hard working PEF members pay the same or higher tax rate than New York companies that make billions of dollars in profits a year. It's particularly insulting that middle class families are paying the same tax rate as Rupert Murdoch's News Corporation," said **Ken Brynien, President of the New York State Public Employees Federation (PEF).**

"These are the sweetest tax loopholes for Wall Street's wealthiest hedge fund managers," said **Walter Lipscomb, a board member of Community Voices Heard from Yonkers,** "but are just bitter for the working families forced to carry them. Wall Street's wealthiest need to pay their fair share."

"Students across New York are being asked to pay more for access to New York's public higher education system, which erodes in quality every year because of massive budget cuts," said **Angelica Clarke, and organizer with New York Students Rising and Save Our SUNY.** "As students, we demand Governor Cuomo and the legislature initiate a tuition freeze to alleviate some of the burden caused by his regressive tax on students instead of expanding NYSUNY 2020 which allows corporations to continue to take advantage of our public institutions through unequal public-private partnerships. A tuition freeze would provide temporarily relief to working students and families and will be an important first step in protecting access to New York's public universities and colleges. If Governor Cuomo truly wants to work in the interest of students, he must join New York Students Rising in our efforts to repeal NYSUNY 2020 and fully fund CUNY and SUNY."

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"In New York we have record homelessness - over 45,000 men, women and children spent last night in New York City shelters or sleeping rough on the streets - at a government cost of over \$1 Billion per year. And yet there is no plan to address this crisis that brings over 110,000 different men, women and children (40,000 of them) into city shelters each year. The front line services provided by Coalition for the Homeless to prevent and resolve homelessness have suffered years worth of deep cuts - a million dollars per year in lost services and jobs just for our own organization. The Coalition supports efforts to close corporate tax loopholes to help avoid further cuts and secure the resources we need to we need to rebuild these vital services and reverse course," said **Shelly Nortz, Deputy Executive Director for Policy with Coalition for the Homeless.**

"The fact that all too often powerful corporations are able to wield political influence to create tax loopholes to avoid paying their fair-share is a paradigmatic example of the broader economic and political inequalities that have motivated the Occupy movement," said **Colin Donnaruma of Occupy Albany.** "Occupy Albany enthusiastically joins in the efforts to close these loopholes in New York and generate much needed revenue for the 99%."

"All New Yorkers should pay their fair share, including corporations that benefit greatly from our state's people and infrastructure," said **Sunshine Ludder, the senior economic policy strategist at the Center for Working Families.** "It's essential for a strong democracy and economy."

"Religious communities are called to feed the hungry, shelter the homeless, and clothe those who would go cold," said **Sara Niccoli, Co-Director, Labor-Religion Coalition of New York State.** "However, when the richest New Yorkers continue to enjoy unthinkable wealth as the lines for our faith-based feeding programs and shelters just grow longer - it's time to call for fundamental change. It's time for corporations to pay their fair share. We remind our state government: "No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money." Matthew 6:24.