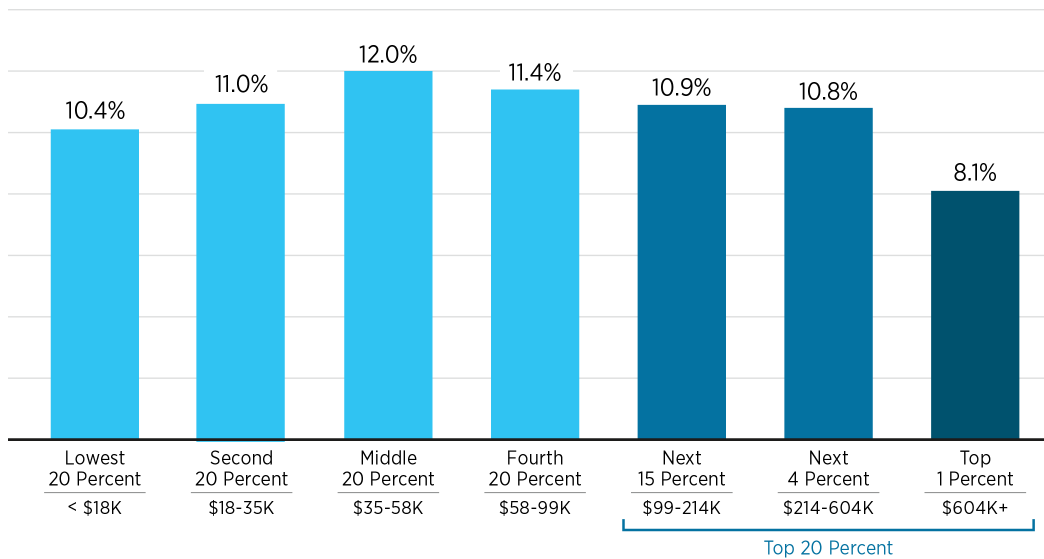


New York's Regressive Tax Structure and the 1% Plan for Tax Fairness

Those in the wealthiest 1% are taking home the lion's share of income gains, yet they nevertheless pay a smaller share of their income in combined state and local taxes than lower and middle-income families. New York households with incomes under \$100,000 pay higher effective state and local tax rates, ranging from 10.4% to 12%, than the richest 1% of households, who pay 8.1%.

Well-Off New Yorkers Pay a Smaller Share of Their Income on Taxes

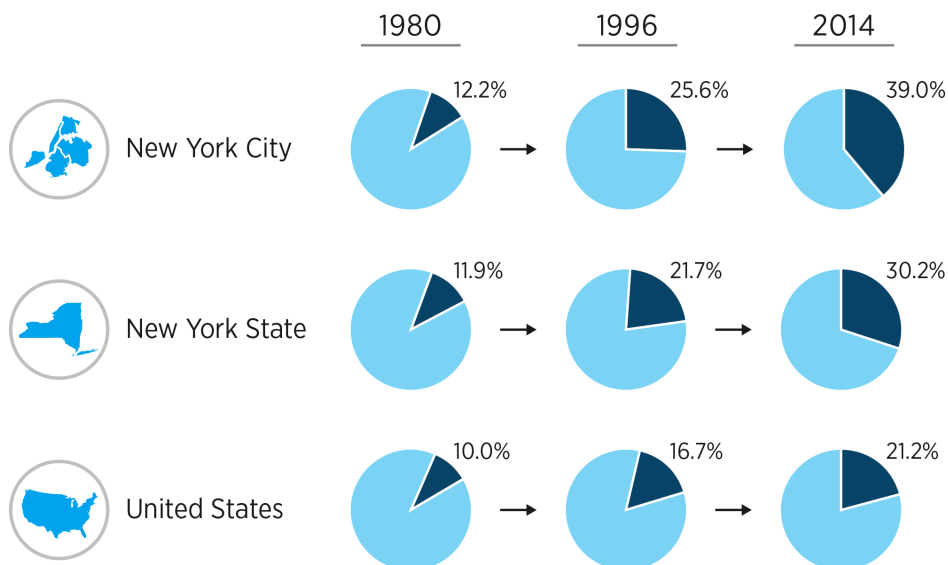
Percent of State and Local Tax Burden by Income Group



One reason the cumulative impact of state and local taxes is regressive is that most low- and middle-income New York families pay a greater percentage of their income in sales and property taxes than they do in income taxes. New York State income tax is mildly progressive, but not progressive enough to offset the effects of highly regressive sales and local property taxes.

A Bigger and Bigger Slice of the Pie is Going to the Highest Earners

Percent of Income Going to the Top 1%



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New York Incomes: Unequal by Class & Race

- The average income of NY's richest 1% of tax filers was \$2 million in 2014, compared to \$47,300 for the remaining 99%.
- The average 1% income was nearly 43 times the average income of the bottom 99%.
- New York families headed by a person of color were 1 and 1/2 times more likely than families headed by a white person to have very low incomes.
- Roughly 2/3 of black and Latino families were in the bottom 1/2 of the income distribution (64% of black families and 71% of Latino families).

1% Plan for New York Tax Fairness

Permanently Extend the "Millionaires' Tax" and Increase Personal Income Tax Rates Incrementally for Top 1%

The best response to the regressivity of New York's overall state and local tax system is to make the personal income tax more progressive. To do that, New York should build on the current tax structure originally proposed by Governor Cuomo in December 2011, set to expire at the end of 2017. This proposal, outlined in this chart, would retain the slight middle-class tax breaks the governor introduced then, and generally increase tax rates slightly for the richest 1% of New York's taxpayers, i.e., those with incomes over \$665,000. The Fiscal Policy Institute labels this the "1% Plan for New York Tax Fairness."

TAXABLE INCOME RANGE	PERMANENT LAW	CURRENT RATES THROUGH 2017	PROPOSED 1% PLAN	1% PLAN COMPARED TO CURRENT RATES
Up to \$16,000	4.00%	4.00%	 4.00%	NO CHANGE
\$16,000 - \$22,000	4.50%	4.50%	 4.50%	
\$22,000 - \$26,000	5.25%	5.25%	 5.25%	
\$26,000 - \$40,000	5.90%	5.90%	 5.90%	
\$40,000 - \$150,000	6.85%	6.45%	 6.45%	
\$150,000 - \$300,000	6.85%	6.65%	 6.65%	
\$300,000 - \$665,000	6.85%	6.85%	 6.85%	
\$665,000 - \$1,000,000	6.85%	6.85%	 7.65%	+0.80%
\$1,000,000 to \$2,000,000	6.85%	6.85%	 8.82%	+1.97%
\$2,000,000 - \$10,000,000	6.85%	8.82%	 9.35%	+0.53%
\$10,000,000 - \$100,000,000	6.85%	8.82%	 9.85%	+1.03%
Above \$100,000,000	6.85%	8.82%	 9.99%	+1.17%

We estimate that the 1% plan would raise income tax revenues by \$2.2 billion, with 17% of that amount paid by out-of-state residents. If the "millionaires' tax" is not extended, NY State would suffer a net \$2.7 billion revenue drop that would entail a \$1 billion tax increase for moderate- and middle-income families with incomes from roughly \$40,000 to \$300,000, while the richest 1% would get a \$3.7 billion windfall.