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Over 80 Upper-Income New Yorkers Urge Governor Cuomo and Legislature to Extend and Expand the Millionaires' Tax

As New York State braces for proposed federal budget cuts that could have a devastating impact on health care, education and infrastructure investments across the state, more than 80 New York residents with incomes in the top 1% have sent an open letter to Governor Andrew Cuomo and the New York State Legislature urging passage of an expanded and permanent millionaires' tax. An expanded and permanent millionaires' tax would bring in nearly $6 billion in annual revenue, or over $2 billion more than the current tax – set to expire in 2017 – generates.

The Fiscal Policy Institute's "1% Plan for New York Tax Fairness" calls for expanded top tax rates for the top 1% of New Yorkers. The plan also calls for continuation of the lower rates enacted last year for middle-income New Yorkers. The 1% Plan is similar to the Assembly-passed plan in that it would set new rates and top brackets, and would also generate a significant amount of new revenue.

The signers include Eileen Fisher, David A. Levine, Dal LaMagna, Lewis B. Cullman, Abigail Disney, Agnes Gund, Leo Hindery, Jr., Steven C. Rockefeller, and George Soros. All of the signers are residents with annual incomes of $650,000 or above, putting them in the top 1% of earners in New York State. Many signers are members of the Responsible Wealth project, which initiated the letter.

While the full text of the letter is included below, the letter states in part:

> As New Yorkers who have contributed to and benefited from the economic vibrancy of our state, **we have both the ability and the responsibility to pay our fair share. We can well afford to pay our current taxes, and we can afford to**

pay even more. Our state's long-term economic prosperity depends on strong investments in our people and our communities.

The Fiscal Policy Institute (FPI) has long supported not only extending the millionaires' tax, but increasing the number of brackets at the top end and making the new structure permanent as well. The additional $2 billion raised under an expanded millionaires' tax could be used to invest in our schools and infrastructure, address the state's record levels of homelessness, hunger and poverty, and better position our state to handle the impact of any forthcoming federal funding cuts.

Contrary to the conservative insistence that progressive taxation will drive away the wealthiest taxpayers, these upper-income New Yorkers are not only staying put, but they actively support making the current millionaires' tax permanent and more progressive. Since the millionaires' tax was established in 2009, the number of millionaires has grown by 33 percent in our state.

Attorney **Craig Kaplan** said, "Since 2009, poverty in New York has increased and many state responsibilities – including education and housing subsidies – have gone underfunded. Our Legislature should strengthen the current millionaire's tax, make it permanent, and dedicate the additional funds to improve the quality of life of ALL New Yorkers." Kaplan and his wife, Anne Hess, were among the signers of a letter organized by Responsible Wealth in 2009 that called for a surtax on upper incomes to address New York's then-$15 billion budget gap. The letter led to the first-ever income surtax in New York State, which was extended in 2011 in the form of the current millionaires' tax.

David A. Levine of Manhattan, former chief economist for AllianceBernstein (at that time called Sanford C. Bernstein & Co.), stated, "I am among the many New Yorkers in the top 1% whose income is derived entirely from financial investments. It makes perfect sense that I should pay a significantly higher tax rate than working class and middle class people. And I believe I should pay a higher marginal rate than I do under the current millionaires' tax."

Eileen Fisher, founder of Eileen Fisher clothing company in Irvington, NY, said, "I believe those of us fortunate enough to find ourselves in the top 1% of income have a particular responsibility to support that public infrastructure. I wholeheartedly support extending and strengthening the current millionaires' tax in New York."

Dal LaMagna, Founder of Tweezerman Corporation, and currently President and CEO of IceStoneUSA, said, "Serious businesspeople understand it is essential for New York to make consistent investments in our infrastructure, environment, and workforce if we want economic growth, and this type of government investment helps make business success possible. Ultimately we benefit from paying our fair share of taxes."

Sophie Robinson, a 28-year old inheritor and documentary filmmaker, said, "New York has the greatest inequality in the nation, yet fails to adequately provide for those most in need. To me, the millionaires' tax is a simple matter of equity. Paying an additional 2-3% on my New York

State income does not affect my standard of living. But having adequate tax revenue to invest in public transportation, infrastructure, parks and social services for those who are struggling makes New York a better place for all of us."

Responsible Wealth project director **Mike Lapham** said, "Responsible Wealth members understand that their wealth has been built on government investment, and to remain economically competitive, New York State must invest in education and infrastructure. They are willing to pay taxes at a higher rate to enable the state to make those investments." Responsible Wealth members lobbied for the original millionaires' tax in 2009 and the extension in 2011. If the millionaires' tax were to expire, the top 1% would get a $3.7 billion annual tax windfall, which would put New York State back in the predicament it faced in 2009.

"Far from threatening to leave the state, it's refreshing to see this many wealthy New Yorkers are willing to expand and make permanent the temporary top income tax rates set to expire at the end of this year," said **Ron Deutsch**, Executive Director of the Fiscal Policy Institute. "They support higher taxes on themselves so the state can fund our glaring human and physical infrastructure needs and have adequate revenue in place to handle pending federal cuts."

Deutsch added, FPI's "1% Plan for New York Tax Fairness" and the Assembly's true millionaires' tax have support from the very people who would be impacted by them, and they are saying they can more than afford an increase in the top marginal rates."

The question of whether to extend, expand, make permanent, or end the current millionaires' tax is central to the budget debate currently playing out in Albany. Governor Cuomo has said he supports extension of the millionaires' tax at current levels; the Assembly-passed plan calls for setting new brackets and higher rates; the Senate majority currently opposes extension of the millionaires' tax. These wealthy New Yorkers echo the sentiments of the general public who, according to recent public opinion polls, don't want to see the millionaires' tax expire.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.

Responsible Wealth (www.responsiblewealth.org) is a project of United for a Fair Economy (UFE). UFE engages in state and federal policy debates, provides trainings and support for economic justice organizers across the nation, and publishes illuminating reports. United for a Fair Economy is a national, independent, nonpartisan, 501(c)(3) nonprofit organization.

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