



NEWS from the Fiscal Policy Institute

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Experts on Balancing the State Budget: Millionaires' Tax Better for Upstate Families, Economy

March 27, Syracuse—What does the millionaires' tax have to do with the Syracuse economy? That was just one topic of discussion at the Southeast Community Center on Thursday evening when advocates from local nonprofit organizations, labor leaders and community members gathered to study the state budget.

“The state budget touches all our lives,” said Mark Spadafore of the Syracuse Alliance for a New Economy, who helped sponsor the meeting. “Education, health care, economic development—all these things affect Syracuse area families and the local economy. Even our property taxes are influenced by how much aid the state sends local governments.”

Representatives from the Fiscal Policy Institute, New Yorkers for Fiscal Fairness and the Hunger Action Network of New York State presented facts and figures on the \$124 billion 2008-09 executive budget and its implications for upstate.

Ron Deusch of New Yorkers for Fiscal Fairness said that the state does not need to make budget cuts—many of which would have a negative impact on the already-stressed upstate economy—if lawmakers embrace the proposal for a modest temporary increase in the income tax for families with incomes over one million dollars.

Deusch described the so-called millionaires' tax as a proven strategy, noting that a similar temporary surcharge was used in 2003 to close huge state budget gaps. “The wealthy people didn't move away,” he said. “On the contrary, during the three years of the surcharge, New York saw a substantial increase in employment as well as the number of high-income taxpayers.”

Rev. Kevin Agee, pastor of the Hopps Memorial Christian Methodist Episcopal Church, also serves as president of ACTS, the Alliance of Communities Transforming Syracuse. Rev. Agee

said that the millionaires' tax would be better for upstate than increases in property taxes, which would result if aid for education and local governments is cut: "We have to look at who's affected. The temporary surcharge is not painful for millionaires and frankly many of the people who would pay this tax are not from around here. But property taxes can drive working class families and seniors out of their homes and out of the Syracuse area."

Trudi Renwick, Ph.D., Senior Economist with the Fiscal Policy Institute, noted that over the last two decades, as the top rate of the income tax has been repeatedly cut, property taxes have risen dramatically across the state. "New York's leaders could relieve the pressure on the property tax, increase funding for critical services, restore revenue sharing and make sure that working families are not shouldering the tax burden for the rich by restoring some of the personal income tax's lost progressivity," she said. "We must start undoing the damage that has been done to the tax system over the last 20 years."

Mark Dunlea, Executive Director of the Hunger Action Network of New York State, said that the current tax system is unfair because the poorest New Yorkers pay twice as much of their income in state and local taxes than the wealthy. He said, "Almost a third of the residents in our upstate cities live in poverty. It is time to stop using the mantra of no new taxes as a way to hide the fact that our state tax and budget policies help the rich at the expense of low and moderate income families."

Recent polls from Quinnipiac and Siena College show overwhelming popular support for the millionaires' tax; 77 to 19 percent are in favor of a plan to raise state income taxes by one percent on people making more than one million dollars a year. Republicans back the millionaire tax 65 - 31 percent, while Democrats back it 83 - 13 percent and independent voters back it 81 - 16 percent.

Attendees also learned about the Better Choice Budget Campaign, a group of over 100 community, religious, education, labor and human services organizations from throughout New York State. Aside from the millionaires' tax, the Better Choice Budget Campaign supports five additional strategies for closing the state's budget gap:

- Closing loopholes that allow large, profitable corporations to avoid paying their fair share of state taxes.
- Stopping "sweetheart deals" with consultants that have high-priced contracts to perform jobs that state workers can do better and cheaper.
- Lowering drug prices for state and local governments by using New York's purchasing power to get a fair deal from the drug companies.
- Reforming economic development programs by improving the effectiveness and accountability of Industrial Development Agencies (IDAs), the Brownfield Clean Up Program (BCP) and the Empire Zones program.
- Enacting the Bigger, Better Bottle Bill and making the beverage bottling industry return unclaimed bottle deposits.

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