



# *News from the* Fiscal Policy Institute

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## ***Corning and MasterCard Paid .6% in State Taxes***

*Even as NY continues to underfund education and keeps aid to municipalities flat*

ALBANY, N.Y. – As New York struggles with tough budget decisions about essential public services, profitable Fortune 500 companies like Corning, MasterCard, Lowes and Consolidated Edison are paying 2% or less in state income taxes for 2012 thanks to copious loopholes, lavish giveaways and crafty accounting. The recently passed state budget did nothing to close these loopholes and this will continue the unlevel playing field where the rich are able to take advantage of the system.

[\*90 Reasons We Need State Corporate Tax Reform: State Corporate Tax Avoidance in the Fortune 500, 2008 to 2012\*](#) by the Institute on Taxation and Economic Policy and Citizens for Tax Justice examined 269 Fortune 500 companies that were profitable every year between 2008 and 2012. Twenty-six New York headquartered companies were on that list, exploiting existing loopholes, like the explosion in investment tax credits pointed out by Boyd and Rubin in their study for the Solomon-McCall Commission, which allows these large profitable companies to avoid state income taxes. “Business tax credits jumped from \$600 million in 2005 to \$1.8 billion in 2013 with little or no economic impact,” said James Parrott, deputy director and chief economist for the Fiscal Policy Institute and member of the Solomon-McCall Commission.

“It’s time for profitable companies such as Verizon and 21<sup>st</sup> Century Fox, to name a few, to pay their fair share. Middle class people shouldn’t have to subsidize the profits of large, profitable corporations,” said Fred Floss, executive director of the Fiscal Policy Institute.

Some of the report’s key findings:

- 91 companies paid no state income tax at all in at least one year, and 38 companies avoided taxes in two or more years.

- 10 companies, including Boeing, Merck, Rockwell Automation, paid no state income tax at all over the five-year period covered by the study.
- The average weighted state corporate income tax rate is 6.25 percent, but the 269 companies paid an average rate of just 3.06 percent.
- The companies examined collectively avoided paying \$73.1 billion in state corporate income tax.

"The Governor and Legislature just agreed to cut the tax rate of many profitable New York corporations that are already paying less state tax than most average New York families," said Ron Deutsch referring to the ITEP report showing how little many corporations pay in state taxes. "We need to pass a real corporate tax disclosure bill in New York that will pull back the wizard's curtain and let us see for ourselves exactly how much these corporations are, or are not, paying in taxes."

The report comes at a time when lawmakers in New York have just cut corporate income taxes from 7.1% to 6.5% and reduced the rate on manufacturing companies to zero across the state. The 2014-2015 state budget also merges bank and corporate tax rates allowing banks to use a much lower single sales factor formula giving banks a tax windfall.

"The first step in any state's corporate tax reform should be ensuring corporations are actually paying taxes," said Meg Wiehe, director of state tax policy at the Institute for Taxation and Economic Policy. "At a time when public services that ordinary people rely on face inadequate funding, we shouldn't be having a conversation about lowering taxes for profitable corporations, which only means the rest of us have to pay more. We should be talking about how to ensure corporations are paying their fair share."

[PDF of Report](#)

*The Fiscal Policy Institute ([www.fiscalpolicy.org](http://www.fiscalpolicy.org)) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.*

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