



## Memorandum of Support

S.8277(Ramos)/A.10414(De La Rosa)

*The Billionaire Mark-to-Market Tax Act*

*Excluded Workers Disaster Income Replacement Fund*

**The Fiscal Policy Institute strongly supports the Billionaire Mark-to-Market Tax Act (S8277/A10414) that is expected to raise additional revenue for New York State to be used for multiple purposes, including supporting a fund that would provide weekly financial assistance to workers otherwise excluded from New York State Unemployment Insurance.**

A fund for such excluded workers would offer a system supplementary to the existing unemployment insurance, to provide essential family-sustaining benefits to workers who are not able to get regular unemployment insurance if they become unemployed. One such group is the 530,000 undocumented workers who make up five percent of New York's labor force. Contrary to common perception, many of these workers have been contributing to the New York State unemployment insurance fund, even though they are excluded from benefits from that fund. Over the past ten years, an estimated \$1.4 billion was contributed to the state unemployment insurance fund on behalf of these workers.<sup>1</sup>

If, on average, 10 percent of these workers were to become unemployed and apply for and receive benefits, over an eight-month period that would cost \$1.4 billion to provide a \$750/week benefit that is equivalent to the minimum amount of unemployment insurance benefit that other workers in the state get during this pandemic.<sup>2</sup>

Similarly, individuals who recently released from incarceration are effectively excluded from receiving unemployment insurance if they do not have any qualifying recent work history, as is likely if they have been in incarceration. The pandemic made the challenges of reentry worse, as finding a job during an economic shutdown became almost impossible. For this reason, they should be included in a fund for individuals excluded from unemployment benefits. If benefits were provided to individuals released from incarceration in the last six months, this measure would cover about 20,000 people. Some would get a job, even in these difficult times, but if none did, it would cost roughly a half-billion dollars to cover them for eight months of alternative unemployment insurance.

Providing benefits at a level that allows workers to sustain their families is a humanitarian priority. But it is also good for local economies. It is an indirect support to the grocery stores, landlords, utility companies, and others whose revenues would go down if families don't have the income to pay for necessities.

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The Billionaire Mark-to-Market Tax Act would raise approximately \$5.5 billion by taxing the income on wealth. Each year, people holding stocks, bonds, and related assets would mark them to the market price and pay a tax on the unrealized gains. If this were applied only to people with over \$1 billion in wealth, it would generate approximately \$5.5 billion by using the same state tax rate as applies to other income. This would create enough money to cover the cost of the fund for unemployed workers, and also to cover additional pressing needs for the state budget.<sup>3</sup>

FPI supports the Billionaire Mark-to-Market Tax Act. A pandemic is no time to discriminate. Undocumented residents, their families, and those recently released from incarceration should get the same supports as other New Yorkers. Our state must step up to help these vulnerable individuals and protect all New Yorkers.

**We urge the legislature to pass S. Bill 8277/A. Bill 10414, the Billionaire Mark-to-Market Tax Act.**

*The Fiscal Policy Institute is a nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all.*

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<sup>3</sup> Fiscal Policy Institute, "Unemployment Insurance Paid for Undocumented Workers in New York State," May 14, 2020 <http://fiscalpolicy.org/unemployment-insurance-taxes-paid-for-undocumented-workers-in-nys>

<sup>2</sup> Fiscal Policy Institute, "Unemployment Relief: Including All of New York's Workers," April 20, 2020, <http://fiscalpolicy.org/undocumented-and-unemployed>

<sup>3</sup> Fiscal Policy Institute, "Economic Crisis: Minimizing Our Risks While Maximizing Our State's Potential," May 27, 2020, <http://fiscalpolicy.org/the-fiscal-policy-institutes-three-point-plan-for-re-building-new-york>.