



BARBARA LIFTON
Member of Assembly
125th District

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

CHAIR
Legislative Task Force on Women's Issues

COMMITTEES
Agriculture
Economic Development,
Job Creation, Commerce & Industry
Election Law
Environmental Conservation
Higher Education
Mental Health

Legislative Commission on Rural Resources

March 13, 2009

Ms. Lin Lin
1 Holiday Drive
Village Terrace E157
Cortland, NY 13045

Dear Ms. Lin:

Thank you for contacting me regarding proposed budget cuts. I share your great concern with the cuts to SUNY, and have weighed in strongly with Governor Paterson and the Assembly leadership on these matters.

We should always continue to look for savings, especially during this serious economic crisis, but, like you, I do not favor deeper cuts that will unfairly add to the burden already being felt by the middle-class and our most vulnerable New Yorkers. Instead, I believe that by making our tax system fairer, we can keep many of our commitments to our schools, hospitals and nursing homes, children and the elderly, roads and bridges, parks and environment.

The answer is to fix our broken state income tax structure, adding several brackets in a progressive fashion to allow for shifting responsibility back to Albany. We cannot backtrack on our promise to our schools, which is getting more money to them in a new formula that is driving school reform. We cannot turn our backs on students and their families who turn to SUNY/CUNY for an affordable, quality college education. We cannot give in to the scare tactics from the business community and the right wing

I fully appreciate the fact that it is not an easy time to be Governor of New York State. Our state has been hit hard by the meltdown in the financial industry. We, like many states, are facing huge deficits, yet are under pressure to keep business taxes and taxes on the wealthy down and be "business-friendly" destinations. I am encouraged and hopeful, though, that we finally have a partner in Washington, thanks to the election of President Obama, who understands the dire situation the states are in, and is committed to helping the states, including New York, of course.

I am proud to say that I am a co-sponsor of A5912 (Towns), the "Fair Share Tax Reform Act of 2009", that was recently introduced in the Assembly. This bill would reform New York's income tax system which has evolved over the last 30 years that has left the middle class crushed under the weight of an ever-increasing and unfair tax burden. The Fair Share Tax Reform Act would restore about one-third of the flattened income tax and raise over \$6 billion a year. It is perplexing to me that the corporate elite who have wrecked our economy should still be calling the shots on tax policy, arguing that we shouldn't increase taxes on them, but, instead, should cut funding to public schools, hospitals, skilled nursing facilities and other critical parts of our health care and social support systems.

Beginning in Governor Cuomo's last year in office and continuing through Governor Pataki's three terms in office, multi-year tax cut packages were enacted almost every year. The cumulative effect of these tax cuts is that we have lost more than \$140 billion in revenue, and are now losing about \$20 billion per year. That annual loss means that we have actually cut about 23 percent of New York State government already.

Over the last twenty years, the top rate on the Personal Income Tax, New York State's most progressive revenue source, has been reduced from 15% to 6.85%. The result is that a family of four with taxable income of \$45,000 is in the same top tax bracket of 6.85% as a billionaire. That is scandalous. And now, to propose, for instance, that middle-class state workers forfeit a 3% raise, or that we cut funding for SUNY and libraries, while not asking the wealthiest New Yorkers to pay a little more in state income taxes, would be even more scandalous.

Most of the benefits of these personal income tax cuts went to the state's highest income earners. The multi-year income tax cuts enacted in Governor Pataki's first year, for example, cut the state's top income tax rate from 7.875% to 6.85% and are now reducing state revenue by well over \$6 billion a year. A typical New York family with an income of about \$52,500 a year is saving about \$765 a year from that tax cut, but losing more than that in much higher property and sales taxes, higher SUNY/CUNY costs, etc. Most of the middle-class has suffered a net loss. But someone with income of \$6.8 billion is saving about \$72,000 a year from just that one step in the state's many rounds of income tax reductions -- more than the family of four makes in a year! All told, the billionaire is paying more than \$500,000 less in NYS income taxes as a result of the tax cuts enacted over the past couple decades.

The result, as you know, has been to shift more and more responsibility to municipalities, including schools. New York is considered a high-tax state now because of our often-regressive property taxes, not because of the state income tax, which is in the middle ranking of the fifty states.

We are the third wealthiest state in the nation. We have always prided ourselves on our strong public school system and SUNY/CUNY, our fine hospitals, and our programs for vulnerable children and our elderly. Our state tax structure should reflect our state's values. Right now, it does not.

We know from experience that high-end tax increases are good for everyone; we have seen the results in New York State. During the last recession, in 2003, we enacted a small, three-year increase in the state income tax, starting at \$150,000 for married couples filing joint returns. This rate increase raised about \$1.5 billion a year, with most of the additional revenue coming from taxpayers with incomes over \$500,000. It allowed New York to avoid the kind of counterproductive budget cuts that had prolonged our recovery from the recession of the early 1990s.

Then-Governor Pataki, the Business Council, and the media had argued in 2003 that a state income tax increase would drive high-income taxpayers out of the state. But in fact, between 2003 and 2007, the number of tax returns with incomes of \$200,000 or more actually increased from 250,000 to 430,000, a 72% increase, and the adjusted gross income of those taxpayers increased 96% from \$167 billion to \$320 billion. The Fiscal Policy Institute (www.fiscalpolicy.org) determined that the 2003 income tax rate increases, together with the

The New York Times

City Room

Blogging From the Five Boroughs

DECEMBER 24, 2008, 9:17 AM

Tax Millionaires, Not Sodas, Poll Concludes

By SEWELL CHAN

New York State voters oppose the so-called "obesity tax" on nondiet soft drinks by a resounding margin of 60 percent to 37 percent, but support, by an even more overwhelming margin of 84 percent to 13 percent, raising the state income tax on people who make more than \$1 million per year, according to results of a Quinnipiac University poll released on Wednesday.

Even those who prefer diet sodas — which would be exempt from the proposed 18 percent sales tax — said they opposed the measure (58 percent to 39 percent), while drinkers of regular sodas opposed the idea by an even stronger margin (64 percent to 31 percent). Majorities of Democrats, Republicans and independents surveyed all opposed the proposed tax, though by varying margins.

(In an amusing aside, the Quinnipiac poll noted, "Independent voters are the most weight conscious on the political spectrum as 37 percent prefer diet soft drinks, compared to 27 percent of Republicans and 30 percent of Democrats.")

Meanwhile, support for the so-called "millionaires' tax" extended even to Republicans, who favored the measure, by a margin of 72 percent to 27 percent. Gov. David A. Paterson has expressed opposition to raising taxes on wealthy voters, but has suggested that there might be no other option if the state budget crisis continues to fester.

The survey was conducted from Dec. 17 to 21 among 834 New York State registered voters. The margin of sampling error was plus or minus 4 percentage points.

In other findings, New York State voters said they approved of the job Governor Paterson is doing, by a margin of 53 percent to 29 percent, but disapproved, by a margin of 46 percent to 40 percent, of the way he is handling the state budget. Still, voters agreed, 54 percent to 33 percent, that Mr. Paterson has the leadership ability to solve the state's budget problems.

Voters agreed, 88 percent to 8 percent, that the state had a budget crisis, and 96 percent of voters agreed that the state's budget problems were "somewhat serious" or "very serious, with only 3 percent saying the problems were "not too serious."

Still, by a margin of 53 percent to 36 percent, voters said they would rather cut services than raise taxes. When asked to select from a list of choices, the most popular service to cut was economic development aid, and the most popular tax or fee to raise was auto registration fees. Those surveyed expressed strong preference for raising taxes on cigarettes and alcohol rather than soft drinks.

"Voters aren't swallowing the proposal to tax nondiet soft drinks, the so-called fat tax," said Maurice Carroll, director of the Quinnipiac University Polling Institute and a former reporter for The Times. "But Gov. David Paterson has won the bigger argument: Almost everyone agrees the state is in lousy shape. Overwhelmingly, they buy the governor's characterization: We're in a 'crisis.'"

Mr. Carroll added: "Remember that verse? 'Don't tax you; don't tax me; tax the guy behind the tree.' Particularly if the guy behind the tree has a lot of money, we say, 'Go for it.'"

service cuts that they prevented, were actually "good for the state" and clearly better than the alternative approach to balancing the budget with deep cuts that Governor Pataki was recommending at the time.

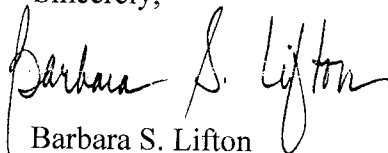
I'm hearing from constituents like you, who largely prefer this tax-repair strategy to continuing with drastic cuts that place the burden on local municipalities and working families. I'm hearing from parents about laid-off aides on the children's cancer wing at University Hospital in Syracuse, an impossible and dangerous situation that means sick children and infants cannot have their essential needs met. I've met with hundreds of people deeply concerned, as I am, about the expanded gas drilling that may take place in the Southern Tier. Due to Governor Pataki's cuts of 800 DEC staff over the years, we need more staff at DEC to protect our environment and water resources. We have too many trucks traversing our beautiful region and we will need more resources to enforce our new regulations. Our commitments are many, and each is critical in its own way.

Wisely, the governor acknowledges that it is important to carve out critical, mandated programs run by the counties. If cuts are made there, it would simply mean a shifting of the tax burden to the local level and translate into significant increases in the local property tax. The same is true in other areas.

We have difficult challenges in front of us, but I am hopeful that with your help, and a partner in Washington who shares our values, we will succeed in our work to preserve critical democratic, public-sector institutions and investments in New York.

I have enclosed results of a recent poll that shows a majority of New Yorkers support tax reform. Again, many thanks for writing. Please feel free to contact me again on this issue or any other matter of state concern. You may want to contact Governor Paterson, as well, to let him know your position on these critical matters: Call (518)474-8390, write to NYS Capital, Albany, NY 12224 or email gov.paterson@chamber.state.ny.us.

Sincerely,



Barbara S. Lifton
Member of Assembly
125th District

BSL/lls
enc.