March 24, 2011
Letter to the Editor
Tax the wealthy

To the Editor:

This is in response to “Legislators Listen to the Community,” March 17-23.

Nobody wants more taxes, especially the wealthy who lobby our elected officials with fury. And the rich have gotten everything they’ve asked for. According to the Institute on Taxation and Economic Policy (www.itepnet.org/index.php), those New Yorkers who earn from $56,000 to $95,000 a year pay 11 percent of their income, while those who earn over $633,000 pay only 8.4 percent, even with the tax surcharge. The top personal income tax rate was cut by more than 50 percent since 1976, before it was raised modestly in 2003 and 2009. The affluent have benefited greatly for three decades even as their windfall has compounded over these past 30 years to contribute significantly to the budget crisis New York currently faces.

Senate Majority Leader Dean Skelos loves to criticize Democrats, but he and Governor Cuomo are on the same page when it comes to their mutual aversion to taxing the rich. And their justifications are consistent as well. The wealthy, so offended by taxes the storyline goes, are leaving New York state in droves. Senator Skelos offered an anecdote about a billionaire he knows who left New York and took all the tax dollars he was paying with him. However, neither Skelos nor Cuomo offer statistics that transcend their anecdotes and fears about a millionaire-less New York. That’s because the statistics counter their argument that wealthy business owners are fleeing New York like flocks of birds flying south to avoid the winter. In fact, they aren’t. After a surcharge was placed on New York’s top personal income tax in 2002 to combat revenue shortfalls brought about by the early-2000s recession, the number of filers in the top bracket increased by nearly 80 percent between 2003 and 2008.

The idea that the tax surcharge is hurting thousands of small business owners is another myth. Some small business owners do receive profits as personal income rather than through a taxable corporation. According to this line of reasoning, attempting to tax wealthy individuals will burden small businesses. However, according to the Fiscal Policy Institute (www.fiscalpolicy.org), only about five percent of New Yorkers who operate a business and who report more than half of their adjusted gross income as active business income would be subject to the surcharge. This group includes partners in hedge funds and private equity funds.

Our elected officials need to lose their excuses and get serious about increasing state revenue. We cannot rescue our schools without taxing the rich. Merely cutting spending and instituting a tax cap will decimate public education. Teachers will be laid off, class sizes will balloon and support services will be cut. Those who believe class size doesn’t matter are woefully ignorant. Any educator worth his or her salt understands the necessity of individual and small group instruction. Only a fraction of the day can be spent on whole class instruction, and even under these circumstances students must have their voice heard and deserve a comfortable, healthy setting, not one packed like sardines.

Extending the tax surcharges enacted in 2009 is critical to a balanced approach to fiscal policy that truly shares the sacrifice. Yes, we must reduce spending, but we must also tax the well-off who live and prosper in New York. Posterity depends upon it.

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