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**Testimony**  
**Joint Budget Hearings on Taxes**  
**Senate Finance Committee and Assembly Ways and Means Committee**  
February 14, 2024

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**Citizen Action of New York**

Chairpersons Liz Krueger and Helene Weinstein and other members of the Senate Finance and Assembly Ways and Means committees: my name is Rebecca Garrard. I am the Deputy Director of Campaigns and Movement Politics of Citizen Action of New York (“Citizen Action”), a grassroots organization with thousands of members in eight chapters and affiliates throughout the state, located in Buffalo, Rochester, Binghamton, Syracuse, Albany, Kingston, New York City, and Long Island. A significant percentage of our membership, leadership and staff are people of color, and we organize in some of the most distressed neighborhoods in our state. Citizen Action presently is engaged in state-focused campaigns on housing, criminal justice, climate, democracy (including Fair Elections), health care, education and childcare, and fair tax policies. Because so many of our members and supporters through the state are members of struggling families, and through our work with numerous organizations working on the issues I’ve mentioned, we are well-versed in some of the most urgent needs of New Yorkers.<sup>1</sup>

My fundamental message today is simple. Although the state and federal economy is now in recovery, New Yorkers still have urgent needs that only the state government can meet. The solution is not to pretend, as this Governor and the former Governor and some members of the legislature have done for years, that we can balance the budget by cutting or flat-funding vital programs low- and moderate-income people depend on for their very survival and well-being year after year. We’ve run out of fat to cut. Instead, we need new revenue sources. The most equitable way to raise revenue is from those wealthy New Yorkers and large corporations that have the

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<sup>1</sup> For greater details on two of the funding areas discussed in this testimony, please see Citizen Action’s previously submitted testimony to your committees on health care (January 23, 2024 hearing) and climate (February 7, 2024 environmental hearing).

greatest capacity to pay and that have most benefited from the vast expansion of the economy and the increases in income and wealth inequality in the state and nation of the past few decades.

Citizen Action strongly supports the package of revenue bills proposed by the Invest in Our New York coalition (“IONY”) and urges the Legislature to resist the Governor’s stated opposition to raising broad-based taxes this year. This approach is extremely popular with New Yorkers: a December 2023 Sienna College Poll found that 74% of New Yorkers agree that lawmakers should increase taxes on the highest earning individuals, highly profitable corporations, and the wealthiest New Yorkers to fund public programs and services. More importantly, asking the wealthy to pay more is simply the right thing to do.

## I. The Invest in Our New York Plan

Despite the continuing strength and massive size of the New York economy, all too many New Yorkers are still struggling to survive. As the Fiscal Policy Institute summarized in its annual analysis of the state economy, released last week:

Despite New York’s aggregate economic strength, the state faces real economic challenges. First, the Covid-19 pandemic induced a sustained decrease in total employment in the State relative to the rest of the country — in other words, while the rest of the United States has recovered and surpassed pre-academic employment, New York remains over 100,000 jobs below its pre-pandemic level as of the end of 2023. Second, poverty rates, which reached a 30-year low in 2020, have been climbing since the pandemic — a sign that New York faces real challenges in meeting the needs of its population. And third, New York’s income inequality remains amongst the highest in the country.<sup>2</sup>

To these trends, I would add that New York is also facing increasing unanticipated costs due to the migrant crisis. Unlike some other states, New York should not and I’m confident will not turn its back on the new arrivals from the south. Despite these challenges, and those I have highlighted below in the areas of housing, health care, climate, and childcare, Governor Hochul opted in her Executive Budget to hold increases in spending to just over 2%, which simply will not meet the needs of our communities. Given the Governor’s decision to propose no significant increases in broad-based taxes, to make the numbers add up, she proposes a billion dollars in cuts to Medicaid and cuts to the 2007 revised Foundation Aid school funding formula that was enacted in response to the underfunding of poor urban and rural school districts, as documented in the *Campaign for Fiscal Equity* litigation. The Governor is also proposing to continue the state’s pattern of flat-

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<sup>2</sup> Fiscal Policy Institute, “Fiscal Policy Institute Annual Briefing Book,” (February 2024), at 16.

funding year-after-year many vital programs that New Yorkers depend on. This represents a deeply flawed approach to state tax and revenue policies.

We support an alternative approach. As previously stated, Citizen Action strongly supports the Invest in Our New York package, which would raise well over \$50 billion in the 2024-25 budget year to support our state's most urgent needs. The package contains five bills to: 1) extend and strengthen the 2021 corporate tax reforms (A3690, Kelles/S1890, Hoylman-Sigal) (raises \$7 billion); 2) restructure the personal income tax (PIT) to make the tax code more progressive and raise revenue from the state's top 5% of earners (A3115, Meeks/S2059, Jackson) (raises \$21 billion); 3) create an "heirs tax" (A3193, Solages/S2782, Brisport) (raises \$4 billion); 4) change the structure of the state capital gains tax (A2576, Kim/S2162, Rivera) (raises \$12 billion); and 5) establish a "mark-to-market Billionaires' Tax" that taxes increases in the stocks and investment portfolios of high-income New Yorkers (A3252, Kelles/S1570, Ramos) (raises \$20 billion in its first year, and \$1.5 billion annually thereafter).

The corporations and high-income individuals whose taxes would be raised under the IONY program can well afford to pay. New York's millionaire class keeps growing year after year. From 2020 to 2021, New Yorkers earning between \$1 million and \$25 million saw their adjusted gross incomes rise by 21.3%, and those making over \$25 million saw their incomes grow by over 80%. The bills that I have just mentioned all hit the highest income taxpayers and wealthy corporations, not average or even moderately affluent New Yorkers. For example, the Meeks/Jackson progressive income tax bill would raise taxes on single filers earning over \$450,000 a year (\$500,000 for joint filers) -- the top 5% of income earners -- and the corporate income tax reform bill introduced by Senator Hoylman-Sigal and Assemblymember Shrestha increases taxes on corporations that make over \$2.5 million in profits in New York in New York -- a very small percentage of New York corporations. As study after study has documented, increased taxes have not resulted in high-income earners leaving the state. In fact, following the tax increases on the ultra-wealthy New Yorkers of 2017 and 2021, the state did not see increased outmigration of wealthy New Yorkers. And, more than three-quarters of the highest income earners who left the state during the pandemic moved to other high-tax states like Connecticut and California.

As Governor Hochul herself acknowledged in her 2024 state of the state address, the real problem as to out migration is that New Yorkers who've lived here their entire lives can no longer afford to live in the communities where they now live and were raised. Keeping average New Yorkers in our state will require, yes, steps to increase affordability, but also steps to improve the quality of life of current residents, including by maintaining and strengthening the government services and benefits they depend on.

## II. A Review of a Few of the Priority Needs of New Yorkers That Could be Funded By Raising Taxes on the Wealthy

It is a cliché, but nevertheless true -- budgets are about choices. The Legislature and the Governor literally must decide this year whether they will sacrifice the needs of struggling low- and moderate-income families to avoid modestly raising taxes on the wealthiest New Yorkers who can easily afford to pay a little bit more. Below is a list of some of the programs that could receive additional funding if we raised taxes on the highest income New Yorkers and corporations. The list below *is not by any means close to a listing of our state's greatest needs* -- just a selection of some of the programs Citizen Action advocates for. Many other worthy programs will be under pressure if we do not increase state revenues.

I concede that a small number of the programs I will discuss below could be funded even if taxes were not raised on high income New Yorkers and corporation or raised modestly, simply because the amounts we and our partners are requesting are relatively small in relation to the state budget. But that would inevitably mean that other worthy programs would have to be cut. And it's simply inconceivable everything I will discuss in this testimony could be supported without significant revenue measures. New York is a wealthy state, and we refuse to be drawn into the scarcity mentality that says we can't meet the basic needs of our residents.

### Health Care

Due to the passage of the Affordable Care Act and other state-based initiatives, the number of New Yorkers without health coverage has greatly diminished over the past 15 years; the number of uninsured adults in New York is now roughly 5%. Nevertheless, health care remains unaffordable for many New Yorkers, even those with health coverage, for a whole host of reasons, including high deductibles and out-of-pocket costs. Over 740,000 New Yorkers have medical debt in collections. A few of the steps we could take through this year's budget to address medical affordability and to assist consumers to utilize their health care services more effectively are as follows.

- We should increase the income eligibility for hospital financial assistance for those above the present income threshold of 300% of the Federal Poverty Level (FPL); we recommend that patients of up to 600% of FPL be made eligible (expanding on the Executive Budget proposal).
- We should eliminate cost-sharing for insulin (adopting the Governor's proposal). Roughly a half million New Yorkers use insulin. Even with the existing state cost-sharing cap, New Yorkers with diabetes, disproportionately Black New Yorkers, are still forced to pay \$1200 a year for their insulin.

- We should fully restore funding for the Community Health Advocates (CHA) program, which assists New Yorkers with health insurance and billing issues (funding level requested: \$5.5 million) and increase funding for the Navigator program, which enrolls New Yorkers in health coverage from \$27.5 million to \$38 million. The program has not received a cost-of-living adjustment since 2013.

### Housing

New York State faces a severe housing shortage in 2024. Among the major reasons is that our state in the past decade added jobs at a much higher rate than it expanded housing availability. New York has added new housing at a lower rate than our neighboring states and other large states. COVID-19 and the resulting housing crisis have exposed the inequity of housing policies in New York State and the vulnerability of low- and middle-income tenants. Low income and working-class families are literally being driven out of our state as a result of rampant unaffordability -- and this is not just in the New York City metropolitan area. According to a December 2023 report, the people who left New York at the highest rate in 2022 were families making between \$32,000 and \$65,000 a year. To address the housing crisis, Citizen Action supports the following measures, among others:

- The Housing Access Voucher Program (HAVP) legislation (S568, Kavanagh/A4021 Rosenthal), which would set up a statewide rental subsidy program for low-income, families and individuals facing eviction, homeless New Yorkers, and those facing housing loss due to domestic violence or hazardous living conditions. HAVP will lower the number of evictions and give homeless people the possibility of obtaining permanent housing.
- Legislation to create a Social Housing Development Authority (SHDA) (S8494, Cleare/A8088, Gallagher), a new, well-capitalized public developer that can build and preserve affordable housing throughout the state. The building would be done with a unionized labor force. Unlike in the case of housing built by private developers, the Authority would reinvest all excess proceeds for public purposes, like improving maintenance and expanding social housing stock. The Authority would also build extremely affordable units, as well as middle-income units subsidizing construction with existing state operating subsidies like project-based housing vouchers. With a \$5 billion initial capitalization, the SHDA could create or acquire 26,000 new homes statewide.

### Climate Justice

It will take an enormous amount of funding to comply with the Climate Leadership and Community Protection Act (CLCPA), the landmark climate act passed in 2019, and to transition New York State to a renewable energy economy. The Climate Action Council (CAC), the task force of agency heads and public members formed under the CLCPA to establish a plan to meet the CLCPA greenhouse gas emissions targets, found that it would take \$10 billion in investments each

year to meet the state’s climate goals. The New York State Energy Research and Development Authority (NYSERDA) has come up with similar numbers. On top of that \$10 billion figure are the amounts necessary to repair damages due to severe weather events: a past and an ongoing cost that will increase over time. A 2022 federal report found that the damages caused by multiple severe storms and other severe weather events cost our state up to \$20 billion in 2021 alone. Neither the federal Inflation Reduction Act nor the cap-and-invest program now being developed by the Department of Environmental Conservation will provide even close to the funding New York State will need each year for addressing climate and climate remediation and resiliency, and the cap-and-invest funds are likely not to be available in the 2024-25 budget year.

Recent information has seriously called into question whether New York State will meet the mandated greenhouse gas targets in the CLCPA. We cannot afford to wait any longer to address climate, as the Intergovernmental Panel on Climate Change and scientists around the world have informed us again and again.

As to *past* harms from severe weather and protecting our infrastructure against future harms, we strongly support the Climate Change Superfund Act (A3351/S2129), sponsored by Assemblymember Dinowitz and Senator Krueger, which would create a “climate change superfund” funded by the oil companies who have played a major role in creating the climate crisis. The funds would be used to reimburse communities for a small portion of the costs of damages that the state’s worst polluters have done to the climate. But the bill will not provide close to the funding needed to pay to remediate the harms our localities have already suffered due to severe weather, nor to make our infrastructure resilient enough to avoid or mitigate the most severe aspects of the ever more severe weather to come. Without an additional state source of revenue, our state’s towns, cities and counties will be left holding the bag.

To provide the stable permanent source of funding needed to allow New York to transition away from fossil fuels and to protect our communities from the ravages of climate and to make our towns and cities more resilient, we need to pass the IONY package.

### Childcare

There is wide agreement in our state that children are a priority: the problem is establishing and maintaining an education and childcare system in our state that reflects this consensus. Yet, wages for childcare workers -- almost entirely women and people of color -- lag behind virtually all other professions, making retention of qualified staff extraordinarily difficult. Further, there are major issues with access to quality programs. Citizen Action supports an

addition of \$1.5 billion to childcare funding in Fiscal Year 2024-25 to address these issues and move us closer to universal childcare in our state.

#### Poverty: the Mothers and Infants Lasting Change (MILC) Proposal

Citizen Action supports including the Mothers and Infants Lasting Change (MILC) bill in the budget (A6197, Clark/S4578, Ramos), at an estimated cost of \$247.5 million. MILC would create a state-funded pilot program to provide direct cash payments for low-income mothers during the last three months of pregnancy and the first 18 months of a child's life.

Childhood poverty is an escalating crisis in New York and across the nation, disproportionately impacting families of color. Nationally, the poverty rate for children more than doubled from 2021 to 2022, from a historic low of 5.2 % in 2021 to 12.4% in 2022, erasing previous record gains. In New York State, the child poverty rate has hovered around 20% for decades, with for more Black and Latino children experiencing poverty than white children. This is a statewide phenomenon: more than 50% of Rochester children and just under 50% of Buffalo children lived in poverty in a recent year. In New York City, 22.2% of children lived in poverty. Data reveals that direct cash payments have a positive impact, not just on poverty, but in other areas, like maternal health and math and reading achievement.

#### Public Campaign Finance

Finally, we urge that the entire amount of the Governor's Executive Budget request for \$114.5 million for the Public Campaign Finance Board (PCFB) be included in the final budget. This consists of \$14.5 million for administrative costs and \$100 million for public matching funds. This level of investment will help ensure that the program fulfills its promise to strengthen our democracy by elevating the voices of everyday New Yorkers in our political process and delivering on issues that matter most to us. Fully funding of the PCFB will go a long way to ensure that tenants, health care consumers, victims of flooding, climate activists, and low and moderate income residents have an comparable say in how our state government operates as landlords, health insurance companies, and fossil fuel and utility companies. And a robust system will increase public confidence that the public interest rather than corporate profits and the needs of industry lobbyists are driving policy debates in Albany.

In closing, I would like to thank you on behalf of Citizen Action for the opportunity to offer our views on revenue policies and the state budget. Should either of your committees or any members want more information on these issues, please feel free to contact me at [rgarrard@citizenactionny.org](mailto:rgarrard@citizenactionny.org) or at 845-797-9210.