



NEW YORK STATE SENATOR

Andrew Gounardes

## Gold Bars, Private Jets and Racehorses: Report from Sen. Gounardes Identifies Tax Loopholes and Carve-Outs

ANDREW GOUNARDES January 24, 2025

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Report identifies \$3 billion in questionable state tax expenditures that cost New York revenue while providing little obvious public benefit

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*View full report [here](#).*

**Albany, NY** – New York State Senator Andrew Gounardes today published a new report identifying nearly \$3 billion in questionable, arbitrary and downright absurd state tax expenditures on everything from gold bars to private jets to frat houses.

The report, titled *A \$3 Billion Hole in Our Pocket: A Select Review of Tax Expenditures in New York State Tax Law*, is intended to serve as the starting point for a robust debate on how to create a more effective, transparent and equitable tax system that meets the needs of New York families and funds programs to address the cost-of-living crisis. Senator Gounardes serves as the Chair of the Senate Committee on Budget and Revenue, which oversees state tax policy.

The report highlights several long-standing tax exemptions and carve-outs that cost New York \$2.836 billion in lost revenue while providing little obvious public benefit:

- **New York forgoes a stunning \$601 million in taxes by exempting the sale of precious metal bullion (i.e. gold bars, ingots and coins) from sales tax**, as long as the sale exceeds \$1,000.
- **New York spends \$23 million a year to exempt dues and initiation fees paid to fraternities from the sales tax**—despite charging sales tax on similar fees such as those for social or athletic clubs.
- **New York takes a \$6 million hit by exempting maintenance performed on private jets from sales tax**, despite taxing other types of maintenance like car repair.
- **New York lost \$6 million by exempting purchases of racehorses from sales and compensating use tax**, so long as they are being used for horse betting.
- **Tax exemptions on charitable deductions cost the state over \$860 million in 2024**, largely subsidizing the wealthy for giving to charity at the expense of funding public services that could make such charity unnecessary.

This report, which draws on 2024 revenue estimates from the state's Department of Taxation and Finance, highlights the importance of carefully evaluating New York State's tax expenditures to ensure they align with the state's fiscal needs. It finds that “while tax expenditures are frequently meant to provide economic incentive and relief, when not continually refined they have the potential to subsidize economic activities and wealth that require little incentive while depriving the state of billions of dollars of revenue.”

The report concludes that the state may be better served by rethinking or restructuring some of those expenditures, which could help fund anti-poverty proposals like the Working Families Tax Credit ([S.2082](#)). The Working Families Tax Credit streamlines the state's Earned Income Tax Credit, Empire State Child Tax Credit, and dependent exemption to provide all families with children with increased financial support. The measure is nearly identical to the top recommendation in the state [Child Poverty Reduction Advisory Council's](#) recently-published [final report](#). The Working Families Tax Credit would slash child poverty in New York by nearly 17% and cut deep child poverty by 22.0%, [according to Policy Engine](#), which also found the proposal would increase the net income of more than a third of the state's residents.

“Our top budget priority should be making life easier, safer, and more affordable for New York families, not subsidizing gold bars and private jet repair,” said **State Senator Andrew Gounardes**. “But when our budget includes absurd loopholes and carve-outs like these, everyday New Yorkers often end up paying the price. New Yorkers deserve a fair, transparent budget that puts their needs first. This report is a call to action to invest in supporting the working class and middle class. My Working Families Tax Credit is the type of policy that makes our tax code work for working New Yorkers.”

"Tackling affordability is top of mind for everyone in New York during this budget season, and one critical piece of that puzzle is making sure that every dollar the state spends

achieves a public good that's worth the cost," said **State Senator Liz Krueger**. "What this report makes clear is that many of our tax expenditures do not meet that standard. The Legislature and the governor need to take a hard look at whether these tax giveaways should continue, or whether this money could be made to better serve the needs of regular New Yorkers."

"New York is a large, diverse state with many needs. Every year at budget time, members of the state legislature work to figure out how to fund important programs and services for our constituents," said **State Senator Sean Ryan**. "With a limited budget and many needs, it is crucial that we ensure that any revenue we forego through tax exemptions is part of a coherent economic development strategy. Exemptions for things that serve very few people often come at a significant cost to the rest of us. New Yorkers deserve a transparent and logical economic development system that reflects the needs of families across the state. As Chair of the Committee on Commerce, Economic Development, and Small Business, I will continue to strive to eliminate wasteful tax breaks and ensure New York is getting the best bang for its economic development bucks."

"Each year, New York State gives away billions of dollars in tax breaks that benefit the wealthy and special business interests, thereby weakening our public services and forcing the vast majority of New Yorkers to pay higher taxes," said **Nathan Gusdorf, Executive Director of the Fiscal Policy Institute**. "This report highlights some of the most egregious policy failures in the state tax law, and should serve as a guide for legislators who are committed to a strong and fair tax base – especially at a time of acute need for investment in public transit, housing, childcare, and other affordability measures."

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[Relates to a working families tax credit](#)

January 15, 2025

In Senate Committee **Finance**

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