TESTIMONY FROM THE REVEREND PETER COOK
TO THE
JOINT BUDGET HEARING ON TAXES
FEBRUARY 27, 2025

Isaiah 10:1-2:

Woe to those who make unjust laws,
to those who issue oppressive decrees,
to deprive poor people of their rights
and withhold justice from the oppressed of my people,
making widows their prey
and robbing the fatherless.

Acts 2:43 to 47

43 Awe came upon everyone, because many wonders and signs were being done by the
apostles. 44 All who believed were together and had all things in common; 45 they would sell
their possessions and goods and distribute the proceeds to all, as any had need. 46 Day by
day, as they spent much time together in the temple, they broke bread at home and ate
their food with glad and generous hearts, 47 praising God and having the goodwill of all the
people. And day by day the Lord added to their number those who were being saved.

Luke 12:48

From everyone who has been given much, much will be demanded; and from the one who has been entrusted with much, much more will be asked.

My name is The Reverend Peter Cook and I serve as Executive Director of the New York State Council of Churches. We have been in existence since 1893 and represent nine denominations and approximately 7,500 Protestant congregations in rural, suburban, exurban, and urban regions in every part of the state. From our inception, we have been shaped in our view by the Social Gospel and Christian Socialist movements. The Gospel compels us to advocate for changes in state and federal laws and policies which address structural economic and racial injustice and lift up the most disenfranchised and vulnerable people in our state. Central to our concern for over 130 years has been to shape moral government budgets which are funded with a progressive tax system rather than the very regressive tax system (effectively a flat tax system when looking at all taxes) which remains in vogue here in New York. As people of faith, we call on those who are most able to contribute to pay up to address state budget inequality while substantially relieving the tax and cost burdens of low and working-class people.

The Council has always been highly critical of supply side economics which presumes that the best way to revitalize the economy is to cut the taxes of rich people and corporations in hopes that the benefits will trickle down to everyone else. We think supply side economics is a fiction. Instead, a better choice is to reduce household costs and improve the social safety which releases much more money into the economy which not only meets great human need but generates more tax revenue and improves significantly the business climate. There was no problem with the bottom up and middle out economic approach of the Biden administration which revived the Roosevelt administrations Keynesian approach. The problem is that Bidenomics would have worked even better if it were not for rigorous opposition from neo-liberals on both sides of the aisle to limit its scope. Tragically, the Trump administration is going back to the widely discredited supply side economic approach which had its advent in the Reagan administration and has consistently led to poor economic outcomes.

Because of bottom up and middle economic policies, the state of New York is projecting a surplus. In spite of this surplus, the proposed budget for 2025-2026 embraces a more incremental approach when it comes to investing in the social net. In addition, there are huge fiscal storm clouds on the horizon with threatened cuts from the Federal Government in such programs as Medicaid which will be used to pay for even bigger tax cuts for the richest among us to the tune of 4.5 trillion dollars. These tax cuts and spending cuts will erase any surplus. We must as a state rigorously fight the Trump administration's tax cut scam and on all of the cuts to the safety net. We need to insist on a bottom up and middle out approach to the Federal budget and not the trickle-down approach.

While we fight Washington, we need to do some damage control by first clawing back some of the taxes cut of the rich who stand to benefit handsomely from the Trump tax scheme. In addition, we also need to compensate for any cuts in Federal programs while substantially increasing state spending on housing, transportation, and health care to name a few.

In addition, we need to move in the opposite direction of Washington and do our level best to improve tax benefits for low- and middle-income people. This means expansion of the state child tax credit which has bi-partisan support. We also emphasize that the financial burden remains high for property owners who are contending with the highest property taxes in the nation. Those property taxes are often higher in poorer communities which do not benefit from alternate revenue from businesses and must be compensated by homeowners who pick up the tab. Homeowners see upward pressure on their property taxes because the state is not picking up costs for local municipalities at as high a rate as other states which assumed more responsibility for costs which lowered property tax burdens In addition, we handout local tax dollars to corporations through Industrial Development Agencies (IDAS) through tax breaks which depresses income intended to support our schools. This means that school districts must tax property owners at higher rates to pay for their budgets. Investment in our schools is a much better economic choice than offering tax breaks to businesses because businesses generally thrive better when they have good municipal services for their employees. Put another way, tax breaks offered to businesses through IDA's have much less impact on the success of business than customers who can pay for their services because they have more discretionary income due to reduction in housing and childcare costs. Businesses are also losing customers because of loss of population of low-and-middle income people who move elsewhere because the costs are too high. Bold increases in universal childcare and much more robust investments in making housing more affordable will help the economy and businesses fare much better while increasing tax revenue.

Our Proposals:

1. New York State Council of Churches is pleased to join with unions, good government groups and other faith groups in the Share Our Wealth campaign. We call on the Governor and legislative leaders to increase New York's top income tax rates for those earning over $5 million and over $25 million by 0.5% and increase the corporate tax rate by 1.75% (from 7.25% to 9% for the most profitable corporations) and make these changes permanent. These are not new proposals. In fact, the NYS Senate and Assembly proposed these very reforms in their one house budgets last year. These small reforms would generate up to $3 billion for the state to invest in working-class New Yorkers' basic needs like childcare, education, higher education, healthcare, transportation and housing, helping them create the lives and futures we dream about for our families.

2. We strongly urge you to pass a bill that no longer rebates the stock transfer tax. The State began rebating the tax in 1979 and since 1981 the tax is now 100% rebated back to Wall Street (stockbrokers). New York State rebated back over $100 billion over the past ten years. The bills we favor is the one introduced by Assemblyman Phil Steck and Senator James Sanders. The tax raised on a $1,000 trade would amount to only $2.50. The revenues are generated by the volume and frequency of trades. The tax ranges from 1.25 cents to 5 cents per transaction depending on the value of the share.

Some in the securities industry have threatened to leave if the current stock transfer tax is no longer rebated. We believe that this is an idle threat. Moving out of the state will cost the firms vastly more than charging this modest sales tax on transactions. Moreover, their employees would largely prefer to stay rather than move. Indeed, it is worth noting that the securities industry made the same threat, before the tax was collected, beginning in the early twentieth century. They did not leave when the tax was imposed then. It's hard to understand how a tax, which is vastly less in inflation adjusted dollars than when it was first instituted, would now result in an exodus. In addition, it is worth stating that this is not a tax on the wealthy. It is actually a sales tax collected for the state by the securities firm or broker in much the same way a business, selling shoes, collects a sales tax. This is a way for the state to capture revenue from anyone (including those who are out of state) for the transaction. The amount is vastly smaller than the current New York State sales tax. There is much more we could say about the hollow threats made by the securities industry that they will leave over this small tax. We urge lawmakers to study the vast analysis done by noted economists (like Joseph Stiglitz) showing that modest financial transaction fees on trades will have no adverse effect and greatly benefit our economy. Here is a recording where Assemblyman Phil Steck met with four noted economists and an attorney to discuss the stock transfer tax. I also refer you to Phil Steck's website which explains the stock transfer tax in full and debunks many of the common arguments against it. It's very important that the Assembly and Senate sponsors of the stock transfer tax work together to see this bill passed this session and I encourage leadership to insist on it. The bill has been held up too long because of specious arguments against it.

3. Finally, in order to relieve pressure on property taxes and invest in a safety net that bring a better return on investment than tax breaks, we ask that the Industrial Area Councils (IDAS) no longer be given tax breaks without the express approval from affected school boards. Too often school boards are forced to recapture lost tax revenue from businesses by passing along those costs to homeowners at higher rates because they have no say over this cut. This must stop. The added school district approval could prevent homeowners from picking up the tax burden not shared by businesses but also improve the business climate because of proper investment in the education and social safety net which retains population and improves the business climate.