



NEW YORK STATE LEGISLATURE

Senate Finance Committee
Senator Liz Krueger, Chair

Assembly Ways & Means Committee
Assembly Member J. Gary Pretlow, Chair

**HEARINGS ON THE 2025-26 EXECUTIVE BUDGET PROPOSAL:
TAXES**

Testimony of Charles Khan, Deputy Director
February 27, 2025

Good afternoon Senator Krueger, Assembly Member Pretlow and members of the committee. My name is Charles Khan, and I serve as the Deputy Director of the Strong Economy for All Coalition. Thank you for the opportunity to present testimony today.

Strong Economy for All is a labor-community coalition working on issues of economic fairness, jobs, income inequality and effective government policies to promote broad prosperity.

We are made up of some of New York's most engaged and effective unions and community organizations, including SEIU Locals 1199 and 32BJ; the United Federation of Teachers, New York State United Teachers and the Professional Staff Congress of CUNY; the New York State Nurses Association; the Retail, Wholesale and Department Store Union; the Communication Workers of America; the New York City Central Labor Council; the Municipal Labor Committee; and community groups including the Coalition for the Homeless, Citizen Action of New York, Make the Road New York, New York Communities for Change and the Alliance for Quality Education.

The Strong Economy For All Coalition is also a founding steering committee member of the Invest in Our New York campaign.

In 2009, 2011 and 2021, our former governors said firmly that they would not raise taxes on the rich — in the depth of the financial crisis and the COVID crisis, two Democratic governors refused to tax millionaires, billionaires and the wealthiest corporations, preferring to cut budgets, increase inequality and let the rich get richer while the public suffered.

In each of those years, people-powered movements worked with organized labor and leading lawmakers to chart a different course: towards tax fairness, toward public investments, and towards broader prosperity for all of us.

New York's tax changes in recent years to raise tax rates on millionaires and large corporations have been a huge success. They have generated tens of billions of dollars that have supported much needed investments in programs that improve the quality and affordability of life here in New York like healthcare, childcare, and education.

Now we are in the midst of an affordability crisis, after the highest inflation in generations drove up prices for housing, groceries, gas and medications. Studies show that over half of the inflation spike was actually the wealthiest corporations [padding their profits](#) for the benefit of their richest shareholders.

It's time again for the Legislature to work with labor and community groups against a governor who says she won't increase income taxes on the rich, and who has disparaged other tax fairness reforms.

We should be doing more. New Yorkers are asking for it and economic inequality is higher than ever with NY's richest increasing their wealth by over 74% or \$780 Billion since 2017 when their tax rates were slashed by the current President.

Polls show it clearly: the people of New York want to tax the rich. [Big majorities everywhere in the state](#) in every demographic agree that "New York should increase taxes on the highest earning individuals, highly

profitable corporations and the wealthiest New Yorkers in order to fund public programs and services” – including majorities of Republicans and conservatives!

Three out of four New Yorkers disagree with Governor Hochul’s 'no new taxes' pledge — [a supermajority of us want real tax fairness](#), with higher taxes on millionaires, billionaires, and the biggest, most profitable corporations selling products in New York

HOW FEDERAL BUDGET CUTS WILL HURT OUR FAMILIES AND OUR COMMUNITIES – AND HOW ALBANY CAN PROTECT US

Republicans in Congress are currently working with Trump and Musk to [cut up to \\$2.5 trillion](#) in public programs to fund [\\$4.7 to \\$5.5 trillion](#) in tax cuts for the super-rich and wealthy corporations – they’re taking money from our families to give more tax breaks to billionaires.

Federal budget cuts and DOGE attacks on federal agencies will hit low-income and working-class New Yorkers hard, every single day.

MEDICAID

- All health care will be harder to get and more expensive, and medically-necessary care will be denied. Everyone on Medicaid or Obamacare will face longer waits, higher costs and flat-out denial of care. Folks with private insurance will see local hospitals, health clinics and doctors offices collapsing from lack of needed funding.
- 36% of the population—rely on Medicaid for vital physical, mental, and behavioural health coverage:
 - 816,000 seniors
 - 597,000 people with disabilities
 - 1,901,000 children

- 1,119,000 adults
- 2,672,000 additional adults covered through the ACA's Medicaid expansion

FOOD ASSISTANCE

- Everyone who receives SNAP benefits will see cuts to aid, limits on what you can buy, and new regulations and rules designed to kick you off benefits. Local stores, farmers and food banks will see huge drops in customers and payments, putting many out of business.
- Last year food assistance programs like SNAP helped: 2.9 million New York residents, or 15% of the state population (1 in 7). Of those participants in New York:
 - more than 52% are in families with children
 - more than 46% are in families with older adults or disabled
 - more than 31% are in working families
 - https://www.cbpp.org/research/food-assistance/a-closer-look-at-who-benefits-from-snap-state-by-state-fact-sheets#New_York

SOCIAL SECURITY AND DISABILITY BENEFITS

- Elon Musk and his DOGE team have taken over access to federal payments systems and the personal benefits and bank information of everyone who receives any federal benefits, as well as aid to state and local governments, school districts, hospitals and nonprofit service agencies. They've laid out plans to cut funding and stop payments no matter what Congress and the courts say – and they already have your information.

HOUSING

- There have already been suggestions that this congress will cut federal funding for low-income and supportive housing, and new laws and regulations will be implemented to cut off assistance and stop support to individuals and government agencies. Local plans for

affordable and homeless housing will be stopped, and current aid will be slashed or ended. This is likely to drive rents up, evictions up, homelessness up and repairs will be delayed or never done.

PUBLIC EDUCATION

- Public schools in New York will have to cut services for students with disabilities, cut school lunch aid, and cut services for low-income students. Local funding inequities will widen, and federal school privatization could lead to billions of dollars more in cuts to public schools. Early childhood and Head Start funding will be slashed, teachers will be fired, and families will face immediate loss of child care.
- Aid to colleges and universities will be slashed, tuition will go up, financial aid will go down, and course offerings will be slashed as professors and staff lose jobs and pay, leading to local economic downturns and failure of local businesses.

TRANSPORTATION

- Bus and subway fares will go up, routes will be cut, maintenance will be slashed and workers will be fired. Local roads and bridges will be more dangerous as maintenance slows or stops and infrastructure contracts are suspended or ended and workers are fired. Amtrak trains may be privatized, leading to higher fares and less services. MTA trains will operate on reduced schedules, with less maintenance and less staffing.

SUPPORT FOR IMMIGRANTS AND IMMIGRANT COMMUNITIES

- Funding for immigration services and support will be slashed, and legal assistance for immigrants will be cut or ended. Local governments will lose aid for education, housing, transportation, clean water infrastructure and police if they don't fully cooperate with

federal attacks on immigrants and immigrant communities. Nonprofits and faith groups serving immigrants will be defunded and local economies will face deep downturns from lack of employment and funding.

SUPPORT FOR SENIORS AND PEOPLE WITH DISABILITIES

- The cascading impact of cuts to health care, disability services and elimination of legal protections under federal law will lead to suffering, homelessness and death for seniors and for adults and children living with disabilities. Local Social Security office will be closed. Health care will be denied, cut or rationed, new medications will go to only those wealthy enough to afford them, and home care and nursing home services will be denied or massively cut, leading to new expenses, new burdens and new stress on families and communities.

The Legislature and Governor Hochul must stop these awful across-the-board attacks from hurting New York communities – you’ve got to step up and fill in the cuts so our people can survive.

DON’T JUST “RAISE TAXES” – TAX ONLY THE SUPER-RICH AND THE WEALTHIEST CORPORATIONS TO PROTECT NEW YORK FROM REPUBLICAN CUTS AND INVEST IN AFFORDABILITY

This year Strong Economy For All urges lawmakers to pass a comprehensive package of income, corporate and wealth taxes to respond to federal budget cuts and to fund transformative investments in all of our communities:

- **Progressive Income Tax Reforms** ([S1622-Jackson/A1281-Meeks](#)) would raise over \$21 billion annually by creating new brackets to the state’s personal income tax structure. The bill would raise taxes on individuals earning over \$450,000 a year as single filers and

\$500,000 as joint filers and would only impact our state's top 5% of income earners.

- A new **Capital Gains Tax** ([S1439-Rivera/A676-Kim](#)) would raise over \$12 billion annually by creating a surcharge tax on income generated by buying and selling stocks. The tax would only apply to people who earn over \$400,000 as single filers and \$500,000 as joint filers. Currently, people who earn their income through buying and selling stocks have a federal tax benefit of up to 17%, meaning they pay far less in taxes than those who earn their income through hourly wages or other ordinary income. This bill would only raise taxes on less than 1% of New Yorkers. Washington State and Minnesota have successfully passed and implemented capital gains taxes in the last few years.
- **Corporate Tax Reforms** ([S953-Hoylman/A1971-Kelles, Shrestha](#)) would raise over \$7 billion annually by raising the corporate tax rates on corporations that make over \$2.5 million in profits in New York and creating additional progressive brackets for corporations earning over \$10 million in profit annually, and \$20 million in profit annually. These corporate tax reforms would apply to every corporation that does business in New York - not just those headquartered in the state. The changes in the bill would not kick in until corporate profits exceed \$2.5 million and not impact small businesses. Eighty percent of corporations in New York make less than \$15,000 in profits annually and pay less than \$1,000 in corporate taxes every year. As of 2020, fewer than 0.14% of corporations reached \$1 million in profits. We can raise taxes on the wealthiest corporations and remain competitive: New York currently has the 2nd lowest tax rate amongst the 12th northeastern states, and our current corporate tax rates are lower than they were in 1990.
- A new **Heirs Tax** ([S914-Brisport/A2049-Solages](#)) would raise \$4 billion annually by replacing New York's existing estate tax by creating a tax that treats inherited income over \$250,000 as taxable

income. The creation of this tax would impact less than 1% of inheritances - and those above \$250,000 would only be taxed at a low rate of 2.5%. The rate would increase for inheritances over \$1,000,000, which already wealthy individuals almost entirely receive.

- **A new Billionaires Tax** ([S165-Ramos/A3632-Kelles](#)) would raise over \$33 billion in its first year and \$1.7 billion annually thereafter by creating a tax that targets the rising value of stocks and investment portfolios. This proposal creates a yearly tax on assets that have accumulated value, requiring billionaires to pay income tax rates on their investment gains. New York already has a system for assessing and taxing the increased value of items in the form of a property tax.

The Invest in Our New York package provides over \$50 billion per year in recurring revenue that could restore federal cuts and pay:

- full foundation aid and hold harmless provisions for public schools;
- new investments in Medicaid and public health funding for hospitals,
- home care and community services; public renewable energy infrastructure to assure affordable green energy for every New Yorker while preserving our environment for future generations;
- transformative investments in early education and higher education;
- an end to widespread poverty and homelessness; and
- a once-in-a-lifetime investment in affordable housing through the creation of a twenty-first century Mitchell-Lama program and a new social housing finance authority.

OUR WORST-IN-THE-NATION INEQUALITY IS GETTING WORSE, DRIVING THE AFFORDABILITY CRISIS – TAX LAW MUST RESPOND

Low-income and working-class families are being driven out of our state as a result of rampant unaffordability. Meanwhile, New York's millionaire and billionaire class keeps growing.

- According to a [December 2023 report](#) covered by the New York Times, the people who left New York at the highest rate in 2022 were families making between \$32,000 and \$65,000 a year. A disproportionate number of those movers were Black and Latine families.
- A new Americans for Tax Fairness analysis shows that New York now has 128 billionaires with over 780 billion dollars in wealth, and their wealth has soared by 74% since the Trump tax cuts went into effect in 2017. Another study found that 1 in 24 people living in New York City alone are millionaires.
- Over 2.78 million New Yorkers (14.2% of the state's population) live in poverty. According to a January 2025 report from Comptroller DiNapoli, homelessness in our state doubled between January 2022 and January 2024. There are more than 158,000 people who are homeless in our state, a third of whom are children.

The way to respond to inequality is to adjust tax laws and tax policies to assure funding for public programs and redistribute wealth.

The revenue picture in New York has made a dramatic turnaround – we closed this year with a budget surplus of \$5.3 billion this year, with \$30 billion in reserve and available funds and more surpluses into the future diminished only by DOB's continuing and unrealistic predictions of declining tax revenues and sunsets of high-end tax increases.

This is in large part, according to the Department of the Budget and the Office of the State Comptroller, due to the smart and responsible progressive tax policies that were passed in 2021.

The small increase in tax contributions on ultra-millionaires, billionaires and profitable corporations has led to repeated increases in tax collections, roughly \$15 billion per year higher than expected.

MYTHS BUSTED: THE MILLIONAIRES AREN'T MOVING – THEY'RE JUST PAYING MORE TAXES

Because this is often a talking point during tax debates we want to note that the Fiscal Policy Institute published a [landmark study](#) demonstrating that high earners move out of New York less often than working & middle class, and do not move in response to tax hikes:

FPI's report includes novel statistical analysis of the two most recent effective tax increases on high-earning New Yorkers (in 2017 and 2021) and reveals that high earners do not significantly change their migration behavior in response to tax increases. The report also finds that when high earners do move out of New York State, they are more likely to move to other relatively high tax states than to move to low tax states.

The report won [front-page coverage](#) across the state, with headlines like "New York's Millionaire Class Is Growing. Other People Are Leaving." Governor Hochul also acknowledged this reality in her State of the State address in January 2024.

Study after study has shown that increased taxes do not result in high-income earners leaving our state.

- [More than three-quarters of the highest income earners](#) (people making more than \$815,000 a year) who left the state during the pandemic moved to other high-tax states including Connecticut, New Jersey and California.
- [According to new Census data](#), New York's top 1% of income earners move out of state less than all other income groups. In fact, it was the only income group with no overall net outmigration in 2023.

ELIMINATE THE SUNSETS AND EXTEND POPULAR REFORMS – KEEP PROGRESSIVE TAX POLICY IN LAW AND END WASTEFUL CORPORATE TAX BREAKS

The data has been overwhelmingly positive. New York should make all the 2021 tax increases on the ultra-wealthy permanent – the income tax increases and the corporate tax increases should be locked in, and new progressive income and corporate tax rates should be included. Governor Hochul’s efforts to play games with one-time rebates and hidden tax breaks for millionaires should be rejected.

It’s good policy, there is no reason to go back. In fact, there remains ample room to build on these policies by passing the [Invest in Our New York legislative package](#) and making our tax code even more just.

In addition, complete elimination of ineffective and wasteful corporate tax abatements would provide billions in aid for localities.

We recommend a five-year wind-down of all so-called “economic development” tax giveaways, and a five-year ramp-up of the same amount of money in public investments in public goods like affordable housing, education, health care, social services and public renewables.

At the end of five years, we’d have over [\\$11 billion per year](#) in new investments in the things our state needs the most – and the private sector will do just fine without taxpayer subsidies.

Strong Economy For All also supports passage of

- The [“Share Our Wealth” proposal](#) for progressive income and corporate tax reforms

- A digital ad tax ([S.173 Ramos/A.3582 Reyes](#)) on only the biggest advertising platforms (Google, Amazon, Facebook, etc.) to raise \$750 million to fund a new [Unemployment Bridge Program](#) for excluded workers as well as a half-billion dollars in other sorely needed public services.

INVEST IN AFFORDABILITY, INVEST IN OUR NEW YORK

We should use new revenues to make New York more affordable by:

- Building deeply affordable housing families and individuals can afford to live in;
- Building our CUNY and SUNY systems into the best and most affordable public university system in the country;
- Ending homelessness and poverty;
- Leading the country on affordable childcare and high-quality early education;
- Rebuilding our mental health infrastructure; and
- Building for our sustainable future and lowering energy costs by investing in public renewables and climate-resilient infrastructure.

Once again, the Governor's budget simply falls short, failing to adequately reflect the urgent needs and real opportunities facing our state. Tinkering around the edges and continuing the Cuomo-Hochul version of trickle-down economics isn't a winning game plan – at least not for New Yorkers that aren't already wealthy.

The rich are richer than ever. Corporate profits are sky-high, explicitly rising at the cost of driving up prices and driving down affordability for working people. Huge and historic federal budget cuts are coming. Especially in the presence of record wealth among the billionaires and centimillionaire class, Governor Hochul's budget and meager proposed investments aren't popular, and won't meaningfully address New York's affordability crisis.