

# **DOWNTOWN INDEPENDENT DEMOCRATS**

## **RESOLUTION**

### **SUPPORTING PLAN TO CUT THE TAX RATE FOR MIDDLE-CLASS TAXPAYERS AND MAINTAIN THE TAX RATE FOR HIGH-INCOME TAXPAYERS**

High tax rates in NY State hit hard on the middle-class. Governor Cuomo announced plans to slightly reduce tax rates for the middle-class and maintain the tax rates for high-income taxpayers which expire at the end of 2017.

By reducing the tax rate a small amount, the average middle-class taxpayer would save \$250 a year, increasing to \$700 over the next few years.

(Rates decrease from 6.85% to between 6.45-6.65% initially, to 5-6% fully implemented.)

Reducing tax rates to middle-income earners fosters more disposable income and gives the opportunity for increased savings by households, spending on goods and services, and can stimulate local economies.

Attempts at keeping the middle-class in NY State by reducing taxes slows the erosion of jobs and skills leaving NY. Furthermore retirees on fixed incomes and young people are more incentivized to stay in NY.

To allow a reduction, the plan calls for the current higher rate on high-income individuals to remain in effect (8.82%).

This would affect approximately 45,000 individuals of which an estimated 50% live outside of NY and 3% live upstate.

The Institute on Taxation and Economic Policy finds that New York's top 1% earners pay a lower share of their income than the state's bottom 20%.

From the spending side, we have great concern over the size of the state's budget, the estimate of a \$3.5 billion deficit, and the large amounts of capital funding proposed for what the Citizen's Budget Commission calls "dubious projects". But crucial in the equation to the health of NY State is to lessen the burden on the middle-class.

#### **Therefore be it resolved:**

The Downtown Independent Democrats support the plan to cut the tax rate for middle-income taxpayers and maintain the tax rate for high-income taxpayers. At the same time we have great concern over spending allocations in NY State's budget, yet recognize that relief to the middle-class is greatly needed and overdue.

Downtown Independent Democrats  
February 15, 2017

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