



TAX WATCH '04

COMING:

<i>Property taxes</i>	Nov. 25
<i>Business taxes</i>	Dec. 2
<i>Income taxes</i>	Dec. 9
<i>Health-care taxes</i>	Dec. 16

Some key facts to consider:

- New York was one of only four states to raise taxes more than 5 percent this year, according to the National Conference of State Legislatures.
- A recent Quinnipiac University opinion poll found that most New Yorkers prefer cuts in government programs, rather than tax hikes, to close budget gaps. Upstate residents, in particular, supported lower government spending.
- A Marist College poll earlier in the year found similar results, with respondents choosing cutting state jobs or cutting services rather than raising taxes. Even when given a choice of “tax increases with spending cuts,” or “spending cuts only,” voters tend to choose the latter, a Syracuse *Post-Standard* survey found.
- Both state and local taxes in New York are higher than average, but local property and other taxes are especially out of line.

TAXES ARE FAR OUT OF LINE IN NEW YORK. WILL ALBANY MAKE THEM WORSE?

New York is famous for high taxes—and when you look at the numbers, it’s easy to see why.

Combined state and local taxes in the Empire State are the highest in the nation, after adjusting for personal income. They’re far higher than those in the locations that compete most directly with us for business and jobs.

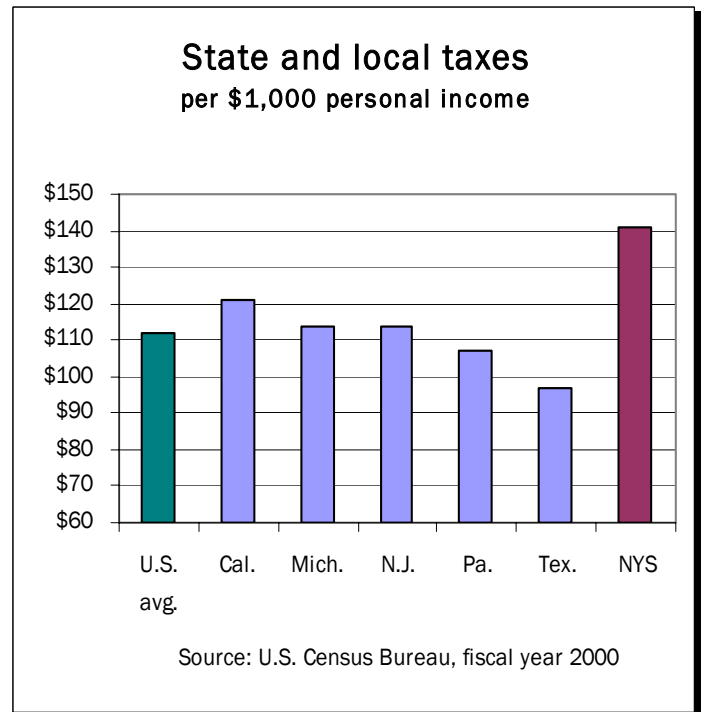
As of fiscal 2000, our tax burden averaged \$4,578 for every resident — some 48 percent above the average for all states.

High taxes make it harder for employers to succeed here, driving jobs to more competitive locations in other states.

They hurt working families by taking opportunities away from today’s breadwinners, and forcing our young people to go elsewhere in search of a brighter future.

And high taxes are among the primary reasons that Upstate New York, in particular, struggles to stanch the hemorrhage of both its population and its vitality.

As later installments in this series of briefing papers will



demonstrate, New York ranks at or near the top in virtually every major type of tax. Our personal-income taxes, and taxes on business, are extraordinarily high. Our property taxes are among the highest in the nation. Our sales taxes are

out of line, as are those on estates and on our utility bills.

There’s hope for reducing our heavy tax burden if — but only if — elected leaders have the will to restrain government spending.

DOES ALBANY HAVE THE POLITICAL WILL TO ACT?

For eight straight years, top leaders of New York State government achieved a rare consensus: High taxes hurt New Yorkers, and we have to do something about it.

From 1995 through 2002, the state cut taxes. Our business climate improved dramati-

cally, and employers created jobs by the thousands.

This past year, that consensus fell apart. The Legislature enacted \$2 billion in state tax increases. Because spending on Medicaid and education continues to grow sharply, localities raised taxes, too.

Two fundamental questions face state and local leaders in New York:

Does it matter that our taxes are far out of line with the competition? If so, will we do something about it in 2004 — or make the problem worse?