



Contact: [Carol Kellermann](#)

212-279-2605, ext. 322

[Andrew Rein](#)

646-402-3311

## **CBC STATEMENT ON GOVERNOR'S 30-DAY AMENDMENTS IN RESPONSE TO FEDERAL TAX LEGISLATION**

**New York, NY - February 12, 2018** - Today, President Carol Kellermann issued a statement on behalf of the Citizens Budget Commission (CBC) regarding Governor Cuomo's 30-day amendments to the Executive Budget:

The Governor's proposals represent bold and important steps to address the negative impacts the federal tax law will have on New Yorkers and to maintain New York's competitive position. New York should take quick action on immediate threats while ensuring that appropriate analysis and deliberation continue on more complex issues that pose challenges over the longer term.

Without state level changes, the federal tax law presents three major problems:

- 1) high earning New Yorkers would have an incentive to change their residence and deplete needed New York resources;
- 2) some New Yorkers' federal taxes would actually increase; and
- 3) without action this year, the federal tax cut package will result in an unplanned \$1 billion net state tax increase on New Yorkers.

The Governor is right to propose immediate action to address the \$1 billion tax increase. However, complete uncoupling from federal tax definitions may introduce other challenges, including developing the capacity to audit State-only deductions and eliminating the simplicity of conformity to federal tax rules for the State and taxpayers. An alternative to consider is to uncouple from specific federal changes that would have the most undesired effects, such as the personal exemptions and child tax credits, and allow conformity with others. In the longer term, it may be appropriate to make even more adjustments to state personal income tax deductions and credits.

The proposal to allow a charitable deduction and accompanying tax credit for contributions to State (and optionally local) education or health care funds could provide relief from the federal cap on the State and Local Tax (SALT) deduction for many New Yorkers. The proposed legislation must assure the funds are governed by the same transparency, accountability, and legislative oversight requirements as apply to other governmental spending.

The proposed voluntary Employer Compensation Expense Tax would be a fundamental change to the state tax system. It will be complex to design and to implement, and it

will have many implications that are not yet understood. The proposal will need to be fully analyzed and informed by the continued input of experts and stakeholders. Caution is needed to ensure this is the right version of the right solution to address the problems without adverse countervailing implications. Since the proposal would not go into effect until 2019, it is appropriate to continue refining it beyond and outside the budget adoption process.

The [CBC Special Committee on the Tax Cuts and Jobs Act](#) will review the legislative language submitted by the Governor to better understand its implications and will have more detailed comments at that time.

### **About Citizens Budget Commission**

The Citizens Budget Commission (CBC) is a nonpartisan, nonprofit civic organization whose mission is to achieve constructive change in the finances and services of New York City and New York State government. CBC's mission is rooted in serving the citizenry at large, rather than narrow special interests; preserving public resources, whether financial or human; and focusing on the well-being of future New Yorkers, the most underrepresented group in city and state government.