

# **We Need *Invest in Our New York+Plus* for a Fair and Robust Economic Recovery**

**By Wendy Diller**

Everyone in NY is aware of the budget crises [we are facing at the state and city levels](#). How these will be resolved is the next big battle of 2021 and will influence our upcoming NYC elections.

The current management of NY's budget seems obscure. Certainly, we all see the problems in our neighborhoods, but we haven't seen big cuts in government services that are aligned with the projected size of the deficits. That's because Governor Cuomo and [the state's political leadership have been waiting for a partial bailout from the federal government](#) – and while that looks like it is coming in some form, it won't be enough. State gimmicks to quietly delay payments to some service

organizations lead to further mistrust. Governor Cuomo's lackluster economic proposals in his state of the union speeches last month [didn't help](#).

One solution is to reform the NYS tax system to make it more equitable, one of the biggest challenges facing our state. In addition to being an economic issue, it's a cultural and values issue as well—after all, how we fund our government is a statement of what we want it to be.

As a step in this direction we as a club should consider supporting the [\*Invest in Our New York\*](#) campaign. Launched in early January at the start of the state's budget planning process, this initiative centers around the *Invest in Our New York Act* and is backed by a coalition that has grown to more than 100 progressive groups across NYS.

The basics of the Act are most likely familiar to members of Three

Parks. Progressives have pushed for them for years. One bill aims for a more progressive tax system (NYS currently has an almost flat tax system for people who make between \$20K and \$1M a year); others target capital gains and inheritance taxes. See [here](#) for a comprehensive explanation of the Act.

The groups backing the Act plan to put pressure on legislators over the next month as the budget discussions heat up and culminate at the end of March, and they are looking for immediate grassroots support. Our state legislators seem to be aligning, with varying caution, in favor of these efforts.

There are several sides to this complicated set of proposals aimed at making the super wealthy pay their fair share in NY. There's much to be said in favor of this and other efforts to address New York's long-standing glaring tax inequities. While critics argue that such targeted initiatives will incentivize the rich to flee,

proponents say the benefits outweigh that risk. Moreover, they point to research indicating that a majority of wealthy people in New York and elsewhere do not make residency decisions based on their income tax rates.

But progressives too often fail to acknowledge adequately that NY has seen a real decline in the size of its population over the past decades (it has been flat in recent years due to immigration) and is almost sure to lose at least one Congressional seat as a result of the 2020 US Census count. Although studies—even from conservative think tanks like the [Manhattan Institute](#)--show that high personal income taxes are not driving this migration, focusing too much on bashing the state's billionaires crowds out the need for a more nuanced and broader discussion about creating an equitable and fiscally healthy city and state in which commerce flourishes and business invests in the communities where workers are located.

Moreover, the Act does not satisfactorily take into account the unique upheaval in the office environment wrought by the pandemic. Corporations make decisions about where to locate their headquarters based on multiple considerations, of which caliber of talent seems to be a higher priority than favorable income taxation. Still, the two are irrevocably linked.

At this point, I don't have a clear answer to issues regarding how much you can tax people, rich or otherwise, before they leave a locality and harm its growth. While I certainly believe that NYS's tax system has structural deficits, and the wealthy need to pay more of their fair share, of course, the devil is in the details – how much and at what level to begin the hikes?

And I remain very concerned about the broader economic context as well and welcome discussion with club members about these issues. I hope that the club throw its

support behind the [Invest in Our New York](#) campaign, and equally as well at policies that promote a healthy, diverse economic environment for workers and entrepreneurs. This includes addressing vulnerabilities that cause corporations to disengage civically from their communities or worse, leave the city altogether.