



Tax opponents implore Paterson

Crain's Insider
February 5, 2009

Conservatives lament that Gov. Paterson is not delivering a strong message against an income tax increase. Liberal groups and Assembly Speaker Shelly Silver appear on track to implement a temporary surcharge on the rich to help close a \$13 billion deficit.

"The governor is dead right in his position, but he needs to sell it better," says consultant Bill O'Reilly, who works with Republicans.

"Overtaxing high-income people [leads to] unemployed low-income people. That's the argument to drive home." GOP strategist Mike McKeon says Paterson's message is muddled by "all the things going on around him."

At a press conference Tuesday, Paterson said, "We will be throwing everything but the kitchen sink at this budget deficit." Then he added, "At this time, I would not like to impose a millionaire's tax."

Proponents say an increase in the rate for high earners from 2003 to 2005 raised revenue while the rich got richer. Paterson's response: "Millionaires could afford to pay the tax at that particular time."

One Democratic consultant calls that "a dumb message" because people will ask why high earners cannot pay it now.

The governor later said, "Eventually, every New Yorker is going to be asked to share in this sacrifice."

"In the meantime, the sacrifice is being shared by everybody [but the rich]," counters James Parrott, chief economist of the left-leaning Fiscal Policy Institute.

The state taxes income above \$20,000 at 6.85%. If the rate were 8.35% for income above \$200,000, 9.35% for income above \$500,000, and 10.35% for income above \$1 million, it would generate another \$5 billion next year, Parrott estimates.