

"Millionaires' tax" would hit fewer on LI

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ALBANY -- Millionaires aren't what they used to be on Long Island.

With a debate over a millionaires' tax intensifying on the state and federal levels, state Tax Department figures show the number of filers earning seven figures or more on the Island has dropped 35 percent since 2007, before a worldwide financial crisis triggered a U.S. recession.

There were fewer than 5,500 tax filers on the Island who earned more than \$1 million in 2009, the latest available figures. More of them live in Nassau County than Suffolk. In Nassau, 3,719 filers reported adjusted gross incomes of \$1 million or more in '09. In Suffolk County, 1,755 reached the \$1-million mark. Combined, that's 0.4 percent of Island income-tax filers.

Pressure increasing

Pressure to tax millionaires at a higher rate is increasing as the state faces at least a \$2 billion deficit next year.

Democrats, including Assembly Speaker Sheldon Silver (D-Manhattan) say that, out of tax fairness, big earners should pay at a higher rate.

Unions and the Occupy Wall Street movement, tapping into widespread frustration over corporate scandals and a dreary economy, are generating more pressure.

In Washington, President Barack Obama has called for ending tax breaks for families earning \$250,000 or more annually, while Sen. Charles Schumer (D-N.Y.) has proposed a 5-percent surcharge only on the portion of a person's income above \$1 million.

"My main push has been to make sure people who make between \$250,000 and \$1 million are not forced to pay any additional taxes. Anyone with any experience on Long Island knows that families making \$250,000 a year are hardly rich," Schumer said last week.

GOP and Cuomo say no

But national Republicans are pushing for more tax cuts rather than any increases, even for the wealthy. In New York, Republicans and Democratic Gov. Andrew M. Cuomo argue that a "millionaires' tax" would put New York at a disadvantage with neighboring states.

"We remain opposed to any tax increases," said Scott Reif, spokesman for State Senate Majority Leader Dean Skelos (R-Rockville Centre). "It has an effect on small businesses. It hurts New York's ability to create jobs."

Across New York, 27,844 residents surpassed \$1 million in income in 2009 -- 0.3 percent of everyone who paid state income tax. Nearly half, 12,415, were in Manhattan. Westchester ranks second among New York counties, with 5,145 who earned \$1 million or more, followed by Nassau and Suffolk. Twenty upstate counties had no \$1 million earners.

At the state level, New York has a surcharge on individuals who earn more than \$200,000 and families at \$300,000, but it is set to expire Dec. 31 because Cuomo and Senate Republicans blocked attempts earlier this year to renew it.

Silver not giving up

Silver and Democrats say they will revive the issue in 2012. Silver wants to reimpose the surcharge at a higher threshold -- applying only to those who earn \$1 million or more annually, estimating it would raise \$4 billion over three fiscal years. "The public is clearly with us," he said, citing polls that show strong support for what he calls a "true millionaires' tax."

Silver predicted that, with the economy still struggling, Cuomo might relent and not allow the surcharge to expire after all.

Cuomo and Skelos have flatly rejected that idea.

"The fact that everybody wants it, that doesn't mean all that much," Cuomo said recently, adding that under no circumstances would he extend the surcharge. He restated his opposition again Thursday.

Business groups back Cuomo and Skelos.

"We believe that any increase in taxes during this very fragile attempt at an economic recovery is the wrong message -- especially when we are trying to get businesses to invest and hire people," said Kevin Law, president of the Long Island Association.

What one high-earner says

One high-earning Long Islander agreed. Jeffrey Siegel, chief executive of Lifetime Brands, the Garden City-based manufacturer of kitchenware and other home products, said he's against reimposing the surcharge.

"I feel that, over time, this would result in businesses moving out of state," said Siegel, who was paid \$1 million in salary alone in 2010, according to documents filed with the Securities and Exchange Commission.

But James Parrott, an analyst with the labor-backed Fiscal Policy Institute, said, "The evidence doesn't exist that wealthy people will move out of New York in significant numbers if there is a surcharge."

Parrott noted that last year, New York had the second-highest growth rate of gross domestic product among states, while the higher tax rate was in effect. He said that if New York imposes a "true" millionaires' tax, it's unlikely those paying the tax would flee: "Chances are they are going to keep their jobs in the downstate area with the lucrative income."