

Federal Tax Reform Threatens New York's Competitiveness

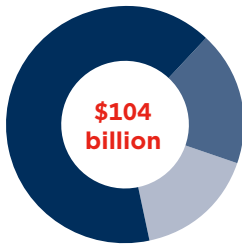
Loss of Itemized Deductions Would Have a Disproportionate Impact

\$104 billion in deductions

New York state taxpayers claimed \$104 billion in total deductions in 2014, second only to California.

Figure 1

For New York state taxpayers, state and local income, sales, and real estate taxes account for 65 percent of claimed deductions.



\$68 billion
State and local tax deductions
(income, sales, real estate)

\$19 billion
Charitable donations

\$17 billion
Mortgage interest

\$7.7 billion

In New York City alone, the estimated value of itemized deductions is \$7.7 billion, an average tax reduction of \$6,607 per impacted taxpayer.

Figure 2

Taxpayers in almost all income brackets would be impacted by loss of itemized deductions.

Adjusted Gross Income	Total Returns	Taxpayers Impacted	Average Tax Benefit for Impacted
Under \$50k	2,485,404	184,963	\$444
\$50k-\$100k	805,060	435,326	\$1,246
\$100k-\$200k	408,564	349,313	\$2,891
\$200k+	216,268	197,748	\$30,739
Total	3,915,296	1,167,350	\$6,607

Even with state and local deductibility, high cost cities—like New York—are still a good deal for the federal government.

New York City's tax revenue contribution to the federal government is \$56.1 billion more than it receives in federal grants and other support.

\$117.3 billion

New York City to Washington, D.C.

Personal income taxes: \$96 billion

Business income taxes: \$19 billion

\$61.2 billion

Washington, D.C. to New York City

Federal grants: \$19 billion

Other direct payments: \$14 billion

Retirement and disability: \$10 billion

Insurance payments: \$9 billion

Guaranteed or insured loans: \$4 billion

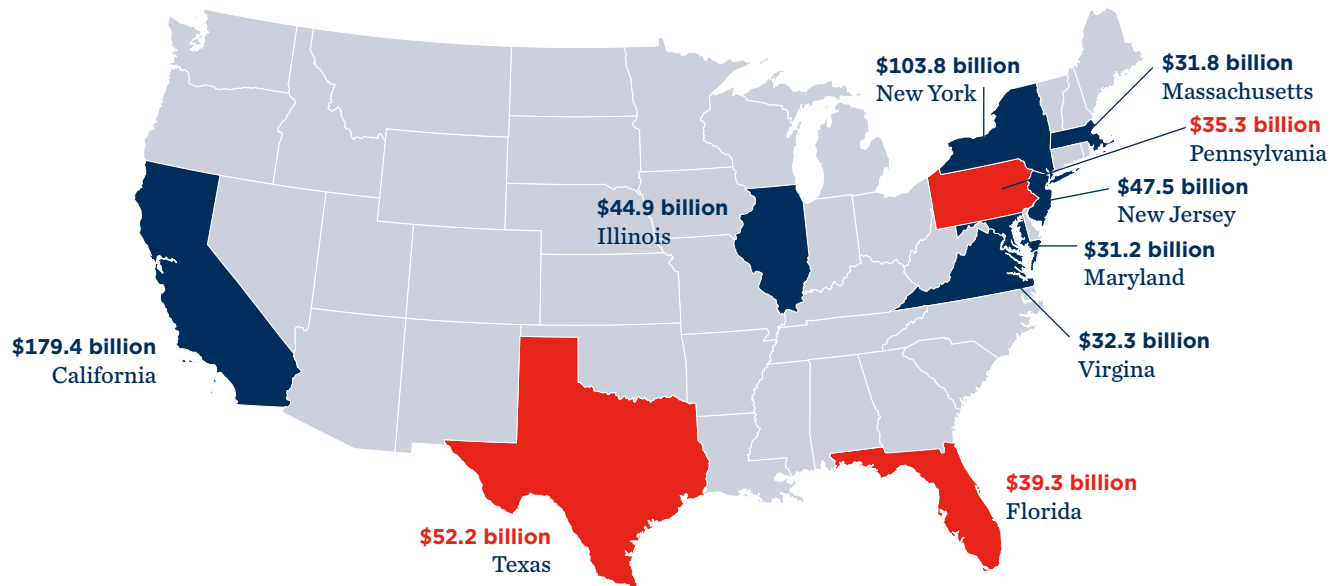
Salaries and wages: \$3 billion

\$56.1 billion balance of payments deficit

Top 10 states for total claimed itemized deductions.

Figure 3

In the top 10 states ranked by total major deductions, high tax states such as California and New York are joined by lower tax states such as Texas and Florida.



State	State & Local Income Taxes	State & Local Sales Tax	State & Local Real Estate Taxes	Total State & Local Taxes	Mortgage Interest	Charitable Donations	Total Major Deductions
CA	\$70.8 bn	\$1.4 bn	\$26.2 bn	\$98.4 bn	\$52.2 bn	\$28.8 bn	\$179.4 bn
NY	\$47.3 bn	\$453.1 m	\$20.2 bn	\$67.9 bn	\$17.3 bn	\$18.6 bn	\$103.8 bn
TX	\$1.4 bn	\$4.7 bn	\$13.7 bn	\$19.7 bn	\$15.4 bn	\$17.1 bn	\$52.2 bn
NJ	\$15.6 bn	\$249.7 m	\$14.4 bn	\$30.3 bn	\$11.5 bn	\$5.8 bn	\$47.5 bn
IL	\$13.2 bn	\$333.7 m	\$11.5 bn	\$25.0 bn	\$11.5 bn	\$8.5 bn	\$44.9 bn
FL	\$2.9 bn	\$2.7 bn	\$8.4 bn	\$14.1 bn	\$13.3 bn	\$11.9 bn	\$39.3 bn
PA	\$10.6 bn	\$159.9 m	\$8.0 bn	\$18.7 bn	\$9.9 bn	\$6.7 bn	\$35.3 bn
VA	\$9.7 bn	\$70.5 m	\$4.9 bn	\$14.7 bn	\$11.6 bn	\$6.0 bn	\$32.3 bn
MA	\$11.1 bn	\$48.9 m	\$6.6 bn	\$17.7 bn	\$8.6 bn	\$5.5 bn	\$31.8 bn
MD	\$11.6 bn	\$51.4 m	\$4.6 bn	\$16.3 bn	\$9.5 bn	\$5.5 bn	\$31.2 bn

Totals may not add up due to rounding.