Tax Reform & Regulatory Relief

Accelerate Economic Growth and Balance the Federal Budget without Slashing Essential Services

RECOMMENDED ACTIONS

- Provide more incentives for research and innovation
- Restore deductibility of state and local taxes from personal income tax obligations to reflect high costs and outsize contributions of nation’s most productive urban centers
- Survey employers to identify regulations that unnecessarily add to costs, discourage investment and inhibit job creation

Figure 2
New York City is a large net contributor to the federal budget (2015).

$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

Figure 3
New York City corporate taxes are the highest in the developed world (2019).

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>30%</td>
</tr>
<tr>
<td>China</td>
<td>25%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>19%</td>
</tr>
<tr>
<td>Singapore</td>
<td>17%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>16.5%</td>
</tr>
<tr>
<td>Ireland</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

8.85% New York City
6.5% New York State
21% United States
36.35% Total

Does not account for the deductibility of state and local taxes in the United States. Reflects highest tax brackets.
U.S. tax policy for research and development is still relatively basic compared to our competitors.

**United States**
Research & Development (R&D) tax credit equal to either 14 percent or 20 percent of total qualified research expenses depending on the calculation method applied.

**Canada**
Scientific Research and Experimental Development tax deductions, investment tax credits for capital and R&D costs.

**China**
Super deduction (150 percent) of R&D expense, rate reductions for “high and new technology,” Value Added Tax (VAT) exemptions.

**France**
R&D tax credit, innovation grants, accelerated depreciation for fixed assets used in R&D, patent box and innovation tax credits for small- and medium-sized enterprises (SMEs).

**Singapore**
Productivity and Innovation Credit Scheme (250 percent/300 percent deductions on S$400,000 expenses per year for R&D activity).

**United Kingdom**
Patent box, R&D tax credits (super deductions for SMEs) and investor tax relief in early-stage businesses.

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**Figure 4**
New York City has higher personal income tax rates than other major U.S. cities (2019).

<table>
<thead>
<tr>
<th>City</th>
<th>Federal tax rate</th>
<th>State tax rate</th>
<th>City tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>37%</td>
<td>8.82%</td>
<td>3.88%</td>
</tr>
<tr>
<td>St. Louis</td>
<td>37%</td>
<td>5.4%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>37%</td>
<td>4.54%</td>
<td></td>
</tr>
<tr>
<td>Dallas</td>
<td>37%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orlando</td>
<td>37%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Does not account for the deductibility of state and local taxes in the United States. Reflects highest tax brackets.*