

How New York State Fought the Budget Deficit, and Won

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While nearly every state is facing severe budget crises, New York State showed how to balance the budget without completely destroying the social safety net. [New York](#) took a few progressive steps forward in balancing the budget and painted a more sensible picture of “shared sacrifice” than what the average politician has proposed. Instead of sacrificing social programs and increasing taxes that affect primarily workers, two new tax brackets were created for New York’s wealthier citizens, generating 4 billion dollars in state revenue.

Prior to the new budget, New York’s highest tax rate was 6.85 percent, for anyone making \$20,000 or more. The additional tax brackets are 7.85% and 8.97% for those whose income is more than \$300,000 and \$500,000. These new rates are temporary and set to expire in 3 years. According to the [Times-Union](#), “In broad strokes, the agreement closes the state’s estimated \$16.2 billion budget deficit through \$6 billion in federal stimulus dollars, \$6 billion in cuts to an array of programs, and \$4 billion in new revenue through an increase in the personal income tax on affluent New Yorkers.”

The grassroots movement that pushed this “wealthy tax” forward not only asked that new tax brackets remain permanent but also asked for a third tax bracket on New Yorkers earning \$1 million or more annually, which would have raised an additional billion dollars.

Could other states follow New York’s lead?

In Oregon, as in other states, there are far fewer wealthy people than in New York, but progressive taxation, i.e., adding additional tax brackets (for the wealthy), could still make a substantial difference. As it stands now the top 98% of Oregonian tax payers pay 9% in income tax. According to the [Oregon Center for Public Policy](#), if Oregon established a new, upper-income tax bracket, such as an 11 percent tax bracket on income of over a half-million dollars for joint filers, or \$250,000 for single filers it would raise roughly \$480 million a biennium (every two years) from the approximately 14,400 households who comprise the top 0.8% of Oregon taxpayers.

In other words, the new tax bracket would apply to fewer than one out of every 100 Oregon taxpayers, with nearly 1.8 million households seeing better services and no tax increase. \$480 million isn’t going to close our multi-billion dollar budget deficit, but it is a step forward. Demanding instead that the upper income groups pay 15 to 20% in taxes would of course help even more.

Corporations are another source of revenue for the state that could and should be tapped in to. Corporations in Oregon used to pay 16% of all Oregon income taxes; they now pay only

6%. An organization called [Oregonians For Fair Tax Reform](#) have laid out a corporate tax plan that would generate \$700 million in revenue per biennium through raising the corporate minimum and taxing corporations at a rate comparable to what working families are taxed.

Why isn't progressive taxation being proposed in Oregon? Is the New York legislature just more progressive? Absolutely not. In reality a grass roots movement in New York pushed the issue until it could no longer be ignored. Community groups, activists, non-profit organizations and most importantly, labor unions, formed a coalition and together were able to educate their community through knocking on doors, teach-ins, and flyer-ing about the importance of fair taxation in order to save social services.

This campaign was able to rally together 70,000 New Yorkers, who were all encouraged to call, email and write their legislators, demanding progressive tax reform. The campaign became so popular that a [Gotham Research Poll](#) showed that 73% of New Yorkers supported a higher tax on New Yorkers earning over \$500,000. The governor most likely did not need a poll to tell him what his flooded email and voicemail system had been telling him for months; New Yorkers were not going to be happy if their proposal was ignored.

There is no reason why Oregon, and every other state, could not launch a similar campaign and receive similar results. The largest union in Oregon, SEIU, is already behind the idea of fair tax reform and is lobbying state legislators. What is missing is the grassroots movement and education campaign to let the community know about the desperate situation that Oregon's most vulnerable people are facing right now. It's easy for a legislature to ignore a few lobbyists a few times a week; it's much more difficult to ignore thousands of phone calls, emails and letters, and thousands of bodies standing outside on the capitol steps.

When organizing a campaign such as the one described above, the most important element is having a solid coalition of unions on board. Not only do unions already have an excellent organizational structure that is able to quickly educate thousands of workers, but they also have money at their disposal to help cover the costs of such a campaign. Unions and community groups in Oregon have already come together to form the [Keep Oregon Working](#) coalition. But it takes more than a coalition of paid union staff and organizers to create a movement; it takes energy and action from the individuals who make up these unions and community groups. The first step is to let your union leadership know what you want to see happen AND let them know that you're willing to help organize to make it happen. Change will never happen if we wait for someone else to implement it, but together, we, the millions of workers in this country can create change by organizing and demanding it.

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