

## McDermott – ELIMINATING THE New York STATE INCOME TAX

### Definition

The campaign item of **Eliminating the New York State Income Tax can be clearly and concisely defined as - I, Michael McDermott, will work to fully eliminate the New York State Income Tax by the end of my term, cutting it 25% each year of my 4 year term as Governor.** No catches, no caveats, none of the typical political double talk or vague proposals. As a **Libertarian**, I will reduce government's role in our lives and increase personal freedom, no matter the issue. I am strongly opposed to this unnecessary and damaging tax on working New Yorkers.

### The ONLY choice for you

**This proposal separates me from the other candidates running for this office in several ways. I am the ONLY candidate that:**

- will reduce New York State Government spending
- will implement across the board cuts, no catering to special interest groups
- will eliminate 100% of the New York State income tax
- will reduce Government power & increase New Yorker's freedoms

This idea will be met with resistance by the entrenched political powers in New York State. The idea of actually **reducing spending** is unheard of to the 2 big, old political parties in New York. They will use the typical scare tactics that we have all heard for far too long. Spending by the New York State Government is out of control. And the reality of this proposal is spending has to be reduced by only 10% each year for 4 years. Spending will go from the current 2014 level of \$140 billion to a 2015 level of \$129 billion, a 2016 level of \$120 billion, a 2017 level of \$110 billion, and finally a 2018 level of \$101 billion. Just looking at these spending numbers, it is shocking, but we (The Libertarian Party) are going to change that. This reduction will come after decades of unchecked spending increases by the 2 big parties that have resulted in the outrageous spending levels we have today in New York State. Seven other States in this great Country have no income tax, New York should join them. Below you see details and exact numbers, something you will NOT see from the other candidates.

### Reasons for Proposal

1. As our economy struggles to emerge from the Great Recession, **real wages haven't recovered. This tax is hurting working New Yorkers.** In the five-year period from 2007 to 2012 real wages in New York have dropped dramatically. Example: In 2008 the real median household income in New York State stood at \$59,448. By 2012, that had dropped to \$56,754. That's a staggering drop of \$3,306 per household (or 5.53%)<sup>^</sup>. This tax is causing companies to move to more tax friendly states, costing New Yorkers jobs and reducing economic growth.
2. **As a Libertarian I am opposed to the policy of New York State collecting 40 BILLION dollars a year from working New Yorkers\*\*.** A core Libertarian belief is personal freedom, which includes letting people decide how to use the money they earned. Right now the New York State Government is deciding how to spend a significant portion of your earned income.
3. **Seven States have no income tax** and they are thriving\*. There is no reason why New York shouldn't join them

### Results

**Real - New Yorkers will get a raise!** With the NEW YORK STATE Government reducing its wasteful spending it means that the saved money will stay where it belongs - in the pockets of the workers who earned it. This will increase real wages for New Yorkers. Your raise will come from having one less hand in your pocket.

**Potential – SEE CHART BELOW** - Less taxation creates a more friendly work environment, which means more jobs. More money in people's pockets gives them more money to spend, which produces a stronger State economy. Businesses, both small and big, will move into the State, instead of out, again resulting in a healthier State economy.

Nine No-Income Tax States vs. Nine Highest Income Tax States					
	Growth Rates, 2001-2010				
	Population	Gross State Product	Non-farm Payroll Employment	State and Local Tax Revenue†	
9 States with No-Income Tax*	<b>13.90%</b>	<b>56.10%</b>	<b>5.50%</b>	<b>81.50%</b>	
U.S. Average**	8.80%	45.40%	0.60%	51.00%	
9 States with Highest Personal Income Tax Rates*	<b>5.50%</b>	<b>41.00%</b>	<b>-1.60%</b>	<b>44.90%</b>	

\* equal-weighted average  
\*\* equal-weighted average, does not include D.C.  
† 2000-09 (2010 data not yet available)

Source: Bureau of Economic Analysis, U.S. Census Bureau, Bureau of Labor Statistics, Laffer Associates

## Financial details

There are two sides or entities that will be affected by this proposal: **working New Yorkers** & the **New York State budget**. Let's go over how this proposal will affect working New Yorkers first.

### Working New Yorkers

Today the top tax rate on your income is 8.82%, while the lowest income tax rate is 4%. In 2013 there were 8,9 million workers in New York State<sup>^</sup>. In FY 2013, New York State collected \$40.2 billion in personal income tax<sup>\*\*</sup>. Phasing out this tax will result in the following amounts back into the pockets, on average, for each working New Yorker: 2015 \$1,000; 2016 \$2,000; 2017 \$3,000; 2018 \$4,000. Yes, in 2015 on average, every working New Yorker would have \$1,000 less taken by the New York State Government. That is \$1,000 more of your hard earned money that YOU get to decide what to do with. The amount that THEY take from you decreases every year, for 4 years, AT WHICH POINT THE NEW YORK STATE GOVERNMENT WILL NO LONGER TAX YOUR INCOME.

### The New York State budget

This proposal for eliminating the New York State income tax will result in the New York State Government collecting or taking \$40 billion less from it's hard working residents. The \$40 billion reduction, spread out over 4 years, comes to a reduction in spending that increases 10 billion dollars each year for 4 years. This is ONLY a 10% reduction in spending! These reductions in money being taken from working New Yorkers means the spending of the grossly bloated New York State Government will have to be reduced to the following levels from the 2014 starting point of \$140 billion: 2015-\$129 billion; 2016-\$120 billion; 2017-\$110 billion; 2018-\$101 billion. There are 13 main segments of the New York State budget<sup>^^</sup>, all 13 segments of the New York State Government will need to be reduced by 10% each year for 4 years. These spending reductions will be across the board. We will not play favorites or single out specific departments. The process of reducing spending- we will meet with the heads of every department and have them conduct a rigorous evaluation to eliminate unnecessary and frivolous spending and hit the spending target. Here is an example of department spending reductions: the amount of the New York State budget appropriated for "Elected officials" has a 2014 spending allowance of \$3.2 billion<sup>^^</sup>. The 2015 spending allowance for this department will be reduced to \$3 billion. It is time for the New York State government to learn how to be frugal, how to be efficient. We need the New York State government to learn to make do with essentials, not luxuries. This will all be done while maintaining a balanced and less bloated budget.

In addition, this is assuming ZERO growth in business and income for New Yorkers. By making New York State a more popular place to work and live, the cuts can be offset by the higher revenue prosperity brings, from things like the sales tax, property taxes, and other revenue New York State takes in. By increasing the prosperity of New Yorkers, more money will actually be generated, with no increases in taxation!

## Summary

I am the ONLY candidate that finds the New York State income tax UNACCEPTABLE.  
I am the ONLY candidate that wants to remove New York State's hand from your pocket.  
I know it is money you worked hard for and it is your money to spend how YOU see fit.  
Together, we will abolish this tax and set all working New Yorkers on a path to true prosperity.

**Vote Libertarian this November, vote for Michael McDermott for New York State Governor.**

**<http://VoteMcDermott.org>**

### SPENDING DATA:

ECON DEV & GOVT OVERSIGHT		1,457,628	1,333,730	1,220,363	1,110,530	999,477
PARKS & ENVIRONMENT		1,212,809	1,109,720	1,015,394	924,009	831,608
TRANSPORTATION		9,182,343	8,401,844	7,687,687	6,995,795	6,296,216
HEALTH		46,767,030	42,791,832	39,154,527	35,630,619	32,067,557
SOCIAL WELFARE		9,381,318	8,583,906	7,854,274	7,147,389	6,432,650
MENTAL HYGIENE		7,336,773	6,713,147	6,142,530	5,589,702	5,030,732
PUBLIC PROTECTION		9,692,145	8,868,313	8,114,506	7,384,201	6,645,780
HIGHER EDUCATION		10,642,385	9,737,782	8,910,071	8,108,164	7,297,348
EDUCATION		30,184,712	27,619,011	25,271,396	22,996,970	20,697,273
GENERAL GOVT		1,543,025	1,411,868	1,291,859	1,175,592	1,058,033
ELECTED OFFICIALS		3,272,307	2,994,161	2,739,657	2,493,088	2,243,779
LOCAL GOVT ASSISTANCE		763,576	698,672	639,285	581,749	523,574
ALL OTHER CATEGORIES		9,427,249	9,406,869	10,335,110	10,827,457	11,216,429
			0.915	0.915	0.9	0.9
<b>FY 2014 BUDGETED SPENDING TOTAL</b>		<b>140,863,300</b>				
<b>FY 2015 BUDGETED SPENDING TOTAL</b>			<b>129,670,856</b>			
<b>FY 2016 BUDGETED SPENDING TOTAL</b>				<b>120,376,658</b>		
<b>FY 2017 BUDGETED SPENDING TOTAL</b>					<b>110,965,265</b>	
<b>FY 2018 BUDGETED SPENDING TOTAL</b>						<b>101,340,457</b>
		*2015 and 2016 use a 8.5% cut. 2017 and 2018 use a 10% cut				

***This is a supporting document for the “Michael McDermott, Libertarian for New York State Governor” campaign platform issue: Eliminate the New York State Income Tax.***

<sup>^</sup><http://www.deptofnumbers.com/income/new-york/>

<sup>\*</sup><http://www.laffercenter.com/wp-content/uploads/2012/09/2012-09-TaxesDoMatterLookAtStates-LafferCenter-Laffer-Moore.pdf>

<sup>^^</sup><http://taxfoundation.org/article/state-individual-income-tax-rates>

<sup>\*\*</sup><http://seethroughny.net/nysbudget/#receipts>

<sup>^^^</sup><http://seethroughny.net/nysbudget/#disbursements>