



Legislation Text

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Res. No. 230

Resolution calling upon New York State to conduct and fund an annual study showing how much tax revenue is generated by residents and workers in each county or City and subsequently sent to the State Government, and how much each county or city receives from the State in the form of state aid, with an explanation for each discrepancy in the cases in which counties or cities receive less in state aid than they produce for the State in tax revenues together with a plan for correcting such discrepancies.

By Council Members Brewer, Fidler, Foster, Gerson, Liu, Lopez, Martinez, Nelson, Perkins, Quinn, Sanders and Vann

Whereas, New York's Senator Moynihan was responsible for the production of an annual report known as "Fisc," which showed the balance of payments between the federal government and each of the 50 states, and his final report in 2000 showed that New York State sent \$16.2 billion more to the federal government than it got back in aid from the federal government; and

Whereas, A similar balance of payments situation appears to exist between New York City and New York State leading to a situation in which City residents and those who earn their livings in the City generate approximately \$3.5 billion more in revenue for the State than the City receives back in the form of State aid; and

Whereas, This inequity was confirmed by the Center for Governmental Research, which analyzed the creation of personal income tax revenue both in terms of workers' place of employment and their place of residence, and found that under either analysis, New York City contributes a share of revenue that is larger than its share of expenditures; when assessed in terms of the workers' location of employment, the City sends the State nearly \$5 billion more than it receives in expenditures; and

Whereas, This situation is highlighted in certain significant examples: the City contains nearly 84

percent of the State's fare-paying transit riders but receives only 63 percent of the State's transit funds; and the City contributes 50 percent of the funds for the state's Environmental Bond Act but receives only 12 percent of the proceeds for use in the City; and

Whereas, New York City has been referred to as the "engine" of the State as well as the State's "golden goose," with some economists contending that it is the City that makes New York State one of the most affluent in the nation and that without the City, New York State could become one of the nation's poorest states; and

Whereas, As a result of the huge discrepancy between the revenues generated by the City and the spending by the State on the City, New York City Council Member Peter F. Vallone, Jr. has introduced legislation in order to allow New York City residents to vote to determine their desire to secede from the State, a determination which, if ever effectuated would doubtlessly result in more harm than good to the remainder of New York State; and

Whereas, It would appear to be in the best interest of both the City and the State to conduct a study to determine if such discrepancies exist, the size of such discrepancies and the areas in which such discrepancies are most significant, together with a plan to address the discrepancy by such means as tax relief, increased aid, or a reworking of various aid formulas, or some combination of these approaches; and

Whereas, Such a study should mimic the approach undertaken by the Center for Governmental Research and include an analysis based on workers' place of employment as the location where revenues are generated, now, therefore, be it

Resolved, That the Council of the City of New York calls upon New York State to conduct and fund an annual study showing how much tax revenue is generated by residents and workers in each county or City and subsequently sent to the State Government, and how much each county or city receives from the State in the form of state aid, with an explanation for each discrepancy in the cases in which counties or cities receive less in state aid than they produce for the State in tax revenues together with a plan for correcting such discrepancies.

