

CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510, Washington, DC 20002
Tel: 202-408-1080 Fax: 202-408-1056 center@cbpp.org www.cbpp.org

NEW YORK

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. New York is rated as having a moderate risk of a structural deficit based on its score of five on the risk scale for structural deficits.



- In New York, the percent of sales subject to sales tax declined by 9.4 percentage points from 1990-2003, exceeding the US median decline of 8.0 percentage points.
- New York has significant loopholes in its corporate income tax.
- New York faces spending pressures from: Medicaid, the number of non-elderly disabled people, and the number students with special needs.
- During 1994-2000, New York reduced its personal income and corporate income taxes and, to a lesser extent, the sales tax by exempting clothing. This is problematic since income taxes provide stronger growth over the long term than sales and excise taxes.
- Two other national studies (Boyd 2002 and Besendorf & Kottlikoff 2002) found that New York has a structural gap.