

Revenue options for New York City

State-related education revenue and savings (\$160 Million+)

I. Require the state to cover the entire cost of NYC charter school rental subsidies

Costs NYC ~\$75 million in FY 2023¹ and increasing rapidly each year.

While the state only currently covers 60% of these subsidies, NYC is the only school district in *the nation* that is required to help pay for charter school rent.

II. Require the State to provide NYC with state charter transition aid

Revenue: Additional ~\$93 million in FY 24

NYC is the *only* school district in the state that doesn't receive this aid, designed to reimburse districts for part of the cost of charter school expansion. Because of this exemption, NYC has been denied \$2.81 billion in state transitional aid from 2011 to 2023².

III. Raise the capital reimbursement for school construction to 50%, where it was previously

Revenue: Could provide billions more in capital expenses

According to SCA/DOE, NYC receives only 25% reimbursement for new school construction currently, possibly because of a cost cap, while still receiving 50% for other capital improvements.

Other revenue options for NYC as a whole (could raise > \$2b annually)

IV. Raise The Personal Income Tax On High-Level Earners

Revenue: ~\$900M million annually³

Increase taxable incomes above \$500,000 for singles, \$750,000 for head of household, and \$1 million for married couples filing jointly to 4.46% (0.584 percentage points above the current top rate); for filers with taxable income above \$5 million, raise the tax to 5.0% (+1.124 percentage points above the current rate); and raise for filers with taxable income above \$25 million, to a marginal rate of 5.5%.

V. Establish a Pied-A-Terre Tax

Revenue: \$232M annually⁴, \$277M according to Comptroller for FY25⁵.

On houses with market values of \$5 million or more, and condos and coops with assessed value of \$300,000 or more, with exemptions if it is the primary residence of at least one owner or a parent or child of at least one owner, or properties rented on a full-time basis to tenants for whom the property is their primary residence.

VI. Impose property taxes on Columbia University & NYU or make them contribute PILOTs (Payments in Lieu of Taxes) instead

Revenue: Could raise as much as \$327M annually.⁶ Many large private universities pay fees in lieu of property taxes across the nation.

¹ <https://ibo.nyc.ny.us/iboreports/savings-options-reducing-subsidies-december-2022.pdf>

² <https://edlawcenter.org/news/archives/new-york/the-unsustainable-cost-to-new-york-city-schools-of-charter-school-growth.html>

³ <https://comptroller.nyc.gov/reports/raising-revenues/>

⁴ <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

⁵ <https://comptroller.nyc.gov/reports/raising-revenues/>]

⁶ <https://www.nytimes.com/2023/12/10/nyregion/columbia-nyu-property-tax-exemptions-legislation.html>

- VII. Establish a Retail Storefront Vacancy Tax Surcharge**
Revenue: \$170 million annually⁷
- VIII. Extend the Mortgage Recording Tax to Co-ops**
Revenue: Over \$95 million annually⁸
- IX. Impose a City “Mansion Tax” for properties sold for \$2 million or more**
Revenue: \$270 million annually⁹
- X. Implement a Carbon Tax and Dividend**
Revenue \$264 million annually¹⁰
Under this option, a tax would be collected by electric, gas, and heating oil companies and assessed on the carbon intensity of their energy mix.
- XI. Impose Penalties for Failed Façade Inspections and for Façade Repairs**
Revenue: \$150 million annually¹¹
Would also likely reduce growing number of sidewalk sheds.
- XII. Impose Impact Fees on developers**
Revenue: \$26 million to \$63 million annually¹²
Helps cover part of the cost of the additional infrastructure required to serve residents, including the need for new schools.
- XIII. Eliminate the Property Tax Exemption For Madison Square Garden**
Revenue: \$42 million in 2023¹³, estimated \$44M by Comptroller¹⁴
- XIV. Reimpose the General Corporation Tax on Insurance Companies**
Revenue: \$510 million annually¹⁵
NYC insurance corporation tax was eliminated in 1974 and these companies are the only large category of businesses that are currently exempt from NYC business taxes.
- XV. Tax Carried interest under the Unincorporated Business Tax**
Revenue: \$75M annually¹⁶

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⁷ <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

⁸ <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

⁹ <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

¹⁰ <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

¹¹ <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

¹² <https://ibo.nyc.ny.us/iboreports/2022-may-all.pdf>

¹³ <https://ibo.nyc.ny.us/cgi-park3/2018/12/28/revenue-options-eliminating-or-reducing-tax-breaks/>

¹⁴ <https://comptroller.nyc.gov/reports/raising-revenues/>

¹⁵ <https://ibo.nyc.ny.us/iboreports/budgetoptions-2023-eliminating-or-reducing-tax-breaks.html>

¹⁶ <https://ibo.nyc.ny.us/iboreports/budgetoptions-2023-eliminating-or-reducing-tax-breaks.html>