REAL REVENUE OPTIONS TO RESTORE THE WORST CUTS
RECOMMENDATIONS FROM THE MAY 12 COALITION

This year's New York City budget proposal includes severe cuts to the public institutions our families and our neighborhoods need to survive: schools, community colleges, firehouses, libraries, and a range of essential human services including senior centers, immigrant services, supportive housing and homeless services, child care and more.

In the city that is the inequality capital of the country, these cuts would make an already terrible situation even worse for the 1 in 5 New Yorkers already living below the poverty line and the majority of working New Yorkers who would get hit hard by the cuts.

But there is a real alternative to severe cuts and dramatic job losses. At a time when the financial sector is booming and millionaires and billionaires are making more than ever, Mayor Bloomberg and the City Council should eliminate unaffordable corporate subsidies and ensure fair-share tax policies that would keep public institutions strong and stop mass layoffs. There are clear-cut options to raise the revenues we need.

- END THE SUBSIDIES ..................$100 million
- CLOSE THE LOOPHOLES .............$320 million
- CUT THEIR CONTRACTS ............$60 million
- MAKE MERS PAY ....................$70 million
- TAX THE MILLIONAIRES .........$450 million

TOTAL ..................................... $1 BILLION

Mayor Bloomberg and the Council should work to include these revenue streams in the City budget — and we can use up to $1 billion of the current budget surplus to fill any revenue shortfall and replenish it by activating the revenue streams outlined here.

END THE SUBSIDIES

JPMorgan Chase, Bank of America, Citigroup and Morgan Stanley received over $783 million to create or protect 33,186 jobs. Each bank missed their job protection and creation targets – collectively they owe New York City taxpayers 19,072 jobs. Taking away current and recent subsidies at these four banks would raise over $100 million to restore the worst cuts in this year's City budget.

CLOSE THE LOOPHoles

We can’t afford to continue the special $200 million tax loophole for hedge funds by exempting carried interest – i.e. profits – from the Unincorporated Business Tax. And we can’t afford the special $120 million deduction for 5,000 millionaires currently allowed to deduct Unincorporated Business Tax payments from their City Personal Income Taxes. Stopping these two loopholes would raise $320 million to restore the worst cuts.

CUT THEIR CONTRACTS

Enact a 10% across-the-board cut to City contracts with the six biggest banks to raise $60 million (out of over $600 million in current contracts). This reduction is only fair given the cuts nonprofits and city agencies have taken over the last several years.

MAKE MERS PAY

Big banks have used the Mortgage Electronic Recording System (MERS), cheating New York City out of over $70 million in recording fees. New York City should immediately file suit against MERS to recover those funds, as other municipalities have done around the country. And the City should examine how the use of MERS may have resulted in $300 million or more lost mortgage transfer taxes.
**TAX THE MILLIONAIRES**

Mayor Bloomberg must support continuation of the statewide Millionaires Tax – it would provide over $450 million this year for City schools, and over $800 million next year for schools as well as more than $300 million this year and next year for City services. These funds could allow new investments in local services and jobs and restore the surplus.

**SPEND THE SURPLUS**

Banned by law from creating an official “rainy day fund,” New York City has been squirreling money away for a rainy day in the Retiree Trust Fund – at this point it’s part “trust fund” and part “slush fund.” The Mayor and the Council should use at least $1 billion of the nearly $3 billion fund to restore the worst of the cuts. We recognize that prudent planning requires replenishment of Trust Fund surpluses. The revenue raising options outlined here would do just that.

**ADDITIONAL ACTIONS FOR CONSIDERATION:**

The City could save $50 million annually by halting the voluntary collaboration with Immigration and Customs Enforcement at Rikers Island. The program costs the city $50 million annually and is resulting in the deportation of thousands of immigrants, many of whom have no criminal records at all.

Mayor Bloomberg and the City Council should negotiate repayment of prior-year subsidies from the “Big Six” banks to raise an additional $200 million.

The New York City Banking Commission should set standards for foreclosure modification to ensure that City homeowners get a better deal from the banks and that City taxpayers can count on $185 million in savings towards next year’s budget.

Mayor Bloomberg and Comptroller Liu should review all toxic interest rate swaps and demand that all counterparties unwind the deals to eliminate ongoing costs to City taxpayers.

Mayor Bloomberg and Comptroller Liu should work to renegotiate contracts with the six biggest banks to find cost savings, consolidations and efficiencies to find additional savings on top of the $60 million saved through an overall cut of 10%.

For more details on the proposal contained in this document see “PAY BACK TIME: $1.5 BILLION WAYS TO SAVE OUR CITY’S BUDGET AND MAKE THE BIG BANKS AND MILLIONAIRES PAY THEIR FAIR SHARE”

This report is available on the OnMay12.org website.