New York Taxi Workers Alliance

Union of NYC Taxi Drivers!

National TWA, AFL-CIO, Intl. Transport Workers' Federation

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EXEMPT YELLOW AND GREEN TAXIS FROM THE STATE "CONGESTION SURCHARGE:" AMEND N.Y. Tax. L. §1299

- *After losing 40% in revenue over the last five years, the State has added a $2.50 surcharge to all taxi trips in Manhattan below 96th Street, where ~95% of yellow trips occur.*
- *The surcharge has already had a devastating impact, reducing ridership by an estimated 15%. A 15% decrease in gross income can mean a 50% decrease in driver take-home pay, after all expenses.*
- *Applied to taxis the surcharge does nothing to reduce congestion, because yellow cabs are capped, and the business model (designed by City regulations) focuses their service in the Central Business District of Manhattan.*
- *The approximately $200 million in revenue to be collected from yellow and green taxis will decline rapidly – leaving the MTA underfunded - and can be easily raised through fairer, progressive taxes.*

The New York Taxi Workers Alliance (NYTWA) calls for an immediate amendment to N.Y. Tax. L. §1299 to exempt yellow and green taxis from the congestion surcharge in effect since February 2nd, 2019.

Despite the fact that yellow taxis have already contributed $650 million specifically toward the MTA since 2010, the State recently imposed a $2.50 tax on every taxi ride that touches the Congestion Zone of 96th Street and below in Manhattan – also known as the "yellow zone" as approximately 95% of taxi trips begin and end there –expected to lead to a 30% decline in ridership for yellow cabs who have already seen ridership drop by 40% from five years ago, a record low. While taxi drivers have not gotten a raise on the metered fare in seven years, a sales tax this large robs them of any hope of a raise anytime soon, as any increase would only depress ridership further. The MTA, meanwhile, will remain underfunded. Reducing taxi mileage in the CBD will also not reduce congestion given the record low number of cars and their efficiency at a higher rate than other vehicles. The only outcome here is the further impoverishment of a workforce already in crisis. It is impractical, and it is cruel.

During a 12-month period last year, eight of our brothers took their own life due to economic despair from a crisis that has only been made worse by this surcharge. On the day that the State passed congestion pricing on taxis and For-Hire-Vehicles in 2018, NYTWA was on the steps of City Hall, with four cardboard coffins to shine a light on the economic devastation that had led, most recently, to the suicide of owner-driver Nicanor Ochisor. Since that day, at least three other yellow cab drivers, Yu Mein Kenny Chow, Abdul Saleh, and Roy Kim, have committed suicide.

Some taxi drivers are now earning only around $470/week, before taxes, after putting in grueling 12+ hour shifts, seven days a week. The Congestion Surcharge doesn't just end with destroying driver incomes.

The disproportionate and devastating treatment extends to the tax's enforcement procedures. Unlike other corporate taxes, the MTA tax, or conventional sales tax, which assess a 10% penalty, the congestion surcharge law calls for an immediate ***200% penalty*** for any late payment. Such a penalty scheme is completely unprecedented in New York Tax Law. It is simply cruel and punitive to assign a penalty 20x more severe than the typical business tax penalty and apply it to ownership that is now majority individual owner-drivers. While Uber and other corporations with dedicated accounting departments should easily comply; owner-drivers, many of them in their 60s and 70s returning to work after a long stretch, and with limited proficiency in computer use and English, will be left with a triple tax burden if even filing one day late. Such excessive punitive measures are irrational, unconstitutional and highly suspect considering that the state has never entertained such high penalties for any other tax.

The surcharge, plus the existing $0.50 MTA surcharge, amount to a total 25% sales tax on the average price of a cab ride—that's roughly three times the amount of conventional sales tax.

Taxicab drivers now face a drastic loss in ridership and unprecedented penalties under this Congestion Surcharge even though yellow cabs have been part of the city's transportation network for 100+ years, have a hard cap on the number of vehicles, and at a record low number in operation, have not contributed to the increase in congestion that has been driven by the addition of **65,000** for-hire vehicles in just four years.

A congestion surcharge on yellow cabs will not reduce congestion. Unlike a congestion surcharge on private vehicles, or even on high volume for-hire vehicles that perform half of their trips outside of Manhattan, the surcharge will not disincentivize taxis from being in the CBD because it is the only place in the city where a yellow cab driver can reliably find street hail business. While the surcharge will depress ridership, it would only result in the same cabs working in the CBD with less passengers until the business becomes so depressed the medallion owner files for bankruptcy or is foreclosed upon. There were more individual medallion foreclosures in the month of January 2019 than the total in years 2015, 2016, and 2017.

Of the 11,000 medallion taxis that remain on the street (out of 13,650 in 2015), half are now operated by individual owner-drivers themselves, many in their 70's back to the wheel as the medallion they purchased with their sweat and labor is now under water by 80%. Cutting their remaining income will starve workers off the streets. This is a cruel plan with devastating impact.

There is also no "upside" for the MTA, it's a self-defeating revenue stream. The state's own figures have shown declining revenue from taxi trip surcharges, even before the addition of the new surcharge. Annual revenue from the $0.50 MTA surcharge has declined from a high of $87 million during 2015, to a projected $50 million in 2019.

The MTA Needs Full Funding From Those Who Can Afford To Pay Their Fair Share—Not By Breaking the Backs Of A Struggling, Immigrant Workforce

While drivers face eviction and foreclosure, luxury second homes face no additional tax. As drivers are dying debt-ridden after 30+ years behind the wheel; the State has scaled back the application of the estate tax. And while the state has added what amounts to a 25% sales tax on a short taxi trip, sales of stock are completely untaxed. It simply should not be the case that a short taxi ride can be subject to 30% in state taxes, with no regard to the impact on an industry that supports 25,000 working class, mostly immigrant families, while on Wall Street, sales of stock face no sales tax, and the earnings of private equity and hedge fund managers are taxed at a lower rate than the incomes of the working class. **A fair society demands progressive taxation. There is no shortage of practical, just options; by enacting widely supported progressive tax measures, the MTA can reach full funding without sacrificing the livelihood of 25,000 yellow taxi drivers.**

- ***Impose a Tax on Luxury Non-Primary Residences:* $650 million annually**
- **S44/A4540**

  While evictions and foreclosures continue to rise among working drivers, the sale of luxury non-primary residences in New York proliferates.

  Legislation introduced in the NYS Assembly would tax non-primary residences valued at over $5 million, with an estimated annual tax revenue of $650 million.[1] Again, such a tax could more than compensate for an exemption of the Congestion Surcharge on yellow and green cabs, by those most in the position to afford them.

- ***Create More Progressive Personal Income Tax Brackets:* $2.3 billion annually**
  Income inequality has soared in New York in recent years, and the personal income tax framework has not kept pace, with the explosion in the number of multi-million dollar earners who pay the same tax rates as those earning "merely" 1 million annually. In 1980, the top 1% of earners in New York State earned 12% of total income; in 2015 that number had risen to 32.4%.[2] The creation of additional brackets that would marginally increase state income taxes for those earning, for example, above $5 million, $10 million, and $100 million, respectively, could raise billions in state revenue.[3]

- ***Revive the New York Stock Transfer Tax (Assembly Bill 67):* Nearly $14 billion annually**

  From 1905-1981, New York imposed a stock transfer tax of 1¼¢ to 5¢ per share, depending on the per-share sales price. At most, the sales tax represented 0.0375% of each share.[4] The tax was reduced by introducing and gradually increasing a rebate rate from 30% to 60% and since, 1983,

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[1] *See*, https://www.nytimes.com/2019/02/09/nyregion/pied-a-terre-tax-ny.html
[2] http://fiscalpolicy.org/wp-content/uploads/2018/02/New-York's-Pronounced-Income-Inequality-and-Evolving-Tax-Structure.pdf, at 16.
[3] *Id*, at 22.
[4] *See*, N.Y. Tax. L. §280-a; N.Y. St. Fin. L. §92-b; https://www.tax.ny.gov/bus/stock/stktridx.htm

100%. Although the tax is still on the books, the available 100% rebate means that it generates essentially no revenue. With no rebate available, the stock transfer tax would have generated nearly $14 billion in revenue. [5] By comparison, that's more than three times the total expected annual fare revenue from all subway and bus rides for New York City Transit.

Aside from stock purchases, most other items for sale in New York are subject to some type of sales or use tax. It is absurd that in a state where practically all non-essential items are subject to sales tax, stock transfers are not. Far from demanding parity, reviving the STT would merely require consumers of stocks to **pay roughly 1/50th of the general New York City sales tax rate.**

- ***Restore New York State's Pre-2014 Estate Tax Thresholds***
  Before 2014, New York imposed a state estate tax on estates of $1 million or more, as Oregon and Massachusetts currently do. Since then, the amount of assets exempt from the estate tax has risen to $5.74 million in 2019.

- ***Close the Carried Interest Loophole:* $3.5 billion annually**
- 2018 Assembly One-House (A9509-B, Part M)

  Currently, hedge fund managers pay a lower tax rate than taxi drivers because their income, in the form of fees charged to investors, is taxed at lower capital gains rates. This proposal already has the support of Governor Cuomo and the Assembly and alone could raise $3.5 billion annually.

Drivers are suffering. The burden of the Congestion Surcharge could topple an industry already at its breaking point. Reliance on taxi revenue will only keep the MTA underfunded. And the idea that a century-old sector with record low number of cars is responsible for congestion would be laughable, had the consequences not be so tragic. Meanwhile, taxing the ultra-rich would solve the state's deficit, including the MTA's budget long-term, allowing those who have been supporting the wealthy to come out of the consequential poverty.

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Founded in 1998, New York Taxi Workers Alliance is the 21,000-member strong union of New York City professional drivers, uniting drivers of yellow cabs, green cars, black cars, livery & app-dispatched.

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[5] *See*, Department of Taxation and Finance, 2016-2017 New York State Collections, Table 20, at p. 41, available at https://www.tax.ny.gov/pdf/2016-17_collections/2016_17_Collections_Report.pdf (Accessed Feb. 4, 2019).