

How Much Can New York Squeeze Out of Someone?

Here's an analogy: There are 1,600 workers sweating in the burning sun every day, building stone buildings by hand. Each stone weighs a ton, and it takes several people to lift one into place to form the foundation and walls of buildings in a city. Many buildings need to be constructed, and the city has been under construction for a while, but still has a long way to go until completion.

The workers are laboring tirelessly and are putting in 16-hour days, seven days per week. They are exhausted. Their morale is low. Some are quitting. Some think the bosses are jerks. Others are thinking about quitting and moving to another city where the work rules are much more relaxed. How much can they take before they throw in the towel?

The decision makers who run the project have opted not to bring new laborers in to give the overworked laborers a break. There have been several opportunities to bring in fresh, able-bodied workers, but the decision makers have opted to keep those new folks out. Time after time, there are opportunities to bring in new workers to give the exhausted and overworked workers a richly deserved break.

The decision makers have a meeting to discuss progress on this massive project and realize that the construction of the city is way behind schedule. It will never get built on time. In a moment of ineptitude, they decide that the workers have to work 19 hours per day and that that will cure all of the problems.



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After all, the existing workers have been toiling under the hand of the current decision makers and, if new workers are brought in, they may revolt and not comply with the demands of the decision makers. Make the existing workers do more and more until they quit; move to the next city, where they only have to work eight hours a day and five days a week; or simply die from

exhaustion.

What a wonderful plan.

This illustration may seem completely insane. Who would do such a thing? Well, replace "workers" or "laborers" with "taxpayers," and replace "decision makers" with "elected officials" or "New York Senate" or "New York Assembly," and this is what is happening in New York today.

According to U.S. Senate Majority Leader Chuck Schumer's website, the federal

government is going to give New York \$35 billion in federal aid. Notwithstanding this unprecedented contribution to the city and state, the state Senate and Assembly are proposing massive tax increases (more work hours) on the folks who have contributed the most in terms of income taxes (those exhausted workers).

There are 8.4 million people in New York City. Of those, 65,000 families pay 53 percent of the income taxes, according to *The Wall Street Journal*. A far smaller amount — perhaps only 1,600 families — pays 27 percent. The city had the opportunity to significantly increase the tax base by approving the redevelopment of the Kingsbridge Armory, the redevelopment of Anabel Basin, and the rezoning of Industry City — all of which would have, in aggregate, increased the tax base by tens of thousands of taxpayers. All were shot down.

In the current budget negotiations, the Senate and the Assembly have proposed an increase in the highest income brackets from 8.82 percent to 9.85 percent for incomes of up to \$1.077 million, to 10.85 percent for up to \$10 million, and to 11.85 percent for more than \$25 million. They are proposing a 46 percent increase in business taxes, from 6.5 percent to 9.5 percent.

They are also proposing a new 1 percent

capital gains tax. They want to apply mortgage recording taxes to mezzanine debt and preferred equity investments in real estate transactions. They also want to increase estate taxes by 2 percent. They want to eliminate the tax breaks that opportunity zones afford, and want to implement an annual pied-a-terre tax.

All of these new taxes are tantamount to asking those exhausted workers to work 30 hours per day. And, all of this is before the federal tax increases promised by the administration in D.C.

Real Estate Board of New York President James Whelan said, "At a time when New York's elected officials should be focused on creating new jobs, producing more affordable housing and stimulating economic activity, new state tax increases will take us in the opposite direction and, as in the 1960s and 1970s, will discourage investment and eventually lead to a diminished tax base and fewer resources for the delivery of government services."

It's time to bring in new workers to relieve those exhausted workers, and, if we don't, things may never recover. Enough is enough. A little common sense would go a long way. Help!!!

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