Rockefeller Institute of Government

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As Federal Tax Reform Heats Up, New Report Shows What States "Gave" in Tax Dollars Versus What States "Got" from the Federal Government

Report Found That New York Contributes $48 Billion More in Taxes Than It Gets in Federal Funding, Which Is the Largest "Negative" Balance of Any State

Albany, NY—Today, the Rockefeller Institute of Government released a new report, *Giving or Getting: New York's Balance of Payments with the Federal Government*, to examine what states gave in tax dollars versus what states got from the federal government.

Modeled off of the "Fisc" reports issued by Daniel Patrick Moynihan, the former United States senator from New York, the Rockefeller Institute of Government report found that:

- Thirteen states had a "negative" balance of payment with the federal government. From worst to least they are: New York, New Jersey, Illinois, California, Massachusetts, Connecticut, Minnesota, Texas, North Dakota, Colorado, New Hampshire, Nebraska, and Wyoming. New York's residents and economy contributed approximately $48 billion *more* in taxes to the federal government than New York received in federal spending—the largest of any state.
- New York's negative balance of payments roughly equals the combined shortfalls of 2nd ranked New Jersey and 3rd ranked Illinois. California and Massachusetts rounded out the list of top five states.
- On a per-capita basis, New York had the third-worst balance of payments, after New Jersey and Connecticut. New York's people and economy paid the federal government $2,425 more per person than they received. By contrast, the average state experienced a *positive* balance of payments of about $1,305 per capita.
- New York's negative balance of payments is driven primarily by federal taxes, rather than spending. Payments from New York to the federal government were $12,820 per capita, or approximately $3,401 higher than the national average.

- Federal spending in New York was $329 lower than the U.S. average, adding to the revenue disparity, but the revenue difference is much larger than the spending difference.

"Given the importance of understanding the impact changes in federal tax policies have on the states, it was critical to examine what states already gave in taxes versus what they get back from the federal government. If some of the recent reports of potential tax reform proposals are true, many states, like New York, will face a double-whammy negative effect. These facts are important for policymakers to consider as any proposal moves forward," said Jim Malatras, president of the Rockefeller Institute of Government.

This report was prepared by the Rockefeller Institute of Government's Fiscal Studies Team led by primary author Director Donald J. Boyd, with Research Scientist Lucy Dadayan, and Visiting Fellow Jim DeWan. Technical assistance was provided by the New York State Division of the Budget.

A copy of the report can be found here: www.rockinst.org/pdf/government_finance/2017-09-28_Balance%20of%20Payments%20Report.pdf.

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