

THE CASE FOR FAIRLY TAXING THE RICH IN NEW YORK

Policymakers in New York are currently considering tax reforms that would modestly increase the taxes paid by wealthy households in New York City and State. New York’s wealthiest individuals have done extraordinarily well in recent years, while many workers and families have struggled. Proposals to increase taxes paid by the highest earners could, if adopted, help restore fairness to the tax system following recent federal tax reforms that delivered large breaks to wealthy households. Revenue raised from such proposals could be invested in programs that benefit all New Yorkers, including those harmed by federal cuts. Evidence also shows New York can increase taxes on rich individuals without triggering significant capital flight.

NEW YORK’S RICHEST INDIVIDUALS ARE EXPERIENCING LARGE GAINS

In recent years, the wealthiest individuals in New York have seen their fortunes grow significantly.

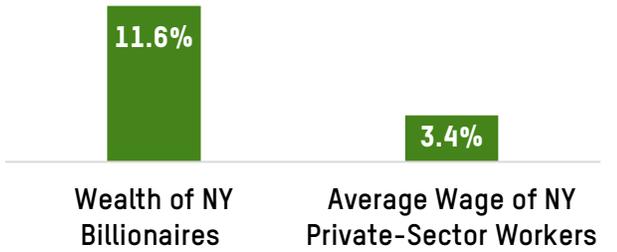
The 10 richest New York billionaires gained \$42.4 billion between March 2025 and March 2026. That is an average of \$4.2 billion for each individual, equivalent to a wage of \$2 million an hour.

It would take 82,863 years for the typical New York worker to make as much as one of the 10 richest New Yorkers did in a year on average.

The collective net worth of the 10 wealthiest New Yorkers now stands at \$421.6 billion, equivalent to 18.2% of the [state’s gross domestic product](#).

New York is home to 154 billionaires — second only to California — with a total collective net worth of \$975.7 billion. **The wealth of this group grew 11.6% in the past 12 months, a rate over three times greater than that of the [average hourly wage](#) of the state’s private-sector workers.** In fact, over the past 10 years, real average hourly earnings in New York’s private sector have remained largely stagnant and were slightly lower in 2025 than before the pandemic.

GAINS OVER THE MOST RECENT YEAR



In contrast to the state’s billionaires, ordinary New Yorkers continue to struggle. Out of all 50 states, New York has the [ninth highest poverty rate](#). Across the state, around half of rental households are “cost-burdened,” [spending 30% or more of their income](#) on rent and utilities, and over a quarter spend 50% or more of their income. A 2026 survey by No Kid Hungry found that [two-thirds of New York residents](#) reported having to choose between paying for nutritious food and paying for other essentials.

THE RISK OF CAPITAL FLIGHT IS OVERSTATED, BUT INACTION COULD PUSH ORDINARY FAMILIES OUT OF THE STATE

Critics of increasing taxes on wealthy households often cite the risk of capital flight — rich individuals leaving the state, ultimately leading to a reduction in tax revenue. Despite evidence that millionaires are [highly immobile](#), debate over the issue is often clouded by [anecdotal claims](#), including threats by wealthy individuals opposed to tax reforms.

Wealthy Individuals Are Unlikely to Move in Response to a Modest Tax Hike

Extensive empirical evidence from previous tax increases shows that the risk of capital flight is greatly exaggerated and suggest that the type of modest tax increases New York policymakers are currently considering are unlikely to lead to significant relocation and would instead increase tax revenue.

One study examining 13 years of U.S. tax data [concluded](#) that millionaires had little appetite for moving across state lines to exploit tax advantages, and that states could impose much higher tax rates on top earners (upward of 68% on incomes above \$1 million) and still maximize revenue. The study found millionaires have lower rates of migration than the general population and are often tied to their location, including through business ownership.

Evidence from [New Jersey](#) similarly found that income tax increases had a minimal impact on wealthy taxpayers moving out of state, and that the tax increase raised revenue and lowered inequality. In 2022, Massachusetts imposed a 4% surtax on incomes above \$1 million. The tax raised \$2.2 billion in 2024 — substantially more than was projected — and the [number of millionaires](#) actually increased in the two years following the tax. The billions generated in tax revenue has been used for school meals for children, college scholarships, and infrastructure repairs.

New York itself has previously increased taxes on wealthy households. In both 2017 and 2021, the State legislature raised income taxes on the richest 1%. These taxes [did not lead to the wealthy leaving New York state](#). Rather, as in Massachusetts, the number of millionaire households [increased](#) between 2017 and 2022.

Comparative evidence from other countries similarly indicates that the risk of capital flight is overstated. [One study](#) found that a small wealth tax had a modest impact on out-migration — just 2% of wealthy taxpayers moved — and essentially no impact on employment or investment. Research also found that [a tax on wealthy households](#) can both increase the number of tax returns and total revenue.

Working-class Families Are Far More Likely to Leave the State

While the evidence suggests it is unlikely that the wealthiest will leave New York in response to small tax hikes, a failure to address the high cost of essentials like housing, food, and childcare is making it increasingly difficult for working-class families to live in New York. In recent years, of all income groups, those in the top 1% have been the [least likely](#) to leave the state. It is working- and middle-class families who have been more

likely to move. Progressive taxation is critical to ensuring that everyone — not just the wealthy few — can afford to call New York home.

NEW YORK CAN OFFSET TRUMP'S HANDOUTS TO THE RICH

The Trump administration, with Congress, recently enacted tax reforms that constitute the largest [upward transfer of wealth](#) in decades, compounding the inequity of a federal tax system that already offered large tax breaks to the [very wealthiest](#). States like New York can take action to restore fairness to the tax code.

The Federal Tax System Has Long Enabled Extreme Inequality

In [recent decades](#), the U.S. tax system has done too little to combat the rise of extreme inequality and has facilitated the accumulation of highly concentrated wealth. For example, unlike income from work, gains in wealth are largely untaxed under existing federal law. This has allowed the wealthiest individuals to amass ever-growing fortunes while often paying a lower effective tax rate than many [ordinary workers](#). If the federal government taxed the past year's wealth gains of the 10 richest New York billionaires like labor income, they would owe \$18.1 billion in taxes.

Although wealth gains are generally taxable once individuals sell their assets, capital gains are taxed at a lower rate than labor income. Moreover, merely being able to delay taxation has immense value, enabling billionaires to pay [vanishingly low effective tax rates](#). And in some cases, billionaires can effectively avoid paying any tax on their wealth gains by borrowing against their assets and bequeathing them to their descendants after death, a strategy referred to as "[buy-borrow-die](#)."

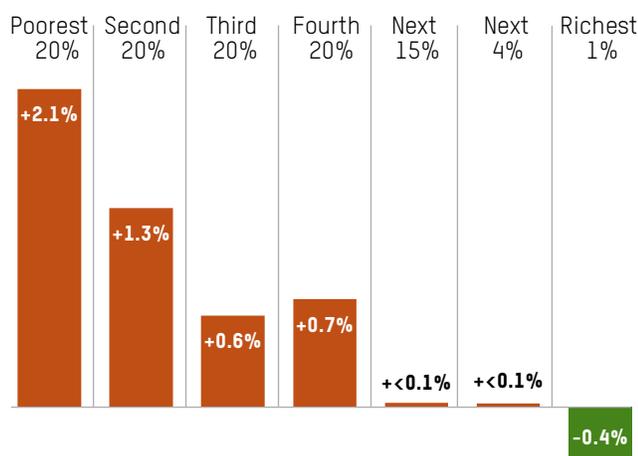
President Trump and Congress Gave Even More Tax Breaks to the Rich

The One Big Beautiful Bill Act (OBBBA) — passed in July 2025 — contained tax cuts that disproportionately benefited the rich. **An analysis by the Institute on Taxation and Economic Policy (ITEP) found that in New York, the OBBBA reduced taxes on the top 1% of households (those with incomes at or over \$1,092,400) by \$5.5 billion collectively in 2026, equating to an [average tax cut of \\$51,630](#).**

Looking at the combined impact of the OBBBA, the expiration of healthcare tax credits, and tariffs, ITEP [found that](#) President Trump’s tax policies *only* benefited the top 1% of New York households. Taxes increased for all other income groups, with the bottom 20% (with incomes under \$29,300) seeing the largest hike.

IMPACT OF PRESIDENT TRUMP’S TAX POLICIES IN NEW YORK

Average 2026 Tax Change as a Percentage of Income



The OBBBA helped the ultra-rich in several ways, including by making permanent various provisions of the main tax law from Trump’s first term — the 2017 Tax Cuts and Jobs Act (TCJA) — that were set to expire in 2025. ITEP analyzed the extent to which the top 1% of New York residents benefited from various key provisions in the OBBBA in 2026:

- **Lower tax on top incomes — \$5.5 billion for the top 1% in NY:** The OBBBA [retained](#) the TCJA’s 2.6% cut in the top tax rate, [saving the highest-income taxpayers](#) millions annually.
- **Weaker estate tax — \$600 million for the top 1% in NY:** The OBBBA increased the estate tax exemption to \$15 million per individual (\$30 million per couple), indexing the amount to inflation.
- **Deduction for business income — \$2.7 billion for the top 1% in NY:** The OBBBA made permanent the TCJA’s provisions that taxed business income at a lower rate than ordinary income, such as wages. Millionaire households [disproportionately benefit](#) from this deduction.

- **Corporate tax breaks — \$5.9 billion for the top 1% in NY:** The OBBBA renewed certain tax breaks benefiting the richest corporations. This disproportionately benefits the wealthy, as in the U.S., [the top 1% owns half](#) of all corporate equities and mutual fund shares.

As the following chart shows, for the top 1%, the OBBBA’s tax breaks substantially outweigh its tax increases.

TAX CHANGES FROM THE OBBBA FOR THE RICHEST 1% OF NEW YORKERS IN 2026

In Billions, Compared to Previous Law

Individual Tax Changes Besides State and Local Tax Deduction (SALT) Cap	-\$5.5
Pass-Through Business Deduction	-\$2.7
Changes for Corporations and Other Businesses	-\$5.9
Estate Tax	-\$0.6
SALT Cap and Related Changes to Deductions	+\$8.4
Limit/Repeal Green Energy Provisions	+\$0.7
Total Changes for Richest 1% of NY	-\$5.5

BY TAXING THE RICH, NEW YORK CAN HELP THOSE HARMED BY FEDERAL CUTS TO CRITICAL PROGRAMS

The OBBBA’s tax cuts for the wealthy were not free. Its [corporate tax breaks](#) and giveaways to the [top 1% of earners](#) nationwide will total around \$2 trillion over the next 10 years.

To partially offset this cost, the OBBBA slashed Medicaid by around \$1 trillion and made cuts to the Supplemental Nutrition Assistance Program (SNAP). In New York, as many as [1.5 million residents](#) could lose health coverage due to the cuts in the OBBBA, and at least [300,000 New Yorkers](#) could lose vital food assistance from SNAP.

States can help allay some of the worst effects of the OBBBA. By adopting proposals to ensure that wealthy households are paying their share, New York could raise revenue and invest in programs that help make the state more affordable for everyone.

METHODOLOGY

Individual Wealth and Tax Rates

Data on individual wealth of New York billionaires comes from Forbes Media LLC. Figures compare wealth on March 7, 2025 with wealth on March 1, 2026. For individuals not on Forbes' 2025 billionaire list, we assumed a net worth of \$1 billion for 2025.

The equivalent hourly wage assumes individuals work 40 hours per week, 52 weeks per year.

The "typical New York worker" is a worker with median earnings in the state, using the most recent Census data (2024). Earnings are the "sum of wage and salary income and nonfarm and farm self-employment income (gross receipts minus expenses)." The [median New York worker](#), including part-time workers, earned \$51,169 in 2024.

To calculate what New York's 10 richest billionaires would pay in federal tax if their wealth gains were taxed like work, we used the top marginal federal tax rate on labor income (37%). The [highest income tax bracket](#) for individuals begins at \$626,350 for tax year 2025, so virtually all billionaire wealth would be taxed at 37% if treated as labor income. Individuals whose wealth decreased between March 2025 and March 2026 were assigned a tax bill of \$0.

Average Hourly Wage Growth

Average hourly wage data for New York state is from the [Federal Reserve and Bureau of Labor Statistics](#). To compare with the increase in billionaire wealth over the most recent year, we compared the nominal average hourly for December 2025 with the nominal average hourly wage for January 2025. To determine longer-term wage trends, we adjusted figures for inflation using the [northeast region CPI-U](#). Yearly averages were calculated by averaging monthly wage data for a given year.

Impact of the OBBBA

ITEP provided estimates of the 2026 distribution of various tax provisions in New York for the OBBBA, based on their tax microsimulation model. Figures compare the impact of the OBBBA with the previous law, under which various provisions in the 2017 TCJA would have expired in 2026.



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FIGHTING INEQUALITY TO BUILD A BETTER WORLD

Oxfam believes that poverty is a policy choice, and that the ultra-wealthy and giant corporations have hijacked our systems to benefit a select few. We are working to redress the balance of power, putting it back in the hands of working families in the U.S. and around the world.

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