

New York City and the Federal AMT: The Future is Now

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New York City and the Federal AMT

- Description of the Federal AMT
- Who Pays the AMT: New York City v. U.S.
- Impact of Job and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) on New York City Taxpayers
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 - Federal PIT Liability
- The AMT and New York City's and New York State's PIT Surcharges
 - New York City's PIT Surcharge
 - Federal Deductibility
 - Net Effect

Description of the Federal AMT

- Alternative minimum taxable income allows no:
 - Deduction for state and local taxes
 - Deduction for miscellaneous expenses
 - Personal exemptions
- The AMT especially impacts taxpayers who are:
 - Upper middle class
 - Married
 - Parents of multiple dependents
 - Residing in jurisdictions with high state or local taxes
- Scope of the AMT by 2010

Who Pays the AMT: New York City v. U.S.

Table I

Federal AGI	Total Number of AMT Payers		AMT Payers: Percent of All Taxpayers		NYC as Percent of U.S.	
	U.S.	NYC	U.S.	NYC	All PIT Payers	AMT Payers
	Under \$50,000	32,000	460	0.1%	0.0%	3.2%
\$50,000-\$74,999	87,000	7,908	0.5%	2.2%	2.1%	9.1%
\$75,000-\$99,999	106,000	11,759	1.1%	7.3%	1.7%	11.1%
\$100,000-\$199,999	852,000	63,572	9.3%	38.0%	1.8%	7.5%
\$200,000-\$499,999	1,203,000	52,436	55.3%	94.2%	2.6%	4.4%
\$500,000-\$999,999	104,000	7,329	28.9%	53.9%	3.8%	7.0%
\$1,000,000 & Up	36,000	2,701	19.3%	24.6%	5.9%	7.5%
All	2,420,000	146,164	2.6%	5.8%	2.7%	6.0%

Source for U.S. data: Urban-Brookings Tax Policy Center

Impact of JGTRRA on Federal AMT Liability of NYC Taxpayers

Table II

(\$ in thousands)

NYS AGI	Before JGTRRA		After JGTRRA		Change in AMT due to JGTRRA	
	Number of AMT Taxpayers	Amount of AMT Paid	Number of AMT Taxpayers	Amount of AMT Paid	Dollar	Percent Change
	Under \$40,000	2,209	\$803	1,438	\$5,416	\$4,612
\$40,000-\$49,999	2,082	\$1,934	1,015	\$713	-\$1,222	-63.2%
\$50,000-\$59,999	8,012	\$9,045	3,857	\$4,582	-\$4,463	-49.3%
\$60,000-\$74,999	13,308	\$12,810	5,350	\$4,543	-\$8,267	-64.5%
\$75,000-\$99,999	21,077	\$33,680	12,682	\$18,931	-\$14,748	-43.8%
\$100,000-\$124,999	15,761	\$34,102	14,044	\$30,553	-\$3,550	-10.4%
\$125,000-\$149,999	10,849	\$29,119	14,379	\$35,649	\$6,525	22.4%
\$150,000-\$199,999	20,573	\$68,271	35,310	\$133,658	\$65,386	95.8%
\$200,000-\$299,999	25,420	\$113,852	29,787	\$223,802	\$109,951	96.6%
\$300,000-\$499,999	11,874	\$106,483	18,439	\$202,373	\$95,890	90.1%
\$500,000-\$999,999	2,588	\$56,645	7,266	\$112,091	\$55,446	97.9%
\$1,000,000 & Up	965	\$142,970	2,597	\$279,873	\$136,903	95.8%
All	134,718	\$609,716	146,164	\$1,052,179	\$442,463	72.6%

Impact of JGTRRA on Federal PIT Liability of NYC Taxpayers

Table III

(\$ in thousands)

NYS AGI	Fed PIT, Excluding AMT		Fed PIT, Including AMT		Percent Change in Fed Tax Cut Due to AMT	AMT Paid as Percent of Total Fed PIT
	Change in Liability	Percent Change in Liability	Change in Liability	Percent Change in Liability		
Under \$4,999	-\$33,417	-34.3%	-\$32,401	-33.2%	-3.0%	1.6%
\$5,000-\$9,999	-\$6,238	-14.4%	-\$6,238	-14.4%	0.0%	0.0%
\$10,000-\$14,999	-\$15,898	-9.8%	-\$15,750	-9.7%	-0.9%	0.4%
\$15,000-\$19,999	-\$27,216	-9.2%	-\$26,566	-9.0%	-2.4%	0.2%
\$20,000-\$24,999	-\$35,034	-8.8%	-\$33,527	-8.4%	-4.3%	0.4%
\$25,000-\$29,999	-\$29,884	-6.2%	-\$29,884	-6.2%	0.0%	0.0%
\$30,000-\$39,999	-\$73,174	-6.2%	-\$71,881	-6.1%	-1.8%	0.1%
\$40,000-\$49,999	-\$60,106	-5.5%	-\$61,327	-5.6%	2.0%	0.1%
\$50,000-\$59,999	-\$87,838	-7.6%	-\$92,301	-7.9%	5.1%	0.4%
\$60,000-\$74,999	-\$123,017	-8.7%	-\$131,284	-9.2%	6.7%	0.3%
\$75,000-\$99,999	-\$196,691	-10.8%	-\$211,439	-11.4%	7.5%	1.1%
\$100,000-\$124,999	-\$154,235	-11.8%	-\$157,784	-11.7%	2.3%	2.6%
\$125,000-\$149,999	-\$101,752	-11.3%	-\$95,226	-10.2%	-6.4%	4.3%
\$150,000-\$199,999	-\$148,973	-11.2%	-\$83,587	-6.0%	-43.9%	10.2%
\$200,000-\$299,999	-\$179,938	-11.2%	-\$69,987	-4.1%	-61.1%	13.6%
\$300,000-\$499,999	-\$216,567	-11.3%	-\$120,677	-6.0%	-44.3%	10.7%
\$500,000-\$999,999	-\$325,508	-12.7%	-\$270,063	-10.3%	-17.0%	4.8%
\$1,000,000 & Up	-\$1,836,811	-16.0%	-\$1,699,907	-14.7%	-7.5%	2.8%
All	-\$3,652,294	-12.5%	-\$3,209,830	-10.8%	-12.1%	3.9%

New York City's PIT Surcharge

Table IV

(\$ in thousands)

NYS AGI	Number of Taxpayers	Percent of Taxpayers	Tax Before Surcharge	Number of Taxpayers Subject to Surcharge	Percent of Taxpayers Subject to Surcharge	Amount of Surcharge	Percent Increase Due to Surcharge	Average Amount of Surcharge (Actual \$)
Under \$100,000	2,294,639	91.1%	\$1,497,607	0	0.0%	\$0	0.0%	\$0
\$100,000-\$124,999	72,379	2.9%	\$222,919	9,695	13.4%	\$470	0.2%	\$48
\$125,000-\$149,999	37,018	1.5%	\$145,712	12,722	34.4%	\$1,877	1.3%	\$148
\$150,000-\$199,999	40,146	1.6%	\$207,899	26,793	66.7%	\$18,930	9.1%	\$707
\$200,000-\$299,999	30,655	1.2%	\$232,439	29,926	97.6%	\$45,055	19.4%	\$1,506
\$300,000-\$499,999	20,476	0.8%	\$249,337	20,424	99.7%	\$46,215	18.5%	\$2,263
\$500,000-\$999,999	13,449	0.5%	\$313,086	13,449	100.0%	\$73,150	23.4%	\$5,439
\$1,000,000 & Up	10,748	0.4%	\$1,310,046	10,748	100.0%	\$295,337	22.5%	\$27,478
All	2,519,510	100.0%	\$4,179,046	123,757	4.9%	\$481,033	11.5%	\$3,887

The AMT and New York City's and State's PIT Surcharges: Federal Deductibility

Table V

(\$ in thousands)

NYS AGI	Number of NYC and NYS Taxpayers		Excluding AMT		Including AMT	
	Number of Taxpayers	Amount of NYC and NYS Surcharges	Change in Federal PIT Surcharges due to Federal Surcharges	Percent of Surcharges Offset by Federal Deductibility	Change in Federal PIT Surcharges	Percent of Surcharges Offset by Federal Deductibility
Under \$100,000	2,294,639	\$0	\$0	0.0%	\$0	0.0%
\$100,000-\$124,999	72,379	\$977	-\$275	-28.1%	-\$233	-23.9%
\$125,000-\$149,999	37,018	\$3,903	-\$1,104	-28.3%	-\$495	-12.7%
\$150,000-\$199,999	40,146	\$36,900	-\$10,885	-29.5%	-\$484	-1.3%
\$200,000-\$299,999	30,655	\$87,914	-\$27,951	-31.8%	-\$681	-0.8%
\$300,000-\$499,999	20,476	\$92,100	-\$30,794	-33.4%	-\$4,415	-4.8%
\$500,000-\$999,999	13,449	\$147,983	-\$50,987	-34.5%	-\$28,652	-19.4%
\$1,000,000 & Up	10,748	\$604,933	-\$208,333	-34.4%	-\$168,330	-27.8%
All	2,519,510	\$974,713	-\$330,329	-33.9%	-\$203,290	-20.9%

The AMT and New York City's and State's PIT Surcharges: Net Effect

Table VI

(\$ in thousands)

NYS AGI	Number of NYC Taxpayers	Change in Fed Tax Paid after JGTRRA and NYC/NYS Surcharges	Change in NYC PIT due to Surcharge	Change in NYS PIT due to Surcharge	Net Change in Taxes: NYC + NYS Surcharges - Fed Tax Cut	Average Net Change in Taxes (Actual \$)
Under \$4,999	33,271	-\$32,401	\$0	\$0	-\$32,401	-\$974
\$5,000-\$9,999	126,388	-\$6,238	\$0	\$0	-\$6,238	-\$49
\$10,000-\$14,999	252,221	-\$15,750	\$0	\$0	-\$15,750	-\$62
\$15,000-\$19,999	281,699	-\$26,566	\$0	\$0	-\$26,566	-\$94
\$20,000-\$24,999	263,235	-\$33,527	\$0	\$0	-\$33,527	-\$127
\$25,000-\$29,999	230,832	-\$29,884	\$0	\$0	-\$29,884	-\$129
\$30,000-\$39,999	381,091	-\$71,881	\$0	\$0	-\$71,881	-\$189
\$40,000-\$49,999	238,000	-\$61,327	\$0	\$0	-\$61,327	-\$258
\$50,000-\$59,999	176,194	-\$92,301	\$0	\$0	-\$92,301	-\$524
\$60,000-\$74,999	164,842	-\$131,284	\$0	\$0	-\$131,284	-\$796
\$75,000-\$99,999	146,864	-\$211,439	\$0	\$0	-\$211,439	-\$1,440
\$100,000-\$124,999	72,379	-\$157,784	\$470	\$507	-\$156,807	-\$2,166
\$125,000-\$149,999	37,018	-\$95,226	\$1,877	\$2,027	-\$91,323	-\$2,467
\$150,000-\$199,999	40,146	-\$83,587	\$18,930	\$17,970	-\$46,687	-\$1,163
\$200,000-\$299,999	30,655	-\$69,987	\$45,055	\$42,859	\$17,927	\$585
\$300,000-\$499,999	20,476	-\$120,677	\$46,215	\$45,885	-\$28,577	-\$1,396
\$500,000-\$999,999	13,449	-\$270,063	\$73,150	\$74,835	-\$122,078	-\$9,077
\$1,000,000 & Up	10,748	-\$1,699,907	\$295,337	\$309,597	-\$1,094,974	-\$101,873
All	2,519,510	-\$3,209,830	\$481,033	\$493,679	-\$2,235,118	-\$887