

# **The Impact of the Federal AMT on New York City Taxpayers**

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## **New York City and the Federal AMT**

- Description of the Federal AMT
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  - Number of Taxpayers Affected
  - Federal AMT Liability
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## 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:
  - Within AGI ranges of \$150K to \$1M
  - Married
  - Parents of multiple dependents
  - Residing in jurisdictions with high state or local taxes

## The Federal AMT: New York City v. U.S.

Table 1

Year	Estimated AMT Participation Rate		Estimated Percent of AGI on AMT Returns	
	U.S.	NYC	U.S.	NYC
2005	4.1%	7.5%	13.7%	28.1%
2010	30.6%	31.0%	49.7%	53.0%

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

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Number of Taxpayers Affected  
2005**

**Table II**

Federal AGI	Number of Taxpayers	# AMT Payers	AMT Participation Rate	Percent of AMT Payers	Cumulative Percent of AMT Payers
Under \$40,000	1,206,193	0	0.0%	0.0%	0.0%
\$40,000-\$50,000	285,053	1,154	0.4%	0.6%	0.6%
\$50,000-\$60,000	199,447	3,115	1.6%	1.7%	2.4%
\$60,000-\$75,000	209,211	8,884	4.2%	4.9%	7.3%
\$75,000-\$100,000	200,426	17,324	8.6%	9.6%	16.8%
\$100,000-\$125,000	105,303	20,250	19.2%	11.2%	28.0%
\$125,000-\$150,000	60,004	17,055	28.4%	9.4%	37.4%
\$150,000-\$200,000	57,977	36,374	62.7%	20.1%	57.5%
\$200,000-\$300,000	42,260	38,732	91.7%	21.4%	78.9%
\$300,000-\$500,000	26,263	24,378	92.8%	13.5%	92.4%
\$500,000-\$1,000,000	16,288	10,266	63.0%	5.7%	98.1%
\$1,000,000 & Up	12,130	3,503	28.9%	1.9%	100.0%
All	2,420,555	181,035	7.5%	100.0%	

For 2005: Median AGI for AMT payers is \$181,720 v. \$40,156 for all taxpayers.

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Federal AMT Liability  
2005**

**Table III**

(\$ thousands)

Federal AGI	AMT	Percent of AMT	Cumulative Percent of AMT	Mean AMT (actual \$)	Regular PIT	Mean Regular PIT (actual \$)	AMT/Total
Under \$40,000	\$0	0.0%	0.0%	\$0	\$1,584,024	\$1,313	0.0%
\$40,000-\$50,000	\$918	0.1%	0.1%	\$795	\$1,153,672	\$4,047	0.1%
\$50,000-\$60,000	\$2,949	0.3%	0.4%	\$947	\$1,143,286	\$5,732	0.3%
\$60,000-\$75,000	\$9,108	0.9%	1.3%	\$1,025	\$1,625,984	\$7,772	0.6%
\$75,000-\$100,000	\$24,038	2.3%	3.6%	\$1,388	\$2,173,764	\$10,846	1.1%
\$100,000-\$125,000	\$37,581	3.7%	7.3%	\$1,856	\$1,652,396	\$15,692	2.2%
\$125,000-\$150,000	\$34,803	3.4%	10.7%	\$2,041	\$1,236,732	\$20,611	2.7%
\$150,000-\$200,000	\$91,764	9.0%	19.7%	\$2,523	\$1,643,039	\$28,340	5.3%
\$200,000-\$300,000	\$200,416	19.6%	39.2%	\$5,174	\$1,918,408	\$45,395	9.5%
\$300,000-\$500,000	\$214,125	20.9%	60.1%	\$8,784	\$2,170,833	\$82,656	9.0%
\$500,000-\$1,000,000	\$142,011	13.9%	74.0%	\$13,833	\$2,612,514	\$160,397	5.2%
\$1,000,000 & Up	\$266,001	26.0%	100.0%	\$75,933	\$9,889,429	\$815,254	2.6%
All	\$1,023,715	100.0%		\$5,655	\$28,804,079	\$11,900	3.4%

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Number of Taxpayers Affected  
2005 v. 2010**

**Table IV**

Federal AGI (2005)	2005		2010		Percent Change from 2005 to 2010
	# AMT Payers	AMT Participation Rate	# AMT Payers	AMT Participation Rate	
Under \$25,000	0	0.0%	0	0.0%	
\$25,000-\$30,000	0	0.0%	2,334	1.2%	
\$30,000-\$40,000	0	0.0%	23,851	6.6%	
\$40,000-\$50,000	1,154	0.4%	79,926	28.0%	6823.4%
\$50,000-\$60,000	3,115	1.6%	80,365	40.3%	2479.6%
\$60,000-\$75,000	8,884	4.2%	126,296	60.4%	1321.7%
\$75,000-\$100,000	17,324	8.6%	144,105	71.9%	731.8%
\$100,000-\$125,000	20,250	19.2%	99,510	94.5%	391.4%
\$125,000-\$150,000	17,055	28.4%	57,503	95.8%	237.2%
\$150,000-\$200,000	36,374	62.7%	56,179	96.9%	54.4%
\$200,000-\$300,000	38,732	91.7%	41,672	98.6%	7.6%
\$300,000-\$500,000	24,378	92.8%	25,043	95.4%	2.7%
\$500,000-\$1,000,000	10,266	63.0%	10,707	65.7%	4.3%
\$1,000,000 & Up	3,503	28.9%	3,792	31.3%	8.3%
All	181,035	7.5%	751,283	31.0%	315.0%

For 2005: Median AGI for AMT payers is \$181,720 v. \$40,156 for all taxpayers.  
For 2010: Median 2005 AGI for AMT payers is \$83,803.

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Federal AMT Liability  
2005 v. 2010**

**Table V**  
(\$ thousands)

Federal AGI (2005)	2005		2010		Change from 2005 to 2010	
	AMT of Total (actual \$)	Mean Percent of Total (actual \$)	AMT	Mean Percent of Total (actual \$)	AMT	Mean AMT
Under \$25,000	\$0	0.0%	\$0			
\$25,000-\$30,000	\$0	0.0%	\$0			
\$30,000-\$40,000	\$0	0.0%	\$1,198	0.4%	\$599	
\$40,000-\$50,000	\$918	0.1%	\$795	2.1%	\$878	7543.9% 10.4%
\$50,000-\$60,000	\$2,949	0.3%	\$947	3.1%	\$1,304	3459.4% 38.0%
\$60,000-\$75,000	\$9,108	0.9%	\$1,023	6.6%	\$1,793	2385.8% 74.9%
\$75,000-\$100,000	\$24,038	2.3%	\$1,388	11.1%	\$2,628	1475.5% 89.4%
\$100,000-\$125,000	\$37,581	3.7%	\$1,856	10.6%	\$3,636	862.7% 95.9%
\$125,000-\$150,000	\$34,803	3.4%	\$2,041	9.1%	\$5,389	790.3% 164.1%
\$150,000-\$200,000	\$91,764	9.0%	\$2,523	14.1%	\$8,596	426.3% 240.7%
\$200,000-\$300,000	\$200,416	19.6%	\$5,174	15.8%	\$12,951	169.3% 150.3%
\$300,000-\$500,000	\$214,125	20.9%	\$8,784	10.7%	\$14,600	70.8% 66.2%
\$500,000-\$1,000,000	\$142,011	13.9%	\$13,833	5.3%	\$16,867	27.2% 21.9%
\$1,000,000 & Up	\$266,001	26.0%	\$75,933	11.1%	\$100,328	43.0% 32.1%
All	\$1,023,715	100.0%	\$5,655	0.0%	\$4,549	233.8% -19.6%

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Total Federal PIT Liability  
2005 v. 2010**

**Table VI**  
(\$ thousands)

Federal AGI (2005)	2005			2010			Percent Change from 2005 to 2010		
	AMT	Regular PIT	AMT/ Total	AMT	Regular PIT	AMT/ Total	Regular PIT	AMT/ Total	
	Under \$25,000	\$0	\$367,975	0.0%	\$0	\$598,219	0.0%	63%	0%
\$25,000-\$30,000	\$0	\$315,609	0.0%	\$1,687	\$467,396	0.4%	48%	0%	
\$30,000-\$40,000	\$0	\$900,439	0.0%	\$14,198	\$1,303,007	1.1%	45%	0%	
\$40,000-\$50,000	\$918	\$1,153,672	0.1%	\$70,184	\$1,641,712	4.1%	7544%	42%	
\$50,000-\$60,000	\$2,949	\$1,143,286	0.3%	\$104,979	\$1,605,062	6.1%	3459%	40%	
\$60,000-\$75,000	\$9,108	\$1,625,984	0.6%	\$226,399	\$2,240,834	9.2%	2386%	38%	
\$75,000-\$100,000	\$24,038	\$2,173,764	1.1%	\$378,718	\$3,022,664	1.1%	1475%	39%	
\$100,000-\$125,000	\$37,581	\$1,652,396	2.2%	\$361,806	\$2,261,794	3.8%	863%	37%	
\$125,000-\$150,000	\$34,803	\$1,236,732	2.7%	\$309,864	\$1,677,859	5.6%	790%	36%	
\$150,000-\$200,000	\$91,764	\$1,643,039	5.3%	\$482,926	\$2,216,060	7.9%	426%	35%	
\$200,000-\$300,000	\$200,416	\$1,918,408	9.5%	\$539,802	\$2,551,251	7.5%	169%	33%	
\$300,000-\$500,000	\$214,125	\$2,170,833	9.0%	\$365,631	\$2,776,001	1.6%	71%	28%	
\$500,000-\$1,000,000	\$142,011	\$2,612,514	5.2%	\$180,588	\$3,374,564	5.1%	27%	29%	
\$1,000,000 & Up	\$266,001	\$9,889,429	2.6%	\$380,484	\$12,677,640	2.9%	43%	28%	
All	\$1,023,715	\$28,804,079	3.4%	\$3,417,266	\$38,414,063	8.2%	234%	33%	

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Federal AMT Participation Rates  
by Filing Status  
2005 v. 2010**

**Table VII**

Federal AGI (2005)	2005		2010	
	AMT Participation Rate		AMT Participation Rate	
	Other than Joint	Joint	Other than Joint	Joint
Under \$25,000	0.0%	0.0%	0.0%	0.0%
\$25,000-\$30,000	0.0%	0.0%	0.1%	5.2%
\$30,000-\$40,000	0.0%	0.0%	5.6%	10.2%
\$40,000-\$50,000	0.2%	1.0%	31.7%	15.6%
\$50,000-\$60,000	1.6%	1.4%	39.2%	43.2%
\$60,000-\$75,000	5.6%	1.9%	44.0%	89.5%
\$75,000-\$100,000	10.6%	6.5%	50.2%	96.2%
\$100,000-\$125,000	19.8%	18.8%	89.3%	98.2%
\$125,000-\$150,000	28.8%	28.2%	96.1%	95.7%
\$150,000-\$200,000	72.0%	58.1%	95.1%	97.8%
\$200,000-\$300,000	92.4%	91.3%	98.2%	98.8%
\$300,000-\$500,000	85.7%	96.0%	88.5%	98.5%
\$500,000-\$1,000,000	47.6%	69.4%	48.1%	73.0%
\$1,000,000 & Up	30.3%	28.4%	31.4%	31.2%
All	4.3%	18.7%	20.6%	57.1%

**Estimated Impact of the Federal AMT on NYC Taxpayers  
Federal AMT Participation Rates  
by Number of Dependents  
2005 v. 2010**

**Table VIII**

Federal AGI (2005)	2005		2010	
	AMT Participation Rate		AMT Participation Rate	
	Two Dependents Fewer	More than Two Dependents	Two Dependents Fewer	More than Two Dependents
Under \$25,000	0.0%	0.0%	0.0%	0.0%
\$25,000-\$30,000	0.0%	0.0%	1.1%	1.6%
\$30,000-\$40,000	0.0%	0.0%	4.5%	36.2%
\$40,000-\$50,000	0.4%	0.9%	25.1%	66.9%
\$50,000-\$60,000	1.6%	1.0%	37.6%	80.1%
\$60,000-\$75,000	3.5%	12.4%	57.6%	93.0%
\$75,000-\$100,000	7.4%	23.0%	69.5%	98.6%
\$100,000-\$125,000	17.1%	43.3%	94.0%	100.0%
\$125,000-\$150,000	25.3%	68.3%	95.6%	98.6%
\$150,000-\$200,000	60.3%	93.3%	96.9%	97.2%
\$200,000-\$300,000	91.2%	98.8%	98.5%	100.0%
\$300,000-\$500,000	92.5%	97.8%	95.1%	98.9%
\$500,000-\$1,000,000	62.4%	75.2%	64.7%	84.6%
\$1,000,000 & Up	29.3%	25.5%	31.3%	31.0%
All	7.0%	14.9%	29.2%	58.9%

**Estimated Impact of Eliminating the Federal AMT  
and the Federal Deduction for State/Local Taxes  
New York City Taxpayers  
2010**

**Table IX**  
(\$ thousands)

Federal AGI (2005)	Baseline Forecast				Without AMT and Without Deduction for State/Local Taxes		Change in Total PIT	
	AMT	Regular PIT	Total (Regular PIT+AMT)	Percent of Total	Regular PIT	Percent of Total	Amount	Percent
	Under \$25,000	\$0	\$598,219	\$598,219	1.4%	\$606,201	1.4%	\$7,982
\$25,000-\$30,000	\$1,687	\$467,396	\$469,083	1.1%	\$478,530	1.1%	\$9,448	2.0%
\$30,000-\$40,000	\$14,198	\$1,303,007	\$1,317,205	3.1%	\$1,338,344	3.1%	\$21,139	1.6%
\$40,000-\$50,000	\$70,184	\$1,641,712	\$1,711,895	4.1%	\$1,708,405	3.9%	-\$3,491	-0.2%
\$50,000-\$60,000	\$104,979	\$1,605,062	\$1,710,041	4.1%	\$1,686,174	3.9%	-\$23,867	-1.4%
\$60,000-\$75,000	\$226,399	\$2,240,834	\$2,467,233	5.9%	\$2,400,650	5.5%	-\$66,583	-2.7%
\$75,000-\$100,000	\$378,718	\$3,022,664	\$3,401,381	8.1%	\$3,300,306	7.6%	-\$101,075	-3.0%
\$100,000-\$125,000	\$361,806	\$2,261,794	\$2,623,600	6.3%	\$2,520,080	5.8%	-\$103,520	-3.9%
\$125,000-\$150,000	\$309,864	\$1,677,859	\$1,987,723	4.8%	\$1,887,889	4.3%	-\$99,834	-5.0%
\$150,000-\$200,000	\$482,926	\$2,216,060	\$2,698,987	6.5%	\$2,534,490	5.8%	-\$164,497	-6.1%
\$200,000-\$300,000	\$539,802	\$2,551,251	\$3,091,053	7.4%	\$2,952,737	6.8%	-\$138,316	-4.5%
\$300,000-\$500,000	\$365,631	\$2,776,001	\$3,141,632	7.5%	\$3,245,492	7.5%	\$103,861	3.3%
\$500,000-\$1,000,000	\$180,588	\$3,374,564	\$3,555,152	8.5%	\$3,950,560	9.1%	\$395,408	11.1%
\$1,000,000 & Up	\$380,484	\$12,677,640	\$13,058,124	31.2%	\$14,825,326	34.1%	\$1,767,202	13.5%
All	\$3,417,266	\$38,414,063	\$41,831,329	100.0%	\$43,435,186	100.0%	\$1,603,857	3.8%

**Estimated Impact of Eliminating State/Local Taxes  
as a Preference Under the Federal AMT  
New York City Taxpayers  
2010**

**Table X**  
(\$ thousands)

Federal AGI (2005)	Elimination of State/Local Taxes as AMT Preference										
	Baseline Forecast			AMT Preference			Change in AMT				
	Number of AMT Payers	Mean AMT (actual \$)	Mean AMT (actual \$)	Number of AMT Payers	Mean AMT (actual \$)	Mean AMT (actual \$)	Number of AMT Payers	Percent	Amount	Percent	Percent Change in Mean AMT
Under \$25,000	0	\$0	\$0	0	\$0	\$0	0	0.0%	\$0	0.0%	
\$25,000-\$30,000	2,334	\$1,687	\$723	2,119	\$1,342	\$633	-215	-9.2%	-\$346	-20.5%	-12.4%
\$30,000-\$40,000	23,851	\$14,198	\$593	20,291	\$9,857	\$486	-3,560	-14.9%	-\$4,341	-30.6%	-18.4%
\$40,000-\$50,000	79,926	\$70,184	\$878	64,858	\$50,056	\$772	-15,068	-18.9%	-\$20,128	-28.7%	-12.1%
\$50,000-\$60,000	80,365	\$104,979	\$1,306	65,519	\$69,875	\$1,066	-14,846	-18.5%	-\$35,104	-33.4%	-18.4%
\$60,000-\$75,000	126,296	\$226,399	\$1,793	92,952	\$146,336	\$1,574	-33,344	-26.4%	-\$80,063	-35.4%	-12.2%
\$75,000-\$100,000	144,105	\$378,718	\$2,628	95,214	\$200,878	\$2,110	-48,890	-33.9%	-\$177,839	-47.0%	-19.7%
\$100,000-\$125,000	99,510	\$361,806	\$3,636	44,003	\$87,371	\$1,986	-55,507	-55.8%	-\$274,435	-75.9%	-45.4%
\$125,000-\$150,000	57,503	\$309,864	\$5,389	25,064	\$52,889	\$2,110	-32,440	-56.4%	-\$256,975	-82.9%	-60.8%
\$150,000-\$200,000	56,179	\$482,926	\$8,596	33,975	\$93,907	\$2,764	-22,204	-39.5%	-\$389,019	-80.6%	-67.8%
\$200,000-\$300,000	41,672	\$539,802	\$12,953	27,436	\$117,728	\$4,291	-14,236	-34.2%	-\$422,074	-78.2%	-66.9%
\$300,000-\$500,000	25,043	\$365,631	\$14,600	10,629	\$50,941	\$4,792	-14,414	-57.6%	-\$314,690	-86.1%	-67.2%
\$500,000-\$1,000,000	10,707	\$180,588	\$16,867	1,704	\$16,904	\$9,922	-9,003	-84.1%	-\$163,684	-90.6%	-41.2%
\$1,000,000 & Up	3,792	\$380,484	\$100,328	891	\$28,349	\$31,823	-2,902	-76.5%	-\$352,135	-92.5%	-68.3%
<b>All</b>	<b>751,283</b>	<b>\$3,417,266</b>	<b>\$4,549</b>	<b>484,654</b>	<b>\$926,432</b>	<b>\$1,912</b>	<b>(266,628)</b>	<b>-35.5%</b>	<b>-\$2,490,834</b>	<b>-72.9%</b>	<b>-58.0%</b>