













**A New York family with an income of \$57,500 paid a 3.3% State income tax rate**

# **CORPORATE TAX DEADBEATS PAID:**

<b>Company</b>	<b>'01-'03 Profit</b>	<b>'01-'03 States Corp. Income Taxes</b>	<b>'01-'03 Tax Rate</b>
 <b>Toys "R" Us</b>	<b>\$549 Million</b>	<b>\$22 Million Rebate</b>	<b>-4.0 %</b>
 <b>AT&amp;T</b>	<b>\$13.4 Billion</b>	<b>\$81 Million Rebate</b>	<b>-0.6 %</b>
 <b>Eli Lilly</b>	<b>\$5.3 Billion</b>	<b>\$17 Million Rebate</b>	<b>-0.3%</b>
 <b>Merrill Lynch</b>	<b>\$8.8 Billion</b>	<b>\$0</b>	<b>0%</b>
 <b>Metlife</b>	<b>\$6.8 Billion</b>	<b>\$1 Million</b>	<b>0.0%</b>
 <b>PepsiCo</b>	<b>\$9.2 Billion</b>	<b>\$70 Million</b>	<b>0.8%</b>
 <b>IBM</b>	<b>\$14.1 Billion</b>	<b>\$158 Million</b>	<b>1.1%</b>
 <b>Pfizer</b>	<b>\$14.8 Billion</b>	<b>\$241 Million</b>	<b>1.6%</b>
 <b>General Electric</b>	<b>\$37.5 Billion</b>	<b>\$688 Million</b>	<b>1.8%</b>
 <b>Citigroup</b>	<b>\$44.2 Billion</b>	<b>\$1.2 Billion</b>	<b>2.8%</b>

# PEF SUPPORTS THE GOVERNOR'S PROPOSALS TO CLOSE CORPORATE TAX LOOPHOLES!

The Governor's Executive Budget proposes to eliminate a number of specific corporate tax loopholes which will raise \$450 million this year and up to \$537 million in 2010.

These loopholes must be closed as many major corporations operating in New York pay little or no corporate income taxes which creates an unfair burden on businesses that pay their fair share of taxes. That's why corporate income tax revenue in New York has fallen by over 36% relative to the size of the state's economy.

**WE SUPPORT:** "Combined Reporting," which will stop corporations from shifting income earned in New York to subsidiaries in countries or states where that income is not taxable. Current law allows corporations to use this loophole to legally duck at least \$185 million a year in tax payments. Last year, Texas was the 17th state to adopt "combined reporting" to ensure corporations pay their fair share of taxes.

**WE SUPPORT:** Conforming to federal tax rules by closing the loophole that allows corporations to exclude from their taxable income monetary distributions from a real estate investment trust (REIT) or regulated investment company (RIC). Current law allows corporations to use this loophole to legally avoid up to \$88 million a year in tax payments. Other states, including California, Connecticut and Massachusetts have already closed this loophole.

**WE SUPPORT:** Conforming New York tax law to the practices of 18 other states that have decoupled from the federal deduction

related to qualified production activities. This loophole was originally intended to create incentives for corporations to preserve and promote domestic manufacturing jobs. However, corporations have used this deduction for activities which go beyond the familiar concept of manufacturing and dodge \$30 million a year in tax payments. It is possible that a multi-state firm could use the deduction to reduce its New York taxes without having a single production employee in the State!

**WE SUPPORT:** A fairer share of taxes for New York's banks that avoid an estimated \$32 million a year in taxes by using subsidiaries to shelter income and by deducting projected bad debts before they actually become "bad" or uncollectible.

**WE SUPPORT:** Requiring federal S-Corporations with significant investment income to also operate as S-corporations for state tax purposes in order to close a loophole that allows New York residents to avoid an estimated \$100 million a year in personal income taxes.

**STOP CORPORATE TAX DEADBEATS!  
ENACT THE GOVERNOR'S PROPOSALS TO  
CLOSE CORPORATE TAX LOOPHOLES**