

Builders worried Trump tax plan will hurt New York

By KYLE CAMPBELL

Although the president's proposed tax plan aims to simplify the tax code, it could actually make developing and owning property in New York more difficult, according to some experts.

Introduced in a white paper report last Wednesday, President Trump's proposal, dubbed the "Unified Framework for Fixing Our Broken Tax Code," calls for the removal of most itemized deductions in exchange for lower rates, fewer tax brackets and larger standard deductions.

Trade groups representing New York builders and the city's real estate industry believe the suggested changes would not only hurt their members but also the average tax-paying citizen because they will no longer be able to deduct State and Local Tax, or SALT, payments from their federal bill.

"The bottom line is it will cost everyone — from a developer to a family to a single [filer] or anyone else — a lot more money in their taxes," Carlo A. Scissura, president and chief executive of the New York Builders Congress said.

The Trump Administration touts its framework as a win for business because it reduces the corporate tax rate to 20 percent, caps small business taxes at 25 percent and eliminates the adjusted minimum tax.

However, Scissura said those breaks don't come close to equaling what developers pay annually to New York City and State.

He also said the policy is particularly egregious considering New York and California, the two states that claim the most

SALT deductions, already contribute billions of dollars in federal taxes while receiving very little in return.

He said it was as if the proposed changes were targeting these "donor states" in favor of low-tax states whose residents stand to gain more from a beefed up standard deduction.

"In addition to being a simple matter of fairness, this provision would be crippling to the middle class, sharply decrease our competitiveness as a city and state, and do considerable harm to the national economy by robbing New York City of the funding it needs to invest in its infrastructure and other vital services," Scissura said in a prepared statement.

Scissura said he agrees with some provisions of the proposed tax reforms, just not those that eliminate itemized deductions.

"The tax code does need to be fixed," he said. "And I think that fact that the tax rate will go down will be good. I like the doubling of the child care credit and the deduction for other dependents because I help take care of my mother and know that's important."

Nationally, the response to the president's tax plan has been received more warmly by the development industry.

The American General Contractors of America praised the proposal as a "step in the right direction" and a necessary move to aid the construction sector, which pays an effective tax rate of 30.3 percent, one of the highest rates in the country.

"Tax reform that lowers the rates for businesses of all forms and sizes is long overdue," Stephen E. Sandherr, chief executive of the association, said in press release.

"[It] will provide a shot in the arm to the industry, lower the cost of construction projects, and allow construction firms to focus more on their business, and less time with the IRS."



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