

INCOME TAX ANALYSIS 2015 HUDSON VALLEY: WITH COUNTY LEVEL DETAIL

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March 2018



This report is available on the Bureau of Economic Research homepage at
<http://www.marist.edu/management/bureau>

The support of student research assistants Dyna Dunninger, Gina Aragona, Micheal Pipko, Becky Lopez, is acknowledged and appreciated.



Summary

Income Distribution in the Hudson Valley with county level detail and statewide comparisons

- The distribution of income in the Hudson Valley, like that of New York State, is highly skewed in favor of households earning \$75,000 and above.
- Income inequality is evident across all income categories, including but not limited to wages and salaries, taxable interest, dividends and capital gains.
- In 2015, Hudson Valley households reporting adjusted gross income (AGI) of \$75,000 and above accounted for 82.91 percent of all AGI reported, earning on average \$8.83 of AGI for every one dollar reported in the below-\$75,000 category. Within the region, Westchester County was the most unequal, followed by Rockland and Putnam counties.
- Statewide, the \$75,000-and-above category earned \$8.24 in AGI in for every one dollar reported in the below-\$75,000 category.
- Except for Bronx County, which ranks 41st in the state, downstate counties tend to have more income inequality than upstate counties. The counties with the greatest income inequality are New York, followed by Westchester, Nassau, Saratoga, Rockland, and Suffolk.
- For AGI, we omitted the Under \$1 category due to the large volume of negative amounts for adjusted gross income.
- Regional distribution of wage and salary income followed a similar pattern to AGI. Households in the \$75,000-and-above category earned \$6.30 in wage and salary income for every one dollar reported in the below-\$75,000 category.
- Regionally, wage and salary income inequality is highly significant, with three counties — Westchester, Rockland, and Putnam — ranking in the top 10 most unequal counties statewide; Dutchess ranks 11th.
- Statewide, the distribution of wage and salary income is more equal with households in the \$75,000-and-above category earning \$5.58 in wage and salary income for every one dollar in the below-\$75,000 category.
- New York State counties with the greatest wage and salary inequality — ranked from one through five — are New York, Westchester, Nassau, Rockland, and Suffolk. The counties that have the most equal distribution of wage and salary income are Hamilton, Yates, Lewis, Wyoming, and Orleans.
- The growing discrepancy in the distribution of wage and salary income has greatly impacted the ability of households in the below-\$75,000 category to earn capital income. Capital income is the return to savings, and the ability to save is highly dependent on earned income. The lower a household's earned income, the lower the ability to save; the ability to earn capital income is diminished as a direct consequence.
- Region-wide, households in the \$75,000-and-above category reported average taxable interest income a little more than four times greater than households in the below-\$75,000 category;



average ordinary and qualified dividend income was nearly six times as great, while net capital gains income was almost 21 times as great.

- Statewide, the distribution of capital income followed a parallel — although somewhat less unequal — pattern.
- Child and non-child tax credits were omitted from the analysis due to many counties not reporting their child and non-child related data for the years 2014-2015.



Adjusted Gross Income

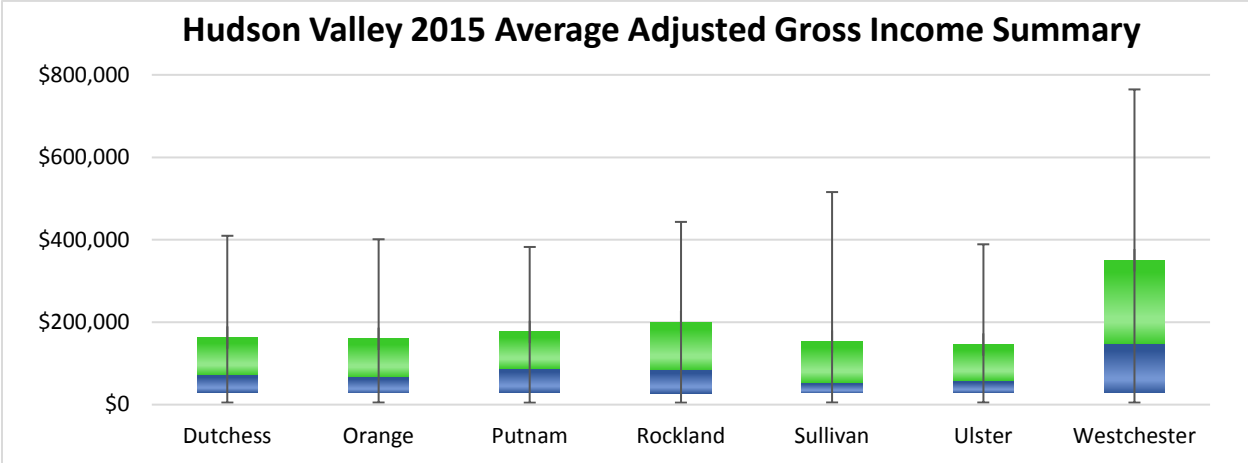
According to the 2015 individual tax statistics released by the Internal Revenue Service (IRS), the distribution of income in the Hudson Valley is highly skewed in favor of households earning \$75,000 and above. In 2015, households reporting adjusted gross income (AGI) of \$75,000-and-above accounted for 35.46 percent of all income tax returns filed and 82.91 percent of total AGI reported. In contrast, households reporting AGI of below \$75,000 accounted for 64.54 percent of all income tax returns filed but only 17.09 percent of total AGI. On average, households in the \$75,000-and-above category earned \$8.83 of AGI for every one dollar reported in the below-\$75,000 category. This is a trend evident across the region, with Westchester, Rockland, and Putnam counties reporting the most inequality between categories, and Sullivan and Ulster counties reporting the least.

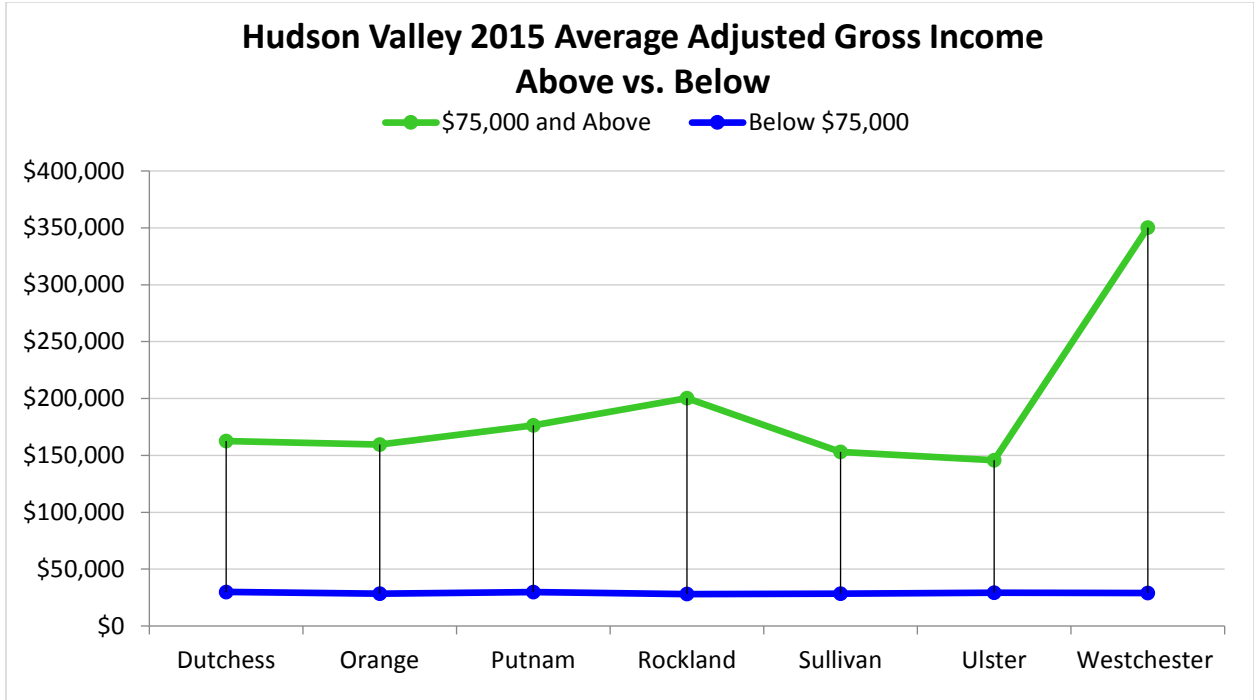
Table 1: Adjusted Gross Income (AGI) as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$162,731	34.11%	73.77%	\$29,945	65.89%	26.23%	14
Orange	\$159,635	31.37%	71.97%	\$28,419	68.63%	28.03%	16
Putnam	\$176,292	41.86%	81.02%	\$29,737	58.14%	18.98%	9
Rockland	\$200,376	35.78%	79.94%	\$28,017	64.22%	20.06%	5
Sullivan	\$152,900	22.38%	60.80%	\$28,427	77.62%	39.20%	21
Ulster	\$145,719	27.22%	65.04%	\$29,299	72.78%	34.96%	24
Westchester	\$350,213	38.99%	88.51%	\$29,052	61.01%	11.49%	2
Hudson Valley	\$255,657	35.46%	82.91%	\$28,947	64.54%	17.09%	NM
New York	\$234,785	27.12%	75.40%	\$28,510	72.88%	24.60%	NM

*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference. **Under \$1 not included.**

In the box-plot below, the five-number summary depicted includes the following: the minimum nonnegative AGI reported, the average below-\$75,000 AGI, the aggregate average AGI, the average \$75,000-and-above AGI, and the maximum AGI reported.





Statewide, the distribution of AGI followed a similar pattern. The number of income tax returns in the below-\$75,000 category accounted for 72.88 percent of all returns filed, but only 24.60 percent of the earnings. On average, the \$75,000-and-above category reported \$8.24 of AGI for every one dollar of AGI in the below-\$75,000 category.

Apart from Bronx County, which ranks 41st in the state, downstate counties tend to have more income inequality than upstate counties. Statewide, the counties with the greatest income inequality are New York, Westchester, Nassau, Saratoga, Rockland, and Suffolk, respectively. The counties with the most income equality are Orleans, Wyoming, Lewis, Washington, and Oswego, respectively.

Wages and Salary Income

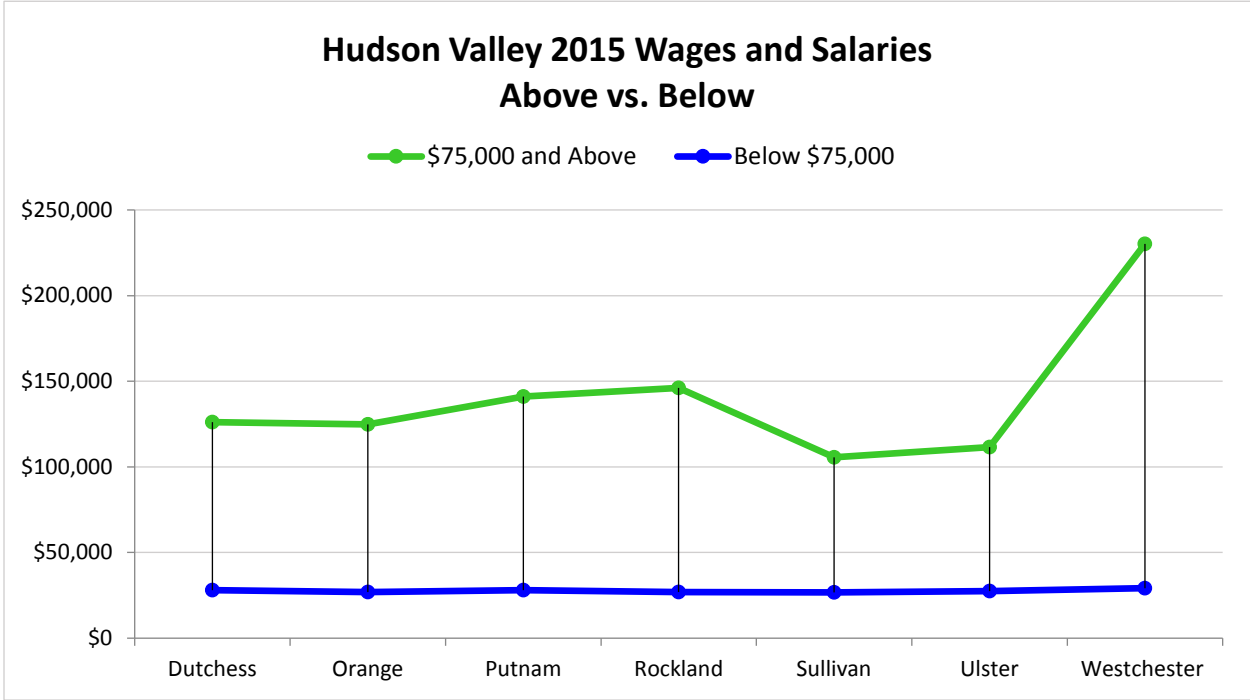
The number of returns reporting wage and salary income in the Hudson Valley weighted more heavily towards households with AGI of below \$75,000. However, similar to AGI, the distribution of wage and salary income was highly skewed in favor of households reporting AGI of \$75,000 and above. Overall, households with AGI of \$75,000 and above reported 79.09 percent of all wage and salary income region-wide, compared to 20.91 percent for the below-\$75,000 category. As of 2015, for every one dollar of wage and salary income earned by households in the under-\$75,000 category, households in the \$75,000-and-above category earned \$6.30. As was the case with AGI, this trend is evident across the region, with Westchester reporting the greatest inequality between categories. Regionally, wage and salary income inequality is highly significant, with three counties — Westchester, Rockland, and Putnam — ranking in the top 10 of the most unequal counties statewide.



Table 2: Wages and Salaries Income as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

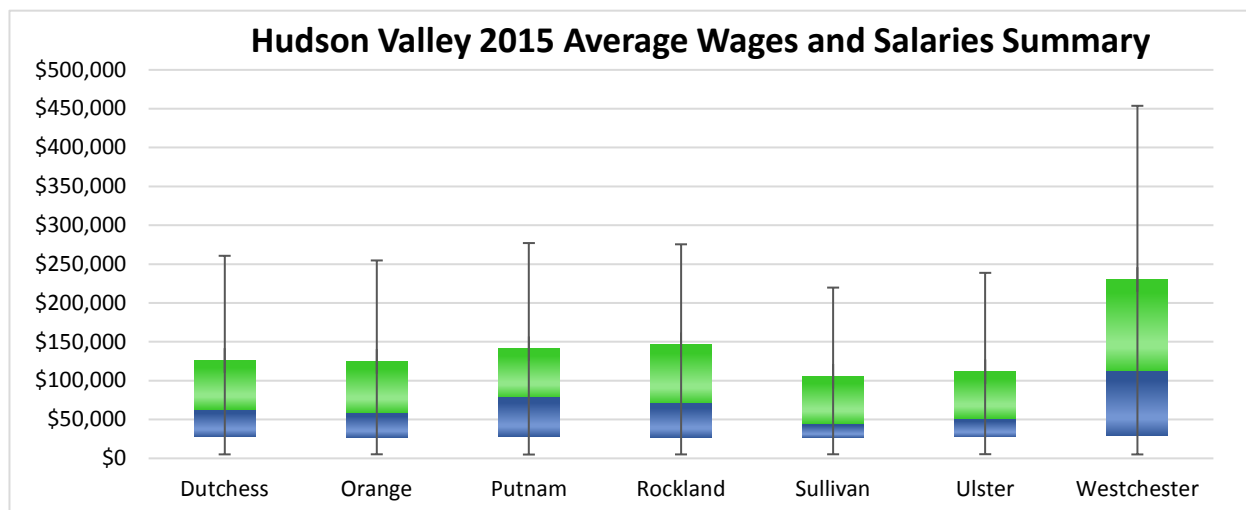
	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$126,033	36.20%	71.84%	\$28,033	63.80%	28.16%	11
Orange	\$124,808	33.01%	69.60%	\$26,866	66.99%	30.40%	12
Putnam	\$141,066	45.06%	80.45%	\$28,109	54.94%	19.55%	6
Rockland	\$146,117	37.43%	76.39%	\$27,010	62.57%	23.61%	4
Sullivan	\$105,599	23.61%	54.97%	\$26,732	76.39%	45.03%	29
Ulster	\$111,473	29.02%	62.35%	\$27,511	70.98%	37.65%	23
Westchester	\$230,181	41.43%	84.79%	\$29,208	58.57%	15.21%	2
Hudson Valley	\$176,759	37.52%	79.09%	\$28,062	62.48%	20.91%	NM
New York	\$157,633	28.94%	69.45%	\$28,234	71.06%	30.55%	NM

*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference



In the box-plot on the following page, the five-number summary depicted includes the following: the minimum nonnegative wages and salaries reported, the average below-\$75,000 wages and salaries, the aggregate average wages and salaries, the average \$75,000-and-above wages and salaries, and the maximum wages and salaries reported.





Across the state, the distribution of wage and salary income followed a similar, albeit more unequal, pattern. For the period, 71.06 percent of all returns reporting wage and salary income were in the below-\$75,000 category compared to 28.94 percent in the \$75,000-and-above category. Overall, households reporting AGI of \$75,000 and above earned on average \$5.58 in wage and salary income for every one dollar earned by the below-\$75,000 category. Consistent throughout, downstate counties — with the exception of the Bronx, which ranks 28th — are more unequal than upstate counties, all ranking in the top 20. Statewide, the counties with the greatest wage and salary inequality — ranked from one through five — are New York, Westchester, Nassau, Rockland, and Suffolk. The counties that have the most equal distribution of wage and salary income are Hamilton, Yates, Lewis, Wyoming, and Orleans, respectively.

Capital Income: Interest, Dividends and Capital Gains

Consistent with trend, the distribution of capital income within the Hudson Valley — taxable interest, dividends, and capital gains — was highly skewed, with households in the \$75,000-and-above category accounting for approximately 60 percent of all returns reporting capital income and 94 percent of all capital income earned. In sharp contrast, households in the below-\$75,000 category accounted for approximately 40 percent of all income tax returns reporting capital income but only six percent of total capital income. As has been the case throughout, Westchester County is the most unequal county in the region with Dutchess and Rockland counties tending to be distant seconds for most capital income categories. Orange County tends to be the most equal county in the region for most capital income categories.



Table 3: Taxable Interest Income as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

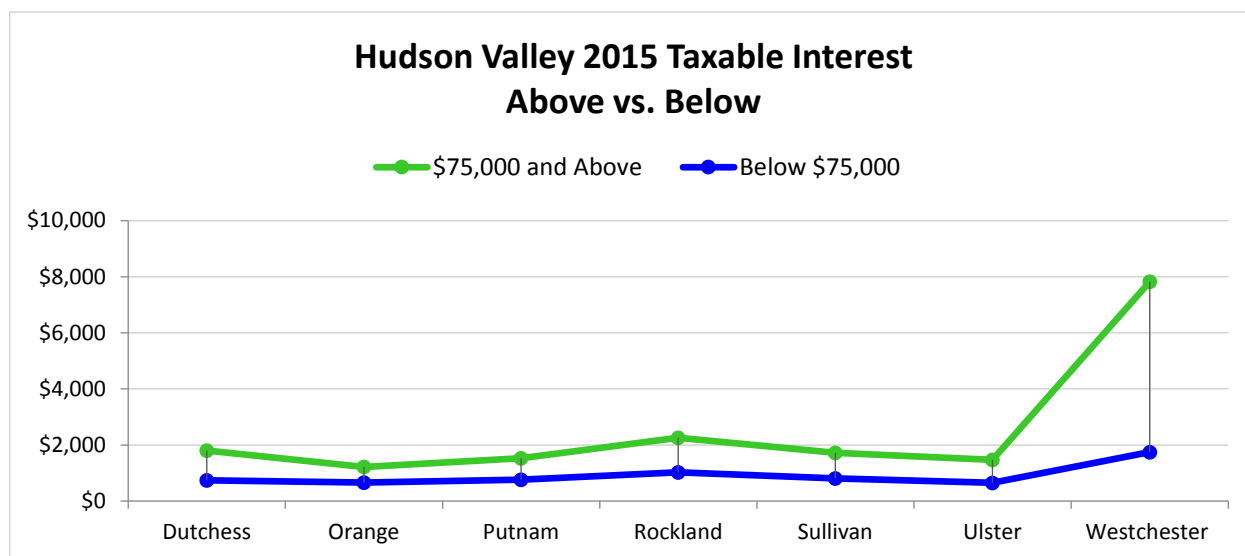
	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$1,798	55.69%	75.34%	\$740	44.31%	24.66%	20
Orange	\$1,215	55.92%	70.07%	\$658	44.08%	29.93%	53
Putnam	\$1,525	62.45%	76.83%	\$765	37.55%	23.17%	38
Rockland	\$2,256	62.53%	78.52%	\$1,030	37.47%	21.48%	13
Sullivan	\$1,716	42.74%	61.29%	\$809	57.26%	38.71%	25
Ulster	\$1,469	46.01%	65.77%	\$652	53.99%	34.23%	30
Westchester	\$7,822	65.01%	89.27%	\$1,746	34.99%	10.73%	2
Hudson Valley	\$4,634	60.02%	85.85%	\$1,146	39.98%	14.15%	NM
New York	\$5,494	51.91%	85.58%	\$1,000	48.09%	14.42%	NM

*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference

Region-wide, households in the \$75,000-and-above category reported average taxable interest income a little more than four times as great as the households in the below-\$75,000 category; average ordinary and qualified dividend income was nearly six times as great while net capital gains income was almost 21 times as great.

Table 4: Capital Income as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

	\$75,000 and Above	Under \$75,000
Taxable Interest Income	\$4,634	\$1,146
Ordinary Plus Qualified Dividends	\$32,745	\$5,628
Net Capital Gains	\$67,313	\$3,260



Statewide, the distribution of capital income followed a parallel — although somewhat less unequal — pattern. The number of income tax returns in the below-\$75,000 category was 45.71 percent compared to 54.29 percent in the \$75,000-and-above category. On average, the \$75,000-and-above category reported \$10.98 of capital income for every one dollar of capital income in the below-\$75,000 category.

In the box-plot below, the five-number summary depicted includes the following: the minimum nonnegative taxable interest income reported, the average below-\$75,000 taxable interest income, the aggregate average taxable interest income, the average \$75,000-and-above taxable interest income, and the maximum taxable interest income reported.

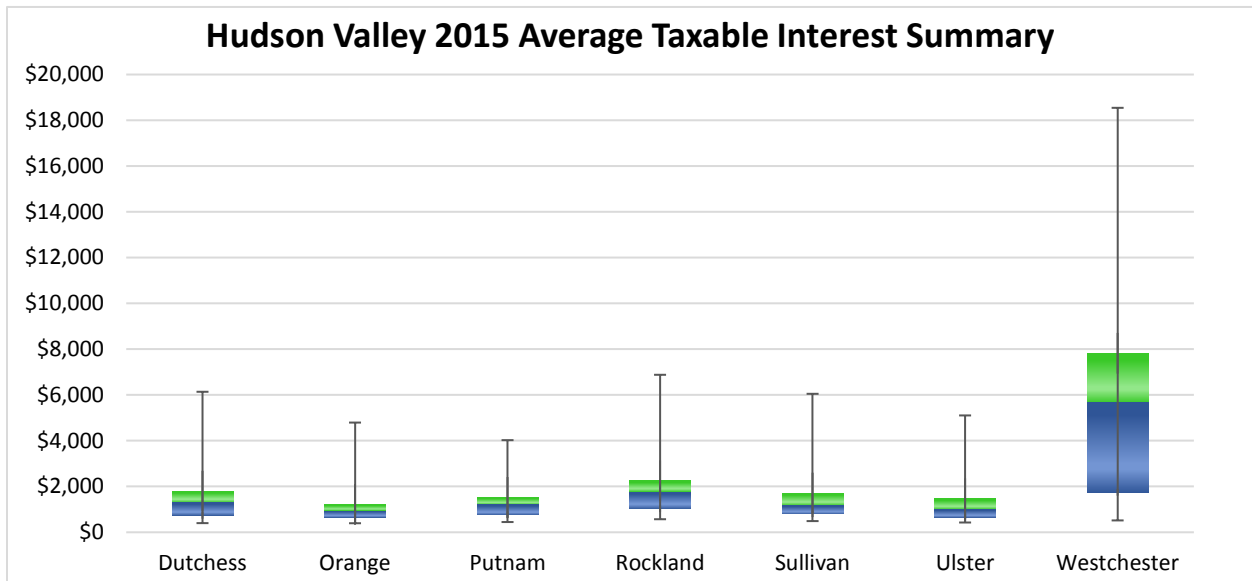
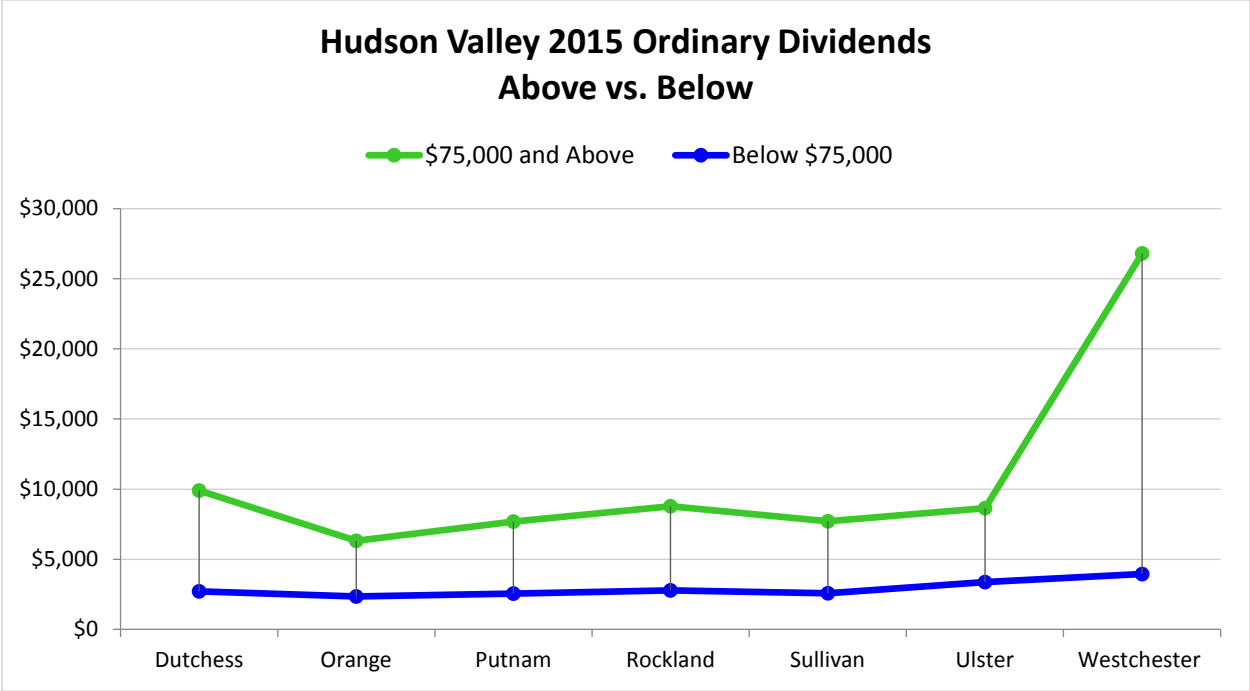


Table 5: Ordinary Dividends Income as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$9,898	56.02%	82.37%	\$2,698	43.98%	17.63%	15
Orange	\$6,317	55.22%	76.86%	\$2,345	44.78%	23.14%	45
Putnam	\$7,676	60.52%	82.19%	\$2,550	39.48%	17.81%	33
Rockland	\$8,778	60.36%	82.83%	\$2,770	39.64%	17.17%	25
Sullivan	\$7,697	43.93%	70.14%	\$2,568	56.07%	29.86%	32
Ulster	\$8,632	46.14%	68.63%	\$3,381	53.86%	31.37%	30
Westchester	\$26,798	64.04%	92.36%	\$3,948	35.96%	7.64%	2
Hudson Valley	\$18,269	59.86%	89.26%	\$3,276	40.14%	10.74%	NM
New York	\$19,459	54.97%	88.83%	\$2,988	45.03%	11.17%	NM

*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference





In the box-plot below, the five-number summary depicted includes the following: the minimum nonnegative ordinary dividends income reported, the average below-\$75,000 ordinary dividends income, the aggregate average ordinary dividends income, the average \$75,000-and-above ordinary dividends income, and the maximum ordinary dividends income reported.

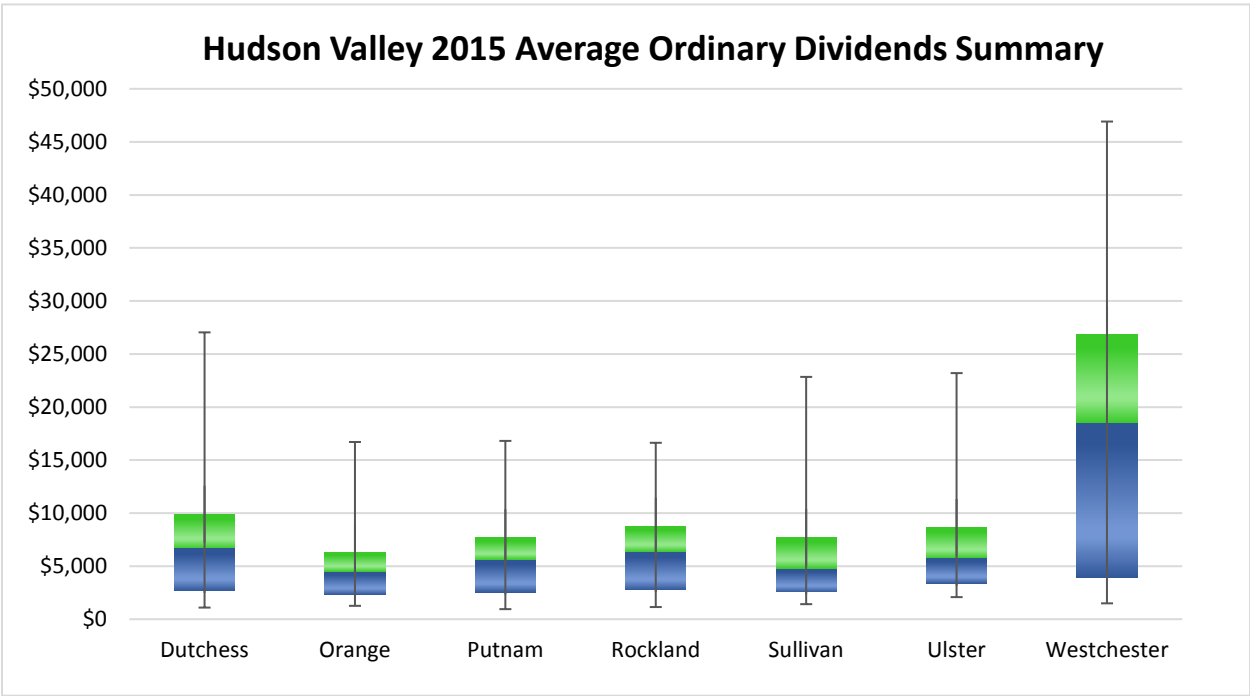
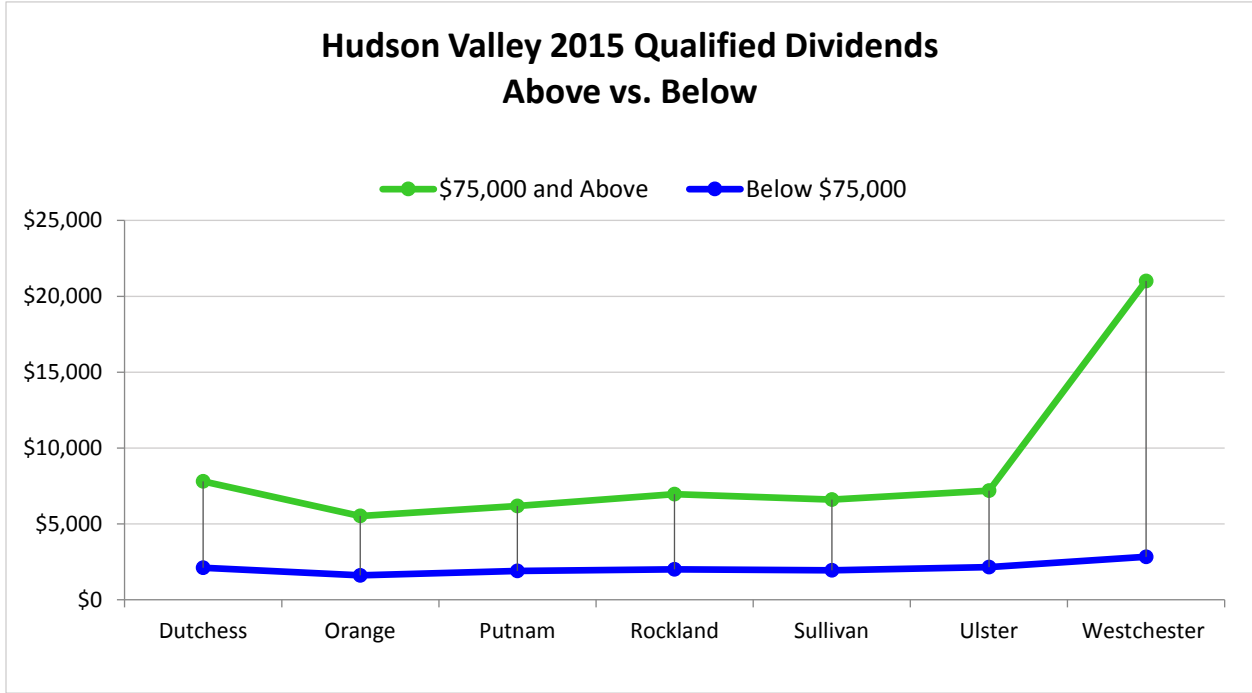


Table 6: Qualified Dividends Income as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$7,805	56.83%	82.92%	\$2,117	43.17%	17.08%	19
Orange	\$5,516	56.15%	81.45%	\$1,608	43.85%	18.55%	41
Putnam	\$6,181	61.04%	83.67%	\$1,890	38.96%	16.33%	38
Rockland	\$6,963	61.01%	84.48%	\$2,002	38.99%	15.52%	30
Sullivan	\$6,604	44.70%	73.44%	\$1,930	55.30%	26.56%	31
Ulster	\$7,198	47.68%	75.26%	\$2,157	52.32%	24.74%	27
Westchester	\$21,010	64.67%	93.14%	\$2,832	35.33%	6.86%	2
Hudson Valley	\$14,476	60.66%	90.47%	\$2,351	39.34%	9.53%	NM
New York	\$15,571	55.80%	89.84%	\$2,223	44.20%	10.16%	NM

*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference



In the box-plots below, the five-number summary depicted includes the following: the minimum nonnegative qualified dividends income reported, the average below-\$75,000 qualified dividends income, the aggregate average qualified dividends income, the average \$75,000-and-above qualified dividends income, and the maximum qualified dividends income reported.



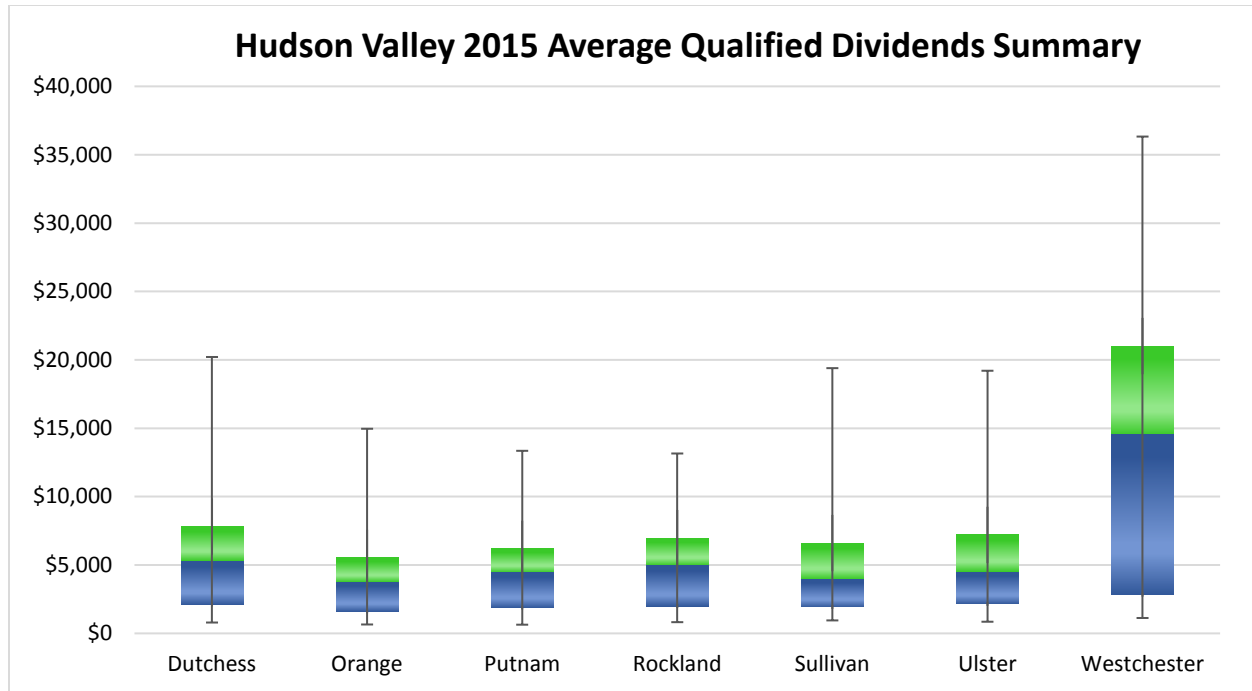
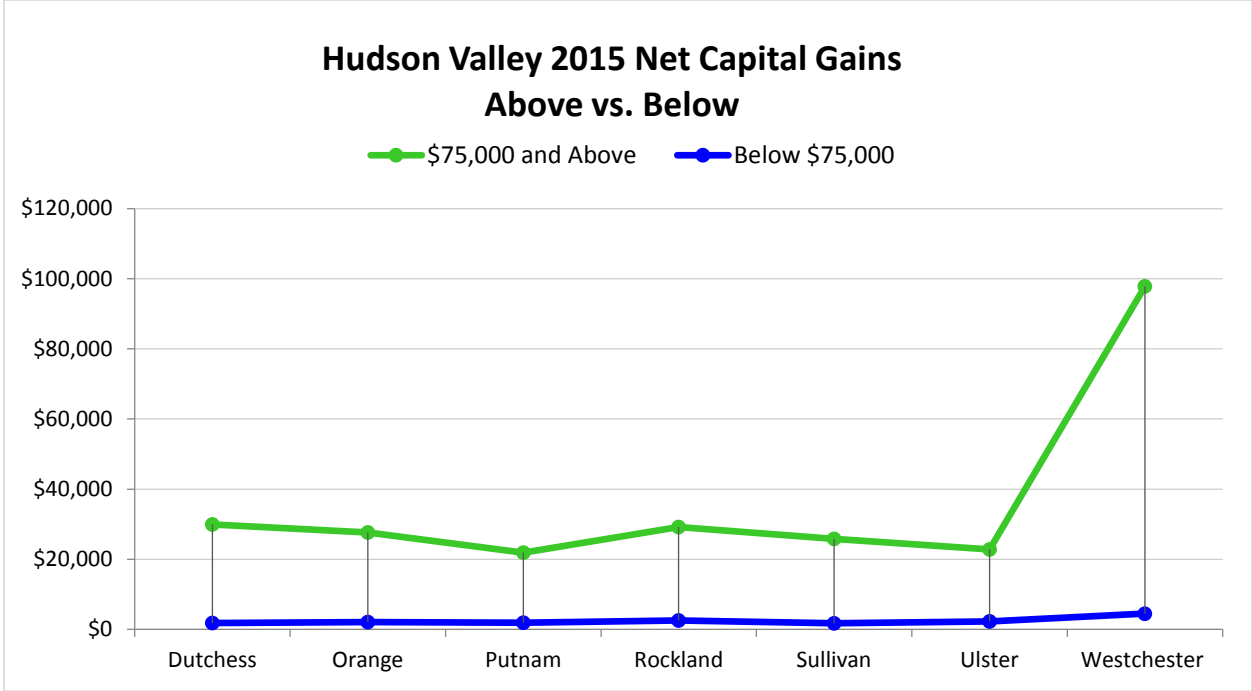


Table 7: Net Capital Gains Income as reported to the Internal Revenue Service; 2015 Data Source: Internal Revenue Service 1040s by county, author calculations

	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$29,928	57.13%	95.64%	\$1,819	42.87%	4.36%	12
Orange	\$27,620	55.41%	94.39%	\$2,041	44.59%	5.61%	14
Putnam	\$21,871	59.49%	94.50%	\$1,870	40.51%	5.50%	25
Rockland	\$29,180	60.46%	94.59%	\$2,552	39.54%	5.41%	13
Sullivan	\$25,782	45.47%	92.54%	\$1,734	54.53%	7.46%	16
Ulster	\$22,777	48.47%	90.32%	\$2,297	51.53%	9.68%	24
Westchester	\$97,849	64.73%	97.56%	\$4,490	35.27%	2.44%	2
Hudson Valley	\$67,313	60.82%	96.97%	\$3,260	39.18%	3.03%	NM
New York	\$81,100	56.40%	95.76%	\$4,649	43.60%	4.24%	NM

*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference





In the box-plot below, the five-number summary depicted includes the following: the minimum nonnegative net capital gains income reported, the average below-\$75,000 net capital gains income, the aggregate average net capital gains income, the average \$75,000-and-above net capital gains income, and the maximum net capital gains income reported.

