

Newsday

Republican tax law will benefit Schumer, Gillibrand

New York's Democratic senators — who publicly release their returns each year — will likely owe thousands of dollars less tax for 2018 thanks to legislation they strongly opposed.

By Tom Brune Updated April 23, 2018 9:26 PM

WASHINGTON — New York's two Democratic senators, Chuck Schumer and Kirsten Gillibrand, should each expect to get a federal income tax cut worth thousands of dollars next year under the new Republican tax law, which they both fought and voted against, according to projections based on their 2017 tax returns.

That's the assessment of three CPAs and two tax-focused Washington think tanks, which derived the numbers from the 2017 federal income tax filings for Schumer, the Senate minority leader, and Gillibrand, who are among the few members of Congress to make their filings public.

“They are going to save quite a bit of money,” said CPA Joseph Perry of Marcum LLP, a top 20 accounting firm based in Manhattan, after calculating his projections.

Schumer and his wife, Iris Weinshall, the chief operating officer of the New York Public Library, paid nearly \$150,000 in federal income taxes for 2017 on their adjusted gross income of \$552,318. But next year they are projected to owe the IRS about \$9,000 to \$11,000 less than this year.

Gillibrand, who is up for re-election in November, and her husband, Jonathan Gillibrand, a self-employed consultant, this year paid \$56,300 in federal income taxes on adjusted gross income of \$248,522. They are projected to see tax savings of \$13,000 to \$14,000.

Any changes in the senators' finances this year would alter the projections, the CPAs said.

The senators will get tax reductions for several reasons. Perry said the Republican tax law ends the alternative minimum tax for their income levels, lifts limitations on itemized deductions and lowers tax rates. The Gillibrands also will get \$4,000 in tax credits for their two children, he said.

And the Gillibrands will benefit from the 20 percent pass-through entity deduction for Jonathan Gillibrand's consulting business, said Ruth A. Sattig Betz, a CPA based in Farmingdale, and Manhattan CPA Orume Hays, a former corporate accountant and controller.

Gillibrand declined to be interviewed, and Schumer would not comment on the personal tax projections.

“The Trump tax bill was a bad deal for working Long Island families and she vigorously opposed it,” Gillibrand spokeswoman Whitney Brennan said in a statement. “She votes in the best interests of her constituents and not herself.”

Schumer spokesman Angelo Roefaro said in a statement: “Each day, we see a new analysis on the tax law, and it all points to the same thing: the law has been a boon to corporate executives and wealthy shareholders while largely leaving the average working family far behind.”

The controversial tax law will be an issue in the November mid-term elections, but party officials, pundits and polls offer mixed views on whether it will help or hurt Republicans. President Donald Trump sees tax cuts as a winning issue and has urged Republicans to pass more cuts this year.

Trump last week hit Schumer’s plan to roll back new corporate and high-earner tax cuts to pay for \$1 trillion in infrastructure work. “Here’s a choice,” Trump tweeted. “They want to end them and raise your taxes substantially. Republicans are working on making them permanent and more cuts!”

Trump has not made his tax returns public, breaking a 40-year tradition for sitting presidents. Last week Trump requested a six-month delay to file his 2017 taxes. The Republican members of Congress from New York did not post their 2017 tax returns on their websites, as the senators do each year.

Mark Mazur, director of the Tax Policy Center, a Brookings-Urban Institute think tank in Washington, said he was not surprised about the senators’ tax projections. His organization, which tends to lean center-left, posted an online [tax calculator](#) that allows people to see what they would likely pay under the new law.

That calculator estimated tax cuts of \$11,000 for the Schumers and \$13,000 for the Gillibrands.

A [separate online tax calculator](#), posted by the Tax Foundation, a think tank that tends to lean center-right, put the Schumers’ savings at \$11,350 but couldn’t estimate the Gillibrands’ taxes because it’s not set up for business income.

The New York senators “are sort of toward the top of the income distribution, so it’s not reflective of the person working at a dry cleaner in Buffalo,” Mazur said. “For most people, the Schumer/Gillibrand experience isn’t the one that reflects what they get to see.”

Most Americans will get “a pretty modest tax cut” that will rise sharply with increases in income, Mazur said. The average cut will range from \$60 to \$780 for people in the bottom three-fifths of income, Mazur said. For people in the top two-fifths, it will begin at \$2,430, he said, and for the top 0.1 percent, it will start at \$89,030.

For the 2017 tax year, Schumer and Weinshall were in the 35 percent tax bracket. If their income remains the same, they will be in that bracket again in 2018 — but they won't have to pay the graduated tax within the bracket that the new tax law ends.

Schumer and Weinshall's 2017 tax return showed an adjusted gross income of \$552,318, almost totally from Schumer's \$170,361 pay and Weinshall's \$377,585 salary. They paid \$149,286 in taxes, an effective rate of 32 percent. They received a \$16,759 refund.

The Gillibrands were in the 28 percent tax bracket for 2017, but will move to the 24 percent bracket for next year if they have the same income.

The Gillibrands' 2017 filings showed an adjusted gross income of \$248,522, mostly from the senator's pay of \$168,606 and \$25,000 in royalties from her 2015 book, "Off the Sidelines," a memoir on the theme of female empowerment. Her husband's business reported \$62,500 but no expenses. They paid \$56,371 in taxes, an effective rate of 29 percent, and did not receive a refund.

Despite the widespread public alarm over the effects of the new tax law's capping of state and local tax deductions at \$10,000, that tax change had little effect on Schumer and Weinshall and the Gillibrands.

"Everybody is worried about their state and local taxes getting shaved back, and that is true — that will happen," Mazur said. But, he said, people need to be mindful of other parts of the tax law that will help whittle their taxes, such as the lower rates and a new and higher child tax credit.

Schumer and Weinshall will not be affected much by the capped SALT deduction, said Perry, of Bay Shore, because their benefits in 2017 were mostly wiped out by the \$14,489 alternative minimum tax they had to pay. Next year, they won't have to pay the AMT.

"So most of the state tax deductions were not deductible in arriving at his taxable income to begin with," Perry said. "That's the reason why next year he is not affected."