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Analysis of 1993 Personal Income Tax Returns

Profile of Income, Deductions, Credits and Tax From Taxable Returns

George E. Pataki
Governor

Michael H. Urbach
Commissioner

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Statistical Highlights of 1993

Some highlights from tax year 1993 returns include:

- Total federal adjusted gross income (FAGI) of resident taxpayers for 1993 equaled approximately $267 billion, a $2 billion (less than 1 percent) increase from 1992. New York adjusted gross income (NYAGI) totaled $258 billion, compared to $256 billion in 1992.

- Total State income tax liability of residents, nonresidents, and part-year residents equaled $14.99 billion, an increase of 1 percent from 1992. Resident taxpayers accounted for nearly 88 percent of total tax.

- Average tax liability per taxable resident return equaled $2,379, compared to $2,340 in 1992. Average tax for nonresidents and part-year residents equaled $3,375, virtually the same as in 1992.

- Total resident income tax liability, as a percentage of NYAGI, remained unchanged from 1992, at 5.1 percent.

- The number of tax returns filed with the Tax Department in 1993 totaled approximately 7.9 million, nearly the same as in 1992. About 1.8 million were nontaxable returns, which were typically filed to request a refund of tax withheld. The number of taxable returns remained constant at about 6.1 million, with resident returns accounting for 90 percent of this total.

Introduction and Background

This publication contains findings from a study of personal income tax returns filed during 1994 for tax year 1993. To aid the reader in interpreting the contents of this report, several key definitions and descriptions appear in Appendix A: "Glossary of Terms." It is particularly important to note that the term "taxpayer" means an individual, or married couple filing jointly, who files a return indicating a positive tax liability.

This study contains statistics based on a stratified sample of approximately 80,000 personal income tax returns selected from a total filing population of nearly 8 million returns. Both taxable and nontaxable returns were sampled. However, this report primarily provides statistics on 6.1 million resident, part-year resident, and nonresident returns with a New York personal income tax liability. Appendix B details the specific sampling techniques employed in developing this study.

The study compiles tax liability information provided by taxpayers on timely-filed returns. The information reflects corrections for computational or minor errors. However, it does not account for subsequent audits or amendments that may occur after initial processing. Therefore, the data contained in the report do not reflect final 1993 liability for all returns. In addition, this report represents tax liability for the 1993 tax year, and not tax collections. Actual tax collections during the State fiscal year (April 1 through March 31) depend upon several factors, including withholding and estimated payments, the timing of final payments, refunds, audits, and payments from delinquent accounts.

This report describes the prominent features of New York's personal income tax, with particular emphasis on the 1993 tax year. It also includes taxpayer profiles consisting of number of taxable returns, sources of income, federal adjustments, New York modifications, deductions, dependent exemptions, tax liability and credits by NYAGI class, filing status and return type. In addition, it includes separate sections on income and itemized deduction amounts, exemptions, available credits and information on refunds. Finally, it compares statistics for 1993 with those from the prior year for most of these items. Appendix C includes the major tax forms which taxpayers filed in 1993.

Although the statistical tables accompanying this report cover resident, part-year resident, and nonresident returns, the “Statistical Summary” generally focuses on resident returns. This is because the data for nonresidents and part-year residents are not comparable to data from resident returns. Amounts of income, deductions, and credits are not comparable because they represent gross amounts, before given effect to the allocation of base tax.

Comparison with Other OTPA Reports

The aggregate statistics reported in this publication do not completely coincide with data presented in the *New York Adjusted Gross Income and Tax Liability, Analysis of 1993 State Personal Income Tax Returns by Place of Residence* (POR) publication also prepared by the Office of Tax Policy Analysis (OTPA). The data provided in this report is based on a statistically valid sample of nearly 80,000 personal income tax returns selected from a population of nearly 8 million returns. OTPA staff manually review each of the 80,000 sampled records. Taxpayer entries are reviewed, missing data inserted, data corrected and subtotals recomputed. (See Appendix B for a more complete description of the sample.) Using either the number of tax returns, adjusted gross income or tax liability data information for each sample cell, the sample is inflated to represent all timely filed 1993 State personal income tax returns.

In comparison, the *POR* publication tabulates information from all returns filed with the Tax Department during 1994 for the 1993 tax year. The report represents the compilation of records on the Tax Department’s master file on a particular day. The data variables represent amounts accepted by the Department’s tax return processing system within system tolerances. Analysts compiled the data and reported the statistics with minimal review.

This report covers only some of the information contained on New York State income tax returns. The Office of Tax Policy Analysis also publishes annual studies with county-specific income and tax liability data. In addition, the Office produces annual studies on the earned income credit and real property tax credit.

Prominent Features

New York automatically conforms to most federal definitions of income and itemized deductions. Therefore, some of the tables contained in this study refer to federal components of income and federal components of deductions, the starting point for State computations. New York was one of 29 states conforming to the federal Internal Revenue Code in this way in 1993. However, like most states, New York modifies federal adjusted gross income for various reasons. These modifications include exemptions for certain pensions and social security, and interest on federal obligations (which federal law precludes states from taxing). Table 1 highlights some major provisions of New York's 1993 personal income tax law.

Table 1: Selected Provisions of New York State Personal Income Tax Structure 1993 Tax Year

Social Security Benefits	Fully Exempt
Pension Income	New York State and local and federal pensions fully exempt; others eligible for up to $20,000 exclusion.
Married Standard Deduction	$9,500
Head of Household Standard Deduction	$7,000
Single Standard Deduction	$6,000
Dependent Filer Standard Deduction	$2,800
Itemized Deductions	Federal amount (after limitation*) minus income tax deducted. Upper-income taxpayers must further reduce itemized deductions by up to 50%.
Dependent Exemption Amount	$1,000
Tax Treatment of Married Taxpayers	Joint rate schedule with full income splitting.
Minimum Tax	Add-on tax equal to 6% of certain federal tax preference items, minus deductions of $5,000 and regular tax.

* Taxpayers with federal AGI of $108,450 or more ($54,225 for married filing separately) must reduce their itemized deductions by 3 percent of the amount by which their AGI exceeds $108,450 ($54,225 for married filing separately). The reduction does not apply to deductions for medical expenses, casualty and gambling losses, and investment interest expense, and it cannot reduce deductions subject to the limitation by more than 80 percent.

Because tax rates rise as taxable income increases, New York has a graduated tax rate structure. Table 2 shows the 1993 tax rate schedule.

Also, the supplemental tax described in Table 2 causes certain upper-income taxpayers to lose the value of tax rates below the top rate. This effectively means these taxpayers pay a flat tax on all of their taxable income. Credits which decline in value as income rises also help make the tax progressive. On the other hand, New York permits most federal itemized deductions, which tends to diminish progressivity. Federal and State limitations on itemized deductions mitigate some of this reduced progressivity.

Table 2: 1993 Tax Rates

Married Joint and Surviving Spouse		
If taxable income is: Over	But not over	
$ 0	$11,000	4% of taxable income
11,000	16,000	$440 plus 5% of amount over $11,000
16,000	22,000	$690 plus 6% of amount over $16,000
22,000	26,000	$1,050 plus 7% of amount over $22,000
26,000		$1,330 plus 7.875% of amount over $26,000

Single, Married Separate and Estates and Trusts		
If taxable income is: Over	But not over	
$ 0	$ 5,500	4% of taxable income
5,500	8,000	$220 plus 5% of amount over $ 5,500
8,000	11,000	$345 plus 6% of amount over $ 8,000
11,000	13,000	$525 plus 7% of amount over $11,000
13,000		$665 plus 7.875% of amount over $13,000

Head of Household		
If taxable income is: Over	But not over	
$ 0	$ 7,500	4% of taxable income
7,500	11,000	$300 plus 5% of amount over $ 7,500
11,000	15,000	$475 plus 6% of amount over $11,000
15,000	17,000	$715 plus 7% of amount over $15,000
17,000		$855 plus 7.875% of amount over $17,000

Supplemental Tax: A supplemental income tax for the purpose of recapturing the benefits conferred to taxpayers through tax brackets with rates lower than the maximum rate applies to all taxpayers with NYAGI over $100,000. The benefit of the lower brackets begins to be recaptured at $100,000 of New York adjusted gross income and is totally recaptured at $150,000. Once taxpayers' New York adjusted gross income exceeds $150,000, all of their taxable income becomes effectively subject to a flat 7.875 percent tax rate. Maximum supplemental tax amounts equal $718 for married taxpayers, $484 for heads of households, and $359 for single taxpayers.

Nonresidents and part-year residents first compute a base tax as if they were residents. This means that they start with federal adjusted gross income (FAGI) (from all sources) and take the full amounts of modifications, deductions, exemptions, and credits. However, to ensure that they do not pay tax on non-New York income, they then multiply this base tax by the ratio of New York-source FAGI to total FAGI (termed the "income percentage"). For nonresidents, New York-source income generally consists of:

1) wages earned in New York;
2) income derived from business carried on in New York; and
3) gain from the sale of New York real property and business property.

New York-source income for part-year residents consists of these income sources for their nonresident period, plus income from all sources for their resident period.

Statistical Summary

The personal income tax is the major source of tax revenue for New York State, accounting for approximately half of all tax collections. Slightly over 7.2 million returns were filed on time by residents for tax year 1993. About 1.7 million of these returns had no tax liability. These returns generally entailed requests for refunds of taxes withheld by employers. The remaining 5.5 million taxable returns reported a total tax liability of $13.14 billion. (Some 550,000 nonresidents and part-year residents had liability of slightly over $1.85 billion; another 83,000 filed nontaxable returns.)

Table 3 summarizes and compares information from taxable returns filed by residents in 1992 and 1993. For 1993, total New York adjusted gross income (NYAGI) of $257.7 billion shown in Table 3 compares with $266.8 billion in total federal adjusted gross income (FAGI). This difference results from the excess of State subtraction modifications to federal adjusted gross income over addition modifications to FAGI. Major New York subtraction modifications include certain pension and annuity income, interest income derived from federal bonds, federally taxable refunds of State and local income taxes, and the portion of social security benefits subject to federal income tax. The major New York addition modification is interest from obligations of states other than New York. Appendix A, "Glossary of Terms," provides more detailed income definitions.

Table 3: Selected Tax Filing, Structure and Taxpayer Statistics 1992 and 1993 Resident Taxable Returns

	1992	1993	Change Amount	Change Percent
Major Items				
Total Number of Returns*(000)	7,252	7,241	-11	-0.2
Total Number of Taxpayers(000)	5,562	5,525	-37	-0.7
Millions of Dollars				
Total Federal Adjusted Gross Income	264,616	266,841	2,225	0.8
Total NY Adjusted Gross Income	255,866	257,657	1,791	0.7
Total Deductions Used	52,061	51,969	-92	-0.2
Total Value of Exemptions Used	3,966	4,018	52	1.3
Total Taxable Balance	199,840	201,670	1,830	0.9
Total Tax Liability	13,017	13,143	126	1.0
Dollars				
Average Tax Liability	2,340	2,379	39	0.4

* Includes nontaxable resident returns. Remainder of table pertains only to taxable returns.

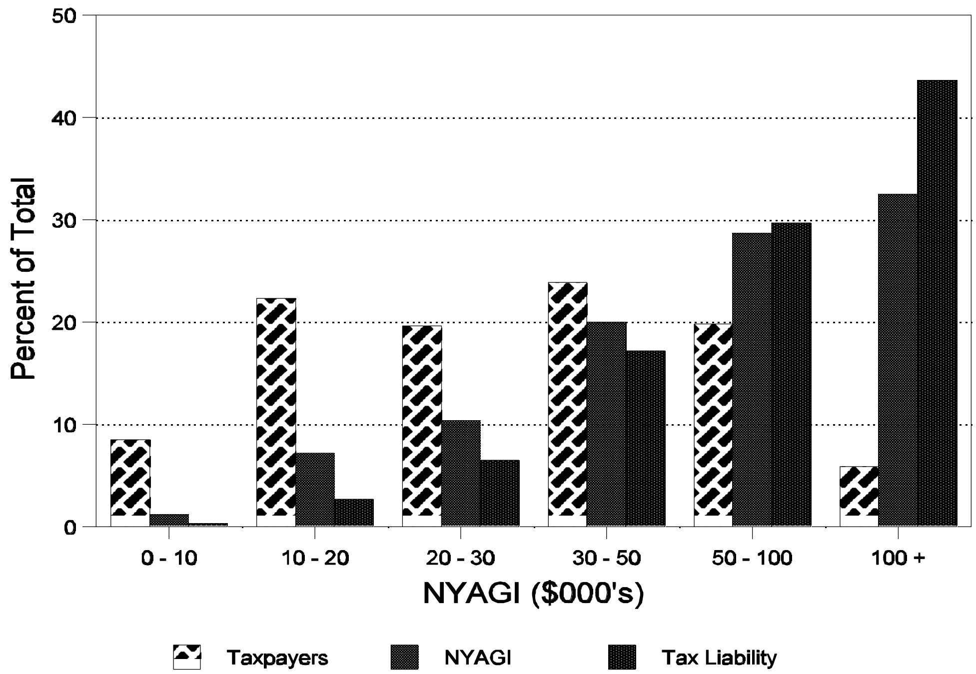
Distribution of Taxpayer Income and Tax Liability

Table 4 compares the distribution of taxpayers, income, and tax liability in 1992 and 1993. Overall, the distribution of taxpayers, income, and tax liability changed little from 1992. Figure 1 depicts the distribution of these items in tax year 1993.

Table 4: Percentage of Total Resident Taxpayers, Adjusted Gross Income, and Tax Liability by New York Adjusted Gross Income Class, 1992 and 1993

	Taxpayers		Adjusted Gross Income		Tax Liability	
NYAGI Class	1992	1993	1992	1993	1992	1993
Less than $10,000	9.1	8.5	1.4	1.2	0.3	0.3
$ 10,000 - 19,999	22.2	22.3	7.3	7.2	2.6	2.7
20,000 - 29,999	19.7	19.6	10.6	10.4	6.8	6.5
30,000 - 49,999	24.1	23.9	20.4	20.0	17.8	17.2
50,000 - 99,999	19.4	19.8	28.4	28.7	29.4	29.7
$100,000 and over	5.5	5.9	31.9	32.5	43.2	43.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Figure 1: Percent of Taxpayers, NYAGI and Tax Liability by NYAGI*



*1993 Resident Taxpayers

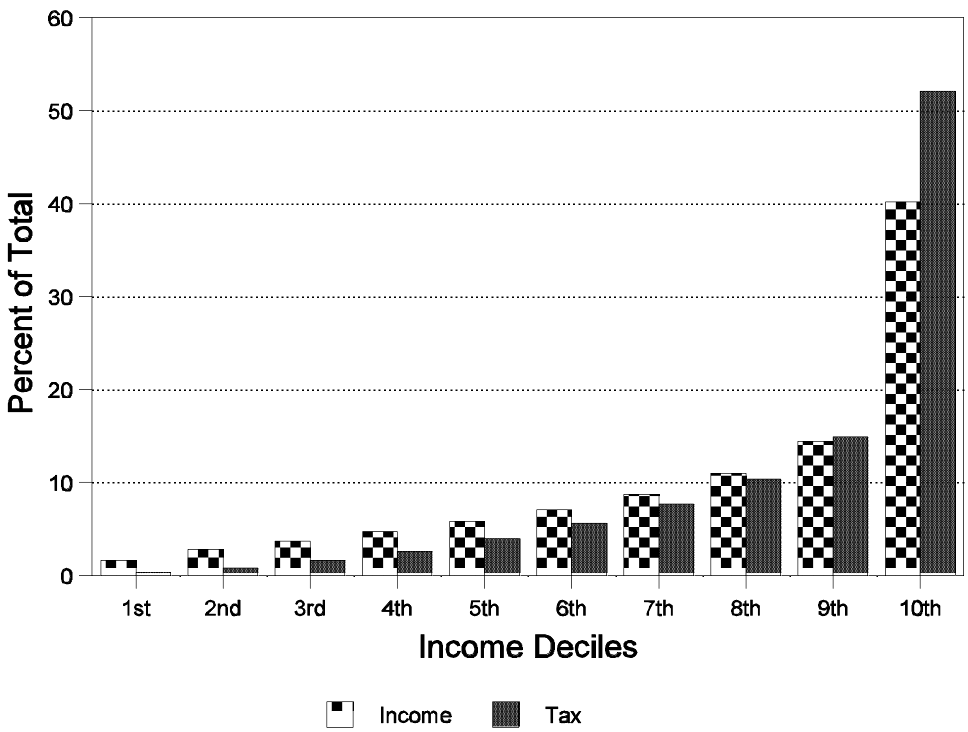
Table 5 and Figure 2 provide distributional analysis based on deciles of taxpayers. They indicate that the 10 percent of taxpayers with the lowest incomes had 1.6 percent of all income and paid 0.3 percent of all tax. In contrast, the 10 percent of taxpayers with the highest incomes had 40.2 percent of all income and paid 52.1 percent of all tax. The increasing effective tax rate, especially for the top decile, illustrates the progressive structure of the tax. The median income for taxpayers equaled $29,768. Taxpayers below the median had 18.6 percent of NYAGI and paid 9.3 percent of total tax, while those above the median bore over 90 percent of the tax burden.

Table 5: 1993 Distributions of New York Adjusted Gross Income and Tax Liability of Resident Taxpayers by Decile Class 1/

	Income		Tax		
Income of Decile 2/	Amount ($ Millions)	Percent of Total	Amount ($ Millions)	Percent of Total	Effective Tax Rate 3/
Less than $10,726	$ 4,101.8	1.6	$ 42.2	0.3	1.0%
$10,726 to 15,177	7,216.1	2.8	106.7	0.8	1.5%
15,178 to 19,629	9,555.2	3.7	209.3	1.6	2.2%
19,630 to 24,323	12,155.1	4.7	342.7	2.6	2.8%
24,324 to 29,768	14,896.2	5.8	520.4	4.0	3.5%
29,769 to 36,619	18,271.3	7.1	742.4	5.6	4.1%
36,620 to 45,437	22,546.8	8.7	1,006.8	7.7	4.5%
45,438 to 57,617	28,222.2	11.0	1,365.8	10.4	4.8%
57,618 to 79,735	37,078.0	14.4	1,952.5	14.9	5.3%
$79,736 and Over	103,633.6	40.2	6,854.0	52.1	6.6%
Total	$257,676.3	100.0	$13,142.7	100.0	5.1%

1/ Positive tax liability
2/ NYAGI
3/ Tax liability as a percentage of NYAGI

Figure 2: Percent of NYAGI and Tax Liability by Decile*



*1993 Resident Taxpayers

Income Sources

Table 6 identifies the sources of New York taxpayers' federal gross income (before adjustments), and their changes from 1992.

Table 6: New York State Personal Income Tax: Components of Federal Gross Income 1/ for Resident Taxpayers
(Dollar Data in Millions)

Components of Income	1992	1993	Change Amount	Change Percent
Wages and Salaries	$206,792	$206,511	-281	-0.1
Interest and Dividends	16,701	14,618	-2,083	-12.5
Business Income (Net)	9,238	9,989	751	8.1
Capital and Other Gains (Net)	8,693	11,664	2,971	34.2
Pensions, Annuities, IRA Distributions	7,620	8,819	1,199	15.7
Other Income*	18,005	17,914	-91	-0.5
Total	$267,051	$269,515	2,464	0.9

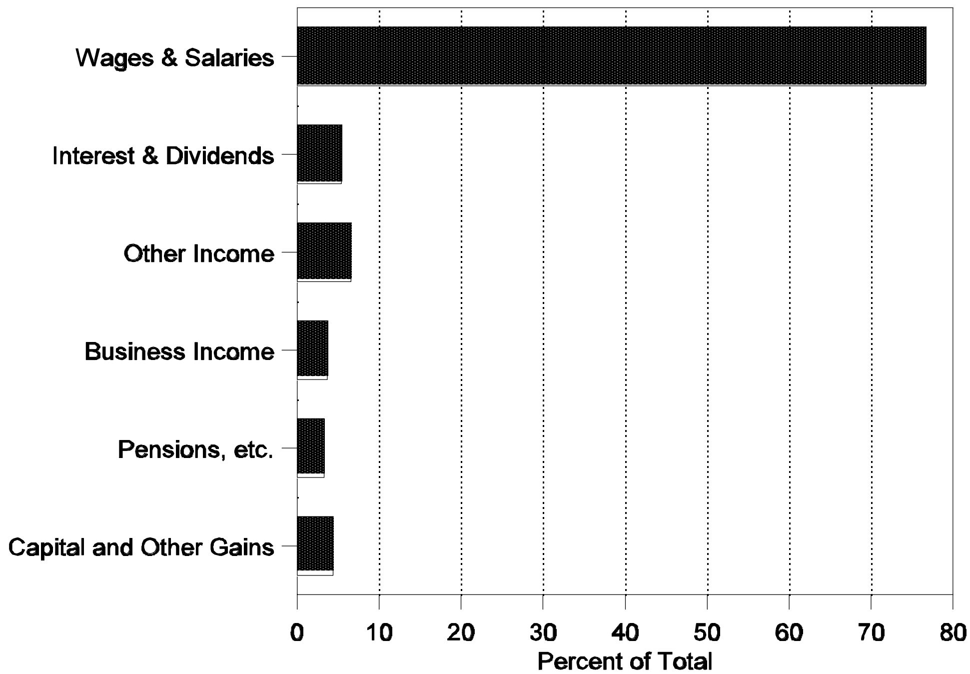
1/ Before adjustments, such as alimony paid, contributions to IRAs, and 50 percent of self-employment tax paid.

* Includes rents, royalties, estates and trusts, unemployment benefits, taxable social security, alimony, refunds of State and local income taxes and other income.

The less than one percent growth in federal gross income follows a robust 5.4 percent growth in 1992 over 1991. The strong growth in 1992 was fueled by both the State's pulling out of the 1990-91 recession, and acceleration of income into 1992 from 1993 in anticipation of federal tax increases. In addition, the decline in interest and dividend income partly reflects the continuing fall in interest rates during 1993. On the other hand, the decline in interest rates helped increase stock bond pricing which explains the 34 percent increase in capital and other gains.

Wages and salaries comprised the largest single income component, nearly 77 percent of federal gross income. Its share remained unchanged from 1992. Interest and dividends, at 5.4 percent of the total, constituted the second largest single source of income. Its share dropped slightly from 6.3 percent in 1992. The next three most important sources of income are sale of property (capital gains), business income, and pensions, annuities and IRA distributions, each comprising between 3 and 4 percent of total income. Other income, such as rents, royalties, estates and trusts, alimony, unemployment compensation benefits, and social security, comprises about 7 percent of the total. Figure 3 depicts the distribution of these components.

Figure 3: Distribution of Federal Gross Income by Source*



*1993 Resident Taxpayers

Standard and Itemized Deductions

Seventy-five percent of resident taxpayers used the standard deduction in 1993, the same share as in 1992. Slightly more than 1.4 million taxpayers claimed itemized deductions worth over $22.35 billion compared to $22.05 billion in the previous year.

Table 7 and Figure 4 show that "taxes paid" was the most often claimed New York State itemized deduction, followed closely by "charitable contributions" and "interest paid."

Table 7: Number of Resident Taxpayers Claiming Itemized Deductions by Type of Deduction for 1993

Deduction	Number of Taxpayers Claiming	Amount of Deductions (000)	Average Amount
Taxes Paid 1/	1,398,734	$ 5,513,514	$ 3,942
Charitable Contributions	1,354,933	4,780,167	3,528
Interest Paid	1,174,508	10,761,444	9,163
Medical and Dental	239,914	1,005,013	4,189
Other 2/	656,532	3,096,011	4,716
Total After Limitations*	1,402,034	$22,354,417	$15,944

1/ Primarily includes real property taxes. Federal deductions for New York State and local income taxes (except a portion of New York City's commuter earnings tax) and certain other federal deductions (e.g., interest expense relating to items exempt from tax in New York) totaling $9.37 billion are not allowed on State returns.

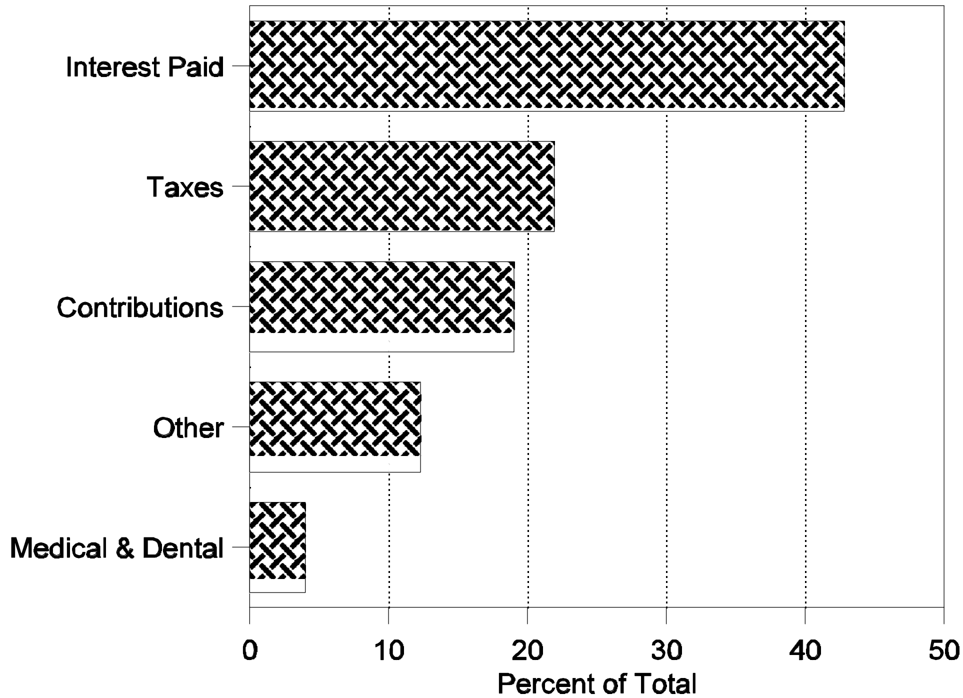
2/ Includes deductions for miscellaneous expenses, casualty and theft losses, and moving expenses.

* Limitations are the federal limitation to which New York conforms, and the New York itemized deduction adjustment. Therefore, the data items refer to taxpayers who actually itemize deductions, after limitations and adjustments. Note also that columns are not additive, because of the limitations and because most taxpayers use more than one deduction.

As Table 7 shows, interest payments of nearly $10.8 billion represent the largest component of itemized deductions in dollar terms. Deductions for interest paid were nearly double that of the second most important itemized deduction, taxes paid.

As described in Table 1 on page 4, the federal limitation, to which New York conforms, requires upper-income taxpayers to reduce their itemized deductions. Because this reduction applies against all deductions subject to it, its effect on particular deductions cannot be computed. However, it reduced 212,000 taxpayers' total itemized deductions by about $1.1 billion. In addition, the New York itemized deduction adjustment, applicable to approximately 84,000 upper-income taxpayers, effectively reduced itemized deductions by an additional $1.7 billion. This limited total itemized deductions used to reduce taxable income to $22.35 billion. Like the federal limitation, the New York adjustment applies to aggregate itemized deductions, so its effect on any particular deductions cannot be calculated. Figure 4 shows the distribution of itemized deductions prior to the limitations.

Figure 4: Percent of Gross Itemized Deductions by Type*



*Itemized Deductions (Before Limitations) 1993 Resident Taxpayers

Dependent Exemptions

The number of dependent exemptions claimed by resident taxpayers in 1993 totaled slightly over 4 million, about the same as in 1992. About 2.2 million taxpayers claimed at least one dependent exemption.

Credits

New York State offers a number of credits which reduce, dollar for dollar, the total tax due. Collectively, these credits reduced tax liability by $414 million for tax year 1993. About 2.6 million taxpayers claimed at least one credit on their tax returns. These credits include:

- Household Credit
- Special Additional Mortgage Recording Tax Credit
- Real Property Tax Credit
- Accumulation Distribution Tax Credit
- Investment Credit
- Resident Credit (Taxes Paid to Other Jurisdictions)
- Dependent Care Credit
- Economic Development Zone Credits

All nondependent taxpayers with FAGI below $28,000 (single) or $32,000 (all others) may take the household credit. The credit ranges between $20 and $75 for single filers, with similar amounts for other filers and additional amounts for dependents. Slightly fewer than 2.4 million taxpayers claimed the household credit, effectively reducing their tax liability by $122 million. The average household credit claimed was $51. Table 8 details the distribution of this credit by NYAGI. Also, approximately 219,000 filers used $9 million of household credits to reduce their taxes to zero.

Table 8: Resident Taxpayers Claiming Household Credit by NYAGI Class in 1993

NYAGI Class	Number Claiming Credit	Percent of Total	Amount (000)	Percent of Total	Average Credit
Under $5,000	169	0.0	$ 7	0.0	$41
$ 5,000 - 9,999	238,070	9.9	9,969	8.2	42
10,000 - 14,999	558,196	23.3	30,744	25.2	55
15,000 - 19,999	576,807	24.1	34,766	28.4	60
20,000 - 24,999	544,633	22.8	30,557	25.0	56
$25,000 and over	476,842	19.9	16,091	13.2	34
Total	2,394,717	100.0	$122,134	100.0	$51

Residents who pay rent or property tax and have household gross income of $18,000 or less may take the real property tax credit, more commonly known as the circuit breaker credit. They qualify for the credit if their property tax payment (or 25 percent of rent) exceeds various percentages of their household gross income. No credit is allowed if average monthly rent exceeds $450 or if the property's fair market value exceeds $85,000. Credit amounts range from $41 to $75 for persons under age 65, and from $86 to $375 for persons age 65 and over. The credit is claimed on tax form IT-214 and is refundable. This means that any credit which exceeds tax liability is refunded to the claimant.

The higher amounts for the elderly — 33 percent of all credit claimants — account for the fact that they claimed 61 percent of total credits in 1993. In addition, renters comprised 79 percent of all claimants and accounted for 73 percent of the total credit amount.[1]

1. *1993 Real Property Circuit Breaker Tax Credit Use in New York State*, Office of Tax Policy Analysis, March, 1996.

Nearly 89 percent of the approximately 479,000 households claiming the circuit breaker credit in 1993 did not incur a State personal income tax liability. The amount of credit claimed by these households totaled $45.6

million. The remaining 52,000 taxpayers used the credit to reduce their tax liability by nearly $2.4 million. Approximately 300,000 households claimed $34 million of circuit breaker credit without filing a regular tax return. These households simply filed a "stand alone" form IT-214.

Table 9 provides a distribution of the $48 million of real property tax credits claimed by household gross income, the income definition used to determine eligibility for the credit. The average credit claimed was $100.

Table 9: New York Households Claiming Real Property Tax Credit by Household Gross Income Class in 1993

Household Gross Income Class	Number of Credits	Percent of Total	Credit (000)	Percent of Total	Average Credit
$ 0 - 3,000	23,360	4.9	$ 2,180	4.5	$ 93
3,001 - 5,000	72,762	15.2	6,288	13.1	86
5,001 - 7,000	138,401	28.9	16,294	33.9	118
7,001 - 9,000	68,065	14.2	7,394	15.4	109
9,001 - 11,000	58,791	12.3	6,444	13.5	110
11,001 - 14,000	62,576	13.0	5,662	11.8	90
$14,001 - 18,000	55,097	11.5	3,739	7.8	68
Total	479,052	100.0	$48,001	100.0	$100

Other major credits include the resident credit and the child and dependent care credit. The resident credit totaled approximately $231 million for taxes paid to other jurisdictions. The child and dependent care credit, claimed by 298,000 taxpayers, equaled nearly $32 million. This credit equals 20 percent of the corresponding federal credit.

Refunds

Of the 5.5 million taxable resident returns, slightly over 3.75 million returns resulted in an average overpayment of tax amounting to $592. Thus, for about two-thirds of taxpayers, withholding by employers or estimated tax payments exceeded total tax liability. About 3.5 million taxpayers received all of their overpayment as refunds averaging $445, while about 178,000 (mainly upper-income) taxpayers credited all of their overpayment, which averaged $1,867, toward their 1994 tax. (Some 81,000 taxpayers requested both refunds and credits.) In addition, about 916,000 nontaxable returns claimed refunds averaging $211.

Nonresidents and

Nonresidents and part-year residents account for between 10 and 15

Part-Year Residents

percent of all taxpayers and tax liability. Table 10 provides a summary of nonresident and part-year resident returns filed in 1993.

Table 10: Selected Tax Filing, Structure and Taxpayer Statistics, 1993 Nonresident and Part-Year Resident Taxable Returns

Filer	Total # of Returns	Total # of Taxpayers	Base Tax Before Proration (000)	Total Tax After Proration (000)	Average Tax Liability
Full-Year Nonresidents	494,172	428,657	$4,528,789	$1,635,473	$3,815
Part-Year Residents	138,614	121,223	$ 465,316	$ 213,390	$1,760

For full-year nonresidents, the ratio of prorated tax to base tax equaled 36 percent ($1,635 million/$4,529 million). This means that, overall, 36 percent of nonresident FAGI was from New York sources. For part-year residents, the corresponding percentage equaled 46 percent ($213 million/$465 million).

Although only a small part of the tax base (1.5 percent of all tax), part-year residents provide for some interesting analysis. For example, Table 11 below compares part-year residents who moved out of New York to those who moved into New York. ("In-movers" are IT-203 returns with a New York address as of the last day of the year.) It reveals that nearly twice as many part-year residents moved out of New York than into New York, and that they had considerably higher average incomes and tax liabilities.

Part year resident is subject to several caveats. It includes only data from filers who continue to be linked to the State's income tax law. For example, individuals moving out-of-state with no income attributable to New York are not required to file a New York return. The income and liability data also depend on the amount of time the filer resided in New York. Some filers moved out early in the claendar year while others moved out-of-state later. In addition, the Tax Law permits move-ins the option of computing their tax as residents or part-year residents. They can file the tax return that minimizes their liability. Thus, move-ins may actually file resident tax returns although they are part-year residents and may be included in this publication's full-year resident tables.

Table 11: Taxable Part-Year Resident Returns, 1993 Tax Year

	Number	Income* (000)	Average Income	Tax (000)	Average Tax

Moving Into New York	42,066	$1,171,035	$27,838	$63,265	$1,504
Moving Out of New York	79,152	$2,770,657	$35,004	$150,124	$1,897

* New York-source federal adjusted gross income

Selected Historical Trends

This section provides analysis of the recent history of selected provisions. This includes provisions for which usage or amounts have undergone important changes.

Subtraction Modifications

Table 12 shows resident taxpayers' use of major New York subtraction modifications to federal adjusted gross income between 1988 and 1993. These include:

1) the full exemption of social security benefits subject to federal income tax;
2) the full exemption of interest on U.S. government obligations; and
3) the exclusion of up to $20,000 of pensions and annuities for individuals age 59 ½ and over.

The table indicates that the exclusions for social security and pensions and annuities have, on the whole and with some fluctuation, grown moderately over the five-year period. However, income from U.S. government bonds grew substantially from 1988 through 1991, thereby markedly increasing the related subtraction modification. This, in part, resulted from a 1986 State law change, effective April 1, 1987, which completely exempted income from federal obligations passing through mutual funds having a portfolio of at least 50 percent of U.S. obligations. However, interest rate reductions caused this modification to decline substantially after 1991.

Table 12: Major Subtraction Modifications, 1988-1993
(Dollar Data in Millions)

Tax Year	Social Security	U.S. Government Bond Interest	Pension and Annuity Exclusion
1988	$1,202	$1,592	$2,804*
1989	1,402	2,337	2,622
1990	1,409	2,635	2,774
1991	1,608	2,744	3,097
1992	1,414	2,256	2,412
1993	$1,620	$1,665	$3,257

* Amount includes federal pensions. Beginning in 1989, federal pensions became completely exempt from tax, and thus are no longer included in the pension and annuity exclusion.

Itemized Deductions

Table 13 shows taxpayers' average itemized deductions from 1988 through 1993. The relatively large increase in average amounts between 1988 and 1989 resulted in part from an increase in the standard deduction which, all else equal, reduces the number of itemizers with lower deduction amounts, thereby pushing the average amount upward. Absent law changes, average itemized deductions generally increased from year to year due to increases in incomes (e.g., charitable giving usually rises with income) or due to the indirect effects of increasing costs (e.g., property taxes generally rise as the cost of schools and local government increases). However, the deduction of interest expense is also sensitive to interest rates, which have fallen since 1991. In addition, the sizable increase in the average deduction for contributions in 1993 reflects the decision by some taxpayers to defer 1992 giving into 1993, when federal tax increases made the deduction more valuable.

Table 13: Average Itemized Deductions, 1988-1993

Tax Year	Taxes	Contributions	Interest	Medical	Other
1988	$3,082	$2,706	$8,447	$3,992	$3,975
1989	3,465	2,956	9,857	4,406	4,194
1990	3,574	2,884	10,124	4,508	4,555
1991	3,667	2,958	10,483	4,184	4,587
1992	3,877	3,009	9,837	4,238	4,752
1993	$3,942	$3,528	$9,163	$4,189	$4,554

Note: Amounts reflect deductions *claimed* not *allowed*, because limitations on itemized deductions reduce the overall value of deductions claimed.

Tables Accompanying This Report

The remainder of this publication contains tables which display significant features of New York State taxpayers for the 1993 tax year. Tables 14 through 25 report information from full-year resident taxpayers. These tables distinguish between long- and short-form filers, and separately show single, married, and head of household filing statuses. Tables 26 through 29 provide statistics for full-year nonresident taxpayers. Finally, part-year resident data can be found in Tables 30 through 33. As noted earlier, resident returns are classified into income groups by NYAGI. Full-year, nonresident and part-year resident returns are classified into income groups by New York-source FAGI.