

# INCOME TAX ANALYSIS 2014 HUDSON VALLEY: WITH COUNTY LEVEL DETAIL

## MARIST COLLEGE

Dr. Christy Huebner Caridi  
Marist Bureau of Economic Research  
School of Management  
Poughkeepsie, New York 12601

April 2017



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

The support of student research assistant Kristen Lawler 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 the 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 2014, Hudson Valley households reporting adjusted gross income (AGI) of \$75,000 and above accounted for 83.95 percent of all AGI reported, earning on average \$10.13 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 County.
- Statewide, the \$75,000-and-above category earned \$9.38 in AGI in for every one dollar reported in the under-\$75,000 category.
- Except for Bronx County, which ranked 35th in the state, downstate counties tended to have more income inequality than upstate counties. The counties with the greatest income inequality are New York followed by Westchester, Nassau, Saratoga, and Rockland.
- Regional distribution of wage and salary income followed a similar pattern as AGI. Households in the \$75,000 and above category earned \$6.24 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— ranked in the top 10 of the most unequal counties statewide, Dutchess ranked eleventh.
- Statewide, the distribution of wage and salary income was more equal with households in the \$75,000 and above category earning \$5.59 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 four — were New York, Westchester, Nassau, and Rockland. The counties that had the most equal distribution of wage and salary income were Hamilton, Schuyler, Putnam, Yates, and Lewis.
- 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 more than five times as great as the households in the below-\$75,000 category; average ordinary and qualified dividend income was also five times as great, while net capital gains income was 21 times as great.

- Statewide, the distribution of capital income followed a parallel — although somewhat less unequal — pattern.
- The distribution of child tax credits taken was relatively even with a slight tendency towards household in the below \$75,000 category. These households received \$1.35 in child tax credits for every dollar received by a household in the \$75,000-and-above category. This near equality reflects the wide range of households entitled to the tax benefit. In contrast, with almost 80 percent of all returns and nearly 85 percent of all earning, the primary beneficiary of non-child tax credits was clearly households in the under-\$75,000 category. Statewide, the distribution of tax credits followed a similar pattern

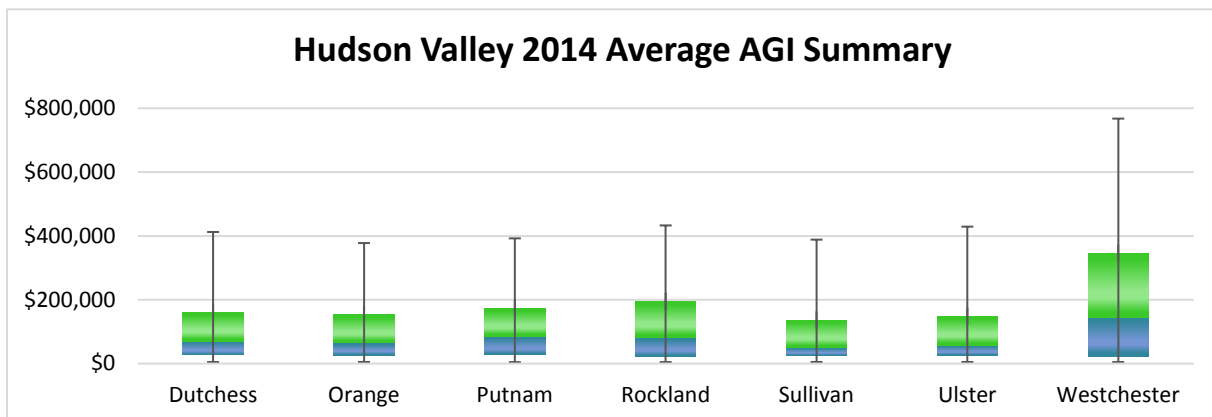
### Adjusted Gross Income

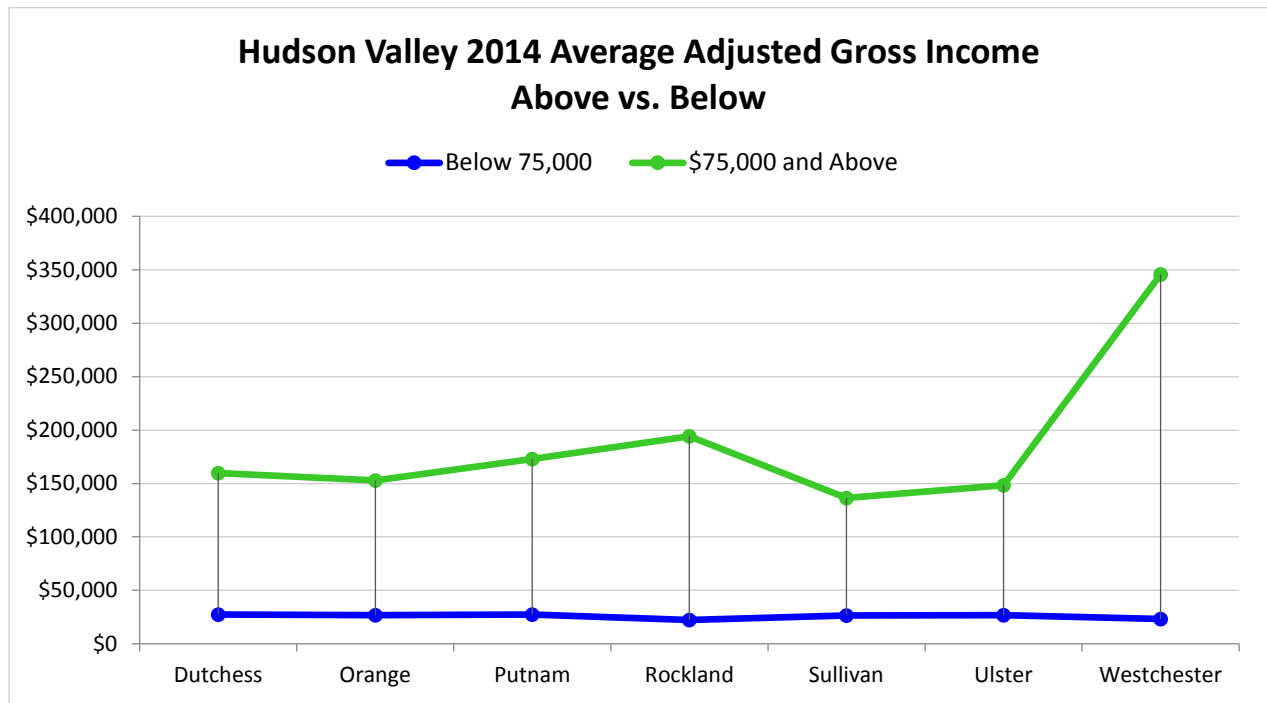
According to the 2014 individual tax statistics released by the Internal Revenue Service (IRS), the distribution of income in the Hudson Valley is highly skewed in favor of households earning \$75,000-and-above. In 2014, households reporting adjusted gross income (AGI) of \$75,000-and-above accounted for 34.05 percent of all income tax returns filed and 83.95 percent of total AGI reported. In contrast, households reporting AGI of below \$75,000 accounted for 65.95 percent of all income tax returns filed but only 16.05 percent of total AGI. On average, households in the \$75,000-and-above category earned \$10.13 of AGI for every one dollar reported in the below-\$75,000 category. This is a trend evident across the region, with Westchester and Rockland counties reporting the most inequality between categories, and Sullivan and Ulster counties reporting the least.

Adjusted Gross Income (AGI) as reported to the Internal Revenue Service; 2014 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 County	\$159,648	32.74%	74.01%	\$27,300	67.26%	25.99%	14
Orange County	\$152,701	30.40%	71.32%	\$26,821	69.60%	28.68%	18
Putnam County	\$173,045	40.06%	80.87%	\$27,354	59.94%	19.13%	10
Rockland County	\$194,294	34.53%	82.16%	\$22,255	65.47%	17.84%	5
Sullivan County	\$136,428	21.49%	58.48%	\$26,503	78.51%	41.52%	28
Ulster County	\$148,304	25.68%	65.57%	\$26,900	74.32%	34.43%	20
Westchester County	\$345,687	37.38%	89.92%	\$23,140	62.62%	10.08%	2
Hudson Valley	\$251,084	34.05%	83.95%	\$24,787	65.95%	16.05%	NM
New York	\$235,012	25.86%	76.58%	\$25,066	74.14%	23.42%	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

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 74.14 percent of all returns filed. But only 23.42 percent of the earnings. On average, the \$75,000-and-above category reported \$9.38 of AGI for every one dollar of AGI in the below-\$75,000 category.

Apart from Bronx County, which ranked 35<sup>th</sup> 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 followed by Westchester, Nassau, Saratoga, Rockland, and Suffolk. The counties with the most income equality are Orleans, Lewis, Wyoming, Washington, and Herkimer.

### *Wages and Salary Income*

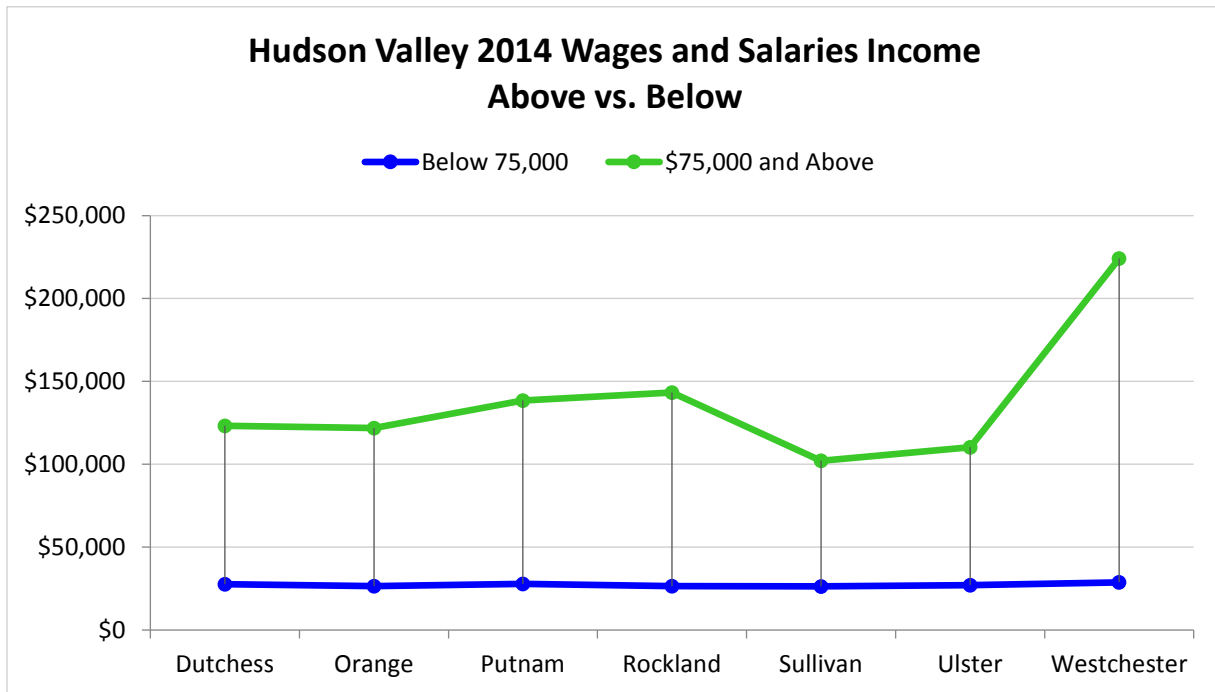
The number of returns reporting wage and salary income weighted more heavily towards households with AGI of below-\$75,000. However, like AGI, the distribution of wage and salary income was highly skewed in favor of households reporting AGI of \$75,000-and-above. Overall, households with AGI of \$75,000-and-above reported 78.30 percent of all wage and salary income regionwide, compared to 21.70 percent for the below-\$75,000 category. As of 2014, 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 \$6.24. As was the case with AGI, this trend is evident across the region, with Westchester and

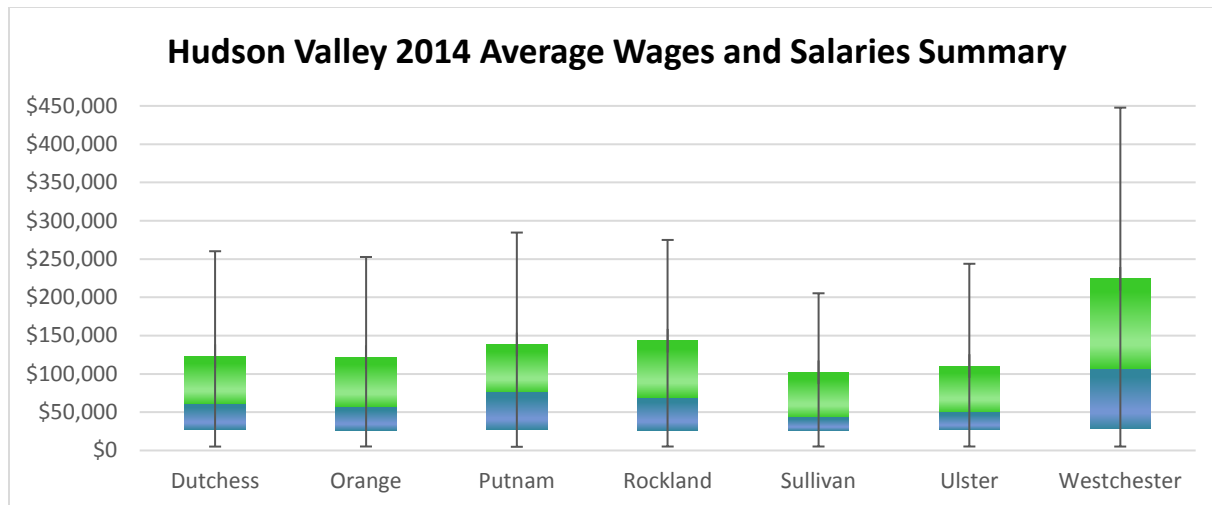


Rockland reporting the greatest inequality between categories. Regionally, wage and salary income inequality is highly significant, with three counties —Westchester, Rockland, and Putnam— ranked in the top 10 of the most unequal counties statewide.

Wages and Salaries Income as reported to the Internal Revenue Service; 2014 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 County	\$123,142	35.30%	70.85%	\$27,636	64.70%	29.15%	11
Orange County	\$121,918	32.48%	68.85%	\$26,527	67.52%	31.15%	12
Putnam County	\$138,419	43.92%	79.60%	\$27,793	56.08%	20.40%	7
Rockland County	\$143,340	36.83%	75.90%	\$26,537	63.17%	24.10%	4
Sullivan County	\$102,100	23.08%	53.75%	\$26,364	76.92%	46.25%	31
Ulster County	\$110,284	27.83%	61.07%	\$27,117	72.17%	38.93%	24
Westchester County	\$224,144	40.40%	84.09%	\$28,746	59.60%	15.91%	2
Hudson Valley	\$172,457	36.65%	78.30%	\$27,649	63.35%	21.70%	NM
New York	\$155,155	27.97%	68.46%	\$27,754	72.03%	31.54%	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





*The box-plot above, 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, 72.03 percent of all returns reporting wage and salary income were in the below-\$75,000 category compared to 27.97 percent in the \$75,000-and-above category. Overall, households reporting AGI of \$75,000 and above earned on average \$5.59 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 ranked 28<sup>th</sup> — are more unequal than upstate counties. Statewide, the counties with the greatest wage and salary inequality — ranked from one through four — were New York, Westchester, Nassau, and Rockland. The counties that had the most equal distribution of wage and salary income were Hamilton, Lewis, Orleans, Wyoming, and Yates.

### *Capital Income: Interest, Dividends and Capital Gains*

Consistent with trend, the distribution of capital income — taxable interest, dividends, and capital gains — was highly skewed, with households in the \$75,000-and-above category accounting for approximately 59 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 41 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; Ulster County is a distant second, followed closely behind by Dutchess.



Taxable Interest Income as reported to the Internal Revenue Service; 2014 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 County	\$1,813	54.03%	74.17%	\$742	45.97%	25.83%	20
Orange County	\$1,126	54.24%	69.39%	\$589	45.76%	30.61%	53
Putnam County	\$1,557	60.72%	76.75%	\$729	39.28%	23.25%	32
Rockland County	\$2,220	61.03%	78.17%	\$971	38.97%	21.83%	12
Sullivan County	\$1,805	40.85%	60.37%	\$818	59.15%	39.63%	23
Ulster County	\$1,496	44.42%	64.29%	\$664	55.58%	35.71%	30
Westchester County	\$8,856	63.38%	92.16%	\$1,303	36.62%	7.84%	2
Hudson Valley	\$5,134	58.40%	88.26%	\$959	41.60%	11.74%	NM
New York	\$5,820	50.17%	86.25%	\$934	49.83%	13.75%	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

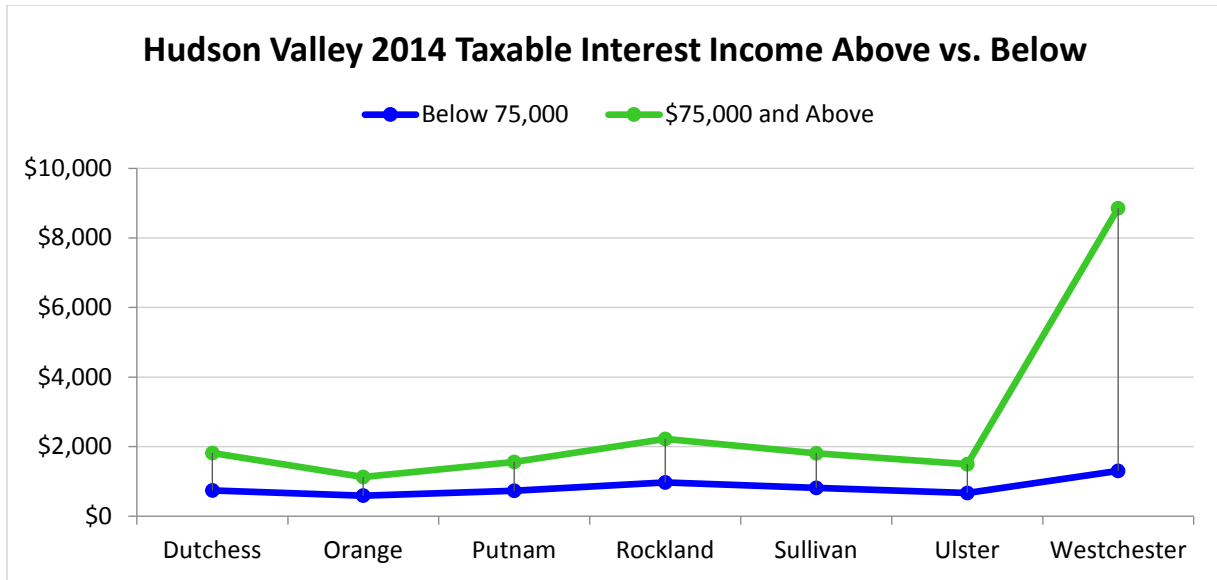
Region-wide, households in the \$75,000-and-above category reported average taxable interest income more than five times as great as the households in the below-\$75,000 category; average ordinary and qualified dividend income was almost six times as great while net capital gains income was 21 times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

Capital Income as Reported to the Internal Revenue Service; 2014 Data Source: Internal Revenue Service 1040s by county, author calculations		
	\$75,000 and Above	Under \$75,000
Taxable Interest Income	\$5,134	\$959
Ordinary Plus Qualified Dividends	\$16,534	\$2,782
Net Capital Gains	\$71,335	\$3,393

*In the box-plots 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.*

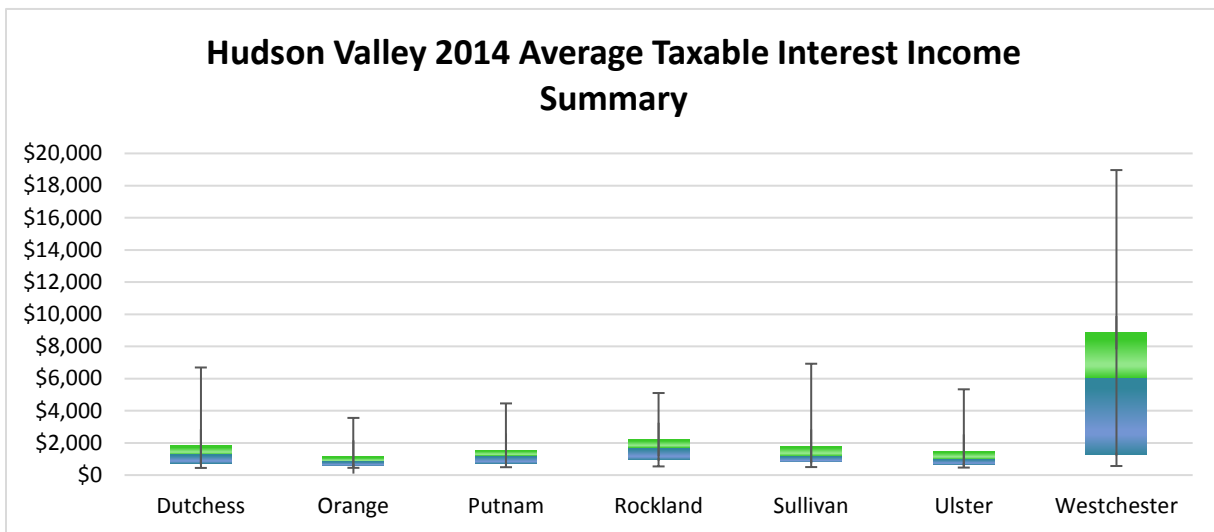






Statewide, the distribution of capital income followed a parallel — although somewhat less unequal — pattern. The number of income tax returns in the below-\$75,000 category was 47.12 percent compared to 52.88 percent in the \$75,000-and-above category. On average, the \$75,000-and-above category reported \$11.71 of capital income for every one dollar of capital income in the below-\$75,000 category.

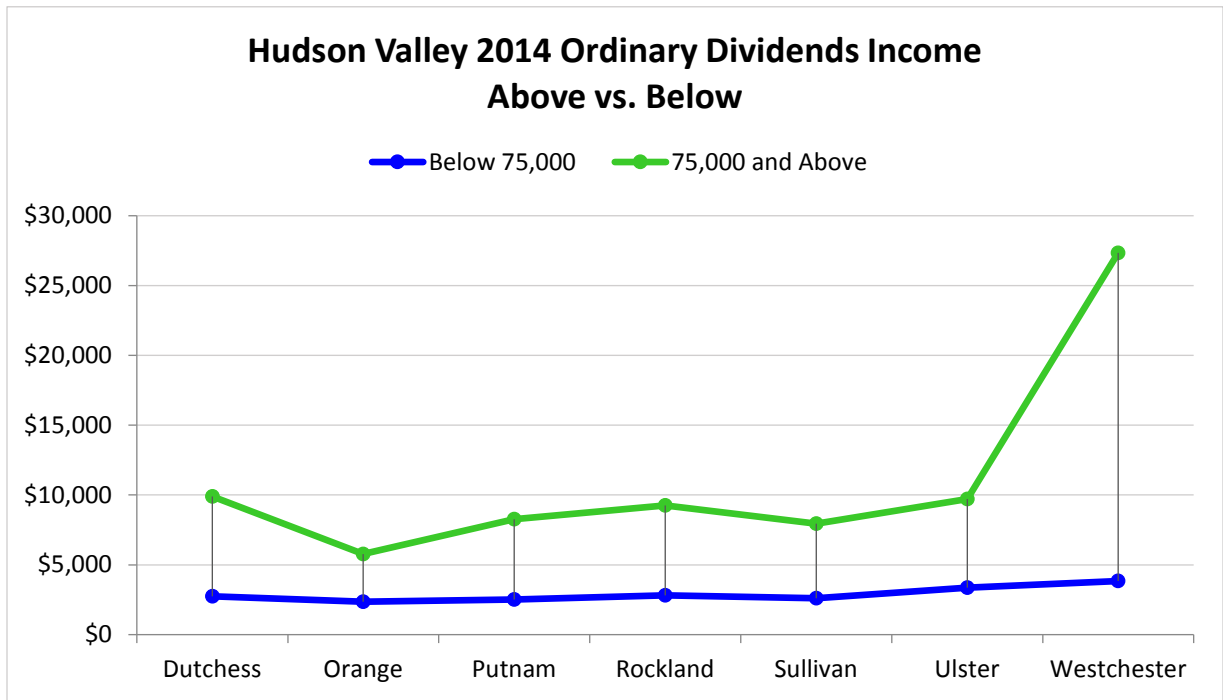
In the box-plots below, the five-number-summary depicted includes the following: the minimum nonnegative taxable interest income reported, the average below-\$75,000 taxable interest income, the aggregate average taxable interest income, the average \$75,000-and-above taxable interest income, and the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

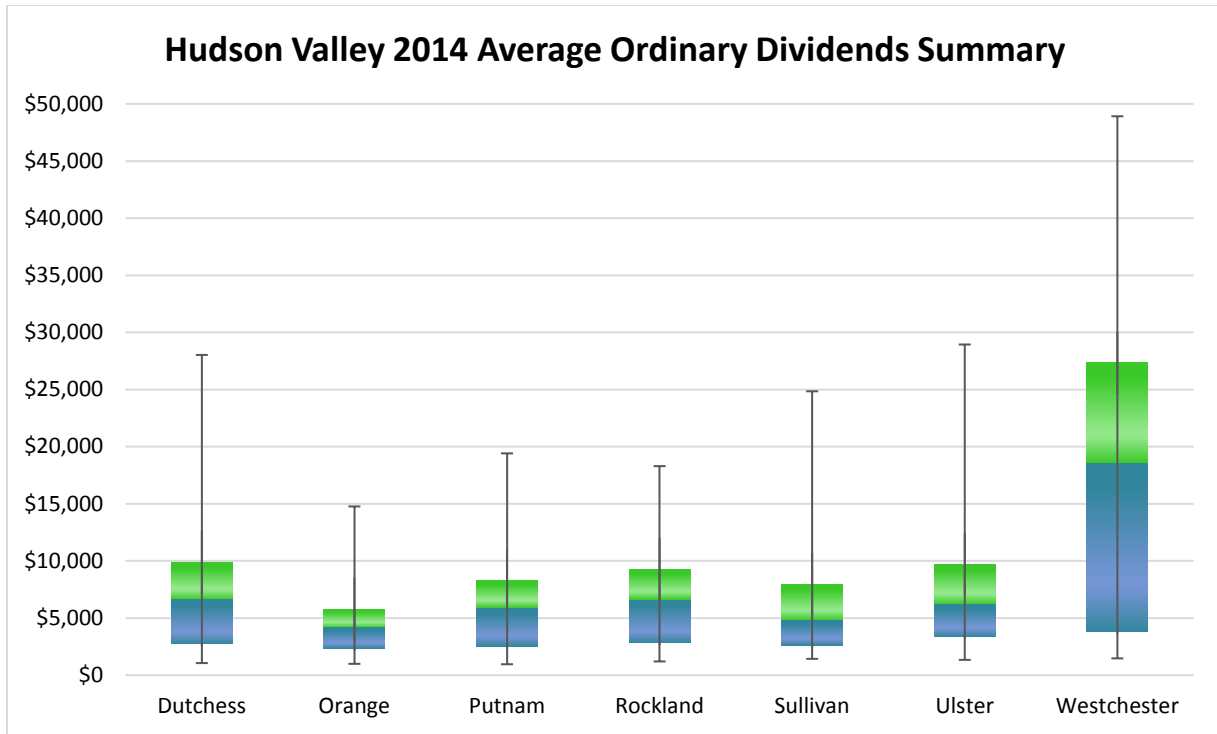


Ordinary Dividends Income as reported to the Internal Revenue Service; 2014 Data Source: Internal Revenue Service 1040s by county, author calculations

	\$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 County	\$9,883	54.92%	81.44%	\$2,743	45.08%	18.56%	19
Orange County	\$5,775	54.45%	74.54%	\$2,358	45.55%	25.46%	54
Putnam County	\$8,269	59.37%	82.75%	\$2,519	40.63%	17.25%	62
Rockland County	\$9,244	59.51%	82.81%	\$2,822	40.49%	17.19%	23
Sullivan County	\$7,957	41.96%	68.75%	\$2,615	58.04%	31.25%	32
Ulster County	\$9,721	45.24%	70.43%	\$3,372	54.76%	29.57%	25
Westchester County	\$27,340	62.87%	92.35%	\$3,837	37.13%	7.65%	2
Hudson Valley	\$18,597	58.76%	89.11%	\$3,239	41.24%	10.89%	NM
New York	\$19,583	53.82%	88.72%	\$2,903	46.18%	11.28%	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



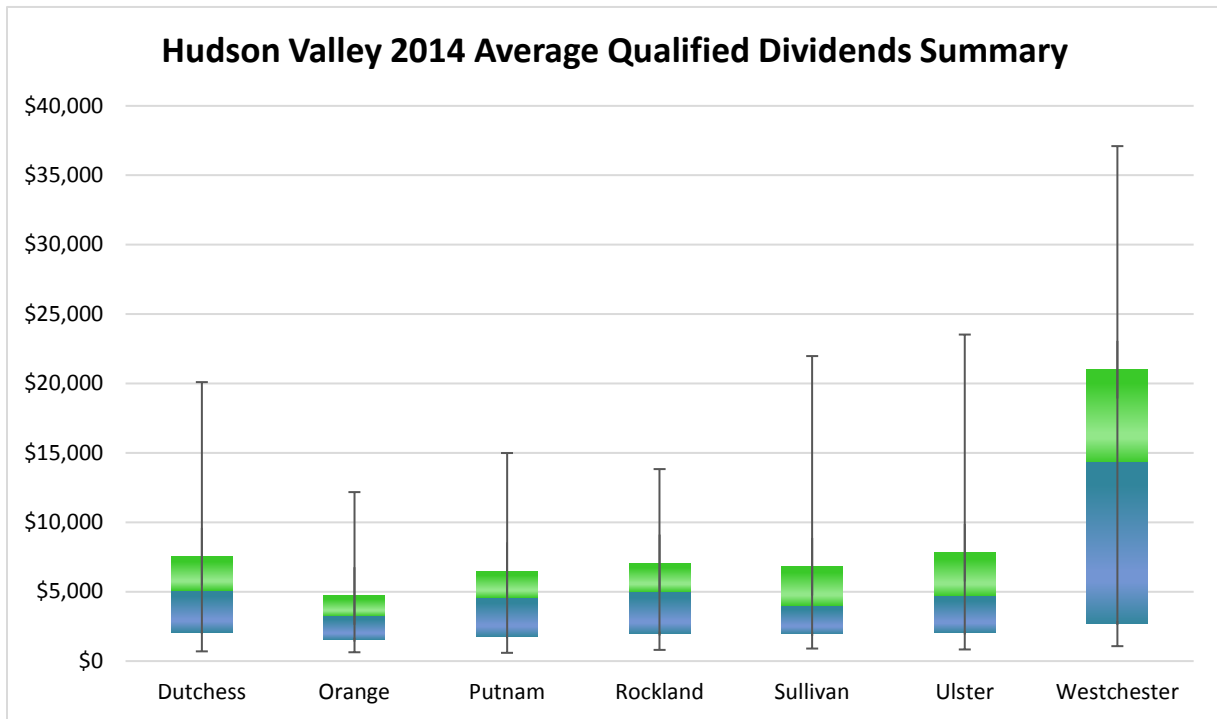
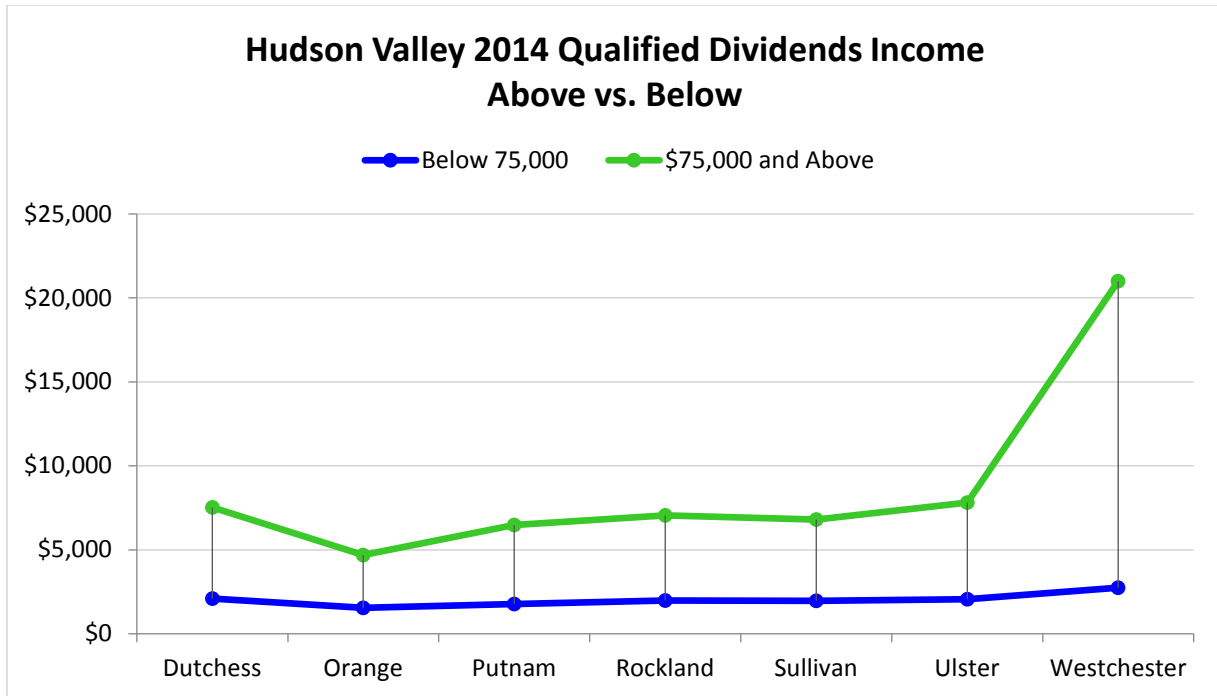


*In the box-plots below, the five-number-summary depicted includes the following: the minimum nonnegative taxable interest income reported, the average below-\$75,000 taxable interest income, the aggregate average taxable interest income, the average \$75,000-and-above taxable interest income, and the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

Qualified Dividends Income as reported to the Internal Revenue Service; 2014 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 County	\$7,520	55.80%	81.93%	\$2,095	44.20%	18.07%	23
Orange County	\$4,691	55.31%	78.96%	\$1,547	44.69%	21.04%	49
Putnam County	\$6,482	60.09%	84.60%	\$1,777	39.91%	15.40%	31
Rockland County	\$7,042	60.23%	84.32%	\$1,982	39.77%	15.68%	27
Sullivan County	\$6,797	42.91%	72.28%	\$1,959	57.09%	27.72%	28
Ulster County	\$7,810	46.71%	76.90%	\$2,057	53.29%	23.10%	19
Westchester County	\$20,994	63.61%	93.04%	\$2,745	36.39%	6.96%	2
Hudson Valley	\$14,372	59.64%	90.29%	\$2,285	40.36%	9.71%	NM
New York	\$15,505	54.74%	89.88%	\$2,111	45.26%	10.12%	NM

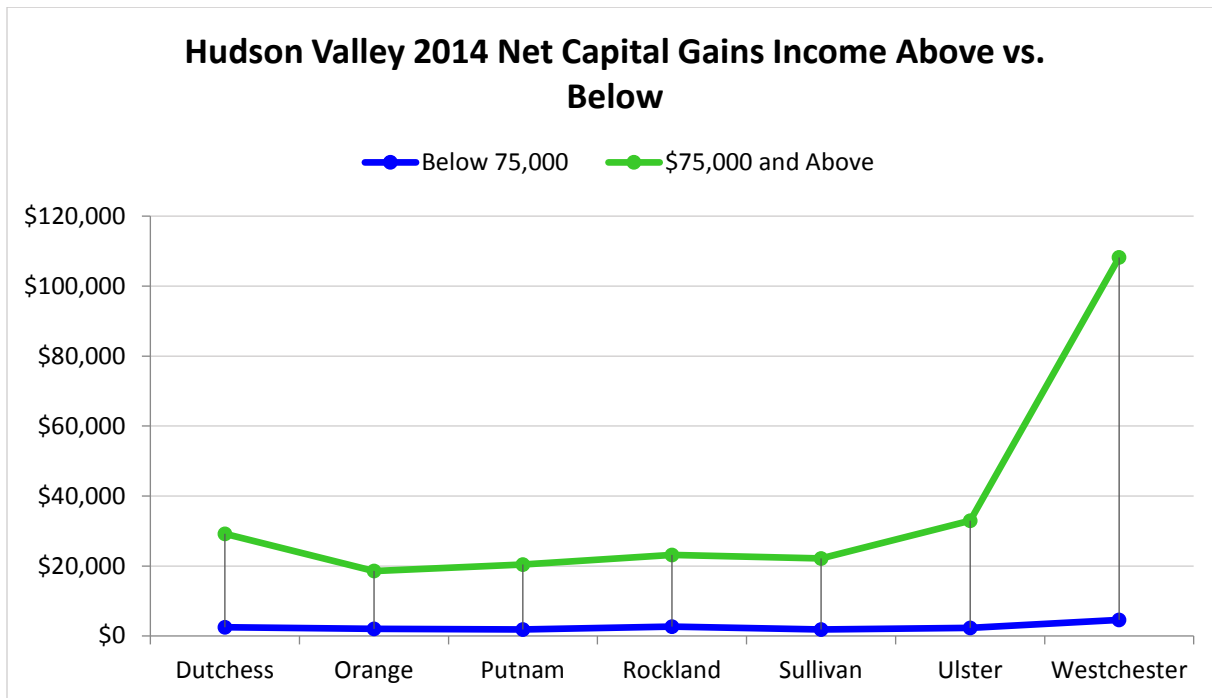
\*State Ranks are calculated for each county overall by subtracting the average amount for Under \$75,000 from \$75,000 and Above and ranking them from largest to smallest difference

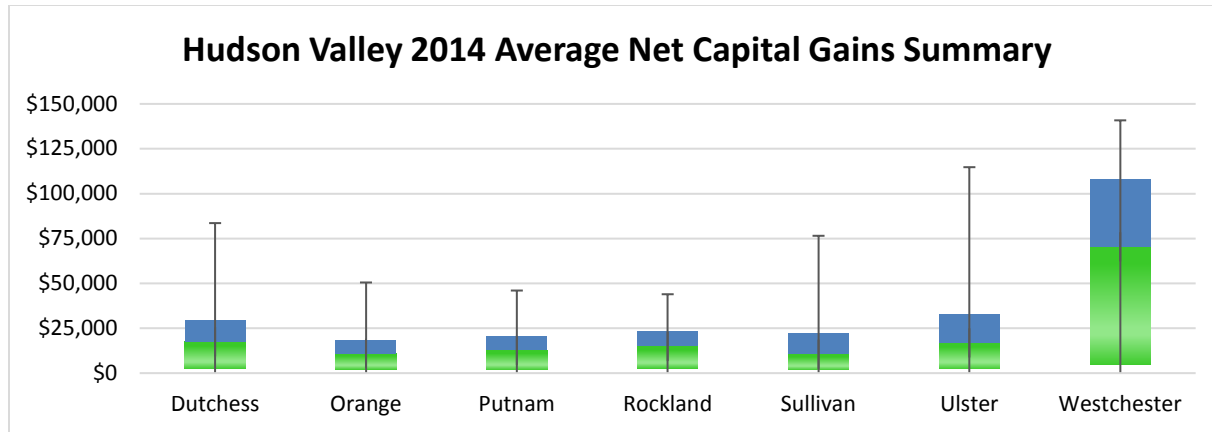




Net Capital Gains Income as reported to the Internal Revenue Service; 2014 Data Source: Internal Revenue Service 1040s by county, author calculations							
	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess County	\$29,158	56.07%	93.75%	\$2,479	43.93%	6.25%	20
Orange County	\$18,547	54.73%	91.64%	\$2,045	45.27%	8.36%	49
Putnam County	\$20,435	58.44%	93.94%	\$1,853	41.56%	6.06%	46
Rockland County	\$23,184	59.49%	92.81%	\$2,638	40.51%	7.19%	40
Sullivan County	\$22,196	42.54%	89.76%	\$1,874	57.46%	10.24%	22
Ulster County	\$32,904	47.56%	92.81%	\$2,311	52.44%	7.19%	11
Westchester County	\$108,190	63.51%	97.62%	\$4,586	36.49%	2.38%	2
Hudson Valley	\$71,335	59.65%	96.88%	\$3,393	40.35%	3.12%	NM
New York	\$86,224	55.01%	95.60%	\$4,846	44.99%	4.40%	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





*Tax Credits: Child and Non-Child*

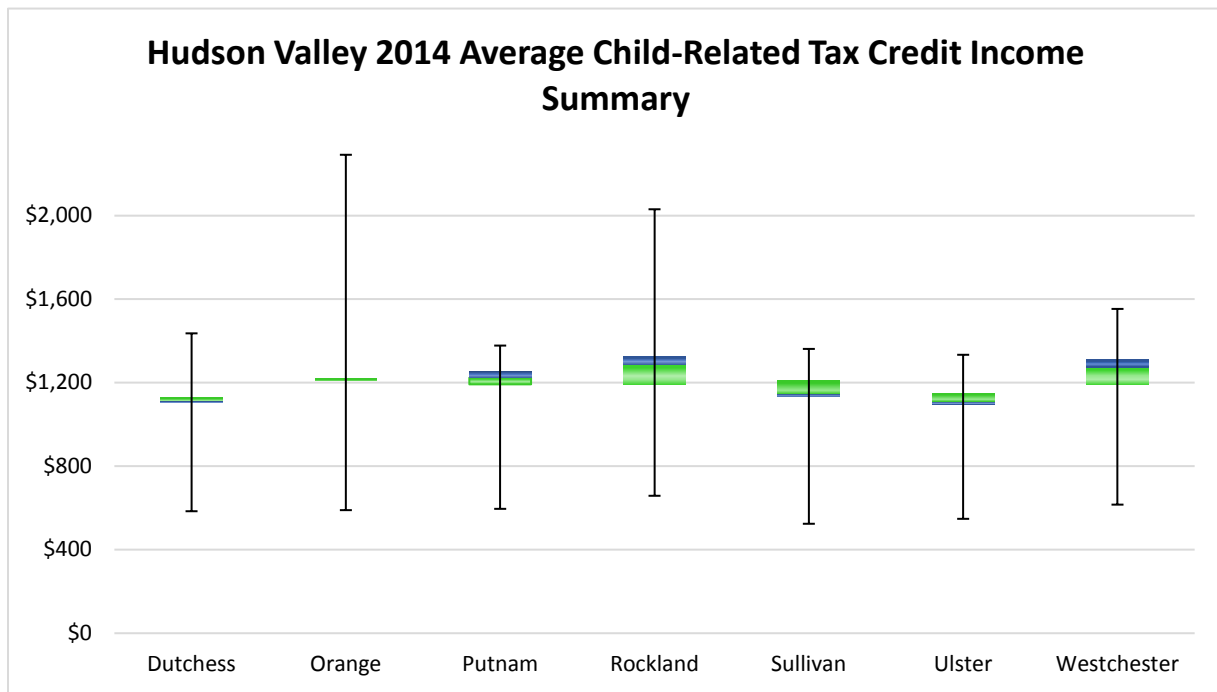
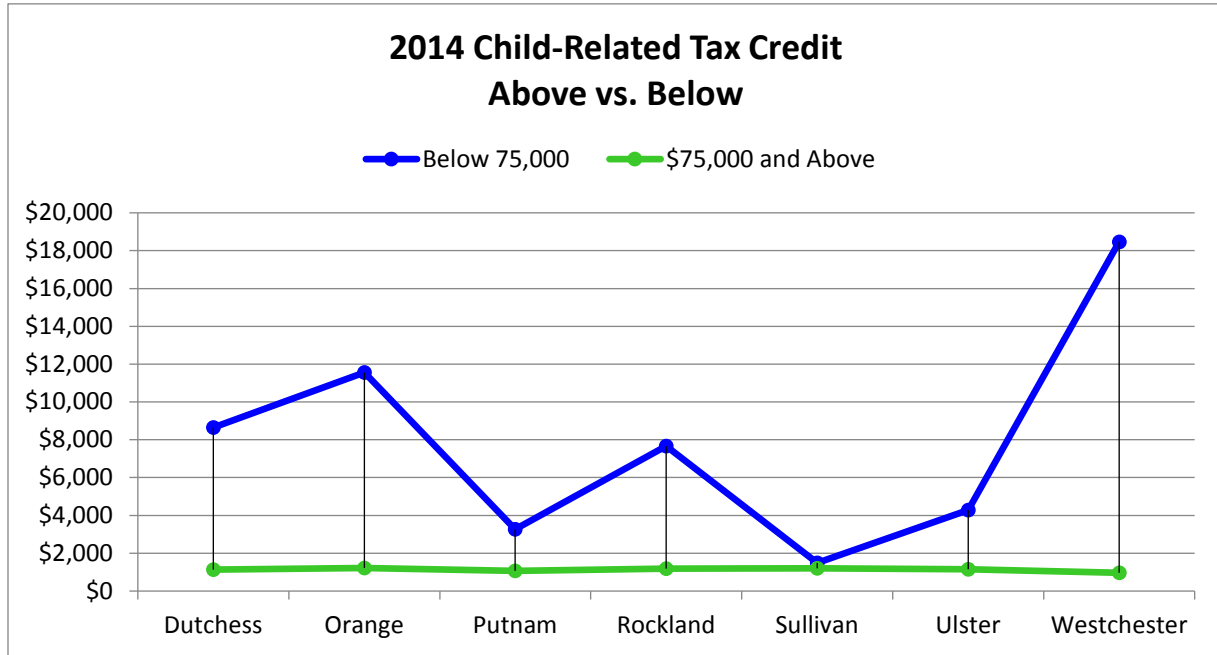
The two primary types of tax credits are child and non-child.<sup>1</sup> The primary beneficiary of child related tax credits were households reporting AGI of \$75,000 and above; households reporting below-\$75,000 were the primary beneficiary of non-child tax credits. Statewide, the counties with the greatest child-related tax credit income disparity — ranked from one through four — were Yates, Hamilton, Seneca, and Orleans. Showing no overlap, the counties with the greatest non-child-related tax credit inequality were New York, Westchester, Nassau, and Kings.

Child-Related Tax Credit Income Above \$75,000 as reported to the Internal Revenue Service; 2014 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 County	\$1,127	98.85%	98.61%	\$8,640	1.15%	1.39%	51
Orange County	\$1,219	98.08%	96.74%	\$11,560	1.92%	3.26%	56
Putnam County	\$1,065	98.34%	98.05%	\$3,270	1.66%	1.95%	59
Rockland County	\$1,192	96.53%	94.00%	\$7,660	3.47%	6.00%	61
Sullivan County	\$1,208	99.05%	98.98%	\$1,490	0.95%	1.02%	44
Ulster County	\$1,149	98.88%	98.80%	\$4,290	1.12%	1.20%	47
Westchester County	\$966	98.38%	97.93%	\$18,470	1.62%	2.07%	60
Hudson Valley	\$1,090	98.17%	97.24%	\$55,380	1.83%	2.76%	NM
New York	\$1,137	98.63%	98.16%	\$387,560	1.37%	1.84%	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

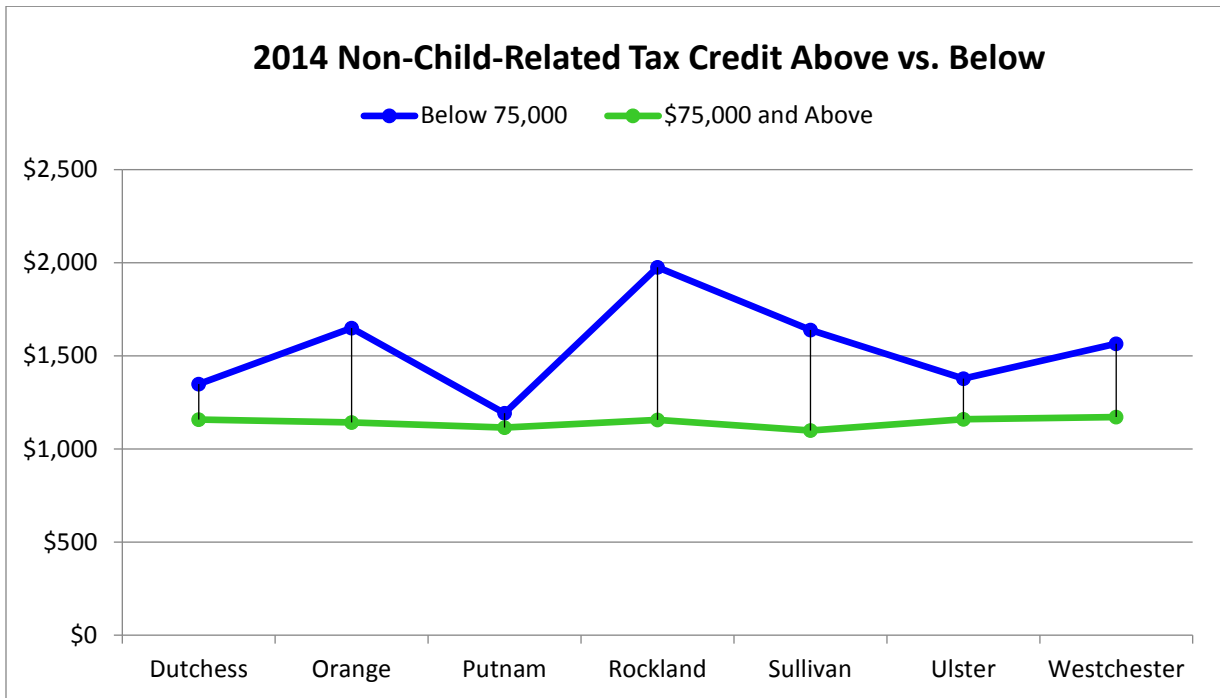
<sup>1</sup> Child credits include child and dependent care, child and additional child. Non-child credits include earned income, education (non-refundable and refundable), retirement savings and residential energy.



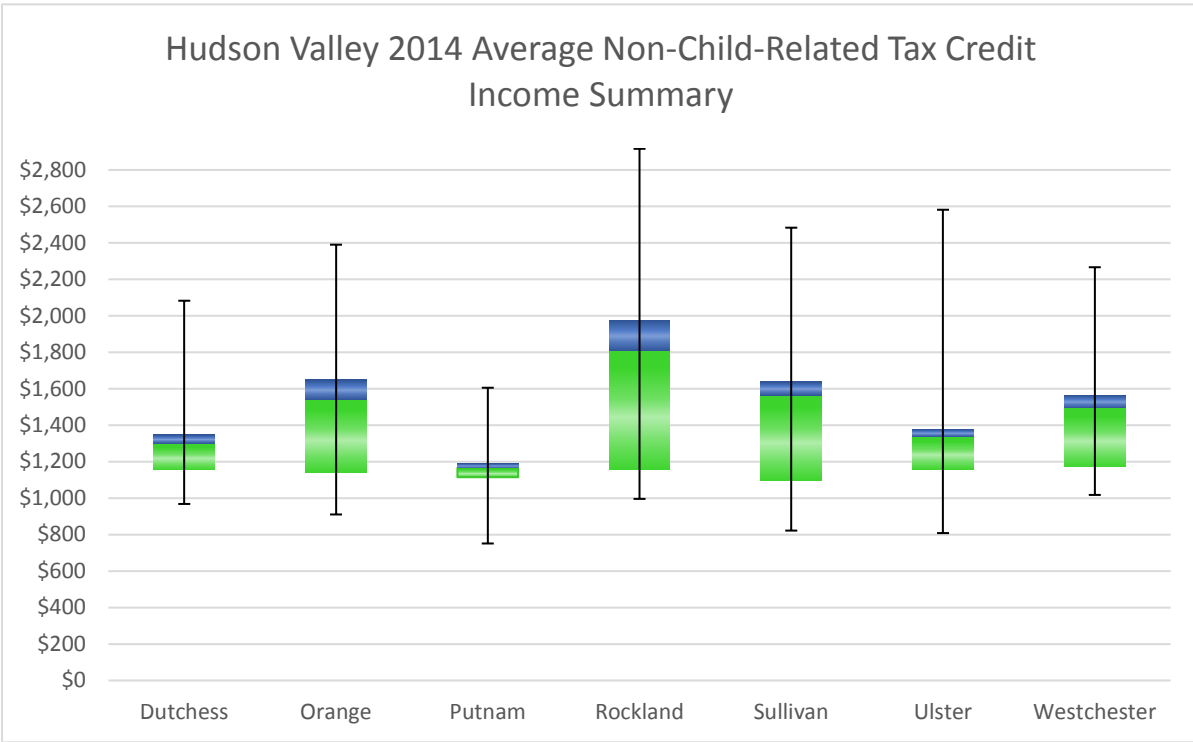


Non-Child-Related Tax Credit Income as reported to the Internal Revenue Service; 2014 Data Source: Internal Revenue Service 1040s by county, author calculations							
	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess County	\$1,157	24.80%	22.07%	\$1,348	75.20%	77.93%	10
Orange County	\$1,142	21.11%	15.63%	\$1,649	78.89%	84.37%	54
Putnam County	\$1,115	33.85%	32.37%	\$1,192	66.15%	67.63%	3
Rockland County	\$1,156	20.27%	12.95%	\$1,976	79.73%	87.05%	61
Sullivan County	\$1,099	13.50%	9.47%	\$1,638	86.50%	90.53%	59
Ulster County	\$1,160	18.13%	15.71%	\$1,378	81.87%	84.29%	15
Westchester County	\$1,171	17.57%	13.76%	\$1,565	82.43%	86.24%	43
Hudson Valley	\$1,155	20.04%	15.41%	\$1,588	79.96%	84.59%	NM
New York	\$1,153	12.39%	9.04%	\$1,641	87.61%	90.96%	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







**Income Summary 2014 Data Source: Internal Revenue Service 1040s by county, author calculations**

	AGI			Wages and Salaries			Taxable Interest		
	Levels		Average AGI	Levels		Average Wages and Salaries	Levels		Average Taxable Interest
	Returns	Amount		Returns	Amount		Returns	Amount	
Dutchess County	139,970	\$9,886,687	\$70,634	114,350	\$7,014,827	\$61,345	60,930	\$80,450	\$1,320
Orange County	178,310	\$11,605,148	\$65,084	152,780	\$8,786,160	\$57,509	65,630	\$57,770	\$880
Putnam County	49,630	\$4,253,925	\$85,713	40,730	\$3,111,101	\$76,384	23,730	\$29,230	\$1,232
Rockland County	149,040	\$12,170,064	\$81,656	121,740	\$8,468,103	\$69,559	59,740	\$103,553	\$1,733
Sullivan County	33,510	\$1,679,590	\$50,122	27,210	\$1,192,975	\$43,843	11,480	\$14,021	\$1,221
Ulster County	86,150	\$5,002,899	\$58,072	68,300	\$3,433,102	\$50,265	35,050	\$36,216	\$1,033
Westchester County	483,430	\$69,474,004	\$143,711	384,870	\$41,443,988	\$107,683	204,420	\$1,244,910	\$6,090
Hudson Valley	1,120,040	\$114,072,317	\$101,847	909,980	\$73,450,256	\$80,716	460,980	\$1,566,150	\$3,397
NEW YORK	9,523,340	\$755,698,876	\$79,352	7,777,450	\$492,995,724	\$63,388	3,341,860	\$11,313,441	\$3,385
	Qualified Dividends			Ordinary Dividends			Net Capital Gains		
	Levels		Average Qualified Dividends	Levels		Average Ordinary Dividends	Levels		Average Net Capital Gains
	Returns	Amount		Returns	Amount		Returns	Amount	
Dutchess County	33,870	\$173,485	\$5,122	36,290	\$241,853	\$6,664	28,840	\$502,882	\$17,437
Orange County	33,230	\$109,184	\$3,286	35,870	\$151,314	\$4,218	28,940	\$320,580	\$11,077
Putnam County	13,680	\$62,980	\$4,604	14,570	\$86,438	\$5,933	12,150	\$154,448	\$12,712
Rockland County	38,820	\$195,253	\$5,030	41,200	\$273,734	\$6,644	35,970	\$534,584	\$14,862
Sullivan County	5,710	\$23,038	\$4,035	6,220	\$30,207	\$4,856	4,890	\$51,434	\$10,518
Ulster County	18,840	\$89,377	\$4,744	20,580	\$128,497	\$6,244	16,210	\$273,333	\$16,862
Westchester County	147,200	\$2,112,758	\$14,353	155,190	\$2,888,680	\$18,614	141,340	\$9,948,713	\$70,389
Hudson Valley	291,350	\$2,766,075	\$9,494	309,920	\$3,800,723	\$12,264	268,340	\$11,785,974	\$43,922
NEW YORK	1,877,300	\$17,727,632	\$9,443	2,009,410	\$23,872,981	\$11,881	1,734,120	\$86,028,090	\$49,609

