

# INCOME TAX ANALYSIS 2016 HUDSON VALLEY: WITH COUNTY LEVEL DETAIL

MARIST COLLEGE

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## Summary

### Income Distribution in the Hudson Valley

with county-level detail and statewide comparisons

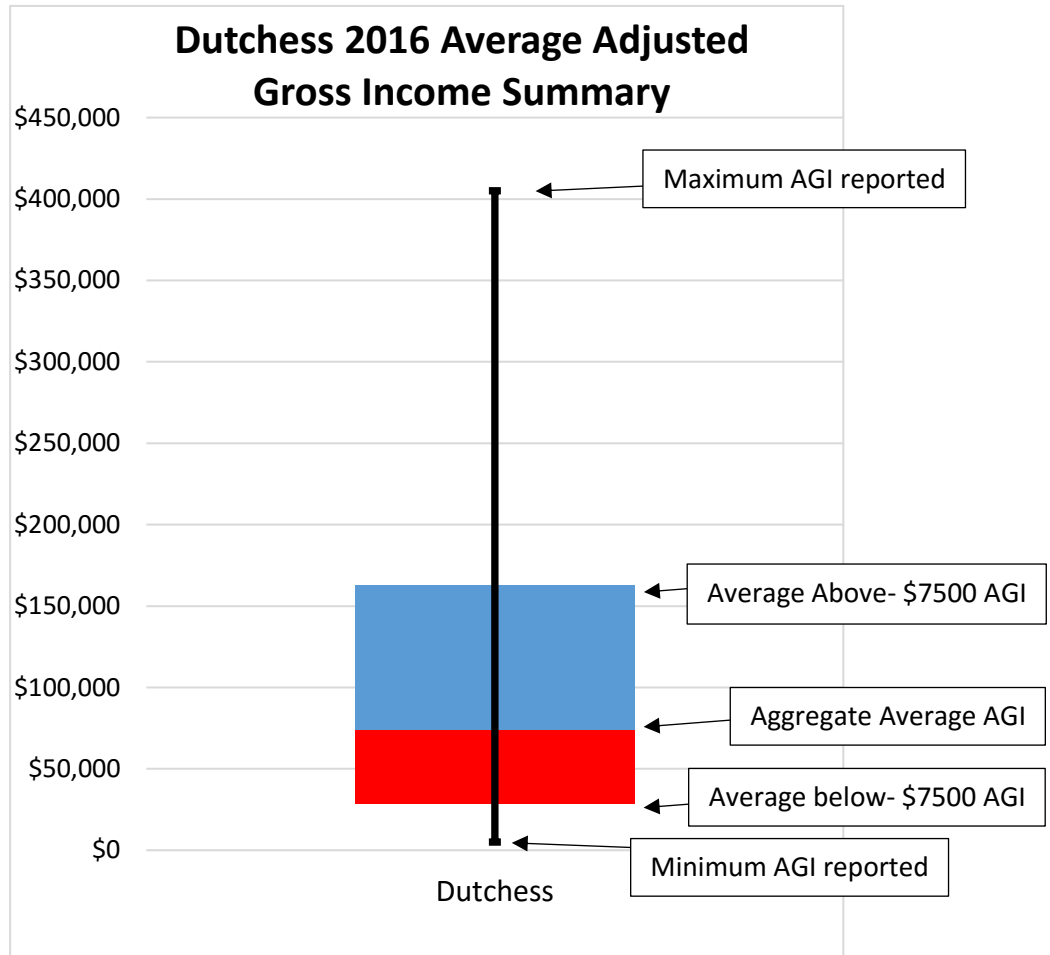
- The distribution of income in the Hudson Valley, like that of New York State, is highly skewed in favor of households reporting adjusted gross income (AGI) of \$75,000 and above.
- Income inequality is evident across all income categories, including but not limited to wages and salaries, taxable interest, dividends and capital gains.
- In 2016, Hudson Valley households reporting (AGI) of \$75,000-and-above accounted for 84.0 percent of all AGI reported, earning on average \$9.59 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 \$8.89 in AGI in for every one dollar reported in the below-\$75,000 category.
- Except for Bronx County, which ranks 44<sup>th</sup> 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, Saratoga, Nassau, Rockland, and Suffolk.
- Regional distribution of wage and salary income followed a similar pattern as AGI. Households in the \$75,000-and-above category earned \$6.09 in wage and salary income for every one dollar reported in the below-\$75,000 category.
- 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 and Orange rank 11<sup>th</sup> and 12<sup>th</sup>, respectively.
- Statewide, the distribution of wage and salary income is more equal with households in the \$75,000-and-above category, earning \$5.47 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, Suffolk, and Rockland. The counties that have the most equal distribution of wage and salary income are Hamilton, Wyoming, Yates, Lewis, 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 almost five 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 19 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 the fact that many counties did not report their child and non-child tax credit data for 2016.

*The boxplots within this report refer to a five number representation of: the minimum nonnegative income, the average below-\$75,000 income, the maximum income reported, the average \$75,000-and-above income, and the aggregate average income for the county.*

See the following example below of the average adjusted gross income summary for Dutchess County for a more in depth explanation:

The division between the red and the blue represents the partition of incomes into above or below the county's aggregate average AGI (\$74,168). The vertical bar displays the wide range of the AGI reported. The top cap of the vertical bar is the maximum AGI income reported (\$405,045). The minimum displayed is the lowest nonnegative AGI reported (\$5,032) and is shown by the lower cap of the vertical bar. The average \$75,000-and-above AGI (\$162,779)



is used as the top of the box while the average below-\$75,000 (\$28,341) is used as the bottom of the box. The box represents the wealth gap between the average \$75,000-and-above AGI and the average below-\$75,000 AGI and shows the general skewness in which the above represents the majority of the average income.

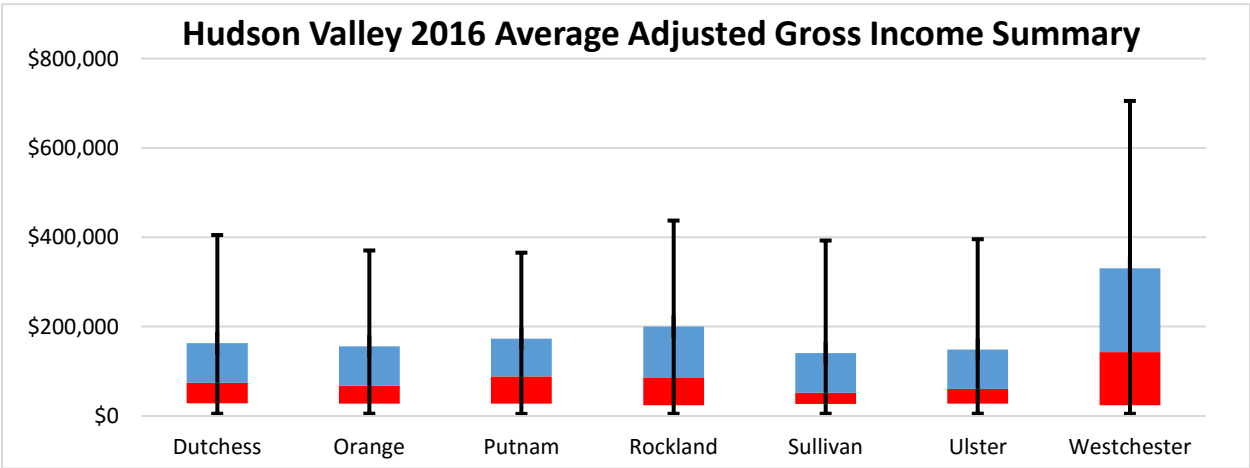
*Adjusted Gross Income*

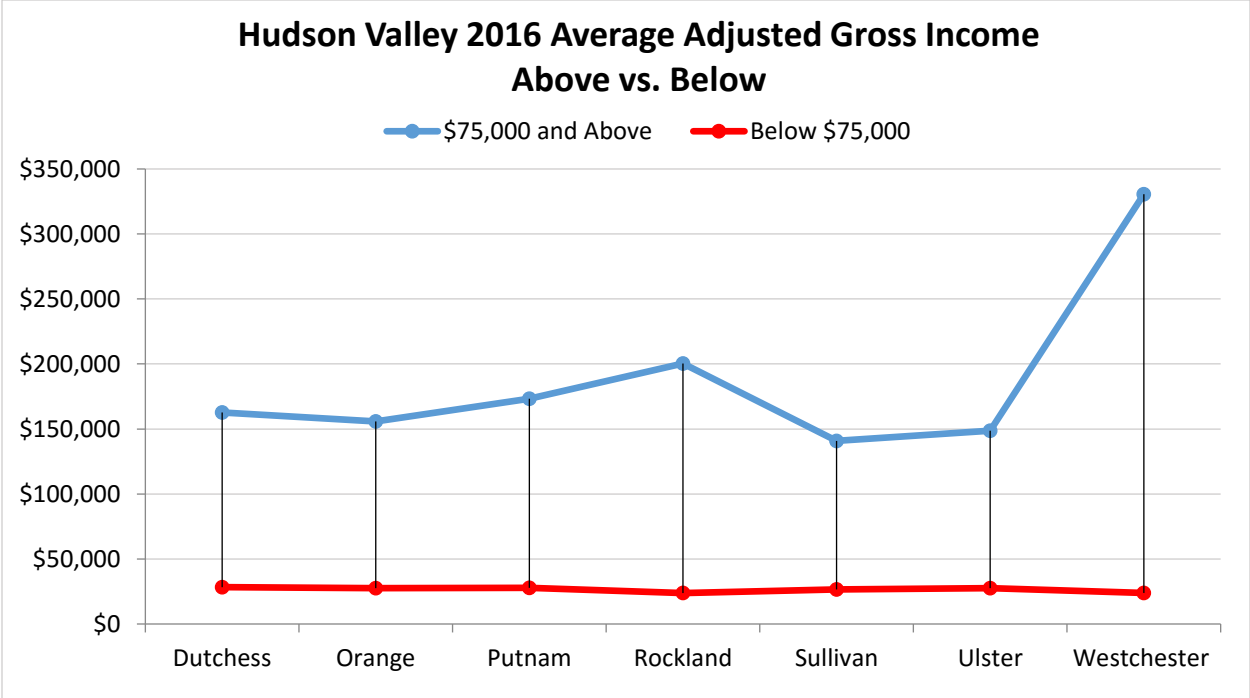
According to the 2016 individual tax statistics released by the Internal Revenue Service (IRS), the distribution of income in the Hudson Valley is highly skewed in favor of households earning \$75,000-and-above. In 2016, households reporting adjusted gross income (AGI) of \$75,000-and-above accounted for 35.4 percent of all income tax returns filed and 84.0 percent of total AGI reported. On average, households in the \$75,000-and-above category earned \$9.59 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 2016. 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	\$162,779	34.1%	74.8%	\$28,341	65.9%	25.2%	14
Orange	\$155,817	31.3%	72.1%	\$27,507	68.7%	27.9%	18
Putnam	\$173,190	41.7%	81.7%	\$27,773	58.3%	18.3%	10
Rockland	\$200,280	35.6%	82.3%	\$23,799	64.4%	17.7%	5
Sullivan	\$140,873	22.4%	60.4%	\$26,674	77.6%	39.6%	27
Ulster	\$148,548	27.1%	66.8%	\$27,483	72.9%	33.2%	21
Westchester	\$330,581	38.9%	89.8%	\$23,854	61.1%	10.2%	2
Hudson Valley	\$245,563	35.3%	84.0%	\$25,617	64.7%	16.0%	NM
New York	\$227,155	27.1%	76.8%	\$25,551	72.9%	23.2%	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 and the maximum AGI reported as the range for the vertical bars; the average below-\$75,000 AGI and the average \$75,000-and-above AGI for the top and bottom of the box; and the aggregate average AGI as the partition within the box.*





Statewide, the distribution of AGI followed a similar pattern. The number of income-tax returns in the below-\$75,000 category accounted for 72.9 percent of all returns filed, but only 23.2 percent of the earnings. On average, the \$75,000-and-above category reported \$8.89 of AGI for every one dollar of AGI in the below-\$75,000 category.

Apart from Bronx County, which ranks 44<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, Westchester, Saratoga, Nassau, Rockland, and Suffolk, respectively. The counties with the most income equality are Orleans, Lewis, Wyoming, Washington, and Genesee, respectively.

*Wages and Salary Income*

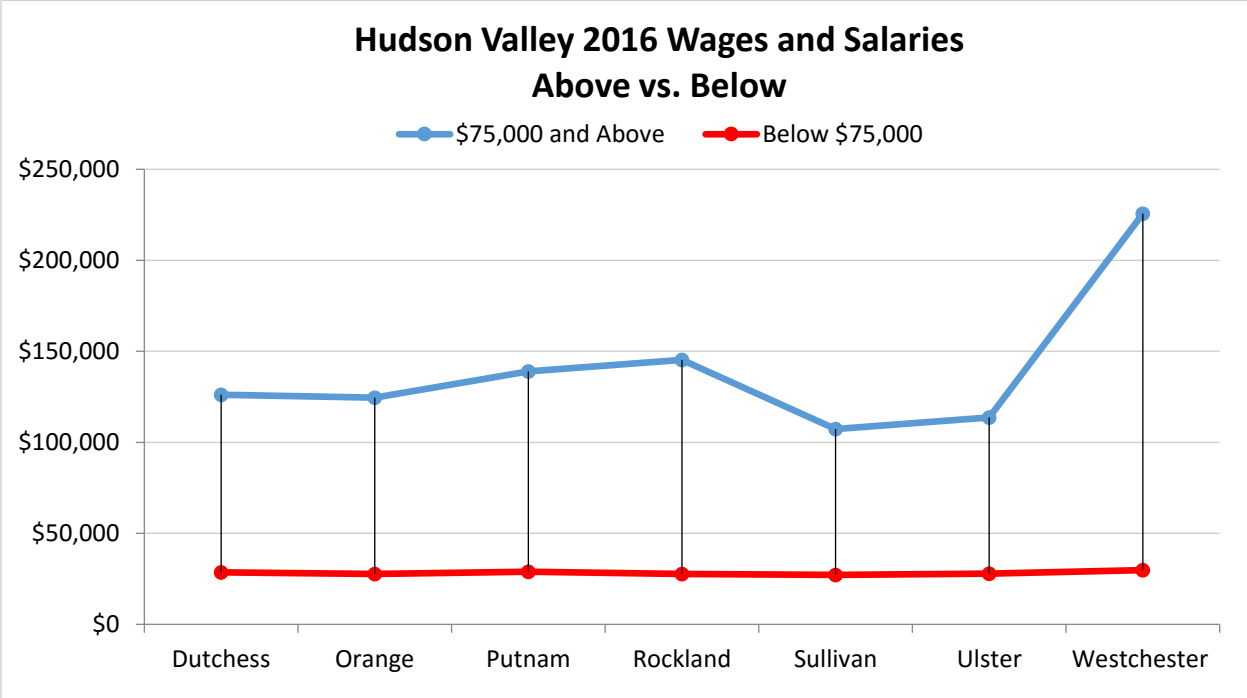
The number of returns reporting wage and salary income in the Hudson Valley weighted more heavily towards households with AGI of below-\$75,000. However, similar to AGI, the distribution of wage and salary income was highly skewed in favor of households reporting AGI of \$75,000-and-above. Overall, households with AGI of \$75,000-and-above reported 78.7 percent of all wage and salary income region-wide, compared to 21.3 percent for the below-\$75,000 category. As of 2016, 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 \$6.09. 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 2016. Data Source: Internal Revenue Service 1040s by county, author calculations

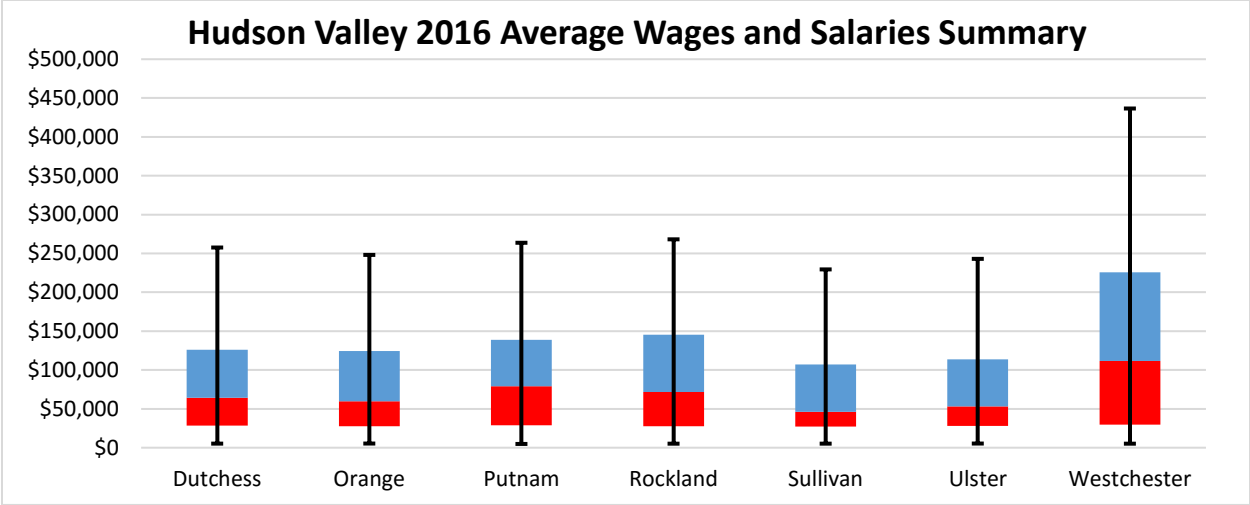
	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$126,194	36.5%	71.7%	\$28,550	63.5%	28.3%	11
Orange	\$124,622	33.2%	69.1%	\$27,641	66.8%	30.9%	12
Putnam	\$139,037	45.4%	80.0%	\$28,879	54.6%	20.0%	8
Rockland	\$145,365	37.6%	76.0%	\$27,600	62.4%	24.0%	5
Sullivan	\$107,282	24.0%	55.4%	\$27,168	76.0%	44.6%	28
Ulster	\$113,598	29.3%	62.8%	\$27,912	70.7%	37.2%	22
Westchester	\$225,569	41.7%	84.4%	\$29,779	58.3%	15.6%	2
Hudson Valley	\$174,573	37.8%	78.7%	\$28,655	62.2%	21.3%	NM
New York	\$157,343	29.2%	69.3%	\$28,741	70.8%	30.7%	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 on the following page, the five-number summary depicted includes the following: the minimum nonnegative wages and salaries reported and the maximum wages and salaries reported as the range for the vertical bars; the average below-\$75,000 wages and salaries and the average \$75,000-and-above wages and salaries for the top and bottom of the box; and the aggregate average wages and salaries as the partition within the box.*





Across the state, the distribution of wage and salary income followed a similar, albeit more unequal, pattern. For the period, 70.8 percent of all returns reporting wage and salary income were in the below-\$75,000 category compared to 29.2 percent in the \$75,000-and-above category. Overall, households reporting AGI of \$75,000-and-above earned on average \$5.47 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 29<sup>th</sup> — 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, Suffolk, and Rockland. The counties that have the most equal distribution of wage and salary income are Hamilton, Wyoming, Yates, Lewis, 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 60.9 percent of all returns reporting capital income and 93.4 percent of all capital income earned. 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 2016. Data Source: Internal Revenue Service 1040s by county, author calculations

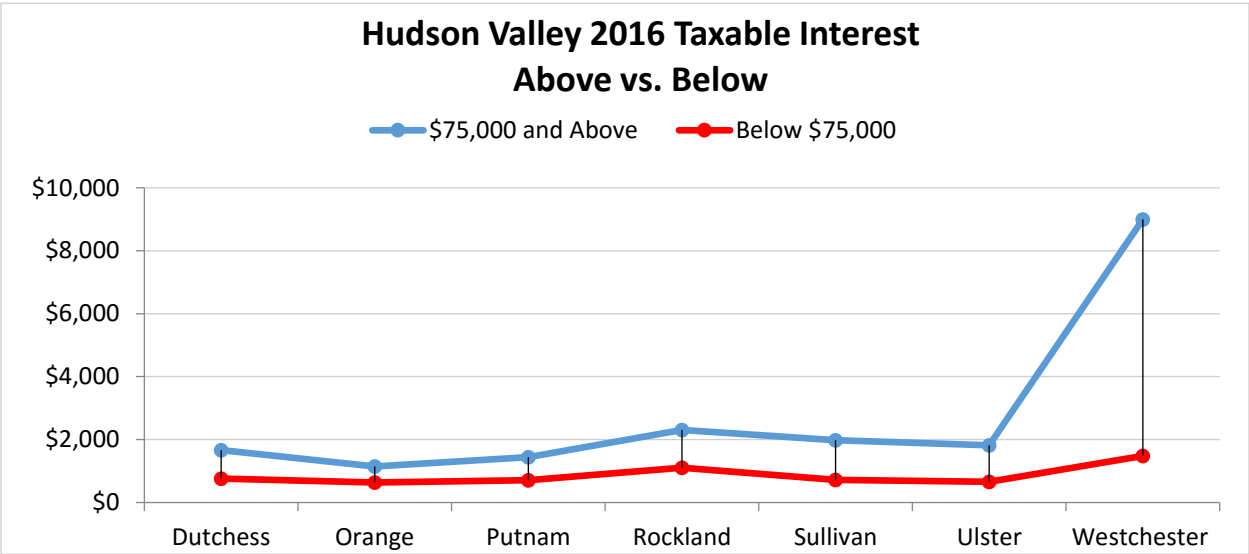
	\$75,000 and Above			Below \$75,000			State Ranks*
	Average Amount	Percent of All Returns	Percent of All Wages	Average Amount	Percent of All Returns	Percent of All Wages	
Dutchess	\$1,664	56.2%	73.7%	\$761	43.8%	26.3%	28
Orange	\$1,146	56.2%	69.8%	\$637	43.8%	30.2%	56
Putnam	\$1,444	62.9%	77.4%	\$714	37.1%	22.6%	40
Rockland	\$2,304	62.7%	77.8%	\$1,102	37.3%	22.2%	16
Sullivan	\$1,986	43.0%	67.6%	\$717	57.0%	32.4%	14
Ulster	\$1,820	46.7%	70.6%	\$663	53.3%	29.4%	18
Westchester	\$8,998	65.8%	92.1%	\$1,482	34.2%	7.9%	2
Hudson Valley	\$5,202	60.6%	88.4%	\$1,045	39.4%	11.6%	NM
New York	\$5,963	52.2%	85.8%	\$1,081	47.8%	14.2%	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.**

Region-wide, households in the \$75,000-and-above category reported average taxable interest income almost five 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 19 times as great.

Table 4: Capital Income as Reported to the Internal Revenue Service 2016. Data Source: Internal Revenue Service 1040s by county, author calculations

	\$75,000 and Above	Under \$75,000
Taxable Interest Income	\$5,202	\$1,045
Ordinary Plus Qualified Dividends	\$33,378	\$5,849
Net Capital Gains	\$55,293	\$2,943



Statewide, the distribution of capital income followed a parallel — although somewhat less unequal — pattern. The number of capital income-tax returns in the below-\$75,000 category was 45.3 percent compared to 54.7 percent in the \$75,000-and-above category. On average, the \$75,000-and-above category reported \$9.87 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 and the maximum taxable interest income reported as the range for the vertical bars; the average below-\$75,000 taxable interest income and the average \$75,000-and-above taxable interest income for the top and bottom of the box; and the aggregate average taxable interest income as the partition within the box.*

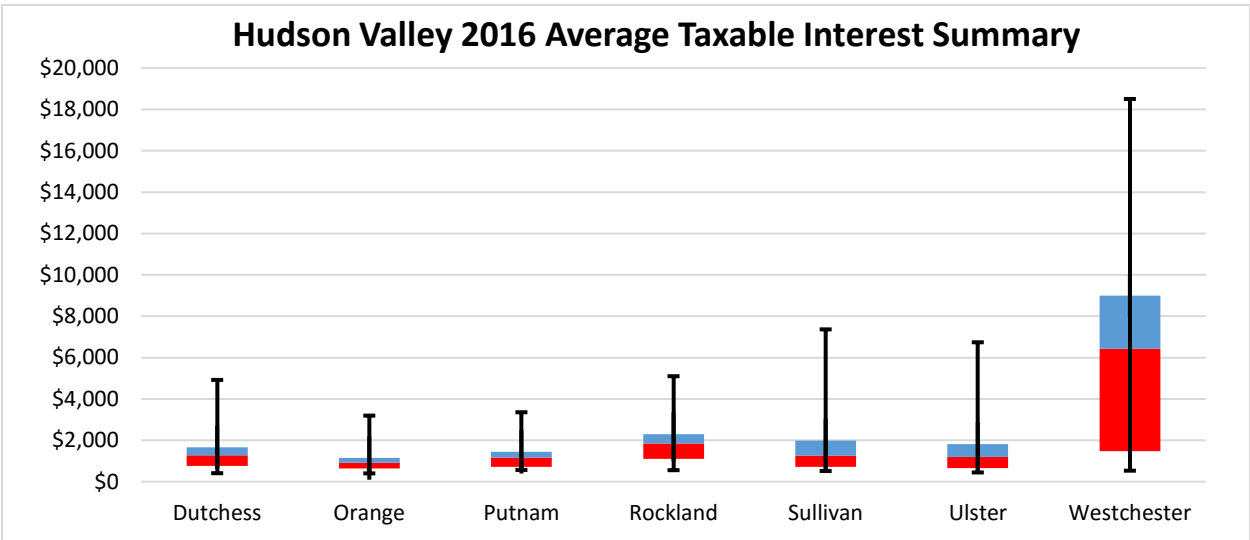
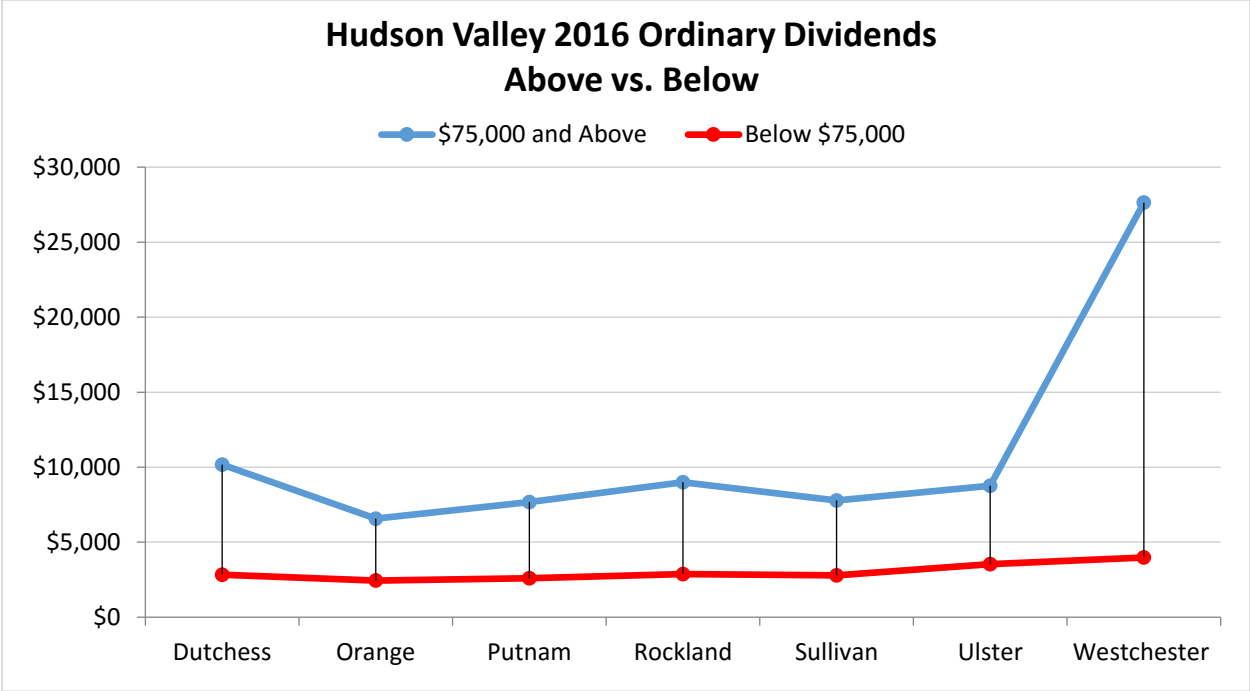


Table 5: Ordinary Dividends Income as reported to the Internal Revenue Service 2016. Data Source: Internal Revenue Service 1040s by county, author calculations

	\$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	\$10,173	56.7%	82.5%	\$2,834	43.3%	17.5%	13
Orange	\$6,572	55.7%	77.2%	\$2,442	44.3%	22.8%	40
Putnam	\$7,668	61.2%	82.3%	\$2,606	38.8%	17.7%	32
Rockland	\$8,998	61.0%	83.1%	\$2,870	39.0%	16.9%	25
Sullivan	\$7,779	44.4%	69.0%	\$2,791	55.6%	31.0%	33
Ulster	\$8,766	46.7%	68.6%	\$3,526	53.3%	31.4%	31
Westchester	\$27,629	64.8%	92.7%	\$3,978	35.2%	7.3%	2
Hudson Valley	\$18,848	60.5%	89.6%	\$3,355	39.5%	10.4%	NM
New York	\$19,437	55.5%	88.7%	\$3,090	44.5%	11.3%	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 plots below, the five-number summary depicted includes the following: the minimum nonnegative ordinary dividends income reported and the maximum ordinary dividends income reported as the range for the vertical bars; the average below-\$75,000 ordinary dividends income and the average \$75,000-and-above ordinary dividends income for the top and bottom of the box; and the aggregate average ordinary dividends income as the partition within the box.*

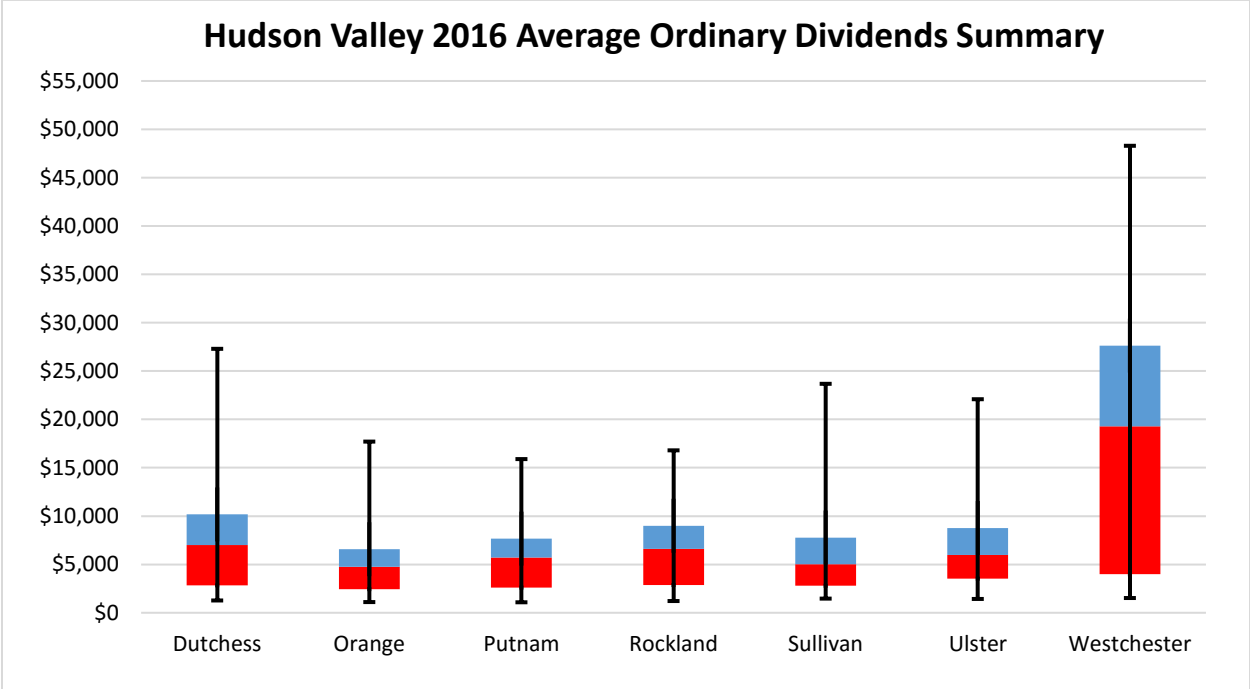
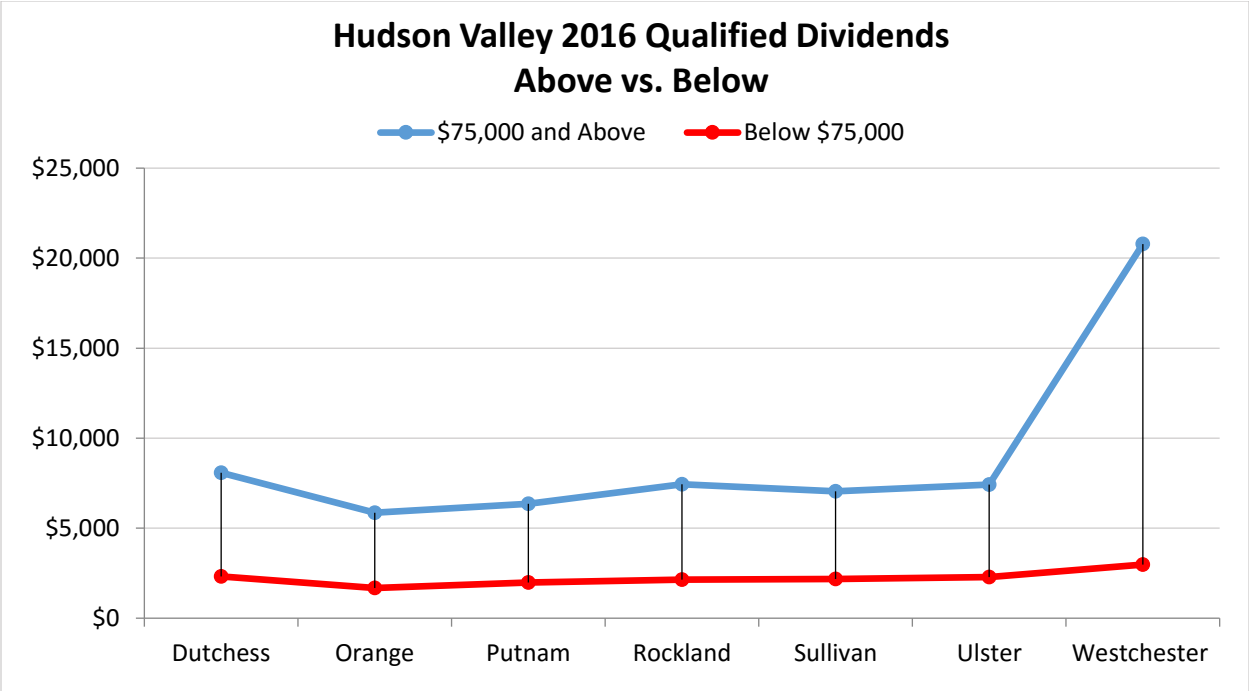


Table 6: Qualified Dividends Income as reported to the Internal Revenue Service 2016. Data Source: Internal Revenue Service 1040s by county, author calculations

	\$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	\$8,071	57.6%	82.6%	\$2,311	42.4%	17.4%	21
Orange	\$5,860	56.7%	82.1%	\$1,677	43.3%	17.9%	38
Putnam	\$6,361	61.9%	83.9%	\$1,985	38.1%	16.1%	34
Rockland	\$7,432	61.7%	84.8%	\$2,149	38.3%	15.2%	26
Sullivan	\$7,045	45.2%	72.7%	\$2,186	54.8%	27.3%	32
Ulster	\$7,419	48.5%	75.3%	\$2,285	51.5%	24.7%	29
Westchester	\$20,781	65.4%	93.0%	\$2,979	34.6%	7.0%	2
Hudson Valley	\$14,530	61.4%	90.3%	\$2,495	38.6%	9.7%	NM
New York	\$15,607	56.3%	89.4%	\$2,369	43.7%	10.6%	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 plots below, the five-number summary depicted includes the following: the minimum nonnegative qualified dividends income reported and the maximum qualified dividends income reported as the range for the vertical bars; the average below-\$75,000 qualified dividends income and the average \$75,000-and-above qualified dividends income for the top and bottom of the box; and the aggregate average qualified dividends income as the partition within the box.*



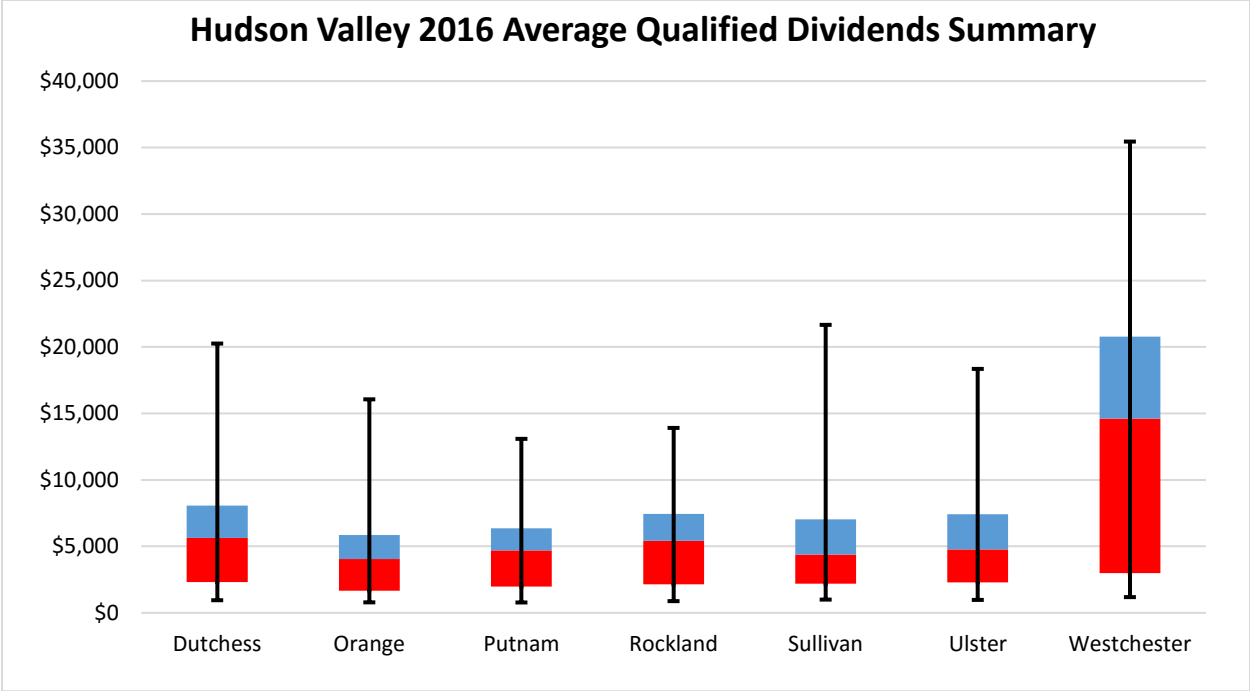
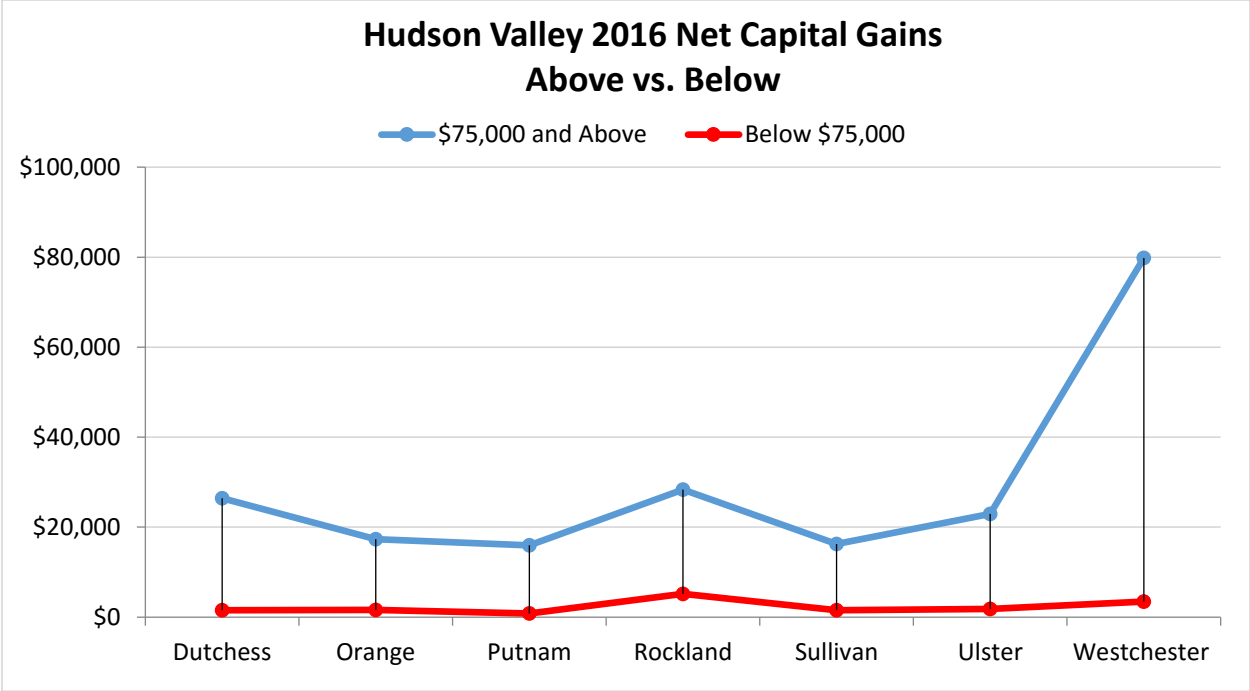


Table 7: Net Capital Gains Income as reported to the Internal Revenue Service 2016. Data Source: Internal Revenue Service 1040s by county, author calculations

	\$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	\$26,402	57.8%	95.9%	\$1,558	42.2%	4.1%	14
Orange	\$17,363	56.0%	93.2%	\$1,614	44.0%	6.8%	28
Putnam	\$15,962	60.5%	96.7%	\$827	39.5%	3.3%	32
Rockland	\$28,331	61.3%	89.6%	\$5,191	38.7%	10.4%	15
Sullivan	\$16,280	44.7%	89.4%	\$1,557	55.3%	10.6%	34
Ulster	\$22,950	48.5%	92.2%	\$1,832	51.5%	7.8%	19
Westchester	\$79,815	65.6%	97.8%	\$3,471	34.4%	2.2%	3
Hudson Valley	\$55,293	61.6%	96.8%	\$2,943	38.4%	3.2%	NM
New York	\$64,237	56.9%	95.6%	\$3,890	43.1%	4.4%	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 plots below, the five-number summary depicted includes the following: the minimum nonnegative net capital gains income reported and the maximum net capital gains income reported as the range for the vertical bars; the average below-\$75,000 net capital gains income and the average \$75,000-and-above net capital gains income for the top and bottom of the box; and the aggregate average net capital gains income as the partition within the box.*

