

**Summary of 2010 New York State and New York
City Legislation Affecting City Taxes and
Department of Finance Programs**



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SUMMARY OF 2010 NEW YORK STATE AND NEW YORK CITY LEGISLATION AFFECTING THE DEPARTMENT OF FINANCE

The following are brief summaries of New York State and New York City laws enacted during 2010 that affect City taxes and other areas within the Department of Finance's jurisdiction. Citations are provided after each summary for readers who wish to consult the laws themselves.

BUSINESS INCOME TAXES

Bank Bad Debt Deduction Conformed to Federal Deduction

For tax years beginning on or after January 1, 2010, the bad debt deduction allowed under the City's banking corporation tax will be the same as the bank's federal income tax deduction for bad debts. Formerly, a special calculation applied in figuring the City deduction. (New York State's bank bad debt deduction has also been conformed to the federal deduction.)

- Chapter 57 (Part Z), NYS Laws of 2010

Expiring Bank Tax Provisions Extended

The New York City and New York State banking corporation taxes were extensively revised in 1985; some of the revisions affecting commercial banks were scheduled to expire but have been periodically renewed. These provisions, which were most recently set to expire after tax years beginning in 2009, have been continued for one year, through tax years beginning in 2010. In addition, certain expiring transitional provisions relating to the City/State corporate tax treatment of financial services companies following the enactment in 1999 of the federal Gramm-Leach-Bliley Act (which deregulated certain financial services activities) have been extended for one year, to cover tax years beginning before January 1, 2011.

- Chapters 24 and 67, NYS Laws of 2010

SALES TAX

Hotel Room Remarketers' Markups Made Subject to Sales Tax

Beginning September 1, 2010, a hotel room remarketer, such as an online travel company, must collect State and local sales tax on the markup it charges the hotel guest. Formerly, while the tax was payable on the room rent that the hotel charged the remarketer, the markup was not taxable. Under the new rules, the room remarketer is liable for the sales tax based on the full room charge paid by

the hotel guest, but it can, provided it is registered as a sales tax vendor and collects the tax, claim a refund or credit for the sales tax it pays to the hotel operator.

The City's separate, and locally administered, hotel room occupancy tax has also been amended to conform to the room remarketer provisions of the sales tax. These amendments replace similar, but not identical, amendments in 2009 that subjected a remarketer's markup to the City hotel tax.

- Chapter 57 (Part AA), NYS Laws of 2010

Clothing and Footwear Exemption Provisions Temporarily Modified

The State sales tax exemption for clothing and footwear items costing less than \$110 has been suspended during the period from October 1, 2010 through March 31, 2011. From April 1, 2011 through March 31, 2012, clothing and footwear items selling for less than \$55 will be exempt. Beginning April 1, 2012, the under-\$110 exemption will be restored. For City sales tax purposes, the current under-\$110 exemption will continue until March 31, 2011. Beginning April 1, 2011, the City is authorized to conform to the State under-\$55 exemption, repeal the exemption entirely or continue the under-\$110 exemption. Beginning April 1, 2012, the City exemption will conform to the State under-\$110 exemption unless the City elects to repeal the exemption.

- Chapter 57 (Part GG), NYS Laws of 2010

Limits Placed on Provision Creating Jurisdiction Over Remote Seller Based on Activities of Affiliate

In 2009, the State and local sales tax definition of "vendor" was amended to deem a remote seller a vendor subject to sales tax collection requirements if an affiliate engaged in certain specified activities in New York. That definition has again been amended to provide that a remote seller will not be considered a sales tax vendor if the affiliate's in-state activities are limited to providing to the seller accounting or legal services, or directing the seller's activities concerning such matters as strategic planning, marketing, inventory, staffing, distribution or cash management. The amendment is retroactive to June 1, 2009, the effective date of the original provisions.

- Chapter 57 (Part N), NYS Laws of 2010

Transportation by "Affiliated Livery Vehicles" Excluded From Sales Tax on Livery Services

In 2009, State and local sales taxes were imposed on transportation services provided by certain livery vehicles, such as limousines and black cars.

Legislation approved in 2010, but retroactive to the June 1, 2009 effective date of the original enactment, excludes from the tax services performed by an “affiliated livery vehicle,” defined as a for-hire vehicle seating no more than six persons, including the driver, and meeting certain other conditions, including licensing and regulation by the City’s Taxi and Limousine Commission and being dispatched by a base station in the City.

- Chapter 57 (Part WW), NYS Laws of 2010

Transfers of Aircraft or Vessels in Certain Corporate or Partnership Transactions Deemed Retail Sales

For State and local sales tax purposes, a transfer, distribution or contribution of property pursuant to a corporate merger or consolidation or a corporate or partnership liquidation or formation is not considered a retail sale and thus is not subject to the sales tax. A measure creating an exception to that rule, effective as of August 11, 2010, treats as a retail sale the transfer, distribution or contribution of an aircraft or vessel pursuant to such a corporate or partnership transaction. Any sales tax due as a result of the measure may be offset by the refund or credit of sales tax previously paid on the purchase of the aircraft or vessel. The measure is a follow-up to legislation enacted in 2009 (Chapter 57 (Part N-1), NYS Laws of 2009) that closed a loophole by narrowing certain exemptions for aircraft and vessel purchases.

- Chapter 57 (Part S, Subpart B), NYS Laws of 2010

Private Label Credit Card Lenders’ Bad Debt Rules Repealed

Provisions adopted in 2006, which prescribed rules under which private label credit card lenders and vendors that use private label credit card lenders could claim a sales tax credit or refund on account of sums charged off as uncollectible, have been repealed. The repeal applies to credits or refunds claimed on or after July 1, 2010. (“Private label credit cards” are cards that carry the name of a vendor and can be used to make purchases from the vendor.) As of July 1, 2010, bad debt credits and refunds are governed by existing section 1132(e) of the Tax Law and accompanying regulations.

- Chapter 57 (Part W), NYS Laws of 2010

HOTEL ROOM OCCUPANCY TAX

Cross Reference: See Sales Tax section (on page 1) for item concerning room remarketers’ markups.

PERSONAL INCOME TAX

STAR PIT Rate Reduction Benefit Eliminated for Taxable Incomes Over \$500,000

In 1997, as part of the State-funded STAR program (which is designed to reduce the burden of local real property taxes), a reduction in City personal income tax rates was implemented. Effective for tax years beginning after 2009, the tax rate reduction has been eliminated for taxpayers with taxable incomes over \$500,000 by raising the top rate from 3.2% to 3.4%. When coupled with an existing 14% surcharge, the top City tax rate is now 3.876%, up from 3.648%.

- Chapter 57 (Part EE), NYS Laws of 2010

Federal Itemized Deduction for State and Local Sales Taxes Disallowed in Calculating PIT Taxable Income

Beginning with tax year 2010, taxpayers who claim the federal itemized deduction for state and local sales taxes must add it back in calculating taxable income for State and City personal income tax purposes.

- Chapter 57 (Part CC), NYS Laws of 2010

Charitable Contributions Deduction Temporarily Reduced for High-Income Taxpayers

Beginning in tax year 2009, taxpayers with New York adjusted gross incomes above \$1 million were no longer permitted to claim itemized deductions for State and City personal income tax purposes, except for 50 percent of the federal charitable contributions deduction. That limitation has been amended to provide that, for tax years beginning in 2010, 2011 and 2012, the New York charitable contributions deduction for individuals with New York adjusted gross incomes above \$10 million cannot exceed 25 percent of the federal deduction. The amendment authorizes the City to elect not to impose the limitation on the charitable contributions deduction. (To date, the City has not acted on that authorization.)

- Chapter 57 (Part HH), NYS Laws of 2010

Automatic Filing and Payment Extension Allowed Upon Death of Spouse Within 30 Days of April 15th

For New York State/City personal income tax purposes, beginning with tax year 2010 an automatic 90-day extension for return filing and payment, without

interest or penalty, will be allowed where a taxpayer's spouse dies within 30 days before the April 15th deadline.

- Chapter 429, NYS Laws of 2010

Repeated Failure to File Made a Class E Felony

For New York State/City personal income tax purposes, the failure to file a return for three consecutive years with intent to evade tax has been made a Class E felony, provided there is an unpaid tax liability for each of the years. The new criminal penalty, which applies to offenses committed on or after August 11, 2010, does not cover employers' withholding returns.

- Chapter 57 (Part S, Subpart A), NYS Laws of 2010

REAL PROPERTY TAX

Tax Abatement Benefits in Lower Manhattan Extended

The Lower Manhattan Commercial Revitalization Program, which offers eligible landlords real estate tax abatements that are in turn passed along to their qualifying commercial tenants in the form of lower rents, contains several sunset dates that have been extended as follows: the end of the eligibility period during which the lease term must begin has been extended from March 31, 2010 to March 31, 2014; the end of the benefit period during which the abatement is available has been extended from March 31, 2016 to March 31, 2020; and the end of the period during which certain expenditures on common area improvements must be made has been extended from September 30, 2010 to September 30, 2014.

- Chapter 22, NYS Laws of 2010

Commercial Expansion Program Extended for Four Years

The City's Commercial Expansion Program is designed to benefit qualifying commercial, industrial and manufacturing tenants in designated areas of the City by providing tax abatements to landlords, which in turn are passed on to the tenants in the form of lower rents. The program has been extended by moving the eligibility period termination date from June 30, 2010 to June 30, 2014 and by moving the date by which certain expenditures must be made for improvements to a building's common areas from December 31, 2010 to December 31, 2014.

- Chapter 306, NYS Laws of 2010

STAR Exemption Eliminated for Homeowners With Incomes Above \$500,000

The State-funded STAR exemption, designed to reduce the burden of local real property taxes, has been eliminated for homeowners with affiliated incomes above \$500,000. For this purpose, “affiliated income” means the combined incomes of all the owners and their spouses for whom the home is their primary residence. The NYS Commissioner of Taxation and Finance is responsible for verifying income eligibility. This limitation on eligibility applies beginning with the 2011-2012 school year.

- Chapter 57 (Part FF), NYS Laws of 2010

Class Share Adjustment Limited for City’s FY 2011 Real Estate Tax Levy

Article 18 of the Real Property Tax Law requires that the adjusted base proportions of the four real property tax classes in the City (which determine the share of the total tax levy payable by each class) be revised each year to reflect relative changes in market values, subject to a five-percent limit on the increase in any class’s share of the levy. Under special legislation that applies to the City’s fiscal year ending in 2011, the five-percent limit on increases has been reduced to 2.5 percent. The legislation requires the issuance of revised real estate tax bills for FY 2011 in place of the bills mailed prior to its enactment.

- Chapter 546, NYS Laws of 2010

Private Dwelling Exemption Program’s Completion Deadline Extended

Section 421-b of the Real Property Tax Law allows a partial exemption for up to 10 years on newly constructed, reconstructed or converted one- and two-family homes that are owner-occupied and meet certain other conditions. Although the current program applies only where construction work on a residence began before July 1, 2006, the law’s completion deadline, formerly July 1, 2010, has been extended to July 1, 2011.

- Chapter 524, NYS Laws of 2010

Multiple Dwelling Exemption Program’s Construction-Commencement-Date Definition Modified

For purposes of the exemption for the construction of new multiple dwellings authorized under section 421-a of the Real Property Tax Law, eligibility for certain benefits depends on the date that construction commences, which was deemed to be the date immediately following the issuance of a Buildings Department permit based upon approved architectural, plumbing and structural

plans. A 2010 amendment eliminates the reference to approved plumbing plans, retroactive to December 28, 2007.

- NYC Local Law 16 of 2010

Solar, Wind and Farm Waste Energy System Exemption Extended for Four Years

A real property tax exemption for certain solar, wind and farm waste energy systems has been extended to cover such systems constructed prior to January 1, 2015, instead of January 1, 2011.

- Chapter 366, NYS Laws of 2010

Receipt Required for STAR Application If Requested

Effective March 16, 2010, local assessors are required to furnish a receipt evidencing the filing of a STAR exemption application if the applicant requests it.

- Chapter 6, NYS Laws of 2010

Electronic Tax Receipts Authorized for Payments Through Escrow Agents

Local taxing jurisdictions are required to mail tax receipts to property owners who pay their real estate taxes through mortgage escrow agents. An amendment to that requirement, which is subject to an “opt in” by local law, permits a taxpayer to request that the receipt be delivered electronically. (To date, the City has not adopted opt-in legislation.)

- Chapter 365, NYS Laws of 2010

Office of Real Property Services Merged With NYS Tax Department

Effective June 22, 2010, the State Office of Real Property Services, the agency responsible for overseeing many aspects of local real property tax administration, has been merged with the NYS Department of Taxation and Finance. The agency, renamed the Office of Real Property Tax Services (ORPTS), is now a division of the Tax Department, and is headed by a Deputy Commissioner. In connection with the merger, a separate and independent State Board of Real Property Tax Services has been created within the Tax Department to review complaints concerning equalization rates and special franchise values established by ORPTS.

- Chapter 56 (Part W), NYS Laws of 2010

COMMERCIAL RENT TAX

Lower Manhattan Special Reduction Extended

Under the Lower Manhattan Commercial Revitalization Program, eligible tenants can claim a special reduction in calculating taxable base rent subject to the commercial rent tax. The end of the period during which this special reduction is allowed has been extended from March 31, 2016 to March 31, 2020.

- Chapter 22, NYS Laws of 2010

CIGARETTE TAX

“Little Cigars” Exempted From City Cigarette Tax

In 2008, the City cigarette tax definition of “cigarette” was expanded to include “little cigars.” Effective August 1, 2010, the definition is again amended to exclude little cigars from its scope and thus exempt them from the tax. (In general, a little cigar is a roll for smoking that resembles a cigarette but has a wrapper made wholly or partly of tobacco.)

- Chapter 134 (Part D), NYS Laws of 2010

MISCELLANEOUS

Energy Cost Reduction Programs Extended for Three Years

The sunset dates for new applicants to qualify for benefits under the City’s Lower Manhattan Energy Program and Energy Cost Savings Program have been extended from July 1, 2010 to July 1, 2013. Under these programs, energy suppliers sell discounted energy to eligible businesses and are reimbursed for their lost revenue by claiming credits against their City utility taxes.

- Chapter 406, NYS Laws of 2010

E911 Surcharge Extended to VoIP Service

Since 1991, the City has imposed an E911 surcharge on telephone bills to help fund an enhanced 911 emergency phone system. The surcharge is currently \$1 per month for each access line, and is collected from customers by the service provider and paid over to the Department of Finance. Acting on State authorizing legislation approved in 2009, the E911 surcharge has been extended to voice over internet protocol (VoIP) service provided over a broadband connection;

service providers must begin adding the surcharge to their bills no later than September 5, 2010.

- NYC Local Law 30 of 2010

Bus Lane Camera Demonstration Program Authorized

The City has been authorized to establish a bus rapid transit demonstration program that, based on images captured by bus lane photo devices, will impose fines on motor vehicle owners where the vehicle operator fails to comply with bus lane restrictions. The City's Department of Transportation will be responsible for operating the photo devices. Hearings on violations will be held by the Department of Finance's Parking Violations Bureau, which will be empowered to promulgate a schedule of fines, not exceeding \$115 for violating a bus lane restriction and not exceeding \$25 for a failure to timely respond to a notice of violation.

- Chapter 59 (Part II), NYS Laws of 2009

Fines Increased for Overnight Parking of Tractor-Trailers in Residential Neighborhoods

Effective October 29, 2010, a fine of \$250 for a first violation and \$500 for any subsequent violation within a six-month period will apply to the offense of overnight parking on a residential street of a tractor-trailer combination, tractor, truck trailer or semi-trailer. Hearings on these offenses are held by the Department of Finance's Parking Violations Bureau.

- Chapter 458, NYS Laws of 2010

Chronology of Selected Legislative Actions Affecting NYC Taxes

Explanatory Notes:

Local laws adopted by the NYC Council. Chapter laws adopted by the NYS Legislature. TYs BOOA = Tax years beginning on or after; TYs EOOA = Tax years ending on or after.

Tax Acronyms:

BTX = Banking Corporation Tax
 CT = Cigarette Tax
 HTX = Hotel Room Occupancy Tax
 PIT = Personal Income Tax
 RPTT = Real Property Transfer Tax
 UBT = Unincorporated Business Tax

CRT = Commercial Rent Tax
 GCT = General Corporation Tax
 MRT = Mortgage Recording Tax
 RPT = Real Property Tax
 STX = Sales Tax
 UTX = Utility Tax

Tax Action	Tax	Legal Citation	Effective Date
1990			
Increase in hotel tax rate from 5% to 6%	HTX	Chapter 342, Laws of 1990, Local Law 43 of 1990	9/1/90
Increase in mortgage recording tax rates	MRT	Chapter 343, Laws of 1990, Local Law 44 of 1990	8/1/90
Imposition of 12.5% PIT surcharge	PIT	Chapter 344, Laws of 1990, Local Law 42 of 1990	TY90
1991			
Real property tax rate increase for "Safe Streets, Safe City" Program	RPT	City Council Resolution, 1/22/91	FY91
Additional real property tax rate increase	RPT	City Council Resolution, 7/1/91	FY92
12.5% PIT surcharge extended and dedicated to "Safe Streets, Safe City" program	PIT	Chapter 6, Laws of 1991, Local Law 15 of 1991	TY92
STX imposed on telephone answering services	STX	Chapter 166, Laws of 1991	9/1/91
STX imposed on pre-written computer software	STX	C. 166	9/1/91
STX imposed on shipping and delivery charges	STX	C. 166	9/1/91
Imposition of 14% PIT surcharge	PIT	Chapter 272, Laws of 1991, Local Laws 64, 77 of 1991	TY91
1993			
Partial CRT credit for annual rent between \$11,000-\$13,999	CRT	Local Law 57 of 1993	6/1/93
Increase in CRT taxable threshold from \$11,000 to \$21,000 annual rent	CRT	LL 57	6/1/94

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Tax Action	Tax	Legal Citation	Effective Date
1994			
50% rate reduction for qualifying transfers to newly organized REITs	RPTT	Chapter 170, Laws of 1994	6/9/94
Hotel tax rate reduction from 6% to 5%	HTX	Local Law 21 of 1994	12/1/94
Increase in CRT taxable threshold from \$21,000 to \$31,000 annual rent	CRT	Local Law 22 of 1994	6/1/95
UBT Technical Reform:			
o Allow entity earning up to \$25,000 in gross income to retain "self-trading" exemption	UBT	Chapter 485, Laws of 1994	TYs BOOA 7/1/94
o Conform UBT treatment of investment income to GCT rules	UBT	C. 485	TYs BOOA 7/1/94
o Replace partnership-level exemption with partner-level credit	UBT	C. 485	TYs BOOA 7/1/94
o Allow real estate exemption even though other income earned	UBT	C. 485	TYs BOOA 7/1/94
1995			
Lower Manh commercial revitalization program established		Chapter 4, Laws of 1995	4/1/95
Increase in CRT taxable threshold from \$31,000 to \$40,000 annual rent	CRT	Local Law 57 of 1995	9/1/95
CRT eliminated above 96 St in Manhattan and in other boroughs	CRT	LL 57	9/1/95
CRT effective rate reduction from 6% to 5.1%	CRT	LL 57	3/1/96
CRT effective rate reduction from 5.1% to 4.5%	CRT	LL 57	6/1/96
Repeal City sales tax on interior decorating and design	STX	Chapters 297,298, Laws of 1995	12/1/95
Senior Citizen Homeowner Exemption (SCHE) extended to co-op owners	RPT	Chapter 406, 407, Laws of 1995	FY97
Industrial and Commercial Incentive Program (ICIP) revised and extended -- renovations and "smart" bldgs. in Manh.; deeper industrial benefit provided	RPT	Chapter 661, Laws of 1995, Local Law 58 of 1995	7/1/95 [new benefits]
1996			
Amendments to SCHE related to co-op owners	RPT	Chapter 49, Laws of 1996, Local Laws 1,40 of 1996	FY97
UBT Reforms			
o Self-trading exemption expanded to cover modern activities	UBT	Chapter 128, Laws of 1996	TYs BOOA 1/1/96
o "Principally engaged" test established for self-trading exemption	UBT	C. 128	TYs BOOA 1/1/96
o Allow carry forward of partner-level credit	UBT	C. 128	TYs BOOA 1/1/96
UBT small business credit increased from \$600 to \$800; partial credit for liability \$801-\$999 (credit increased to \$1000 for TYs BOOA 1/1/97)	UBT	C. 128	TYs BOOA 1/1/96
Co-op and Condo tax abatement established	RPT	Chapter 273, Laws of 1996	FY97
Sales tax holiday for clothing purchases under \$500	STX	Chapter 309, Laws of 1996	1/18 - 1/24/97
50% transfer tax rate reduction for qualifying transfers between 7/13/96 and 8/31/99 to preexisting REITs; prior temporary rate reduction for transfers to newly organized REITs made permanent	RPTT	C. 309	7/13/96
City sales tax exemption for production items	STX	Chapter 366, Laws of 1996	9/1/96
Lower Manh commercial revitalization program amended		Chapter 472, Laws of 1996	7/1/96
Reform of "income-plus-compensation" GCT base	GCT	Chapter 625, Laws of 1996	TYs BOOA 7/1/99; fully effective
Repeal of "regular-place-of-business" requirement	GCT,UBT	C. 625	TYs BOOA 7/1/96
Manufacturers allowed to double-weight receipts factor	GCT,UBT	C. 625	TYs BOOA 7/1/96

Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax	Legal Citation	Effective Date
1997			
City PIT rates reduced under STAR Program	PIT	Chapter 389, Laws of 1997	TYs BOOA 1/1/99; phased in over 3 years
City PIT credit allowed under STAR Program	PIT	C. 389	TYs BOOA 1/1/98; phased in over 4 years
Increase in CRT taxable threshold from \$40,000 to \$100,000 annual rent; partial credit provided for rent betw. \$100,000-\$139,999	CRT	Local Law 63 of 1997	6/1/97
CRT effective rate reduction from 4.5% to 3.9%	CRT	LL 63	9/1/98
Veterans' exemption extended to co-op owners	RPT	Chapter 171, Laws of 1997, Local Law 68 of 1997	FY99
Sales tax holiday for clothing purchases under \$100	STX	C. 389	9/1 - 9/7/97
UBT small business credit increased from \$1,000 to \$1,800; partial credit for liability \$1,801-\$3,199	UBT	Chapter 481, Laws of 1997	TYs BOOA 1/1/97
NYC residents allowed a partial PIT credit for UBT paid	PIT	C. 481	TYs BOOA 1/1/97
Lower Manh commercial revitalization program amended and extended		Chapter 629, Laws of 1997	9/17/97
City sales tax exemption for theatrical productions	STX	Chapter 670, Laws of 1997	3/1/98
Sales tax holiday for clothing purchases under \$500	STX	Chapter 687, Laws of 1997	1/17 - 1/23/98
Annual vault charge repealed		Local Law 47 of 1997	TYs BOOA 6/1/98
Coin-operated amusement devices tax repealed		Local Law 48 of 1997	TYs BOOA 8/1/97
1998			
Sales tax holiday for clothing purchases under \$500	STX	Chapter 56, Laws of 1998	9/1 - 9/7/98
Sales tax holiday for clothing purchases under \$500	STX	C. 56	1/17 - 1/24/99
Sales tax exemption for college textbooks	STX	C. 56	6/1/98
Sales tax exemption for computer hardware used to develop computer software	STX	C. 56	6/1/98
Sales tax exemption for telecommunications equipment expanded	STX	C. 56	9/1/98
Lower Manh commercial revitalization program technical amendments		Chapter 468, Laws of 1998	9/17/97
1999			
12.5% "Safe Streets, Safe City" PIT surcharge expires	PIT		TY99
Nonresident earnings tax repealed	PIT	Chapter 5, Laws of 1999	7/1/99
ICIP benefits extended	RPT	Chapter 143, Laws of 1999, Local Law 44 of 1999	1/1/99
Co-op and condo tax abatement extended	RPT	Chapter 407, Laws of 1999	FY00
Sales tax holiday for clothing purchases under \$500	STX	C. 407	9/1 - 9/7/99
Sales tax holiday for clothing purchases under \$500	STX	C. 407	1/15 - 1/21/00
Permanent NYS sales tax exemption for clothing under \$110; City Council resolution passed to include NYC local tax	STX	C. 407	3/1/00
Sales tax exemption for certain cable tv and telecommunications equipment	STX	C. 407	3/1/01
Sales tax exemption for computer hardware used to develop Internet websites	STX	C. 407	3/1/01
50% transfer tax rate reduction for qualifying transfers to pre-existing REITs extended to 8/31/02	RPTT	C. 407	9/1/99

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Tax Action	Tax	Legal Citation	Effective Date
2000			
Special UBT and Bank Tax allocation rules adopted for mutual fund management fees	UBT,BTX	Chapter 63, Laws of 2000	TYs BOOA 1/1/01
Sales tax exemption for equipment used by Internet data center operators (web site operators)	STX	C. 63	9/1/00
Sales tax exemption for telecommunications and cable tv service providers expanded	STX	C. 63	9/1/00
Sales tax exemption for broadcasters' production and transmission equipment	STX	C. 63	9/1/00
Sales tax phased-out on energy distribution sold separately from commodity	STX	C. 63	9/1/00
PIT 14% surcharge reduced	PIT	Chapter 184, Laws of 2000 Local Laws 68 of 2000, 37 of 2001	TY01
ICIP revisions to encourage development in "commercial revitalization areas"	RPT	Chapter 261, Laws of 2000, Local Law 42 of 2001	7/1/00
New commercial revitalization program for designated areas in NYC		C. 261	7/1/00
City sales tax exemption provided for energy used in production	STX	Chapter 472, Laws of 2000	11/1/00
2001			
Increase in CRT taxable threshold from \$100,000 to \$150,000 annual rent; partial credit provided for rent betw. \$150,000-\$189,999	CRT	Local Law 6 of 2001	12/1/00
"In progress" exemption period expanded to 3 yrs for certain commercial construction	RPT	Local Law 35 of 2001	Constr commenced aft 1/5/00
Increase in CRT taxable threshold from \$150,000 to \$250,000 annual rent; partial credit provided for rent betw. \$250,000-\$300,000	CRT	Local Law 38 of 2001	6/1/01
Lower Manh commercial revitalization program extended		Chapter 118, Laws of 2001	4/1/01
Co-op and condo tax abatement extended	RPT	Chapter 294, Laws of 2001	FY02
2002			
Special mid-year real property tax increase to offset budget gap	RPT	Local Law 40 of 2002	1/1/03
Persons killed in 9-11 attacks exempted from personal income tax	PIT	Chapter 85, Laws of 2002	TYs 00,01
Sales tax holidays in Lower Manhattan for purchases under \$500	STX	C. 85, City Council Resol. 278	6/9-6/11, 7/9-7/11, 8/20-8/22/02
50% transfer tax rate reduction for qualifying transfers to pre-existing REITs extended to 8/31/05	RPTT	C. 85	9/1/02
City business tax depreciation rules partially uncoupled from 2002 federal amendments	GCT,BTX, UBT	Chapter 93, Laws of 2002, Local Law 17 of 2002	TYs EOOA 9/10/01
City cigarette tax increased from 8 cents to \$1.50 per pack	CT	C. 93, Local Law 10 of 2002	7/2/02
City utility tax treatment of mobile telecommunications services revised	UTX	C. 93	TYs BOOA 8/1/02

Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax	Legal Citation	Effective Date
2003			
Three-year City personal income tax surcharge imposed on joint filers and surviving spouses with taxable income exceeding \$150,000, heads of households with taxable income over \$125,000 and singles and married persons filing separately with taxable income over \$100,000; higher surcharge rate imposed on all taxpayers with taxable income over \$500,000	PIT	Chapter 63, Laws of 2003, Local Law 41 of 2003	TY's 2003, 2004, 2005
City sales tax rate temporarily increased by .125% (to 4.125%)	STX	C. 63, Local Law 35 of 2003	6/4/03--5/31/05
Sales tax exemption for clothing and footwear purchases under \$110 temporarily suspended	STX	Chapter 62, Laws of 2003	6/1/03--5/31/04
Sales tax holidays declared for clothing and footwear purchases under \$110	STX	C. 62 and 63, NYC Council Resolution 937 of 2003	8/26--9/1/03 and 1/26-- 2/1/04
25% surcharge imposed on real estate tax bills for Class 1 (1- to 3-family homes) rental properties not the primary residence of the owner or the owner's parent or child [Note: Local Law 6 of 2004 delayed the surcharge until FY 2007.]	RPT	C. 63, Local Law 47 of 2003	FY 2004
Industrial and commercial incentive program extended	RPT	Chapter 103, Laws of 2003, Local Law 48 of 2003	7/1/03
J-51 exemption program extended	RPT	Chapter 418, Laws of 2002, Local Law 16 of 2003	2/28/03
Certain intangible asset-related transactions between related entities disregarded for City general and banking corporation, unincorporated business and personal income tax purposes	GCT, BTX, UBT, PIT	C. 63, Chapter 686, Laws of 2003	TYsBOOA 1/1/03
Three-month amnesty program established for City-administered income and non-property excise taxes		C. 63	10/20/03--1/23/04
City's commercial revitalization program and commercial expansion program extended		Chapter 440, Laws of 2003	7/1/03
2004			
Hotel room occupancy fee of \$1.50 per room per day imposed to help fund Javits Convention Center expansion	HTX	Chapter 3, Laws of 2004	4/1/05
Real property tax abatement of \$400 for owners of 1- to 3-family homes and coop and condo apts occupied as owner's primary residence	RPT	Chapter 60, Laws of 2004, Local Law 40 of 2004	FY's 2004, 2005, 2006
Coop and condo tax abatement extended for four years	RPT	Chapter 97, Laws of 2004	FY 2005
Absentee landlord surcharge on 1- to 3-family homes (enacted in 2003) delayed until FY 2007	RPT	Local Law 6 of 2004	FY 2004
Earned income tax credit equal to 5 percent of Federal credit adopted	PIT	C. 60	TYs BOOA 1/1/04
Extension of temporary suspension of sales tax exemption for clothing and footwear items under \$110	STX	C. 60, Chapters 101, 120, Laws of 2004	6/1/04 - 5/31/05
Sales tax holidays declared for clothing and footwear purchases under \$110	STX	C. 60, 101, 120	8/31/04-9/6/04 1/31/05-2/6/05
Relocation and Employment Assistance Program (REAP) extended and expanded to include certain relocations to lower Manhattan	BTX,GCT, UBT,UTX	Chapter 143, Laws of 2004	7/1/03
Expiring banking corporation tax provisions extended	BTX	C. 60	
5 percent film production credit adopted for eligible production costs related to NYC productions	GCT,UBT	C. 60, Chapter 745, Laws of 2004, Local Law 6 of 2005	TYs BOOA 1/1/05
Mortgage recording tax extended to certain transactions involving wrap-around mortgages and spreader agreements	MRT	C. 60, 745	1/17/05
NYC authorized to claim certain NYS tax overpayments as offsets against City tax debt	-	C. 60	8/20/04

Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax	Legal Citation	Effective Date
2005			
Retail space in Lower Manhattan used for sale of tangible goods exempted from commercial rent tax	CRT	Chapter 2, Laws of 2005	12/1/05
Other Lower Manhattan commercial rent tax/sales tax benefit programs enacted/expanded	CRT,STX	C. 2	Various
Additional firms made eligible for Lower Manhattan Relocation and Employment Assistance Program (REAP) credit	BTX,GCT,UBT,UTX	C. 2	LM premises acquired after 6/30/05
Energy cost savings program and Lower Manhattan energy program extended until 7/1/07	UTX	C. 2	6/30/05
Commercial rent tax special reduction benefit extended to industrial/mfg space in Special Garment Center District	CRT	Chapter 727, Laws of 2005	Leases commencing after 6/30/05
Commercial expansion program abatement benefits liberalized for industrial and manufacturing tenants	RPT	C. 727	Leases commencing after 6/30/06
Relocation costs credit allowed for moves by industrial/mfg firms to industrial business zones	GCT,UBT	Chapter 635, Laws of 2005	TYs BOOA 1/1/06
Real property tax payment rules revised	RPT		6/6/05
Senior citizen rent increase exemption program (SCRIE) extended to disabled persons	RPT	Chapter 188, Laws of 2005, Local Law 76 of 2005	10/10/05
SCRIE income eligibility ceiling increased	RPT	Chapter 205, Laws of 2005, Local Law 75 of 2005	7/1/05
Assessment increases limited for additions and improvements to multiple dwellings with fewer than 11 units	RPT	Chapter 711, Laws of 2005	Rolls completed in 2005 and later years
Unincorporated business tax rules revised to conform to general corporation tax	UBT,UTX	Chapter 633, Laws of 2005	Various
Clothing/footwear items under \$110 exempted from City sales tax	STX	Chapter 285, Laws of 2005	9/1/05
Various City taxes and higher tax rates extended	PIT,CT,STX,GCT	Chapter 636, Laws of 2005	8/30/05
Metered sales to tenants of cogeneration facility energy produced by large cooperative housing developments exempted from utility tax	UTX	Local Law 88 of 2005	1/1/06
State Tax Department permitted to seek offset of City tax refunds against State tax debt	Various	Chapter 61, Laws of 2005	4/12/05
State's Tax Shelter Voluntary Compliance Initiative includes City personal income tax	PIT	C. 61, Chapter 63, Laws of 2005	10/1/05
2006			
Commissioner of Finance authorized to require electronic filing of real estate tax income and expense statements and transfer tax returns	RPT, RPTT	Chapter 385, Laws of 2006	7/26/06
Uniform application filing deadline of March 15 established for real estate tax exemptions	RPT	Chapter 531, Laws of 2006	8/16/06
New York State real estate tax rebate program adopted for homeowners eligible for school tax relief (STAR) exemption	RPT	Chapters 105, 109, Laws of 2006	Beginning in 2006
Income ceiling increased for senior citizen homeowner exemption (SCHE) program	RPT	Chapter 186, Laws of 2006, Local Law 42 of 2006	Rolls completed in 2007 and later years
Income ceiling increased for disabled homeowner exemption (DHE) program	RPT	Chapter 187, Laws of 2006, Local Law 41 of 2006	Rolls completed in 2007 and later years
Commercial expansion program rules modified	RPT	Chapter 403, Laws of 2006	7/1/05
J-51 exemption/abatement program extended	RPT	Chapter 244, Laws of 2006	7/26/06
421-a exemption program revised	RPT	Local Law 58 of 2006	12/28/07
Absentee landlords' real estate tax surcharge repealed before taking effect	RPT	Local Law 27 of 2006	7/1/06
Standard deduction increased for married couples	PIT	Chapter 62, Laws of 2006	TYsBOOA 1/1/06
School tax relief (STAR) credit increased	PIT	C. 105, 109	TYsBOOA 1/1/06
Reduced tax rates for qualifying real estate investment trust transfers extended	RPTT	C. 62	9/1/05
Expiring banking corporation tax provisions extended	BCT	C. 62	4/28/06
Film production credit extended and annual cost cap increased	GCT, UBT	C. 62, Local Law 24 of 2006	7/11/06

Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax	Legal Citation	Effective Date
2007			
Clothing and footwear fully exempted from City sales tax	STX	Chapter 82, Laws of 2007	9/1/07
Homeowners' \$400 real estate tax rebate program extended for three years	RPT	Chapter 483, Laws of 2007, Local Law 40 of 2007	FY's 2007, 2008, 2009
Alternative general corporation tax based on income plus compensation reduced over three years	GCT	Chapter 491, Laws of 2007	TYBOOA 1/1/07
Alternative general corporation taxes based on income plus compensation and capital eliminated for small corporations	GCT	C. 491	TYBOOA 1/1/07
Small corporations permitted to use NYS entire net income in calculating general corporation tax liability	GCT	C. 491	TYBOOA 1/1/07
Allowance for proprietor's and partner's services increased	UBT	C. 491	TYBOOA 1/1/07
Expiring banking corporation tax provisions extended for two years	BTX	Chapters 60, 96, Laws of 2007	TYBOOA 1/1/08
Household and dependent care credit adopted	PIT	Chapter 484, Laws of 2007	TYBOOA 1/1/07
Credit for UBT payments increased to maximum of 100% and minimum of 23% based on income	PIT	Local Law 35 of 2007	TYBOOA 1/1/07
School tax relief (STAR) credit increased	PIT	Chapter 57, Laws of 2007	TYBOOA 1/1/07
Nonprofits allowed real property tax exemption as of date property acquired	RPT	Chapter 482, Laws of 2007	8/1/07
New York State "Middle Class STAR" rebate program adopted for local real estate taxes	RPT	Chapter 57, Laws of 2007	2006-2007 school year
Section 421-a multiple dwelling exemption program revised	RPT	Chapters 618, 619, 620, Laws of 2007	12/28/07
Industrial and commercial incentive program extended	RPT	Chapter 92, Laws of 2007, Local Law 41 of 2007	7/1/07
Lower Manhattan commercial revitalization program extended	RPT, CRT	Chapter 60, Laws of 2007	4/1/07
Deadlines for meeting certain relocation and employment assistance program (REAP) requirements extended	BTX, GCT, UBT, UTX	Chapters 417, 497, Laws of 2007	8/1/07
Energy cost savings program and Lower Manhattan energy program extended until 7/1/10	UTX	Chapter 255, Laws of 2007	7/1/07
2008			
Coop/condo tax abatement program extended for four years	RPT	Chapter 109, Laws of 2008	FY 2009
Industrial and Commercial Incentive Program replaced by Industrial and Commercial Abatement Program	RPT	Chapters 119, 138, Laws of 2008, Local Law 47 of 2008	7/1/08
Midyear real estate tax increase authorized	RPT	Local Laws 66 of 2008 and 2 of 2009	1/1/09
"Green roof" tax abatement program adopted	RPT	Chapter 461, Laws of 2008	FY 2010
Solar electric generating system tax abatement program adopted	RPT	Chapter 473, Laws of 2008	FY 2010
Federal qualified production activity income (QPAI) deduction disallowed for City tax purposes	BTX, GCT, PIT	Chapter 57, Laws of 2008	TYBOOA 1/1/08
Relocation and employment assistance programs (REAP) extended	BTX, GCT, UBT, UTX	Chapter 131, Laws of 2008	7/1/08
Scheduled increases in school tax relief (STAR) credit delayed for one year and credit disallowed for filers with income over \$250,000	PIT	C. 57	TYBOOA 1/1/08
City sales tax authorization restored upon sunseting of tax imposed to secure repayment of MAC obligations	STX	C. 57	8/1/08
State and local sales tax collection required by out-state sellers with in-state referrers of customers	STX	C. 57	4/23/08
Hotel tax rate temporarily raised to 5.875 percent	HTX	Local Law 65 of 2008	3/1/09
Reduced rates for qualifying real estate investment trust (REIT) transfers extended	RPTT	Chapter 416, Laws of 2008	9/1/08
Expiring tax authorizations extended for three years	CT, GCT, PIT, STX	Chapter 525, Laws of 2008	9/4/08

Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax	Legal Citation	Effective Date
2009			
City sales tax rate increased from 4% to 4.5%	STX	Chapter 200, Laws of 2009	8/1/09
City sales tax exemption on clothing and footwear conformed to State exemption covering only items costing under \$110	STX	C. 200	8/1/09
Unincorporated business tax credit increased: full credit if tax not over \$3400; partial credit if tax between \$3401 and \$5399	UBT	Chapter 183, Laws of 2009	TYBOOA 1/1/09
Various City tax provisions conformed to State tax provisions, including:			
• 10-year phase-in of single receipts factor allocation formula	GCT, UBT	Chapter 201, Laws of 2009	TYBOOA 1/1/09
• mandatory combined returns where substantial intercompany transactions exist	GCT, UBT	C. 201	TYBOOA 1/1/09
• required combination for "captive" REITs/RICs	GCT, BTX	C. 201	TYBOOA 1/1/09
• cap on alternative tax on capital raised to \$1 million	GCT	C. 201	TYBOOA 1/1/09
• fixed-dollar minimum tax to be based on gross receipts	GCT	C. 201	TYBOOA 1/1/09
• alien banks subject to taxable assets alternative tax base	BTX	C. 201	TYBOOA 1/1/11
• banks allowed net operating loss carryforward deduction	BTX	C. 201	Losses after 2008
• special receipts sourcing rules adopted for broker/dealers	GCT, UBT	C. 201	TYBOOA 1/1/09
• City voluntary disclosure and compliance program adopted	Various	C. 201	7/11/09
• income and excise tax criminal penalties revised	Various	C. 201	7/11/09
Room remarketers required to collect hotel tax on markups	HTX	Local Law 43 of 2009	9/1/09
City sales tax imposed on electric and gas transmission services	STX	C. 200	8/1/09
State/City sales tax imposed on limousine services	STX	Chapter 57, Laws of 2009	6/1/09
City school tax reduction (STAR) credit reduced	PIT	C. 57	TYBOOA 1/1/09
Middle Class STAR Rebate Program repealed	RPT	C. 57	2009-2010 school year
Small biotechnology firms allowed credit for certain R&D and training costs	GCT, UBT	Chapter 453, Laws of 2009, Local Law 67 of 2009	TYs 2010, 2011, 2012
2010			
Additional bracket added to City personal income tax rate schedule; 3.876% rate on taxable income over \$500,000	PIT	Chapter 57, Laws of 2010	TYBOOA 1/1/10
Total itemized deductions for taxpayer with AGI over \$10 million limited to 25% of federal charitable contribution deduction	PIT	C. 57	TY's 2010, 2011, 2012
Hotel room remarketers' markup made subject to State/City sales tax	STX	C. 57	9/1/10
City clothing/footwear sales tax exemption temporarily reduced	STX	C. 57	4/1/11
Bank bad debt deduction conformed to federal deduction	BTX	C. 57	TYBOOA 1/1/10
Expiring bank tax provisions extended for one year	BTX	Chapters 24, 67, Laws of 2010	TYBOOA 1/1/10
STAR exemption eliminated for homeowners with incomes above \$500,000	RPT	C. 57	2011-2012 school year