

**CITY OF NEW YORK  
DEPARTMENT OF FINANCE**

**Regulatory Agenda for Fiscal Year 2006**

In compliance with section 1042 of the New York City Charter, the following is the regulatory agenda for rules that the Department of Finance anticipates that it may promulgate during the fiscal year beginning July 1, 2005 and ending June 30, 2006.

An approximate schedule for adopting the proposed rules and the name and telephone number of a Department of Finance official knowledgeable about each subject area involved are listed below each section.

**1. AMENDMENTS TO GENERAL CORPORATION TAX RULES**

Pursuant to chapter 6, subchapter 2 of title 11 of the Administrative Code, the General Corporation Tax is imposed on every domestic or foreign corporation for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office in the City of New York. Corporations subject to the tax will be subject to these rules. The Department intends to amend these rules to reflect legislative changes, court decisions and existing departmental policies not presently addressed by the rules and to eliminate obsolete provisions. The Department anticipates that the remainder of these changes will be completed during the coming fiscal year.

Second half of fiscal year 2006  
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The Department is participating in a project with the New York State Department of Taxation & Finance and outside participants to develop guidelines for treating items of income, gain, loss, deduction and credits flowing through to a corporate partner from a partnership. When that project is completed, the Department will amend the General Corporation Tax rules to reflect the results of that project.

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**2. AMENDMENTS TO UNINCORPORATED BUSINESS TAX RULES**

Pursuant to chapter 5 of title 11 of the Administrative Code, the Unincorporated Business Tax is imposed on unincorporated businesses carried on in the City of New York. Individuals and unincorporated entities are subject to these rules. The Department

intends to amend these rules to reflect legislative changes and existing departmental policies not presently addressed by the rules and to eliminate obsolete provisions. The Department anticipates that due to the scope of this project, the rules will be amended in stages, several of which were completed in prior fiscal years but the remainder of which may not be completed during the coming fiscal year. The Department also intends to amend those sections of the rules relating to the treatment of employees' wages for purposes of the payroll percentage component of the formula allocation method, and those sections of the rules relating to the definition of a partner. In addition, the Department anticipates proposing rules relating to the treatment by corporate and unincorporated partners of their distributive share of items of income, gain, loss, deduction, and capital from partnerships.

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### **3. AMENDMENTS TO REAL PROPERTY TRANSFER TAX RULES**

Pursuant to chapter 21 of title 11 of the Administrative Code, the Real Property Transfer Tax is imposed on transfers of real property or economic interests therein located in New York City. The rules contain provisions governing the application of the tax to transfers in connection with mortgage foreclosures and transfers in lieu of foreclosure. The New York State Department of Taxation and Finance made substantial changes to its regulations governing the New York Real Estate Transfer Tax governing those transactions in 1994. The Department intends to amend the provisions of the RPTT governing mortgage foreclosures and deeds in lieu of foreclosures and related transactions to more closely conform to the treatment of those transactions under the New York State Real Estate Transfer Tax.

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Sections 302 through 307 of chapter 170 of the Laws of 1994 amended the State enabling law authorizing the imposition of the Real Property Transfer Tax and chapter 21 of the Administrative Code to provide for temporary tax rate relief for qualifying real estate investment trust transfers. Chapter 309 of the Laws of 1996 further amended the State enabling law and the Administrative Code to make tax rate relief for qualifying real estate investment trust transfers permanent. Chapter 85 of the Laws of 2002 made technical corrections to those provisions. The Department intends to amend all those sections of the Rules Relating to the Real Property Transfer Tax that are affected by the enactment of the real estate investment trust transfer provisions.

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**4. AMENDMENTS TO REAP RULES**

Pursuant to chapter 6-B of Title 22 of the Administrative Code, the Relocation and Employment Assistance Program provides for credits against the GCT, UBT, Bank Tax and Utility Tax for eligible businesses that relocate to eligible premises in New York City in areas other than Manhattan south of 96th Street. The Department intends to amend these rules to reflect legislative changes and to address certain issues pertaining to multiple relocations pursuant to the Commissioner's statutory discretion, if necessary.

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**5. AMENDMENTS TO COMMERCIAL RENT TAX RULES**

Chapter 7 of Title 11 of the Administrative Code imposes a tax on the amount of base rent paid by tenants of commercial premises located in New York County south of the center line of 96th Street. Local Law 57 of 1995 amended section 11-704 of the Administrative Code to provide a one-year exemption from the Commercial Rent Tax for the first year of a theatrical production. The Department intends to amend the rules relating to the tax to clarify how this exemption applies under various circumstances.

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**6. PROMULGATE RULES RELATING TO DISTRIBUTION OF VOTER REGISTRATION FORMS**

For the purpose of providing wider distribution of voter registration forms, Local Law 29 of 2000 added a new section 1058 to the New York City Charter to require that certain City agencies distribute voter registration forms to agency clients when they first apply for services or when they rectify or change their address. Completion of voter registration forms is voluntary. The law authorizes City agencies to adopt rules as may be necessary to implement the law.

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**7. AMENDMENTS TO RULES RELATING TO PARKING VIOLATIONS**

The Department plans to update the list of agencies that are authorized to issue parking summonses to ensure that the names of such agencies are accurate in light of renaming and reorganizations that have occurred in recent years.

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Alan Roth (718) 403-3600

**8. AMENDMENTS TO RULES RELATING TO REFUNDS OF REAL PROPERTY TAXES**

The Department plans to amend these rules to conform with changes in policy and the availability of requesting refunds via the Department's website. The changes are intended to simplify the procedure for obtaining refunds, and the amendments will apply to any party seeking to obtain a refund of overpayments of real property taxes or property-related charges.

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**9. PROMULGATE RULES RELATING TO THE VALUATION OF REAL PROPERTY**

The Department plans to promulgate new rules concerning the methodology used in the valuation of real property for real property taxation. The rules may include provisions for consistency in methodology used in determining building size, the manner in which capitalization rates are set and the manner in which income and expense information is used in valuation of real property.

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**10. UPDATE OF OUTDATED REFERENCES IN AGENCY RULES**

The Department plans to review all its rules to revise outdated references, which include changes to agency unit names and addresses.

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**11. AMENDMENT TO RULES RELATING TO FEES CHARGED BY THE DEPARTMENT OF FINANCE**

The Department intends to amend these rules as needed to reflect fees charged by the agency, including conforming the rules with legislation that authorized an increase in the fee imposed for a dishonored check that was tendered to pay a City tax or charge. General Municipal Law §85 was amended to authorize cities to charge a fee of up to \$20.00 for a dishonored check. The law had previously authorized a fee of up to \$15.00. These rules will be amended to conform with the increase which was enacted by Executive Order.

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**12. AMENDMENTS TO RULES RELATING TO THE INDUSTRIAL AND COMMERCIAL INCENTIVE PROGRAM**

The Industrial and Commercial Incentive Program (“ICIP”), enacted by Local Law 71 of 1984, provides for partial exemption or deferral of taxation on eligible industrial or commercial buildings that are constructed, modernized, rehabilitated, expanded or otherwise physically improved.

The Department plans to amend its rules to conform with recent legislative changes and changes in Department policy. This includes changes pursuant to commercial revitalization legislation and, if enacted legislatively, changes to streamline the application process.

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Bruce Brasky (212) 361-6705

**13. AMENDMENTS TO RULES RELATING TO THE FILING OF INCOME AND EXPENSE STATEMENTS**

The Department intends to amend these rules, which pertain to the requirement of Administrative Code §11-208.1 that owners of income producing property annually file income and expense statements. These amendments will concern electronic filing of income and expense statements, contesting penalties for failure to file, and departmental policy changes.

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/s/Martha E. Stark  
Commissioner of Finance