

**CITY OF NEW YORK
DEPARTMENT OF FINANCE**

Regulatory Agenda for Fiscal Year 2007

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, 2006 and ending June 30, 2007.

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.

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The Department is participating in a project with the New York State Department of Taxation and 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. LMREAP RULES

Pursuant to chapter 6-C of Title 22 of the Administrative Code, the Lower Manhattan 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 lower Manhattan. The Department intends to promulgate rules to provide guidance to taxpayers with respect to this program.

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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 streamline the rules to make them easier to understand and to update the rules to conform with current practices. The amendments will apply to any party that incurred a parking violation in New York City.

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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. 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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10. 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 streamline its rules and make them more accessible, and to amend them to conform with recent legislative changes and changes in Department policy.

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11. PROMULGATE RULES RELATING TO THE DISABILITY RENT INCREASE EXEMPTION (DRIE) PROGRAM

Local Law 75 of 2005 enacted the DRIE program, under which qualifying disabled tenants receive an exemption from rent increases otherwise authorized on rent regulated properties, and the owners of affected properties receive an abatement of real property taxes in an amount equal to the rent increase exemption. These new rules will be promulgated to explain aspects of the recently enacted program. The rules will include a definition of “aggregate household disposable income” with respect to the amount under which the combined income of the tenants in an apartment must fall if the apartment is to be eligible for the exemption.

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12. PROMULGATE RULES RELATING TO THE SENIOR CITIZEN RENT INCREASE EXEMPTION (SCRIE) PROGRAM

Under the SCRIE program, qualifying senior citizen tenants receive an exemption from rent increases otherwise authorized on rent regulated properties, and the owners of affected properties receive an abatement of real property taxes in an amount equal to the rent increase exemption. As administration of the SCRIE program is transferred to the Department of Finance from the Department for the Aging, the Department of Finance will determine what rulemaking may be necessary for administration of the program.

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13. AMENDMENT 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. This amendment will concern the application of the annual filing requirement to owners of power plants.

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14. PROMULGATE RULES RELATING TO BIDDERS IN TAX FORECLOSURE SALES

Section 11-354 authorizes the City to maintain an action in the State Supreme Court to foreclose unpaid tax liens on real property in the City of New York. This law was amended in 1996 to authorize the Commissioner of Finance, in consultation with the Commissioner of Housing Preservation and Development, to promulgate rules to establish guidelines for who may be deemed a responsible bidder for purposes of purchasing a property from the City following foreclosure under this law. The Department may promulgate such rules in fiscal year 2007.

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/s/Martha E. Stark
Commissioner of Finance