

**NEW YORK STATE AND NEW YORK CITY LEGISLATIVE  
SUMMARY FOR THE YEAR 2006**

**NEW YORK CITY DEPARTMENT OF FINANCE**

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**Prepared by the Office of Tax Policy**

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## **NEW YORK STATE AND NEW YORK CITY LEGISLATIVE SUMMARY FOR THE YEAR 2006**

The following are brief summaries of New York State and New York City laws enacted during 2006 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. In addition, beginning on page 14 is a chronological listing, starting with 1990, of selected legislative enactments affecting City taxes.

### **REAL PROPERTY TAX**

#### **Class Share Adjustment Limited for City's FY 2007 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 that each class must bear) 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 2007, the five-percent limit on increases has been reduced to two percent. The measure provides for the issuance of revised real estate tax bills for FY 2007 in place of the bills mailed prior to its enactment.

- Chapter 419, NYS Laws of 2006

#### **Electronic Filing and Public Disclosure Authorized For Income and Expense Statements Used in Assessing Realty and Real Property Transfer Tax Returns**

The Commissioner of Finance has been authorized to adopt rules to require owners of income-producing real property to file electronically the income and expense statements that must be submitted to the Department of Finance annually for assessment purposes. The Commissioner has also been empowered to adopt rules to require electronic filing of City real property transfer tax returns. Where good cause exists, these electronic filing requirements may be waived.

While the disclosure of information contained in income and expense statements is generally prohibited, statutory exceptions have been added that permit public disclosure of aggregate income and expense data on Class Four (commercial) properties (but without identifying information on individual leases) and income and expense information within ranges on Class Two (residential) properties. In addition, the secrecy provision of the real property transfer tax law has been eliminated with respect to tax return information (other than social security numbers) relating to transfers occurring on or after January 1, 2003. Under legislation passed in 2002, information about conveyances of real estate by deed occurring after 2002 were made subject to public

disclosure. The current amendment has the effect of allowing public disclosure of information concerning cooperative apartment and other economic interest transfers.

- Chapter 385, NYS Laws of 2006

### **Uniform Application Filing Deadline Established For Various City Real Estate Tax Exemption Programs**

A uniform filing deadline of March 15 each year has been established for filing applications for the following City real estate tax exemptions: the exemptions for veterans, persons with disabilities and members of the clergy, and the school tax relief (STAR) exemption. (The deadline for the senior citizen homeowner exemption was already March 15.) In addition, May 31 has been set as the deadline for filing an appeal from the denial in the City of an application for the STAR exemption.

- Chapter 531, NYS Laws of 2006

### **Local Property Tax Rebate Program Adopted For STAR-Eligible Homeowners**

Homeowners (including cooperative apartment owners) who are eligible for the basic or enhanced school tax relief (STAR) exemption under section 425 of the Real Property Tax Law will be entitled to a local property tax rebate each year, beginning in 2006, under a newly enacted program. The amount of the rebate is calculated under a statutory formula that takes into account each locality's school district tax rate and other factors. Senior citizens who are entitled to the enhanced STAR exemption will receive an enhanced rebate equal to the basic rebate amount multiplied by a factor of 1.67. Rebate checks are to be mailed each year by the State Department of Taxation and Finance. (Information about the rebate program is available at the Tax Department's web site—[www.tax.state.ny.us](http://www.tax.state.ny.us).) The law provides that if the State budget for any year fails to appropriate funds to pay the rebates, a refundable State personal income tax credit, equal to the rebate amount, will be available for that year.

- Chapters 105 and 109 (Part F), NYS Laws of 2006

### **Registration as a Family Day Care Home Not to Affect Residential Parcel's Assessed Value**

In determining the assessed value, after 2006, of a parcel used for residential purposes, the fact that it is registered as a family day care home pursuant to section 390 of the State Social Services Law is to be disregarded.

- Chapter 319, NYS Laws of 2006

### **Increase in Income Ceiling Adopted Under Senior Citizen Homeowner Exemption Program**

New York City and other localities have been authorized to increase the income eligibility ceiling for purposes of the 50 percent senior citizen homeowner exemption (SCHE) under section 467 of the Real Property Tax Law. The permitted increase raises the ceiling from \$24,000 to \$26,000 beginning July 1, 2006, to \$27,000 beginning July 1, 2007, to \$28,000 beginning July 1, 2008 and to \$29,000 beginning July 1, 2009. The City has adopted local legislation to implement these increases, effective beginning with the 2007-2008 assessment roll. The local law includes revisions to the brackets of the declining exemption schedule (which provides an exemption ranging from 45 percent to 5 percent) to reflect the increases.

- Chapter 186, NYS Laws of 2006 and NYC Local Law 42 of 2006

### **Income Ceiling Increased Under Disabled Homeowner Exemption Program**

An increase, at local option, has been authorized in the income eligibility ceiling applicable to the exemption under section 459-c of the Real Property Tax Law for homeowners with qualifying physical or mental disabilities. Under this authorization, the ceiling may be increased from \$24,000 to \$26,000 beginning July 1, 2006, to \$27,000 beginning July 1, 2007, to \$28,000 beginning July 1, 2008 and to \$29,000 beginning July 1, 2009. Local legislation has been adopted by the City to implement these increases; it includes revisions to the brackets of the declining exemption schedule to reflect the increases and is effective beginning with the City's 2007-2008 assessment roll.

- Chapter 187, NYS Laws of 2006 and NYC Local Law 41 of 2006

### **Choice of Exemption Permitted Where Owners of Home Qualify for Disabled and Senior Citizen Exemptions**

When one owner of a home qualifies for the senior citizen homeowner exemption under section 467 of the Real Property Tax Law and another owner qualifies for the disabled homeowner exemption under RPTL section 459-c, beginning in 2007 the owners are given the option of choosing whichever exemption is more beneficial. (Formerly, the owners could be disqualified for both exemptions in these circumstances.)

- Chapter 174, NYS Laws of 2006 and NYC Local Laws 41 and 42 of 2006

### **Various Commercial Expansion Program Rules Modified**

The Commercial Expansion Program (codified in Title 4-A of the Real Property Tax Law) offers benefits to commercial, industrial and manufacturing tenants occupying qualifying space in designated areas of the City. The benefits are granted to building owners in the form of real estate tax abatements; the owners are required to pass the benefits along to their eligible tenants through rent reductions. Amendments made to the

program in 2005 (by Chapter 727, NYS Laws of 2005) eased certain requirements and enhanced benefits for new industrial and manufacturing tenants. Newly adopted legislation has modified a number of those amendments, retroactive to the July 1, 2005 effective date of Chapter 727. Among the 2006 changes is one providing that if at least 90 percent of the eligible space is used for industrial or manufacturing activities, an abatement will be allowed for 100 percent of the space; if at least 50 percent but less than 90 percent of the space is so used, only the space actually devoted to industrial or manufacturing uses will qualify. Another change makes mixed-use and government-owned buildings ineligible for the benefit available for industrial/manufacturing space. Various other changes are made to clarify and carry out the underlying purposes of the program.

- Chapter 403, NYS Laws of 2006

### **Lower Manhattan Abatement Benefits Extended to Private Schools**

The Lower Manhattan real estate tax abatement program, designed originally to provide lower rental costs to office and retail tenants, has been extended to cover tenants of premises occupied or used as private elementary or secondary schools.

- Chapter 280, NYS Laws of 2006

### **Lower Manhattan Tenants Evicted Due to Eminent Domain Eligible For Second Abatement Certificate**

A Lower Manhattan tenant that has qualified for rent reductions under the Lower Manhattan real estate tax abatement program, but whose lease is terminated as a result of a taking by eminent domain, will be eligible for program benefits in new Lower Manhattan eligible premises, provided the relocation to the new space occurs within 18 months from the termination of the original lease. This new provision is made retroactive to January 1, 2005.

- Chapter 424, NYS Laws of 2006

### **Exemption Extended For Rehabilitation of Single-Room Occupancy Housing**

Section 488-a of the Real Property Tax Law authorizes localities to provide tax exemptions and abatements for the rehabilitation of multiple dwellings used for single-room occupancy. The authorization for this program, which was set to expire on December 31, 2007, has been extended until the end of 2011. The deadline for commencing improvements has also been extended from December 31, 2007 to December 31, 2011.

- Chapter 609, NYS Laws of 2006

### **J-51 Exemption/Abatement Program For Rehabilitation of Multiple Dwellings Extended**

The real estate tax exemption and abatement program authorized under section 489 of the Real Property Tax Law, commonly known as the J-51 program, has been extended from June 1, 2007 to June 1, 2011, and the date by which a project must be completed to qualify for benefits has been extended from December 31, 2007 to December 31, 2011. J-51 benefits are available for certain residential conversions and alterations and improvements to multiple dwellings.

- Chapter 244, NYS Laws of 2006

### **Solar and Wind Energy System Exemption Extended**

A real property tax exemption for certain solar and wind energy systems has been extended to cover such systems constructed prior to January 1, 2011, rather than January 1, 2006.

- Chapter 129, NYS Laws of 2006

### **City's Tax Lien Sale Program Continued**

A program that authorizes the City Commissioner of Finance to enforce the collection of unpaid real estate taxes (and certain other municipal charges) through the sale of tax liens on the delinquent parcels, which had been set to expire on March 1, 2006, was continued until August 31, 2006.

- NYC Local Law 2 of 2006

### **Seriously Disabled Veterans' Exemption Extended to Veterans Eligible For Pecuniary Assistance From U.S.**

A seriously disabled veteran who has received pecuniary assistance from the United States government for the acquisition of a suitably equipped primary residence is eligible for a full exemption from real property taxation under section 458 of the Real Property Tax Law. As of January 1, 2007, this exemption is extended to a seriously disabled veteran who is eligible for such pecuniary assistance, whether or not he or she has actually received it. In addition, the exemption will apply where the assistance received is applied to the modification, as well as the acquisition, of a suitable housing unit.

- Chapter 46, NYS Laws of 2006

### **Transfer of Veterans' Exemption Authorized on Purchase of New Home During Locality's Fiscal Year**

Local taxing jurisdictions have been authorized to adopt legislation to provide that where a veteran receiving an exemption under section 458 or 458-a of the Real Property Tax Law sells his or her home and purchases a new one in the same locality, the exemption may be transferred, on a pro rata basis, for the balance of the locality's fiscal year. Currently, the exemption cannot be claimed on the new home until the following fiscal year.

- Chapter 166, NYS Laws of 2006

### **Vietnam War Start Date Changed For Purposes of Veterans' Exemption**

In connection with the exemption under section 458-a of the Real Property Tax Law accorded to veterans who served during a period of war, the commencement date of the Vietnam War has been changed from December 22, 1961 to February 28, 1961.

- Chapter 179, NYS Laws of 2006

### **Payment Extension Authorized For Senior Citizens Receiving Enhanced STAR Exemption**

Localities have been authorized to grant an extension of up to five business days for the payment of real estate taxes without interest or penalties in the case of property owned by a person age 65 or over who is receiving the enhanced STAR exemption under section 425 of the Real Property Tax Law.

- Chapter 161, NYS Laws of 2006

### **Section 421-a Exclusion Zone Boundary Expanded**

For purposes of the exemption under section 421-a of the Real Property Tax Law for newly constructed multiple dwellings, a designated area of Manhattan, referred to as the Manhattan Exclusion Zone, is excluded from the general operation of the program under a special provision of the City Administrative Code. (To qualify for benefits in the exclusion zone, developers must commit to increasing the housing stock of low- and moderate-income apartments.) Effective with respect to construction projects commenced on or after May 11, 2007, that provision is modified to expand the exclusion zone to include the area between 14<sup>th</sup> and 30<sup>th</sup> Streets on the far west side of Manhattan known as the Special West Chelsea District.

- NYC Local Law 8 of 2006

## **Section 421-a Exemption Program to be Revised**

Local legislation that takes effect on December 28, 2007 will make substantial changes in the exemption program authorized by section 421-a of the Real Property Tax Law. Among other changes, the new law will: designate additional areas in Manhattan, Brooklyn and Queens as exclusion zones in which developers will be required to include 20 percent on-site affordable housing as a condition of receiving 421-a benefits; limit exemption benefits by applying an exemption cap determined by multiplying the number of units in the project by \$65,000 (increased by three percent annually); and eliminate benefits for three-unit buildings that are not receiving public subsidies. (Under section 421-a, exemption benefits are available only where the construction of a project begins before December 31, 2007. Thus the effectiveness of the new local legislation will be dependent on an extension of that sunset date.)

- NYC Local Law 58 of 2006

## **Annual Notice Required Concerning Residential Property Tax Exemptions**

The Department of Finance will be required to mail to all Class One homeowners and all Class Two residential condominium owners an annual notice advising of the availability of various residential property tax exemptions, including the exemptions for senior citizens, disabled persons and veterans. The notice must include a brief description of each exemption and a phone number and website address where additional information can be obtained. The first such notice must be mailed before the end of the City's 2007 fiscal year.

- NYC Local Law 9 of 2006

## **Absentee Landlords' Realty Tax Surcharge Eliminated**

In 2003, a 25 percent real property tax surcharge was imposed on owners of one- to three-family homes who did not occupy the property as their primary residence and who received rental income from it. Although originally scheduled to take effect on July 1, 2003, the effective date was later postponed to July 1, 2006. The surcharge has now been effectively repealed by reducing the rate to zero percent as of July 1, 2006.

- NYC Local Law 27 of 2006

## **Direct Information Exchange Between City and State Tax Departments Authorized For Purposes of STAR Income Verification Program**

Senior citizens whose incomes are below a specified level can qualify for an enhanced school tax relief (STAR) exemption in calculating the real estate taxes on their homes. Seniors can establish annual eligibility for the enhanced benefit by enrolling in an income verification program (IVP) under which the State Office of Real Property Services acts as intermediary in transmitting income verification data between local assessors and the



State Department of Taxation and Finance. Under a new law designed to improve the efficiency of the IVP in the City, the Department of Finance has been authorized to exchange income verification data directly with the Department of Taxation and Finance.

- Chapter 631, NYS Laws of 2006

## **PERSONAL INCOME TAX**

### **State/City Standard Deduction Increased For Married Couples**

In an effort to reduce the so-called marriage penalty, the standard deduction allowed under the New York State and City personal income taxes has been increased from \$14,600 to \$15,000 for married individuals filing jointly and surviving spouses and from \$6,500 to \$7,500 for married individuals filing separate returns. The increases apply to tax years beginning after 2005.

- Chapter 62 (Part C), NYS Laws of 2006

### **City STAR Credit Increased**

For tax years beginning after 2005, the school tax relief (STAR) credit allowed under the City personal income tax has been increased from \$125 to \$230 for married individuals filing joint returns and surviving spouses and from \$62.50 to \$115 for single individuals, heads of households and married individuals filing separately.

- Chapters 105 and 109 (Part F), NYS Laws of 2006

### **State/City Exemption Allowed For Certain State Organized Militia Pay**

Income received by a member of the New York organized militia for active service within the state (other than training) pursuant to federal active duty orders issued under Title 10 of the U.S. Code is exempted from State and City personal income taxes retroactive to tax years beginning on or after January 1, 2004. A preexisting provision already exempted a New York militia member's income for New York active duty service pursuant to active duty orders issued under the State Military Law.

- Chapter 62 (Part D), NYS Laws of 2006

### **Living Organ Donors Allowed State/City Income Tax Deduction**

A living organ donor who donates certain specified organs for human organ transplantation will be allowed a State and City personal income tax deduction of up to

\$10,000 for unreimbursed expenses for travel, lodging and lost wages incurred as a result of the donation. The new deduction may be claimed in tax years beginning after 2006.

- Chapter 565, NYS Laws of 2006

## **SALES TAX**

### **Sales Tax Exemptions and Reductions Adopted For Alternative Motor Vehicle Fuels**

Effective September 1, 2006 and continuing until August 31, 2011, the alternative motor vehicle fuels referred to (and defined in the law) as E85, compressed natural gas (CNG) and hydrogen are exempted from state and local sales taxes. The alternative motor vehicle fuel designated B20 is partially exempted from state and local sales taxes; during the above period B20 is subject to a 20 percent sales tax reduction.

- Chapter 109 (Part W-1), NYS Laws of 2006

### **Cents-Per-Gallon Method Adopted For State Motor Fuel Sales Tax With Local Option to Conform**

Beginning June 1, 2006, the State sales tax on motor fuel and diesel motor fuel is calculated using a cents-per gallon rate rather than a percentage rate. The new law allows localities to conform their local sales taxes to the cents-per-gallon method. (To date, the City has not elected to adopt the cents-per-gallon method.)

- Chapters 35 (Part A) and 109 (Part M-1), NYS Laws of 2006

### **City Authorized to Reduce or Eliminate Local Sales Tax on Residential Energy Sources**

The City has been authorized to adopt local legislation to exempt from the City sales tax, or reduce the rate of the tax on, those residential energy sources that are currently exempt from the State sales tax, which include fuel oil, gas and electricity used for residential purposes. (To date, the City has not acted on this authorization.)

- Chapters 35 (Part B) and 109 (Part M-1), NYS Laws of 2006

### **Sales by Gift Shops in Veterans' Homes Exempted From Sales Tax**

Sales of tangible personal property by a gift shop located in a veterans' home described in Title 38 of the U.S. Code are exempted from state and local sales taxes, effective December 1, 2006.

- Chapter 296, NYS Laws of 2006

### **Sales of Military Decorations Exempted From Sales Tax**

Military decorations sold to an active duty member of the military or a veteran are exempt from state and local sales taxes beginning December 1, 2006.

- Chapter 291, NYS Laws of 2006

### **Separate Charge by Roof Garden or Cabaret for Dramatic or Musical Performance Exempted From Sales Tax**

Charges by a roof garden, cabaret or similar establishment are subject to state and local sales taxes, but a newly added provision exempts the portion of the charge that covers admission to a dramatic or musical arts performance at the venue if certain conditions are met. To qualify for the exemption, the charge for the performance must be separately stated, and charges for other items, such as food, drink and services, must meet certain tests to ensure that they are reasonable and not designed to avoid the tax. The new exemption is effective December 1, 2006.

- Chapter 279, NYS Laws of 2006

### **Rules Clarified on Sales Tax Refunds Where Accounts Charged Off as Worthless**

Effective January 1, 2007, certain new rules will apply concerning when an up-front payment of sales tax can be recovered by a vendor or lender where an account subsequently becomes worthless and is charged off for income tax purposes. For purposes of these rules, a “lender” is the holder of private label credit card accounts purchased directly from a vendor.

- Chapter 664, NYS Laws of 2006

### **Milk Crates Exempted From Sales Tax**

Milk crates purchased by a dairy farmer or licensed milk distributor and used exclusively and directly for the packaging and delivery of milk to customers are exempted from state and local sales taxes beginning September 1, 2007.

- Chapter 339, NYS Laws of 2006

### **Vehicle Registration Agents Authorized to Collect Sales Taxes on Non-Dealer Sales of Motor Vehicles**

Beginning December 1, 2006, registration agents (persons authorized by the Commissioner of Motor Vehicles to perform the function of registering vehicles) are authorized to collect and remit state and local sales taxes in connection with “casual” sales (those not made through a dealer) of motor vehicles that they register for the buyer.

Detailed rules are prescribed concerning the duties and responsibilities of such agents with regard to collection of the sales tax.

- Chapter 489, NYS Laws of 2006

### **Partial Sales Tax Exemption For Amusement Park Admission Charges Made Permanent**

A partial state and local sales tax exemption for amusement park admission charges, which was set to expire on October 1, 2006, has been made permanent. The exemption, equal to 75 percent of the admission charge, applies where the admission fee entitles patrons to ride at least 75 percent of the park's rides at no extra cost.

- Chapter 62 (Part M), NYS Laws of 2006

## **CIGARETTE TAX**

### **Deadline For Filing City Cigarette Tax Refund Claims Extended**

Claims for refund of the City cigarette tax, which formerly had to be filed within 90 days from the date of payment, will now be considered timely if they are filed within two years after the stamps were affixed to the cigarette packs or the tax was paid. Where a written consent to an extension of time for the assessment of additional cigarette tax has been executed within the two-year refund period, the time to claim a refund will be extended to six months beyond the expiration of the extended assessment period.

- Chapter 586, NYS Laws of 2006

### **Civil Penalty Imposed For Possession of Counterfeit City Cigarette Tax Stamps**

A new civil penalty has been imposed for the possession of more than 100 false, altered or counterfeit City cigarette tax stamps, whether or not affixed to cigarette packs. The penalty is up to \$200 for each 10 such stamps, or fraction thereof, in excess of 100.

- Chapter 458, NYS Laws of 2006

## **REAL PROPERTY TRANSFER TAX**

### **Reduced Tax Rates For Qualifying REIT Transfers Extended**

A 50-percent reduction in the rates of the City's real property transfer tax (and the New York State real estate transfer tax) for qualifying transfers to existing real estate

investment trusts (REIT's), which had been scheduled to sunset on August 31, 2005, has been continued in effect until August 31, 2008.

- Chapter 62 (Part J), NYS Laws of 2006

**Cross Reference:** See Electronic Filing and Public Disclosure item (on page 1) in Real Property Tax section for additional measure concerning the real property transfer tax.

## **CITY BUSINESS TAXES**

### **Expiring Banking Corporation Tax Provisions Extended**

In 1985, the New York City and New York State banking corporation taxes were extensively revised; a number of the changes were subject to sunset provisions that have periodically been extended. Most recently, these provisions have been extended through taxable years beginning before January 1, 2008. In addition, certain transitional provisions relating to the City/State corporate tax treatment of financial services companies in light of the enactment of the Federal Gramm-Leach-Bliley Act (which deregulated certain financial services activities) have been extended to cover tax years beginning before January 1, 2008.

- Chapter 62 (Part I), NYS Laws of 2006

### **City Film Production Credit Extended and Annual Cost Cap Increased**

In 2004 the City adopted credits against its general corporation tax and unincorporated business tax for a percentage of eligible costs incurred in the production of qualifying films in the City. The credit program was set to expire on August 20, 2008, and the total amount of credits that could be claimed by all taxpayers during any calendar year was capped at \$12.5 million. Legislation enacted in 2006 extends the program through the end of 2011, and increases the annual cap to \$30 million beginning in 2006. (State legislation (Chapters 62 (Part V) and 440 of the Laws of 2006) also enacted State business corporation tax and personal income tax credits for qualifying costs of producing certain TV, radio and movie theater commercials. The City was authorized to adopt similar credits against its corporate and unincorporated business taxes but has taken no action to date on that authorization.)

- Chapter 62 (Part Y), NYS Laws of 2006 and NYC Local Law 24 of 2006

### **Commercial Rent Tax Benefit Clarified For Industrial and Manufacturing Space in Manhattan's Special Garment Center District**

A law enacted in 2005 (Chapter 727 of the NYS Laws of 2005) extended the commercial rent tax special reduction program, originally available only in Lower Manhattan, to qualifying industrial and manufacturing space in the midtown Manhattan Special

Garment Center District described in the City's zoning resolution. That law has been amended to clarify that the special reduction for the base year is equal to that year's base rent; for later years the reduction is equal to the lesser of the later year's base rent or the base rent for the base year. The amendment also makes clear that no benefit period will extend beyond June 30, 2020.

- Chapter 529, NYS Laws of 2006

## Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
<b>1990</b>			
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
<b>1991</b>			
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
<b>1993</b>			
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
<b>1994</b>			
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
<b>1995</b>			
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]

\* Defined on last page.

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.

## Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
<b>1996</b>			
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	STX	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
<b>1997</b>			
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

\* Defined on last page.

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Tax Action	Tax*	Legal Citation	Effective Date
<b>1998</b>			
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
<b>1999</b>			
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
<b>2000</b>			
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

\* Defined on last page.

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## Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
<b>2001</b>			
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
<b>2002</b>			
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
<b>2003</b>			
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

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## Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
<b>2004</b>			
Hotel rm occupancy fee of \$1.50 per rm 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
<b>2005</b>			
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

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## Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
<b>2006</b>			
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

**\*Tax:**

BTX = Banking Corporation Tax  
 CT = Cigarette Tax  
 CRT = Commercial Rent Tax  
 GCT = General Corporation Tax  
 HTX = Hotel Tax  
 MRT = Mortgage Recording Tax

PIT = Personal Income Tax  
 RPT = Real Property Tax  
 RPTT = Real Property Transfer Tax  
 STX = Sales Tax  
 UBT = Unincorporated Business Tax  
 UTX = Utility Tax

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