

**Summary of 2008 New York State and New York City
Legislation Affecting City Taxes and
Department of Finance Programs**



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New York State and New York City Legislative Summary For the Year 2008

The following are brief summaries of New York State and New York City laws enacted during 2008 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.

REAL PROPERTY TAX

Coop/Condo Tax Abatement Program Extended

The City's partial real estate tax abatement program for eligible owners of Class Two cooperative and condominium dwelling units, which was scheduled to expire at the end of the 2007-2008 fiscal year, has been extended for four years, through the fiscal year ending June 30, 2012. Under the program, dwelling units in a building with an average unit assessed value not exceeding \$15,000 receive an abatement equal to 25 percent of the real estate taxes on the unit. In buildings with an average unit assessed value greater than \$15,000, unit owners receive an abatement equal to 17.5 percent of the unit's real estate taxes. The abatement is not available to sponsors or their successors or to owners of more than three dwelling units in a building. The extender law requires the City, by February 1, 2011, to submit to the Legislature recommendations for addressing the disparity in taxation between private homes and cooperative and condominium apartments.

- Chapter 109, NYS Laws of 2008

Industrial and Commercial Incentive Program (ICIP) Replaced by New Industrial and Commercial Abatement Program (ICAP)

The Industrial and Commercial Incentive Program, which has been in effect since 1984 and grants tax exemptions and abatements for the construction or improvement of industrial and commercial buildings in designated areas of the City, has been replaced by a new Industrial and Commercial Abatement Program. (The ICIP program will generally continue to apply to construction work performed pursuant to a building permit issued before August 1, 2008 and to construction work performed pursuant to additional building permits issued on or after August 1, 2008 if at least one permit was issued before that date and the work was described in an application for a certificate of eligibility filed on or before June 30, 2008.) Under the new ICAP program, tax abatements are available for qualifying commercial or industrial construction work for varying periods ranging up to 25 years, depending on geographical area, type of construction and other factors. Property used by a utility is not eligible for any abatement and property used partly for retail purposes is subject to certain limitations on benefits. In general, the determination of the abatement takes into account the real estate tax on the property before and after construction, referred to as the "initial tax" and the "post-completion tax." No abatement

is allowed unless the post-completion tax exceeds the initial tax by more than 15 percent, and the abatement is for only the amount by which the post-completion tax exceeds 115 percent of the initial tax. In specified circumstances, the abatement may be increased during the benefit period (referred to as “inflation protection”). A sunset provision in the ICAP legislation requires benefit applications to be filed not later than March 1, 2011. (Detailed information about the ICAP program can be found at the Department of Finance website—www.nyc.gov/finance.)

- Chapters 119 and 138, NYS Laws of 2008 and NYC Local Laws 47, 61 and 67 of 2008

Midyear Real Estate Tax Increase Levied and Assessed Value Threshold Raised For Determining Payment Due Dates and Late Payment Interest

A local law has authorized the City Council to increase real property tax rates for the second half of the City’s 2008-2009 fiscal year. (Acting on that authority, the Council has raised the rate for each property class by approximately 7.5 percent.) The local law also increased from \$80,000 to \$250,000 the assessed value threshold that determines whether real estate taxes are payable quarterly or semiannually, whether a payment grace period applies, and the interest rate applicable to late payments. In addition, for taxpayers not exceeding the \$250,000 threshold, the grace period for paying the installment due on January 1, 2009 is extended from January 15 to January 30, 2009. (Under a later local law, semiannual taxpayers were also given a one-time grace period, to January 16, 2009, for paying the installment due on January 1.)

- NYC Local Laws 66 of 2008 and 2 of 2009

Class Share Adjustment Frozen For City’s FY 2009 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 cap on the increase in any class’s share of the levy. Under special legislation that applies only to the City fiscal year beginning July 1, 2008, the five-percent limit on increases does not apply and, instead, the current base proportion of any class is limited to that class’s adjusted base proportion for the previous fiscal year. This measure is designed to prevent a significant increase in tax burden that residential owners and renters in Classes One and Two would otherwise have faced.

- Chapter 118, NYS Laws of 2008

“Green Roof” Tax Abatement Program Adopted in City

A new environmental incentive program provides a one-year real estate tax abatement for the construction of a “green roof” on a Class One, Two or Four building in the City. In general, a green roof is an addition to a roof, covering at least 50 percent of the rooftop

space, which includes, among other things, a growth medium and a vegetation layer of drought resistant and hardy plant species. The amount of the abatement would be \$4.50 per square foot of green roof, limited to the lesser of \$100,000 or the building's tax liability for the year in which the abatement is claimed. Applications for the abatement must be filed by March 15th of each year, beginning in 2009, and the abatement applies in the City fiscal year beginning the following July 1st. The abatement program is scheduled to sunset at the end of the 2013-2014 fiscal year.

- Chapter 461, NYS Laws of 2008

Solar Electric Generating System Tax Abatement Program Adopted in City

A new four-year tax abatement has been provided for the construction of a solar electric generating system in a Class One, Two or Four building in the City. If the system is placed in service on or after August 5, 2008 and before January 1, 2011, the amount of the abatement is 8 ³/₄ percent of eligible solar electric generating system expenditures. For systems placed in service on or after January 1, 2011 and before January 1, 2013, the amount of the abatement is 5 percent of the eligible expenditures. The abatement can be claimed in the City fiscal year following the approval of the abatement and in the following three fiscal years. The abatement in any year is, however, limited to the lesser of \$62,500 or the taxes payable on the building in that year. Under the new law, eligible system expenditures include reasonable expenditures for materials, labor costs and certain other costs directly related to the construction or installation of the system. Abatement applications must be filed by March 15, 2009 or by March 15 of a succeeding year, but in no case after March 15, 2013. The abatement will begin in the first City fiscal year following the filing and approval of the application.

- Chapter 473, NYS Laws of 2008

STAR Exemption Formula and Ownership Rules Modified

Section 425 of the Real Property Tax Law provides a state-wide school tax relief (STAR) exemption for one- to three-family homes and cooperative and condominium apartments that are the owner's primary residence. The exempt amount is determined each year under a formula that takes into account various factors, including the locality in which the home is located. The formula places a percentage "floor" on the amount by which the current year's exempt amount can fall below the prior year's amount. That percentage, which had been 95 percent, has been reduced to 90 percent for the 2008-2009 school year and to 89 percent for later years.

Section 425 has also been amended to allow a dwelling owned by a limited partnership to qualify for the STAR exemption if the partnership was created to hold title solely for estate planning and asset protection purposes and carries on no commercial activity, and

the dwelling is the primary residence of a partner who personally pays all the taxes and other costs associated with the property.

- Chapter 57 (Part W), NYS Laws of 2008

Increase in Middle Class STAR Rebate Delayed For One Year

Under the Middle Class STAR Rebate Program enacted in 2007 to provide real estate tax relief to homeowners (including cooperative and condominium apartment owners), annual rebates are available in the City and elsewhere in the State based on a formula that takes into account income and other factors. An increase in the basic rebate, scheduled for the 2008—2009 school year, has been delayed for one year. The final phase of the increase is now scheduled to take effect for the 2010—2011 school year.

- Chapter 57 (Part S), NYS Laws of 2008

Certain Vacant Land in Upper Manhattan Excluded From Class One

Under the City's classified assessment system, vacant land above 110th Street in Manhattan and in the other boroughs can be included in Class One. However, if the parcel is not zoned residential, it must meet the following conditions to be classified as Class One: (a) it abuts a Class One parcel; (b) it has the same owner as that parcel; and (c) it is not larger than 10,000 square feet. Beginning with the 2009-2010 assessment roll, vacant land above 110th Street in Manhattan will be included in Class One only if it was included in Class One on the 2008-2009 roll, the owner has entered into a recorded agreement with a governmental entity by December 31, 2008 that requires construction of affordable housing for low-income families pursuant to the State Private Housing Finance Law and certain other conditions are met.

- Chapter 332, NYS Laws of 2008

Completion Deadline Extended Under Private Dwelling Tax Exemption Program

Under section 421-b of the Real Property Tax Law, newly constructed, reconstructed or converted one- and two-family homes that are owner-occupied and meet certain other conditions can qualify for partial real estate tax exemption for up to 10 years. Although the current program applies only where construction work on a residence commenced before July 1, 2006, the law's completion deadline, which had been July 1, 2008, has been extended to July 1, 2009.

- Chapter 347, NYS Laws of 2008

Alternative Veterans' Exemption Clarified For Armed Forces Reserve Members

The alternative veterans' exemption under section 458-a of the Real Property Tax Law has been amended to clarify that a member of an armed forces reserve unit who otherwise

qualifies for the exemption will not be disqualified because he or she chooses to remain affiliated with the unit following the receipt of an honorable discharge.

- Chapter 384, NYS Laws of 2008

Localities Authorized to Allow Spousal Veterans' Exemption to be Transferred to New Residence

Localities have been authorized to adopt local laws to provide that a spouse or unremarried surviving spouse who is receiving the veterans' exemption under section 458 or 458-a of the Real Property Tax Law will be allowed to transfer the exemption to a newly acquired residence that is within the same jurisdiction. (To date, the City has taken no action on this authorization.)

- Chapter 503, NYS Laws of 2008

Authorizing Legislation For Cold War Veterans' Exemption Modified

In 2007, localities were authorized to adopt local legislation to grant a new real estate tax exemption for residences owned by "cold war veterans" who served on active duty for more than 365 days during the period from September 2, 1945 to December 26, 1991 and met certain other conditions. That legislation has been amended to eliminate the 365-day requirement and modify certain other requirements. (To date, the City has taken no action on this authorizing legislation.)

- Chapter 6, NYS Laws of 2008

SCRIE Benefit Extended to Second Dwelling Unit Contiguous and Connected to Another

The senior citizen rent increase exemption (SCRIE) program exempts limited-income tenants from certain rent increases and compensates landlords for the lost income through real estate tax abatements. An amendment to the program allows a second dwelling unit to qualify for the benefit where the otherwise eligible tenant has occupied two contiguous and connected units as a combined residence for at least two years.

- Chapter 531, NYS Laws of 2008

"Residential Assessment Ratio" Definition Revised For Purposes of Small Claims Assessment Review Proceedings

In connection with small claims assessment review proceedings under Article 7 of the Real Property Tax Law, residential assessment ratios established by the State Board of Real Property Services can be used in challenging an assessment. Under a revised definition that applies to assessments on rolls prepared after September 1, 2008, the residential assessment ratio will be equal to the level of assessment of residential property

in each local assessing unit as determined in the market value survey for that unit conducted by the State Board. Under the prior definition, which looked to the median ratio of residential sales during a specified one-year period, unreliable results could be produced in jurisdictions with few residential sales during a year.

- Chapter 78, NYS Laws of 2008

J-51 Restrictions on Benefits For Higher-Valued Coop and Condo Projects Lifted For Certain Mutual Redevelopment Company Projects

Under the J-51 program, which provides real estate tax exemptions and abatements for alterations and improvements to qualified multiple dwellings, benefits are generally not available to cooperative and condominium buildings whose average assessed value per unit is more than \$40,000. That restriction has been eliminated for mutual redevelopment companies established under Article 5 of the Private Housing Finance Law, provided they make a binding agreement to continue that status until the earlier of at least 15 years from the commencement of J-51 benefits or the expiration of certain tax benefits under the PHFL. (As a practical matter, the only current beneficiary of this law is the Penn South housing development on the West Side of Manhattan.)

- Chapter 383, NYS Laws of 2008

Localities Required to Include Information on Real Estate Tax Exemptions With Local Budgets

Starting with budgets for fiscal years beginning after October 4, 2008, localities, including the City, will be required to include with each preliminary and final budget an exemption report (on a form prescribed by the State Board of Real Property Services) containing specified information about real estate tax exemptions granted, including each type of exemption granted, the fiscal impact of each type and total payments in lieu of taxes by recipients of each type of exemption. Exemption types with an impact of less than one percent can be aggregated in the report.

- Chapter 258, NYS Laws of 2008

Assessment Inventory Data Deemed a Public Record Subject to FOIL Disclosure

Effective August 5, 2008, the physical characteristics of real property included in the annual assessment inventories prepared by local assessors constitute a public record that is available for public inspection and copying under the Freedom of Information Law.

- Chapter 479, NYS Laws of 2008

BUSINESS INCOME TAXES

Qualified Production Activity Income (QPAI) Deduction Disallowed For City Tax Purposes

The Federal qualified production activities income (QPAI) deduction allowed under section 199 of the Internal Revenue Code will not be allowed for purposes of the City general corporation tax, banking corporation tax or personal income tax for tax years beginning on or after January 1, 2008. (The uncoupling from the Federal QPAI deduction also applies to the State's corporate and personal income taxes.)

- Chapter 57 (Part HH-1), NYS Laws of 2008

REAP Business Tax Credit Programs Extended

The City's Relocation and Employment Assistance Programs provide tax credits against the general and banking corporation taxes, unincorporated business tax and utility tax for relocating and adding employees at qualifying premises in designated areas of the City. (The original REAP credit is available for relocations to premises above 96th Street in Manhattan and in the other boroughs; the subsequent Lower Manhattan REAP credit is available for relocations to premises below Houston Street.) Statutory provisions that barred the issuance of REAP certificates of eligibility after June 30, 2008 have been amended to permit certificates to be issued until June 30, 2013.

- Chapter 131, NYS Laws of 2008

Bank Tax Transitional Provisions Modified

In 2007, certain transitional provisions were adopted relating to the City/State corporate tax treatment of financial services companies in light of the Federal Gramm-Leach-Bliley Act. An amendment to those provisions allows specified corporations to remain subject to the banking corporation tax despite certain restructuring transactions.

- Chapter 636, NYS Laws of 2008

PERSONAL INCOME TAX

City Personal Income Tax's STAR Credit Increase Delayed For One Year and Credit Eliminated For Higher-Income Taxpayers

Scheduled increases in the school tax relief (STAR) credit allowed under the City personal income tax have been delayed for one year. Under the revised schedule, the credit for married couples filing jointly and surviving spouses is \$290 for tax years beginning in 2008, \$310 for years beginning in 2009 and \$335 for years beginning after 2009. For all other individuals, the credit is \$145 for years beginning in 2008, \$155 for

years beginning in 2009 and \$167.50 for years beginning after 2009. In addition, beginning in 2008, taxpayers with income above \$250,000 will no longer be eligible for the credit. (Beginning with the 2010 tax year, the \$250,000 income limit will be adjusted for inflation.)

- Chapter 57 (Part R), NYS Laws of 2008

Combat Pay Exempted From Personal Income Tax

To the extent includable in Federal gross income, pay received by an armed forces member for active service in a Presidentially-designated combat zone will be exempt from State and City personal income tax for tax years beginning after 2007.

- Chapter 603, NYS Laws of 2008

Cross Reference: See Business Income Tax section above for item concerning the disallowance of the Federal qualified production activity income (QPAI) deduction.

SALES TAX

City's Article 29 Sales and Use Taxes Reinstated Upon Expiration of Municipal Assistance Corporation Taxes

In the mid-1970's the Municipal Assistance Corporation (MAC) was created to help the City meet its borrowing needs. At the same time the City's State-authorized and locally imposed sales and use taxes were suspended and State-imposed taxes under section 1107 of the Tax Law were adopted for the City, the proceeds of which were pledged as security for the repayment of MAC obligations. With the expiration of the MAC taxes on July 31, 2008, the City's authority under Article 29 of the Tax Law to impose sales and use taxes has been reinstated and the Administrative Code has been amended to levy the taxes as of August 1, 2008 under provisions identical to those of the expiring MAC taxes.

- Chapter 57 (Part SS-1), NYS Laws of 2008

State and Local Sales Tax Nexus Rules Adopted For Remote Sellers

To assist in the enforcement of State and local sales tax collection requirements, a statutory presumption has been created that treats a seller as a sales tax vendor with New York nexus if the seller enters into an agreement with a New York resident under which the resident is compensated for referring in-state customers to the seller, whether through an Internet web link or by any other means. The presumption does not come into play, however, unless annual gross receipts generated by such referrals are more than \$10,000, and it is rebuttable under certain conditions.

- Chapter 57 (Part OO-1), NYS Laws of 2008

Reregistration Program Mandated For Sales Tax Vendors

In an effort to improve the administration and enforcement of State and local sales taxes, the NYS Department of Taxation and Finance has been directed, beginning November 1, 2008, to conduct a reregistration program covering all sales tax vendors. The program must be completed by March 31, 2012.

- Chapter 57 (Part LL-1), NYS Laws of 2008

Certain Sales By Exempt Organizations Made Subject to State and Local Sales Taxes

Beginning September 1, 2008, State and local sales taxes will apply to certain sales made by tax-exempt nonprofit organizations, including sales of utility services, sales of services to real property and sales of tangible personal property and services via telephone, the Internet or mail order. (Formerly, application of the tax was limited to retail sales of tangible personal property through a shop or store operated by the organization.) Affected organizations are required to register as vendors and collect sales tax on these newly taxable items.

- Chapter 57 (Part KK-1), NYS Laws of 2008

HOTEL ROOM OCCUPANCY TAX

Hotel Room Occupancy Tax Increased

In addition to the State and local sales taxes on hotel room rentals, the City imposes a hotel room occupancy tax, part of which is calculated as a percentage of the room rent. Beginning March 1, 2009, that percentage is increased from five percent to 5.875 percent. Beginning December 1, 2011, the rate will return to the five-percent level.

- NYC Local Law 65 of 2008

REAL PROPERTY TRANSFER TAX

Reduced Tax Rate 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 expire on August 31, 2008, has been continued in effect until August 31, 2011.

- Chapter 416, NYS Laws of 2008

CIGARETTE TAX

“Little Cigars” Made Subject to City Cigarette Tax

Effective July 1, 2008, “little cigars,” as defined in the Federal cigarette excise tax, are subject to the City’s cigarette tax. Generally, a little cigar is a product that, because of its appearance, type of tobacco used and labeling, is likely to be purchased by the consumer as a cigarette. (Little cigars have also been made subject to the NYS cigarette tax.)

- Chapter 57 (Part MM-1), NYS Laws of 2008

MISCELLANEOUS

Expiring City Tax Authorizations Extended

Various state laws, some tracing back to the 1970’s, have enabled the City to impose or increase the rates of certain taxes, but have been subject to sunset provisions that must be extended periodically. Those laws, which were set to expire at the end of 2008, have been extended until the end of 2011. The affected taxes and rates are:

¶ the current higher rate tables for the City resident personal income tax, which specify a maximum rate of 3.2 percent, and the 14 percent personal income tax surcharge;

¶ the City minimum personal income tax and the current higher minimum income tax rate of 2.85 percent;

¶ the current higher City cigarette tax rate of \$1.50 per pack;

¶ the special City sales tax on credit rating and credit reporting services;

¶ the special City sales tax on certain personal services, such as beauty, barbering, manicuring and health salon services and services sold by weight control and gym facilities; and

¶ the higher rates of the City general corporation tax, currently 8.85 percent on taxable income, 1.5 mills on business and investment capital, .75 mill on subsidiary capital and a \$300 fixed-dollar minimum tax.

- Chapter 525, NYS Laws of 2008

“Blocking-the-Box” Infractions to Be Adjudicated As Parking Violations

Obstructing traffic at an intersection (“blocking the box”), formerly a moving violation, has been made a parking violation, subject to a \$115 fine. (In the City, the Department of

Finance is responsible for adjudicating parking violations.)

- Chapter 241, NYS Laws of 2008

Voluntary Compliance and Disclosure Program Adopted For State Taxes and State-Administered City Taxes

Under a newly enacted permanent program administered by the NYS Department of Taxation and Finance, a taxpayer that voluntarily discloses a past due liability for any State tax or a City tax administered by the State Tax Department, and meets certain other criteria, will be entitled to a waiver of penalties for failure to file or failure to pay with respect to that liability, and will be immune from criminal prosecution. In addition, the temporary State Voluntary Compliance Initiative (VCI) that was in effect during parts of 2005 and 2006 has been reopened during the period from November 1, 2008 to January 31, 2009. In addition to designated State taxes, the VCI includes the City's personal income tax, and offers relief from certain penalties to eligible taxpayers that disclose tax avoidance transactions. The VCI applies to tax liabilities for tax years beginning before 2005.

- Chapter 57 (Part CC-1), NYS Laws of 2008

Financial Institution Data Match System Mandated to Aid Collection of State and Certain City Tax Debts

The NYS Department of Taxation and Finance has been directed to develop and operate a financial institution data match system to assist it in identifying and seizing financial assets of tax debtors against whom judgments have been docketed for unpaid State taxes and State-administered City taxes such as the City personal income tax. Financial institutions doing business in New York will be required to furnish information to the Tax Department concerning account holders that have been identified as tax debtors.

- Chapter 57 (Part CC-1), NYS Laws of 2008

Offsets Against Middle Class STAR Rebates Allowed For Tax and Other Debts Owed By Recipients

The NYS Department of Taxation and Finance has been authorized to claim offsets against the basic Middle Class STAR Rebate for various State and City tax debts and certain other debts covered by the current State offset program and owed by the homeowner entitled to the rebate. The offsets would apply to rebates issued for the 2008—2009 school year and later years.

- Chapter 57 (Part Q), NYS Laws of 2008

Parking Violations Tribunals Required to Notify Motor Vehicles Department of Compliance by Scofflaws

Vehicle owners with at least three outstanding parking tickets during an 18-month period are barred from registering or reregistering their vehicles. An owner who has taken certain actions to comply with the law can forestall registration denial by appropriate notification to the Department of Motor Vehicles. Beginning November 1, 2008, local tribunals that adjudicate parking violations, including the Department of Finance's administrative tribunal, are required to notify the Department of Motor Vehicles directly when a scofflaw has acted to bring himself into legal compliance.

- Chapter 163, NYS Laws of 2008

Determination of Sheriff's Poundage Fee Clarified Where Legal Action Settled

Section 8012 of the Civil Practice Law and Rules has been amended to clarify that where a court case is settled after certain collection actions have been initiated by a sheriff, the sheriff's percentage fee will be based on the lesser of the judgment or the settlement amount. The amendment also provides that if a sheriff sues to collect the statutory fees, the court may award reasonable attorney's fees and court costs. (In the City, the Sheriff's Office is part of the Department of Finance.)

- Chapter 441, NYS Laws of 2008

City Authorized to Impose LLC Filing Fees

The City has been authorized to impose by local legislation filing fees on limited liability companies and limited liability partnerships that have income derived from New York City sources. The fees would be collected by the NYS Department of Taxation and Finance, and would be determined in the same manner as the State's LLC filing fees (as restructured in 2008), except that the City fees would be based on City-source gross income rather than State-source gross income. (To date, the City has taken no action to impose the authorized fees.)

- Chapter 57 (Part AA-1), NYS Laws of 2008

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

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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

Chronology of Selected Legislative Actions Affecting NYC Taxes

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 sunset 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