

**Summary of 2007 New York State and New York City
Legislation Affecting City Taxes and
Department of Finance Programs**

New York City Department of Finance

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New York State and New York City Legislative Summary for the Year 2007

The following are brief summaries of New York State and New York City laws enacted during 2007 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

City Homeowner Real Estate Tax Rebate Program Extended For Three Years

The real estate tax rebate program covering owners of one-, two- and three-family homes and cooperative and condominium apartments, which had been scheduled to sunset at the end of the City fiscal year beginning July 1, 2005, has been extended for three additional years—the fiscal years beginning July 1, 2006, July 1, 2007 and July 1, 2008. The rebate is the lesser of \$400 or the annual real estate tax on the home, which must be the owner's primary residence. Under the extended program, rebate applications must be filed by September 1st following the end of the fiscal year for which the rebate is claimed; however, homeowners receiving the STAR real estate tax exemption or the exemption for veterans, senior citizens or disabled persons need not file a separate rebate application.

- Chapter 483, NYS Laws of 2007 and NYC Local Law 40 of 2007

Middle Class STAR Rebate Program Established

The school tax relief (STAR) rebate program enacted in 2006 has been replaced, beginning with the 2006-2007 school year, by the "Middle Class STAR" rebate program, which covers homeowners (including cooperative apartment owners) who qualify for the STAR exemption under section 425 of the Real Property Tax Law. Under the new program, a homeowner qualifying for the basic STAR exemption is eligible for a rebate based in part on prescribed income brackets; however, a homeowner whose "affiliated income" is greater than \$250,000 is not eligible for the rebate. For this purpose, "affiliated income" means federal adjusted gross income less IRA distributions for all owners residing in the home and certain spouses. (Beginning with the 2010-2011 school year, the income brackets and income ceiling will be indexed for inflation.) The new rebate's income requirements do not apply to senior citizens eligible for the enhanced STAR exemption.

- Chapters 57 (Part D-1) and 687, NYS Laws of 2007

NYC Realty Acquired By Certain Nonprofit Organizations Immediately Exempt From Real Estate Taxes

New York City real property acquired by a corporation or association exempt from real estate taxes under section 420-a(1)(a) or 420-b(1)(a) of the Real Property Tax Law (covering religious, charitable, educational and certain other categories of nonprofit organizations) will be immediately exempt from City real estate taxes as of the date title is transferred. Formerly, the exempt status of property was determined based on its ownership on the taxable status date (which falls on January 5th of each year), and the exemption applied beginning with the fiscal year commencing on the following July 1st. The new rule applies to property transferred on or after August 1, 2007, and provision is made for the refund of taxes already paid.

- Chapter 482, NYS Laws of 2007

Section 421-a Multiple Dwelling Exemption Program Again Revised

In 2006, a City local law was enacted that made significant changes designed to reform the section 421-a program, which provides real estate tax exemptions for the construction of new multiple dwellings. The effectiveness of the local law was, however, dependent on the passage of needed State legislation. State legislation has now been adopted, which modifies some of last year's revisions, and extends the program for three additional years, i.e., for construction commenced before December 28, 2010.

- Chapters 618, 619 and 620, NYS Laws of 2007 and Chapter 15, NYS Laws of 2008

Class Share Adjustment Frozen For City's FY 2008 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 cap on the increase in any class's share of the levy. Under special legislation that applies only to the City fiscal year ending June 30, 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 immediately preceding fiscal year. This measure forestalls the large increase in tax burden that Class One property owners would otherwise have faced.

- Chapter 79, NYS Laws of 2007

Industrial and Commercial Incentive Program (ICIP) Extended

The benefit program that grants real estate tax exemptions and abatements for the improvement or construction of industrial and commercial buildings in designated areas

of the City has been extended for one year. Under the extension, applications for benefits can be filed until June 30, 2008, and building permits must be issued no later than July 31, 2008. In addition, the designation of certain areas of the City as “renovation exemption areas” or “new construction exemption areas” is continued until June 30, 2008. (The one-year extension is designed to allow time for a study of possible revisions to the program.)

- Chapter 92, NYS Laws of 2007 and NYC Local Law 41 of 2007

Lower Manhattan Commercial Revitalization Program Sunset Dates Extended

Under the Lower Manhattan Commercial Revitalization Program (CRP), eligible landlords can receive real property tax abatements that are in turn passed along to their qualifying commercial tenants in the form of lower rental costs. Amendments to the CRP have extended the end of the eligibility period from March 31, 2007 to March 31, 2010, and have extended the benefit period from March 31, 2013 to March 31, 2016. In connection with the CRP’s commercial rent tax reduction, the end of the period during which the special tax reduction is allowed has been extended from March 31, 2013 to March 31, 2016.

- Chapter 60 (Part O), NYS Laws of 2007

Tax Lien Sale Program Reauthorized and Revised

A statutory program that authorized the Commissioner of Finance to enforce the collection of delinquent real estate taxes and other real estate-related charges through the sale of tax liens, which had lapsed on August 31, 2006, has been reinstated and extended until December 31, 2010. In addition, certain features of the program have been revised. Among other changes, the law, with certain exceptions for homeowners, now allows the sale of water and sewer charge liens that total at least \$1,000 and have been outstanding for at least one year, regardless of whether the property also owes real estate taxes. Formerly, water and sewer charge liens could be sold only in conjunction with the sale of real estate tax liens on the parcel.

- NYC Local Law 68 of 2007

Third-Party Notification Procedure Adopted For Senior Homeowner Realty Exemption

In connection with the senior citizen homeowner exemption provided under section 467 of the Real Property Tax Law, a third-party notification procedure has been established, which allows eligible homeowners to file with local assessors a form designating a third

party to receive notification of the need to file a renewal application or of the possible removal of the exemption.

- Chapter 434, NYS Laws of 2007

J-51 Eligibility Restrictions Eliminated For Certain Mitchell-Lama Projects

Local laws have been adopted to implement several 2005 State legislative changes made to the authorizing law governing the City's J-51 program, which provides real estate tax exemptions and abatements for alterations and improvements to qualifying multiple dwellings. The local laws apply to limited-profit housing companies formed under Article 2 of the Private Housing Finance Law ("Mitchell-Lamas"). These companies were not eligible for J-51 benefits if the improvements were financed with governmental grants or loans, or, in the case of cooperative or condominium projects, if the average assessed value per unit exceeded \$40,000. The local laws eliminate these restrictions, provided the housing company signs a binding agreement to remain in the Mitchell-Lama program for at least 15 years from the commencement of J-51 benefits.

- NYC Local Laws 14 and 15 of 2007

J-51 Eligibility Period Extended

As authorized by State legislation approved in 2006, the deadline by which a project must be completed in order to qualify for J-51 benefits has been extended from December 30, 2007 to December 30, 2011.

- NYC Local Law 57 of 2007

Exemption Period Extended For SRO Rehabilitation Program

Acting under 2006 State authorizing legislation, the City has extended the program that offers tax exemptions and abatements for the rehabilitation of multiple dwellings used for single room occupancy by extending the deadline for starting improvements from December 30, 2007 to December 30, 2011.

- NYC Local Law 56 of 2007

Lower Manhattan Abatement Rules For Private Schools Modified

In 2006, the Lower Manhattan real estate tax abatement program, designed originally to provide lower rental costs to office and retail tenants, was extended to private elementary or secondary school premises. An amendment to that legislation has extended the

deadline for a newly eligible tenant to apply for a certificate of abatement, and has modified certain other program requirements.

- Chapter 610, NYS Laws of 2007

Localities Authorized to Enact Realty Exemptions For Cold War Veterans

A measure has been adopted that authorizes local taxing jurisdictions to implement through local legislation a new real estate tax exemption program for residential property owned by “cold war veterans.” A “cold war veteran” is an armed forces member who served on active duty for more than 365 days during the period from September 2, 1945 to December 26, 1991, and meets certain other conditions. The new program would allow a basic exemption for a 10-year period and an additional exemption for veterans with a service-connected disability. The exemption amounts would be determined based on specified percentages of assessed values, disability ratings, local class ratios and dollar caps. Homeowners receiving the veterans exemption currently allowed under section 458 or 458-a of the Real Property Tax Law would not be eligible for the new exemption. (To date, the City has taken no action on this authorizing legislation.)

- Chapter 655, NYS Laws of 2007

Rules Governing Certification and Training Requirements For NYC Realty Assessment Personnel Modified

In 2005, New York City real property assessment personnel were made subject to new certification, training and educational requirements as established under rules and regulations issued by the State Board of Real Property Services. Affected staff was given until April 1, 2008 to comply with the new requirements. That deadline has now been extended until April 1, 2009, and new personnel are given up to three years to meet the new requirements. In addition, the requirements are extended to real property adjudication personnel, and the State Board is directed to ensure that the rules adopted for NYC personnel are consistent with those applicable in other parts of the State.

- Chapter 252, NYS Laws of 2007

State Board of Real Property Services Authorized to Develop Large-Print Forms For Senior Citizens

The State Board of Real Property Services has been authorized to develop and distribute large-print versions of real property tax forms used by senior citizens, including STAR-related and senior homeowner exemption forms.

- Chapter 66, NYS Laws of 2007

Realty Abatements Authorized For Installing Protective Devices For Seniors and the Disabled

Enabling legislation has been adopted to authorize the City to provide real estate tax abatements to owners of buildings with at least two dwelling units who install grab bars in apartment bathrooms at the request of tenants who are senior citizens or disabled. Maximum abatement levels per installation are prescribed, the amounts to depend on the complexity of the installation work. (To date, the City has taken no action to implement this enabling authority.)

- Chapter 273, NYS Laws of 2007

Governor Empowered to Grant Additional Time to Pay Realty Taxes in Emergency

If requested by a local taxing jurisdiction during a state disaster emergency, the Governor is authorized to issue an executive order extending the deadline for paying local real estate taxes without interest or penalty. The seven-day extension period formerly allowed has been increased to 21 days.

- Chapter 522, NYS Laws of 2007

BUSINESS INCOME TAXES

GCT Alternative Tax Base Measured By Income Plus Compensation to Certain Shareholders Reduced

For general corporation tax purposes, the tax is calculated in four different ways and the amount due is the highest of the four. Under one of the calculations, compensation paid to greater-than-five-percent stockholders is added back to entire net income, \$40,000 is subtracted, and the balance is multiplied by a percentage, formerly 30 percent, to produce the alternative tax base. For tax years beginning after 2006, that percentage is reduced in four steps, as follows: tax years beginning in 2007—26 $\frac{1}{4}$ percent; tax years beginning in 2008—22 $\frac{1}{2}$ percent; tax years beginning in 2009—18 $\frac{3}{4}$ percent; and tax years beginning after 2009—15 percent. (In conjunction with this change, a technical amendment is made to the GCT provision that allows a credit for unincorporated business taxes paid by a partnership in which the corporate taxpayer is a member; the amendment is designed to reflect the reduction in the effective rate of the alternative income-plus-stockholder-compensation tax.)

- Chapter 491, NYS Laws of 2007

GCT Alternative Tax Calculations Eliminated and Return Filing Simplified for Certain Small Corporations

For tax years beginning in 2007 and thereafter, the alternative income-plus-stockholder-compensation tax base and the capital tax base under the general corporation tax will not apply to a taxpayer if its Federal gross income is less than \$250,000, its business allocation percentage is 100 percent and it has no investment or subsidiary capital. Such a taxpayer (other than a New York State S corporation) may also elect to use as its City entire net income the New York State entire net income determined under Article 9-A of the Tax Law (as modified by adding back any State deduction claimed for general corporation tax paid).

- Chapter 491, NYS Laws of 2007

UBT Allowance For Partner's or Proprietor's Services Increased

The unincorporated business tax does not permit personal service compensation payments to partners or proprietors to be deducted, but instead provides a fixed-dollar allowance for the personal services of the proprietor and each partner actively engaged in the unincorporated business. For tax years beginning after 2006, that allowance has been increased from \$5,000 to \$10,000. (The total amount deductible, however, cannot exceed 20 percent of the firm's taxable income.)

- Chapter 491, NYS Laws of 2007

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. These provisions have again been extended, through tax years beginning before January 1, 2010. 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, 2010.

- Chapters 60 (Part H) and 96, NYS Laws of 2007

Deadlines For Meeting Certain REAP Requirements Extended

Applicants for City business tax credits under the relocation and employment assistance program (REAP) available in all parts of the City except the area below 96th Street in Manhattan have been given additional time to meet certain REAP requirements. The new timetable applies to eligible premises in a building that receives a building permit after August 1, 2007 but before December 31, 2008, and extends the deadline for commencing

improvements to December 30, 2008, and the deadline for filing a preliminary application for benefits to June 30, 2013.

- Chapters 497 and 417, NYS Laws of 2007

Authorization For City Commercial Production Tax Credit Amended

In 2006, New York State adopted the Empire State commercial production tax credit, allowable against its corporate and personal income taxes, for a portion of the qualifying costs of producing certain TV, radio and movie theater commercials. The total of all credits allowable each year is subject to a dollar cap, and that cap is to be apportioned among three defined categories of production companies. The City was authorized to enact a similar business tax credit, with its own dollar cap to be apportioned between two of the State categories. Although, to date, the City has not acted to adopt the credit, the authorizing legislation has been amended to permit the City to apportion its entire annual dollar cap to one of the categories. In addition, the cap--\$3 million—could not by local law be reduced below that level.

- Chapter 300, NYS Laws of 2007

Cross Reference: See Personal Income Tax section below for item concerning the credit for unincorporated business tax payments.

PERSONAL INCOME TAX

City Personal Income Tax Credit Enacted For Household and Dependent Care Services Necessary For Gainful Employment

For tax years beginning on or after January 1, 2007, a refundable City personal income tax credit is allowed for expenditures for certain household and dependent care services necessary for gainful employment. The credit is equal to the “applicable percentage” of the allowable New York State household and dependent care credit; however, for purposes of the City credit, only childcare expenses for dependents under the age of four are considered. For taxpayers with household gross incomes up to \$25,000, the applicable percentage is 75 percent. Under a sliding scale formula, the applicable percentage declines from 75 percent to zero for household gross incomes between \$25,000 and \$30,000.

- Chapter 484, NYS Laws of 2007

City Personal Income Tax Credit For Unincorporated Business Tax Payments Increased

New York City residents are allowed to claim a credit against the City personal income tax for a percentage of the unincorporated business taxes paid by businesses they carry on

as sole proprietors or by partnerships in which they are partners. For tax years beginning on or after January 1, 2007, the percentage is increased from 65 percent to 100 percent for resident taxpayers whose taxable income is not more than \$42,000; for taxpayers whose taxable income is \$142,000 or more, the percentage is increased from 15 percent to 23 percent; and for taxpayers with income above \$42,000 but less than \$142,000, a statutory formula produces a percentage that declines from 100 percent to 23 percent as income rises from \$42,000 to \$142,000.

- NYC Local Law 35 of 2007

City Personal Income Tax STAR Credit Increased For Certain Taxpayers

The school tax relief (STAR) credit allowed under the City personal income tax has been increased for certain taxpayers in three stages beginning in tax year 2007. For taxpayers whose federal adjusted gross income less IRA distributions is more than \$250,000, the credit remains at its 2006 levels: \$230 for married couples filing jointly and surviving spouses and \$115 for all other taxpayers. (Beginning in tax year 2010, the \$250,000 figure will be indexed for inflation.) Taxpayers with income below the threshold qualify for higher credits as follows: for married couples filing jointly and surviving spouses, the credit is \$290 for tax years beginning in 2007, \$310 for tax years beginning in 2008 and \$335 for tax years beginning after 2008; and for single individuals, heads of household and married individuals filing separately, the credit is \$145 for tax years beginning in 2007, \$155 for tax years beginning in 2008 and \$167.50 for tax years beginning after 2008.

- Chapter 57 (Part D-1), NYS Laws of 2007

Deemed New York S Corporation Election Affects City Personal Income Tax

Beginning in 2007, an eligible S corporation for Federal income tax purposes that has not made the election to be a New York S corporation will be deemed to be a New York S corporation if its investment income for the tax year is more than 50 percent of its Federal gross income for the year. (This rule does not apply if the S corporation is subject to the State banking corporation tax). For City personal income tax purposes, the deemed election applies to shareholders who are City residents, and they must include their distributive shares of corporate income, losses and deductions to the same extent as for State personal income tax purposes.

- Chapter 60 (Part L), NYS Laws of 2007

SALES TAX

Clothing and Footwear, Regardless of Cost, Exempted From City Sales Tax

Beginning September 1, 2007, all clothing and footwear purchases, regardless of cost, are exempted from City sales and use taxes. Formerly, only articles of clothing and footwear costing less than \$110 were exempted. (The limited exemption continues to apply under the State portion of the sales and use taxes.)

- Chapter 82, NYS Laws of 2007

MISCELLANEOUS

State Attorney General Authorized To Prosecute City Cigarette Tax Violations

The New York State Attorney General has been authorized to prosecute criminal violations of the City cigarette tax law. (Under existing law, district attorneys and the City's Corporation Counsel can also prosecute such violations.)

- Chapter 632, NYS Laws of 2007

Energy Cost Reduction Programs Extended

The sunset date for new applicants to qualify for benefits under the City's Lower Manhattan Energy Program and Energy Cost Savings Program has been extended from July 1, 2007 to July 1, 2010. Under these programs, energy suppliers sell discounted energy to eligible businesses and are reimbursed for their foregone revenue by means of credits against their City utility taxes.

- Chapter 255, NYS Laws of 2007

Service of Protection Orders Exempted From Sheriff Fees

Effective August 19, 2007, sheriffs may not collect any fees, including mileage, for service of civil orders of protection and of related orders or papers served at the same time.

- Chapter 36, NYS Laws of 2007

Volunteer Fire Companies and Ambulance Services Exempted From Mortgage Recording Taxes

Mortgages executed by a volunteer fire company or a volunteer ambulance service are exempted from state and local mortgage recording taxes as of August 15, 2007.

- Chapter 527, NYS Laws of 2007

City Contractors To Be Paid By Electronic Funds Transfer

Vendors selling goods or services to the City under contracts for more than \$25,000 are to be paid by electronic funds transfer beginning January 1, 2008. Affected contractors must designate a financial institution and provide the Department of Finance with the information necessary to permit EFT payments. In specified circumstances, the EFT payment requirement can be waived.

- NYC Local Law 43 of 2007

Tax Commission and Tax Appeals Tribunal Consolidated in New City Agency

A new City agency, to consist of the Tax Commission and the Tax Appeals Tribunal, has been created to provide staff and administrative assistance to the Commission and the Tribunal. (The Tax Commission hears real estate tax assessment appeals; the Tax Appeals Tribunal adjudicates income and excise tax disputes.) The new agency, called the Office of Administrative Tax Appeals, will be headed by a director and will operate pursuant to a written agreement between the Presidents of the Commission and the Tribunal. The substantive powers and responsibilities of the Commission and the Tribunal will not change; however, the Tax Commission will be authorized to designate persons with relevant real estate assessment experience to hear assessment appeals. A City Charter provision, which had placed the Tax Appeals Tribunal within the Department of Finance for support staffing purposes, has been repealed.

- NYC Local Law 59 of 2007

Cross Reference: See Real Property Tax section above for item (on page 3) concerning the Lower Manhattan Commercial Revitalization Program, which refers to an extension of the period during which a special commercial rent tax reduction is allowed.

Chronology of Selected Legislative Actions Affecting NYC Taxes

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
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]

* Defined on last page.

Notes: Local laws adopted by the NYC Council. Chapter laws adopted by 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
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
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

* Defined on last page.

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Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
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
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

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2001			
Increase in CRT taxable threshold from \$100,000 to \$150,000 annual rent; partial credit provided for rent between \$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
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

* Defined on last page.

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Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
2004			
Hotel room 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
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/manufacturing 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
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
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; Ch. 15, Laws of 2008	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

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Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax*	Legal Citation	Effective Date
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* 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