

**Summary of 2011 New York State and New York
City Legislation Affecting City Taxes and
Department of Finance Programs**



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**Prepared by the Office of Tax Policy
March 1, 2012**

SUMMARY OF 2011 NEW YORK STATE AND NEW YORK CITY LEGISLATION AFFECTING THE DEPARTMENT OF FINANCE

The following are brief summaries of New York State and New York City laws enacted during 2011 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

Industrial and Commercial Abatement Program Continued and Certain Electricity Generating Facilities Made Eligible for ICAP Benefits

The Industrial and Commercial Abatement Program, which provides tax abatement benefits for the construction or improvement of industrial or commercial buildings in designated areas of the City, has been extended by moving the application filing deadline from March 1, 2011 to March 1, 2015. Benefits will not be allowed for construction work performed pursuant to a building permit issued after April 1, 2015 or, if no building permit is required, for construction work commenced after April 1, 2015.

ICAP provisions that make utility property ineligible for benefits have been amended to allow a 15-year industrial abatement for certain electricity generating facilities known as "peaking units."

- Chapter 28, NYS Laws of 2011

Section 421-a Multiple Dwelling Exemption Program Continued

The section 421-a program, which provides real estate tax exemptions for the construction of new multiple dwellings, has been continued by extending benefits to otherwise eligible projects on which construction commences before June 15, 2015 (formerly December 28, 2010). In addition, eligible projects on which construction commenced between January 1, 2007 and June 30, 2009 are given an additional 36 months beyond the regular three-year construction period to complete construction (but are eligible for a maximum of three years of benefits during the construction period).

- Chapter 97 (Part B), NYS Laws of 2011

Class Share Adjustment Limited for City's FY 2012 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 to the City's fiscal year ending in 2012, the five-percent limit on increases has been reduced to 2.5 percent. The legislation requires the issuance of revised real estate tax bills for FY 2012 in place of the bills mailed prior to its enactment.

- Chapter 541, NYS Laws of 2011

Tax Lien Sale Program Extended and Modified

Statutory provisions that authorize the Commissioner of Finance to enforce the collection of delinquent real estate taxes, water and sewer charges and other real estate-related charges through the sale of tax liens, which had lapsed on December 31, 2010, have been reinstated and extended until December 31, 2014. In addition, certain provisions of the program have been modified, including amendments allowing homes owned by certain veterans receiving property tax exemptions to be excluded from lien sales, increasing the period-of-delinquency and delinquent-amount thresholds for certain residential properties, and providing enhanced notifications to property owners facing lien sales.

- NYC Local Law 15 of 2011

Exemption/Abatement Program for Rehabilitation of Single-Room Occupancy Housing Continued

Section 488-a of the Real Property Tax Law authorizes localities to adopt local laws granting tax exemptions and abatements for the rehabilitation of multiple dwellings used for single-room occupancy. The authorization to adopt local laws, which was set to expire on December 31, 2011, has been extended until the end of 2015. The statutory deadline for beginning rehabilitation work has also been extended from December 31, 2011 to December 31, 2015.

- Chapter 140, NYS Laws of 2011

Increases in STAR Tax Savings Limited

Beginning with the 2011-2012 school year, the tax savings available under the School Tax Relief Program (STAR) cannot exceed the tax savings in the prior year by more than 2 %. The maximum tax savings available under the Basic and Enhanced STAR exemptions in each locality are to be calculated and posted online by the State Office of Real Property Tax Services. (The STAR program is funded by New York State.)

- Chapter 58 (Part N), NYS Laws of 2011

Unit Owners Allowed Access to Applications Filed Under Coop/Condo Tax Abatement Program

The City's partial real estate tax abatement program for eligible owners of Class Two cooperative and condominium dwelling units requires that the abatement applications be filed by the board of managers of a condominium or the board of directors of a cooperative. The applications are exempt from disclosure, with specified exceptions. Effective September 16, 2011, an exception has been added that permits the owner of a dwelling unit to request a copy of an application pertaining to his or her unit, with personal information redacted.

- Chapter 453, NYS Laws of 2011

Property Owners Permitted to Renounce Previously Granted Property Tax Exemptions

A procedure has been established under which a property owner can renounce a previously granted property tax exemption (including the STAR exemption) by filing an application with the appropriate local property tax official (the Commissioner of Finance in New York City) and paying any tax and interest due, plus a processing fee of \$500. (A homeowner may wish to renounce an exemption where, for example, more than one home has been claimed as a primary residence.) The renunciation can apply to exemptions going back no more than 10 years. Where the renunciation relates to the STAR exemption, penalties otherwise imposable for material misstatements will not apply; any tax and interest paid will be turned over to the State Commissioner of Taxation and Finance, since the State funds the STAR program.

- Chapter 58 (Part N), NYS Laws of 2011

NYC Excluded From Property Tax Cap Law

Starting with fiscal years beginning in 2012, a new law limits, with certain exceptions, the annual growth of property taxes levied by local governments and school districts to the lesser of two percent or the rate of inflation. New York City is specifically excluded from the operation of this law.

- Chapter 97 (Part A), NYS Laws of 2011

State Tax Department Authorized to Establish Standards for Electronic Real Property Tax Administration

In a step toward a comprehensive system of paperless real property tax administration transactions, the State Department of Taxation and Finance (which now includes the Office of Real Property Tax Services) has been authorized to establish standards allowing for such things as the electronic filing

or transmission of exemption applications, petitions for review of assessments, tax bills, tax payments, payment receipts and various other notices and documents. In developing such standards, the Department would be required to consult with local government officials. Local governments could, by local law, elect to provide electronic real property tax administration. Taxpayers would not be required to participate in the electronic system but could elect to do so.

- Chapter 61 (Part U), NYS Laws of 2011

State Tax Department Authorized to Establish Statewide System of Parcel ID Numbers

The State Tax Department has been authorized to establish a uniform statewide system of parcel identification numbers beginning with tax rolls prepared in 2013. In its discretion, the Department could adopt an alternative system of parcel ID numbers that would apply only to New York City and Nassau County.

- Chapter 58 (Part N), NYS Laws of 2011

BANKING CORPORATION TAX

Expiring Bank Tax Provisions Made Permanent and G-L-B Transitional Provisions Extended

The New York City and New York State banking corporation taxes were extensively revised in 1985; some of the revisions affecting commercial banks were scheduled to expire but have been periodically renewed. These provisions, which were most recently set to expire for tax years beginning after 2010, have now been made permanent. In addition, certain expiring transitional provisions relating to the City/State corporate tax treatment of financial services companies following the enactment in 1999 of the federal Gramm-Leach-Bliley Act (which deregulated certain financial services activities) have been extended for two years, to cover tax years beginning in 2011 and 2012.

- Chapter 61 (Part J), NYS Laws of 2011

SALES TAX

Electronic News Services and Electronic Periodicals Exempted From State and Local Sales Taxes

Beginning March 1, 2012, receipts from sales of electronic news services and electronic periodicals are exempted from State and local sales and use taxes. An “electronic news service” is an electronically- or digitally-delivered service the

predominant purpose of which is the presentation of news content, and that meets certain other conditions. An electronic news service will not be exempt if the price charged for it exceeds a price cap determined annually by the State Tax Commissioner under a statutory formula. An electronically- or digitally-delivered publication will qualify as an “electronic periodical” if its predominant purpose is the presentation of news content and it satisfies other specified conditions. If an electronic news service or electronic periodical is sold with other services or products for a bundled price, rules are provided for determining whether, and the extent to which, the exemption will apply.

- Chapter 583, NYS Laws of 2011

State and Local Sales Tax Classification and Taxation of Diesel Motor Fuel Revised, Alternative Fuel Exemption Extended and Obsolete City Ledged Fuel Tax Provisions Repealed

Effective September 1, 2011, State and local sales tax definitions relating to diesel motor fuel have been modernized to reflect marketplace changes, resulting in certain changes in the taxation and enforcement of the collection of taxes on diesel fuel. In addition, a sales tax exemption for certain alternative fuels, due to expire after August 31, 2011, has been extended through August 31, 2012. (Technical memorandums explaining these changes in detail are available on the State Department of Taxation and Finance website.) As a housekeeping measure, certain obsolete sections of the City’s Administrative Code, which had imposed a special City tax on leaded motor fuel, have been repealed.

- Chapter 61 (Parts K and L), NYS Laws of 2011

Sales Tax Noncompliers Subject to Enhanced Enforcement Measures

Any person who fails to comply with State or local sales tax requirements concerning tax collection, remittance or return filing can be directed by the State Tax Department to deposit taxes collected, on a weekly basis, in a separate bank account in a Department-approved bank in New York, with the Department being given authority to debit that account. This measure is effective March 31, 2011 and, unless extended, will expire on December 31, 2012. A related measure, also effective March 31, 2011, authorizes the Department, when necessary to protect sales tax revenue, to require quarterly return filers to instead file monthly returns.

- Chapter 61(Part U), NYS Laws of 2011

PERSONAL INCOME TAX

Marriage Equality Act Affects Personal Income Tax Filings

Under the State Marriage Equality Act, effective July 24, 2011, all marriages, including those of same-sex couples, must be treated equally under all State laws, including the Tax Law. In a technical memorandum posted on its website, the State Department of Taxation and Finance, in applying the Act, has indicated that same-sex married couples must file New York State/City personal income tax returns as married, even though their marital status is not recognized for federal tax purposes. (See the website for additional details.)

- Chapters 95 and 96, NYS Laws of 2011

Standard Deduction to be Indexed by Cost of Living Adjustment

Starting in tax year 2013, the standard deduction allowed for State and City personal income tax purposes will be indexed to reflect increases in the consumer price index for all urban consumers as published by the U.S. Department of Labor.

- Chapter 56 (Part A), NYS Laws of 2011

Taxpayers Permitted to Request Reversal of Election to Credit Overpayment Against Following Year's Estimated Tax

For State and City personal income tax purposes, a taxpayer may elect to credit a tax overpayment against the succeeding year's estimated tax. A provision that made the election irrevocable has been amended, effective September 23, 2011, to allow the taxpayer to request that the credit be reversed and the overpayment refunded. The request must be made not later than the deadline for filing the succeeding year's return. If the State Tax Commissioner determines that good cause exists for reversing the credit, the overpayment may be credited against a liability or refunded without interest. The Commissioner's decision is final and not subject to further administrative or judicial review. (The measure makes corresponding changes to the State's corporate franchise tax provisions.)

- Chapter 521, NYS Laws of 2011

E-Filing Requirements Revised

E-filing requirements applicable to the filing of State and City personal income tax returns have been changed. Beginning September 15, 2011, an individual who prepares his or her own return using tax software will be required to e-file that return. A tax return preparer who prepares more than five returns during a calendar year beginning after 2010 will be required to e-file in any succeeding

year in which he or she prepares one or more returns using tax software. These requirements, if not extended, are set to sunset at the end of 2012, at which time the rules formerly in effect will be restored.

- Chapter 61 (Part U), NYS Laws of 2011

Right to Receive Refund by Paper Check Affirmed

If the State Tax Department adopts a prepaid debit card or direct deposit program for payment of State and City personal income tax refunds, an amendment to the State Taxpayers' Bill of Rights allows a taxpayer to opt out of such program and elect to receive the refund by paper check.

- Chapter 479, NYS Laws of 2011

HOTEL ROOM OCCUPANCY TAX

Beginning March 1, 2009, the rate of the hotel room occupancy tax was increased from 5 % to 5.875 %. The rate was scheduled to return to its 5 % level on December 1, 2011, but the higher rate has been extended until November 30, 2013. (The hotel room occupancy tax applies in addition to the State and local sales taxes on hotel room rentals.)

- NYC Local Law 67 of 2011

REAL PROPERTY TRANSFER TAX

Reduced Tax Rates for Qualifying REIT Transfers Continued

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, 2011, has been continued in effect until August 31, 2014.

- Chapter 493, NYS Laws of 2011

COMMERCIAL MOTOR VEHICLE TAX

CMVT Due on Medallion Taxicabs and Certain Other For-Hire Passenger Vehicles to be Collected by NYC Taxi and Limousine Commission

Starting April 1, 2012, the City's Taxi and Limousine Commission will begin collecting, on behalf of the Department of Finance, the commercial motor vehicle

tax imposed on medallion taxicabs and on certain other for-hire passenger vehicles that are TLC-licensed but for which the tax is not collected by the NYS Department of Motor Vehicles (which currently collects the tax for the City on certain NYS-registered trucks and passenger transportation vehicles). Payment of the tax to the TLC will be a condition precedent to its issuance of a license or license renewal.

- NYC Local Law 73 of 2011

CIGARETTE TAX

Finance Department's Option to Sell Seized and Forfeited Cigarettes Eliminated

Cigarettes seized by law enforcement personnel because of City cigarette tax violations are subject to forfeiture, and the Commissioner of Finance was authorized to sell such cigarettes at public sales to licensed cigarette agents, with the proceeds payable into the City treasury. Effective September 23, 2011, that option has been eliminated and forfeited cigarettes must be destroyed or used for law enforcement purposes. (Other provisions of law also give the Finance Commissioner the discretion to allow the owner to redeem the cigarettes upon payment of the taxes, interest and a penalty, or to transfer them to the City's Correction Department for sale to inmates.) (The above rules are similar to those applicable in connection with the administration of the State's cigarette and tobacco products taxes.)

- Chapter 556, NYS Laws of 2011

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 2011, have been extended until the end of 2014. The affected taxes and rates are:

- the current higher rate tables for the City personal income tax, which set a maximum rate of 3.4 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, including 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 graduated fixed-dollar minimum tax ranging from \$25 to \$5,000.
- Chapter 209, NYS Laws of 2011

Electronic Recording of Instruments Affecting Real Property Authorized

Beginning September 22, 2012, county clerks and the City Register will be authorized to permit electronic recording of deeds, mortgages and other instruments affecting real property in New York. (In New York City, the Department of Finance's City Register is the recording officer for the Bronx, Brooklyn, Manhattan and Queens; the Richmond County Clerk is the recording officer for Staten Island.) The decision whether or not to participate in the electronic recording program is within the discretion of each recording officer. To ensure consistency in the standards and practices of, and the technology used by, recording officers in the State, the State Office for Technology is mandated to adopt appropriate rules and regulations.

- Chapter 549, NYS Laws of 2011

Certain State and Local Tax Liabilities Extinguished After 20 Years

A liability for any tax administered by the State Department of Taxation and Finance, including the City's personal income tax and sales tax, will be unenforceable and will be extinguished after 20 years from the first date a warrant could be filed for that tax liability, regardless of whether the warrant is actually filed. The 20-year period can be extended if the taxpayer and the Department so agree in writing. This measure is effective August 17, 2011, and applies to tax liabilities that could have been warranted before that date, as well as to those that can first be warranted on or after that date.

- Chapter 432, NYS Laws of 2011

Eligibility Expanded for Offer-In-Compromise Program Covering State Tax Department-Administered Taxes

The offer-in-compromise program covering all taxes administered by the State Tax Department, including the City's personal income tax and sales tax, which had been limited to tax debtors that were discharged in bankruptcy or insolvent, has been expanded to include taxpayers that can prove that collection in full would cause undue economic hardship. The requirement that the amount accepted by the Department in compromise cannot be less than the amount recoverable through legal proceedings has been modified to permit acceptance of an amount reasonably reflecting collection potential or otherwise justified by proofs offered by the tax debtor. The changes are effective August 17, 2011

- Chapter 469, NYS Laws of 2011

Crediting of Lottery Winnings Against Tax Debts Authorized

Effective August 1, 2011, the State Department of Taxation and Finance is authorized to credit New York State lottery prizes exceeding \$600 against enforceable past due tax liabilities for any tax administered by the Department, including the City's personal income tax and sales tax.

- Chapter 61 (Part D), NYS Laws of 2011

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; FY = Fiscal Year (New York City's Fiscal Year begins July 1 and ends the following June 30.)

Tax Acronyms:

BTX = Banking Corporation Tax
 CRT = Commercial Rent Tax
 GCT = General Corporation Tax
 MRT = Mortgage Recording Tax
 RPT = Real Property Tax
 STX = Sales Tax
 UTX = Utility Tax

CMVT = Commercial Motor Vehicle Tax
 CT = Cigarette Tax
 HTX = Hotel Room Occupancy Tax
 PIT = Personal Income Tax
 RPTT = Real Property Transfer Tax
 UBT = Unincorporated Business 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

Chronology of Selected Legislative Actions Affecting NYC Taxes

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

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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

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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

Chronology of Selected Legislative Actions Affecting NYC Taxes

Tax Action	Tax	Legal Citation	Effective Date
2009			
City sales tax rate increased from 4% to 4.5%	STX	Chapter 200, Laws of 2009	8/1/09
City sales tax exemption on clothing and footwear conformed to State exemption covering only items costing under \$110	STX	C. 200	8/1/09
Unincorporated business tax credit increased: full credit if tax not over \$3400; partial credit if tax between \$3401 and \$5399	UBT	Chapter 183, Laws of 2009	TYBOOA 1/1/09
Various City tax provisions conformed to State tax provisions, including:			
• 10-year phase-in of single receipts factor allocation formula	GCT, UBT	Chapter 201, Laws of 2009	TYBOOA 1/1/09
• mandatory combined returns where substantial intercompany transactions exist	GCT, UBT	C. 201	TYBOOA 1/1/09
• required combination for "captive" REITs/RICs	GCT, BTX	C. 201	TYBOOA 1/1/09
• cap on alternative tax on capital raised to \$1 million	GCT	C. 201	TYBOOA 1/1/09
• fixed-dollar minimum tax to be based on gross receipts	GCT	C. 201	TYBOOA 1/1/09
• alien banks subject to taxable assets alternative tax base	BTX	C. 201	TYBOOA 1/1/11
• banks allowed net operating loss carryforward deduction	BTX	C. 201	Losses after 2008
• special receipts sourcing rules adopted for broker/dealers	GCT, UBT	C. 201	TYBOOA 1/1/09
• City voluntary disclosure and compliance program adopted	Various	C. 201	7/11/09
• income and excise tax criminal penalties revised	Various	C. 201	7/11/09
Room remarketers required to collect hotel tax on markups	HTX	Local Law 43 of 2009	9/1/09
City sales tax imposed on electric and gas transmission services	STX	C. 200	8/1/09
State/City sales tax imposed on limousine services	STX	Chapter 57, Laws of 2009	6/1/09
City school tax reduction (STAR) credit reduced	PIT	C. 57	TYBOOA 1/1/09
Middle Class STAR Rebate Program repealed	RPT	C. 57	2009-2010 school year
Small biotechnology firms allowed credit for certain R&D and training costs	GCT, UBT	Chapter 453, Laws of 2009, Local Law 67 of 2009	TYs 2010, 2011, 2012
2010			
Additional bracket added to City personal income tax rate schedule; 3.876% rate on taxable income over \$500,000	PIT	Chapter 57, Laws of 2010	TYBOOA 1/1/10
Total itemized deductions for taxpayer with AGI over \$10 million limited to 25% of federal charitable contribution deduction	PIT	C. 57	TY's 2010, 2011, 2012
Hotel room remarketers' markup made subject to State/City sales tax	STX	C. 57	9/1/10
Bank bad debt deduction conformed to federal deduction	BTX	C. 57	TYBOOA 1/1/10
Expiring bank tax provisions extended for one year	BTX	Chapters 24, 67, Laws of 2010	TYBOOA 1/1/10
STAR exemption eliminated for homeowners with incomes above \$500,000	RPT	C. 57	2011-2012 school year
2011			
Expiring tax authorizations extended for three years	CT, GCT, PIT, STX	Chapter 209, Laws of 2011	7/20/11
Industrial and Commercial Abatement Program extended for four years	RPT	Chapter 28, Laws of 2011	3/1/11
Section 421-a Multiple Dwelling Exemption Program extended until June 15, 2015	RPT	Chapter 97, Laws of 2011	12/28/10
Tax Lien Sale Program extended for four years	RPT	Local Law 15 of 2011	3/16/11
Expiring bank tax provisions made permanent and Gramm-Leach-Bliley transitional provisions extended for two years	BTX	Chapter 61, Laws of 2011	3/31/11
Electronic news services and electronic periodicals exempted from State/City sales tax	STX	Chapter 583, Laws of 2011	3/1/12
Marriage Equality Act recognizes same-sex marriages for State/City tax purposes	Various	Chapters 95, 96, Laws of 2011	7/24/11
Reduced tax rates for qualifying real estate investment trust (REIT) transfers extended for three years	RPTT	Chapter 493, Laws of 2011	8/31/11
Higher hotel room tax rate extended for two years	HTX	Local Law 67 of 2011	12/1/11
Increases in STAR tax savings limited	RPT	Chapter 58, Laws of 2011	FY 2012
Taxi and Limousine Commission authorized to collect motor vehicle tax on medallion cabs	CMVT	Local Law 73 of 2011	4/1/12