

**Summary of 2012 New York State and New York
City Legislation Affecting City Taxes and
the Department of Finance**



**New York City Department of Finance
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SUMMARY OF 2012 NEW YORK STATE AND NEW YORK CITY LEGISLATION AFFECTING CITY TAXES AND THE DEPARTMENT OF FINANCE

The following are brief summaries of New York State and New York City laws enacted during 2012 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

Class Share Adjustment Limited for City's FY 2013 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 2013, the five-percent limit on increases has been reduced to 1.5 percent. The legislation requires the issuance of revised real estate tax bills for FY 2013 in place of the bills mailed prior to its enactment.

- Chapter 90, NYS Laws of 2012

Certain Residential Property Damaged by Hurricane Sandy Granted Interest-Free Extension of Due Date for Payment of January 2013 Installment

If the NYC Department of Buildings has determined, after inspection, that a Class One or Class Two building has been seriously damaged so as to be unsafe to enter or occupy or has been completely demolished as a result of the effects of Hurricane Sandy, the installment of real estate tax normally due on January 1, 2013 will be considered timely paid if it is paid no later than April 1, 2013. If not paid by April 1, interest will be charged from April 1, 2013 to the date of payment. The Building Department's determination must be evidenced by a notation on its records and/or the posting of a notice on the building.

- NYC Local Law 63 of 2012

Solar Electric Generating System Abatement Extended at Reduced Level

In 2008, legislation was enacted to allow a real property tax abatement for the installation of a solar electric generating system in a Class One, Two or Four building in the City. A sunset provision that set an application filing deadline of March 15, 2013 has been amended to permit applications to be filed up to March

15, 2015. In addition, for systems placed in service after 2012 and before 2015, the allowable annual abatement is equal to 2.5 percent of eligible generating system expenditures, down from the levels allowed in prior periods. (However, as in prior periods, the annual abatement cannot exceed the lesser of the taxes for the year or \$62,500.)

- Chapter 401, NYS Laws of 2012

Extension of Property Tax Exemptions Authorized for Redevelopment Company Projects

Under Article 5 of the New York Private Housing Finance Law, redevelopment company projects are eligible for real property tax exemptions for specified periods. Legislation has been enacted to permit an extension of the exemption period for such projects (other than mutual redevelopment company projects) for 50 additional years. During the additional exemption period the project must pay taxes equal to the greater of (1) 10 percent of the project's annual rent or carrying charges (less utilities), or (2) the taxes payable by the project immediately prior to the expiration of the initial exemption period.

- Chapter 415, NYS Laws of 2012

STAR Exemption Subject to Suspension Based on Past-Due State Tax Liabilities

The NYS Commissioner of Taxation and Finance has been authorized to develop a program to collect delinquent State tax liabilities by suspending a property's eligibility for the School Tax Relief Program (STAR) exemption. For this purpose, delinquent tax liabilities are those that have become fixed and final and no longer subject to any review, and include local taxes administered by the State Tax Commissioner, such as the City's sales and personal income taxes. The program applies only to taxpayers owing at least \$4,500; any suspended STAR benefit will be offset against the taxpayer's past-due liabilities. The suspension program will begin with the 2013-2014 school year and will expire at the end of the 2015-2016 school year.

- Chapter 59 (Part B), NYS Laws of 2012

Proof of Eligibility Required of Applicants for Certain Real Estate Tax Exemptions

Beginning December 17, 2012, individuals applying for certain City real estate tax exemptions will be statutorily required to submit specified forms of proof of eligibility, including, as appropriate, Federal tax returns, government-issued identification such as a driver's license, passport or birth certificate, and other official documentation. The exemptions in question are the senior citizen and

disabled homeowner exemptions, the school tax relief (STAR) exemption, the veterans' exemption and the clergy exemption.

- NYC Local Law 31 of 2012

Real Estate Tax Exemption Authorized for Improvements Meeting “Green Building” Certification Standards

Municipalities have been authorized to adopt local legislation that provides a real estate tax exemption for property improvements that meet specified certification standards for “green buildings” that promote environmental goals. A declining exemption for up to 10 years could be allowed based on the increase in assessed value resulting from the improvements. (To date, the City has taken no action on this authorizing legislation.)

- Chapter 188, NYS Laws of 2012

System Required to Ensure Transitioning From DRIE to SCRIE Program

The disabled person rent increase exemption program (DRIE) and the senior citizen rent increase exemption program (SCRIE) exempt eligible limited-income tenants from certain rent increases and compensate their landlords for the lost income through real estate tax abatements. Legislation has been adopted to require the agency administering these programs—the Department of Finance in New York City—to develop a system to ensure that qualifying DRIE recipients can, at the appropriate time, transition to the SCRIE program.

- Chapter 286, NYS Laws of 2012

Certain Homes Owned Through Limited Partnerships or Trusts Made Eligible for Small Claims Assessment Review Procedure

Owners of one- to three-family homes who satisfy certain requirements can seek judicial review of their real property assessments under a simplified small claims assessment review procedure. Effective July 18, 2012, an otherwise qualifying homeowner will not be disqualified from using the procedure where the home is owned through a limited partnership or trust, provided certain conditions are met, including that the home is the partner's or beneficiary's primary residence and that the partnership or trust was created solely for estate planning and asset protection purposes.

- Chapter 114, NYS Laws of 2012

Department of Finance Directed to Publish Brochures Explaining NYC Property Tax System

The Department of Finance has been directed to publish on its website brochures containing information about the City's real property tax system, including a description of the manner in which DOF determines market values and assessed values for Class One and Class Two properties, a description of the various statements and notices generated by DOF, a description of available exemptions and abatements, and a description of the assessment review process.

- NYC Local Law 62 of 2012

BUSINESS INCOME TAXES

Biotechnology Credit Extended

Beginning in tax year 2010, certain biotechnology firms in the City were allowed a credit against the general corporation tax or unincorporated business tax based on qualifying research and development costs. The credit can be claimed for a maximum of three years, and the total of all credits allowed during any calendar year cannot exceed \$3 million. The credit was scheduled to expire at the end of tax year 2012, but legislation has been enacted that continues the credit through tax year 2015.

- Chapter 429, NYS Laws of 2012 and NYC Local Law 61 of 2012

BANKING CORPORATION TAX

Gramm-Leach-Bliley Transitional Provisions Extended and Modified

Certain expiring transitional provisions, affecting the New York City and New York 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 2013 and 2014. However, only corporations that meet the tax statute's definition of "banking corporation" will remain subject to the banking corporation tax under the transitional provisions.

- Chapter 59 (Part R), NYS Laws of 2012

SALES TAX

Sales Tax Noncomplier Enforcement Measure Extended

A 2011 provision that authorized the State Tax Department to require a noncomplying sales tax vendor to deposit sales tax collections in a separate bank account has been extended from its original expiration date of December 31, 2012 to December 31, 2013.

- Chapter 59 (Part G), NYS Laws of 2012

Hotel Room Remarketer Sales Tax Compliance Requirements Modified

Beginning in 2010, hotel room remarketers, such as online travel companies, were required to collect and remit State and local sales taxes on the markup they charged the hotel guest. Those requirements have been amended to ease compliance responsibilities in the areas of information reporting and return filing, and to provide rules for computing the room rent where the room occupancy is bundled with other items for a single price.

Similar changes have been made in the City's separate, and locally administered, hotel room occupancy tax, which also includes room remarketer provisions.

- Chapter 59 (Part Q), NYS Laws of 2012

Alternative Fuel Exemptions Extended and Technical Amendments Made To Diesel Motor Fuel Provisions

State and local sales tax exemptions for certain alternative fuels, which were due to expire after August 31, 2012, have been extended through August 31, 2014. Technical amendments have also been made to certain sales tax provisions concerning diesel motor fuel.

- Chapter 59 (Parts D and E), NYS Laws of 2012

Certain Flag Purchases Exempted from Sales Tax

Beginning December 1, 2012, purchases of military service flags, prisoner of war flags, and blue star banners are exempt from New York State and local sales taxes.

- Chapter 477, NYS Laws of 2012

State Sales Tax Exemption Granted for Commercial Solar Energy Equipment with Local Option to Conform

Effective January 1, 2013, receipts from the sale and installation of commercial solar energy systems equipment are exempted from the State sales tax, and municipalities are given the option of conforming their local sales taxes. (To date, the City has taken no action to conform its local tax.)

- Chapter 406, NYS Laws of 2012

HOTEL ROOM OCCUPANCY TAX

Cross Reference: See Sales Tax item on page 5 concerning hotel room remarketers.

PERSONAL INCOME TAX

E-Filing Requirements Extended and Modified

In 2011, electronic filing and payment requirements applicable to State and City personal income taxes (and other State and State-administered local taxes) were changed, but those changes were scheduled to expire at the end of 2012. The 2011 changes have been extended until the end of 2013, with certain modifications, including the elimination of a \$25 penalty on individuals who fail to e-file, when required, their personal income tax returns, and a change in the e-filing threshold for tax preparers from the preparation of more than five tax documents to the preparation of tax documents for more than 10 different taxpayers.

- Chapter 59 (Part G), NYS Laws of 2012

COMMERCIAL MOTOR VEHICLE TAX

Responsibility for Collecting CMVT Due on Medallion Taxicabs Returned to Department of Finance

In 2011, the City's Taxi and Limousine Commission was given the responsibility for 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. A 2012 local law, effective June 1, 2012, has returned to DOF the responsibility for collecting the tax on medallion taxicabs. The T&LC

may require payment of the tax to DOF as a condition precedent to the issuance or renewal of a medallion cab license.

- NYC Local Law 35 of 2012

PARKING VIOLATIONS

Grace Period Established for Late Payment of Parking Fines

Effective April 18, 2012, penalties for late payment of parking fines levied by the Department of Finance's Parking Violations Bureau cannot be assessed until at least 30 days have elapsed from the issuance of a notice of determination or, if an appeal has been filed, from the issuance of a notice of determination of the appeal.

- NYC Local Law 8 of 2012

Affirmative Defense Allowed for Failure to Display Muni-Meter Receipt

Where a parking ticket is issued for failure to display a muni-meter receipt (a receipt dispensed by an electronic parking meter that shows the amount of parking time purchased), beginning March 3, 2012 it will be an affirmative defense, as evidenced by the muni-meter receipt, that parking time was in fact purchased for the time (or within the following five minutes) and location in question.

- NYC Local Laws 10 and 15 of 2012

Traffic Agents Authorized to Cancel Tickets Where Valid Muni-Meter Receipt Shown

Beginning September 24, 2012, a traffic agent who issues a parking ticket by electronic means for failing to pay the metered charge is authorized to cancel the ticket if, within five minutes after its issuance, the agent is shown a valid muni-meter receipt with an official start time that is no later than five minutes after the ticket's issuance time. The Department of Finance is directed to keep a record of all tickets so cancelled, and to submit an annual report of such cancellations to the City Council.

- NYC Local Law 19 of 2012

MISCELLANEOUS

City's Financial Institution Data Match System Extended to All New York State Financial Institutions

In 2009, legislation was adopted to require financial institutions doing business in the City to develop and operate, in conjunction with the Department of Finance, a data match system to assist in identifying and seizing assets of tax debtors whose debts have been reduced to judgment by the docketing of a City tax warrant. That legislation has been amended, effective August 17, 2012, to extend those requirements to all financial institutions doing business in New York State.

- Chapter 380, NYS Laws of 2012

Community Investment Advisory Board Established Within Department of Finance

An eight-member Community Investment Advisory Board has been created within the Department of Finance to evaluate whether banks that are or seek to be designated as depositories of City funds are meeting the financial and banking service needs of small businesses and low- and moderate-income residents in their communities. The City Banking Commission, the entity responsible for designating banks as depositories of City funds, may consider the CIAB's findings and recommendations, but is not bound by them.

- NYC Local Law 38 of 2012

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

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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

Chronology of Selected Legislative Actions Affecting NYC Taxes

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

Chronology of Selected Legislative Actions Affecting NYC Taxes

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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

Chronology of Selected Legislative Actions Affecting NYC Taxes

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2012			
Deadline extended for paying 1/1/13 tax installment on certain residential property damaged or demolished by Hurricane Sandy	RPT	Local Law 63 of 2012	12/20/12
Solar electric generating system abatement extended for 2 years	RPT	Chapter 401, Laws of 2012	8/17/12
Biotechnology credit extended for 3 years	GCT, UBT	Chapter 429, Laws of 2012, Local Law 61 of 2012	12/20/12
Gramm-Leach-Bliley transitional provisions extended for 2 years and modified	BTX, GCT	Chapter 59, Laws of 2012	3/30/12
Responsibility for collecting CMVT on medallion cabs returned to Department of Finance	CMVT	Local Law 35 of 2012	6/1/12
NYC financial institution data match system extended to all banks doing business in NYS	Various	Chapter 380, Laws of 2012	8/17/12