THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
OFFICE OF TAX POLICY

ANNUAL REPORT ON TAX EXPENDITURES

FISCAL YEAR 2012

MICHAEL R. BLOOMBERG, MAYOR • DAVID M. FRANKEL, COMMISSIONER

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REPORT PREPARED BY THE
OFFICE OF TAX POLICY
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EXECUTIVE SUMMARY

New York City furthers its social and economic objectives through a variety of programs. Some programs are funded by direct governmental appropriations while others are funded by reductions in tax liability and are referred to as "tax expenditures." This report, mandated by the New York City Charter, identifies and describes tax expenditure programs related to taxes administered by the City and provides tax expenditure estimates based on available data. The City administers approximately 60 real property, business income, and excise tax expenditure programs.

- Tax expenditures related to the real property tax totaled approximately $4.5 billion in Fiscal Year 2012. Housing and economic development-related incentives comprised 49 percent and 36 percent of real property tax expenditures, respectively. The five largest real property tax expenditure programs accounted for 63 percent of the cost of annual real property tax expenditures.

Five Largest FY 2012 NYC Real Estate Tax Expenditure Programs ($ Millions)	
421-a New Multiple Dwellings	$1,033
Industrial & Commercial Incentive Program	$682
Co-op/Condominium Abatement	$444
NYC Housing Authority	$404
J-51 Residential Alterations & Rehabilitation	$255

- Business income and excise tax expenditures that could be quantified were valued at $1.1 billion in Tax Year 2008. Many of these programs are designed to foster economic development, by, for example, reducing City energy costs for eligible businesses or providing relocation incentives. The five largest business income and excise tax expenditure programs accounted for 85 percent of the quantifiable cost of annual business income and excise tax expenditures.

Five Largest TY 2008 NYC Business Income and Excise Tax Expenditure Programs ($ Millions)	
Business & Investment Capital Tax Limitation	$377
Insurance Corporation Non-Taxation	$310
Foreign Bank Alternative Tax on Capital Stock	$137
Regulated Investment Company Management Fees	$44
Film Production Credit	$35

- City sales tax expenditures that could be quantified for Tax Year 2008 were estimated at $554 million. City-funded personal income tax credits, reported for TY 2009, were worth $256 million.

This report is organized in several parts that cover tax expenditure programs by tax. Parts II to IV cover the main tax expenditure categories summarized above. Part V summarizes audits and evaluations of City tax expenditures. Appendices provide supplemental information pertinent to City tax expenditures, including estimated average taxes paid per worker and general descriptions of NYC taxes.

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INTRODUCTION

Tax expenditures are deviations from the basic tax structure that reduce taxes for specific taxpayers or groups of taxpayers. Tax expenditures have traditionally been used to alter the distribution of the tax burden and to create incentives for taxpayers to change economic behavior. They provide economic benefits and are often used as alternatives to direct governmental allocations. The federal government and most states currently produce tax expenditure reports. In New York City, the first annual Tax Expenditure Report was produced in 1990.

The New York City Charter requires the City to provide a full accounting of local tax expenditure programs. Section 240 of the Charter mandates that an annual City tax expenditure report include:

- a comprehensive list of City-specific tax expenditures;
- the citation of legal authority and the objectives and eligibility requirements of each tax expenditure;
- data (as available) on the number and kinds of taxpayers that benefit from City tax expenditure programs and the total value of these programs;
- data on the number and kinds of taxpayers that carry forward tax benefits to future years and the total value of these carry-forwards;
- data (as available) on the economic and social impact of City tax expenditure programs; and
- a list and summary of all evaluations and audits of City tax expenditure programs conducted during the previous two years.

The Fiscal Year 2012 New York City Tax Expenditure Report includes detailed distributional information for City real property tax expenditure programs and, where available, for other tax expenditure programs. Such data are intended to help policy makers evaluate the impact of tax benefit programs.

Part I provides the criteria that define City tax expenditures and the methodology used to identify and estimate the cost of such expenditures. Parts II and III describe tax expenditures for the real property tax and business income and excise taxes, respectively. Part IV describes tax expenditures for the City's sales tax and personal income tax, which are administered by New York State. Part V summarizes audits and evaluations of City tax expenditures that have been conducted during the previous two years.

Appendices provide the text of the main provisions of New York City Charter Section 240, the Finance Department's taxes-per-worker calculations and ranking of industry sectors, and supplemental statistical data for real property tax expenditures.

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PART I

DEFINITION OF TAX EXPENDITURES

The definition of a normal tax structure and identification of specific tax expenditures is subjective and controversial. Some proponents of tax expenditure reporting recommend that tax expenditure lists be as inclusive as possible, encompassing all deductions or credits that reduce the taxable base from 100 percent of income and wealth. Others recommend a more narrow definition, focused on targeted measures that provide preferential treatment. This latter approach assumes that the definition of the taxable entity and the general rate schedule are part of the "normal" tax system.

This report utilizes the more targeted approach. In accordance with City Charter requirements, it identifies provisions of City-administered taxes that are intended to confer special tax benefits. This approach focuses attention on the information needed for local policy evaluation and public accountability.

A tax expenditure is defined as a revenue loss attributable to a provision of the tax law that allows a special exclusion, exemption, or deduction or that provides a special credit, preferential rate of tax, or deferral of tax liability. This report classifies a provision of the tax law as a tax expenditure if the following conditions are met:

City-Specific	-	The tax expenditure derives from a tax administered by the City.
Targeted Preference	-	The tax provision is "special" in that it is targeted to a narrow class of transactions or taxpayers.
Clear Exception	-	The tax provision constitutes a clear exception to a general provision of the tax laws.

Methodology

Application of City Tax Expenditure Criteria

Parts II and III of this report cover tax expenditures related to the following City-administered taxes: real property tax, banking corporation tax, commercial rent tax, general corporation tax, real property transfer tax, unincorporated business tax, and utility tax. Part II, which covers the real property tax, includes programs that exist throughout New York State and others that are granted by means of public authorities. Tax expenditures related to the State-administered mortgage recording tax are included in Part III and those derived from the personal income tax and sales and use tax, both City taxes administered by the State, are discussed in Part IV.

Tax exemptions provided to government entities and to non-profit organizations that serve the public at large are not included as City tax expenditures because such exemptions are routinely granted by states and municipalities and generally reflect conformity with federal law.

Definition of Tax Expenditures

Data

Revenue information for property tax exemptions and abatements is for the City's Fiscal Year 2012 (July 1, 2011 - June 30, 2012), and is based on the final assessment roll, unless otherwise noted. Estimates for business income and excise taxes and sales and use taxes are for Tax Year 2008, the latest year for which complete data are available. Figures reported for the Commercial Rent Tax are from July 1, 2008 to June 30, 2009, except where stated otherwise. Amounts reported for the personal income tax are for Tax Year 2009. The tax year corresponds to the calendar year for most taxpayers. All estimates are derived from Department of Finance data, except where noted otherwise. Data for Payments-in-Lieu-of-Taxes (PILOTs) are based on Department of Finance data and information provided by the City's Office of Management and Budget.

Measurement

In Parts II and III, the tax expenditure information provided for each item represents a direct mathematical calculation of the tax revenue foregone.[1] The estimate is not intended to represent the potential revenue gain for the City if the expenditure were eliminated. For example, the absence of a tax expenditure item may lead taxpayers to take advantage of other tax relief programs. In certain cases, the elimination of a tax expenditure item may even result in a revenue loss if the benefit had been stimulating other taxable economic activity. The data provided in this report do not take into account the effect of tax expenditures on the economic behavior of taxpayers or on the City's overall economy.

[1] For purposes of the real property tax, the calculation is based on the assumption that the City would have sufficient authority under the New York State Constitutional tax limit to levy the tax if property tax exemptions were eliminated.

PART II

REAL PROPERTY TAX EXPENDITURES

Overview

The City's real property tax, its single largest revenue source, is expected to be $17.6 billion, or roughly 43 percent of total tax revenue, in FY 2012. Real property tax programs will provide benefits through 300,668 exemptions and 500,136 abatements.[1] These exemptions and abatements will result in a total tax expenditure of about $4.5 billion in FY 2012.[2]

The City's property tax programs can generally be categorized as: (1) building-wide incentives for spurring construction; or (2) tax relief to individual homeowners or tenants. The City derives its authority for providing real property tax expenditures from a variety of New York State laws, provisions in the City Charter, the City Administrative Code, and agency regulations. Sunset dates are included for many programs to allow for periodic review of continuing need and, if necessary, to institute revisions in the law. Annual reports are mandated for some programs. Tax expenditures are largely granted and administered by various City agencies. The City also uses State-wide programs and public agencies to provide housing and economic development incentives to the local real estate market.

A statistical appendix provides information on the distribution of housing units by residential exemption program, borough, and property type.

Tax Expenditure Purposes

Property tax expenditures support residential, commercial and individual assistance programs.

Residential

Housing benefits comprised 49 percent of property tax expenditures, with a value of $2.2 billion in FY 2012. Various programs provide incentives for new construction or rehabilitation of small homes and/or multi-family buildings. Some programs are combined with additional financial assistance to target benefits for low- and middle-income housing. Several housing programs vary benefits on the basis of geographic criteria. The exemption benefits granted to residential properties are frequently extended to commercial space within the same building. The single largest residential incentive program covers Limited-Profit Housing Companies, otherwise known as Mitchell-Lama housing, with 100,659 units.

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[1]A tax exemption provides relief through a reduction in taxable assessed value. A tax abatement reduces real property tax liability through a credit rather than a reduction in taxable value. A single property may qualify for both an exemption and abatement of taxes.

[2] The School Tax Relief (STAR) program is locally administered through a real property tax exemption. However, it does not qualify as a local tax expenditure because the State bears the cost of the program. Consequently, the STAR program has been excluded from the report.

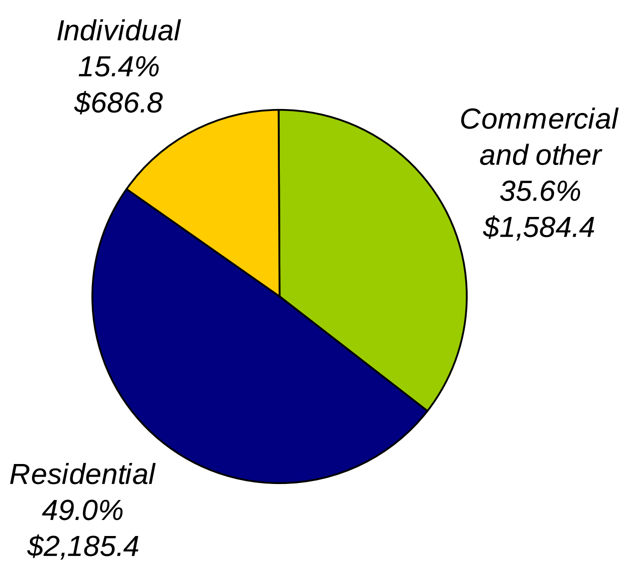
Commercial

The value of commercial/other incentives was $1.6 billion, or 36 percent of total property tax expenditures. Total benefits comprised 16,713 exemptions and 2,205 abatements. Properties assisted by the commercial programs range from hotels, retail space, and office buildings to properties involved in manufacturing and distribution activities, such as factories and warehouses. The programs frequently provide more extensive benefits to industrial construction and renovation. (In Chart 1, the commercial category includes the Chrysler Building and certain other tax expenditures; see Table 1.)

Individual Assistance

The smallest real property tax expenditure category, programs for individual assistance, totaled $687 million. There were 116,128 exemptions that reduced taxes for veteran and senior citizen homeowners, while the Senior Citizen Rent Increase Exemption (SCRIE) provided relief to 47,475 senior citizen renters. Senior citizen programs are based on the income of the qualifying individual who legally owns or occupies the property. The City's Co-op/Condo Program reduced the FY 2012 tax bills of certain class two co-op and condo owners by $444 million.

Chart 1
Real Property Tax Expenditures by Purpose, FY2012
Total: $4,456.6



Tax Expenditure Sources

The major sources of tax expenditures include City and State programs and public agencies. Various state programs are included in this report since the City administers the related exemptions and these programs serve as channels for housing and economic development incentives in the City (see Chart 2, next page).

City Programs

This category includes local incentives granted directly by the City for housing, commercial development, and individual assistance, and state programs in which participation is at the discretion of the locality. These tax expenditures totaled $2.9 billion, or 64 percent of all property tax expenditures. Residential incentives accounted for 49 percent of City program expenditures and were valued at $1.4 billion. Another 27 percent of City program tax expenditures resulted from commercial/other programs, and the remaining 24 percent went to individuals.

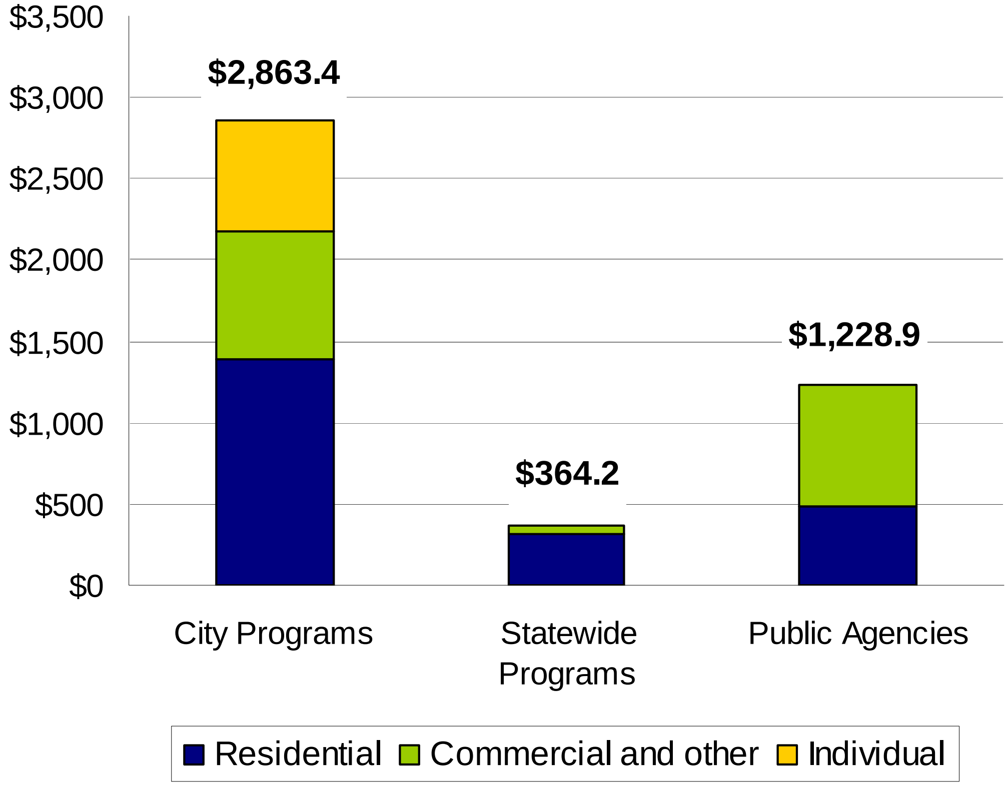
State Programs

These are predominantly residential programs that have many of the same goals as the City programs but are not exclusive to City taxpayers. For these programs, the net tax expenditure is displayed after deducting Payments-in-Lieu-of-Taxes (PILOTs) and Shelter Rent. Of the total $364 million of property tax expenditures in this category, 85 percent was granted to low- and middle-income housing, with the largest proportion going to Limited-Profit Housing Companies.

Public Agencies

Although tax exemptions are granted to all public authorities, the exempt properties included in this report benefit certain taxpayers rather than the public at large. The agencies include the City's Industrial Development Agency, the New York City Housing Authority, the State Urban Development Corporation and the regional Port Authority of New York and New Jersey. Commercial and industrial projects accounted for about $743 million of the $1.2 billion in tax expenditures attributable to public agencies. The New York City Housing Authority accounted for about 81 percent of the $486 million in residential tax expenditures in this category.

Chart 2
Real Property Tax Expenditures
By Source, FY 2012
Total: $4,456.6 million



Detailed Program Descriptions

The following sections provide information on tax expenditures within the real property tax. Table 1 lists City programs, with a distribution by borough in Table 2. Similarly, Table 3 covers statewide programs, with borough analysis in Table 4. Public Agencies are reviewed on a citywide basis in Table 5, with borough analysis in Table 6. Terms are described below.

Number of Exemptions: This column provides the number of exemptions under each program. Certain properties may be eligible for more than one exemption, such as the Veterans and Senior Citizen exemptions. As a result, the number of exemptions does not coincide with the number of parcels receiving exemptions.

Exempt Assessed Value: Exemptions exclude from the tax rolls a portion of the assessed value, whether the result of new construction (for example, the Industrial and Commercial Incentive Program) or tax relief programs targeted to individuals (Senior Citizen Homeowner Exemption). When a program provides an abatement of property taxes, this column is marked “N/A” and the value of the abatement can be found in the column marked “Tax Expenditures.”

Tax Expenditures:

Exemptions: For exemption programs, expenditures were determined by applying the appropriate tax rates to the exempt values in each category. Exemption categories were analyzed to determine the amount of exemption attributable to each of the City’s four tax classes.

Abatements: Abatement benefits are direct dollar offsets to property tax liability. They are often based upon factors that are unrelated to assessed values. For example, an abatement granted to a landlord under the SCRIE program is based upon the cumulative amount of rent increases not collected from eligible senior citizen renters living in the apartment building.

Residential/Commercial: In Tables 1, 3, and 5, the number of exemptions, exempt assessed value, and tax expenditure are further detailed between residential and commercial use. The residential category includes those properties designated as tax class one or two. The commercial category includes all others, including properties that combine residential and commercial use.

Gross Tax Expenditures: In Tables 3 and 5, gross tax expenditures are determined by applying the appropriate tax rates to the exempt values, using the same methodology that was applied for Tax Expenditures in Table 1, but not accounting for any offsetting revenues.

Payments-in-Lieu-of-Taxes (PILOTs): Although exempt from taxation, certain properties may be contractually obligated to make payments to the City. Additionally, certain housing programs require payment of taxes based on a shelter rent formula, defined as gross rent less utility costs. Though available by exemption, this information may not be currently available by property type.

Net Tax Expenditures: These values are determined by reducing the gross tax expenditures by applicable PILOTs. Tax abatements, which are credits used to reduce tax liability (rather than assessment reductions), are included in this column.

Real Property Tax

Table 1
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2012

Program	Number of Exemptions & Abatements	Exempt Assessed Value[1] ($ millions)	Tax Expenditure ($ millions)
HOUSING DEVELOPMENT	**233,446**	**10,148.1**	**1,443.8**
J-51 Exemption	21,454	1,243.6	166.8
Residential	21,446	1,232.5	165.6
Commercial	8	11.0	1.1
J-51 Abatement	133,188	N/A	87.8
Residential	133,170	N/A	87.6
Commercial	18	N/A	0.2
421-a, New Multiple Dwellings	64,252	7,743.2	1,032.7
10-year exemption	17,731	2,518.9	328.5
15-year exemption	28,522	1,574.7	214.3
20-year exemption	141	2,145.7	286.9
25-year exemption	17,858	1,503.8	203.0
Residential	56,479	7,237.8	981.4
Commercial	7,773	505.4	51.3
421-b, New Private Housing	8,991	86.4	15.7
HPD Division of Alternative Management	979	159.0	21.4
Lower Manhattan Conversion[2]	3,550	325.2	43.2
420-c, Low-Income Housing	1,032	590.7	76.3
Rehabilitation of Single-Room Occupancy Housing[3]	……..	N/A	0.0
INDIVIDUAL ASSISTANCE	**539,275**	**1,034.3**	**686.8**
Senior Citizen Homeowner Exemption (SCHE)	52,104	612.0	104.6
Senior Citizen Rent Increase Exemption(SCRIE)	47,475	N/A	95.6
Disabled Person Rent Increase Exemption (DRIE)	6,009	N/A	11.6
Veterans Exemption	64,024	363.3	21.3
Low Income Disabled Homeowner Exemption	4,896	58.9	10.0
Physically Disabled Crime Victims Exemption	6	0.1	0.0
Co-op/Condo Abatement	364,761	N/A	443.8

(continued)

1 When the program provides an abatement rather than an exemption, this column is marked "N/A".
2 The Lower Manhattan Conversion program was enacted as part of the Commercial Revitalization Program, described later.
3 Data on number of abatements is unavailable. Total tax value of abatement is less than $100,000.

Totals may not add due to rounding.

Table 1 *(continued)*
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2012

Program	Number of Exemptions & Abatements	Exempt Assessed Value[1] ($ millions)	Tax Expenditure ($ millions)
ECONOMIC DEVELOPMENT	**8,253**	**6,755.9**	**712.6**
Industrial & Commercial Incentive Program	7,311	6,607.0	681.6
Industrial & Special Commercial	2,588	2,477.9	258.3
All Other Commercial Projects	4,723	4,129.0	423.3
Industrial & Commercial Abatement Program	35	N/A	2.8
Other Commercial & Industrial Programs	907	149.0	28.2
Major League Sports Facilities	1	149.0	15.1
Commercial Expansion Program	906	N/A	13.1
OTHER	**1,247**	**187.3**	**20.2**
Chrysler Building	1	187.3	19.0
"Green Roof" Abatement	2	N/A	0.1
Solar Electric Generating System Abatement	1,244	N/A	1.1
TOTAL: CITY PROGRAMS	**782,221**	**18,125.6**	**2,863.4**
Total Residential	225,647	9,631.7	1,391.2
Total Commercial/Industrial	16,052	7,272.3	765.3
Total Individual Assistance	539,275	1,034.3	686.8
Other	1,247	187.3	20.2

Table 2
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2012

	MANHATTAN		THE BRONX		BROOKLYN		QUEENS		STATEN ISLAND	
	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)	Number of Exemptions & Abatements	Tax Expenditure ($ millions)
HOUSING DEVELOPMENT PROGRAMS	**39,482**	**853.8**	**124,249**	**130.7**	**41,869**	**294.5**	**22,451**	**151.6**	**5,395**	**13.2**
J-51 Exemption	2,191	60.3	13,392	44.4	5,445	48.1	422	12.7	4	1.2
J-51 Abatement	12,038	26.2	106,312	27.1	8,202	22.9	6,076	11.0	560	0.6
421-a, New Multiple Dwellings	20,759	675.8	3,382	37.8	26,348	195.4	13,517	121.2	246	2.4
421-b, New Private Housing	17	0.1	719	1.1	1,264	2.5	2,413	4.1	4,578	7.8
HPD Division of Alternative Management	549	15.6	215	2.8	208	2.9	7	0.1	0	0.0
Lower Manhattan Conversion	3,550	43.2	0	0.0	0	0.0	0	0.0	0	0.0
420-c, Low-Income Housing	378	32.5	229	17.6	402	22.7	16	2.3	7	1.1
INDIVIDUAL ASSISTANCE PROGRAMS	**223,517**	**419.5**	**36,097**	**32.4**	**96,366**	**90.7**	**157,571**	**124.3**	**25,724**	**19.9**
Senior Citizen Homeowner Exemption (SCHE)	2,025	7.3	4,715	8.1	14,647	29.8	23,735	46.9	6,982	12.4
Senior Citizen Rent Increase Exemption (SCRIE)	15,489	32.1	8,081	13.8	13,313	26.7	10,306	22.5	286	0.4
Disabled Person Rent Increase Exemption (DRIE)	1,855	3.7	1,252	1.9	1,811	3.5	1,037	2.3	54	0.1
Veterans Exemption	5,846	4.8	5,042	1.3	13,632	3.8	25,781	7.8	13,723	3.6
Low-Income Disabled Homeowner Exemption	161	0.6	442	0.9	1,349	2.8	1,794	3.5	1,150	2.2
Phys. Disabled Crime Victims Exemption	1	0.0	0	0.0	2	0.0	1	0.0	2	0.0
Co-op/Condo Abatement	198,140	371.0	16,565	6.3	51,612	24.0	94,917	41.2	3,527	1.1
ECONOMIC DEVELOPMENT PROGRAMS	**1,361**	**230.4**	**897**	**72.8**	**2,814**	**137.3**	**2,510**	**246.5**	**671**	**25.6**
Industrial & Commercial Incentive Program	806	206.3	872	71.5	2,640	135.9	2,327	242.2	666	25.6
Industrial & Commercial Abatement Program	1	0.4	4	1.0	12	0.2	18	1.3	0	0.0
Major League Sports Facilities	1	15.1	0	0.0	0	0.0	0	0.0	0	0.0
Commercial Expansion Program	553	8.6	21	0.2	162	1.2	165	3.1	5	0.0
OTHER	**1,125**	**19.2**	**16**	**0.2**	**29**	**0.2**	**61**	**0.5**	**16**	**0.0**
Chrysler Building	1	19.0	0	0.0	0	0.0	0	0.0	0	0.0
"Green Roof" Abatement	1	0.1	0	0.0	1	0.0	0	0.0	0	0.0
Solar Electric Generating System Abatement	1,123	0.1	16	0.2	28	0.2	61	0.5	16	0.0
TOTAL: CITY PROGRAMS	**265,485**	**1,523.0**	**161,259**	**236.1**	**141,078**	**522.8**	**182,593**	**522.9**	**31,806**	**58.7**

Note: Totals may not add due to rounding.

J-51 Program, Residential Alterations and Rehabilitation

Citation

NYS Real Property Tax Law, Section 489
NYC Administrative Code, Section 11-243

Policy Objective

To encourage the rehabilitation of existing residential structures by providing tax exemptions and abatements.

Description

J-51 benefits vary based on government involvement in the rehabilitation of the property, its location, and the extent and nature of the improvement. A 1993 amendment restructured the exemption benefit for new projects, replacing the last two benefit years at full exemption with a four-year period of declining exemption, resulting in a less abrupt transition to full taxation. Additionally, this amendment increased the number of properties eligible for the abatement benefit by increasing the assessed value limitation imposed on multiple dwellings, other than condominiums or cooperatives, from $30,000 to $40,000.

Government-assisted projects receive enriched benefits, including a tax exemption for 34 years (30 years at full exemption followed by a four-year period of declining exemption) on the increase in assessed value due to renovation or rehabilitation, and an abatement that may equal the actual claimed cost, applied at a rate of 12.5 percent annually, for up to 20 years. Rehabilitation of formerly City-owned buildings receiving substantial government assistance through a program for affordable housing may also receive a 34-year exemption and an abatement of up to 150 percent of the reasonable cost of rehabilitation. In 1993, these enriched exemption and abatement benefits were extended to conversions of class A multiple dwellings and rehabilitation of class A buildings that are not entirely vacant, pursuant to the above conditions.

Properties that undergo renovations that qualify as Major Capital Improvements, such as the replacement of heating, plumbing or roofing systems, installation of new windows, or exterior and parapet wall repainting, may receive an exemption for 14 years (10 years at full exemption followed by a four-year period of declining exemption). Existing taxes may be abated for up to 90 percent of the reasonable cost of rehabilitation, at a rate of 8⅓ percent per year, for as long as 20 years. Buildings in designated areas of Manhattan below 96th Street are eligible for abatement of taxes on the building assessment, not the land, up to $2,500 per unit. Moderate rehabilitation projects, where there is a significant improvement to at least one major building-wide system, receive a 34-year tax exemption and an abatement of no more than 20 years for up to 100 percent of the reasonable cost. A major requirement is that the property remains substantially occupied during the rehabilitation.

Rental units must remain under rent regulation during the benefit period. Benefits are also available to cooperatives, condominiums, and Mitchell-Lama housing, with some limitations.

A 2003 amendment to the program authorizes J-51 exemption (but not abatement) benefits for projects that result in an expansion of the gross cubic content of the building, provided that the floor area of the existing building that was converted, altered or improved comprises at least 50 percent of the completed structure. (In Manhattan between 110th Street and Chambers Street, such a project could qualify for exemption benefits only if it was aided by a government grant, loan or subsidy.)

Amendments adopted in 2005 exempt Mitchell-Lama projects that meet certain conditions from certain eligibility limitations, including those that apply to cooperative and condominium buildings.

In 2007, the deadline by which a project must be completed in order to qualify for J-51 benefits was extended from December 30, 2007 to December 30, 2011.

Distributional Information

In FY 2012, the J-51 program provided 21,454 exemptions and 133,188 abatements to approximately 650,000 apartments. The exempt assessed value of these properties was $1,243.6 million. This total exempt value was distributed according to property type as shown in the table below. The largest proportion of benefits went to rentals in Manhattan, the Bronx, and Brooklyn, followed by Queens co-ops. Additional distributional information appears in Appendix IV.

	J-51 Exemptions	
Property Type	Percent of Total Units	Percent of Exempt Assessed Value
1- 3 Family	0.14%	0.13%
Condos	7.24%	21.88%
Co-ops	34.57%	5.47%
Rentals	57.99%	71.61%
Mixed-Use	0.07%	0.90%
	100.00%	100.00%

Tax Expenditure

$254.6 million; consists of $166.8 million in exemption-related and $87.8 million in abatement-related tax expenditures.

Section 421-a, New Multiple Dwellings

Citation

NYS Real Property Tax Law, Section 421-a
NYC Administrative Code, Sections 11-245, 11-245.1, 11-245.1-a and 11-245.1-b

Policy Objective

To promote construction of multi-family residential buildings with at least three dwelling units by providing a declining exemption on the new value created by the improvement.

Description

The Section 421-a Program is used to promote multi-family residential construction by providing a declining exemption on the new value created by the improvement. The program has been amended since its initial enactment in the early 1970's to expand benefits based on location and other qualifying conditions, which include: (a) substantial government assistance; (b) at least 20 percent of the units must be reserved for low- and moderate-income occupants; or (c) participation in the lower-income housing production program. All projects are eligible for exemption during the construction period, but not exceeding three years.

Depending on the area of the City in which the project is located, the date construction commenced and other factors, the project may qualify for a 10-year, 15-year, 20-year, or 25-year exemption following the construction period exemption. Each exemption begins with a period of full exemption on the assessed value of the new construction followed by a period during which the exemption is phased out. Through local legislative action, the City may limit benefits in certain situations. The 421-a program is administered by the City's Department of Housing Preservation and Development.

Otherwise eligible projects can qualify for 421-a benefits if construction commences before June 15, 2015 (formerly December 28, 2010).

Distributional Information

In FY 2012, the City provided 56,479 residential exemptions under the 421-a program. Rental buildings and condominium apartments received a large percentage of these exemptions. Overall, there were 142,044 units receiving tax benefits with an exempt value of $7,743.2 million. This total exempt value was distributed according to property type as shown in the table below. Additional distributional information appears in Appendix IV.

Real Property Tax

Property Type	Percent of Total Units	Percent of Total Exempt Assessed Value
1-3 Family	13.18%	2.47%
Condos	31.19%	44.95%
Co-ops	4.49%	4.31%
Rentals	50.74%	41.75%
Mixed-Use	0.40%	6.53%
	100.00%	100.00%

Tax Expenditure

$1,032.7 million

Section 421-b, New Private Homes

Citation

NYS Real Property Tax Law, Section 421-b

Policy Objective

To promote new private home construction by making home ownership more affordable to a larger segment of the population.

Description

The 421-b program provides a declining eight-year property tax exemption for the construction of one- and two-family homes. There are no geographic restrictions.

As in other programs, the building assessment is exempt during the construction period, not to exceed two years. Thereafter, the property is fully exempt for an additional two years. In the third year, the exemption is reduced to 75 percent and declines by 12½ percent in each subsequent year, until the ninth year when the property becomes fully taxable. The exemption is applicable only to the value of the new construction. During the exemption period, the property owner must pay a minimum tax, which is based on the lesser of: (a) the assessed valuation during the tax year immediately preceding the tax year in which construction was commenced; or (b) in the case of new construction, the assessed valuation of the land appearing on the tax roll in the first year after completion of construction.

The 421-b program has been periodically extended, most recently to projects commenced between July 1, 2002 and June 30, 2006 and completed no later than July 1, 2011.

In 2004, the State legislature expanded the program to include certain owner-occupied multiple dwellings containing up to four dwelling units. To qualify, the multiple dwelling must be in a government-assisted project located on property acquired by the federal government through foreclosure of a federally-insured mortgage and conveyed to an approved owner for rehabilitation pursuant to an agreement with the federal government. In addition, the project must have commenced between July 1, 2002 and June 30, 2006 and been completed no later than July 1, 2008.

Distributional Information

In FY 2012, the City provided 8,991 exemptions worth $86.4 million in exempt assessed value. One- to three-family homes in Staten Island accounted for 39 percent of the 16,050 units that received benefits from this program. Additional distributional information appears below and in Appendix IV.

Property Type	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	99.80%	99.77%
Condos	0.03%	0.10%
Co-ops	0.00%	0.00%
Rentals	0.11%	0.04%
Mixed-Use	0.06%	0.08%
	100.00%	100.00%

Tax Expenditure

$15.7 million

Department of Housing Preservation and Development - Division of Alternative Management Programs (DAMP)

Citation

NYS Private Housing Finance Law, Section 577

Policy Objective

To return City-owned residential properties to private ownership.

Description

The Division of Alternative Management Programs operates several programs that select alternative managers for residential properties foreclosed by the City for nonpayment of taxes, with the goal of returning these properties to the tax roll. These programs are known as the Community Management Program (CMP), the Tenant Interim Lease Program (TILP), the Private Ownership and Management Program (POMP), and the Urban Homesteading Program. These programs differ in the kind of alternative manager they select.

The CMP selects not-for-profit community housing organizations to manage and upgrade occupied City-owned residential buildings in their neighborhoods. The goal of the program is to sell a building to its tenants as a low-income cooperative for $250 per unit.

The TILP helps organized tenant associations develop occupied City-owned buildings into economically self-sufficient, low-income tenant-owned cooperatives. The program provides training to the tenant associations, and the rental income is used to cover operating expenses, repairs, and management fees.

The POMP provides private real estate firms an opportunity to manage, repair and eventually purchase occupied City-owned buildings. Firms that pass an initial screening enter into a contract with DAMP, which allocates community development funds and capital budget funds to cover major repairs and the difference between operating costs and rent collections for the first six months. After a year of successful management under City supervision, the building may be sold to the private firm.

Under the Urban Homesteading Program, organized low- and moderate-income families with construction skills can rehabilitate and purchase vacant buildings as low-income cooperatives. Participants receive financial and technical assistance from the City.

Properties sold through DAMP receive certain real property tax breaks on the residential portion of the property for a forty-year period. For properties in the program in FY 1990, the taxable assessed value of the residential portion is equal to $3,500 per dwelling unit. For properties that have entered the program since FY 1990, the taxable assessed value per unit is subject to the terms of the applicable City Council resolution. Commencing July 1, 1990 and applicable to all properties in the program, the taxable assessed value per dwelling unit is subject to limited increases of 6 percent annually and 20 percent over any five-year period. Any assessed value in excess of these amounts is fully exempt.

Distributional Information

In FY 2012, there were 979 DAMP exemptions on properties containing 20,082 housing units. The total exempt assessed value was $158.8 million. These benefits were distributed by property type as shown in the table below. Additional distributional information appears in Appendix IV.

Property Type	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	0.08%	0.02%
Condos	0.00%	0.00%
Co-ops	75.83%	72.38%
Rentals	24.09%	27.52%
Mixed-Use	0.00%	0.08%
	100.00%	100.00%

Tax Expenditure

$21.4 million

Commercial Revitalization Program and Commercial Expansion Program

Description

In 1995, at the City's request, the State Legislature enacted the Commercial Revitalization Program designed to increase tenant occupancy in office and retail space in lower Manhattan and in certain other areas of the City and to reduce building obsolescence by encouraging investment in older commercial space or conversion to residential use. The program provides tax incentives through the real property and commercial rent taxes and energy subsidies through the Energy Cost Savings Program.

In 2000, the State Legislature enacted the Commercial Expansion Program in order to promote the development of commercial and industrial areas outside of Manhattan's central business districts.

The components of these programs are listed below. Since some of the components are part of other City tax expenditure programs, more detailed descriptions of program benefits are provided separately, either as part of write-ups on general programs or as stand-alone entries. The detailed write-ups can be found on the pages indicated below.

Commercial Revitalization Program: Lower Manhattan

	page
Real Property Tax Abatement[1]	22
Commercial Rent Tax Abatement	72
Energy Cost Savings Program	72
Conversion of Non-Residential Buildings to Residential Use	26

Commercial Expansion Program: Special Garment Center District and Designated Areas Outside of Manhattan's Central Business Districts

	page
Real Property Tax Abatement [1]	24
Relocation and Employment Assistance Program (REAP)	77
Industrial and Commercial Incentive Program / Industrial and Commercial Abatement Program	37

[1] As part of the Commercial Revitalization Program, a tax abatement program was created for commercial leases in selected areas of Manhattan above 96th street and the other boroughs. This program (sections 499aa through 499hh of the Real Property Tax Law) was expanded as part of the Commercial Expansion Program.

Commercial Revitalization Program: Commercial Leases in Lower Manhattan

Citation

NYS Real Property Tax Law, Sections 499a – 499h

Policy Objective

To promote more productive use of older commercial properties in Lower Manhattan by stimulating economic activity.

Description

At the request of the City, the State Legislature enacted the Commercial Revitalization Program in 1995 to promote economic activity in lower Manhattan and certain other areas of the City.[1] The Real Property Tax Abatement Program was, and still is, an integral part of the revitalization strategy to increase tenant occupancy of office and retail space and encourage investment in older commercial space.

The real property tax abatement is granted for space that has been leased (new, renewal, or expansion lease) for office or retail purposes. For leases with a term of five years or more, the abatement lasts for five years. In years one, two and three, the abatement is equal to the tax liability per square foot, not to exceed $2.50 per square foot, for all leases commencing on or after April 1, 1997. The abatement for years four and five is equal to two-thirds and one-third, respectively, of the abatement initially granted. The program also provides a more limited abatement for leases with a minimum term of three years but less than five years. The abatement in the initial year equals the tax liability per square foot, but not exceeding $2.50 per square foot. In years two and three, the abatement is equal to two-thirds and one-third, respectively, of the abatement in the initial year. The minimum three-year lease term is an option available only to tenants who employ no more than 125 people at the eligible premises. Tenants employing more than 125 people must sign leases with a minimum term of 10 years.

The program imposes other eligibility requirements as follows:

- The space leased must be located in a non-residential or mixed-use building constructed prior to 1975 and located in the statutorily designated Abatement Zone.
- There are mandatory minimum required expenditures for tenant improvements and/or common areas.
- Pursuant to an amendment enacted in 2010, the lease must be signed within the eligibility period that will end March 31, 2014. Additionally, the benefit period cannot extend beyond March 31, 2020.

[1] The original Commercial Revitalization Program included a tax abatement program for commercial leases in selected areas elsewhere in the City. This benefit is now part of the Commercial Expansion Program.

In 2006, the program was extended to private elementary or secondary school premises.

Tax Expenditure

See page 25.

Commercial Expansion Program: Commercial and Industrial Leases in Special Garment Center District and in Areas Outside Manhattan's Central Business Districts

Citation

NYS Real Property Tax Law, Sections 499-aa through 499-hh

Policy Objective

To encourage businesses to locate in Manhattan above 96th Street (or in the mid-town Special Garment Center District), the Bronx, Brooklyn, Queens, and Staten Island.

Description

This program, originally enacted in 1995, was extended and amended in 2000 as part of the City's Commercial Expansion Program. The program provides a real property tax reduction for space that has been leased (new, renewal or expansion lease) for commercial, office or industrial purposes within Expansion areas — all manufacturing districts and most commercial areas outside Manhattan's central business districts. The tax abatement is passed through to the tenant as a reduction in rent. The program excludes any space occupied or used for retail, hotel or residential purposes.

To be eligible, the premises must be located in a non-residential or mixed-use building with a minimum aggregate floor area of 25,000 square feet. The building and the premises must meet statutory deadlines concerning completion of construction and lease commencement date. Finally, the program requires minimum improvements to the premises, varying by the length of the lease and the number of employees that will be located at the premises.

The program provides the same tax benefits and structure as the Real Property Tax Abatement program under the Commercial Revitalization Program. Qualifying leases with a term of five years or more are eligible for a five-year tax abatement while qualifying leases with a term of at least three years but less than five years are eligible for the three-year benefit.

Under legislation enacted in 2005, the program was liberalized to promote manufacturing and industrial activity within the Expansion areas as well as in the Manhattan Special Garment Center District, as defined in the City's zoning resolution. "Industrial and manufacturing activities" are defined as activities involving the assembly of goods to create a different article, or the processing, fabrication or packaging of goods. A qualifying firm that enters into a lease for three years or more on or after July 1, 2005 is eligible for a tax abatement/rent reduction for up to 120 months. Space in any non-residential or mixed-use building can qualify for the benefit, regardless of the building's size or when it was constructed. Other program conditions have also been eased for qualifying firms, including those related to expenditures for building improvements and employment levels. In 2006, amendments modified and clarified the 2005 changes.

Tax Expenditure

$13.1 million [real property tax abatements for commercial leases in Commercial Revitalization Program and Commercial Expansion Program areas].

Lower Manhattan Conversion: Non-Residential Buildings to Residential Use

Citation

NYS Real Property Tax Law, Section 421-g

Policy Objectives

To promote more productive use of non-residential buildings in Lower Manhattan

Description

Created as part of the Commercial Revitalization Program, section 421-g provides a real property tax exemption on the increase in assessed value due to conversion of non-residential buildings to residential use. The program also provides for an abatement of existing property taxes.

To qualify for tax benefits, the building must be in the statutorily defined Lower Manhattan Abatement Zone and a permit for conversion must be issued between July 1, 1995 and June 30, 2006. If, after conversion, more than 12 percent of the building's aggregate floor area consists of commercial, community facility and accessory use space, the exemption and abatement will be reduced by the difference between the percentage of space so used and 12 percent. If more than 25 percent of the aggregate floor space is used for commercial, community facility or accessory use, the exemption and abatement will be revoked. For the purpose of this statute, "accessory use space" will be deemed not to include home occupation or accessory parking space located not more than 23 feet above the curb level. Notwithstanding any other provision of State or local law relating to rent stabilization, the rents of dwelling units in an eligible building are subject to control while the building is receiving a tax exemption and/or abatement.

The program provides a tax exemption for 12 years, including the first eight years at 100 percent. In the remaining four years, the exemption percentage declines at a rate of 20 percentage points in each year. The tax abatement granted for the first ten years is equal to the property's taxes in its first year of participation in the program. In years 11 through 14 of the abatement period, the abatement percentage is reduced by 20 percentage points each year. If the property has been designated as a landmark prior to completion of conversion, the exemption and abatement periods are increased by extending the 100 percent exemption period to nine years and the full abatement period to 11 years.

Tax Expenditure

$43.2 million

Section 420-c, Low-Income Housing Exemption

Citation

NYS Real Property Tax Law, Section 420-c

Policy Objective

To assist nonprofit organizations in providing affordable housing for low-income tenants.

Description

The section 420-c program, enacted in 1993, provides a 100 percent exemption from real property taxes for qualifying low-income housing located in New York City. Under 2004 legislation, and applicable to exemption applications approved on or after September 28, 2004, the exemption generally applies to property owned by an entity wholly controlled by a charitable or social welfare organization recognized as exempt under the U.S. Internal Revenue Code, where the property provides housing accommodations to persons and families of low income, participates in or has participated in the federal low-income housing tax credit program, and is subject to a regulatory agreement with the City's Department of Housing Preservation and Development. The exemption terminates upon the expiration or termination of the regulatory agreement. Applications approved prior to September 28, 2004 were subject to different ownership and certain other requirements.

Distributional Information

In FY 2012, there were 1,032 Section 420-c exemptions on properties containing roughly 30,000 housing units. The total exempt assessed value was $590.7 million. An estimated 88 percent of all units were rentals, with most of the remaining units being devoted to other uses such as adult care facilities and homes for the indigent.

Tax Expenditure

$76.3 million

Rehabilitation of Single-Room Occupancy Housing

Citation

NYS Real Property Tax Law, Section 488-a
NYC Administrative Code, Section 11-244

Policy Objective

To encourage the rehabilitation of existing single-room occupancy housing units.

Description

Dating back to 1980, this program is designed to encourage the rehabilitation of multiple dwellings used for single-room occupancy by providing tax exemption and abatement for eligible improvements to a qualifying building. Eligible improvements include the upgrading or replacement of heating systems, electrical systems, elevators, plumbing, sprinklers, fire escapes and roofing, and other work necessary to meet code requirements. Qualifying buildings can receive tax exemption for 32 years on any increase in assessed value that results from eligible improvements, and an annual tax abatement, for up to 20 years, equal to 12½ percent of the reasonable cost of eligible improvements as certified by the Department of Housing Preservation and Development. The annual abatement cannot exceed the taxes otherwise payable for the year, and the total abatement cannot exceed the lesser of (a) 150 percent of the certified reasonable cost or (b) the actual cost of the eligible improvements.

This program has been extended periodically, most recently to eligible improvements commenced before December 31, 2015 and completed within 36 months from commencement.

Tax Expenditure

Less than $100,000

Senior Citizen Homeowner Exemption (SCHE)

Citation

NYS Real Property Tax Law, Section 467
NYC Administrative Code, Section 11-245.3

Policy Objective

To provide real property tax relief to elderly homeowners with limited incomes.

Description

This program provides a partial exemption of the assessed value of the legal residence occupied in whole or in part by the owner(s) of the property. To qualify for the benefit, the following conditions must be met: (a) all owners must be at least 65 years of age, except that if the property is owned by a married couple or siblings, only one of them must meet the age criterion; (b) combined household income may not exceed specified limits detailed below; and (c) the owner must have held title to the property for a minimum of 12 consecutive months, although exceptions may apply when a qualifying property is sold and a new one purchased. There are two instances in which a property will qualify for SCHE although the qualifying senior citizen does not hold title to the property: (1) the property is held in trust for the benefit of a person or persons who meet the income and age requirements; or (2) the person or persons hold a legal life estate in the property. Eligible tenant-shareholders of cooperative apartments can also claim SCHE benefits. For purposes of this program, the co-op tenant-shareholder is deemed to own that portion of the property represented by his or her proportionate share of the outstanding stock of the corporation. A co-op tenant-shareholder who resides in a dwelling subject to Article II, IV, V, or XI of the Private Housing Finance Law may be eligible for an exemption under the SCHE program if he or she is not eligible for a rent increase exemption pursuant to the Senior Citizen Rent Increase Exemption program. The reduction in taxes realized by the cooperative housing corporation must be credited against the amount of taxes payable by the eligible shareholder. The SCHE exemption applies only to the portion of the property used for residential purposes.

The income eligibility ceiling has been raised several times since the program's inception.

Beginning in FY 2010, a 50-percent exemption is available for homeowners with incomes no greater than $29,000. For homeowners with incomes between $29,001 and $31,999, the tax exemption is reduced by five percentage points for each $1,000 increment in income above $29,000. For those with incomes between $32,000 and $37,399, the exemption percentage declines by five percentage points for each $900 increment in income above $31,999.

The Senior Citizen Homeowner Exemption does not include a sunset provision.

Distributional Information

In FY 2012, there were 52,104 exemptions (representing 88,977 housing units) with an exempt value of $612.0 million. The following table gives a distribution of these households by income range.

Percentage Exemption	Income Range	Number of Exemptions	Percent of Total Exemptions	Exempt Assessed Value ($ millions)
50%	$0-$29,000	40,339	77.4%	490.3
45%	$29,000-$29,999	608	1.2%	6.9
40%	$30,000-$30,999	717	1.4%	6.8
35%	$31,000-$31,999	551	1.1%	4.8
30%	$32,000-$32,899	431	0.8%	3.3
25%	$32,900-$33,799	323	0.6%	2.1
20%	$33,800-$34,699	281	0.5%	1.5
15%	$34,700-$35,599	289	0.6%	1.4
10%	$35,600-$36,499	185	0.4%	0.6
5%	$36,500-$37,399	130	0.2%	0.9
	Income Unspecified[1]	8,250	15.8%	93.3
	TOTAL	52,104	100.0%	612.0

[1] Senior Citizen Homeowner Exemptions are aggregated for each cooperative building. As a result, incomes cannot be specified for individual apartment owners.

The table below shows the distribution of benefits by property type.

Property Type	Percent of Total Units	Percent of Total Exempt Assessed Value
1-3 Family	76.56%	76.09%
Condos	1.65%	4.01%
Co-ops	17.11%	15.24%
Rentals	4.09%	3.78%
Mixed Use	0.60%	0.88%
	100.00%	100.00%

Tax Expenditure

$104.6 million

Senior Citizen Rent Increase Exemption (SCRIE) / Disabled Person Rent Increase Exemption (DRIE)

Citation

NYS Real Property Tax Law, Sections 467-b, 467-c
NYC Administrative Code, Sections 26-405, 26-406, 26-509, 26-601 to 26-616

Policy Objective

To eliminate rent increases for elderly and disabled tenants with limited incomes who meet certain income guidelines.

Description

The Senior Citizen Rent Increase Exemption program (SCRIE) exempts an eligible renter from increases in rent above one-third of total household income. In return, the landlord receives a real property tax abatement equal to the amount of rent forgiven. If the total rent increase exemption applicable to a property exceeds the taxes due, a real property tax refund is granted.

Tenants may be eligible for the SCRIE program if they are at least 62 years old and have a total household income that does not exceed $29,000. The definition of "income" excludes payments made to individuals because of their status as victims of Nazi persecution as defined in P.L. 103-286. Once tenants qualify for the program, increases in their Social Security income are excluded from the determination of total household income. Furthermore, the tenant must reside in a rent-controlled, rent-stabilized or rent-regulated (such as Mitchell-Lama housing) unit.

Legislation enacted in 2005 extended the SCRIE program to tenants, regardless of age, who qualify as "persons with disabilities." To qualify as a disabled person, an individual must be receiving social security disability insurance or supplemental security income benefits under federal law (or currently receiving medical assistance benefits based on prior eligibility for SSDI or SSI), or receiving a veterans disability pension or disability compensation benefits. To be eligible for the DRIE benefit, the combined income of all members of the disabled person's household cannot exceed the maximum income above which he or she would not be eligible to receive cash supplemental security income under federal law.

Tax Expenditure

SCRIE: $95.6 million
DRIE: $11.6 million

Veterans Exemption

Citation

NYS Real Property Tax Law, Sections 458 and 458-a
NYC Administrative Code, Sections 11-245.45, 11-245.5, 11-245.6 and 11-245.7

Policy Objective

To provide property tax relief to qualified veterans in recognition of their service to the country and community.

Description

Partial tax exemptions are granted under two sections of the State Real Property Tax Law. The original program, under Section 458, granted tax exemptions to veterans who had purchased real property using a bonus, pension, or insurance, or compensation received as a prisoner of war. The exemption granted is equal to the amount of eligible funds, not to exceed $5,000; the property is, however, fully subject to tax for educational purposes. A total exemption of up to $10,000 is provided, for all purposes, for suitable handicapped-designed housing made necessary as the result of a war-related disability.

A veteran who sells a property that has been granted a section 458 veterans exemption and purchases a new property any time thereafter may be granted a section 458 exemption for the new property, provided such property qualifies for this exemption. The statute requires that the money received from the sale of the first property equal or exceed the amount of eligible funds used for its purchase and that such funds be subsequently used to purchase the second property.

New veterans exemptions are granted under Section 458-a, based upon service rendered. An exemption equal to 15 percent of the property's assessed value is granted to eligible veterans who served during a specified period of war; an additional 10 percent exemption is available to eligible veterans who served in a combat zone; and an additional exemption may be granted to eligible disabled veterans equal to the product of 50 percent of the veteran's disability rating. However, these exemptions are subject to dollar limitations, which were increased in 2005 pursuant to State and local law and became effective with the assessment roll for FY 2006-2007, as follows: (a) the period of war exemption may not exceed $54,000, or $54,000 multiplied by the latest class ratio, whichever is less; (b) the combat zone exemption may not exceed $36,000, or $36,000 multiplied by the latest class ratio, whichever is less; and (c) the disability exemption may not exceed $180,000, or $180,000 multiplied by the latest class ratio, whichever is less. The 458-a exemption does not apply to taxes levied for school purposes.

Section 458 or 458-a exemptions may be granted to properties held in trust for the benefit of a person or persons who would otherwise be eligible for these exemptions but for the fact that they do not hold legal title to the property. Veterans who own and occupy cooperative apartments, except those in Mitchell-Lama developments or other projects subject to Article II, IV, V or XI of the State Private Housing Finance Law, are also eligible for a veterans exemption. The property or cooperative apartment must be used exclusively for residential purposes and be the primary residence of the veteran or the surviving spouse who has not remarried. If the property is not used exclusively for residential purposes, the non-residential portions of the property are fully taxable.

Distributional Information

In FY 2012, there were 64,024 exemptions in this program with a total exempt value of $363.9 million. These properties represented 103,586 housing units, which were primarily located outside Manhattan. Queens accounted for 45 percent of the total housing units. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix IV.

Property Type	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	80.03%	57.22%
Condos	1.58%	4.17%
Co-ops	14.33%	36.75%
Rentals	3.66%	1.50%
Mixed-Use	0.40%	0.35%
	100.00%	100.00%

Tax Expenditure

$21.3 million

Low-Income Disabled Homeowners

Citation

NYS Real Property Tax Law, Section 459-c
NYC Administrative Code, Section 11-245.4

Policy Objective

To provide real property tax relief to disabled homeowners with limited incomes.

Description

This program provides a partial real property tax exemption for disabled homeowners whose household incomes do not exceed specified levels. A 50-percent exemption is available where income does not exceed a base amount. A declining exemption, ranging from 45 percent to 5 percent, is available where income exceeds that amount. The income ceilings have been raised periodically. Beginning in FY 2010, the income ceiling for the 50-percent exemption is $29,000. For purposes of the declining exemption schedule, the income ceiling to qualify for the minimum 5 percent exemption is $37,399 as of July 1, 2009.

For purposes of the exemption, a person is considered disabled if he or she has a physical or mental impairment which substantially limits such person's ability to engage in one or more major life activities. Major life activities include: caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working. The person must: (a) be certified to receive social security disability insurance or supplemental security income benefits; (b) be certified to receive Railroad Retirement Disability benefits; (c) have received a certificate from the State Commission for the Blind and Visually Handicapped stating that such person is legally blind; or (d) be certified to receive a United States Postal Service or Department of Veterans Affairs disability pension.

The property must be used exclusively for residential purposes or only that portion used for residential purposes shall be entitled to exemption. The property must also be the legal residence of and occupied by the eligible disabled person. An exception is permitted where the disabled person is absent while receiving health-related care as an inpatient of a residential health care facility. The exemption is also applicable to eligible owners of cooperative apartments. No parcel that receives an exemption under section 459-c may receive an exemption pursuant to section 467 (Senior Citizen Homeowner Exemption), although in certain cases an eligible homeowner is given the option of choosing whichever exemption is more beneficial.

Tax Expenditure

$10.0 million

Physically Disabled Crime Victims

Citation

NYS Real Property Tax Law, Section 459-b

Policy Objective

To provide real property tax relief to crime victims or good Samaritans who suffer a disability as a result of a crime.

Description

State law authorizes the City to provide a tax exemption for the assessed value of improvements made to one-, two- or three-family homes that facilitate and accommodate the use and accessibility needs of physically disabled crime victims or good Samaritans. A qualifying crime victim is a person who personally suffers a physical injury as the direct result of a crime. A good Samaritan is a person who is not a law enforcement officer, but who: (a) apprehends a person who committed a crime or a felony in his or her presence; (b) acts to prevent or attempts to prevent a crime; or (c) assists a law enforcement officer in making an arrest. The qualifying crime victim or good Samaritan must be an occupant of the property for which an exemption is sought and may be the property owner, a member of the homeowner's household, or a resident. The physical disability must be permanent and must substantially limit one or more of the individual's major life activities.

The amount of the exemption is based upon the assessed value of the improvements made to accommodate the physically disabled person. The exemption continues as long as the improvements remain necessary to facilitate and accommodate the use and accessibility of the disabled person.

Tax Expenditure

Less than $100,000

Class Two Cooperatives and Condominiums, Partial Tax Abatement

Citation

NYS Real Property Tax Law, Section 467-a

Policy Objective

Provides partial property tax relief to owners or tenant-shareholders of class two condominiums or cooperatives to reduce the disparity in property taxation between residential real property in class one and class two residential property held in condominium or cooperative form of ownership.

Description

A program was enacted in 1996 to provide partial tax relief for dwelling units owned by condominium owners or cooperative tenant-shareholders who, as of the applicable taxable status date, own no more than three dwelling units in any one property held in condominium or cooperative form of ownership. Units held by sponsors or their successors in interest are not eligible for the abatement. Additionally, properties that already receive a tax exemption or abatement based upon a State or local law are not eligible for this abatement except in certain specified circumstances.

The abatement granted to eligible dwelling units in property whose average unit assessed value is less than or equal to $15,000 is 25 percent. The abatement percentage is 17.5 for eligible units in property whose average unit assessed value is greater than $15,000.

The State Legislature has extended the co-op/condo abatement program periodically, most recently through the City fiscal year ending June 30, 2012.

Distributional Information

A total of 62,531 condominium units and 302,230 cooperative apartments in 6,545 developments benefited from this program in FY 2012.

Tax Expenditure

$443.8 million

Industrial and Commercial Incentive Program (ICIP) / Industrial and Commercial Abatement Program (ICAP)

Citation

NYS Real Property Tax Law, Sections 489-aaaa — 489-llll; 489-aaaaaa — 489-kkkkkk
NYC Administrative Code, Sections 11-256 — 11-267; 11-268 — 11-276

Policy Objective

To encourage economic development by means of tax exemptions and abatements for construction or rehabilitation of commercial, industrial, or mixed-use structures.

Description

The Industrial and Commercial Incentive Program (ICIP) replaced the Industrial and Commercial Incentive Board (ICIB) in November 1984. ICIP differs from the original program in two important respects: 1) benefits are granted on an "as-of-right" basis rather than at the discretion of a board, and are structured to encourage development outside Manhattan's business districts; and 2) the new program includes clear guidelines regarding the qualifying conditions that determine eligibility for tax exemptions.

Industrial Projects

ICIP provides tax exemptions and, in some cases, abatements of pre-existing tax liability for industrial construction work. An industrial property is any building or structure in which, after completion of industrial construction work, at least 75 percent of the total net square footage is used or immediately available and held out for manufacturing activities. Unlike commercial projects, the eligibility requirements and benefits for industrial projects are uniform across the City.

The exemption period consists of 16 years in which the increase in assessed value due to the industrial construction work is fully exempt, followed by a nine-year phase-out period in which the exemption percentage is reduced by 10 percentage points each year. To qualify for the exemption, the minimum required expenditure (MRE) is equal to 10 percent of the initial assessed value.

Industrial projects can also qualify for a tax abatement if their MRE is equal to 25 percent of the initial assessed value. The abatement is equal to a percentage of the real property tax imposed on the property for the tax year immediately preceding the effective date of the project's Certificate of Eligibility and commences in the first tax year immediately following completion of the industrial construction work. In tax years one through four, the abatement percentage is equal to 50 percent; in tax years five and six, 40 percent; in tax years seven and eight, 30 percent; in tax years nine and ten, 20 percent; and in tax years 11 and 12, 10 percent.

Commercial Projects

With a few exceptions, ICIP benefits are targeted to encourage commercial development in Manhattan above 96th Street, the Bronx, Brooklyn, Queens and Staten Island. Through a combination of legislation and designation by the ICIP Boundary Commission, the City has been divided into development areas for the purpose of determining the availability of ICIP incentives.

1. Excluded Area: With the exception of benefits for renovation projects and construction of "smart" office buildings, there are currently no ICIP benefits available for commercial construction work in Manhattan below 96th Street. Prior to January 1, 1993, a portion of the Excluded Area had been designated as a Deferral Area. As the name implies, the tax liability on the increase in assessed value resulting from commercial construction work for eligible projects in the Deferral Area was postponed, not forgiven. Projects that received deferral benefits are required to repay the obligation in 10 equal installments commencing in the eleventh year following the effective date of the certificate of eligibility.

2. Renovation Area: Since February 1, 1995, the eligibility for ICIP benefits has been limited to renovation projects south of 59th Street in Manhattan. Renovation construction work encompasses rehabilitation, renovation, expansion or modernization of an existing building or structure. Benefits are structured to provide an exemption equal to 100 percent of the increase in assessed value resulting from the renovation construction work for the first eight years, followed by a four-year phase-out in which the exemption percentage declines by 20 percentage points in each year.

3. New Construction of "Smart" Office Buildings: As of December 31, 1996, tax incentives for new construction of "smart" office buildings have been restricted to Lower Manhattan (roughly, the area south of Murray Street). To qualify as a "smart" building, the property must meet certain physical and technological requirements as set forth in the statute. Such projects receive an exemption equal to 100 percent of the increase in assessed value resulting from such construction work for four years followed by a four-year phase-out, declining by 20 percentage points in each year.

The following designations and benefits apply to areas in Manhattan north of 96th Street as well as the Bronx, Brooklyn, Queens and Staten Island.

1. Special Exemption Areas: These areas are designated by the Boundary Commission based on criteria that indicate such areas need deeper tax incentives to encourage commercial construction work. Special exemption areas also include areas designated as empire zones in accordance with Article 18-b of the General Municipal Law. Projects in special exemption areas receive the same tax exemption as industrial projects, i.e. 16 years of full exemption followed by a nine-year phase-out period.

2. Regular Exemption Areas: Areas not designated as Special Exemption Areas are considered Regular Exemption Areas. Commercial projects receive a tax exemption equal to 100 percent of the increase in assessed value for the first eight years following the effective date of the certificate of eligibility. This is followed by a four-year phase-out period in which the exemption percentage declines by 20 percentage points each year. By year 13, the exemption is fully phased-out.

3. Revitalization Areas: The ICIP program was amended as part of the City's Commercial Expansion Program. Within Regular or Special Exemption areas, an area may be designated as a Revitalization Area, which may be any area of the City, except in Manhattan south of 96th Street, that is zoned C4, C5, C6, M1, M2 or M3. The importance of the Revitalization Area designation is that it eliminates the two- or four-year waiting period for eligibility where commercial projects had more than 15 percent of the total net square footage used for manufacturing; and it allows a pro rata tax abatement for the industrial portion of a mixed-use project (commercial and industrial) in which less than 75 percent but at least 25 percent of the total square footage of the building or structure is used for manufacturing or immediately available for manufacturing use. An abatement is available outside Revitalization Areas only if at least 75 percent of the structure is used for manufacturing or immediately available for manufacturing use.

In 2007, the State Legislature extended ICIP program sunset dates by one year, allowing applications for benefits to be filed until June 30, 2008 and building permits to be obtained by July 31, 2008.

In 2008, the ICIP program was replaced by a new Industrial and Commercial Abatement Program (ICAP). However, the ICIP program will generally continue to apply to construction work performed pursuant to a building permit issued before August 1, 2008 and to construction work performed pursuant to additional building permits issued on or after August 1, 2008 if at least one permit was issued before that date and the work was described in an application for a certificate of eligibility filed on or before June 30, 2008. Under the new ICAP program, tax abatements are available for qualifying commercial or industrial construction work for varying periods ranging up to 25 years, depending on geographical area, type of construction and other factors. Property used by a utility (other than certain facilities known as "peaking units") is not eligible for any abatement and property used partly for retail purposes is subject to certain limitations on benefits. In general, the determination of the abatement takes into account the real estate tax on the property before and after construction, referred to as the "initial tax" and the "post-completion tax." No abatement is allowed unless the post-completion tax exceeds the initial tax by more than 15 percent, and the abatement is for only the amount by which the post-completion tax exceeds 115 percent of the initial tax. In specified circumstances, the abatement may be increased during the benefit period (referred to as "inflation protection"). A sunset provision in the ICAP legislation requires benefit applications to be filed not later than March 1, 2015. (Detailed information about the ICAP program can be found at the Department of Finance website, www.nyc.gov/finance.)

Tax Expenditure

$681.6 million from ICIP exemptions; $2.8 million from ICAP.

Major League Sports Facilities, Madison Square Garden

Citation

NYS Real Property Tax Law, Section 429

Policy Objective

To ensure the viability of a major league sports facility in New York City.

Description

The City has provided a full real property tax exemption for Madison Square Garden. The exemption is contingent upon the continued use of the Garden by professional major league hockey and basketball teams for their home games.

Tax Expenditure

$15.1 million

The Chrysler Building

Citation

Chapter 279, § 11, NY Laws of 1859, as amended

Policy Objective

To provide revenue to support the educational mission of The Cooper Union for the Advancement of Science and Art.

Description

The Chrysler Building, a landmarked commercial office building on East 42nd Street in Manhattan, is situated on land owned by The Cooper Union for the Advancement of Science and Art, a tuition-free educational institution in Manhattan's East Village. Under the terms of the exemption provision contained in Cooper Union's statutory charter (Chapter 279, §11, NY Laws of 1859), as interpreted by the New York courts (Cooper Union v. Sexton, 247 A.D. 371 (1936) and Cooper Union v. Wells, 180 N.Y. 537 (1905)), the Chrysler Building, although not itself used for educational purposes, is exempt from real property taxation. In accordance with the terms of the lease between Cooper Union and the operator of the building, amounts equivalent to the real estate taxes that would be due on the building but for the exemption are payable to Cooper Union to further its educational purposes.

Tax Expenditure

$19.0 million

"Green Roof" Abatement

Citation

NYS Real Property Tax Law, Sections 499-aaa through 499-ggg

Policy Objective

To help control and capture stormwater in order to reduce the burden on the City's sewer system.

Description

A one-year real estate tax abatement is provided for the construction of a "green roof" on a Class One, Two or Four building in the City. Generally, a "green roof" is an addition to a roof, covering at least 50 percent of the rooftop space, which includes, among other things, a growth medium and a vegetation layer of drought-resistant and hardy plant species. The amount of the abatement is $4.50 per square foot of green roof, limited to the lesser of $100,000 or the building's tax liability for the year in which the abatement is claimed. The abatement program is scheduled to sunset at the end of the 2013-2014 fiscal year.

Tax Expenditure

Less than $100,000

Solar Electric Generating System Abatement

Citation

NYS Real Property Tax Law, Sections 499-aaaa through 499-gggg

Policy Objective

To help reduce greenhouse emissions and provide cleaner, more reliable energy.

Description

A four-year tax abatement is provided for the construction of a solar electric generating system in a Class One, Two or Four building in the City. If the system is placed in service on or after August 5, 2008 and before January 1, 2011, the amount of the abatement is 8¾ percent of eligible solar electric generating system expenditures. For systems placed in service on or after January 1, 2011 and before January 1, 2013, the amount of the abatement is 5 percent of the eligible expenditures. The abatement is claimed in the City fiscal year following the approval of the abatement and in the following three fiscal years. The abatement in any year is, however, limited to the lesser of $62,500 or the taxes payable on the building in that year. Eligible system expenditures include reasonable expenditures for materials, labor costs and certain other costs directly related to the construction or installation of the system. Abatement applications must be filed no later than March 15, 2013.

Tax Expenditure

$1.1 million

Table 3
STATE PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2012

	Number of Exemptions	Exempt Assessed Value ($ millions)	Gross Tax Expenditure ($ millions)	PILOTs ($ millions)	Net Tax Expenditures ($ millions)
Limited Profit Housing Cos.	286	1,935.7	254.5	61.4	193.2
Residential	245	1,765.8	237.3	61.4	175.9
Commercial	41	169.9	17.2	0.0	17.2
Limited Dividend Cos.	23	58.6	7.9	2.4	5.5
Redevelopment Cos.	434	837.2	111.7	43.2	68.6
Residential	400	814.9	109.5	43.2	66.3
Commercial	34	22.3	2.3	0.0	2.3
Housing Development Fund Cos.	286	504.6	60.6	17.8	42.8
Residential	206	283.9	38.1	17.8	20.3
Commercial	80	220.7	22.4	0.0	22.4
Urban Development Action Area Program	11,143	175.5	30.0	0.0	30.0
State Assisted Housing	89	229.1	26.2	1.9	24.3
Residential	41	90.6	12.2	1.9	10.3
Commercial	48	138.5	14.1	0.0	14.1
TOTAL: STATE PROGRAMS	**12,261**	**3,740.7**	**490.9**	**126.7**	**364.2**
Total Residential	12,058	3,189.4	434.9	126.7	308.2
Total Commercial/Industrial	203	551.3	56.0	0.0	56.0

Totals may not add due to rounding.

Table 4
STATE PROGRAMS
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2012

	MANHATTAN		THE BRONX		BROOKLYN		QUEENS		STATEN ISLAND	
	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)	Number of Exemptions	Net Tax Expenditure ($ millions)
Limited Profit Housing Companies	69	68.0	84	52.7	95	46.4	33	25.3	5	0.8
Limited Dividend Companies	2	2.9	12	1.6	9	0.9	0	0.0	0	0.0
Redevelopment Companies	107	37.7	162	9.2	142	11.4	15	10.1	8	0.1
Housing Development Fund Companies	72	16.3	84	11.1	106	11.6	18	3.0	6	0.8
Urban Development Action Area Progra	934	4.6	2,525	5.9	5,949	14.1	1,712	5.3	23	0.0
State Assisted Housing	37	9.2	23	5.4	18	4.2	10	5.1	1	0.3
TOTAL: STATE PROGRAMS	**1,221**	**138.8**	**2,890**	**86.1**	**6,319**	**88.5**	**1,788**	**48.7**	**43**	**2.1**

Totals may not add due to rounding.

Limited-Profit Housing Companies

Citation

NYS Private Housing Finance Law, Article 2
NYS Real Property Tax Law, Section 414

Policy Objective

To maintain and increase low- and middle-income housing stock in New York State.

Description

The Limited-Profit Housing Companies Law was adopted in the 1950s to assist in the construction of low- and middle-income housing. These privately-managed rental and co-op projects, commonly known as Mitchell-Lama housing, were constructed with financing assistance from the City or the State. In return for 40- to 50-year mortgages at interest rates of four to eight percent, the respective government maintains supervisory rights to establish tenant-income restrictions, set rent levels, impose co-op resale restrictions, and establish waiting list procedures.

Real property taxes for Mitchell-Lama projects are based on the greater of 10 percent of shelter rent (gross rent less utilities) or a specified percentage of the assessed value of the property multiplied by the applicable tax rate. In addition, the City receives payments-in-lieu-of-taxes (PILOTs) from a small number of Mitchell-Lama projects.

The enabling legislation does not have a sunset provision.

Distributional Information

In FY 2012, there were 245 residential and 41 commercial exemptions under this program. The residential properties contained 100,659 housing units with a total exempt assessed value of $1.8 billion. Sixty-one percent of residential units receiving benefits were co-ops, located in all boroughs except Staten Island. Twenty-three percent of residential units were Bronx co-ops (the location of Co-op City). Rental units receiving benefits were primarily located in the Bronx, Brooklyn, and Manhattan. Twenty-four percent of the exempt assessed value was attributable to Manhattan co-ops. More distributional information is in Appendix IV.

Property Type	Percent of Total Units	Percent of Exempt Assessed Value
Co-ops	61.12%	66.65%
Rentals	38.88%	33.35%
	100.00%	100.00%

Net Tax Expenditure (after PILOTs)

$193.2 million

Limited-Dividend Housing Companies

Citation

NYS Private Housing Finance Law, Article 4
NYS Real Property Tax Law, Section 414

Policy Objective

To maintain and increase low- and middle-income housing stock in New York State.

Description

The Limited-Dividend Housing Companies (LDHC) program was one of the earliest attempts to channel private investment into affordable housing for low- and middle-income households. Private developers, who financed garden apartment cooperative developments for which they were receiving a limited return on investment, received a 50-year real property tax exemption. However, they were required to comply with State regulations on eligibility of purchasers, co-op sale prices, and operating surpluses. Although the original exemptions for all LDHC projects have expired, the then-existing Board of Estimate approved a 14-year phase-in of full taxation, recognizing the hardship an abrupt change in tax liability would have on co-op owners.

The enabling legislation does not have a sunset provision.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in Appendix IV.

Net Tax Expenditure (after PILOTs)

$5.5 million

Redevelopment Companies

Citation

NYS Private Housing Finance Law, Article 5
NYS Real Property Tax Law, Section 423

Policy Objective

To encourage low- to moderate-income housing through private financing.

Description

This program was a precursor to the Limited Profit Housing Company Program (Mitchell-Lama). The participants are largely institutional investors, such as insurance companies and pension funds, which provide financing for the development of rental and co-op units. Participants are granted a 25-year tax exemption in exchange for accepting a limited rate of return on their investment and for complying with City regulations regarding tenant eligibility, rent levels and restrictions of co-op sales. The exemptions granted on many of these projects have expired, or are due to expire soon. However, the owners have the option of remaining in the program with an additional 25-year exemption, or a nine-year phase-in of full taxation.

In 2001, the State Legislature authorized the City Council to extend the tax exemption period for the Penn South Redevelopment Company for 10 years, provided the total tax exemption not exceed 60 years. The Legislature also imposed a floor on the amount of payment in lieu of taxes such development will be required to pay during the remainder of its current 25-year exemption extension and any additional extension period authorized by the City Council. The payment shall not be less than the greater of: a) 10 percent of the annual rent or carrying charge, less utilities, for the residential portion of the project; or b) the taxes payable for the residential portion of the project in the fourteenth year of its current 25-year extension period.

The enabling legislation does not have a sunset provision.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential," and can be found in Appendix IV.

Net Tax Expenditure (after PILOTs)

$68.6 million

Housing Development Fund Companies (HDFC)

Citation

NYS Private Housing Finance Law, Article 11
NYS Real Property Tax Law, Section 414

Policy Objective

To provide low- and moderate-income housing, both publicly and privately financed, through a variety of programs.

Description

Housing Development Fund Companies (HDFC) is an umbrella term for a wide range of projects developed by non-profit organizations. Special exemptions are adopted by the City Council under the authority of Article 11, depending upon the nature of the program in which the project is involved.

Projects that are entitled to full exemptions include housing constructed in the 1960s and early 1970s under the Federal Section 236 Program, housing renovated through the Capital Budget Homeless Housing Program, and some properties participating in the SRO Loan Program. In addition, new housing for the elderly and handicapped developed under Federal Section 202 also receives this tax benefit.

In 1995, this legislation was amended by adding a provision granting local legislative bodies the authority to exempt from real property taxes projects to which the municipality has made loans under Section 576 of the Private Housing Finance Law (for acquisition, rehabilitation or construction) for housing for low-income households. Thirty percent of a project's residents must be households previously residing in emergency shelter facilities.

This enabling legislation does not have a sunset provision.

Distributional Information

In FY 2012, there were 206 residential and 80 commercial exemptions under this program, with a total of 19,061 housing units and an exempt assessed value of $504.6 million. Housing units in rental properties made up 83 percent of the program. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix IV.

Property Type	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	0.02%	0.05%
Condos	0.00%	0.00%
Co-ops	1.32%	1.03%
Rentals	83.14%	55.19%
Mixed-Use	15.51%	43.73%
	100.00%	100.00%

Net Tax Expenditure (after PILOTs)

$42.8 million

Urban Development Action Area Projects (UDAAP)

Citation

NYS General Municipal Law, Section 696

Policy Objective

To encourage the construction of residential housing in designated areas.

Description

This exemption is granted to property developed on formerly City-owned land in designated Urban Development Action Area Projects (UDAAP). While UDAAP encompasses a wide range of housing development programs, the most notable examples are the Nehemiah and the Mutual Housing Association of New York (MHANY) Programs, which provide housing in the Brownsville and East New York sections of Brooklyn.

UDAAP sites receive real property tax exemptions only on the assessed value of improvements, 10 years at 100 percent of assessed value, followed by a 10-year declining exemption. In 1999, the State Legislature amended the statute to provide that for projects consisting of new construction the land value shall be the lesser of: (a) the assessed value immediately prior to commencement of construction; or (b) the assessed value of the land appearing on the assessment roll in the first year after completion of construction.

The enabling legislation does not have a sunset provision.

Distributional Information

In FY 2012, there were 11,143 exemptions under this program representing 21,265 housing units with an exempt assessed value of $175.5 million. One-, two-, and three-family houses in Brooklyn and the Bronx received the largest proportion of UDAAP benefits. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix IV.

Property Type	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	89.59%	76.53%
Condos	2.85%	13.77%
Co-ops	0.15%	0.14%
Rentals	6.39%	7.38%
Mixed-Use	1.03%	2.17%
	100.00%	100.00%

Real Property Tax

Net Tax Expenditure (after PILOTs)

$30.0 million

Miscellaneous State-Assisted Housing

Citation

NYS Real Property Tax Law, Section 422

Policy Objective

To encourage the creation of housing for a target population.

Description

Section 422 provides tax exemptions for real property owned by not-for-profit corporations and used exclusively to provide housing and auxiliary facilities for a target population. This population includes, but is not exclusive to, faculty members, students, and employees (and their immediate families) attending or employed by a college or university; nurses, interns, resident physicians and other related personnel at hospitals and medical research institutions; and handicapped or elderly persons with low incomes. For Section 8 projects providing housing for the elderly, the City Council is authorized to grant a full exemption during construction, followed by a partial exemption.

The laws relating to these programs do not have sunset provisions.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in Appendix IV.

Net Tax Expenditure (after PILOTs)

$24.3 million

Table 5
PUBLIC AGENCIES
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 2012

	Number of Exemptions	Exempt Assessed Value ($ millions)	Gross Tax Expenditure ($ millions)	PILOTs ($ millions)	Net Tax Expenditure ($ millions)
Industrial Development Agency	620	3,245.5	329.5	88.0	241.5
Economic Development Corp.	210	392.4	39.8	16.0	23.8
NYC Housing Authority	1,326	3,176.5	423.8	20.0	403.8
Residential	1,186	3,078.6	413.9	20.0	393.9
Commercial	140	97.9	9.9	0.0	9.9
Urban Development Corporation	358	2,287.5	235.4	0.0	235.4
Residential	264	95.6	12.9	0.0	12.9
Commercial	94	2,191.8	222.5	0.0	222.5
NYS Power Authority	21	987.2	116.8	0.0	116.8
Battery Park City Authority	3,513	2,123.2	253.8	70.9	182.9
Residential	3,456	706.2	110.0	30.7	79.3
Commercial	57	1,417.0	143.9	40.2	103.7
Teleport, Port Authority	21	97.2	9.9	0.0	9.9
Trust for Cultural Resources	253	126.4	14.8	0.0	14.8
TOTAL: PUBLIC AGENCIES	**6,322**	**12,435.9**	**1,423.8**	**194.9**	**1,228.9**
Total Residential	4,906	3,880.4	536.7	50.7	486.0
Total Commercial/Industrial	1,416	8,555.5	887.1	144.2	742.9

Totals may not add due to rounding.

Table 6
PUBLIC AGENCIES
REAL PROPERTY TAX EXPENDITURES BY BOROUGH
Fiscal Year 2012

	MANHATTAN		THE BRONX		BROOKLYN		QUEENS		STATEN ISLAND	
	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)	Number of Exemptions	Gross Tax Expenditure ($ millions)
Industrial Development Agency	224	119.8	79	99.9	166	26.2	144	80.4	7	3.2
Economic Development Corp.	9	17.0	3	3.2	20	11.4	18	1.5	160	6.7
NYC Housing Authority	277	183.2	251	78.9	483	107.7	300	46.4	15	7.7
Urban Development Corporation	46	215.5	7	1.8	116	13.3	188	2.1	1	2.7
NYS Power Authority	3	2.8	5	11.8	3	8.9	7	90.3	3	2.9
Battery Park City Authority	3,513	253.8	0	0.0	0	0.0	0	0.0	0	0.0
Teleport, Port Authority	0	0.0	0	0.0	0	0.0	0	0.0	21	9.9
Trust for Cultural Resources	253	14.8	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL: PUBLIC AGENCIES	**4,325**	**807.0**	**345**	**195.6**	**788**	**167.5**	**657**	**220.7**	**207**	**32.9**

Totals may not add due to rounding.

Industrial Development Agency (IDA)

Citation

NYS General Municipal Law, Section 917
NYS Real Property Tax Law, Section 412-a

Policy Objective

To encourage business expansion and increase employment in New York City.

Description

The City's Industrial Development Agency (IDA) assists eligible manufacturing, industrial and commercial businesses interested in large-scale expansion or modernization through the purchase of land, buildings, machinery and equipment. The IDA helps businesses gain access to the capital markets through the sale of industrial revenue bonds, the interest from which is exempt from some or all taxes. The result is lower-cost project financing.

All real property acquired or constructed with the use of IDA financing is exempt from real property taxation. The exemption benefits are passed on to the project owners through leaseback arrangements. Lease payments are equivalent to debt service on bonds plus payments-in-lieu-of-taxes (PILOTs) on land and buildings.

The enabling legislation does not have a sunset provision.

Net Tax Expenditure (after PILOTs)

$241.5 million

Economic Development Corporation (EDC)

Citation

NYS Real Property Tax Law, Section 412

Policy Objective

To encourage real estate development that protects and enhances the City's job and income base.

Description

The Economic Development Corporation (EDC) is a non-profit local development corporation, acting as an independent entity under contract to the City to assist and promote real estate development. EDC assists developers in all the stages of a project, from planning and design to negotiations, financing, and construction. A major focus of EDC efforts is development outside Manhattan. EDC also leases City-owned property and then subleases it to private developers for construction of commercial and industrial projects. Ground lease agreements include a rental formula for payments-in-lieu-of-taxes (PILOTs) on both the land and project buildings.

The enabling legislation for EDC does not have a sunset provision.

Net Tax Expenditure (after PILOTs)

$23.8 million

New York City Housing Authority (NYCHA)

Citation

NYS Public Housing Law, Section 52
NYS Real Property Tax Law, Section 414

Policy Objective

To provide housing for low-income residents of New York City.

Description

Except for New York State-assisted projects, NYCHA property is exempt from direct taxation. City-aided projects are exempt for a period of 50 years. Federally-aided projects may be exempt for up to 60 years. (Upon the expiration of the initial 50- or 60-year exemption period, an additional 50- or 60-year exemption period may be granted.) However, by law, the City may require payments-in-lieu-of-taxes (PILOTs) from NYCHA projects. The fixed annual PILOT for NYCHA's City-funded projects is $109,000. For the Federally aided projects, NYCHA pays a PILOT based on net routine operating expenses, which may vary annually. As assessed value for the State projects has been held constant for many years, there is a substantial implicit tax expenditure.

As of June 30, 2011, the New York City Housing Authority operated 334 developments with 178,910 apartments with nearly 404,000 residents. NYCHA also administers a citywide Section 8 Leased Housing Program in private rental apartments for 95,807 households.

Distributional Information

In FY 2012, there were 1,186 residential exemptions representing 231,602 housing units with an exempt assessed value of $3.1 billion. There were 140 commercial exemptions with an exempt assessed value of $97.9 million. NYCHA benefits were distributed throughout all boroughs. Manhattan, Brooklyn, and The Bronx had the greatest proportion of NYCHA exempt value. Rental properties comprised 99 percent of NYCHA residential exemptions.

NYCHA provided data for 176,396 households living in public housing as of June 30, 2011. Based on this data, the distribution of households is as follows:

Household Income Range	Number of Households	Percent of Total Households
Annual Income Under Review	3,381	1.9%
$0 - 9,999	55,328	31.4%
$10,000 - 12,499	13,698	7.8%
$12,500 - 14,999	14,609	8.3%
$15,000 - 19,999	21,623	12.3%
$20,000 - 24,999	14,368	8.1%
$25,000 - 29,999	10,693	6.1%
$30,000 - 34,999	8,873	5.0%
$35,000 - 39,999	7,837	4.4%
$40,000 - 44,999	5,975	3.4%
$45,000 - 49,999	4,747	2.7%
$50,000 and over	15,264	8.7%
Total	176,396	100.00%

Source: New York City Housing Authority, Department of Research and Management Analysis.

Net Tax Expenditure (after PILOTs)

$403.8 million

Urban Development Corporation (UDC)

Citation

NYS Unconsolidated Laws, Title 16, Chapter 24
NYS Real Property Tax Law, Section 412

Policy Objective

To create and retain jobs in New York State, with particular emphasis on targeting economically distressed areas.

Description

Created in 1968, the Urban Development Corporation (UDC) is a New York State agency that finances, constructs and operates residential, commercial, industrial and civic facilities. An important tool in the State's economic development program, the UDC provides financing and technical assistance to businesses and local governments. Examples of UDC-assisted projects include the Columbia University Telecommunications Center, the Jacob K. Javits Convention Center, and the Roosevelt Island housing development.

The UDC exemption does not have a sunset provision.

Distributional Information

In FY 2012, there were 264 residential and 94 commercial exemptions under this program. The residential properties contained roughly 1,268 housing units with an exempt assessed value of $95.6 million. The exempt assessed value of the commercial properties was $2.2 billion. The residential component of the UDC exemption consisted of rentals in Manhattan.

Net Tax Expenditure (after PILOTs)

$235.4 million

New York Power Authority

Citation

NYS Public Authorities Law, Article 5, Title 1
NYS Real Property Tax Law, Section 412

Policy Objective

To provide low-cost electric energy through seven investor-owned utilities and 51 municipal and cooperative systems.

Description

The New York Power Authority finances, constructs, and operates electric generating and transmission facilities. Construction is financed through the sale of tax exempt bonds. Revenues from the sale of power to public agencies, industries, investor-owned utilities and municipalities throughout the State cover the costs of debt service and project operations. In the New York metropolitan area, the Authority directly provides low cost power to government agencies promoting economic development.

The Power Authority's enabling legislation does not have a sunset provision.

Net Tax Expenditure (after PILOTs)

$116.8 million

Battery Park City Authority (BPCA)

Citation

NYS Public Authorities Law, Section 1981
NYS Real Property Tax Law, Section 412

Policy Objective

To manage the development of a mixed commercial/residential community whose amenities serve the larger New York community.

Description

The Battery Park City Authority (BPCA) was created in 1968 by the Battery Park City Act. In cooperation with the City and the private sector, the Authority has developed a mixed-use community, combining residential and commercial properties with public facilities (schools, parks, etc.) and utilities. Under a 1981 agreement with a developer, four office towers containing six million square feet of space were completed in 1987.

PILOT payments remitted annually by the Authority, as stipulated in the 1986 Amendment to the Settlement Agreement between BPCA and the City of New York, are currently used as additional support for City housing programs. The Housing New York Agreement provides for BPCA revenues to back bond issues as well; in this regard, $400 million in net proceeds from bonds issued by the Housing New York Corporation will allow for the increase of low- and moderate-income housing production throughout the City.

The enabling legislation does not have a sunset provision.

Distributional Information

In FY 2012, there were 3,456 residential exemptions with an exempt value of $706.2 million, providing tax relief for 3,441 condominiums and 3,984 rental apartments. There were 57 commercial exemptions with an exempt value of $1.4 billion.

Net Tax Expenditure (after PILOTs)

$182.9 million

Teleport Center, Port Authority of NY and NJ

Citation

NYS Unconsolidated Laws, Title 17, Chapter 26
NYS Real Property Tax Law, Section 412

Policy Objective

To provide state-of-the-art communications technology with the goal of encouraging the economic development of the New York-New Jersey region.

Description

The Teleport Center, located on land owned by the Port Authority of New York and New Jersey, is a joint venture among the Authority, Merrill Lynch and Western Union, developing and utilizing the latest technology in worldwide telecommunications. The Center provides fiber-optic links with the participating companies' Manhattan offices.

The Port Authority's enabling legislation does not contain any sunset provisions.

Net Tax Expenditure (after PILOTs)

$9.9 million

Trust for Cultural Resources of the City of New York, Museum of Modern Art

Citation

NYS Arts and Cultural Affairs Law, Sections 20.33 and 21.11

Policy Objective

To support the expansion and operating costs of cultural institutions deemed to be essential for the general and economic welfare of the State and City.

Description

In 1976, the legislature enacted legislation that provides for the creation of cultural trusts (public benefit corporations). The legislation further provides that: (1) the trust shall submit annual financial reports to the governor and mayor; and (2) the State comptroller and the City's chief fiscal officer are authorized to examine the books and records of the trust at least once every three years or, in lieu thereof, accept from the trust an external examination made by a certified public accountant acceptable to such officer.

To date, only one trust for cultural resources has been created — for the Museum of Modern Art in New York City. As a result, a 52-story tower was developed adjacent to the museum, containing six floors dedicated to the Museum and 260 residential condominiums.

The residential portion of the building is exempt from City real property taxes. However, the condominiums make payments to the trust, equivalent to real property taxes. These payments are used primarily to defray administrative costs of the trust, fund the debt service on the mixed-use facility and provide the cultural institution with funds for operating expenses.

Tax Expenditure

$14.8 million

PART III

BUSINESS INCOME AND EXCISE TAX EXPENDITURES

Overview

The tax expenditures in this section derive from provisions of New York City tax law concerning the following business income and excise taxes: General Corporation Tax; Unincorporated Business Tax; Banking Corporation Tax; Utility Tax; Mortgage Recording Tax; Real Property Transfer Tax; and Commercial Rent Tax. Appendix II has descriptions of each tax, including the tax rate and base.

Certain tax benefits are explicitly designed to foster economic development. Other tax expenditures, while created for economic development purposes, are also intended to reflect the unique economic activity in which certain industries are engaged. For example, there are special rules for allocating net income for the broadcasting, publishing and mutual fund industries. Still other tax expenditures are created for social objectives, such as to assist the dramatic arts or to promote certain types of scientific research.

Table 7 summarizes business income and excise tax expenditures for Tax Year 2008. Estimates are based on Department of Finance data, unless otherwise noted. The estimates are stated on a tax year rather than New York City fiscal year basis. Tax expenditures are not quantifiable for some programs.

Following the summary table is a description of each program. Descriptions include legal citations and, where applicable, information regarding the years to which tax benefits can be carried forward. The number of businesses that benefit from particular tax expenditure programs is provided where available.

Table 7

BUSINESS INCOME AND EXCISE TAX EXPENDITURES
Tax Year 2008

PROGRAM	AMOUNT ($ millions)
Quantifiable	
Business and Investment Capital Tax Limitation	377
Insurance Corporation Non-Taxation	310
Foreign Bank Alternative Tax on Capital Stock	137
Special Allocation Rule: Regulated Investment Company Management Fees	44
Film Production Credit	35
Commercial Revitalization Program (Lower Manhattan)	34
Cooperative Housing Corporation Four-Tenths Mill Tax Rate on Capital	31
Energy Cost Savings Program Credit	25
Special Allocation Rule: Double-Weighting of Manufacturers' Receipts Factor	22
Relocation and Employment Assistance Program	22
International Banking Facility Deduction	14
Real Estate Investment Trusts	8
School Bus Operation Deduction	2
Dramatic or Musical Arts Performance Exemption	*
Employment Opportunity Relocation Costs Credit & Industrial Business Zone Credit	*
Manufacturing and Research and Development Property Depreciation	*
Real Property Tax Escalation Credit	*
TOTAL QUANTIFIABLE TAX EXPENDITURES	1,061

Not Quantifiable

Air Pollution Control Facilities Deduction
Credit Line Mortgages
Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property
Purchase and Sale of Property or Financial Instruments for Taxpayer's Own Account
Small Corporation Exemption From Alternative Taxes
Special Allocation Rules:
- Credit Card Interest
- 80/20 Allocation Rule for Security/Commodity Brokers
- Newspaper and Periodical Publishers' Advertising Sales Receipts
- Radio/TV Commercial Receipts
- Certain Service Receipts of Registered Securities or Commodities Brokers/Dealers

Not Applicable in TY 2008
Biotechnology Credit

* indicates less than $1 million.

Business and Investment Capital Tax Limitation

Citation

NYC Administrative Code, Section 11-604(1)(F)

Policy Objective

To limit the City tax liability of corporations that have low taxable income but large net worth.

Description

A corporation subject to taxation in New York City determines its tax liability by making three alternative calculations (net income, net income plus compensation paid to certain shareholders and business and investment capital), comparing the results to a fixed minimum amount and paying the largest of the four amounts. Before 2009, a corporation's tax on New York City allocated business and investment capital was limited to a maximum of $350,000. Legislation enacted in 2009 raised the cap to $1 million for tax years beginning after 2008.

Tax Affected

General Corporation Tax

Tax Expenditure

$377 million

Number of Beneficiaries

78 corporations

Insurance Corporation Non-Taxation

Citation

Chapter 649, Section 11, NYS Laws of 1974

Policy Objective

To promote the New York City insurance industry.

Description

Corporations with income allocable to New York City are normally subject to City taxation. Out-of-state insurance companies insuring City property against fire loss or damage are subject to City taxation. However, other insurance companies operating in the City are not subject to taxation on income from their insurance services, or on income from their non-insurance activities, such as real estate or financial services activities.

Prior to 1974, New York City taxed all insurance companies on premiums received on risks located or resident in the City. This tax was discontinued in 1974.

Tax Affected

General Corporation Tax

Tax Expenditure

$310 million

Foreign Bank Alternative Tax on Capital Stock

Citation

NYC Administrative Code, Section 11-643.5(b)

Policy Objective

To promote foreign banking in New York City.

Description

A banking corporation generally determines its tax liability by making three alternative calculations (net income, alternative net income and taxable assets allocated to the City), comparing the results to a fixed minimum amount and paying the largest of the four. However, banking corporations organized under the laws of a country other than the United States calculate an alternative tax liability based on issued capital stock rather than taxable assets. (Under 2009 legislation, beginning in tax year 2011, the issued capital stock tax is eliminated and alien banks are subject to the alternative tax based on taxable assets.)

Tax Affected

Banking Corporation Tax

Tax Expenditure

$137 million

Number of Beneficiaries

73 firms

Special Allocation Rule: Regulated Investment Company (RIC) Management Fees

Citation

NYC Administrative Code, Sections 11-508(e-2), 11-604.3(a)(5) and 11-642(a)(G)(2)

Policy Objective

To promote the activities of managers of RICs (commonly known as mutual funds) in New York City.

Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, a mutual fund management company's receipts from management, administration or distribution services rendered to the mutual fund are allocated based on the percentage of the RIC's shareholders domiciled in New York City.

The allocation of receipts is based upon the RIC's average "monthly percentage," which is calculated by dividing:

(a) the number of shares in the RIC that are owned on the last day of the month by shareholders domiciled in the City by;

(b) the total number of shares in the RIC outstanding on that date.

Once calculated, the RIC's average monthly percentage for the taxable year is multiplied by the management company's receipts from management, administration or distribution services.

Taxes Affected

Banking Corporation Tax
General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

$44 million

Film Production Credit

Citation

NYS Tax Law, Section 1201-a (b) (and Chapter 62 (Part Y), NYS Laws of 2004)
NYC Administrative Code, Sections 11-503(m) and 11-604.20 (and NYC Local Law 24 of 2006)

Policy Objective

To encourage the production of films and television programs in the City.

Description

Beginning in tax year 2005, a credit is allowed against the general corporation tax and the unincorporated business tax based on specified costs incurred after August 19, 2004 in producing qualifying films and television programs in the City that are completed after December 31, 2004. The credit is equal to 5 percent of the eligible production costs, but a cap of $12.5 million, rising to $30 million beginning in 2006, is placed on the total amount of credits that can be claimed by all taxpayers during a calendar year. Claimed credits that exceed the annual cap are treated as if they had been applied for on the first day of the following year.

The film production credit program is scheduled to expire on December 31, 2011.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

$35 million

Number of Beneficiaries

58 firms

Commercial Revitalization Program: Lower Manhattan/Garment Center District

Citation

Commercial Rent Tax:
NYC Administrative Code, Section 11-704(i)

Energy Cost Savings:
NYS General City Law, Section 25-aa to 25-cc
NYS Tax Law, Section 1201-c
NYC Administrative Code, Section 11-1105.1

Policy Objective

To stimulate economic activity in Lower Manhattan and the midtown Garment Center District and promote the more productive use of City real estate.

Description

The Commercial Revitalization Program was established in 1995 to increase tenant occupancy in office and retail space in certain areas of the City and to reduce building obsolescence by encouraging investment in older commercial space or conversion to residential use. In addition to real property tax benefits, the program provides Commercial Rent Tax (CRT) relief and energy subsidies through the Energy Cost Savings Program.

Commercial Rent Tax Abatement

Tenants eligible for the real property tax abatement program described above are also eligible to receive a special reduction in calculating their liability for the CRT. A tenant leasing space in a pre-1975 building owned by a government entity may also qualify for the CRT benefit if it meets certain eligibility requirements.

The benefit is a reduction in the amount of rent otherwise subject to the CRT and can be claimed starting on the rent commencement date of the lease. The reduction is available for a period of up to 60 months.

In general, in order to determine the reduction, the 60-month period is divided into five 12-month periods. For the first 12-month period (the “base year” period) the reduction is equal to the actual rent paid. For the second and third 12-month periods, the reduction is equal to the lesser of the rent paid during each period or the base-year rent paid. For the fourth and fifth 12-month periods, the reduction is equal to two-thirds and one-third, respectively, of the lesser of the rent paid during each period or the base-year rent paid.

A modified CRT benefit is available to eligible tenants who enter into minimum three-year leases, rather than five-year terms.

The following enhancements, enacted in 2005, supplement the original program:

- An enhanced special reduction benefit is available for leases in Lower Manhattan (except subleases) with a term of at least five years that commence between July 1, 2005 and June 30, 2013. As to such leases, the two-thirds and one-third limits described above will not apply, and leased space can qualify for the reduction regardless of when the building was constructed or received its certificate of occupancy.

- A CRT special reduction is allowed for premises located in Manhattan's Special Garment Center District (as defined in the City's zoning resolution) that are used for industrial and manufacturing activities. The special reduction applies to eligible leases commencing on or after July 1, 2005, and is available for up to 120 months, but in no case after June 30, 2020.

- Lower Manhattan retail premises, defined as premises used primarily for the selling of tangible goods to ultimate consumers, are exempted from the CRT beginning December 1, 2005. Also exempted from the tax are tenants in a defined area of Lower Manhattan referred to as the World Trade Center Area.

Energy Cost Savings

Eligible occupants of commercial space in renovated or newly constructed buildings located in a defined area of Lower Manhattan may receive a reduction in their electricity costs. Eligibility for the benefit depends on several factors, including investment in the building, occupancy of premises in the building by eligible users (generally commercial tenants), and compliance with certain sub-metering and notice requirements.

In general, the reduction in energy charges is provided as a rebate in the form of a reduced energy bill from the utility to the building's landlord, who, in turn, is required to pass along the benefit to eligible tenants. The utility recoups the special rebate by claiming a credit for the amount against its gross receipts tax otherwise payable to the City. Application for benefits must be made after June 30, 1995 and before July 1, 2013, and, in any case, before a building permit for the required construction or renovation is issued.

Taxes Affected

Commercial Rent Tax
Utility Tax

Tax Expenditure

CRT special reduction benefit for leases: $5 million (July 1, 2008 – June 30, 2009)
CRT Garment Center District reduction: Less than $1 million
CRT Lower Manhattan retail premises: Not available
UTX Energy Cost Savings: $29 million

Cooperative Housing Corporation Four-Tenths Mill Tax Rate on Capital

Citation

NYC Administrative Code, Section 11-604.1.E

Policy Objective

To promote cooperative housing corporations in New York City.

Description

Capital allocated to New York City is normally taxed at the rate of 0.15 percent. However, cooperative housing corporations are taxed at a rate of 0.04 percent on capital allocated to the City.

Tax Affected

General Corporation Tax

Tax Expenditure

$31 million

Number of Beneficiaries

4,073 corporations

Energy Cost Savings Program (ECSP) Credit

Citation

NYS General City Law, Sections 25-s to 25-u
NYC Administrative Code, Section 11-1105.1 and Chapter 6 of Title 22

Policy Objective

To promote business development in designated parts of Manhattan and in the other boroughs of New York City.

Description

The ECSP program applies to industrial and commercial companies that relocate to Manhattan north of 96th Street or the other boroughs or that occupy new or improved space in these areas. Manufacturing firms that own or lease space in a building located in Manhattan south of 96th Street may also qualify for ECSP benefits. In addition, certain other eligible businesses in lower Manhattan may be eligible for ECSP benefits (see Commercial Revitalization Program).

An eligible user that purchases electricity or gas from a utility supervised by the Public Service Commission is entitled to receive from the utility a special rebate, which will reduce its monthly utility bills. Utilities deduct the rebates they grant from their City utility gross receipts tax payments.

The ECSP reduction in energy costs is calculated as a percentage of the cost of delivery. Eligible firms receive a 45 percent discount off of the delivery portion of the electric bill and 35 percent off of gas delivery costs. Tying the reduction to delivery costs enables businesses to purchase the electric or natural gas commodity in the deregulated market and realize additional savings. ECSP benefits must be received directly from a PSC-supervised utility, which will receive a credit for rebate amounts against its utility gross receipts tax payments.

The current deadline for new applicants to qualify for benefits is July 1, 2013.

Tax Affected

Utility Tax

Tax Expenditure

$25 million

Special Allocation Rule: Double-Weighting of Manufacturers' Receipts Factor

Citation

NYC Administrative Code, Sections 11-508(g) and 11-604.3(a)(8)

Policy Objective

To encourage manufacturing firms to locate in New York City.

Description

In determining their business allocation percentage, taxpayers normally determine the ratio of their in-City operations or activities to their total operations or activities for each of the three apportionment factors, property, payroll and receipts (GCT) or gross income (UBT), add the three ratios and divide by three. Manufacturing firms may elect to include the ratio of in-City to total receipts or gross income twice in the formula and divide by four. For manufacturing firms that ship their products to out-of-City customers, this can lower the companies' City business allocation percentage and thus their City business income tax liability.

Under legislation enacted in 2009, a transition from a three-factor formula to a single-factor formula utilizing only receipts or gross income is phased in over a 10-year period beginning in tax year 2009. The phase-in applies to all taxpayers subject to the GCT or UBT. For tax years beginning in 2009 and 2010, electing manufacturing firms can continue to double-weight the receipts or gross income factor. (The 10-year phase-in to a single receipts factor formula also applies to a corporation subject to the banking corporation tax that is substantially engaged in providing management, administrative or distribution services to a regulated investment company, i.e., a mutual fund.)

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

$22 million

Number of Beneficiaries

1,605 firms

Relocation and Employment Assistance Program (REAP)

Citation

NYC Administrative Code, Sections 11-503(i), 11-604.17, 11-643.7, 11-1105.2 and Chapters 6-b and 6-c of Title 22

Policy Objective

To promote business development in Manhattan north of 96th Street, in Lower Manhattan and in the other boroughs of New York City.

Description

A credit is available for certain taxpayers that relocate all or part of their business operations to eligible premises located in Upper Manhattan (the area above 96th Street), Lower Manhattan (approximately the area below Houston Street), or the other boroughs, from outside New York City. Under the original program, a business income tax credit of $500 per eligible employment share, generally the equivalent of one full-time employee, was available for the year of relocation and for a maximum of eleven succeeding tax years. Legislation enacted in 1995 increased the business income tax credit to $1,000 per eligible employment share for recipients that received their certificate of eligibility on or after July 1, 1995. Under legislation enacted in 2000, firms that relocate to "revitalization areas" in Upper Manhattan or the other boroughs may qualify for a credit of $3,000 per eligible employment share; starting in 2004, a $3,000 credit is also available to eligible firms that relocate to Lower Manhattan.

Taxpayers must be certified annually by the City in order to participate in this program. A firm must receive its certificate of eligibility or file a preliminary application and fulfill certain requirements before July 1, 2013 to be eligible to receive REAP benefits.

Taxes Affected

Banking Corporation Tax
General Corporation Tax
Unincorporated Business Tax
Utility Tax

Tax Expenditure

$22 million

Number of Beneficiaries

196 firms

International Banking Facility Deduction

Citation

NYC Administrative Code, Section 11-641(f)

Policy Objective

To promote international banking activities in New York City.

Description

Beginning in December 1981, the Federal Reserve Board permitted banking offices in the United States to establish international banking facilities (IBFs). This allowed banking offices to conduct a deposit and loan business with foreign residents without being subject to reserve requirements or interest rate ceilings. In addition, several states, including New York, have encouraged banking institutions to establish IBFs by granting favorable tax treatment under State or local law for IBF operations.

Both New York City and State allow banking corporations to deduct the adjusted eligible net income of an IBF, and to exclude IBF payroll, receipts and deposits from the numerator and denominator of the income allocation formula, in calculating taxable income under their banking corporation taxes. Alternatively, a bank can elect to include its IBF's results in calculating its net income, but to exclude IBF payroll, receipts and deposits from the numerator (while including them in the denominator) of its income allocation formula. As a result, banking offices in New York can, through their IBFs, conduct transactions with foreign residents in a regulatory environment broadly similar to that of the Eurocurrency market without having to use an offshore facility.

Tax Affected

Banking Corporation Tax

Tax Expenditure

$14 million

Number of Beneficiaries

33 banking corporations

Real Estate Investment Trusts (REITs)

Citation

NYC Administrative Code, Sections 11-603.7 and 11-2102.e

Policy Objective

To promote REITs as investment vehicles.

Description

New York City generally conforms to federal tax treatment of Real Estate Investment Trusts (REITs). To the extent that the REIT passes its income to the shareholders, the REIT pays no City corporate tax on that income. The dividend or distributed gain is taxed at the shareholder level. Any undistributed income the REIT possesses is subject to taxation. To the extent that they are taxable, REITs are subject to only two of the four alternate tax bases that apply to other General Corporation taxpayers. The tax liability of a REIT is determined by utilizing only the net income and fixed dollar minimum corporate tax bases. Under legislation adopted in 2009, special rules apply to "captive" REITs required to be included in combined returns.

Legislation enacted in 1994 provided eligible REITs tax relief against the NYC Real Property Transfer Tax (RPTT). The measure was intended to encourage the purchase of NYC properties by REITs by providing a 50 percent RPTT rate reduction during a two-year period for qualifying transfers of property made in connection with the formation of a REIT.

Legislation enacted in 1996 made the above benefit permanent and extended the benefit to certain transfers to preexisting REITs. Through legislative extensions, the reduced tax rate for transfers of real property into existing REITs has been continued until August 31, 2014.

Taxes Affected

General Corporation Tax
Real Property Transfer Tax

Tax Expenditure

GCT: Not available
RPTT: $8 million

School Bus Operation Deduction

Citation

NYC Administrative Code, Section 11-602.8(a)(4)

Policy Objective

To encourage lower charges for bus services used for educational, charitable or religious purposes.

Description

Income derived from the operation of school buses, where the customer is a school district or a corporation or association organized and operated exclusively for religious, charitable or educational purposes, is excludable from taxable income.

Tax Affected

General Corporation Tax

Tax Expenditure

$2 million

Dramatic or Musical Arts Performance Exemption

Citation

NYC Administrative Code, Sections 11-701.17 and 11-704.e

Policy Objective

To promote the dramatic and musical arts in New York City.

Description

A tenant that uses taxable premises for a dramatic or musical arts performance for less than four weeks where there is no indication prior to or at the time that the performance commences that it will continue for less than four weeks is exempt from the Commercial Rent Tax. Under this provision, a dramatic or musical arts performance is defined to include theater plays, musical comedies and operettas. It does not include cabaret or nightclub shows, circuses, aqua shows, ice skating, radio or television performances.

In addition, premises used for the production and performance of a theatrical work are eligible for a Commercial Rent Tax benefit for up to 52 weeks.

Tax Affected

Commercial Rent Tax

Tax Expenditure

Less than $1 million

Employment Opportunity Relocation Costs Credit and Industrial Business Zone Credit

Citation

NYC Administrative Code, Sections 11-503(f), 11-503(n), 11-604.14, 11-604.17-b and Title 22, Chapter 6-D

Policy Objective

To promote employment in New York City.

Description

Taxpayers may be allowed a tax credit for certain costs incurred in relocating commercial or industrial "employment opportunities" to New York City from an area outside New York State. "Employment opportunity" means the creation of a full-time position and the hiring of an employee for the position. In order to be eligible for the credit, a taxpayer must relocate to the City a minimum of 10 employment opportunities.

The allowable credit may not exceed $300 and $500, respectively, for each commercial and industrial position relocated.

Industrial Business Zone Credit. Legislation enacted in 2005 provides a new employment relocation costs credit, in place of the above credit, for industrial and manufacturing firms that satisfy certain conditions. The new credit is a one-time, refundable credit of $1,000 for each full-time employee (or two part-time employees) relocating to premises in an industrial business zone, as designated by a newly created Industrial Business Zone Boundary Commission. The credit, available in years after 2005, cannot exceed the lesser of $100,000 or the actual cost of relocating furniture, fixtures, equipment, machinery, and supplies.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Manufacturing and Research & Development Property Depreciation

Citation

NYC Administrative Code, Sections 11-509(b) and 11-604.3(d),(e)

Policy Objective

To promote manufacturing and research and development in New York City.

Description

New York City taxpayers are allowed special deductions for depreciation of certain eligible manufacturing and research-and-development property. For property acquired after December 31, 1967, the taxpayer may elect to deduct from its allocated net income up to double the amount of Federal depreciation on qualified tangible property located in New York City used in the production of goods by manufacturing or processing, or, if the property is used or going to be used for research and development in the experimental or laboratory sense, the amount of expenditures for the taxable year, provided entire net income is computed without any deduction for the depreciation of the same property or for such expenditures.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Real Property Tax Escalation Credit

Citation

NYC Administrative Code, Sections 11-503(e) and 11-604.13

Policy Objective

To encourage businesses to relocate to New York City.

Description

Certain taxpayers that have relocated to leased premises in New York City from a location outside New York State and that have created at least 100 full-time industrial or commercial employment opportunities in the City are allowed a tax credit for the amount of additional lease payments actually paid to the taxpayer's landlord that are based solely and directly upon increased real property taxes imposed upon the relocation premises.

Before a taxpayer can claim the credit, the taxpayer's eligibility must be approved and certified by the City. The credit can be claimed annually for the length of the lease term, or for a period not to exceed ten years from the date of relocation, whichever period is shorter.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Air Pollution Control Facilities Deduction

Citation

NYC Administrative Code, Sections 11-507(9) and 11-602.8(g)

Policy Objective

To improve the quality of air in New York City.

Description

Eligible taxpayers are entitled to a special deduction for expenditures paid or incurred during the taxable year for the construction, reconstruction, erection or improvement of Air Pollution Control Facilities. Such facilities must be certified by the New York State Commissioner of Environmental Conservation or the State commissioner's designated representative in accordance with applicable provisions of the Environmental Conservation Law, the State sanitary code and regulations, permits or orders issued pursuant thereto.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Credit Line Mortgages

Citation

NYS Tax Law, Section 253-b
NYC Administrative Code, Section 11-2603

Policy Objective

To reduce credit costs for small homeowners and businesses.

Description

Taxpayers normally pay a tax each time a new indebtedness is created that is secured by a mortgage on City-situated real property. However, for a credit-line mortgage — a mortgage that secures indebtedness under a financing agreement that allows the borrower to receive a series of advances or re-advances up to a stated amount — the Mortgage Recording Tax is paid on the maximum principal amount. No further tax is due on advances or re-advances by the lender if the maximum principal amount is not increased.

Prior to 1996, this benefit was only available in the case of one- to six-family, owner-occupied residences. Legislation enacted in 1996 extended this benefit to all residential and commercial credit-line mortgages with a credit limit of less than $3 million.

Tax Affected

Mortgage Recording Tax

Tax Expenditure

Not available

Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property

Citation

NYC Administrative Code, Section 11-502(d)

Policy Objective

To exempt certain revenue-generating activities from business taxation.

Description

The City's Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, certain owners of real property, lessees or fiduciaries engaged in holding, leasing or managing real property are not considered to be engaged in an unincorporated business, and are exempt from the tax. Other business activities, however, may be taxable. In this connection, if the owner, lessee or fiduciary carries on any business at the real property, including, for example, a garage, restaurant, laundry or health club, that business will be considered incidental to the holding, leasing and management of real property and also not subject to taxation, provided the business is conducted solely for the benefit of tenants and is not available to the public.

An owner of real property, a lessee or a fiduciary that operates a garage in a building exempt from the UBT receives an exemption for income received from building tenants who rent parking spaces in the building's public garage on a monthly or longer-term basis, but income from renting parking spaces to the public or to building tenants on a short-term basis is subject to tax.

Tax Affected

Unincorporated Business Tax

Tax Expenditure

Not available

Purchase and Sale of Property or Financial Instruments for Taxpayer's Own Account

Citation

NYC Administrative Code, Section 11-502(c)

Policy Objective

To exempt certain revenue-generating activities from business taxation.

Description

The City's Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, individuals or entities engaged in certain trading activities for their own account are not considered to be engaged in an unincorporated business. These activities include the purchase and sale of property or the purchase, sale or writing of stock option contracts, or both, for the individual's or entity's own account. Also included are certain investment transactions involving notional principal contracts and other types of derivative financial instruments.

The law contains certain safe harbors designed to prevent loss of the exemption where incidental business activities are conducted.

Tax Affected

Unincorporated Business Tax

Tax Expenditure

Not available

Small Corporation Exemption From Alternative Taxes

Citation

NYC Administrative Code, Section 11-604(1)(I)

Policy Objective

To provide tax relief to small corporations located entirely within the City.

Description

For tax years beginning on or after January 1, 2007, the alternative income-plus-stockholder-compensation tax base and the business and investment capital tax base under the general corporation tax do not apply to a corporation 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.

Tax Affected

General Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: Credit Card Interest

Citation

NYC Administrative Code, Section 11-642(a)(2)(D)

Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. Accordingly, service charges and fees from credit cards are deemed earned in New York City if the card is serviced in the City. However, credit card interest is allocated based upon the domicile of the cardholder.

Tax Affected

Banking Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: 80/20 Allocation Rule for Security/Commodity Brokers

Citation

NYS Corporate Franchise Tax Regulation, Section 4-4.3(c)
NYC Unincorporated Business Tax Regulation, Section 28-07(h)

Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, taxpayers that are security and commodity brokers allocate commissions derived from the execution of purchase or sales orders for the accounts of customers in the following manner:

(a) If the order originates at a New York City place of business and is transmitted to an office of the taxpayer located in New York City for execution on an exchange located in the City, 100 percent of the commission is allocated to New York City.

(b) If the order originates out-of-City and is transferred to an office of the taxpayer located in New York City for execution on an exchange located in the City, 20 percent of the commission is allocated to New York City.

(c) If the order originates at a New York City place of business and is transmitted to an office of the taxpayer outside the City for execution on an exchange located outside of the City, 80 percent of the commission is allocated to New York City.

Under legislation enacted in 2009, which applies to tax years beginning after 2008, special rules are prescribed for apportioning receipts from certain services of registered securities or commodities brokers or dealers. Under the new rules, brokerage commissions, as well as other items such as margin interest and advisory service fees, are sourced within and outside the city based on the mailing address of the firm's customer.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Special Allocation Rule: Newspaper and Periodical Publishers' Advertising Sales Receipts

Citation

NYC Administrative Code, Sections 11-508(e-1) and 11-604.3(a)(2)(B)

Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, publishers of newspapers and periodicals allocate income received from their sales of advertising based on the number of newspapers and periodicals delivered to points within the City.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Special Allocation Rule: Radio/TV Commercial Receipts

Citation

NYC Administrative Code, Sections 11-508(e-1) and 11-604.3(a)(2)(A), (B) and .3(a)(9)

Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, for both GCT and UBT purposes, the income a business receives from broadcasting radio and television commercials or programs (whether through the public airwaves or by cable, satellite transmission or any other means of transmission) is allocated to the City based on the "audience location method," i.e., the ratio of the number of the broadcaster's New York City listeners/viewers to its total listeners/viewers.

In addition, charges paid by subscribers to television or radio programming services (whether transmitted by cable or otherwise) are allocated to the jurisdiction in which the subscriber is located, determined, generally, on the basis of the subscriber's billing address.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Special Allocation Rule: Certain Service Receipts of Registered Securities or Commodities Brokers or Dealers

Citation

NYC Administrative Code, Sections 11-508(e-3), 11-604.3(a)(2)(B) and 11-604.3(a)(10)

Policy Objective

To encourage registered securities and commodities brokers and dealers to locate in New York City.

Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. For tax years beginning in 2009 and thereafter, special rules apply in apportioning receipts from certain services performed by registered securities or commodities brokers or dealers. Among other items, brokerage commission receipts, margin interest, advisory service fees and account maintenance fees are sourced within and outside the City based on the mailing address of the firm's customer; while gross income from a firm's principal transactions involving purchases and sales of stocks and securities are sourced based on the firm's award of production credits among its offices or according to the mailing addresses of customers to whom sales are made.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Biotechnology Credit

Citation

NYS Tax Law, Section 1201-a(d), NYC Administrative Code, Section 11-503(o), 11-604.21

Policy Objective

To encourage emerging technology companies to locate and expand in the City.

Description

Biotechnology firms with not more than 100 full-time employees, at least 75 percent of whom are employed in the City, with total annual product sales not exceeding $10 million, and that meet certain other conditions, are eligible for a credit against the general corporation tax or unincorporated business tax based on qualifying expenditures for research and development property, qualified research expenses and qualified high-technology training costs. A taxpayer is allowed a credit of up to $250,000 for a tax year in which its in-City employment level is at least 105 percent of its base year employment; if the increase in jobs is less than 105 percent, the credit is limited to 50 percent of the amount otherwise allowable and the total annual credit cannot exceed $125,000. The total of all biotechnology credits allowed during any calendar year cannot exceed $3 million; if the cap is exceeded, the credits are to be prorated under rules adopted by the Commissioner of Finance.

The credit is available only for tax years beginning in 2010, 2011 and 2012

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

No tax expenditure in TY 2008. Program starts in TY 2010.

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PART IV

NEW YORK CITY TAX EXPENDITURES DERIVED FROM NEW YORK STATE-ADMINISTERED CITY TAXES: THE SALES TAX AND PERSONAL INCOME TAX

Overview

This part of the report discusses the New York City Sales and Compensating Use Tax (sales tax) and the Personal Income Tax (PIT), which are administered by New York State. City tax expenditures for these taxes conform in large part to those of the State PIT and sales tax. Tax expenditures discussed in this section are not "official" City tax expenditures, as defined in the introduction of this report. Rather, many of these tax items would only very broadly be defined as tax expenditures and are presented in this part for informational purposes only.

Table 8 shows estimates of selected sales tax expenditures for TY 2008. The personal income tax section provides a list of tax expenditures and two tables that show components of income and modifications to income of New York City resident filers in 2009. These tables are derived from two sources: a statistical sample of Tax Year 2009 personal income tax returns created by the New York State Department of Taxation and Finance and an extract of New York State PIT processing files. Descriptions are also provided for three New York City-specific personal income tax credits.

New York City Sales Tax Expenditures

New York City generally imposes sales tax on the same products and services to which the statewide sales tax applies. The following table lists sales tax rates over the past decade.

NYC Sales Tax Rate	
July 1, 1974 to May 31, 2003………………………………	4.000%
June 1, 2003 to May 31, 2005………………………………	4.125%
June 1, 2005 to July 31, 2009………………………………	4.000%
August 1, 2009 to present………………………………….	4.500%

The following list identifies sales tax expenditures common to both the State and the City unless otherwise noted.

Services

Certain information services [1]
Certain information services provided over the telephone
Services performed on a non-trade basis
Laundering, tailoring, shoe repair and similar services
Capital improvement installation services

[1] Starting in 1991, the City taxed credit rating and credit reporting, whether rendered in written or oral form or in any other manner.

Services related to railroad rolling stock
Services related to property delivered outside New York
Municipal parking services
Parking and garaging at a private residence
Certain protective and detective services
Medical emergency alarm call services
Coin-operated car wash services
Trash removal from a waste transfer facility
Transportation services in connection with funerals
Transportation services provided by affiliated livery vehicles

Food

Certain food products
Food sold to airlines
Food sold at school cafeterias
Food purchased with food stamps
Water delivered through mains or pipes
Mandatory gratuity charges
Wine used for wine tastings
Vending machine sales of hot drinks and certain foods
Vending machine sales of candy, juice and soft drinks
Food sold at senior citizen housing communities

Medical

Drugs, medicines and medical supplies
Eyeglasses, hearing aids and prosthetic aids
Veterinarian services
Service dogs

Energy

Fuel, gas, electricity, refrigeration and steam used in research and development and production [1]
Fuel, gas, electricity, refrigeration and steam used in farming and commercial horse boarding
Gas and electric transmission and distribution[2]
Gas and electricity used in transmission, distribution and storage
Residential solar energy systems
Electricity, refrigeration, and steam sold by certain cooperative corporations
Alternative fuels
B20 bio-diesel fuel

[1] Effective November 1, 2000, energy used in the production of tangible personal property for sale is exempt from City taxation. Prior to that date, the City granted taxpayers a refundable credit against their business taxes for sales taxes paid on purchases of electricity used in the production process. Energy used in the production of gas, electricity, refrigeration or steam is exempt from the State sales tax but is subject to the City sales tax.
[2] Beginning August 1, 2009, gas and electric transmission and distribution services are subject to City sales tax.

Transportation

Commercial vessels
Barge repairs
Commercial aircraft
Fuel sold to airlines
Parts for foreign aircraft
Services to private aircraft
Intra-family sales of motor vehicles
Motor vehicles and vessels sold to non-residents
Rental of trucks in certain cases
Tractor-trailer combinations
Sales of property by railroads in reorganization
Commercial buses

Communication and Media

Interstate and international telephone and telegraph service
Newspapers and periodicals
Shopping papers
Telephone services used by the media
Certain coin-operated telephone charges
Cable television service
Internet access services
Certain telecommunications and Internet equipment
Radio and television broadcasting
Internet data centers
Film production
Certain mobile telecommunication services

Industry

Tools and supplies used in production
Farm production and commercial horse boarding
Research and development property
Machinery and equipment used in production
Services to machinery and equipment used in production
Wrapping and packaging materials
Milk crates
Commercial fishing vessels
Certain services used in gas/oil production
Pollution control equipment
Property manufactured by user

Miscellaneous

Certain property sold through vending machines
Trade-in allowances

Hotel room rents paid by a permanent resident [1]
Dues for fraternal societies
Dues for homeowners' associations
Homeowner association parking services
Excise taxes imposed on the consumer
Property sold by morticians
Flags
Military decorations
Garage sales
New mobile homes
Used mobile homes
Modular homes
Registered race horses
Race horses purchased through claiming races
Race horses purchased outside the State
Training and maintaining race horses
Property sold to contractor for capital improvements or repairs for exempt organizations
Property donated by manufacturer to tax-exempt organization
Sales and use taxes paid to other states
Precious metal bullion and coins
Computer software transferred to affiliated corporations
Services to computer software
Self-use of pre-written software by its author
Certain computer system hardware
Promotional materials mailed out of state
Printed promotional materials
U.S. postage used in the distribution of promotional materials
Clothing and footwear [2]
Coin-operated photocopying machines
Luggage carts
Emissions-testing equipment
College textbooks
Live dramatic or musical arts production
Lower Manhattan commercial office space

Exempt Organizations

New York State agencies and political subdivisions
Industrial development agencies
Federal agencies
United Nations
Diplomats and foreign missions

[1] The City defines permanent resident as an occupant of a hotel room for at least 180 consecutive days while the State defines permanent resident as an occupant for at least 90 consecutive days.
[2] The State sales tax exemption for clothing and footwear that costs less than $110 was suspended from October 1, 2010 to March 31, 2011. From April 1, 2011 to March 31, 2012, the state exemption applies to clothing and footwear items selling for less than $55. Beginning April 1, 2012, the under-$110 exemption is restored. During the above periods, the City sales tax exemption continued to apply to articles that cost less than $110.

Charitable organizations
Veterans' posts or organizations
Veterans' home gift shops
Indian nations and members of such Indian nations.
U.S. military base post exchanges
Non-profit health maintenance organizations
Non-profit medical expense indemnity or hospital service corporations
Non-profit property/casualty insurance companies
Certain State credit unions
Rural electric cooperatives
Municipal trash removal services

Admission Charges

Certain admission charges
Amusement park admissions
Events given for the benefit of charitable organizations, veterans' posts, and Indian nations
Certain symphony orchestra and opera company events
National Guard organization events
Municipal police and fire department events
Certain athletic games
Carnivals or rodeos for certain charitable organizations
Agricultural fairs
Historic homes, gardens, sites, and museums
Performances at a roof garden or cabaret

Credits

Tangible property sold by contractors in certain situations
Veterinary drugs
Bus companies providing local transit service
Vessel operators providing local transit service

Table 8
TAX EXPENDITURE ESTIMATES FOR SELECTED EXEMPTIONS FROM THE SALES TAX BASE [1]
Tax Year 2008

PROGRAM	AMOUNT ($ millions)
Aviation Fuel Sold to Airlines	195
Clothing and Footwear[2]	110
Interstate and International Telephone and Telegraph	90
Cable Television	89
Water Delivered Through Mains or Pipes[2]	44
Newspapers and Periodicals	22
Airline Food and Drink for In-Flight Consumption	4

Note: Inclusion in TY 2008 of the exemption for clothing and footwear increased the total available tax expenditure estimate by $110 million this year, to $554 million.

[1] These are the only sales tax base exemptions for which the NYC Department of Finance has estimates.
[2] Estimate provided is for Fiscal Year 2008, which runs from July 1, 2007 to June 30, 2008.

Aviation Fuel Sold to Airlines

Citation

NYS Tax Law, Section 1115(a)(9)

Description

Fuel sold to airlines for use in their airplanes is tax exempt.

Tax Expenditure

$195 million. Includes only sales at LaGuardia and Kennedy airports.

Data Source

Estimates are prepared based on data from the Port Authority of New York and New Jersey and the U.S. Department of Transportation, Bureau of Transportation Statistics

Clothing and Footwear

Citation

NYS Tax Law, §1115(a)(30)
NYC Administrative Code, §11-2001(b)(4)

Description

Effective March 1, 2000, the City exempted clothing and footwear items that cost less than $110 from city sales tax. The exemption also applies to items such as fabric, thread and buttons that are used to make or repair exempt clothing.

The exemption was suspended from June 1, 2003 to August 31, 2005, and then restored effective September 1, 2005. Starting September 1, 2007, clothing and footwear items that cost $110 or more were also exempted from city sales tax; this exemption was repealed effective August 1, 2009.

History of Sales Tax Exemptions on Clothing and Footwear
New York City

Pre-March 1, 2000	Not Exempt*
March 1, 2000 - May 31, 2003	Exempt under $110
June 1, 2003 - August 31, 2005	Not Exempt
September 1, 2005 - August 31, 2007	Exempt under $110
September 1, 2007 - July 31, 2009	All Exempt
August 1, 2009 - Present	Exempt under $110

* There were various sales tax-free weeks between 1996 and March 2000.

Tax Expenditure

$110 million in Fiscal Year 2008 (July 1, 2007 – June 30, 2008).

Data Source

Tax expenditure estimates are from the FY2011-2016 November Modification Forecast Documentation (November 2011) prepared by the NYC Office of Management and Budget, Tax Policy, Revenue Forecasting and Economic Analysis Task Force.

Interstate and International Telephone and Telegraph

Citation

NYS Tax Law, Section 1105(b)

Description

Interstate and international telephone and telegraph services are tax exempt.

Tax Expenditure

$90 million.

Data Source

Estimates are prepared based on Federal Communications Commission and U.S. Census Bureau data.

Cable Television Service

Citation

NYS Tax Law, Section 1105(c)(9)

Description

The provision of cable television services to customers is tax exempt.

Tax Expenditure

$89 million

Data Source

Estimates are prepared based on data provided by the City of New York, Department of Information Technology and Telecommunications (DoITT)

Water Delivered Through Mains or Pipes

Citation

NYS Tax Law, Section 1115(a)(2)

Description

Purchases of water delivered to the consumer through mains or pipes are exempt.

Estimate

$44 million. Estimate excludes wastewater, for which the Water Board also charges. Amount reported is for Fiscal Year 2008.

Data Source

Estimates are prepared based on data provided by the Water Board, City of New York, Department of Environmental Protection

Newspapers and Periodicals

Citation

NYS Tax Law, Sections 1101(b)(6), 1115(a)(5)

Description

Newspapers and periodicals are exempt from sales and use tax.

Tax Expenditure

$22 million

Data Source

Estimates are prepared based on data from the U.S. Census Bureau

Airline Food and Drink for In-Flight Consumption

Citation

NYS Tax Law, Section 1105(d)(ii)(A)

Description

Sales of food and drink to airlines for in-flight consumption are exempt from sales taxes.

Tax Expenditure

$4 million. Includes only food and drink consumed on flights that originate at LaGuardia and Kennedy airports.

Data Source

Estimates are prepared based on data from the Air Transport Association and the Federal Aviation Administration

New York City Personal Income Tax

The following list identifies selected items that modify personal income and tax liability for New York City personal income tax purposes. These items are primarily federal exclusions from income and State modifications that pass through in determining City taxable income.

Federal Exclusions from Income

IRA and Keogh Contributions and Earnings Exclusion
Income Earned Abroad by U.S. Citizens
Passive Losses on Rental Real Estate
Capital Gains on Home Sales
Scholarship and Fellowship Income
Employee Meals and Lodging
Public Assistance Benefits
Veterans Benefits
Employer Contributions for Medical Insurance and Care and Long-Term Care Insurance
Employer Contributions for Employee Pensions
Workers' Compensation Benefits
Employer-Provided Tuition Assistance
Employer-Provided Child Care
Certain Employer-Provided Transportation Benefits
Benefits and Allowances to Armed Forces Personnel
Accelerated Death Benefits
Contributions to Health/Medical Savings Accounts
Self-Employed Persons' Health and Long-Term Care Insurance
Employer-Provided Adoption Assistance
Employer-Paid Premiums on Life, Accident and Disability Insurance
Interest on Life Insurance Policy and Annuity Cash Value
Interest on Qualified New York State and Local Bonds
Oil and Gas Exploration and Development Costs
Accelerated Depreciation
Amortization of Business Start-Up Costs
Capital Gains at Death
Farmers' Expensing of Capital Outlays
Capital Asset Treatment of Certain Timber Income and from Ore and Coal Royalties
Expensing of R&D Costs
Expensing of Certain Depreciable Business Property
Social Security and Railroad Retirement Benefits (Partial Exclusion)
Capital Gains from Small Corporation Stock
Expensing of Certain Small Investments
Deferral of Income from Installment Sales
Student Loan Interest
Education IRA's
Earnings of Qualified Tuition Programs

New York State Modifications to Income

Additions[1]

Interest or Dividends on Obligations or Securities of Certain Federal Authorities
Interest on Obligations of Other States or Political Subdivisions of those States
State, Local or Foreign Income Taxes, Including Unincorporated Business Income Taxes Deducted in Determining Federal Taxable Income
Interest on Loans Incurred to Carry Tax-Exempt Securities
Expenses for Production of Tax-Exempt Income
Public Employee Retirement Contributions
Federal Percentage Depletion
New Business Investment Deferral
S Corporation Shareholder Additions
Other Additions
College Choice Tuition Savings Distributions

Subtractions

Interest or Dividend Income on Obligations or Securities Taxable Federally but Exempt for NY Purposes
Interest and Dividends on Obligations or Securities of Certain Federal Authorities
Interest on Obligations of the U.S. and its Possessions
Pensions Paid by the Federal Government, the State of New York or New York Localities
Portion of Pensions and Annuities Received by Individuals 59 ½ Years of Age or Older
Disability Income Included in Federal AGI
Social Security and Tier I Railroad Retirement Benefits Included in Federal AGI
Accelerated Death Benefits and Viatical Settlements
Contribution to NYS College Choice Tuition Savings Program
Compensation for Members of an Organized Militia
Deferral of Gain from Sale of Qualifying Emerging Technology Investments
Payments to Victims of Nazi Persecution
Expenses Incurred by Living Organ Donors
Compensation for Service in a Combat Zone for Members of the U.S. Armed Services

New York State Deductions and Exemptions (2011)

Standard Deduction

Single $7,500
Married filing jointly $15,000
Married filing separately $7,500
Head of Household $10,500
Qualifying widow(er) with dependent child $15,000

[1] Addition modifications are not considered tax expenditures. They are listed here for informational purposes.

Itemized Deductions

Medical and Dental Expenses
Interest Expenses
Charitable Contribution Deduction
Casualty and Theft Losses
Taxes Paid
College Tuition Deduction[1]
Miscellaneous Expenses subject to 2% AGI threshold
Other Miscellaneous Expenses

Dependent Exemptions

$1,000 Exemption per Dependent

New York City Tax Credits

Household Credit
UBT Paid Credit
Earned Income Tax Credit
School Tax Relief (STAR) Credit[2]
Household and Dependent Care Services Credit

[1] Legislation enacted in 2000 permits resident taxpayers to take an itemized deduction for certain college tuition expenses of up to $10,000. In lieu of a deduction a taxpayer can elect to claim a New York State credit based on such expenses; if the credit is elected, no deduction or credit is allowed for City tax purposes.
[2] New York State funds this credit.

Components of Adjusted Gross Income and Summary of Deductions and Credits

Tables 9 and 10 on the following pages are based on a random, stratified sample of 283,787 New York City personal income tax (PIT) returns prepared by the New York State Department of Taxation and Finance. Full-year New York City resident taxpayers filed 2.3 million returns.

New York State administers the City PIT and, accordingly, modifications to income, such as exclusions, deductions and other adjustments allowed by the State in determining taxable income, are automatically passed through to the City tax. City PIT tax rates are independent of the State rates and reflect local policy choices about the distribution of the tax burden among income groups.

The amounts provided are aggregate dollars claimed. Tax liability was not calculated due to the complex interactions of a variety of factors, such as the graduated tax rate structure and the different amounts claimed for each of the items by different income groups and filing types.

The tables on the following pages are for TY 2009, the most recent year for which data are available.

Table 9
NEW YORK CITY PERSONAL INCOME TAX
COMPONENTS OF ADJUSTED GROSS INCOME (AGI)
Tax Year 2009

($ Millions)

INCOME		
Wages and Salaries	154,721	
Dividends and Interest	11,386	
Business Income/Loss	6,947	
Capital Gain/Loss	12,950	
Social Security, Pensions, Annuities, IRA	7,736	
Other Income (1)	27,855	
Federal Adjustments (2)	(2,826)	
FEDERAL AGI (3)		218,770
NY ADDITIONS		
Interest Income on State and Local Bonds (4)	399	
Other Additions (5)	2,757	
TOTAL ADDITION ADJUSTMENTS		3,157
NY SUBTRACTIONS		
Pension Income from Federal, NYS, and Local Governments	(1,274)	
U.S. Government Bond Interest	(556)	
State and Local Tax Refunds	(1,558)	
Taxable Social Security Benefits	(2,207)	
Pension and Annuity Income Exclusion (6)	(1,308)	
New York's 529 College Savings Program Deduction	(155)	
Other Subtractions	(1,146)	
TOTAL SUBTRACTION ADJUSTMENTS		(8,204)
NY STATE AGI (3)		213,717

Note: Table pertains to full-year NYC resident taxpayers only.
1. Includes taxable tax refunds, unemployment compensation, alimony received, and other income or losses.
2. Includes IRA and Keogh plan contributions, one-half of self-employment tax, self-employed health insurance deduction, penalty on early withdrawal of savings, and alimony paid.
3. Amount is adjusted to include OTPA corrections.
4. Does not include interest paid on debt issued by New York State or local governments within the state.
5. Includes public employee retirement contributions, college choice tuition savings distributions, and miscellaneous adjustments.
6. Taxpayers may take an exclusion of up to $20,000 for qualifying pension and annuity income.

TABLE 10
NEW YORK CITY PERSONAL INCOME TAX
SUMMARY OF DEDUCTIONS AND CREDITS
Tax Year 2009

($ Millions)

DEDUCTIONS		
FEDERAL ITEMIZED DEDUCTIONS		
Taxes Paid		(14,351)
Mortgage Interest Paid		(6,956)
Charitable Contributions		(6,046)
Theft and Casualty Losses		(20)
Medical Expenses		(614)
Job and Employee Expenses (1)		(3,166)
College Tuition Deduction		(323)
Other Miscellaneous Expenses (2)		(348)
TOTAL FEDERAL ITEMIZED DEDUCTIONS		(31,824)
TOTAL ITEMIZED DEDUCTIONS (3)		(14,934)
TOTAL STANDARD DEDUCTION		(16,609)
TOTAL DEDUCTIONS APPLIED		(31,542)
EXEMPTIONS APPLIED		(1,417)
TAXABLE INCOME		180,757
NYC RESIDENT TAX (4)		6,317
NYC Household Credit	(12)	
UBT Paid Credit	(133)	
Earned Income Tax Credit	(95)	
NYC School Tax Relief Credit (5)	(267)	
NYC Child and Dependent Care Credit	(16)	
Other Taxes (6)	0	
TOTAL NYC TAX LIABILITY		5,795

Note: Table pertains to full-year NYC resident taxpayers only.

1. Job expenses and most other miscellaneous deductions are subject to a 2% of AGI threshold.
2. Includes miscellaneous deductions not subject to the 2% threshold.
3. Available itemized deductions after New York State add-backs and high-income limitations.
4. Tax credits are based on filers in the population file rather than the taxpayer sample.
5. The NYC School Tax Relief (STAR) credit is state-funded.
6. Includes the New York City minimum tax.

Earned Income Credit

Citation

NYS Tax Law, Section 1310(f); NYC Administrative Code, Section 11-1706(d)

Policy Objective

To provide tax relief to low-income New York City residents.

Description

Beginning in tax year 2004, low-income New York City residents are eligible for an earned income tax credit against the City personal income tax equal to 5 percent of the earned income tax credit allowed for federal income tax purposes. If the City credit is greater than the taxpayer's tax liability, after deducting other allowable credits, the excess will be treated as an overpayment and refunded to the taxpayer.

Distributional Information

A total of 883,780 filers received the earned income tax credit, worth $94.9 million. The average credit per filer was $107. Additional distributional information appears below.

NEW YORK CITY EARNED INCOME TAX CREDIT
TAX YEAR 2009

Federal Adjusted Gross Income	Number of Filers	Total Value of Credit (000)	Average Value
$0-$4,999	91,096	$2,533,741	$28
$5,000-$9,999	218,559	$15,551,846	$71
$10,000-$14,999	192,526	$26,890,851	$140
$15,000-$19,999	116,041	$21,140,132	$182
$20,000-$24,999	46,811	$7,814,400	$167
$25,000-$29,999	43,953	$6,366,996	$145
$30,000-$48,249	174,794	$14,604,934	$84
All Filers	883,780	$94,902,900	$107

Tax Expenditure

$94.9 million

Household Credit

Citation

NYS Tax Law, Section 1310(d)
NYC Administrative Code, Section 11-1706(b)

Policy Objective

To provide tax relief to low-income New York City households.

Description

New York City filers with federal adjusted gross income below specified levels may claim the household credit. The amount of the credit varies according to filing status, federal adjusted gross income and the number of persons in the household. In tax year 2009, the credit was available to single filers with federal adjusted gross income not greater than $12,500 and other filing types with adjusted gross income not greater than $22,500. The credit amount decreases as income increases, and in 2009 ranged from $15 to $10 for single filers and from $30 to $10 per household member for all other filers. The household credit is not refundable.

Distributional Information

In TY 2009, 412,949 New York City filers claimed the household credit. The household credit reduced tax liability by $11.5 million. Of the 3.6 million New York City filers, approximately 11 percent claimed the household credit. The average benefit was $28 per household, with over half the beneficiaries reporting income below $15,000.

NEW YORK CITY HOUSEHOLD CREDIT
TAX YEAR 2009

Federal Adjusted Gross Income	Number of Filers	Total Value of Credit (000)	Average Value
Under $10,000	90,440	$1,208,391	$13
$10,000 - $14,999	136,722	$3,115,015	$23
$15,000 - $19,999	123,736	$5,468,135	$44
$20,000 - $22,500	62,051	$1,712,631	$28
All Filers	412,949	$11,504,172	$28

Tax Expenditure

$11.5 million

Credit for Unincorporated Business Tax Payments

Citation

NYS Tax Law, Section 1310(e)
NYC Administrative Code, Section 11-1706(c)

Policy Objective

To relieve New York City residents who own or have an interest in a business subject to the City's unincorporated business tax from the double taxation of income earned by the business.

Description

New York City residents are allowed to claim credits against their City personal income tax liabilities for unincorporated business taxes paid by businesses they carry on as sole proprietors or paid by partnerships in which they are partners. For taxable years beginning on or after January 1, 1997, a City resident whose taxable income is not more than $42,000 is allowed a credit for 65 percent of his or her share of the UBT paid by the firm for its tax year ending within or at the same time as the resident's tax year; a resident whose taxable income is more than $42,000 but not more than $142,000 is allowed a declining credit computed by subtracting from 65 percent, one-tenth of a percentage point for each $200 of taxable income above $42,000; and a resident whose taxable income is over $142,000 is allowed a 15 percent credit. The City is authorized to adopt local laws to raise (but not reduce) the above percentages to as much as a 100 percent credit. A local law enacted in 2007, and applicable to tax years beginning in 2007 and thereafter, raised the credit percentage to 100 percent where taxable income is not over $42,000, to 23 percent where income is $142,000 or over, and to a percentage that declines from 100 percent to 23 percent in income ranges between $42,000 and $142,000.

Distributional Information

A total of 17,985 taxpayers claimed the unincorporated business tax credit. The total value of the credit was $133.3 million and the average credit per taxpayer was $7,411. Additional distributional information appears on the next page.

UNINCORPORATED BUSINESS TAX CREDIT
TAX YEAR 2009

Federal Adjusted Gross Income	Number of Taxpayers	Total Value of Credit (000)	Average Value
Less than $25,000	44	$249,493	$5,670
$25,000 - $49,999	110	$84,359	$767
$50,000 - $74,999	292	$289,908	$993
$75,000 - $99,999	893	$979,673	$1,097
$100,000 - $124,999	1,125	$1,808,759	$1,608
$125,000 - $149,999	1,032	$1,736,545	$1,683
$150,000 - $199,999	1,785	$2,614,333	$1,465
$200,000 - $299,999	2,565	$4,189,833	$1,633
$300,000 - $499,999	2,838	$6,487,727	$2,286
$500,000 - $999,999	2,981	$10,606,649	$3,558
$1,000,000 and above	4,320	$104,239,594	$24,130
All Taxpayers	17,985	$133,286,873	$7,411

Tax Expenditure

$133.3 million

Child and Dependent Care Services Credit

Citation

NYC Administrative Code, Section 11-1706(e)

Policy Objective

To help low-income NYC residents pay certain expenses necessary for gainful employment.

Description

Beginning with the 2007 tax year, a refundable personal income tax credit is allowed for expenses for certain household and dependent care services necessary for gainful employment. The credit equals the "applicable percentage" of the allowable New York State household and dependent care credit; however, for purposes of the City credit only child care expenses for dependents under the age of four are considered. For filers with household gross income 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.

Distributional Information

A total of 31,952 filers claimed the child and dependent care services credit. The total value of the credit was $16.0 million and the average credit per filer was $502.

NEW YORK CITY CHILD AND DEPENDENT CARE SERVICES CREDIT
TAX YEAR 2009

Federal Adjusted Gross Income	Number of Filers	Total Value of Credit (000)	Average Value
$0-$4,999	849	$296,352	$349
$5,000-$9,999	4,119	$1,992,648	$484
$10,000-$14,999	5,496	$2,918,763	$531
$15,000-$19,999	4,463	$2,417,964	$542
$20,000-$24,999	8,121	$5,423,584	$668
$25,000-$30,000	8,904	$2,979,697	$335
All Filers	31,952	$16,029,008	$502

Tax Expenditure

$16.0 million

PART V

SUMMARY OF AUDITS AND EVALUATIONS OF NEW YORK CITY TAX EXPENDITURES

Introduction

This section summarizes audits and evaluations of City tax expenditures in accordance with the requirements of the City Charter. Information is excerpted from the FY 2011 Annual Investment Projects Report Pursuant to Local Law 62, Volume I, prepared by the New York City Economic Development Corporation (NYCEDC).

The FY 2011 Annual Investment Projects Report Pursuant to Local Law 62 provides information about projects conducted with businesses to support investment, job retention and growth, referred to as "investment projects," pursuant to Local Law 62 of 2010. This report was originally regulated by Local Law 69 of 1994, superseded by Local Law 48 of 2005. Reports between FY 2005 and FY 2010 adhered to the requirements of Local Law 48. Local Law 62, enacted on December 7, 2010, amended Paragraph b of Subdivision 1 of Section 1301 of the New York City Charter, as previously amended by Local Law 48. Local Law 62 became effective 180 days after its enactment.

Local Law 62 requires NYCEDC to submit to the New York City Council, the mayor, the city comptroller, the public advocate, and the borough presidents, an annual report, containing descriptive data on a selected group of NYCEDC projects, the amounts of City assistance (City Costs) provided by NYCEDC to the businesses involved in these projects, and estimates of the tax benefits generated by these projects (City Benefits). Data on investment projects receiving loans, grants and tax benefits are provided for the life of the project, irrespective of the date it initiated. Data on sales of City-owned land are provided for all transactions closed since January 1, 2005 if at least 25 jobs are estimated to be at the project's site. Data on leases of City-owned land are provided for all active contracts.

NYCEDC believes this report shows how critical its financial assistance efforts are to rebuild and expand New York City's economic base by stimulating investment, job growth and business expansion. The typical company investment included in this report would have been delayed, abandoned or made outside New York City but for the intervention and support of NYCEDC. In addition, NYCEDC appreciates the opportunity to discuss the public benefits generated by its investment projects and to explain the dynamic public/private partnership that makes NYCEDC successful.

Summary of Public Benefits

NYCEDC reported 623 investment projects. The new reporting requirements set by Local Law 62 caused the addition of 83 projects that started before FY 1999. In FY 2011, there were 21 project starts and financial assistance ended for 51 projects. These 623 projects accounted for:

- 7.6 percent of total private employment in New York City;

- $25.9 billion in private investment;
- $1.3 billion in City Costs (present value), net of recapture, cancellations, reductions and penalties; and
- $54.3 billion in City Benefits (present value), net of the assistance provided.

APPENDIX I

NEW YORK CITY CHARTER SECTION 240

Tax Benefit Report

Not later than the fifteenth day of February the mayor shall submit to the council a tax benefit report that shall include:

1. a listing of all exclusions, exemptions, abatements, credits or other benefits allowed against City tax liability, against the base or the rate of, or the amount due pursuant to, each City tax, provided however that such listing need not include any benefits which are applicable without any City action to such City tax because they are available in regard to a federal or State tax on which such City tax is based; and

2. a description of each tax benefit included in such listing, providing the following information:

   (a) the legal authority for such tax benefit;

   (b) the objectives of, and eligibility requirements for, such tax benefit;

   (c) such data and supporting documentation as are available and meaningful regarding the number and kind of taxpayers using benefits pursuant to such tax benefit and the total amount of benefits used pursuant to such tax benefit, by taxable and/or fiscal year;

   (d) for each tax benefit pursuant to which a taxpayer is allowed to claim benefits in one year and carry them over for use in one or more later years, the number and kind of taxpayers carrying forward benefits pursuant to such tax benefit and the total amount of benefits carried forward, by taxable and/or fiscal year;

   (e) for nineteen hundred ninety and each year thereafter for which the information required by paragraphs three and four are not available, the reasons therefor, the steps being taken to provide such information as soon as possible, and the first year for which such information will be available;

   (f) such data and supporting documentation as are available and meaningful regarding the economic and social impact and other consequences of such tax benefit; and

   (g) a listing and summary of all evaluations and audits of such tax benefit issued during the previous two years.

APPENDIX II

DESCRIPTION OF MAJOR NEW YORK CITY TAXES

New York City Tax Revenues
Fiscal Year 2011
(Millions)

Tax	Revenues
Real Property Tax	$16,868
Personal Income Tax	$7,644
Sales Tax	$5,586
General Corporation Tax	$2,278
Unincorporated Business Tax	$1,675
Banking Corporation Tax	$1,346
Real Property Transfer Tax	$795
Commercial Rent Tax	$601
Mortgage Recording Tax	$434
Hotel Tax	$422
Utility Tax	$394
Other	$1,317
Total	$39,362

Audit revenues are excluded.
Amounts may not add exactly due to rounding.

Banking Corporation Tax

This tax is imposed on banking corporations, including commercial and savings banks, savings and loan associations, trust companies, and certain subsidiaries of banks, which do business in New York City in a corporate or organized capacity.

A banking corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The tax due is the largest of the following four amounts:

(1) 9 percent of entire net income allocated to the City;

(2) 3 percent of alternative entire net income allocated to the City;

(3) one-tenth of a mill on each dollar of taxable assets allocated to the City (except that, for tax years beginning before 2011, alien banking corporations calculate a tax at the rate of 2.6 mills per dollar of issued capital stock allocated to the City);

(4) $125 minimum tax.

Commercial Rent Tax

This tax is imposed at an effective rate of 3.9 percent of the base rent paid by tenants of premises used to conduct any business, profession or commercial activity.

The tax does not apply in Manhattan north of 96th Street or in the other boroughs. Tenants with annual rent (or annualized rent for part-year filers) below $250,000 are exempt from the tax and tenants with annual taxable rents between $250,000 and $300,000 are eligible for a sliding-scale credit that partially offsets tax liability.

General Corporation Tax

This tax is imposed on those corporations, both domestic and foreign, that do business, employ capital, own or lease property or maintain an office in New York City.

A corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The primary tax liability is the largest of the four following amounts:

(1) 8.85 percent of the corporation's entire net income allocated to the City;

(2) 0.15 percent of the firm's business and investment capital allocated to the City (or 0.04 percent for cooperative housing corporations), subject to a cap of $350,000, which increased to $1 million as of 2009;

(3) 8.85 percent of 30 percent of the sum of entire net income plus the compensation paid to certain shareholders, less a fixed-dollar exclusion, allocated to the City. Beginning in tax year 2007, the "30 percent" component of the calculation will be reduced to 15 percent over a four-year period

(4) $300 minimum tax. Effective for tax years beginning after 2008, the minimum tax ranges from $25 to $5,000, depending on the taxpayer's New York City receipts.

Beginning in tax year 2007, corporations having only business capital, a 100 percent allocation percentage and federal gross income below $250,000 are not subject to the calculations in items (2) and (3) above.

In addition to the primary tax liability, a tax on subsidiary capital is also payable. The subsidiary tax is at the rate of 0.075 percent of subsidiary capital allocated to the City.

Mortgage Recording Tax

This tax is imposed on the recording of real estate mortgages in New York City. For mortgages that are less than $500,000, the rate is $1.00 per $100 of indebtedness. For mortgages that are $500,000 or more the rate varies:

- for mortgages on 1-, 2- or 3-family homes or individual residential condominium units the rate is $1.125 per $100 of indebtedness.

- for all other mortgages that are $500,000 or more the rate is $1.75 per $100 of indebtedness.

Personal Income Tax

This tax is imposed on the taxable income of every resident of New York City. The City's definition of taxable income follows, with certain modifications, Federal law, and is the same as the New York State definition.

The personal income tax rates imposed on New York City residents range from 2.907 percent to 3.648 percent. Beginning with tax year 2010, taxpayers with taxable incomes over $500,000 are subject to a top rate of 3.876 percent.

Legislation enacted in 1999 eliminated the City's non-resident earnings tax, effective July 1, 1999. This tax was imposed on the New York City wages and net earnings from self-employment of non-residents.

Real Property Tax

Under Article 18 of the Real Property Tax Law, real property in New York City is divided into different classes:

(1) Class 1 consists of 1-, 2- and 3-family residential property, small condominiums, and certain vacant land north of 110th Street in Manhattan and in the other boroughs.
(2) Class 2 consists of all other residential property, including cooperatives and condominiums;
(3) Class 3 consists of utility company equipment and special franchises; and
(4) Class 4 consists of all other real property, such as office buildings, factories, stores, hotels and lofts.

FY 2012 Rates

New York City assesses properties at a uniform percentage of market value within each class of real property, applying class-specific tax rates to determine tax liability. The rates, per $100 of assessed value, are as follows:

Class 1	18.205
Class 2	13.433
Class 3	12.473
Class 4	10.152

Real Property Transfer Tax

This tax is imposed on the transfer of real property located in New York City and on the transfer of a controlling economic interest in real property located in New York City.

The rates of the real property transfer tax for residential properties (1-, 2- or 3-family homes, an individual residential condominium unit, or an individual cooperative apartment) are the following:

- for residential properties transferred for a consideration of $500,000 or less, the rate is 1 percent of the consideration.
- for residential properties transferred for a consideration of more than $500,000, the rate is 1.425 percent of the consideration.

For properties other than the residential properties referred to above:

- the tax rate is 1.425 percent if the consideration is not more than $500,000; and
- 2.625 percent if the consideration is more than $500,000.

Sales Tax

This tax is imposed on the sale or use of tangible personal property and certain services; sales of gas, electricity, steam, refrigeration, and intrastate telephone and telegraph services; food and beverages sold by restaurants and caterers; hotel and motel occupancies; admission charges to certain places of amusement; and club dues. Legislation enacted in 2009 increased the city sales tax rate to 4.5 percent as of August 1, 2009. Prior to that, the tax rate was 4 percent, except for the period June 4, 2003 to May 31, 2005, for which the rate was temporarily increased to 4.125 percent.

New York City sales and use tax is also imposed on charges for the parking or garaging of motor vehicles. The basic tax rate imposed on the parking charge is 6 percent; an additional 8 percent tax is imposed on parking in Manhattan. Manhattan residents who meet certain conditions are exempt from the 8 percent tax.

Unincorporated Business Tax

This tax is imposed on every individual or unincorporated entity carrying on a trade, business or profession wholly or partly within New York City.

The unincorporated business tax is imposed at the rate of 4 percent of taxable income allocable to New York City. For tax years beginning after 1996 but before 2009, businesses owing unincorporated business tax liability of $1,800 or less may receive a credit to fully offset liability; businesses owing between $1,800 and $3,200 may receive a credit providing partial relief. For tax years beginning after 2008, a full credit is allowed if the tax is not more than $3,400 and a partial credit is allowed if the tax is more than $3,400 but less than $5,400.

Utility Tax

This tax is imposed on every utility and vendor of utility services that does business in New York City. “Utilities” are those companies that are subject to the supervision of the New York State Department of Public Service, including gas and electric companies and telephone companies. Companies that derive 80 percent or more of their gross receipts from mobile telecommunications services are also considered utilities, regardless of whether they are supervised by the Department of Public Service. Vendors of utility services are those that are not “utilities” but that sell gas, electricity, steam, water, refrigeration, or telecommunications services, or that operate omnibuses, whether or not those activities represent the vendor’s main business.

The basic utility tax rate is 2.35 percent of gross income or gross operating income. Different rates apply to bus companies and railroads.

APPENDIX III

AVERAGE NEW YORK CITY TAXES PER WORKER

Methodology

The Department of Finance estimates the average amounts of New York City taxes attributable to workers employed in various economic sectors in the City in two basic ways. For business income and commercial rent taxes paid by businesses, industry sector tax liability from Department of Finance Office of Tax Policy data is divided by sector employment to determine average business taxes per worker. For utility and sales taxes paid by businesses, the business share of liability is distributed among industry sectors based upon the distribution of payroll by sector as provided by the New York State Department of Labor.

For taxes paid by individuals, the Office of Tax Policy used a file of wage and withholding information supplied by the New York State Department of Taxation and Finance. This file was merged with the New York State personal income tax file to obtain income and personal income tax paid for each employee, and with business income tax files to determine the industry sector of each employer. The average sales tax paid by individuals in each sector was computed based upon the average income in that sector from this data source.

The estimate of average City taxes per worker is the sum, by sector, of average business taxes per worker and average individual taxes per worker. Employment data are for calendar year 2008 and tax data are for tax year 2008, which roughly corresponds to calendar year 2008.

Eight City taxes are included in the calculations: real property tax, banking corporation tax, general corporation tax, unincorporated business tax, utility tax, commercial rent tax, personal income tax and sales tax. (Minor City taxes, such as the hotel room occupancy tax, cigarette tax and beer and liquor excise tax, which are not directly related to primary City business activities, are excluded.)

The table below shows the calculated values of average taxes per worker by industry sector. The second column shows these values with property taxes excluded, and the third column shows the values for all City taxes.

Average Taxes Per Worker by Sector
Tax Year 2008

Sector	Non-Property Taxes Average per Worker	All Taxes Average per Worker
All Industries	$4,593	$5,474
Private	$5,066	$6,062
Finance & Insurance	$16,475	$19,275
Legal Services	$10,739	$12,002
Real Estate	$7,207	$7,826
Professional/Technical/Managerial	$6,005	$7,188
Information	$6,585	$7,045
Manufacturing	$4,260	$6,429
Trade	$3,648	$4,508
Other	$2,965	$3,163
Services	$2,417	$2,893
Public Administration	$1,908	$2,134

The methodology and data sources used to calculate the average taxes per worker for each tax are detailed below.

Business Income Taxes

These include the General Corporation Tax (GCT), Unincorporated Business Tax (UBT) and Banking Corporation Tax (BCT). Department of Finance (DOF) Office of Tax Policy databases were used to obtain the distribution of GCT and UBT liability by industry sector; the Bank Tax is allocated entirely to the Finance & Insurance sector. Total business income taxes per sector are then divided by sector employment to determine business income taxes per sector per worker.

Sources: DOF Tax Policy business income tax data; NYS Department of Labor (DOL) employment data.

Personal Income Tax (PIT)

The Office of Tax Policy used a file of wage and withholding information supplied by the New York State Department of Taxation and Finance. This file was merged with personal income tax files to obtain income and personal income tax paid for each employee, and with business income tax files to determine the industry sector of each employer. Starting in 2008, the personal income tax used for computation of taxes per worker is net of all credits applied.

Sources: NYS Department of Taxation and Finance PIT and wage/withholding data; DOF Tax Policy business income tax data.

Sales Tax (STX)

The business share of the sales tax (about 22 percent) is assumed to be distributed according to the sector distribution of payroll from NYS DOL employment data. Industry sector STX shares are then divided by sector employment to determine average business STX paid per worker.

The average individual STX paid per worker is determined by combining income data for residents with NYS DOL employment statistics and BLS Consumer Expenditure Survey data to determine average taxable consumer expenditures at various income levels for residents and non-residents. A weighted average of resident and non-resident STX paid is used to determine the average tax per individual worker, with an adjustment made to exclude STX revenue from tourists. The average STX per sector per worker is the sum of the business share per worker and the individual share per worker.

Sources: NYC Tax Study Commission data; NYS DOL data; BLS Consumer Expenditure Survey Data; NYS Department of Taxation and Finance PIT and wage/withholding data; DOF Tax Policy commuter tax data; DOF Tax Policy business income tax data.

Commercial Rent Tax

Department of Finance Commercial Rent Tax (CRT) files are used to calculate CRT liability by industry sector, and liability is divided by sector employment to determine average CRT per sector per worker.

Sources: DOF Tax Policy business income tax and CRT data; NYS DOL data.

Real Property Tax

The billable assessed value for Class 4 (non-residential, non-utility) buildings — net of the value of land, which is assumed to be independent of the number of employees — is allocated to industry sector according to building classification, except for the class "office buildings," which cannot be specifically identified by sector. For office buildings, the billable assessed value is assumed to be distributed by sector in proportion to the distribution of payroll by sector. Billable assessed value for each industry sector is totaled and multiplied by the tax rate to determine tax liability, which is then divided by sector employment to determine the average property tax paid per sector per worker.

Sources: DOF Real Property Assessment Division data; NYS DOL data.

Utility Tax (UTX)

Utility Tax liability is distributed 55 percent to commercial customers, based on NYS Public Service Commission data. (Residential utility taxes are assumed to be independent of employment and are not included in the calculation of taxes-per-worker.) Business UTX is assumed to be distributed among industry sectors in proportion to the distribution of payroll by sector. Sector liability is then divided by sector employment to determine UTX paid per worker.

Sources: NYS Public Service Commission data; NYS DOL data.

NYC Taxes Directly Related To City Employment

The ranking of industry sectors based on the City taxes directly attributable to them is derived from the taxes-per-worker analysis and utilizes the same methodological assumptions. For taxes paid by businesses, aggregate City tax liability is sorted by industry sector. For taxes paid by individuals, average taxes-per-worker calculated by industry sector are multiplied by industry-sector employment levels to determine the aggregate individual taxes attributable to the sectors. The two amounts are combined to provide the total taxes directly attributable to an industry sector. As in the average taxes-per-worker analysis, the calculation of total taxes is not intended to capture marginal revenues resulting from new employment, either directly or indirectly through “multiplier effects.”

The first table presented below provides a ranking of industry sectors in descending order of total taxes attributable to the sectors. Following is a more detailed sub-industry sector listing. For comparison purposes, the average taxes-per-worker and NYC employment rankings of the industry sectors are provided.

Please note that for several sub-industry sectors, the average taxes-per-worker numbers are atypically high. This is due to the presence in the City of management offices and employees with relatively high City tax liabilities compared to the number of other workers employed in those sectors in the City. Thus, for example, Chemical and Allied Products is ranked third in average taxes per worker but forty-first in City employment.

Note also that data presented in this report may reflect revisions in the classification of information provided in previously-released reports. Thus, the classification of tax liability by industry sector or tax type may vary from previously-released information.

NYC Taxes Directly Related to City Employment [1] by Sector
Tax Year 2008

Rank	Sector	Total Taxes *(millions)*	Taxes per Worker	TPW Rank	Employment Rank
	All Industries	$20,098.2	$5,474		
	Private	$18,925.1	$6,062		
1	Finance & Insurance	$6,466.5	$19,275	1	4
2	Services	$3,866.5	$2,893	9	1
3	Professional/Technical/Managerial	$2,216.0	$7,188	4	5
4	Trade	$1,962.2	$4,508	7	3
5	Public Administration	$1,173.1	$2,134	10	2
6	Information	$1,105.3	$7,045	5	7
7	Legal Services	$1,021.1	$12,002	2	10
8	Real Estate	$851.6	$7,826	3	8
9	Other	$823.2	$3,163	8	6
10	Manufacturing	$612.6	$6,429	6	9

[1] Employment numbers are from the NYS Department of Labor Unemployment Insurance Series (ES 202). The ES 202 data slightly understates NYC employment because it excludes employees not covered by unemployment insurance.

NYC Taxes Directly Related to City Employment by Sub-Sector [1]
Tax Year 2008

	NAICS Sub-Sector	Sector	Total Taxes	Taxes per Worker	TPW Rank	Employment Rank
1	Securities & Commodities	Finance & Insurance	$4,751,243,825	$25,387	1	6
2	Professional/Technical	Professional/Technical/Managerial	$1,724,076,644	$7,087	10	3
3	Credit Agencies	Finance & Insurance	$1,384,910,768	$15,078	4	13
4	Health Care	Services	$1,049,380,016	$2,663	38	2
5	Legal Services	Legal Services	$1,021,130,287	$12,002	5	15
6	Local Government	Public Administration	$944,322,718	$2,090	43	1
7	Real Estate	Real Estate	$851,597,248	$7,826	9	12
8	Accommodations	Services	$681,289,815	$2,861	36	4
9	Business Services	Services	$645,334,620	$3,364	31	5
10	Other Retail Trade	Trade	$613,190,450	$5,076	22	10
11	Construction	Others	$454,418,909	$3,409	30	9
12	Nondurable Wholesale	Trade	$407,443,011	$4,848	23	16
13	Publishing	Information	$364,218,600	$6,818	11	24
14	Managerial	Professional/Technical/Managerial	$356,337,276	$6,096	15	19
15	Education	Services	$349,696,198	$2,581	39	8
16	Insurance	Finance & Insurance	$330,376,323	$5,849	17	20
17	Clothing & Accessories	Trade	$328,206,919	$4,713	25	17
18	Arts & Entertainment	Services	$322,936,662	$5,813	18	22
19	Broadcasting/Telecomm	Information	$322,019,778	$6,260	13	25
20	Social Services	Services	$308,131,141	$1,928	44	7
21	Transportation	Others	$282,691,668	$2,555	40	11
22	Durable Wholesale	Trade	$262,001,809	$4,794	24	23
23	Other Services	Services	$256,973,580	$2,819	37	14
24	Movies/Video/Sound	Information	$246,061,563	$8,005	8	29
25	Food & Beverage Stores	Trade	$198,885,463	$3,161	34	18
26	Other Manufacturing	Manufacturing	$197,235,948	$6,731	12	30
27	Information Services Data	Information	$173,001,664	$8,126	7	32
28	Textiles/Apparel/Leather	Manufacturing	$163,126,469	$6,243	14	31
29	Federal Government	Public Administration	$139,906,865	$2,498	41	21
30	Holding Companies	Professional/Techincal/Managerial	$135,632,059	$20,610	2	39
31	Personal Services	Services	$128,239,584	$2,922	35	26
32	General Merchandise	Trade	$105,924,977	$3,289	32	28
33	State Government	Public Administration	$88,833,079	$2,119	42	27
34	Utilities	Others	$86,041,766	$5,272	20	33
35	Repair & Maintenance	Services	$85,671,506	$5,959	16	35
36	Food & Beverage Mfg/Processing	Manufacturing	$78,013,918	$5,133	21	34
37	Chemical & Allied Products	Manufacturing	$62,836,635	$17,310	3	41
38	Printing	Manufacturing	$52,215,958	$5,525	19	38
39	Furniture & Home Furnishings	Trade	$46,558,439	$4,243	28	37
40	Museums	Services	$38,873,147	$3,238	33	36
41	Furniture & Related	Manufacturing	$19,767,479	$4,589	27	40
42	Electrical Equipment	Manufacturing	$17,379,442	$8,672	6	43
43	Wood/Paper	Manufacturing	$15,407,203	$4,620	26	42
44	Rubber & Miscellaneous Plastics	Manufacturing	$6,628,996	$3,444	29	44

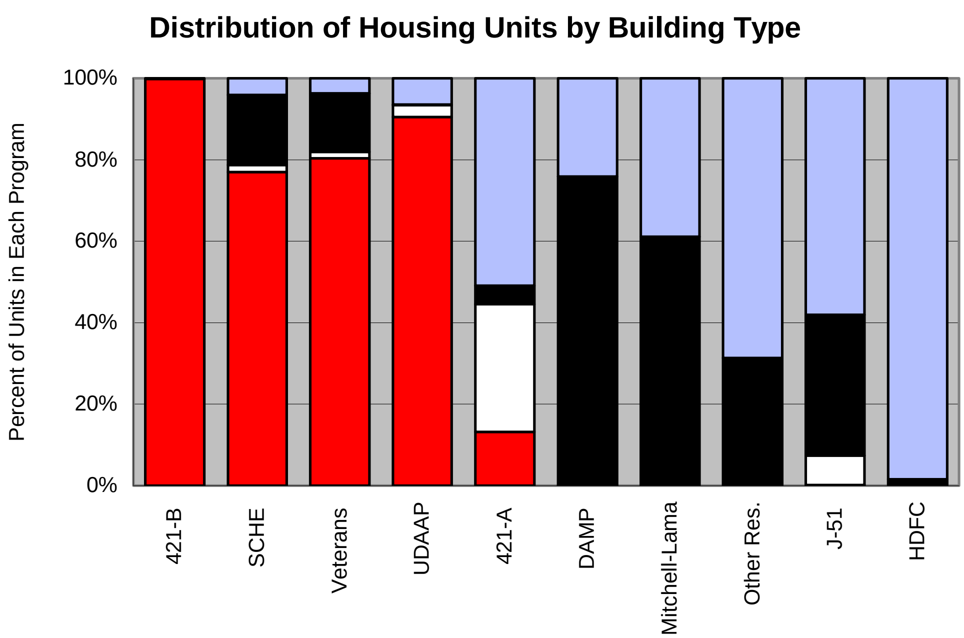
[1] Table includes the NAICS Industries Legal Services and Real Estate, which do not have sub-sectors, in order to provide a complete listing of economic sectors.

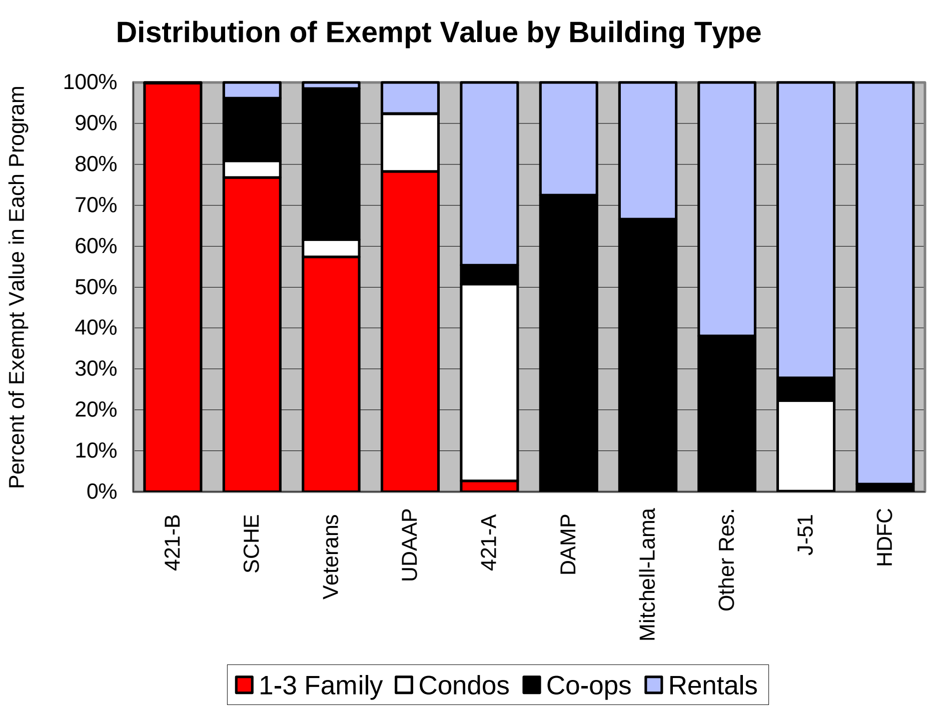
APPENDIX IV

REAL PROPERTY TAX EXPENDITURE STATISTICAL SUPPLEMENT

This appendix provides distributions of exemptions by program, borough and type of housing for FY 2012. Information on the number of housing units, the exempt assessed value, and the taxable assessed value is included. The number of exemptions presented in Part II of this report may not equal the number of properties presented in this appendix. For example, a single property may receive more than one J-51 exemption if the rehabilitation of the property consisted of separate improvements initiated at different times. Consequently, the data in Part II would account for two exemptions, while the statistical appendix would count one property.

FISCAL YEAR 2012





Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

J-51

Exemption		**Citywide**	**Manhattan**	**Bronx**	**Brooklyn**	**Queens**	**Staten Island**
1-3 FAMILY	Number of Units	323	47	264	6	6	0
	Exempt AV	1.66	0.31	0.16	1.15	0.05	0.00
	Taxable AV	1.29	0.29	0.09	0.90	0.00	0.00
CONDOS	Number of Units	18,502	1,162	12,349	4,653	338	0
	Exempt AV	272.16	58.82	46.31	155.54	11.49	0.00
	Taxable AV	175.83	17.77	99.08	57.89	1.10	0.00
CO-OPS	Number of Units	6,762	1,165	2,360	595	2,642	0
	Exempt AV	68.04	29.79	11.97	8.09	18.18	0.00
	Taxable AV	58.90	10.41	18.86	5.44	24.19	0.00
RENTALS	Number of Units	84,536	22,427	37,398	18,341	5,964	406
	Exempt AV	890.56	362.97	271.15	186.92	65.13	4.39
	Taxable AV	563.92	223.76	151.02	117.81	69.04	2.29
MIXED USE	Number of Units	212	21	0	191	0	0
	Exempt AV	11.17	0.45	0.00	4.62	0.00	6.10
	Taxable AV	13.14	1.52	0.00	10.82	0.00	0.79
ALL	Number of Units	110,335	24,822	52,371	23,786	8,950	406
	Exempt AV	1,243.60	452.34	329.58	356.33	94.85	10.49
	Taxable AV	813.09	253.75	269.06	192.86	94.33	3.08
Abatement							
1-3 FAMILY	Number of Units	567	87	60	345	11	64
	Total Abatement	0.40	0.09	0.03	0.27	0.01	0.01
CONDOS	Number of Units	28,908	8,014	12,303	4,471	3,813	307
	Total Abatement	17.92	1.66	12.05	3.85	0.35	0.02
CO-OPS	Number of Units	219,562	67,028	33,023	39,503	79,681	327
	Total Abatement	18.44	5.75	2.15	3.64	6.86	0.03
RENTALS	Number of Units	295,141	78,341	70,871	77,471	63,989	4,469
	Total Abatement	50.62	18.45	12.89	15.00	3.78	0.49
MIXED USE	Number of Units	232	30	9	89	0	104
	Total Abatement	0.27	0.05	0.02	0.14	0.00	0.05
ALL	Number of Units	544,410	153,500	116,266	121,879	147,494	5,271
	Total Abatement	87.65	26.00	27.15	22.90	11.00	0.60
Total Number of Exemption and	**Abatement Units**	654,745	178,322	168,637	145,665	156,444	5,677

Distribution of Exemptions by Borough and Property Type
Fiscal Year 2012
($ Millions)

421-A

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	18,721	47	3,855	8,072	6,626	121
	Exempt AV	191.02	0.87	30.95	86.13	71.42	1.64
	Taxable AV	62.34	0.37	9.32	26.28	26.05	0.33
CONDOS	Number of Units	44,310	18,494	881	17,422	7,433	80
	Exempt AV	3,480.37	2,285.41	43.30	809.31	340.22	2.13
	Taxable AV	1,075.66	984.77	1.49	63.17	26.09	0.16
CO-OPS	Number of Units	6,382	4,288	492	866	662	74
	Exempt AV	333.63	270.15	9.56	36.14	15.21	2.57
	Taxable AV	34.29	27.60	0.71	2.14	3.76	0.09
MIXED USE	Number of Units	564	2	257	120	106	79
	Exempt AV	505.45	372.52	16.19	57.65	55.22	3.86
	Taxable AV	412.05	389.62	2.38	7.86	12.14	0.05
RENTALS	Number of Units	72,067	37,569	9,676	13,203	10,988	631
	Exempt AV	3,232.75	2,192.98	174.14	449.12	408.58	7.93
	Taxable AV	727.50	619.50	10.68	45.70	49.40	2.22
ALL	Number of Units	142,044	60,400	15,161	39,683	25,815	985
	Exempt AV	7,743.22	5,121.93	274.14	1,438.36	890.65	18.14
	Taxable AV	2,311.85	2,021.85	24.58	145.15	117.44	2.84

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

421-B

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	16,018	27	1,387	4,170	4,222	6,212
	Exempt AV	86.25	0.50	6.18	13.86	22.65	43.07
	Taxable AV	194.37	3.09	15.06	31.39	59.12	85.71
CONDOS	Number of Units	5	0	0	4	1	0
	Exempt AV	0.09	0.00	0.00	0.06	0.03	0.00
	Taxable AV	0.19	0.00	0.00	0.17	0.02	0.00
MIXED USE	Number of Units	9	0	0	5	0	4
	Exempt AV	0.07	0.00	0.00	0.02	0.03	0.03
	Taxable AV	0.21	0.00	0.00	0.04	0.08	0.09
RENTALS	Number of Units	18	0	0	14	0	4
	Exempt AV	0.04	0.00	0.00	0.03	0.00	0.01
	Taxable AV	0.09	0.00	0.00	0.07	0.00	0.02
ALL	Number of Units	16,050	27	1,387	4,193	4,223	6,220
	Exempt AV	86.45	0.50	6.18	13.96	22.71	43.10
	Taxable AV	194.85	3.09	15.06	31.66	59.22	85.82

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Division of Alternative Management Programs

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	16	7	3	0	6	0
	Exempt AV	0.03	0.02	0.00	0.00	0.01	0.00
	Taxable AV	0.07	0.06	0.01	0.00	0.00	0.00
CO-OPS	Number of Units	15,229	8,503	3,663	3,004	59	0
	Exempt AV	114.96	82.60	13.91	17.87	0.58	0.00
	Taxable AV	124.10	71.51	28.36	23.72	0.50	0.00
RENTALS	Number of Units	4,837	2,376	1,871	584	6	0
	Exempt AV	43.71	33.64	6.56	3.47	0.04	0.00
	Taxable AV	35.80	19.44	11.58	4.73	0.05	0.00
MIXED USE	Number of Units	0	0	0	0	0	0
	Exempt AV	0.12	0.12	0.00	0.00	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	20,082	10,886	5,537	3,588	71	0
	Exempt AV	158.82	116.38	20.46	21.34	0.64	0.00
	Taxable AV	159.96	91.01	39.95	28.46	0.55	0.00

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Senior Citizen Homeowner

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	68,119	184	7,807	22,123	29,582	8,423
	Exempt AV	465.67	2.48	39.33	137.90	219.46	66.50
	Taxable AV	378.36	2.19	36.07	103.66	187.66	48.79
CONDOS	Number of Units	1,469	426	154	217	540	132
	Exempt AV	24.56	14.71	0.75	1.37	6.75	0.98
	Taxable AV	20.90	14.68	0.17	0.94	4.65	0.46
CO-OPS	Number of Units	15,220	12,356	104	73	2,685	2
	Exempt AV	93.24	33.77	3.64	18.88	36.44	0.51
	Taxable AV	7,860.87	5,253.97	288.31	684.61	1,620.09	13.89
MIXED USE	Number of Units	530	8	34	287	174	27
	Exempt AV	5.38	1.07	0.26	2.23	1.64	0.19
	Taxable AV	4.90	1.06	0.23	1.98	1.50	0.12
RENTALS	Number of Units	3,639	223	363	2,104	901	48
	Exempt AV	23.15	1.68	2.23	12.05	6.87	0.33
	Taxable AV	24.48	2.26	2.30	12.64	6.89	0.39
ALL	Number of Units	88,977	13,197	8,462	24,804	33,882	8,632
	Exempt AV	612.00	53.71	46.21	172.42	271.15	68.51
	Taxable AV	8,289.51	5,274.17	327.08	803.82	1,820.80	63.65

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Veterans

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	82,896	345	10,274	18,620	38,184	15,473
	Exempt AV	207.88	0.89	16.28	47.69	89.42	53.60
	Taxable AV	853.46	19.58	81.03	171.85	406.51	174.50
CONDOS	Number of Units	1,638	650	90	370	364	164
	Exempt AV	15.16	11.63	0.48	0.38	2.06	0.61
	Taxable AV	63.90	54.40	1.21	1.18	5.83	1.27
CO-OPS	Number of Units	14,844	4,787	887	2,084	6,953	133
	Exempt AV	133.52	84.91	3.18	10.08	34.97	0.37
	Taxable AV	24,599.77	18,824.31	657.73	1,480.04	3,601.11	36.57
MIXED USE	Number of Units	414	38	24	197	116	39
	Exempt AV	1.28	0.14	0.08	0.47	0.45	0.13
	Taxable AV	10.61	3.72	0.58	3.60	2.08	0.64
RENTALS	Number of Units	3,794	368	282	1,665	1,416	63
	Exempt AV	5.44	1.00	0.48	2.65	1.14	0.17
	Taxable AV	53.35	15.30	2.93	16.61	17.90	0.62
ALL	Number of Units	103,586	6,188	11,557	22,936	47,033	15,872
	Exempt AV	363.28	98.58	20.51	61.27	128.04	54.87
	Taxable AV	25,581.09	18,917.31	743.48	1,673.28	4,033.43	213.60

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Limited-Profit/Mitchell-Lama (residential only)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
CO-OPS	Number of Units	61,523	16,143	23,600	10,847	10,933	0
	Exempt AV	1,176.88	420.46	345.46	215.07	195.82	0.07
	Taxable AV	345.01	0.53	344.48	0.00	0.00	0.00
RENTALS	Number of Units	39,136	7,729	14,186	13,097	3,134	990
	Exempt AV	588.95	208.04	112.17	219.24	38.82	10.67
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
ALL	Number of Units	100,659	23,872	37,786	23,944	14,067	990
	Exempt AV	1,765.83	628.51	457.63	434.31	234.64	10.74
	Taxable AV	345.01	0.53	344.48	0.00	0.00	0.00

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Housing Development Fund Cos.

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	4	0	3	1	0	0
	Exempt AV	0.24	0.00	0.06	0.18	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	252	186	0	66	0	0
	Exempt AV	5.20	3.75	0.00	1.44	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
MIXED USE	Number of Units	2,957	556	1,133	730	359	179
	Exempt AV	220.68	81.88	59.67	50.88	20.02	8.24
	Taxable AV	0.01	0.00	0.01	0.00	0.00	0.00
RENTALS	Number of Units	15,848	3,309	4,537	6,359	1,452	191
	Exempt AV	278.47	89.23	68.53	93.62	24.09	3.00
	Taxable AV	0.35	0.00	0.00	0.10	0.00	0.26
ALL	Number of Units	19,061	4,051	5,673	7,156	1,811	370
	Exempt AV	504.58	174.86	128.26	146.12	44.11	11.24
	Taxable AV	0.36	0.00	0.01	0.10	0.00	0.26

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Urban Dev. Action Area Program

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	19,051	1,639	5,276	9,743	2,358	35
	Exempt AV	134.33	13.81	31.26	68.77	20.31	0.17
	Taxable AV	74.59	7.44	16.64	39.02	11.34	0.15
CONDOS	Number of Units	605	240	8	102	255	0
	Exempt AV	24.17	8.99	0.17	3.66	11.35	0.00
	Taxable AV	5.59	4.15	0.00	0.49	0.95	0.00
CO-OPS	Number of Units	31	0	31	0	0	0
	Exempt AV	0.24	0.00	0.24	0.00	0.00	0.00
	Taxable AV	0.03	0.00	0.03	0.00	0.00	0.00
RENTALS	Number of Units	1,359	576	127	634	22	0
	Exempt AV	12.96	6.19	1.12	5.17	0.47	0.00
	Taxable AV	8.73	4.72	0.24	3.49	0.28	0.00
MIXED USE	Number of Units	219	0	8	179	32	0
	Exempt AV	3.81	0.50	0.24	2.61	0.45	0.00
	Taxable AV	1.47	0.30	0.13	0.85	0.20	0.00
ALL	Number of Units	21,265	2,455	5,450	10,658	2,667	35
	Exempt AV	175.51	29.50	33.03	80.22	32.59	0.17
	Taxable AV	90.42	16.61	17.04	43.85	12.76	0.15

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

Other Residential		**Citywide**	**Manhattan**	**Bronx**	**Brooklyn**	**Queens**	**Staten Island**
1-3 FAMILY	Number of Units	5	0	1	4	0	0
	Exempt AV	0.13	0.00	0.06	0.06	0.00	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	12,521	5,958	1,576	2,581	2,406	0
	Exempt AV	367.14	236.65	19.77	43.49	67.22	0.00
	Taxable AV	4.85	4.77	0.00	0.00	0.08	0.00
RENTALS	Number of Units	27,482	7,725	9,857	6,349	3,306	245
	Exempt AV	596.87	256.76	160.64	110.24	64.98	4.27
	Taxable AV	3.93	0.61	0.47	2.83	0.02	0.00
MIXED USE	Number of Units	535	203	163	168	1	0
	Exempt AV	160.77	63.17	40.85	42.25	11.23	3.28
	Taxable AV	0.03	0.00	0.00	0.03	0.00	0.00
ALL	Number of Units	40,543	13,886	11,597	9,102	5,713	245
	Exempt AV	1,124.91	556.58	221.32	196.04	143.43	7.54
	Taxable AV	8.81	5.38	0.47	2.86	0.10	0.00

Note:
"Other Residential" includes Limited-Dividend Housing Companies, Redevelopment Companies and Miscellaneous State Assisted Housing programs.

Distribution of Exemptions by Borough and Property Type

Fiscal Year 2012

($ Millions)

NYC Housing Authority (Residential Only)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 FAMILY	Number of Units	624	0	3	346	275	0
	Exempt AV	6.84	0.00	0.27	2.76	3.80	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
CO-OPS	Number of Units	1,057	317	224	300	216	0
	Exempt AV	11.94	0.12	3.59	5.61	2.62	0.00
	Taxable AV	0.00	0.00	0.00	0.00	0.00	0.00
RENTALS	Number of Units	229,921	56,304	87,491	61,631	20,540	3,955
	Exempt AV	3,059.78	1,328.89	577.91	770.27	326.00	56.71
	Taxable AV	0.37	0.37	0.01	0.00	0.00	0.00
ALL	Number of Units	231,602	56,621	87,718	62,277	21,031	3,955
	Exempt AV	3,078.56	1,329.01	581.78	778.64	332.42	56.71
	Taxable AV	0.37	0.37	0.01	0.00	0.00	0.00

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Key to Tax Abbreviations:

BCT	Banking Corporation Tax
CRT	Commercial Rent Tax
GCT	General Corporation Tax
MRT	Mortgage Recording Tax
PIT	Personal Income Tax
RPT	Real Property Tax
RPTT	Real Property Transfer Tax
STX	Sales Tax
UBT	Unincorporated Business Tax
UTX	Utility Tax

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