

STATE OF NEW YORK

7386

IN SENATE

May 14, 2014

Introduced by COMMITTEE ON RULES -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, the administrative code of the city of New York, chapter 877 of the laws of 1975, chapter 884 of the laws of 1975 and chapter 882 of the laws of 1977, relating to the imposition of certain taxes in the city of New York, in relation to postponing the expiration of certain tax rates and taxes in the city of New York

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph 3 of subdivision (a) of section 1212-A of the tax
2 law, as amended by chapter 209 of the laws of 2011, is amended to read
3 as follows:

4 (3) a tax, at the same uniform rate, but at a rate not to exceed four
5 and one-half per centum, in multiples of one-half of one per centum, on
6 the receipts from every sale of any or all of the following services in
7 whole or in part: credit rating, credit reporting, credit adjustment and
8 collection services, including, but not limited to, those services
9 provided by mercantile and consumer credit rating or reporting bureaus
10 or agencies and credit adjustment or collection bureaus or agencies,
11 whether rendered in written or oral form or in any other manner, except
12 to the extent otherwise taxable under article twenty-eight of this chap-
13 ter; notwithstanding the foregoing, collection services shall not
14 include those services performed by a law office or a law and collection
15 office, the maintenance or conduct of which constitutes the practice of
16 law, if the services are performed by an attorney at law who has been
17 duly licensed and admitted to practice law in this state. The local law
18 imposing the taxes authorized by this paragraph may provide for exclu-
19 sions and exemptions in addition to those provided for in such para-
20 graph. Provided, however, that the tax hereby authorized shall not be
21 imposed after November thirtieth, two thousand [fourteen] seventeen.

22 § 2. Subsection (a) of section 1301 of the tax law, as amended by
23 chapter 209 of the laws of 2011 and paragraph 2 as amended by section 11

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD14958-01-4

1 of part J of chapter 59 of the laws of 2014, is amended to read as
2 follows:

3 (a) Notwithstanding any other provision of law to the contrary, any
4 city in this state having a population of one million or more inhabit-
5 ants, acting through its local legislative body, is hereby authorized
6 and empowered to adopt and amend local laws imposing in any such city,
7 for taxable years beginning after nineteen hundred seventy-five:

8 (1) a tax on the personal income of residents of such city, at the
9 rates provided for under subsection (a) of section thirteen hundred four
10 of this article for taxable years beginning before two thousand
11 [fifteen] eighteen, and at the rates provided for under subsection (b)
12 of section thirteen hundred four of this article for taxable years
13 beginning after two thousand [fourteen] seventeen, provided, however,
14 that if, for any taxable year beginning after two thousand [fourteen]
15 seventeen, the rates set forth in such subsection (b) are rendered inap-
16 plicable and the rates set forth in such subsection (a) are rendered
17 applicable, then the tax for such taxable year shall be at the rates
18 provided under subparagraph (A) of paragraphs one, two and three of such
19 subsection (a),

20 (2) for taxable years beginning after nineteen hundred seventy-six, a
21 separate tax on the ordinary income portion of lump sum distributions of
22 such residents, at the rates provided for herein, such taxes to be
23 administered, collected and distributed by the commissioner as provided
24 for in this article.

25 § 3. Subsection (b) of section 1304 of the tax law, as amended by
26 chapter 209 of the laws of 2011, is amended to read as follows:

27 (b) A tax other than the city separate tax on the ordinary income
28 portion of lump sum distributions imposed pursuant to the authority of
29 section thirteen hundred one of this article shall be determined as
30 follows:

31 (1) Resident married individuals filing joint returns and resident
32 surviving spouses. The tax under this section for each taxable year on
33 the city taxable income of every city resident married individual who
34 makes a single return jointly with his or her spouse under subsection
35 (b) of section thirteen hundred six of this article and on the city
36 taxable income of every city resident surviving spouse shall be deter-
37 mined in accordance with the following table:

38 For taxable years beginning after two thousand [fourteen] seventeen:

39 If the city taxable income is:	The tax is:
40 Not over \$21,600	1.18% of the city taxable income
41 Over \$21,600 but not	\$255 plus 1.435% of excess
42 over \$45,000	over \$21,600
43 Over \$45,000 but not	\$591 plus 1.455% of excess
44 over \$90,000	over \$45,000
45 Over \$90,000	\$1,245 plus 1.48% of excess
46	over \$90,000

47 (2) Resident heads of households. The tax under this section for each
48 taxable year on the city taxable income of every city resident head of a
49 household shall be determined in accordance with the following table:

50 For taxable years beginning after two thousand [fourteen] seventeen:

1	If the city taxable income is:	The tax is:
2	Not over \$14,400	1.18% of the city taxable income
3	Over \$14,400 but not	\$170 plus 1.435% of excess
4	over \$30,000	over \$14,400
5	Over \$30,000 but not	\$394 plus 1.455% of excess
6	over \$60,000	over \$30,000
7	[over] <u>Over</u> \$60,000	\$830 plus 1.48% of excess
8		over \$60,000

9 (3) Resident unmarried individuals, resident married individuals
 10 filing separate returns and resident estates and trusts. The tax under
 11 this section for each taxable year on the city taxable income of every
 12 city resident individual who is not a city resident married individual
 13 who makes a single return jointly with his or her spouse under
 14 subsection (b) of section thirteen hundred six of this article or a city
 15 resident head of household or a city resident surviving spouse, and on
 16 the city taxable income of every city resident estate and trust shall be
 17 determined in accordance with the following table:

18 For taxable years beginning after two thousand [fourteen] seventeen:

19	If the city taxable income is:	The tax is:
20	Not over \$12,000	1.18% of the city taxable income
21	Over \$12,000 but not	\$142 plus 1.435% of excess
22	over \$25,000	over \$12,000
23	Over \$25,000 but not	\$328 plus 1.455% of excess
24	over \$50,000	over \$25,000
25	Over \$50,000	\$692 plus 1.48% of excess
26		over \$50,000

27 § 4. Subsection (a) of section 1304-B of the tax law, as amended by
 28 chapter 209 of the laws of 2011, is amended to read as follows:

29 (a) (1) In addition to any other taxes authorized by this article, any
 30 city imposing such taxes is hereby authorized and empowered to adopt and
 31 amend local laws imposing in any such city for each taxable year begin-
 32 ning after nineteen hundred ninety but before two thousand [fifteen]
 33 eighteen, an additional tax on the city taxable income of every city
 34 resident individual, estate and trust, to be calculated for each taxable
 35 year as follows: (i) for each taxable year beginning after nineteen
 36 hundred ninety but before nineteen hundred ninety-nine, at the rate of
 37 fourteen percent of the sum of the taxes for each such taxable year
 38 determined pursuant to section thirteen hundred four and section thir-
 39 teen hundred four-A of this article; and (ii) for each taxable year
 40 beginning after nineteen hundred ninety-eight, at the rate of fourteen
 41 percent of the tax for such taxable year determined pursuant to such
 42 section thirteen hundred four.

43 (2) Notwithstanding paragraph one of this subsection, for each taxable
 44 year beginning after nineteen hundred ninety-nine but before two thou-
 45 sand [fifteen] eighteen, any city imposing such additional tax may by
 46 local law impose such tax at a rate that is less than fourteen percent
 47 and may impose such tax at more than one rate depending upon the filing
 48 status and city taxable income of such city resident individual, estate
 49 or trust.

50 (3) A local law enacted pursuant to paragraph two of this subsection
 51 shall be applicable with respect to any taxable year only if it has been
 52 enacted on or before July thirty-first of such year. A certified copy of
 53 such local law shall be mailed by registered mail to the department at

1 its office in Albany within fifteen days of its enactment. However, the
 2 department may allow additional time for such certified copy to be
 3 mailed if it deems such action to be consistent with its duties under
 4 this article.

5 § 5. Paragraph E of subdivision 1 of section 11-604 of the administra-
 6 tive code of the city of New York, as amended by chapter 209 of the laws
 7 of 2011, is amended to read as follows:

8 E. For taxable years beginning on or after January first, nineteen
 9 hundred seventy-eight but before January first, two thousand [fifteen]
 10 eighteen, the tax imposed by subdivision one of section 11-603 of this
 11 subchapter shall be, in the case of each taxpayer:

12 (a) whichever of the following amounts is the greatest:

13 (1) an amount computed, for taxable years beginning before nineteen
 14 hundred eighty-seven, at the rate of nine per centum, and for taxable
 15 years beginning after nineteen hundred eighty-six, at the rate of eight
 16 and eighty-five one-hundredths per centum, of its entire net income or
 17 the portion of such entire net income allocated within the city as here-
 18 inafter provided, subject to any modification required by paragraphs (d)
 19 and (e) of subdivision three of this section,

20 (2) an amount computed at one and one-half mills for each dollar of
 21 its total business and investment capital, or the portion thereof allo-
 22 cated within the city, as hereinafter provided, except that in the case
 23 of a cooperative housing corporation as defined in the internal revenue
 24 code, the applicable rate shall be four-tenths of one mill,

25 (3) an amount computed, for taxable years beginning before nineteen
 26 hundred eighty-seven, at the rate of nine per centum, and for taxable
 27 years beginning after nineteen hundred eighty-six, at the rate of eight
 28 and eighty-five one-hundredths per centum, on thirty per centum of the
 29 taxpayer's entire net income plus salaries and other compensation paid
 30 to the taxpayer's elected or appointed officers and to every stockholder
 31 owning in excess of five per centum of its issued capital stock minus
 32 fifteen thousand dollars (subject to proration as hereinafter provided)
 33 and any net loss for the reported year, or on the portion of any such
 34 sum allocated within the city as hereinafter provided for the allocation
 35 of entire net income, subject to any modification required by paragraphs
 36 (d) and (e) of subdivision three of this section, provided, however,
 37 that for taxable years beginning on or after July first, nineteen
 38 hundred ninety-six, the provisions of paragraph H of this subdivision
 39 shall apply for purposes of the computation under this clause, or

40 (4) for taxable years ending on or before June thirtieth, nineteen
 41 hundred eighty-nine, one hundred twenty-five dollars, for taxable years
 42 ending after June thirtieth, nineteen hundred eighty-nine and beginning
 43 before two thousand nine, three hundred dollars, and for taxable years
 44 beginning after two thousand eight:

45 If New York city receipts are:	Fixed dollar minimum tax is:
46 Not more than \$100,000	\$25
47 More than \$100,000 but not over \$250,000	\$75
48 More than \$250,000 but not over \$500,000	\$175
49 More than \$500,000 but not over \$1,000,000	\$500
50 More than \$1,000,000 but not over \$5,000,000	\$1,500
51 More than \$5,000,000 but not over \$25,000,000	\$3,500
52 Over \$25,000,000	\$5,000

53 For purposes of this clause, New York city receipts are the receipts
 54 computed in accordance with subparagraph two of paragraph (a) of subdi-
 55 vision three of this section for the taxable year. For taxable years
 56 beginning after two thousand eight, if the taxable year is less than

1 twelve months, the amount prescribed by this clause shall be reduced by
 2 twenty-five percent if the period for which the taxpayer is subject to
 3 tax is more than six months but not more than nine months and by fifty
 4 percent if the period for which the taxpayer is subject to tax is not
 5 more than six months. If the taxable year is less than twelve months,
 6 the amount of New York city receipts for purposes of this clause is
 7 determined by dividing the amount of the receipts for the taxable year
 8 by the number of months in the taxable year and multiplying the result
 9 by twelve, plus;

10 (b) an amount computed at the rate of three-quarters of a mill for
 11 each dollar of the portion of its subsidiary capital allocated within
 12 the city as hereinafter provided.

13 In the case of a taxpayer which is not subject to tax for an entire
 14 year, the exemption allowed in clause three of subparagraph (a) of this
 15 paragraph shall be prorated according to the period such taxpayer was
 16 subject to tax. Provided, however, that this paragraph shall not apply
 17 to taxable years beginning after December thirty-first, two thousand
 18 [fourteen] seventeen. For the taxable years specified in the preceding
 19 sentence, the tax imposed by subdivision one of section 11-603 of this
 20 subchapter shall be, in the case of each taxpayer, determined as speci-
 21 fied in paragraph A of this subdivision, provided, however, that the
 22 provisions of paragraphs G and H of this subdivision shall apply for
 23 purposes of the computation under clause three of subparagraph (a) of
 24 such paragraph A.

25 § 6. The opening paragraph of section 11-1701 of the administrative
 26 code of the city of New York, as amended by chapter 209 of the laws of
 27 2011, is amended to read as follows:

28 A tax is hereby imposed on the city taxable income of every city resi-
 29 dent individual, estate and trust determined in accordance with the
 30 rates set forth in subdivision (a) of this section for taxable years
 31 beginning before two thousand [fifteen] eighteen, and in accordance with
 32 the rates set forth in subdivision (b) of this section for taxable years
 33 beginning after two thousand [fourteen] seventeen. Provided, however,
 34 that if, for any taxable year beginning after two thousand [fourteen]
 35 seventeen, the rates set forth in such subdivision (b) are rendered
 36 inapplicable and the rates set forth in such subdivision (a) are
 37 rendered applicable, then the tax for such taxable year shall be at the
 38 rates provided under subparagraph (A) of paragraphs one, two and three
 39 of such subdivision (a).

40 § 7. Subdivision (b) of section 11-1701 of the administrative code of
 41 the city of New York, as amended by chapter 209 of the laws of 2011, is
 42 amended to read as follows:

43 (b) Rate of tax. A tax imposed pursuant to this section shall be
 44 determined as follows:

45 (1) Resident married individuals filing joint returns and resident
 46 surviving spouses. The tax under this section for each taxable year on
 47 the city taxable income of every city resident married individual who
 48 makes a single return jointly with his or her spouse under subdivision
 49 (b) of section 11-1751 of this title and on the city taxable income of
 50 every city resident surviving spouse shall be determined in accordance
 51 with the following table:

52 For taxable years beginning after two thousand [fourteen] seventeen:

53 If the city taxable income is:	The tax is:
54 Not over \$21,600	1.18% of the city taxable income
55 Over \$21,600 but not	\$255 plus 1.435% of excess

1	over \$45,000	over \$21,600
2	Over \$45,000 but not	\$591 plus 1.455% of excess
3	over \$90,000	over \$45,000
4	Over \$90,000	\$1,245 plus 1.48% of excess
5		over \$90,000

(2) Resident heads of households. The tax under this section for each taxable year on the city taxable income of every city resident head of a household shall be determined in accordance with the following table:

For taxable years beginning after two thousand [fourteen] seventeen:

10	If the city taxable income is:	The tax is:
11	Not over \$14,400	1.18% of the city taxable income
12	Over \$14,400 but not	\$170 plus 1.435% of excess
13	over \$30,000	over \$14,400
14	Over \$30,000 but not	\$394 plus 1.455% of excess
15	over \$60,000	over \$30,000
16	Over \$60,000	\$830 plus 1.48% of excess
17		over \$60,000

(3) Resident unmarried individuals, resident married individuals filing separate returns and resident estates and trusts. The tax under this section for each taxable year on the city taxable income of every city resident individual who is not a married individual who makes a single return jointly with his or her spouse under subdivision (b) of section 11-1751 of this title or a city resident head of a household or a city resident surviving spouse, and on the city taxable income of every city resident estate and trust shall be determined in accordance with the following table:

For taxable years beginning after two thousand [fourteen] seventeen:

28	If the city taxable income is:	The tax is:
29	Not over \$12,000	1.18% of the city taxable income
30	Over \$12,000 but not	\$142 plus 1.435% of excess
31	over \$25,000	over \$12,000
32	Over \$25,000 but not	\$328 plus 1.455% of excess
33	over \$50,000	over \$25,000
34	Over \$50,000	\$692 plus 1.48% of excess
35		over \$50,000

§ 8. Paragraph 1 of subdivision (a) of section 11-1704.1 of the administrative code of the city of New York, as amended by chapter 209 of the laws of 2011, is amended to read as follows:

(1) In addition to any other taxes imposed by this chapter, there is hereby imposed for each taxable year beginning after nineteen hundred ninety but before two thousand [fifteen] eighteen, an additional tax on the city taxable income of every city resident individual, estate and trust, to be calculated for each taxable year as follows: (i) for each taxable year beginning after nineteen hundred ninety but before nineteen hundred ninety-nine, at the rate of fourteen percent of the sum of the taxes for each such taxable year determined pursuant to section 11-1701 and section 11-1704 of this subchapter; and (ii) for each taxable year beginning after nineteen hundred ninety-eight, at the rate of fourteen percent of the tax for such taxable year determined pursuant to such section 11-1701.

1 § 9. Subdivision (a) of section 11-2002 of the administrative code of
2 the city of New York, as amended by chapter 209 of the laws of 2011, is
3 amended to read as follows:

4 (a) There are hereby imposed and there shall be paid sales taxes at
5 the rate of four and one-half percent on receipts from every sale of the
6 services of beauty, barbering, hair restoring, manicuring, pedicuring,
7 electrolysis, massage services and similar services, and every sale of
8 services by weight control salons, health salons, gymnasiums, turkish
9 and sauna bath and similar establishments and every charge for the use
10 of such facilities, whether or not any tangible personal property is
11 transferred in conjunction therewith; but excluding services rendered by
12 a physician, osteopath, dentist, nurse, physiotherapist, chiropractor,
13 podiatrist, optometrist, ophthalmic dispenser or a person performing
14 similar services licensed under title eight of the education law, as
15 amended, and excluding such services when performed on pets and other
16 animals, as authorized by subdivision (a) of section twelve hundred
17 twelve-A of the tax law. Provided, however, that the tax hereby imposed
18 shall not be imposed after November thirtieth, two thousand [fourteen]
19 seventeen.

20 § 10. The opening paragraph of subdivision (a) of section 11-2040 of
21 the administrative code of the city of New York, as amended by chapter
22 209 of the laws of 2011, is amended to read as follows:

23 There is hereby imposed within the city and there shall be paid a tax
24 at the rate of four and one-half percent upon the receipts from every
25 sale, except for resale, of the following services, provided, however,
26 that the tax hereby imposed shall not be imposed after November thirti-
27 eth, two thousand [fourteen] seventeen, on receipts from sales of the
28 services specified in paragraph one of this subdivision:

29 § 11. Section 4 of chapter 877 of the laws of 1975, relating to the
30 imposition of certain taxes in the city of New York, as amended by chap-
31 ter 209 of the laws of 2011, is amended to read as follows:

32 § 4. This act shall expire on December 31, [2014] 2017, provided,
33 however, that it is hereby declared to be the express intention of the
34 legislature that the provisions of sections two and three of this act,
35 except with respect to the enforcement and collection of any tax arising
36 thereunder, shall remain in full force and effect only until the date of
37 such expiration, at which time the provisions of law amended by this act
38 shall be continued in full force and effect as they existed prior to the
39 enactment of this act.

40 § 12. Section 6 of chapter 884 of the laws of 1975, relating to the
41 imposition of certain taxes in the city of New York, as amended by chap-
42 ter 209 of the laws of 2011, is amended to read as follows:

43 § 6. This act shall expire on December 31, [2014] 2017, provided,
44 however, that it is hereby declared to be the express intention of the
45 legislature that the provisions of sections two, three and four of this
46 act, except with respect to the enforcement and collection of any tax
47 arising thereunder, shall remain in full force and effect only until the
48 date of such expiration, at which time the provisions of law amended by
49 this act shall be continued in full force and effect as they existed
50 prior to the enactment of this act.

51 § 13. Section 2 of chapter 882 of the laws of 1977, relating to the
52 imposition of certain taxes in the city of New York, as amended by chap-
53 ter 209 of the laws of 2011, is amended to read as follows:

54 § 2. This act shall expire on December 31, [2014] 2017, provided,
55 however, that it is hereby declared to be the express intention of the
56 legislature that the provisions of section one of this act, except with

1 respect to the enforcement and collection of any tax arising thereunder,
2 shall remain in full force and effect only until the date of such expi-
3 ration, at which time the provisions of law amended by this act shall be
4 continued in full force and effect as they existed prior to the enact-
5 ment of this act.
6 § 14. This act shall take effect immediately.

**NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1**

BILL NUMBER: S7386

SPONSOR: RULES

TITLE OF BILL: An act to amend the tax law, the administrative code of the city of New York, chapter 877 of the laws of 1975, chapter 884 of the laws of 1975 and chapter 882 of the laws of 1977, relating to the imposition of certain taxes in the city of New York, in relation to postponing the expiration of certain tax rates and taxes in the city of New York

SUMMARY OF PROVISIONS:

Sections 1 and 12 of the bill amend section 1212-A(a)(3) of the Tax Law and section 11-2040(a) of the New York City Administrative Code ("Administrative Code"), relating to New York City's ("City") 4.5 percent sales tax on credit rating and credit reporting services. The tax is set to expire on November 30, 2014. The Tax Law amendment authorizes the City to impose the tax for an additional three years (until November 30, 2017). The Administrative Code amendment imposes the tax for an additional three years (until November 30, 2017).

Section 2 of the bill amends Tax Law section 1301(a), relating to the tax on the personal income of residents of the City and the City minimum income tax. The amendment of Tax Law section 1301(a)(1) authorizes the City to extend the existing rates of the personal income tax (the rates set forth in Tax Law section 1304(a)(1)(A), (a)(2)(A) and (a)(3)(A)) for an additional three years (for taxable years beginning before 2018) and delays the implementation of lower personal income tax rates (the rates set forth in Tax Law section 1304(b)) for three years (until taxable years beginning after 2017). The amendment of Tax Law section 1301(a)(2) authorizes the City to impose the minimum income tax for an additional three years (for taxable years beginning before 2018).

Section 7 of the bill makes a conforming change to the opening paragraph of Administrative Code section 11-1701, which relates to the tax on the personal income of residents of the City. The amendment extends the existing personal income tax rates (the rates set forth in 11-1701(a)) for an additional three years (for taxable years beginning before 2018) and delays the implementation of lower personal income tax rates (the rates set forth in 11-1701(b)) for three years (until taxable years beginning after 2017).

Sections 3 and 9 of the bill amend Tax Law section 1301-A(a) and Administrative Code section 11-1702, relating to the City minimum income tax. The Tax Law amendment extends the authority of the City to impose the minimum income tax at 2.85 percent for an additional three years (for taxable years beginning before 2018). (The rate is scheduled to fall to 2.5 percent beginning in 2015.) The Administrative Code amendment imposes the minimum tax at the existing rate of 2.85 percent for an additional three years (for taxable years beginning before 2018).

Sections 4 and 8 of the bill amend Tax Law section 1304(b) and Adminis-

trative Code section 11-1701(b), relating to the tax on the personal income of residents of the City. They make conforming changes to the lower personal income tax rates, delaying their implementation for three years (until taxable years beginning after 2017).

Sections 5 and 10 of the bill amend Tax Law section 1304-B(a) and Administrative Code section 11-1704.1(a)(1), relating to the additional tax on City taxable income. The Tax Law amendment authorizes the City to impose the additional tax for an additional three years at the rate of 14 percent (for taxable years beginning before 2018) and extends the authority of the City to reduce the additional tax by local law for taxable years beginning before 2018. The Administrative Code amendment imposes the additional tax for an additional three years at the rate of 14 percent (for taxable years beginning before 2018).

Sections 6, 14 and 15 of the bill amend section 11-604(1)(E) of the Administrative Code, Chapter 884 of the Laws of 1975 and Chapter 882 of the Laws of 1977, relating to the City general corporation tax. The current tax rate is the greater of 8.85 percent on income, 1.5 mills on business and investment capital, 8.85 percent of 15 percent of income plus the amount of salaries and other compensation paid to any person who at any time during the taxable year owned more than 5 percent of the taxpayer's capital stock or a minimum tax based on the amount of New York city receipts. There is also a 0.75 mill tax on subsidiary capital. (On January 1, 2015, the rates are scheduled to drop to 6.7 percent, 1 mill, 6.7 percent and \$25, respectively, and .5 mill on subsidiary capital.) The amendments will continue the current rates until December 31, 2017.

Section 11 of the bill amends Administrative Code section 11-2002(a), relating to the 4.5 percent sales tax on beauty and barbering services. The amendment imposes the tax for an additional three years (until November 30, 2017). (Tax Law section 1212-A(a)(2) authorizes the City to impose a sales tax on beauty and barbering services.)

Section 13 of the bill amends Chapter 877 of the laws of 1975, relating to the New York City cigarette tax. The current cigarette tax rate is 75 cents for each ten cigarettes, but is set to decline to between 2 and 4 cents for each ten cigarettes, depending on tar and nicotine content, as of January 1, 2015. The amendment extends the existing rate of tax for an additional three years (until December 31, 2017).

Section 16 of the bill provides that it shall take effect immediately.

REASONS FOR SUPPORT: Most of the taxes that are extended by this legislation have been in effect for nearly forty years and as such have become an accepted and expected part of the City's tax and budgeting structure. The \$7 billion in annual revenue (beginning in City Fiscal Year 2016) at stake in this legislation is a large percentage of the support necessary for critical municipal services, such as the core public safety functions performed by the City's police and fire departments. It is, therefore, of crucial importance that the revenue generated by these taxes will continue into the foreseeable future.

In the event that these taxes were allowed to expire, the effect of the loss of such revenue would be nothing short of devastating to the City's budget and the City's ability to provide basic services to its residents - a citizenry which comprises over 42% of the total population of the State of New York. It is important to note that these taxes have been

regularly extended, most recently by Chapter 209 of the Laws of 2011.

Accordingly, the Mayor urges the earliest possible favorable consideration of this proposal by the Legislature.

EFFECTIVE DATE:

Immediately.

STATE OF NEW YORK

9462

IN ASSEMBLY

April 30, 2014

Introduced by M. of A. SILVER, FARRELL -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, the administrative code of the city of New York, chapter 877 of the laws of 1975, chapter 884 of the laws of 1975 and chapter 882 of the laws of 1977, relating to the imposition of certain taxes in the city of New York, in relation to postponing the expiration of certain tax rates and taxes in the city of New York

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2 law, as amended by chapter 209 of the laws of 2011, is amended to read
3 as follows:

4 (3) a tax, at the same uniform rate, but at a rate not to exceed four
5 and one-half per centum, in multiples of one-half of one per centum, on
6 the receipts from every sale of any or all of the following services in
7 whole or in part: credit rating, credit reporting, credit adjustment and
8 collection services, including, but not limited to, those services
9 provided by mercantile and consumer credit rating or reporting bureaus
10 or agencies and credit adjustment or collection bureaus or agencies,
11 whether rendered in written or oral form or in any other manner, except
12 to the extent otherwise taxable under article twenty-eight of this chap-
13 ter; notwithstanding the foregoing, collection services shall not
14 include those services performed by a law office or a law and collection
15 office, the maintenance or conduct of which constitutes the practice of
16 law, if the services are performed by an attorney at law who has been
17 duly licensed and admitted to practice law in this state. The local law
18 imposing the taxes authorized by this paragraph may provide for exclu-
19 sions and exemptions in addition to those provided for in such para-
20 graph. Provided, however, that the tax hereby authorized shall not be
21 imposed after November thirtieth, two thousand [fourteen] seventeen.

22 § 2. Subsection (a) of section 1301 of the tax law, as amended by
23 chapter 209 of the laws of 2011 and paragraph 2 as amended by section 11
24 of part J of chapter 59 of the laws of 2014, is amended to read as
25 follows:

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD14958-01-4

1 (a) Notwithstanding any other provision of law to the contrary, any
 2 city in this state having a population of one million or more inhabit-
 3 ants, acting through its local legislative body, is hereby authorized
 4 and empowered to adopt and amend local laws imposing in any such city,
 5 for taxable years beginning after nineteen hundred seventy-five:

6 (1) a tax on the personal income of residents of such city, at the
 7 rates provided for under subsection (a) of section thirteen hundred four
 8 of this article for taxable years beginning before two thousand
 9 [fifteen] eighteen, and at the rates provided for under subsection (b)
 10 of section thirteen hundred four of this article for taxable years
 11 beginning after two thousand [fourteen] seventeen, provided, however,
 12 that if, for any taxable year beginning after two thousand [fourteen]
 13 seventeen, the rates set forth in such subsection (b) are rendered inap-
 14 plicable and the rates set forth in such subsection (a) are rendered
 15 applicable, then the tax for such taxable year shall be at the rates
 16 provided under subparagraph (A) of paragraphs one, two and three of such
 17 subsection (a),

18 (2) for taxable years beginning after nineteen hundred seventy-six, a
 19 separate tax on the ordinary income portion of lump sum distributions of
 20 such residents, at the rates provided for herein, such taxes to be
 21 administered, collected and distributed by the commissioner as provided
 22 for in this article.

23 § 3. Subsection (b) of section 1304 of the tax law, as amended by
 24 chapter 209 of the laws of 2011, is amended to read as follows:

25 (b) A tax other than the city separate tax on the ordinary income
 26 portion of lump sum distributions imposed pursuant to the authority of
 27 section thirteen hundred one of this article shall be determined as
 28 follows:

29 (1) Resident married individuals filing joint returns and resident
 30 surviving spouses. The tax under this section for each taxable year on
 31 the city taxable income of every city resident married individual who
 32 makes a single return jointly with his or her spouse under subsection
 33 (b) of section thirteen hundred six of this article and on the city
 34 taxable income of every city resident surviving spouse shall be deter-
 35 mined in accordance with the following table:

36 For taxable years beginning after two thousand [fourteen] seventeen:

37 If the city taxable income is:	The tax is:
38 Not over \$21,600	1.18% of the city taxable income
39 Over \$21,600 but not	\$255 plus 1.435% of excess
40 over \$45,000	over \$21,600
41 Over \$45,000 but not	\$591 plus 1.455% of excess
42 over \$90,000	over \$45,000
43 Over \$90,000	\$1,245 plus 1.48% of excess
44	over \$90,000

45 (2) Resident heads of households. The tax under this section for each
 46 taxable year on the city taxable income of every city resident head of a
 47 household shall be determined in accordance with the following table:

48 For taxable years beginning after two thousand [fourteen] seventeen:

49 If the city taxable income is:	The tax is:
50 Not over \$14,400	1.18% of the city taxable income
51 Over \$14,400 but not	\$170 plus 1.435% of excess

1	over \$30,000	over \$14,400
2	Over \$30,000 but not	\$394 plus 1.455% of excess
3	over \$60,000	over \$30,000
4	[over] <u>Over</u> \$60,000	\$830 plus 1.48% of excess
5		over \$60,000

6 (3) Resident unmarried individuals, resident married individuals
7 filing separate returns and resident estates and trusts. The tax under
8 this section for each taxable year on the city taxable income of every
9 city resident individual who is not a city resident married individual
10 who makes a single return jointly with his or her spouse under
11 subsection (b) of section thirteen hundred six of this article or a city
12 resident head of household or a city resident surviving spouse, and on
13 the city taxable income of every city resident estate and trust shall be
14 determined in accordance with the following table:

15 For taxable years beginning after two thousand [fourteen] seventeen:

16	If the city taxable income is:	The tax is:
17	Not over \$12,000	1.18% of the city taxable income
18	Over \$12,000 but not	\$142 plus 1.435% of excess
19	over \$25,000	over \$12,000
20	Over \$25,000 but not	\$328 plus 1.455% of excess
21	over \$50,000	over \$25,000
22	Over \$50,000	\$692 plus 1.48% of excess
23		over \$50,000

24 § 4. Subsection (a) of section 1304-B of the tax law, as amended by
25 chapter 209 of the laws of 2011, is amended to read as follows:

26 (a) (1) In addition to any other taxes authorized by this article, any
27 city imposing such taxes is hereby authorized and empowered to adopt and
28 amend local laws imposing in any such city for each taxable year begin-
29 ning after nineteen hundred ninety but before two thousand [fifteen]
30 eighteen, an additional tax on the city taxable income of every city
31 resident individual, estate and trust, to be calculated for each taxable
32 year as follows: (i) for each taxable year beginning after nineteen
33 hundred ninety but before nineteen hundred ninety-nine, at the rate of
34 fourteen percent of the sum of the taxes for each such taxable year
35 determined pursuant to section thirteen hundred four and section thir-
36 teen hundred four-A of this article; and (ii) for each taxable year
37 beginning after nineteen hundred ninety-eight, at the rate of fourteen
38 percent of the tax for such taxable year determined pursuant to such
39 section thirteen hundred four.

40 (2) Notwithstanding paragraph one of this subsection, for each taxable
41 year beginning after nineteen hundred ninety-nine but before two thou-
42 sand [fifteen] eighteen, any city imposing such additional tax may by
43 local law impose such tax at a rate that is less than fourteen percent
44 and may impose such tax at more than one rate depending upon the filing
45 status and city taxable income of such city resident individual, estate
46 or trust.

47 (3) A local law enacted pursuant to paragraph two of this subsection
48 shall be applicable with respect to any taxable year only if it has been
49 enacted on or before July thirty-first of such year. A certified copy of
50 such local law shall be mailed by registered mail to the department at
51 its office in Albany within fifteen days of its enactment. However, the
52 department may allow additional time for such certified copy to be

1 mailed if it deems such action to be consistent with its duties under
2 this article.

3 § 5. Paragraph E of subdivision 1 of section 11-604 of the administra-
4 tive code of the city of New York, as amended by chapter 209 of the laws
5 of 2011, is amended to read as follows:

6 E. For taxable years beginning on or after January first, nineteen
7 hundred seventy-eight but before January first, two thousand [fifteen]
8 eighteen, the tax imposed by subdivision one of section 11-603 of this
9 subchapter shall be, in the case of each taxpayer:

10 (a) whichever of the following amounts is the greatest:

11 (1) an amount computed, for taxable years beginning before nineteen
12 hundred eighty-seven, at the rate of nine per centum, and for taxable
13 years beginning after nineteen hundred eighty-six, at the rate of eight
14 and eighty-five one-hundredths per centum, of its entire net income or
15 the portion of such entire net income allocated within the city as here-
16 inafter provided, subject to any modification required by paragraphs (d)
17 and (e) of subdivision three of this section,

18 (2) an amount computed at one and one-half mills for each dollar of
19 its total business and investment capital, or the portion thereof allo-
20 cated within the city, as hereinafter provided, except that in the case
21 of a cooperative housing corporation as defined in the internal revenue
22 code, the applicable rate shall be four-tenths of one mill,

23 (3) an amount computed, for taxable years beginning before nineteen
24 hundred eighty-seven, at the rate of nine per centum, and for taxable
25 years beginning after nineteen hundred eighty-six, at the rate of eight
26 and eighty-five one-hundredths per centum, on thirty per centum of the
27 taxpayer's entire net income plus salaries and other compensation paid
28 to the taxpayer's elected or appointed officers and to every stockholder
29 owning in excess of five per centum of its issued capital stock minus
30 fifteen thousand dollars (subject to proration as hereinafter provided)
31 and any net loss for the reported year, or on the portion of any such
32 sum allocated within the city as hereinafter provided for the allocation
33 of entire net income, subject to any modification required by paragraphs
34 (d) and (e) of subdivision three of this section, provided, however,
35 that for taxable years beginning on or after July first, nineteen
36 hundred ninety-six, the provisions of paragraph H of this subdivision
37 shall apply for purposes of the computation under this clause, or

38 (4) for taxable years ending on or before June thirtieth, nineteen
39 hundred eighty-nine, one hundred twenty-five dollars, for taxable years
40 ending after June thirtieth, nineteen hundred eighty-nine and beginning
41 before two thousand nine, three hundred dollars, and for taxable years
42 beginning after two thousand eight:

43 If New York city receipts are:	Fixed dollar minimum tax is:
44 Not more than \$100,000	\$25
45 More than \$100,000 but not over \$250,000	\$75
46 More than \$250,000 but not over \$500,000	\$175
47 More than \$500,000 but not over \$1,000,000	\$500
48 More than \$1,000,000 but not over \$5,000,000	\$1,500
49 More than \$5,000,000 but not over \$25,000,000	\$3,500
50 Over \$25,000,000	\$5,000

51 For purposes of this clause, New York city receipts are the receipts
52 computed in accordance with subparagraph two of paragraph (a) of subdi-
53 vision three of this section for the taxable year. For taxable years
54 beginning after two thousand eight, if the taxable year is less than
55 twelve months, the amount prescribed by this clause shall be reduced by
56 twenty-five percent if the period for which the taxpayer is subject to

1 tax is more than six months but not more than nine months and by fifty
 2 percent if the period for which the taxpayer is subject to tax is not
 3 more than six months. If the taxable year is less than twelve months,
 4 the amount of New York city receipts for purposes of this clause is
 5 determined by dividing the amount of the receipts for the taxable year
 6 by the number of months in the taxable year and multiplying the result
 7 by twelve, plus;

8 (b) an amount computed at the rate of three-quarters of a mill for
 9 each dollar of the portion of its subsidiary capital allocated within
 10 the city as hereinafter provided.

11 In the case of a taxpayer which is not subject to tax for an entire
 12 year, the exemption allowed in clause three of subparagraph (a) of this
 13 paragraph shall be prorated according to the period such taxpayer was
 14 subject to tax. Provided, however, that this paragraph shall not apply
 15 to taxable years beginning after December thirty-first, two thousand
 16 [fourteen] seventeen. For the taxable years specified in the preceding
 17 sentence, the tax imposed by subdivision one of section 11-603 of this
 18 subchapter shall be, in the case of each taxpayer, determined as speci-
 19 fied in paragraph A of this subdivision, provided, however, that the
 20 provisions of paragraphs G and H of this subdivision shall apply for
 21 purposes of the computation under clause three of subparagraph (a) of
 22 such paragraph A.

23 § 6. The opening paragraph of section 11-1701 of the administrative
 24 code of the city of New York, as amended by chapter 209 of the laws of
 25 2011, is amended to read as follows:

26 A tax is hereby imposed on the city taxable income of every city resi-
 27 dent individual, estate and trust determined in accordance with the
 28 rates set forth in subdivision (a) of this section for taxable years
 29 beginning before two thousand [fifteen] eighteen, and in accordance with
 30 the rates set forth in subdivision (b) of this section for taxable years
 31 beginning after two thousand [fourteen] seventeen. Provided, however,
 32 that if, for any taxable year beginning after two thousand [fourteen]
 33 seventeen, the rates set forth in such subdivision (b) are rendered
 34 inapplicable and the rates set forth in such subdivision (a) are
 35 rendered applicable, then the tax for such taxable year shall be at the
 36 rates provided under subparagraph (A) of paragraphs one, two and three
 37 of such subdivision (a).

38 § 7. Subdivision (b) of section 11-1701 of the administrative code of
 39 the city of New York, as amended by chapter 209 of the laws of 2011, is
 40 amended to read as follows:

41 (b) Rate of tax. A tax imposed pursuant to this section shall be
 42 determined as follows:

43 (1) Resident married individuals filing joint returns and resident
 44 surviving spouses. The tax under this section for each taxable year on
 45 the city taxable income of every city resident married individual who
 46 makes a single return jointly with his or her spouse under subdivision
 47 (b) of section 11-1751 of this title and on the city taxable income of
 48 every city resident surviving spouse shall be determined in accordance
 49 with the following table:

50 For taxable years beginning after two thousand [fourteen] seventeen:

51 If the city taxable income is:	The tax is:
52 Not over \$21,600	1.18% of the city taxable income
53 Over \$21,600 but not	\$255 plus 1.435% of excess
54 over \$45,000	over \$21,600
55 Over \$45,000 but not	\$591 plus 1.455% of excess

1 over \$90,000 over \$45,000
 2 Over \$90,000 \$1,245 plus 1.48% of excess
 3 over \$90,000
 4 (2) Resident heads of households. The tax under this section for each
 5 taxable year on the city taxable income of every city resident head of a
 6 household shall be determined in accordance with the following table:
 7 For taxable years beginning after two thousand [fourteen] seventeen:

8 If the city taxable income is:	The tax is:
9 Not over \$14,400	1.18% of the city taxable income
10 Over \$14,400 but not	\$170 plus 1.435% of excess
11 over \$30,000	over \$14,400
12 Over \$30,000 but not	\$394 plus 1.455% of excess
13 over \$60,000	over \$30,000
14 Over \$60,000	\$830 plus 1.48% of excess
15	over \$60,000

16 (3) Resident unmarried individuals, resident married individuals
 17 filing separate returns and resident estates and trusts. The tax under
 18 this section for each taxable year on the city taxable income of every
 19 city resident individual who is not a married individual who makes a
 20 single return jointly with his or her spouse under subdivision (b) of
 21 section 11-1751 of this title or a city resident head of a household or
 22 a city resident surviving spouse, and on the city taxable income of
 23 every city resident estate and trust shall be determined in accordance
 24 with the following table:
 25 For taxable years beginning after two thousand [fourteen] seventeen:

26 If the city taxable income is:	The tax is:
27 Not over \$12,000	1.18% of the city taxable income
28 Over \$12,000 but not	\$142 plus 1.435% of excess
29 over \$25,000	over \$12,000
30 Over \$25,000 but not	\$328 plus 1.455% of excess
31 over \$50,000	over \$25,000
32 Over \$50,000	\$692 plus 1.48% of excess
33	over \$50,000

34 § 8. Paragraph 1 of subdivision (a) of section 11-1704.1 of the admin-
 35 istrative code of the city of New York, as amended by chapter 209 of the
 36 laws of 2011, is amended to read as follows:

37 (1) In addition to any other taxes imposed by this chapter, there is
 38 hereby imposed for each taxable year beginning after nineteen hundred
 39 ninety but before two thousand [fifteen] eighteen, an additional tax on
 40 the city taxable income of every city resident individual, estate and
 41 trust, to be calculated for each taxable year as follows: (i) for each
 42 taxable year beginning after nineteen hundred ninety but before nineteen
 43 hundred ninety-nine, at the rate of fourteen percent of the sum of the
 44 taxes for each such taxable year determined pursuant to section 11-1701
 45 and section 11-1704 of this subchapter; and (ii) for each taxable year
 46 beginning after nineteen hundred ninety-eight, at the rate of fourteen
 47 percent of the tax for such taxable year determined pursuant to such
 48 section 11-1701.

49 § 9. Subdivision (a) of section 11-2002 of the administrative code of
 50 the city of New York, as amended by chapter 209 of the laws of 2011, is
 51 amended to read as follows:

1 (a) There are hereby imposed and there shall be paid sales taxes at
2 the rate of four and one-half percent on receipts from every sale of the
3 services of beauty, barbering, hair restoring, manicuring, pedicuring,
4 electrolysis, massage services and similar services, and every sale of
5 services by weight control salons, health salons, gymnasiums, turkish
6 and sauna bath and similar establishments and every charge for the use
7 of such facilities, whether or not any tangible personal property is
8 transferred in conjunction therewith; but excluding services rendered by
9 a physician, osteopath, dentist, nurse, physiotherapist, chiropractor,
10 podiatrist, optometrist, ophthalmic dispenser or a person performing
11 similar services licensed under title eight of the education law, as
12 amended, and excluding such services when performed on pets and other
13 animals, as authorized by subdivision (a) of section twelve hundred
14 twelve-A of the tax law. Provided, however, that the tax hereby imposed
15 shall not be imposed after November thirtieth, two thousand [fourteen]
16 seventeen.

17 § 10. The opening paragraph of subdivision (a) of section 11-2040 of
18 the administrative code of the city of New York, as amended by chapter
19 209 of the laws of 2011, is amended to read as follows:

20 There is hereby imposed within the city and there shall be paid a tax
21 at the rate of four and one-half percent upon the receipts from every
22 sale, except for resale, of the following services, provided, however,
23 that the tax hereby imposed shall not be imposed after November thirti-
24 eth, two thousand [fourteen] seventeen, on receipts from sales of the
25 services specified in paragraph one of this subdivision:

26 § 11. Section 4 of chapter 877 of the laws of 1975, relating to the
27 imposition of certain taxes in the city of New York, as amended by chap-
28 ter 209 of the laws of 2011, is amended to read as follows:

29 § 4. This act shall expire on December 31, [2014] 2017, provided,
30 however, that it is hereby declared to be the express intention of the
31 legislature that the provisions of sections two and three of this act,
32 except with respect to the enforcement and collection of any tax arising
33 thereunder, shall remain in full force and effect only until the date of
34 such expiration, at which time the provisions of law amended by this act
35 shall be continued in full force and effect as they existed prior to the
36 enactment of this act.

37 § 12. Section 6 of chapter 884 of the laws of 1975, relating to the
38 imposition of certain taxes in the city of New York, as amended by chap-
39 ter 209 of the laws of 2011, is amended to read as follows:

40 § 6. This act shall expire on December 31, [2014] 2017, provided,
41 however, that it is hereby declared to be the express intention of the
42 legislature that the provisions of sections two, three and four of this
43 act, except with respect to the enforcement and collection of any tax
44 arising thereunder, shall remain in full force and effect only until the
45 date of such expiration, at which time the provisions of law amended by
46 this act shall be continued in full force and effect as they existed
47 prior to the enactment of this act.

48 § 13. Section 2 of chapter 882 of the laws of 1977, relating to the
49 imposition of certain taxes in the city of New York, as amended by chap-
50 ter 209 of the laws of 2011, is amended to read as follows:

51 § 2. This act shall expire on December 31, [2014] 2017, provided,
52 however, that it is hereby declared to be the express intention of the
53 legislature that the provisions of section one of this act, except with
54 respect to the enforcement and collection of any tax arising thereunder,
55 shall remain in full force and effect only until the date of such expi-
56 ration, at which time the provisions of law amended by this act shall be

1 continued in full force and effect as they existed prior to the enact-
2 ment of this act.
3 § 14. This act shall take effect immediately.

NEW YORK STATE ASSEMBLY
MEMORANDUM IN SUPPORT OF LEGISLATION
submitted in accordance with Assembly Rule III, Sec 1(f)

BILL NUMBER: A9462

SPONSOR: Silver (MS)

TITLE OF BILL: An act to amend the tax law, the administrative code of the city of New York, chapter 877 of the laws of 1975, chapter 884 of the laws of 1975 and chapter 882 of the laws of 1977, relating to the imposition of certain taxes in the city of New York, in relation to postponing the expiration of certain tax rates and taxes in the city of New York

SUMMARY OF PROVISIONS:

Sections 1 and 12 of the bill amend section 1212-A(a)(3) of the Tax Law and section 11-2040(a) of the New York City Administrative Code ("Administrative Code"), relating to New York City's ("City") 4.5 percent sales tax on credit rating and credit reporting services. The tax is set to expire on November 30, 2014. The Tax Law amendment authorizes the City to impose the tax for an additional three years (until November 30, 2017). The Administrative Code amendment imposes the tax for an additional three years (until November 30, 2017).

Section 2 of the bill amends Tax Law section 1301(a), relating to the tax on the personal income of residents of the City and the City minimum income tax. The amendment of Tax Law section 1301(a)(1) authorizes the City to extend the existing rates of the personal income tax (the rates set forth in Tax Law section 1304(a)(1)(A), (a)(2)(A) and (a)(3)(A)) for an additional three years (for taxable years beginning before 2018) and delays the implementation of lower personal income tax rates (the rates set forth in Tax Law section 1304(b)) for three years (until taxable years beginning after 2017). The amendment of Tax Law section 1301(a)(2) authorizes the City to impose the minimum income tax for an additional three years (for taxable years beginning before 2018).

Section 7 of the bill makes a conforming change to the opening paragraph of Administrative Code section 11-1701, which relates to the tax on the personal income of residents of the City. The amendment extends the existing personal income tax rates (the rates set forth in 11-1701(a)) for an additional three years (for taxable years beginning before 2018) and delays the implementation of lower personal income tax-rates (the rates set forth in 11-1701(b)) for three years (until taxable years beginning after 2017).

Sections 3 and 9 of the bill amend Tax Law section 1301-A(a) and Administrative Code section 11-1702, relating to the City minimum income tax. The Tax Law amendment extends the authority of the City to impose the minimum income tax at 2.85 percent for an additional three years (for taxable years beginning before 2018). (The rate is scheduled to fall to 2.5 percent beginning in 2015.) The Administrative Code amendment imposes the minimum tax at the existing rate of 2.85 percent for an additional three years (for taxable years beginning before 2018).

Sections 4 and 8 of the bill amend Tax Law section 1304(b) and Adminis-

trative Code section 11-1701(b), relating to the tax on the personal income of residents of the City. They make conforming changes to the lower personal income tax rates, delaying their implementation for three years (until taxable years beginning after 2017).

Sections 5 and 10 of the bill amend Tax Law section 1304-B(a) and Administrative Code section 11.1704.1(a)(1), relating to the additional tax on City taxable income. The Tax Law amendment authorizes the City to impose the additional tax for an additional three years at the rate of 14 percent (for taxable years beginning before 2018) and extends the authority of the City to reduce the additional tax by local law for taxable years beginning before 2018. The Administrative Code amendment imposes the additional tax for an additional three years at the rate of 14 percent (for taxable years beginning before 2018).

Sections 6, 14 and 15 of the bill amend section 11-604(1)(E) of the Administrative Code; Chapter 884 of the Laws of 1975 and Chapter 882 of the Laws of 1977, relating to the City general corporation tax. The current tax rate is the greater of 8.85 percent on income, 1.5 mills on business and investment capital, 8.85 percent of 15 percent of income plus the amount of salaries and other compensation paid to any person who at any time during the taxable year owned more than 5 percent of the taxpayer's capital stock or a minimum tax based on the amount of New York city receipts. There is also a 0.75 mill tax on subsidiary capital. (On January 1, 2015, the rates are scheduled to drop to 6.7 percent, 1 mill, 6.7 percent and \$25, respectively, and .5 mill on subsidiary capital.) The amendments will continue the current rates until December 31, 2017.

Section 11 of the bill amends Administrative Code section 11-2002(a), relating to the 4.5 percent sales tax on beauty and barbering services. The amendment imposes the tax for an additional three years (until November 30, 2017). (Tax Law section 1212-A(a)(2) authorizes the City to impose a sales tax on beauty and barbering services.)

Section 13 of the bill amends Chapter 877 of the laws of 1975, relating to the New York City cigarette tax. The current cigarette tax rate is 75 cents for each ten cigarettes, but is set to decline to between 2 and 4 cents for each ten cigarettes, depending on tar and nicotine content, as of January 1, 2015. The amendment extends the existing rate of tax for an additional three years (until December 31, 2017).

Section 16 of the bill provides that it shall take effect immediately.

REASONS FOR SUPPORT: Most of the taxes that are extended by this legislation have been in effect for nearly forty years and as such have become an accepted and expected part of the City's tax and budgeting structure. The \$7 billion in annual revenue (beginning in City Fiscal Year 2016) at stake in this legislation is a large percentage of the support necessary for critical municipal services, such as the core public safety functions performed by the City's police and fire departments. It is, therefore, of crucial importance that the revenue generated by these taxes will continue into the foreseeable future.

In the event that these taxes were allowed to expire, the effect of the loss of such revenue would be nothing short of devastating to the City's budget and the City's ability to provide basic services to its residents - a citizenry which comprises over 42% of the total population of the State of New York. It is important to note that these taxes have been

regularly extended, most recently by Chapter 209 of the Laws of 2011.
