

STATE OF NEW YORK

5527

2011-2012 Regular Sessions

IN SENATE

May 31, 2011

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 200 of the laws of 2009, 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 [~~eleven~~] fourteen.

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

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1 § 2. Subsection (a) of section 1301 of the tax law, as amended by
2 chapter 525 of the laws of 2008, is amended to read as 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 [~~twelve~~
11 fifteen], and at the rates provided for under subsection (b) of section
12 thirteen hundred four of this article for taxable years beginning after
13 two thousand [~~eleven~~] fourteen, provided, however, that if, for any
14 taxable year beginning after two thousand [~~eleven~~] fourteen, the rates
15 set forth in such subsection (b) are rendered inapplicable and the rates
16 set forth in such subsection (a) are rendered applicable, then the tax
17 for such taxable year shall be at the rates provided under subparagraph
18 (A) of paragraphs one, two and three of such subsection (a),

19 (2) for taxable years beginning before two thousand [~~twelve~~] fifteen,
20 a city minimum income tax on such residents, and

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

26 § 3. Subsection (a) of section 1301-A of the tax law, as amended by
27 chapter 525 of the laws of 2008, is amended to read as follows:

28 (a) The city minimum income tax imposed pursuant to the authority of
29 this article shall be imposed on the city minimum taxable income of
30 every resident individual, estate or trust of such city at the rate of
31 two and one-half percent of such city minimum taxable income for taxable
32 years beginning before nineteen hundred ninety-one and after two thou-
33 sand [~~eleven~~] fourteen and at the rate of two and eighty-five hundredths
34 percent of such city minimum taxable income for taxable years beginning
35 after nineteen hundred ninety and before two thousand [~~twelve~~] fifteen.

36 § 4. Subsection (b) of section 1304 of the tax law, as amended by
37 chapter 525 of the laws of 2008, is amended to read as follows:

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

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

49 For taxable years beginning after two thousand [~~eleven~~] fourteen:

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

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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 [~~eleven~~] fourteen:

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 city resident married individual
20 who makes a single return jointly with his or her spouse under
21 subsection (b) of section thirteen hundred six of this article or a city
22 resident head of household or a city resident surviving spouse, and on
23 the city taxable income of every city resident estate and trust shall be
24 determined in accordance with the following table:

25 For taxable years beginning after two thousand [~~eleven~~] fourteen:

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 § 5. Subsection (a) of section 1304-B of the tax law, as amended by
35 chapter 525 of the laws of 2008, is amended to read as follows:

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

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1 (2) Notwithstanding paragraph one of this subsection, for each taxable
2 year beginning after nineteen hundred ninety-nine but before two thou-
3 sand [~~twelve~~] fifteen, any city imposing such additional tax may by
4 local law impose such tax at a rate that is less than fourteen percent
5 and may impose such tax at more than one rate depending upon the filing
6 status and city taxable income of such city resident individual, estate
7 or trust.

8 (3) A local law enacted pursuant to paragraph two of this subsection
9 shall be applicable with respect to any taxable year only if it has been
10 enacted on or before July thirty-first of such year. A certified copy of
11 such local law shall be mailed by registered mail to the department at
12 its office in Albany within fifteen days of its enactment. However, the
13 department may allow additional time for such certified copy to be
14 mailed if it deems such action to be consistent with its duties under
15 this article.

16 § 6. Paragraph E of subdivision 1 of section 11-604 of the administra-
17 tive code of the city of New York, as amended by chapter 525 of the laws
18 of 2008, clause 4 of subparagraph (a) as amended by chapter 201 of the
19 laws of 2009, is amended to read as follows:

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

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

25 (1) 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, of its entire net income or
29 the portion of such entire net income allocated within the city as here-
30 inafter provided, subject to any modification required by paragraphs (d)
31 and (e) of subdivision three of this section,

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

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

52 (4) for taxable years ending on or before June thirtieth, nineteen
53 hundred eighty-nine, one hundred twenty-five dollars, for taxable years
54 ending after June thirtieth, nineteen hundred eighty-nine and beginning
55 before two thousand nine, three hundred dollars, and for taxable years
56 beginning after two thousand eight:

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1	If New York city receipts are:	Fixed dollar minimum tax is:
2	Not more than \$100,000	\$25
3	More than \$100,000 but not over \$250,000	\$75
4	More than \$250,000 but not over \$500,000	\$175
5	More than \$500,000 but not over \$1,000,000	\$500
6	More than \$1,000,000 but not over \$5,000,000	\$1,500
7	More than \$5,000,000 but not over \$25,000,000	\$3,500
8	Over \$25,000,000	\$5,000

9 For purposes of this clause, New York city receipts are the receipts
 10 computed in accordance with subparagraph two of paragraph (a) of subdi-
 11 vision three of this section for the taxable year. For taxable years
 12 beginning after two thousand eight, if the taxable year is less than
 13 twelve months, the amount prescribed by this clause shall be reduced by
 14 twenty-five percent if the period for which the taxpayer is subject to
 15 tax is more than six months but not more than nine months and by fifty
 16 percent if the period for which the taxpayer is subject to tax is not
 17 more than six months. If the taxable year is less than twelve months,
 18 the amount of New York city receipts for purposes of this clause is
 19 determined by dividing the amount of the receipts for the taxable year
 20 by the number of months in the taxable year and multiplying the result
 21 by twelve, plus;

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

25 In the case of a taxpayer which is not subject to tax for an entire
 26 year, the exemption allowed in clause three of subparagraph (a) of this
 27 paragraph shall be prorated according to the period such taxpayer was
 28 subject to tax. Provided, however, that this paragraph shall not apply
 29 to taxable years beginning after December thirty-first, two thousand
 30 ~~eleven~~ fourteen. For the taxable years specified in the preceding
 31 sentence, the tax imposed by subdivision one of section 11-603 of this
 32 subchapter shall be, in the case of each taxpayer, determined as speci-
 33 fied in paragraph A of this subdivision, provided, however, that the
 34 provisions of paragraphs G and H of this subdivision shall apply for
 35 purposes of the computation under clause three of subparagraph (a) of
 36 such paragraph A.

37 § 7. The opening paragraph of section 11-1701 of the administrative
 38 code of the city of New York, as amended by chapter 525 of the laws of
 39 2008, is amended to read as follows:

40 A tax is hereby imposed on the city taxable income of every city resi-
 41 dent individual, estate and trust determined in accordance with the
 42 rates set forth in subdivision (a) of this section for taxable years
 43 beginning before two thousand ~~twelve~~ fifteen, and in accordance with
 44 the rates set forth in subdivision (b) of this section for taxable years
 45 beginning after two thousand ~~eleven~~ fourteen. Provided, however, that
 46 if, for any taxable year beginning after two thousand ~~eleven~~ fourteen,
 47 the rates set forth in such subdivision (b) are rendered inapplicable
 48 and the rates set forth in such subdivision (a) are rendered applicable,
 49 then the tax for such taxable year shall be at the rates provided under
 50 subparagraph (A) of paragraphs one, two and three of such subdivision
 51 (a).

52 § 8. Subdivision (b) of section 11-1701 of the administrative code of
 53 the city of New York, as amended by chapter 525 of the laws of 2008, is
 54 amended to read as follows:

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

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

8 For taxable years beginning after two thousand [~~eleven~~] fourteen:

9 If the city taxable income is:	The tax is:
10 Not over \$21,600	1.18% of the city taxable income
11 Over \$21,600 but not	\$255 plus 1.435% of excess
12 over \$45,000	over \$21,600
13 Over \$45,000 but not	\$591 plus 1.455% of excess
14 over \$90,000	over \$45,000
15 Over \$90,000	\$1,245 plus 1.48% of excess
16	over \$90,000

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

20 For taxable years beginning after two thousand [~~eleven~~] fourteen:

21 If the city taxable income is:	The tax is:
22 Not over \$14,400	1.18% of the city taxable income
23 Over \$14,400 but not	\$170 plus 1.435% of excess
24 over \$30,000	over \$14,400
25 Over \$30,000 but not	\$394 plus 1.455% of excess
26 over \$60,000	over \$30,000
27 Over \$60,000	\$830 plus 1.48% of excess
28	over \$60,000

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

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

39 If the city taxable income is:	The tax is:
40 Not over \$12,000	1.18% of the city taxable income
41 Over \$12,000 but not	\$142 plus 1.435% of excess
42 over \$25,000	over \$12,000
43 Over \$25,000 but not	\$328 plus 1.455% of excess
44 over \$50,000	over \$25,000
45 Over \$50,000	\$692 plus 1.48% of excess
46	over \$50,000

47 § 9. Section 11-1702 of the administrative code of the city of New York,
 48 as amended by chapter 525 of the laws of 2008, is amended to read as
 49 follows:

50 § 11-1702 Minimum income tax. In addition to any other tax imposed by
 51 this chapter, a tax is hereby imposed for each taxable year on the city

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1 minimum taxable income of every city resident individual, estate or
2 trust at the rate of two and one-half percent of such city minimum taxa-
3 ble income for taxable years beginning before nineteen hundred ninety-
4 one and after two thousand [~~eleven~~] fourteen and at the rate of two and
5 eighty-five hundredths percent of such city minimum taxable income for
6 taxable years beginning after nineteen hundred ninety and before two
7 thousand [~~twelve~~] fifteen. The provisions of subdivisions (c), (d) and
8 (e) of section 11-1701 of this title shall also apply for purposes of
9 this tax.

10 § 10. Paragraph 1 of subdivision (a) of section 11-1704.1 of the
11 administrative code of the city of New York, as amended by chapter 525
12 of the laws of 2008, is amended to read as follows:

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

25 § 11. Subdivision (a) of section 11-2002 of the administrative code of
26 the city of New York, as amended by chapter 200 of the laws of 2009, is
27 amended to read as follows:

28 (a) There are hereby imposed and there shall be paid sales taxes at
29 the rate of four and one-half percent on receipts from every sale of the
30 services of beauty, barbering, hair restoring, manicuring, pedicuring,
31 electrolysis, massage services and similar services, and every sale of
32 services by weight control salons, health salons, gymnasiums, turkish
33 and sauna bath and similar establishments and every charge for the use
34 of such facilities, whether or not any tangible personal property is
35 transferred in conjunction therewith; but excluding services rendered by
36 a physician, osteopath, dentist, nurse, physiotherapist, chiropractor,
37 podiatrist, optometrist, ophthalmic dispenser or a person performing
38 similar services licensed under title eight of the education law, as
39 amended, and excluding such services when performed on pets and other
40 animals, as authorized by subdivision (a) of section twelve hundred
41 twelve-A of the tax law. Provided, however, that the tax hereby imposed
42 shall not be imposed after November thirtieth, two thousand [~~eleven~~]
43 fourteen.

44 § 12. The opening paragraph of subdivision (a) of section 11-2040 of
45 the administrative code of the city of New York, as amended by chapter
46 200 of the laws of 2009, is amended to read as follows:

47 There is hereby imposed within the city and there shall be paid a tax
48 at the rate of four and one-half percent upon the receipts from every
49 sale, except for resale, of the following services, provided, however,
50 that the tax hereby imposed shall not be imposed after November thirti-
51 eth, two thousand [~~eleven~~] fourteen, on receipts from sales of the
52 services specified in paragraph one of this subdivision:

53 § 13. Section 4 of chapter 877 of the laws of 1975, relating to the
54 imposition of certain taxes in the city of New York, as amended by chap-
55 ter 525 of the laws of 2008, is amended to read as follows:

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1 § 4. This act shall expire on December 31, [~~2011~~] 2014, provided,
2 however, that it is hereby declared to be the express intention of the
3 legislature that the provisions of sections two and three of this act,
4 except with respect to the enforcement and collection of any tax arising
5 thereunder, shall remain in full force and effect only until the date of
6 such expiration, at which time the provisions of law amended by this act
7 shall be continued in full force and effect as they existed prior to the
8 enactment of this act.

9 § 14. Section 6 of chapter 884 of the laws of 1975, relating to the
10 imposition of certain taxes in the city of New York, as amended by chap-
11 ter 525 of the laws of 2008, is amended to read as follows:

12 § 6. This act shall expire on December 31, [~~2011~~] 2014, provided,
13 however, that it is hereby declared to be the express intention of the
14 legislature that the provisions of sections two, three and four of this
15 act, except with respect to the enforcement and collection of any tax
16 arising thereunder, shall remain in full force and effect only until the
17 date of such expiration, at which time the provisions of law amended by
18 this act shall be continued in full force and effect as they existed
19 prior to the enactment of this act.

20 § 15. Section 2 of chapter 882 of the laws of 1977, relating to the
21 imposition of certain taxes in the city of New York, as amended by chap-
22 ter 525 of the laws of 2008, is amended to read as follows:

23 § 2. This act shall expire on December 31, [~~2011~~] 2014, provided,
24 however, that it is hereby declared to be the express intention of the
25 legislature that the provisions of section one of this act, except with
26 respect to the enforcement and collection of any tax arising thereunder,
27 shall remain in full force and effect only until the date of such expi-
28 ration, at which time the provisions of law amended by this act shall be
29 continued in full force and effect as they existed prior to the enact-
30 ment of this act.

31 § 16. 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: S5527

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% sales tax on credit rating and credit reporting services. The tax is set to expire on November 30, 2011. The Tax Law amendment authorizes the City to impose the tax for an additional three years (until November 30, 2014). The Administrative Code amendment imposes the tax for an additional three years (until November 30, 2014).

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 2015) 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 2014). 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 2015).

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 2015) 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 2014).

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% for an additional three years (for taxable years beginning before 2015). (The rate is scheduled to fall to 2.5% beginning in 2012.) The Administrative Code amendment imposes the minimum tax at the existing rate of 2.85% for an additional three years (for taxable years beginning before 2015).

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 2014).

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% (for taxable years beginning before 2015) and extends the authority of the City to reduce the additional tax by local law for taxable years beginning before 2015. The Administrative Code amendment imposes the additional tax for an additional three years at the rate of 14% (for taxable years beginning before 2015).

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% on income, 1.5 mills on business and investment capital, 8.85% of 15% 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% of the taxpayer's capital stock or a minimum tax based on the amount of New York city receipts. There is also a .75 mill tax on subsidiary capital. (On January 1, 2012, the rates are scheduled to drop to 6.7%, 1 mill, 6.7% and \$25, respectively, and .5 million subsidiary capital.) The amendments will continue the current rates until December 31, 2014.

Section 11 of the bill amends Administrative Code section 11-2002 (a), relating to the 4.5% sales tax on beauty and barbering services. The amendment imposes the tax for an additional three years (until November 30, 2014). (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 2 cents for each ten cigarettes on January 1, 2012. The amendment extends the existing rate of tax for an additional three years (until December 31, 2014).

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

REASONS FOR SUPPORT:

If the current levels of taxation described above are allowed to expire at the end of 2011, the City will lose \$2.1 billion in fiscal year 2012, and over \$6 billion in revenue annually thereafter. Most of these taxes have been in effect since the 1970s and have become an accepted part of the City's tax structure. These taxes have been extended periodically, most recently by Chapter 525 of the Laws of 2008. The City's need for the revenue generated by these taxes will continue into the foreseeable future and the loss of that revenue would have a devastating effect on the City budget and services to the public.

STATE OF NEW YORK

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2011-2012 Regular Sessions

IN ASSEMBLY

May 16, 2011

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

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 200 of the laws of 2009, 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 [~~eleven~~] fourteen.

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

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1 § 2. Subsection (a) of section 1301 of the tax law, as amended by
2 chapter 525 of the laws of 2008, is amended to read as 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 [~~twelve~~
11 fifteen], and at the rates provided for under subsection (b) of section
12 thirteen hundred four of this article for taxable years beginning after
13 two thousand [~~eleven~~] fourteen, provided, however, that if, for any
14 taxable year beginning after two thousand [~~eleven~~] fourteen, the rates
15 set forth in such subsection (b) are rendered inapplicable and the rates
16 set forth in such subsection (a) are rendered applicable, then the tax
17 for such taxable year shall be at the rates provided under subparagraph
18 (A) of paragraphs one, two and three of such subsection (a),

19 (2) for taxable years beginning before two thousand [~~twelve~~] fifteen,
20 a city minimum income tax on such residents, and

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

26 § 3. Subsection (a) of section 1301-A of the tax law, as amended by
27 chapter 525 of the laws of 2008, is amended to read as follows:

28 (a) The city minimum income tax imposed pursuant to the authority of
29 this article shall be imposed on the city minimum taxable income of
30 every resident individual, estate or trust of such city at the rate of
31 two and one-half percent of such city minimum taxable income for taxable
32 years beginning before nineteen hundred ninety-one and after two thou-
33 sand [~~eleven~~] fourteen and at the rate of two and eighty-five hundredths
34 percent of such city minimum taxable income for taxable years beginning
35 after nineteen hundred ninety and before two thousand [~~twelve~~] fifteen.

36 § 4. Subsection (b) of section 1304 of the tax law, as amended by
37 chapter 525 of the laws of 2008, is amended to read as follows:

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

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

49 For taxable years beginning after two thousand [~~eleven~~] fourteen:

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

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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 [~~eleven~~] fourteen:

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 city resident married individual
 20 who makes a single return jointly with his or her spouse under
 21 subsection (b) of section thirteen hundred six of this article or a city
 22 resident head of household or a city resident surviving spouse, and on
 23 the city taxable income of every city resident estate and trust shall be
 24 determined in accordance with the following table:

25 For taxable years beginning after two thousand [~~eleven~~] fourteen:

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 § 5. Subsection (a) of section 1304-B of the tax law, as amended by
 35 chapter 525 of the laws of 2008, is amended to read as follows:

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

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1 (2) Notwithstanding paragraph one of this subsection, for each taxable
2 year beginning after nineteen hundred ninety-nine but before two thou-
3 sand [~~twelve~~] fifteen, any city imposing such additional tax may by
4 local law impose such tax at a rate that is less than fourteen percent
5 and may impose such tax at more than one rate depending upon the filing
6 status and city taxable income of such city resident individual, estate
7 or trust.

8 (3) A local law enacted pursuant to paragraph two of this subsection
9 shall be applicable with respect to any taxable year only if it has been
10 enacted on or before July thirty-first of such year. A certified copy of
11 such local law shall be mailed by registered mail to the department at
12 its office in Albany within fifteen days of its enactment. However, the
13 department may allow additional time for such certified copy to be
14 mailed if it deems such action to be consistent with its duties under
15 this article.

16 § 6. Paragraph E of subdivision 1 of section 11-604 of the administra-
17 tive code of the city of New York, as amended by chapter 525 of the laws
18 of 2008, clause 4 of subparagraph (a) as amended by chapter 201 of the
19 laws of 2009, is amended to read as follows:

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

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

25 (1) 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, of its entire net income or
29 the portion of such entire net income allocated within the city as here-
30 inafter provided, subject to any modification required by paragraphs (d)
31 and (e) of subdivision three of this section,

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

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

52 (4) for taxable years ending on or before June thirtieth, nineteen
53 hundred eighty-nine, one hundred twenty-five dollars, for taxable years
54 ending after June thirtieth, nineteen hundred eighty-nine and beginning
55 before two thousand nine, three hundred dollars, and for taxable years
56 beginning after two thousand eight:

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

For purposes of this clause, New York city receipts are the receipts computed in accordance with subparagraph two of paragraph (a) of subdivision three of this section for the taxable year. For taxable years beginning after two thousand eight, if the taxable year is less than twelve months, the amount prescribed by this clause shall be reduced by twenty-five percent if the period for which the taxpayer is subject to tax is more than six months but not more than nine months and by fifty percent if the period for which the taxpayer is subject to tax is not more than six months. If the taxable year is less than twelve months, the amount of New York city receipts for purposes of this clause is determined by dividing the amount of the receipts for the taxable year by the number of months in the taxable year and multiplying the result by twelve, plus;

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

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

§ 7. The opening paragraph of section 11-1701 of the administrative code of the city of New York, as amended by chapter 525 of the laws of 2008, is amended to read as follows:

A tax is hereby imposed on the city taxable income of every city resident individual, estate and trust determined in accordance with the rates set forth in subdivision (a) of this section for taxable years beginning before two thousand ~~twelve~~ fifteen, and in accordance with the rates set forth in subdivision (b) of this section for taxable years beginning after two thousand ~~eleven~~ fourteen. Provided, however, that if, for any taxable year beginning after two thousand ~~eleven~~ fourteen, the rates set forth in such subdivision (b) are rendered inapplicable and the rates set forth in such subdivision (a) are rendered applicable, then the tax for such taxable year shall be at the rates provided under subparagraph (A) of paragraphs one, two and three of such subdivision (a).

§ 8. Subdivision (b) of section 11-1701 of the administrative code of the city of New York, as amended by chapter 525 of the laws of 2008, is amended to read as follows:

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

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

8 For taxable years beginning after two thousand [~~eleven~~] fourteen:

9 If the city taxable income is:	The tax is:
10 Not over \$21,600	1.18% of the city taxable income
11 Over \$21,600 but not	\$255 plus 1.435% of excess
12 over \$45,000	over \$21,600
13 Over \$45,000 but not	\$591 plus 1.455% of excess
14 over \$90,000	over \$45,000
15 Over \$90,000	\$1,245 plus 1.48% of excess
16	over \$90,000

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

20 For taxable years beginning after two thousand [~~eleven~~] fourteen:

21 If the city taxable income is:	The tax is:
22 Not over \$14,400	1.18% of the city taxable income
23 Over \$14,400 but not	\$170 plus 1.435% of excess
24 over \$30,000	over \$14,400
25 Over \$30,000 but not	\$394 plus 1.455% of excess
26 over \$60,000	over \$30,000
27 Over \$60,000	\$830 plus 1.48% of excess
28	over \$60,000

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

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

39 If the city taxable income is:	The tax is:
40 Not over \$12,000	1.18% of the city taxable income
41 Over \$12,000 but not	\$142 plus 1.435% of excess
42 over \$25,000	over \$12,000
43 Over \$25,000 but not	\$328 plus 1.455% of excess
44 over \$50,000	over \$25,000
45 Over \$50,000	\$692 plus 1.48% of excess
46	over \$50,000

47 § 9. Section 11-1702 of the administrative code of the city of New York,
 48 as amended by chapter 525 of the laws of 2008, is amended to read as
 49 follows:

50 § 11-1702 Minimum income tax. In addition to any other tax imposed by
 51 this chapter, a tax is hereby imposed for each taxable year on the city

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1 minimum taxable income of every city resident individual, estate or
2 trust at the rate of two and one-half percent of such city minimum taxa-
3 ble income for taxable years beginning before nineteen hundred ninety-
4 one and after two thousand [~~eleven~~] fourteen and at the rate of two and
5 eighty-five hundredths percent of such city minimum taxable income for
6 taxable years beginning after nineteen hundred ninety and before two
7 thousand [~~twelve~~] fifteen. The provisions of subdivisions (c), (d) and
8 (e) of section 11-1701 of this title shall also apply for purposes of
9 this tax.

10 § 10. Paragraph 1 of subdivision (a) of section 11-1704.1 of the
11 administrative code of the city of New York, as amended by chapter 525
12 of the laws of 2008, is amended to read as follows:

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

25 § 11. Subdivision (a) of section 11-2002 of the administrative code of
26 the city of New York, as amended by chapter 200 of the laws of 2009, is
27 amended to read as follows:

28 (a) There are hereby imposed and there shall be paid sales taxes at
29 the rate of four and one-half percent on receipts from every sale of the
30 services of beauty, barbering, hair restoring, manicuring, pedicuring,
31 electrolysis, massage services and similar services, and every sale of
32 services by weight control salons, health salons, gymnasiums, turkish
33 and sauna bath and similar establishments and every charge for the use
34 of such facilities, whether or not any tangible personal property is
35 transferred in conjunction therewith; but excluding services rendered by
36 a physician, osteopath, dentist, nurse, physiotherapist, chiropractor,
37 podiatrist, optometrist, ophthalmic dispenser or a person performing
38 similar services licensed under title eight of the education law, as
39 amended, and excluding such services when performed on pets and other
40 animals, as authorized by subdivision (a) of section twelve hundred
41 twelve-A of the tax law. Provided, however, that the tax hereby imposed
42 shall not be imposed after November thirtieth, two thousand [~~eleven~~]
43 fourteen.

44 § 12. The opening paragraph of subdivision (a) of section 11-2040 of
45 the administrative code of the city of New York, as amended by chapter
46 200 of the laws of 2009, is amended to read as follows:

47 There is hereby imposed within the city and there shall be paid a tax
48 at the rate of four and one-half percent upon the receipts from every
49 sale, except for resale, of the following services, provided, however,
50 that the tax hereby imposed shall not be imposed after November thirti-
51 eth, two thousand [~~eleven~~] fourteen, on receipts from sales of the
52 services specified in paragraph one of this subdivision:

53 § 13. Section 4 of chapter 877 of the laws of 1975, relating to the
54 imposition of certain taxes in the city of New York, as amended by chap-
55 ter 525 of the laws of 2008, is amended to read as follows:

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1 § 4. This act shall expire on December 31, [~~2011~~] 2014, provided,
2 however, that it is hereby declared to be the express intention of the
3 legislature that the provisions of sections two and three of this act,
4 except with respect to the enforcement and collection of any tax arising
5 thereunder, shall remain in full force and effect only until the date of
6 such expiration, at which time the provisions of law amended by this act
7 shall be continued in full force and effect as they existed prior to the
8 enactment of this act.

9 § 14. Section 6 of chapter 884 of the laws of 1975, relating to the
10 imposition of certain taxes in the city of New York, as amended by chap-
11 ter 525 of the laws of 2008, is amended to read as follows:

12 § 6. This act shall expire on December 31, [~~2011~~] 2014, provided,
13 however, that it is hereby declared to be the express intention of the
14 legislature that the provisions of sections two, three and four of this
15 act, except with respect to the enforcement and collection of any tax
16 arising thereunder, shall remain in full force and effect only until the
17 date of such expiration, at which time the provisions of law amended by
18 this act shall be continued in full force and effect as they existed
19 prior to the enactment of this act.

20 § 15. Section 2 of chapter 882 of the laws of 1977, relating to the
21 imposition of certain taxes in the city of New York, as amended by chap-
22 ter 525 of the laws of 2008, is amended to read as follows:

23 § 2. This act shall expire on December 31, [~~2011~~] 2014, provided,
24 however, that it is hereby declared to be the express intention of the
25 legislature that the provisions of section one of this act, except with
26 respect to the enforcement and collection of any tax arising thereunder,
27 shall remain in full force and effect only until the date of such expi-
28 ration, at which time the provisions of law amended by this act shall be
29 continued in full force and effect as they existed prior to the enact-
30 ment of this act.

31 § 16. 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: A7763

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% sales tax on credit rating credit reporting services. The tax is set to expire on November 30, 2011. The Tax Law amendment authorizes the City to impose the tax for an additional three years (until November 30, 2014). The Administrative Code amendment imposes the tax for an additional three years (until November 30, 2014).

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 taxable years beginning before 2015) 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 2014). 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 2015). 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 2015) 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 2014).

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% for an additional three years (for taxable years beginning before 2015). (The rate is scheduled to fall to 2.5% beginning in 2012.) The Administrative Code amendment imposes the minimum tax at the existing rate of 2.85% for an additional three years (for taxable years beginning before 2015).

