2011-12 NEW YORK STATE EXECUTIVE BUDGET

REVENUE ARTICLE VII LEGISLATION

MEMORANDUM IN SUPPORT

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MEMORANDUM IN SUPPORT

A BUDGET BILL submitted by the Governor in
Accordance with Article VII of the Constitution

AN ACT to amend the abandoned property law, in relation to the dormancy period of miscellaneous unclaimed property (Part A); to amend part N of chapter 61 of the laws of 2005 amending the tax law relating to certain trans actions and related information and relating to the voluntary compliance initiative; in relation to making permanent the disclosure and penalty provisions for transactions that present the potential for tax avoidance (Part B); to amend the tax law, in relation to the empire zones program (Part C); to amend the tax law, in relation to directing the crediting of lottery prizes of more than six hundred dollars against liability for any tax administered by the commissioner of taxation and finance (Part D); to amend chapter 56 of the laws of 1998, amending the tax law and other laws relating to extending the dates of application of the investment tax credit under articles 9-A, 22 and 32 of the tax law and to amend chapter 63 of the laws of 2000, amending the tax law and other laws relating to extending the dates of application of the investment tax credit under article 33 of the tax law, in relation to extending the effectiveness thereof (Part E); to amend the public housing law, in relation to providing a credit against income tax for persons or entities investing in low-income housing (Part F); to amend the economic development law, the tax law and the public service law, in relation to the excelsior jobs program (Part G); to amend the tax law, in relation to the exemption from the franchise tax on insurance corporations under article thirty-three of such law for town or county cooperative insurance corporations (Part H); to amend the insurance law, the general municipal law and the tax law, in relation to conforming to the federal Dodd-Frank Wall Street Reform and Consumer Protection Act; and to repeal paragraphs 8 and 9 of subsection (b) of section 2118 of the insurance law, relating thereto (Part I); to amend chapter 298 of the laws of 1985, amending the tax law relating to the franchise tax on banking corporations imposed by the tax law, authorized to be imposed by any

city having a population of one million or more by chapter 772 of the laws of 1966 and imposed by the administrative code of the city of New York and relating to other provisions of the tax law, chapter 883 of the laws of 1975 and the administrative code of the city of New York which relates to such franchise tax, to amend chapter 817 of the laws of 1987, amending the tax law and the environmental conservation law, constituting the business tax reform and rate reduction act of 1987, and to amend chapter 525 of the laws of 1988, amending the tax law and the administrative code of the city of New York relating to the imposition of taxes in the city of New York, in relation to the effectiveness of certain provisions of such chapters; and to amend the tax law and the administrative code of the city of New York, in relation to extending transitional provisions relating to the federal Gramm-Leach-Bliley act (Part J); to amend the tax law and the criminal procedure law, in relation to updating the tax classification of diesel motor fuel to be consistent with federal laws and make the diesel tax structure consistent with this new tax treatment; and to repeal certain provisions of the tax law and the administrative code of the city of New York relating thereto (Part K); to amend the tax law, in relation to making a technical correction to the E85 definition; and to amend chapter 109 of the laws of 2006, amending the tax law relating to providing exemptions, reimbursements and credits from various taxes for certain alternative fuels, in relation to extending the alternative fuels tax exemptions for one year (Part L); to amend section 11 of part EE of chapter 63 of the laws of 2000, amending the tax law and other laws relating to modifying the distribution of funds from the motor vehicle fuel excise tax, in relation to the distribution of motor vehicle fees (Part M); to amend the tax law, in relation to restrictions on certain keno style lottery games (Part N); to amend the tax law, in relation to video lottery free play allowance program (Part O); to amend the tax law, in relation to prize payout of certain instant lottery games (Part P); to amend the tax law, in relation to prize payout in certain multi-jurisdictional lottery games (Part Q); to amend the tax law, in relation to multi-jurisdictional video lottery gaming (Part R); and to amend the racing, pari-mutuel wagering and breeding law, in relation to licenses for simulcast facilities, sums relating to track simulcast,

simulcast of out-of-state thoroughbred races, simulcasting of races run by out-of-state harness tracks and distributions of wagers; to amend chapter 281 of the laws of 1994 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and chapter 346 of the laws of 1990 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, in relation to extending certain provisions thereof; and to amend the racing, pari-mutuel wagering and breeding law, in relation to extending certain provisions thereof (Part S)

PURPOSE:

This bill contains provisions needed to implement the Revenue portion of the 2011-12 Executive Budget.

This memorandum describes Parts A through S of the 2010-11 Article VII Revenue bill which are described wholly within the parts listed below.

Part A – Reduce the dormancy period of miscellaneous abandoned property.

Purpose: This bill reduces the dormancy period of miscellaneous abandoned property from either five or six years to three years.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill reduces the dormancy period from five years to three years on condemnation awards, credit balances arising from loans, bank accounts (demand deposit, savings, time deposit, deposit and suspense), lost cash, money on deposit to secure funds, unredeemed gift certificates, and various other types of funds such as bail, certain trusts, escrow accounts, and child or spousal support which is held by the court because it has not been claimed.

The bill also reduces the dormancy period from six years to three years on surplus from the sale of pledged property.

These funds will be deposited with the comptroller and can be claimed by the owner of the funds or the representative of his or her estate at any time.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it generates $55 million in 2011-12 revenue and $70 million in 2012-13 revenue.

Effective Date: This bill takes effect immediately.

Part B – Make tax shelter reporting provisions permanent.

Purpose: This bill makes permanent disclosure and penalty provisions relating to transactions that present the potential for tax avoidance in order to deter the use of tax shelters.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

The bill amends Section 12 of Part N of Chapter 61 of the Laws of 2005 relating to the effective dates of tax shelter disclosure and penalty provisions added to the Tax Law by Part N. The proposed amendment to section 12 makes these tax shelter provisions permanent by removing the sunset date in that provision, which is set to expire on July 1, 2011. The amendment would also remove the requirement for the Commissioner of Taxation and Finance to prepare a report on the tax shelter law by April 1, 2007, since that report has already been prepared and submitted.

In 2005, the Tax Law was amended to provide new reporting requirements with respect to the disclosure of information relating to transactions that present the potential for tax avoidance (tax shelters). These reporting requirements are similar to the tax shelter disclosure requirements for federal income tax purposes. Separate reporting requirements are imposed on those who utilize tax shelters and those who promote the use of tax shelters. The amendments also imposed penalties for nondisclosure, extended the statute of limitations for assessments relating to these transactions, and created a Voluntary Compliance Initiative to allow taxpayers to report and pay underreported tax liabilities and interest attributable to these transactions with a waiver of penalties. The authority for the Department to require the reporting and disclosure of Federal and New York reportable and listed transactions was originally scheduled to expire on July 1, 2007, but was extended by chapter 60 of the laws of 2007 and chapter 57 of the laws of 2008, so that it now expires on July 1, 2011.

In December 2006, the Department of Taxation and Finance adopted regulations that define a New York reportable transaction for purposes of Articles 9, 9-A, 22, 32, and 33 of the Tax Law and set forth the disclosure requirements for participants in a New York reportable transaction. In addition, in a memorandum dated June 13, 2007, the Tax

Department identified a specific New York Listed Transaction concerning certain charitable contribution deductions.

Significant Voluntary Compliance Initiative participation from taxpayers acknowledging participation in abusive tax shelters, together with the ongoing discovery of new shelter schemes on both the Federal and the State levels, shows a clear need to continue requiring disclosure by New York taxpayers of that participation.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget, because it preserves $5 million in annual revenue currently in the State Financial plan.

Effective Date:

This bill takes effect immediately.

Part C – Provide the Department of Economic Development with continuing authority to monitor Empire Zone Program compliance and to decertify non-complying businesses.

Purpose:

This bill amends the Tax Law to make clear that firms that are decertified by the Department of Economic Development after July 1, 2010 shall be denied tax credits.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

The Department of Economic Development (DED) is responsible for the continued administration and performance monitoring of businesses for taxable years succeeding the Empire Zone sunset of June 30, 2010. This bill clarifies that if DED decertifies a business, the business would not continue to qualify for Empire Zone benefits under the Tax Law.

Under the law in effect prior to June 30, 2010 DED had the authority to monitor the performance of businesses and decertify businesses that failed to report or meet its performance objectives. This bill continues that authority beyond the Program sunset of June 30, 2010.

This bill makes clear that DED is able to effectively decertify a business that failed to report or meet the performance objectives stated in its application, and upon which its certification was based.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget as it preserves current revenue by ensuring the continued performance monitoring of the over 7,500 businesses that remain in the Empire Zone Program.

Effective Date:

This bill takes effect immediately.

Part D – Authorize an offset of lottery winnings with outstanding State tax liabilities.

Purpose:

This bill permits the crediting of lottery prizes exceeding six hundred dollars against prize winners' liabilities for taxes owed to New York.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

Lottery winners should not be expected to take their winnings without settling past-due debts, including tax liabilities, owed New York State. This bill provides a simple and cost-effective method of collecting tax liabilities from lottery prizes. The names of tax debtors submitted to the Division of the Lottery (Lottery) would include those against whom a warrant, a public record serving as a judgment, had been filed, as well as those whose tax liabilities have not yet been warranted but are legally fixed, final and not subject to further administrative or legal review.

This bill adds a new Tax Law § 1613-c to authorize offsets of lottery prizes exceeding six hundred dollars against past due tax liabilities of those prize winners. Where Lottery has been notified of a prize winner's liability for past-due support or for public assistance benefits under Tax Law §§ 1613-a and 1613-b, offsets for support or recovery of public assistance would be accorded priority over a tax liability.

The bill's provisions would be implemented by an agreement between the Director of the Lottery and the Commissioner of Taxation and Finance which would detail procedures for effecting offsets through computerized matching of tax liabilities against the names of prize winners as well as provide reimbursement to Lottery for the cost of carrying out such procedures.

The bill authorizes the Tax Department to disclose to Lottery the names of tax debtors whose liabilities are fixed, final, not subject to further administrative or legal review, but which have not yet been publicly revealed in a filed tax warrant, which is a public document serving as a judgment.

Current law does not specifically require the crediting of past due tax liabilities against Lottery prizes. Although a division of the Department of Taxation and Finance, the Division of the Lottery is nonetheless separately administered. Its officers and employees are not part of the Department of Taxation and Finance's payroll, and therefore, under the Tax Law's secrecy provision, (*e.g.*, Tax Law §§ 697[e], 1146) the Tax Department, is not permitted to disclose names of those whose tax debts have not yet been warranted to Lottery personnel.

Budget Implications: Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it would increase tax collections by $5 million in fiscal year 2011-12, and $10 million annually thereafter.

Effective Date: This bill takes effect on the first day of August next succeeding the date on which it becomes a law.

Part E – Extend the financial services investment tax credit to certain broker-dealers for four years from October 1, 2011 to October 1, 2015.

Purpose:

This bill extends for four years the investment tax credit for certain financial services taxpayers.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

The financial services investment tax credit provisions have encouraged taxpayers in the financial services industry to make investments in qualifying property, including buildings, in New York State. Thus, an extension of the credit for four years is appropriate.

Section 1 of the bill extends the end date of the period during which qualifying property may be placed in service to qualify for the investment tax credits applicable to financial services taxpayers under Tax Law Articles 9-A, 22 and 32 from October 1, 2011 to October 1, 2015.

Section 2 of the bill extends the end date for the period during which qualifying property may be placed in service to qualify for the investment tax credit applicable to financial services taxpayers under Tax Law Article 33 from October 1, 2011 to October 1, 2015.

First enacted in 1998 for Articles 9-A, 22 and 32, and in 2000 for Article 33, the financial services investment tax credit is provided to taxpayers for qualifying property that is principally used in the ordinary course of the taxpayer's trade or business as a broker or dealer in connection with the purchase or sale of stocks, bonds or other securities.

These provisions also allow an investment tax credit for property that is principally used in the ordinary course of the taxpayer's trade or business of providing investment advisory services for a regulated investment company (i.e., a mutual fund) or lending, loan arrangement or loan origination services to customers in connection with the purchase or sale of securities. Taxpayers do not qualify for the credit unless all or a substantial portion of the employees performing the administrative or support functions related to the use of the property (i.e., the back office personnel) are located in the State. The credit has always been temporary. It was last extended in 2008 to provide that the property must be placed in service before October 1, 2011 to qualify for the investment tax credit.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget. The annual revenue foregone due to the extension of this tax credit is already included in the State Financial Plan.

Effective Date:

This bill takes effect immediately and would apply to property placed in service before October 1, 2015.

Part F – Authorize additional credits of $4 million for the Low-Income Housing Credit.

Purpose:

This bill increases the aggregate amount of low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate.

Summary of Provisions, Existing Law, Prior Legislative History, and Statement in Support:

The bill amends Public Housing Law § 22 to increase the aggregate amount of low-income housing tax credit the Commissioner may allocate from $28 million to $32 million. Current statute provides for total allocation authority of $28 million.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget. However, the annual revenue foregone due to the increase in credit is already included in the State Financial Plan.

Effective Date:

This bill takes effect immediately.

Part G – Improve the effectiveness of the Excelsior Jobs Program.

Purpose:

This bill improves the effectiveness of the Excelsior Jobs Program (the Program) by enhancing the existing tax credits available to applicants and adding an energy incentive to the program.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

To increase incentivizes for the creation of new jobs and investments in New York, this bill strengthens the Excelsior Jobs Program by extending the current tax benefit period from five to ten years and offering an enhanced package of tax credits by:

1) Revising the formula for the Excelsior Jobs Tax Credit to be based upon the projected income tax receipts to New York State for each net new hire, and basing the jobs credit on the product of the gross wages paid and 6.85 percent (the State's highest income tax rate after 2011);

2) Providing that, under the revised formula, the jobs credit will not be lower than current law at any salary level.;

3) Removing the $5,000 cap on the jobs credit;

4) Increasing the Excelsior Research & Development (R&D) Tax Credit to be equal to 50 percent of the taxpayer's actual federal research and development credit and capping the credit at three percent of R&D expenditures;

5) Basing the Excelsior Real Property Tax Credit on the value of a property after improvements have been made in order to increase the incentive for businesses to invest in property, plant and equipment;

6) Allowing participants in the Program to access existing New York State research and development tax credits in addition to the Excelsior tax credits; and

7) Authorizing utilities to offer discounted gas or electric rates to participants in the Program.

The bill also makes various administrative changes that make the program more responsive to eligible firms, in particular ensuring that applicants may receive benefits upon reaching interim milestones.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-12 Executive Budget. There is no change to the Financial Plan from this bill through SFY 2016-17. The Financial Plan impact of the extension of the benefit period from five years to ten years begins in SFY 2017-18.

Effective Date:

This bill takes effect immediately.

Part H – Limit the exemption provided for town or county cooperative insurance corporations under the Insurance Franchise Tax.

Purpose:

This bill limits the exemption from the franchise tax on insurance corporations for certain town or county cooperative insurance corporations in order to prevent unfair competition.

Statement in Support, Summary of Provisions, Existing Law and Prior Legislative History:

The Tax Law currently exempts from taxation town and county co-operative insurance companies that were in existence before 1937. These companies originally were formed by persons desiring to provide insurance on a co-operative basis in a specified geographic area (e.g., one or more towns, or one to three adjoining counties) in order to provide only certain types of insurance, such as fire insurance. However, over the years, their authorization has been enveloped into broader authority under the Insurance Law, enabling these companies to expand both their geographic reach and the types of insurance they offer. As a result, some of the town and county co-operative insurance companies currently exempt from taxation have expanded their business significantly beyond what was originally contemplated when the exemption was enacted. These companies are competing with other property and casualty companies doing business in New York State, yet they have an unfair advantage because they pay no State franchise tax. This bill is intended to level the playing field for large co-operative insurance corporations and other property and casualty companies, and limit the exemption to those companies whose operations are more closely aligned with the original intent of the exemption.

The bill amends the exemption for town and county co-operative insurance corporations in Tax Law § 1512(a)(7) to provide that the exemption will apply only to corporations that properly reported direct written premiums to the Superintendent of Insurance of $25 million or less for the taxable year.

Tax Law § 1512(a)(7) now provides an exemption to a town or county co-operative insurance corporation "as heretofore contemplated" by Tax Law § 187 in effect immediately before January 1, 1974. The legislative history of this exemption shows that it applied only to town and county cooperative insurance companies in existence prior to 1937 (which is when the "heretofore contemplated" language was added to the statute).

Budget Implications:

Enactment of this bill is necessary to implement the 2011-12 Executive Budget as it would increase revenue by $22 million in SFY 2011-12 and $16 million annually thereafter.

Effective Date:

This bill takes effect immediately and applies to taxable years beginning on or after January 1, 2011.

Part I – Conform the New York State Insurance and Tax laws to the Federal Dodd-Frank Act excess lines tax provisions and authorize New York State to participate in a national compact that collects and remits excess lines taxes to the states.

Purpose:

This bill brings New York's excess line premium tax and tax on independently procured insurance into conformance with the Federal Dodd-Frank Wall Street Reform and Consumer Protection Act, including the Nonadmitted and Reinsurance Reform Act of 2010, and allows New York to enter into the Nonadmitted Insurance Multi-State Agreement (NIMA) prepared by the National Association of Insurance Commissioners.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

The Federal Dodd-Frank Wall Street Reform and Consumer Protection Act, including the Nonadmitted and Reinsurance Reform Act of 2010 (NRRA) contained in that Act, changes our current taxation of surplus lines (or excess lines) and independently procured insurance by giving the "home state" of the insured the sole authority to regulate and collect taxes on these transactions. NRRA also gives states the ability to

enter into a compact to allocate among the compact member states premium taxes on surplus lines and independently procured insurance.

Section 1 of the bill amends Insurance Law § 1101(b)(1) to make a conforming change to match the revisions provided for in section 3 of the bill.

Section 2 of the bill amends Insurance Law § 1101(b)(2)(H) to include section 2117(j) as a section under which transactions with respect to insurance contracts negotiated or placed shall not constitute the doing of an insurance business if effected by mail from outside New York by an unauthorized foreign or alien insurer.

Section 3 of the bill amends Insurance Law § 1101(b) by adding a new paragraph (6) that states that the making of a swap shall not constitute the doing of an insurance business in New York, and that "swap" has the meaning as set forth in 7 U.S.C. § 1a.

Section 4 of the bill amends Insurance Law § 2101 by adding a new subsection (w), which sets forth the definition of "state," and a new subsection (x), which sets forth certain definitions with respect to excess line insurance and excess line brokers.

Section 5 of the bill amends Insurance Law § 2101(c) by adding a new paragraph (9) that excludes from the definition of "insurance broker" a person who is not a resident of New York who sells, solicits, or negotiates a property/casualty insurance contract to or for an insured, with regard to an unauthorized insurer, provided that (1) the insured's home state is a state other than New York; (2) the person is otherwise licensed to sell, solicit, or negotiate excess line insurance in the insured's home state; and (3) the person does not perform the diligent search required by Insurance Law § 2118.

Section 6 of the bill amends Insurance Law § 2101 to change the definition of "insurance producer" set forth in Insurance Law § 2101(k) in the same manner as the amendments to the definition of "insurance broker" in section 5 of the bill.

Section 7 of the bill amends Insurance Law § 2102(a)(1) by adding a new subparagraph (B) to prohibit a person, firm, association, or corporation from acting as an excess line broker in New York without having authority to do so by virtue of a license issued and in force pursuant to Insurance Law § 2105, provided, however, that a person shall not be required to be licensed to act as an excess line broker when the insured's home state is a state other than New York and such person is otherwise licensed to sell, solicit or negotiate excess line insurance in the insured's home state.

Section 8 of the bill amends Insurance Law § 2105(a) to remove the reference to being domiciled or maintaining an office in New York, with respect to the issuance of an excess line broker license.

Section 9 of the bill amends Insurance Law § 2117 by adding a new subjection (j), which states that notwithstanding section 2117(a), a person who is not a New York resident may sell, solicit, or negotiate a property/casualty insurance contract to or for an

insured, with respect to an unauthorized insurer, provided that (1) the insured's home state is a state other than New York; (2) the person is licensed to sell, solicit, or negotiate excess line insurance in the insured's home state; and (3) either the person is licensed as an insurance broker in New York or the person does not perform the diligent search required by Insurance Law § 2118.

Section 10 of the bill amends Insurance Law § 2118(b)(1) to reduce from 45 to 30 the number of days within which an excess line broker must submit the declarations page or cover note of an excess line policy after the policy is procured.

Section 11 of the bill amends Insurance Law § 2118(b)(3) by adding a new subparagraph (F), which states that an excess line broker seeking to procure or place insurance in New York for an exempt commercial purchaser is not required to satisfy any New York requirement to make a due diligence search to determine whether the full amount or type of insurance sought by the exempt commercial purchaser can be obtained from authorized insurers if: (1) the excess line broker procuring or placing the excess line insurance has disclosed to the exempt commercial purchaser that the insurance may or may not be available from the authorized market that may provide greater protection with more regulatory oversight; and (2) the exempt commercial purchaser has subsequently requested in writing that the licensee procure or place the insurance from an unauthorized insurer.

Section 12 of the bill amends Insurance Law § 2118(d)(1) to remove language providing for allocation of premium tax, and to add new language that sets forth the premium tax that an excess line broker must pay if the Superintendent of Insurance ("Superintendent") enters into a nonadmitted insurance multi-state agreement ("NIMA").

Section 12 of the bill also amends Insurance Law § 2118(d)(3) to change the date by which premium taxes are due from March 15 of each year, to quarterly on February 15, May 15, August 15, and November 15 of each year.

Section 13 of the bill amends Insurance Law § 2130(a)(5) to change the date by which the Excess Line Association of New York ("ELANY") must prepare and deliver to each excess line broker and to the Superintendent the reports of excess line business from annually to quarterly on February 7, May 7, August 7, and November 7 of each year.

Section 14 of the bill adds a new § 2138 to the Insurance Law granting the Superintendent the authority to enter into NIMA on behalf of New York, in consultation with the Commissioner of Taxation and Finance (the "Commissioner"); adopt by regulation the premium tax allocation schedule set forth in NIMA if the Superintendent enters into NIMA; and withdraw from NIMA if the Superintendent, in consultation with the Commissioner, determines that NIMA is no longer in the best interests of the people of New York.

Section 15 of the bill amends Insurance Law § 9102 by repealing subsections (b) and (c) to remove a provision regarding premium tax allocation.

Section 16 of the bill adds a new General Municipal Law § 25, which states that notwithstanding Insurance Law § 2118(b)(3)(F), a municipality with a population of less than 100,000 persons may not request that an excess line broker procure or place insurance from an unauthorized insurer unless the excess line broker obtains the declinations required by Insurance Law § 2118(b).

Section 17 of the bill amends Tax Law § 171-a(1) to allow the Commissioner to deviate from standard procedure in collecting and depositing taxes on independently procured insurance, so that this tax can be paid to the clearinghouse contemplated by NIMA. The portion owing to New York would thereafter be remitted by the clearinghouse to the State.

Section 18 of the bill updates the definition of the term "taxable insurance contract" in Tax Law § 1550(c) to correspond with NRRA so that the tax on independently procured insurance is no longer restricted to policies that cover risks in New York.

Section 19 of the bill amends the definitions in Tax Law § 1550 to include the definition of "home state" used in NIMA.

Section 20 of the bill amends Tax Law § 1551 to limit the imposition of the tax on independently procured insurance to persons whose home state is New York, and allows for New York to tax risks located in other states at the other states' tax rates under the terms of a multi-state agreement.

Section 21 of the bill amends Tax Law § 1552 to provide that if New York enters into NIMA that premiums for risks both within and without the state will be allocated in accordance with NIMA's formula, and specifies that taxes collected on behalf of states which have not entered into a multi-state agreement will be retained by New York if New York is the home state. This would also mean that if New York has not entered into any multi-state agreement, all taxes would be retained by New York if it is the home state.

Section 22 of the bill amends Tax Law § 1554 to allow for an exception to the normal requirements for filing returns if New York enters into a cooperative agreement under the NRRA.

Section 23 of the bill amends Tax Law § 1555 to allow information to be shared under any cooperative agreement New York enters into with other states.

Section 24 of the bill amends Tax Law § 1556 to grant the Superintendent the authority to enter into NIMA on behalf of New York in consultation with the Commissioner; adopt by regulation the premium tax allocation schedule set forth in NIMA if the Superintendent enters into NIMA; and withdraw from NIMA if the Superintendent, in consultation with the Commissioner, determines that NIMA is no longer in the best interests of the people of New York.

Section 25 of the bill amends Tax Law § 1557 to allow for deposits of taxes on independently procured insurance to be made according to the cooperative agreement.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget as it preserves current revenue. Failure to enact this legislation will result in a decrease in New York State's tax receipts.

Effective Date:

Section 26 of the bill states that the bill takes effect on July 21, 2011, except that sections 1, 2, and 3 of the bill take effect on July 16, 2011 and sections 14 and 24 take effect immediately. It further requires that excess line brokers make the payments required by Insurance Law § 2118(d) to the Superintendent on or before September 19, 2011 for the taxes on the policies procured by the excess line brokers between January 1, 2011 and July 20, 2011.

Part J – Extend Gramm-Leach Bliley provisions for two years and make Bank Tax Extender permanent.

Purpose:

This bill makes the provisions of the New York State and New York City bank taxes dealing with the taxation of commercial banks permanent and extends the transitional provisions concerning the enactment and implementation of the federal Gramm-Leach-Bliley Act for two years.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill makes permanent the provisions concerning the New York State and New York City taxation of commercial banks which were first added to the bank tax in 1985. In addition, the bill makes permanent the provisions concerning the bad debt deduction and the allocation of net gains and other income from trading and investment activities for commercial banks for New York State and New York City franchise tax purposes which were added in 1987 and 1988, respectively.

Further, the bill extends the transitional provisions in the State and City bank taxes relating to the enactment and implementation of the federal Gramm-Leach-Bliley Act for two additional years through and including 2012. This federal act eliminated many of the prohibitions against the affiliation of banks, insurance companies and securities firms.

In 1985, significant changes were made to the franchise tax on banking corporations under the Tax Law and the Administrative Code of the City of New York. Many of those amendments, however, were made subject to a sunset provision providing that they would no longer be effective as to commercial banks for taxable years beginning on or after January 1, 1990. This sunset provision has been extended numerous times since 1990, and currently these provisions are set to expire for taxable years beginning on or after January 1, 2011. In addition, in order to prevent a windfall to New York, New York State as part of the Business Tax Reform and Rate Reduction Act of 1987 decoupled from the changes made by the Federal Tax Reform Act of 1986 with regard to the bad debt deduction. The Act also clarified how the portion of net gains and other income from trading and investment entities are allocated to New York. Both of these changes were also made to the New York City Administrative Code in 1988. These amendments were subject to the same sunset as the 1985 amendments and are currently scheduled to expire on January 1, 2011.

Starting in 2000, transitional provisions were added to both the Tax Law and the New York City Administrative Code relating to the Federal Gramm-Leach-Bliley Act which removed the prohibition against the affiliation of banks, securities firms and insurance companies. These transitional provisions were intended to provide some certainty to banks and securities firms in relation to their taxable status under the New York State and New York City taxes as they exercised the expanded powers provided at the federal level. They are also currently set to expire for taxable years beginning on or after January 1, 2011.

Making permanent the bank tax provisions and providing a two-year extender for the Gramm-Leach-Bliley Act transitional provisions provides filing and accounting continuity for business taxpayers, while allowing for the potential introduction of more comprehensive corporate tax reform in the future.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget as it preserves current revenue.

Effective Date:

This bill takes effect immediately.

Part K – Modernize certain fuel definitions.

Purpose:

This bill updates the manner in which diesel motor fuel is classified for purposes of the taxes imposed on diesel motor fuel under the Tax Law.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

Presently, the taxation of diesel motor fuel is dependent upon whether it is considered "enhanced" or how it is labeled. Under current law, "enhanced" diesel motor fuel is taxed on its "first sale" in the State. As the "enhanced" diesel product moves down the distribution chain the taxes are embedded in the price paid by subsequent purchasers. The final consumer bears the statutory incidence of the tax. The purpose of this taxation method is to minimize the risk of tax evasion by collecting the tax at the top of the distribution chain in the State.

However, changes to the federal government's fuel tax structure, including a fuel terminal based tax with dyed diesel fuel rules, and EPA regulations limiting sulfur content in diesel fuels, have driven changes in the petroleum marketplace regarding the labeling and invoicing for sale of diesel fuel product. In addition, and most significantly, a new State law (Chapter 203 of Laws of 2010), requires that all heating oil sold in this State, effective July 1, 2012, contain no more than 15 parts per million (PPM) in sulfur content. This is the same low sulfur standard required by federal rules for highway diesel fuel and current New York requirements for "enhanced" diesel motor fuel.

Currently, New York State Tax Law does not acknowledge these marketplace changes. The industry labeling of fuel as "diesel fuel" or "number 1 diesel fuel" or "number 2 diesel fuel" applies to almost all diesel entering the State, with the exception of heating oil. The above diesel labels are used in New York State's current statutory definition for highway destined fuel, but these terms are no longer useful in delineating differences between diesel fuel used in highway vehicles and fuel used for manufacturing, farming, electric generation, and construction purposes.

In fact, the only delineator between highway and off-highway uses of diesel fuel in either chemical composition or sales invoice labeling is the injection of red dye into the fuel as it leaves the fuel terminal to be delivered for retail sale. This dyeing requirement, imposed under the federal taxing system, is now the sole distinction between intended highway and non-highway uses for diesel fuel in the fuels marketplace. Because New York State does not piggyback on the federal dyed fuel taxing system, the injection of red dye does not change the tax treatment of the fuel under State law. This situation is causing numerous problems for the petroleum industry, their customers, and the Tax Department, because the State's motor fuel tax, petroleum business tax (PBT) and pre-paid sales taxes are now being applied to diesel fuel intended for non-highway uses that are either fully or partially exempt from tax.

For example, manufacturers and electric generators who purchase diesel fuel are no longer eligible for PBT exemptions under the current definitions. Also, due to outdated statutory definitions related to the taxation of diesel motor fuel, New York farmers are facing tax-induced "cash flow" problems because they must pay the State's highway fuel taxes when they purchase diesel fuel for farm use, a tax-exempt purpose. New

York farmers must then apply to the Department for a refund. The time for which they must await such a refund can exceed two months.

Moreover, if no action is taken to change New York's diesel fuel tax definitions before July 2012, the recently enacted 15 PPM sulfur content requirement for all heating oil sold in the state, roughly 1.4 billion gallons of number two heating oil sold in the State annually, would initially be subject to the State's highway diesel fuel taxes, even though residential heating fuel is exempt from State taxes. Because this diesel fuel used for heating will initially be taxed, under the new law many consumers will likely find themselves in the same position farmers are in now, facing tax-induced "cash flow" problems. That is, homeowners will have to pay the State's highway fuel taxes when they purchase diesel fuel for heating use, an exempt purpose, and then apply to the Department for a refund. On average, the heating oil bill for two million households would be increased by approximately $160 when the highway fuel taxes are embedded in the price.

This bill changes the statutory definitions related to taxation of diesel motor fuel. As noted above, taxation of diesel motor fuel is currently based upon whether the diesel motor fuel is "enhanced." It removes the concept of "enhancement" from the Tax Law, and amends the Tax Law to incorporate the federal dyeing rules. This bill creates two categories of diesel motor fuel: non-highway diesel motor fuel and highway diesel motor fuel. Non-highway diesel motor fuel would be defined as any diesel motor fuel that is designated for use other than on a public highway and dyed in accordance with the federal regulation for dyeing diesel motor fuel. Highway diesel motor fuel would be defined as any diesel motor fuel that is not non-highway diesel motor fuel. The definition of automotive fuel is repealed in Article 12-A because Articles 12-A and 13-A now use the terms "motor fuel" and "highway diesel motor fuel" in place of the term "automotive fuel" to simplify the terms being used and to eliminate confusion with other articles of the Tax Law.

The bill amends the definition of motor fuel to include E85 and fuel grade ethanol. The definition of E85 is amended to more appropriately describe it as a fuel blend consisting of ethanol that meets the ASTM International active standard D5798 for fuel ethanol. This would allow all motor fuel that was intended to receive tax exemptions to qualify regardless of the technical aspects of the fuel definition. Existing law defines E85 as consisting of 85 percent ethanol and the remainder of which is motor fuel. However, E85 producers adjust the distribution based upon seasonal temperature changes, which may cause the ethanol percentage to fall below 85 percent. This causes ambiguity about whether the exemption applies. The amended definition eliminates this ambiguity.

The definitional changes noted above result in a change in how diesel motor fuel is taxed. As a result, amendments to the Tax Law with respect to the Department's administration of the diesel motor fuel tax are necessary. For instance, amendments to registration, recordkeeping and penalties are necessary to incorporate the new defined terms.

Accordingly, Article 12-A related to taxation of automotive fuels, and Article 13-A related to taxation of petroleum products are amended to update the tax structure therein in accordance with the new definitions.

Article 21, related to the highway use tax, is amended to make a conforming change in order to continue to register all fuel carriers including carriers of non-highway diesel motor fuel.

Article 28, the sales and compensating use tax, is amended to change the references to automotive fuel to petroleum product to avoid confusion with the use of that term as defined in Article 12-A and 13-A and in order to avoid the unintended consequence of changing the sales tax base.

Article 37, related to crimes and other offenses as well as seizures and forfeitures, is amended to conform to the definitional changes made to the diesel fuel tax structure and to add a seizure provision for diesel motor fuel which would parallel the existing seizure provisions that already exist for motor fuel.

Conforming changes are made to sections of the Criminal Procedure Law that were necessitated by the definitional changes made in Article 28. Also, various provisions of the Tax Law and the New York City Administrative Code are repealed because they are either outdated or have expired.

Finally, the current tax rates are codified into statute as a starting point for indexing these rates.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it prevents an unintended tax increase.

Effective Date:

This bill takes effect September 1, 2011, and applies to sales made and uses occurring on and after that date in accordance with the applicable transitional provisions in sections 1106 and 1217 of the Tax Law.

Part L – Extend the alternative fuels tax exemptions for one year.

Purpose:

This bill clarifies the definition of E85 and extends the sunset for the tax exemptions for alternative fuels, including E85, compressed natural gas (CNG), hydrogen, and B20 from September 1, 2011 to September 1, 2012.

Statement in Support, Summary of Provisions, Existing Law and Prior Legislative History:

Extending the exemptions for alternative fuel continues to provide an incentive for the use of these products.

This bill amends the definition of E85 to more appropriately describe it as a fuel blend consisting of ethanol and motor fuel, which meets the American Society for Testing and Materials (ASTM) International active standard D5798 for fuel ethanol. This allows all motor fuel that was intended to receive the tax exemptions to qualify regardless of technical aspects of the fuel definition.

Additionally, this bill extends the sunset date for the exemptions in the Tax Law for alternative fuels from September 1, 2011 to September 1, 2012. Unless this sunset date is extended, the Tax Law will no longer allow full exemptions for E85, CNG, and hydrogen, and partial exemptions for B20 from the motor fuel taxes (Article 12-A), the petroleum business taxes (Article 13-A), fuel use taxes (Article 21-A) and State and local sales and compensating use taxes (Articles 28 and 29).

Existing law defines E85 as consisting of 85 percent ethanol, the remainder of which is motor fuel. Although commonly known as E85, the ethanol percentage can fall below 85 percent due to seasonal temperature changes that necessitate different blends. The amended definition clarifies that the exemption is intended to accommodate the industry practice just described.

Existing law includes an exemption for E85, CNG and hydrogen, and a partial exemption for B20. This exemption is set to sunset on September 1, 2011.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it would provide tax relief of $1.5 million in 2011-12 and 2012-13.

Effective Date:

This bill takes effect immediately.

Part M – Simplify the distribution of Motor Vehicle fees.

Purpose:

This bill simplifies the distribution of motor vehicle receipts by clarifying that all "taxes and fees now deposited into the general fund" include fines, assessments and other monies received pursuant to the Vehicle and Traffic Law.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

Since 2006, $169.4 million of non-dedicated motor vehicle taxes and fees have been directed to the Dedicated Funds Pool. If there is a surplus, the remainder is directed to the General Fund. If there is a shortfall, revenues from the General Fund are transferred to the Dedicated Funds Pool to cover this shortfall. Currently, the Office of the State Comptroller attributes some non-dedicated motor vehicle receipts, such as fines and assessments, into the General Fund. These non-dedicated receipts are distinct from the taxes and fees categories covered by the current distribution statute.

This bill provides that funds now collected pursuant to the Vehicle and Traffic law, and not otherwise dedicated to another fund, shall be directed towards the Dedicated Funds Pool created by this statute. This would not have a net impact on the General Fund or the Dedicated Funds Pool because the fund will be maintained at $169.4 million and any monies over that amount in the Dedicated Funds Pool will still be transferred to the General Fund and any shortfall in the Dedicated Funds Pool will be covered by the General Fund. This bill would only simplify the current motor vehicle receipt distribution, eliminate cash-flow complexities caused by current law and streamline the accounting process associated with this Dedicated Funds Pool.

This bill amends section 11 of part EE of Chapter 63 of the laws of 2000 by removing the language "taxes and fees" and replacing it with "all motor vehicle receipts."

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget, as it increases General Fund motor vehicle revenues by $78.1 million and decreases General Fund miscellaneous licenses and fees by an equal amount.

Effective Date:

This bill takes effect April 1, 2011.

Part N – Eliminate restrictions on the operation of Quick Draw.

Purpose:

This bill removes *Quick Draw* restrictions: (1) limiting ticket sales to bars and taverns where at least twenty-five (25) percent of gross sales are from food; (2) that require a minimum of 2,500-square-feet for establishments that do not serve alcohol; and (3) that require that a person must be twenty-one years of age to play *Quick Draw* at bars and taverns.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill amends Tax Law §1612(a)(1) to remove restrictions on the locations that can offer the *Quick Draw* lottery game or other keno-style games and a restriction requiring that a person must be twenty-one years of age to play *Quick Draw* at bars and taverns. This bill seeks to increase *Quick Draw* earnings by removing these operational restrictions limiting the locations at which *Quick Draw* may be offered. The restrictions imposed on *Quick Draw* by the 1995 authorizing legislation were experimental. In practice, these restrictions have proved cumbersome and unnecessary, and have substantially reduced the amount of earnings otherwise available from the game. New York is the only state with these limitations on keno-style games.

The 25 percent food sales requirement for businesses serving alcohol is similar to a policy that previously was applied to those same businesses under the Alcoholic Beverage Control Law but which has long since been abandoned as unworkable. The 2,500-square-foot limitation also has the effect of arbitrarily restraining *Quick Draw* sales. Eliminating these restrictions will strengthen the game's ability to produce sales and earnings.

The *Quick Draw* restrictions were intended to protect against the possibility that *Quick Draw* would be abused by players. However, after the initial excitement that accompanied introduction of the game, *Quick Draw* has proved to be no more attractive than other Lottery games. Following the enactment of *Quick Draw* in 1995, the State authorized video lottery gaming, which offers a much faster paced form of gaming. Therefore, the limitations applicable to *Quick Draw* are no longer necessary.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget as it would increase revenue by $10.0 million in SFY 2011-12 and $44.0 million annually thereafter.

Effective Date:

This bill takes effect immediately.

Part O – Authorize a Free Play Allowance Program.

Purpose:

This bill authorizes the Division of the Lottery (Lottery) to administer a free play allowance credit program at video lottery gaming (VLG) facilities, capped at ten percent of net machine income.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill amends Tax Law § 1612(b)(1)(ii) by adding a new subdivision (I) to clarify that free play allowance credits are not included in the calculation of net machine income (NMI) or any distribution of net machine income.

Additionally, the bill adds a new subdivision f to Tax Law § 1617-a to authorize Lottery to administer a free-play allowance credit program capped at ten percent of NMI at each VLG facility in the State. Free play allows a player to play a video lottery game for a specified dollar amount without paying any other consideration. For each facility, Lottery shall authorize the use of free play allowance credits if the VLG agent of such facility submits a written plan for the use of free-play credits that Lottery determines is designed to increase revenue for education. Lottery, in conjunction with the Director of the Budget, may suspend the use of free-play allowance credits if it is jointly determined that the use of the program has not been effective in increasing revenue for education.

Free-play is an accepted promotional tool in the gaming industry. New York's VLG facilities face competition from gaming facilities in other jurisdictions that offer greater levels of free-play either because they have free-play programs, or retain larger percentages of gaming revenue. Pilot free-play allowance credit programs conducted at Tioga Downs and Monticello Gaming and Raceway have been successful at increasing NMI.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it increases revenue by $38 million annually beginning in 2011-12.

Effective Date:

This bill takes effect immediately.

Part P – Allow two additional 75 percent Instant Lottery Games.

Purpose:

This bill allows the Lottery Division to offer an additional two instant games with a 75 percent prize payout annually.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill amends Tax Law § 1612(a)(2) to allow the Lottery Division to offer as many as five instant games in which up to 75 percent of ticket sales receipts may be used for payment of prizes.

Under current law, the Lottery Division may offer as many as three instant games during the fiscal year in which up to 75 percent of ticket sales receipts may be used for payment of prizes.

By permitting the introduction of two additional instant games with such prize payouts, the Lottery Division can further develop the segment of instant gaming that is marketed at a higher price-point (e.g., $30 tickets). This bill will increase the frequency of higher price-point instant game launches to capitalize on the generally greater interest and sales following the introduction of a new game.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget, as the bill increases revenue by an estimated $4 million in SFY 2011-12 and $4 million annually thereafter.

Effective Date:

This bill takes effect immediately.

Part Q – Allow for a higher prize pay-out on multi-jurisdictional Lottery Games.

Purpose:

This bill permits the Lottery Division ("the Lottery") to continue participating in joint, multi-jurisdiction and out-of-state lottery gaming consortiums in the event these entities increase prize payout percentages higher than the amount allowable under existing State law.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill amends Tax Law § 1612(a)(3) to allow the Lottery to use a percentage of ticket sales receipts exceeding 50% for payment of prizes of any joint, multi-jurisdiction and out-of-state lottery if at least two-thirds of the lottery jurisdictions participating in such lottery agree to a prize payout percentage that exceeds 50% of ticket sales.

Existing law limits the amount that the Lottery may use for prize payments for any joint, multi-jurisdiction and out-of-state lottery games to 50% of ticket sales for such games.

Experience indicates that ticket sales increase substantially when jackpots in the *Mega Millions* and *Powerball* multi-jurisdiction lottery games reach elevated levels. For example, recent industry-wide game development discussions, for *Mega Millions* and *Powerball* specifically, have explored prize structure options that could occasionally raise payouts into the 52-53% range. Currently, only New York has a payout limitation lower than this range, which means the Lottery is forced to veto improved game design options that could increase profits. The proposed amendment is expected to result in higher jackpots, which will lead to increased sales and greater profits for aid to education.

Increasing prize payouts for *Mega Millions* and *Powerball* when the consortium of states involved in these games agree, will preserve the State's revenue from multi-jurisdiction lottery games, because New York may no longer be able to participate in *Mega Millions* or *Powerball* absent the ability to raise payout percentages as agreed to by other lottery jurisdictions.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget, as it preserves revenue contained in the State's Financial Plan.

Effective Date:

This bill takes effect immediately.

Part R – Authorize multi-jurisdictional Video Lottery gaming.

Purpose:

This bill permits the introduction of joint, multi-jurisdiction and out-of-state video lottery gaming with the same prize payout percentages as existing video lottery gaming.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill amends Tax Law § 1612 to permit the introduction of joint, multi-jurisdiction and out-of-state video lottery gaming with the same prize payout percentages as existing video lottery gaming.

Authorizing the Lottery Division to offer joint, multi-jurisdiction and out-of-state video lottery gaming will allow the Lottery Division to introduce multi-jurisdiction, wide-area progressive video lottery terminals with higher prize payouts.

It is expected that multi-jurisdiction video lottery games will increase revenue to education because of the growing popularity of progressive jackpot games. A multi-jurisdiction video lottery game will allow for higher jackpot amounts while maintaining the standard prize payout for video lottery games expected by its players.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget as the bill increases revenue by an estimated $2 million in SFY 2011-12 and $3 million annually thereafter.

Effective Date:

This bill takes effect immediately.

Part S – Extend for one year lower Pari-Mutuel tax rates and rules governing simulcasting of out-of-state races.

Purpose:

This bill extends, for a period of one year, various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law which expire during the 2011-12 fiscal year.

Summary of Provisions, Existing Law, Prior Legislative History, and Statement in Support:

Section 1 of the bill amends Racing Law § 1003(a) to extend in-home simulcasting from June 30, 2011 to June 30, 2012.

Section 2 of the bill amends Racing Law § 1007(3)(d)(iii) to extend the current percentage of total pools allocated to purses that a track located in Westchester County receives from a franchised corporation from June 30, 2011 to June 30, 2012.

Section 3 of the bill amends the opening paragraph of Racing Law § 1014(1) to continue the provisions allowing simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is operating from June 30, 2011 to June 30, 2012, and to delay the operation of these provisions in regard to the simulcasting of out-of-state thoroughbred races on all days whether or not the Saratoga thoroughbred track is operating until June 30, 2012.

Section 4 of the bill amends Racing Law § 1015(1) to extend the provisions governing the simulcasting of races conducted at out-of-state harness tracks from June 30, 2011 to June 30, 2012.

Section 5 of the bill amends the opening paragraph of Racing Law § 1016(1) to extend the provisions governing the simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is closed from June 30, 2011 to June 30, 2012.

Section 6 of the bill amends the opening paragraph of Racing Law § 1018 to extend the current distribution of revenue from out-of-state simulcasting during the Saratoga meet through September 8, 2011.

Section 7 of the bill amends § 32 of Chapter 281 of the Laws of 1994 to extend the current amount of off-track betting wagers on New York Racing Association, Inc. (NYRA) pools dedicated to purse enhancement from July 1, 2011 to July 1, 2012.

Section 8 of the bill amends § 54 of Chapter 346 of the Laws of 1990 to extend binding arbitration for disagreements from July 1, 2011 to July 1, 2012.

Section 9 of the bill amends Racing Law § 238(1)(a) to extend the current distribution of revenue from on-track wagering on NYRA races.

Section 10 of the bill amends Racing Law § 1012(5) to extend the authorization for account wagering from June 30, 2011 to June 30, 2012.

The extension of these provisions will maintain the pari-mutuel betting and simulcasting structure that is currently in place in New York State. These provisions were most recently extended in 2010.

Budget Implications:

Enactment of this bill is necessary to implement the 2011-2012 Executive Budget because it maintains the current pari-mutuel betting structure in New York State.

Effective Date:

This bill takes effect immediately.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.