ANNUAL REPORT ON NEW YORK STATE TAX EXPENDITURES

2014-15 STATE FISCAL YEAR

Andrew M. Cuomo
Governor

New York State
Division of the Budget

New York State
Department of Taxation and Finance

TAX EXPENDITURE REPORT

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INTRODUCTION

The twenty-third annual *New York State Tax Expenditure Report* has been prepared by the Department of Taxation and Finance and the Division of the Budget and is submitted in accordance with the provisions of Section 181 of the Executive Law. The Executive Law defines tax expenditures as "features of the Tax Law that by exemption, exclusion, deduction, allowance, credit, preferential tax rate, deferral, or other statutory device, reduce the amount of taxpayers' liabilities to the State by providing either economic incentives or tax relief to particular classes of persons or entities, to achieve a public purpose."

As required by statute, the Report includes:

- An enumeration of the tax expenditures (Section VI) associated with the:

    - Personal Income Tax (Article 22 of the Tax Law)
    - Corporate Franchise Tax (Article 9-A of the Tax Law)
    - Bank Tax (Article 32 of the Tax Law)
    - Insurance Tax (Article 33 of the Tax Law)
    - Corporation and Utility Taxes (Article 9 of the Tax Law, excluding the organization tax imposed under Section 180 of Article 9 of the Tax Law, which the Department of State administers)
    - Sales and Compensating Use Tax (Article 28 of the Tax Law)
    - Petroleum Business Tax (Article 13-A of the Tax Law)
    - Real Estate Transfer Tax (Article 31 of the Tax Law);

- The provisions of law authorizing the tax expenditures, their effective dates, and where applicable, the date that such tax expenditures expire or are reduced (Section VI);

- Estimates (if reliable data are available) of the costs of the tax expenditures for the current taxable or calendar year and the five preceding years[1] (Section VI);

- An analysis of tax expenditure proposals included in the Governor's 2014-15 Executive Budget (Section VIII); and

- Cautionary or advisory notes regarding the use of the Report and data limitations (Section II).

As provided in prior years, the report also includes information that summarizes:

- Federal tax expenditures that "flow through" to New York and impact the Personal Income, Corporate Franchise, Bank and Insurances Taxes (Section X);

- Tax expenditures that appear in more than one Article of the Tax Law, i.e., "Cross-Article Tax Expenditures" (Section VII); and

[1] Section 181 of the Executive Law provides that any information relating to tax expenditures furnished by the Commissioner of Taxation and Finance be furnished in accordance with the secrecy provisions of the Tax Law.

- State legislation enacted in recent years has resulted in the addition, deletion, or modification of various tax expenditure provisions (Section V).

The report also includes the following additional information:

- An illustration of the impact of tax expenditures on tax liability under the Personal Income Tax (Section III);

- A summary of tax expenditures by general policy area (Section IV);

- A glossary of terms used in this report (Section IX).

USE OF THIS REPORT AND DATA LIMITATIONS

As defined by the Executive Law,[2] tax expenditures in this report are defined as "features of the Tax Law that by exemption, exclusion, deduction, allowance, credit, preferential tax rate, deferral, or other statutory device, reduce the amount of taxpayers' liabilities to the State by providing either economic incentives or tax relief to particular classes of persons or entities, to achieve a public purpose." This definition is less subjective than an approach that defines tax expenditures by first defining a normal tax structure because it avoids judgments about what constitutes "normal."

This report does not purport to offer an official list of tax expenditures. Rather, it describes as many tax expenditures as possible and provides revenue estimates for as many provisions as can be isolated and measured. Where applicable data is available, tax expenditure estimates generally cover five historical years. Forecasted estimates project the cost of a tax expenditure as reflected in the Tax Law as it was in effect on January 1, 2014. The forecasted estimates do not reflect changes proposed in the Executive Budget. A description of the Executive Budget Tax Expenditure proposals is included in a separate section of this report. As a result of new or improved information, the estimates may differ from those published in previous reports. The estimates in the report do not reflect the impact of the Metropolitan Transportation Authority (MTA) surcharge, imposed on businesses operating in the Metropolitan Transportation Commuter District (MCTD).

The "cost of a tax expenditure,[3]" or the tax expenditure revenue estimate, is the amount by which a tax expenditure reduces taxpayers' liability to the State for a taxable year or on a calendar year basis if a taxable year basis is not appropriate. The reduction in taxpayer liability is the difference between tax liability under the current Tax Law and tax liability if the particular expenditure did not exist. In the case of certain tax credits, the cost also includes amounts refunded to taxpayers. It is important to acknowledge that each tax expenditure estimate is measured separately and independently of other tax provisions (i.e., other taxes are held constant) and no changes in taxpayer behavior are assumed. Thus, the tax expenditure estimates provided in this report are not equivalent to the impact on the State's Financial Plan if the expenditure were repealed or modified. In addition, since the expenditure estimates are measured separately and independently, individual tax expenditures cannot be summed.

The following table lists the taxes included in this report and the years for which tax expenditure estimates are provided.

	Historical	Forecast
Personal Income Tax	2007, 2008, 2009, 2010, 2011	2014
Corporate Franchise Tax*	2006, 2007, 2008, 2009, 2010	2014
Bank Tax*	2006, 2007, 2008, 2009, 2010	2014
Insurance Tax*	2006, 2007, 2008, 2009, 2010	2014
Corporation and Utilities	2006, 2007, 2008, 2009, 2010	2014
Sales and Use Tax	2007, 2008, 2009, 2010, 2011	2014
Petroleum Business Tax	2008, 2009, 2010, 2011, 2012	2014
Real Estate Transfer Tax	2008-09, 2009-10, 2010-11, 2011-12	2014-15

*Tax year is year with liability period beginning in the respective calendar year.

[2] Section 181(a).
[3] Section 181(b).

Federal Exclusions

The personal income (Article 22), corporate franchise (Article 9-A), bank (Article 32), and insurance (Article 33) taxes are all based, to some extent, on the Federal tax structure. There are provisions in Federal law that reduce the base subject to New York tax because the exclusion flows through to New York law. For example, employer contributions for medical insurance and care are excluded from Federal adjusted gross income. This exclusion flows through to New York which uses Federal adjusted gross income as a starting point for determining New York income. In most cases, New York policymakers have opted to conform to the Federal base for these taxes. Conformity eases administration of the Tax Law while at the same time promoting taxpayer compliance. These items do not constitute tax expenditures in the same sense as provisions specifically designed by New York policymakers to promote economic development or to provide specific tax relief. To focus attention on New York source tax expenditures, Federal exclusions are listed in the Appendix which provides estimates of the revenue foregone by conformity to these provisions.

Reliability of the Estimates

Estimates of the cost of tax expenditures have different levels of reliability based on the accuracy of both the data and the estimation procedure. For all of the taxes, with the exception of the Sales and Compensating Use Tax, the Department of Taxation and Finance assigns the highest category of reliability, Level 1, to estimates based on information from actual tax returns that were verified for accuracy. It assigns Level 2 to estimates based on data files containing unverified or incomplete information from actual tax returns. Neither of these return data sources is augmented with audit information. In Level 3 estimates, average marginal tax rates are applied to aggregate data. This sometimes includes Federal tax return data from the Internal Revenue Service's *Statistics of Income*. Level 4 estimates are based on national tax expenditure estimates made by the Federal Joint Committee on Taxation (JCT) or the Office of Management and Budget (OMB) or are estimates derived from non-tax data sources.

Estimates for most of the Sales Tax expenditures are derived from non-tax data sources. Therefore, a somewhat different reliability scheme is employed with all estimates given the fourth level of reliability. Within this fourth level, the report further categorizes estimates based on the accuracy and suitability of the data sources. Category A estimates use both New York State and industry-specific data. Category B estimates use New York-specific data from industry sources, or national data derived from direct industry information such as industry associations. Category C estimates use data other than state or industry-specific data.

The last level of estimates, Level 5, includes those items for which no reliable data source currently exists.

In some cases the reliability of estimates can change from year to year. This is especially the case for base year and forecast estimates versus historical estimates. For example, provisions previously estimated with either less reliable tax return data or Federal tax information might become Level 1 (highest reliability) if added directly to tax returns and verified for accuracy. This could cause current and projected estimates to differ from historical estimates.

Regardless of data source, the reliability of estimates for the budget year is of distinctly lower quality than that of the historical numbers. The hazards of forecasting generally are exacerbated when point estimates of the value of particular provisions of law are involved. Changes in taxpayer behavior, business organization, and other factors as well as “updating” methodologies can all have profound implications for the estimates of particular provisions in the budget year.

AN ILLUSTRATION OF THE IMPACT OF TAX EXPENDITURES ON PERSONAL INCOME TAX LIABILITY

The following flow chart (Figure 1) provides an illustration of how tax expenditures impact the computation of tax liability under the Personal Income Tax. The (•) reflects components of income that are included in computing tax liability and ∇ reflects tax expenditures that, if applicable to a taxpayer, reduce their tax liability.

New York is one of approximately 28 states that use Federal adjusted gross income (FAGI) as the starting point in calculating their personal income taxes. New York is one of 15 states that automatically conform to changes in FAGI. The additional 13 states conform to FAGI as of a certain point in time.

Figure 1: Calculation of New York Personal Income Tax Liability Tax Year 2014

Federal Gross Income	•	Wages, salaries, bonuses, and tips
	•	Annuities, pensions, and taxable IRA distributions
	•	Dividends received
	•	Taxable interest received
	•	Net business income
	•	Net gain on sales or exchanges
	•	Certain taxable fringe benefits
	•	Net rent, royalty, partnership, or S-corporation income
	•	Prizes
	•	Net farm income
	•	Taxable Social Security
	•	Unemployment compensation
	•	Alimony received
	•	Other income
minus		
Adjustments to Gross Income	•	Self-employed retirement plan contributions
	•	Alimony paid
	•	Income earned abroad
	•	Contributions to individual retirement accounts
	•	Interest forfeited upon premature withdrawals
	•	Employment-related moving expenses
	•	Other Federal exclusions
	•	Other adjustments
equals		
Federal Adjusted Gross Income		
minus		
Negative Modifications	∇	Pension/Annuity exclusion
	∇	Social Security and Tier 1 Railroad Retirement exclusion
	∇	Interest on U.S. obligations
	∇	State and Federal pensions
	∇	Disability income exclusion
	∇	Exclusion of certain dividends
	∇	Accelerated death benefits
	∇	Contributions to NYS college choice tuition savings program
	∇	Deferral of gain from sale on qualified emerging technology investments
	∇	Payments to victims of Nazi persecution
	∇	Militia compensation
	∇	Exclusion for living human organ donors
	∇	Exclusion of compensation for active service in a combat zone
	∇	Small business and/or farm income exclusion
	∇	Exclusion of Wages Received from an employer located in a tax-free New York area
	∇	Exclusion of income attributable to the New York business incubator and innovation hot spot
	∇	Other subtractions
plus		
Positive Modifications	•	Interest on state and local bonds from other states
	•	Public employee retirement contributions
	•	Unqualified withdrawals from college choice savings accounts
	•	Other additions
equals		
New York Adjusted Gross Income		
minus		
Deductions	•	Standard deduction or
	∇	Itemized deductions

minus		
Exemptions	∇	Dependent exemptions
equals		
New York Taxable Income	•	Multiplied by tax rate schedule
yields		
New York Tax Liability Before Credits		
minus		
Credits	∇	Household credit
	∇	Earned income credit
	∇	Child and dependent care credit
	∇	Real property tax credit
	∇	Farmer's school property tax credit
	∇	Investment credit
	∇	Investment credit for financial securities industry
	∇	Accumulation distribution credit
	∇	Empire zone and zone equivalent areas tax credits
	∇	Qualified empire zone credits
	∇	Solar energy system equipment credit
	∇	Credit for employment of persons with disabilities
	∇	Qualified emerging technology company credits
	∇	College tuition credit
	∇	Credit for the purchase of an automated external defibrillator
	∇	Green building credit
	∇	Low income housing credit
	∇	Long-term care insurance credit
	∇	Empire state film and commercial production credits
	∇	Brownfields tax credits
	∇	Nursing home assessment tax credit
	∇	Special additional mortgage recording tax credit
	∇	Security training tax credit
	∇	Empire state child credit
	∇	Enhanced state earned income tax credit for certain non-custodial parents
	∇	Volunteer firefighters and ambulance workers credit
	∇	Biofuel production credit
	∇	Land conservation easement credit
	∇	Rehabilitation of historic properties credit
	∇	Historic homeownership rehabilitation credit
	∇	Clean heating fuel credit
	∇	Excelsior jobs program (EJP) tax credits
	∇	Economic transformation and facility redevelopment program tax credit
	∇	Youth works tax credit
	∇	Empire state jobs retention program credit
	∇	Credit for companies who provide transportation to individuals with disabilities
	∇	Beer production credit
	∇	Credit for alternative fuel vehicle refueling property and electric vehicle recharging property
	∇	Family tax relief credit
	∇	Minimum wage reimbursement credit
	∇	Tax-free New York Area elimination credit
	∇	Hire A Vet credit
	•	Resident credit
equals		
New York Tax Liability After Credits		
∇ Tax expenditure		

IMPACT ON PERSONAL INCOME TAX LIABILITY

SUMMARY OF TAX EXPENDITURES

The Joint Committee on Taxation (JCT) of the U.S. Congress publishes an annual report on Federal Tax Expenditures.[4] One feature of this report is that tax expenditures are presented by Federal budgetary outlay categories.[5] JCT classifies Federal tax expenditures into 12 different outlay categories. This classification allows policymakers to consider tax expenditures in the same policy context as direct expenditures, should they choose to do so. This section of the *New York State Tax Expenditure Report* attempts to provide the same form of data presentation.

The state tax expenditures are listed by the general policy area. The classification scheme utilized for this report attempts to follow – where practicable – the JCT scheme. That is, it is not appropriate to strictly follow the JCT methodology given that the Federal report only provides data on income taxes, whereas New York's report includes many additional taxes (i.e., Bank Tax, Insurance Tax, Corporation Tax, Sales and Use Tax, Petroleum Business Tax, Real Estate Transfer Tax).

In addition, the Federal and New York State governments fulfill different roles in society. The classic example of the difference in their roles is that the Federal government, unlike New York State, makes outlays for the purpose of national defense. Similarly, New York does not typically engage in international affairs. Accordingly, the JCT categories were modified slightly to better represent the various functions of New York State government. The categories for New York State tax expenditures are:

- Government;
- General Science and Technology;
- Energy, Natural Resources, and Environment;
- Agriculture;
- Economic Development;
- Other Business and Commerce;
- Housing;
- Transportation;
- Education and Training;
- Social Services;
- Health;
- Income Security, Social Security, and Railroad Retirement;
- Veterans' Benefits and Services; and
- General Purpose Fiscal Assistance.

In keeping with JCT practice, several individual (personal) income tax expenditures were classified into multiple categories. These specific tax expenditures are the itemized deduction for charitable contributions (found in the Education and Training, Social Services, and Health categories), the itemized deduction for taxes paid (only a portion of which is found in Education and Training and General Purpose Fiscal Assistance), and dependent exemptions (only a portion of which is found in Education and Training). In keeping with this scheme, it was also necessary to classify several Sales and Use Tax expenditures into

[4]Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2013-2016*.
[5] For a discussion of the origins and uses of the Federal budget functions, see U.S. General Accounting Office. *Budget Function Classifications: Origins, Trends, and Implications for Current Use*. GAO/AIMD-98-67. Washington, D.C., February 1998.

multiple categories. These include the exemptions for New York State and its political subdivisions (found in Government and Education and Training) and the exemption for charitable organizations (found in the Education and Training, Social Services, and Health).

Table 1 shows the five largest tax expenditures, in terms of base year estimates (Minimal or larger), for each of the governmental function categories noted above. In two categories, there are less than five tax expenditures: Veterans' Benefits and Services; and General Purpose Fiscal Assistance.

Table 1

Government

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	117	New York State Agencies or Political Subdivisions	2011	638.0
SUT	119	Federal Agencies	2011	352.0
PIT	3	Exclusion of Interest on U.S. Obligations	2011	66.0
PBT	7	Governments	2012	58.2
SUT	126	U.S. Military Post Exchanges	2011	9.0

GENERAL SCIENCE & TECHNOLOGY

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	72	Research and Development Property	2011	65.0
CORP FR	14	Manufacturer and QETC Rate	2010	6.2
PIT	7a	QETC Capital Tax Credit	2011	1.5
CORP FR	8b	QETC Employment Credit	2010	0.4
PIT	7b	QETC Employment Credit	2011	0.1

ENERGY, NATURAL RESOURCES & ENVIRONMENT

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	39	Automotive Fuel Receipts Exceeding Two Dollars Per Gallon	2011	369.0
CORP FR	15	Brownfields Tax Credit	2010	171.6
PBT	8	Residential Heating	2012	171.4
PIT	14	Brownfields Tax Credit	2011	64.1
PBT	3	Crude Oil and Liquid Petroleum Gases	2012	51.3

AGRICULTURE

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	71	Farm Production and Commercial Horse Boarding	2011	73.0
PIT	5	Farmers' School Property Tax Credit	2011	33.5
SUT	33	Fuel, Gas, Electricity, Refrigeration and Steam Used in Farming and Commercial Horse Boarding	2011	13.0
PBT	10	Fuel Used for Farm Production	2012	8.2
CORP FR	6	Farmers School Property Tax Credit	2010	1.1

ECONOMIC DEVELOPMENT

Tax	Item #	Description	Base Year	Amount ($ Millions)
CORP FR	1	Exclusion of Interest, Dividends and Capital Gains from Subsidiary	2010	1,222.3
CORP FR	13a	Empire State Film Production Credit	2010	200.1
CORP FR	5d	QEZE Real Property Tax Credit	2010	131.9
PIT	4d	QEZE Real Property Tax Credit	2011	91.7
CORP FR	1	Investment and Retail Enterprise Tax Credit, Employment Incentive	2010	82.3

OTHER BUSINESS & COMMERCE

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	102	Precious Metal Bullion and Coins	2011	494.0
SUT	73	Machinery and Equipment Used in Production	2011	325.0
PIT	20f	Miscellaneous Deductions Subject to 2 Percent of AGI Limitation	2011	316.0
INSURAN	7	Exclusion from the Premiums Tax of Premiums Written on Certain	2010	205.8
SUT	32	Fuel, Gas, Electricity, Refrigeration and Steam Used in Research &	2011	176.0

HOUSING

Tax	Item #	Description	Base Year	Amount ($ Millions)
PIT	20b	Interest Deduction	2011	1,029.0
SUT	5	Capital Improvement Installation Services	2011	495.0
BANK	18	Low Income Housing Credit	2010	11.8
SUT	91	New Mobile Homes	2011	1.0
PIT	18	Rehabilitation of Historic Properties Credit	2011	0.6

TRANSPORTATION

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	45	Fuel Sold to Airlines	2011	62.0
PBT	2	Bunker fuel	2012	42.9
SUT	52	Tractor-Trailer Combinations	2011	12.0
SUT	54	Commercial Buses	2011	6.0
SUT	18	Food Sold to Airlines	2011	5.0

EDUCATION & TRAINING

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	117	New York State Agencies or Political Subdivisions	2011	638.0
PIT	20e	Taxes Paid Deduction	2011	465.0
PIT	28	College Tuition Credit	2011	254.6
SUT	19	Food Sold at School Cafeterias	2011	124.0
PIT	20c	Charitable Contribution Deduction	2011	76.4

SOCIAL SERVICES

Tax	Item #	Description	Base Year	Amount ($ Millions)
PIT	30	Empire State Child Credit	2011	687.4
PIT	20c	Charitable Contribution Deduction	2011	444.7
SUT	122	Charitable Organizations	2011	420.5
PIT	25	Child and Dependent Care Credit	2011	184.7
SUT	99	Property Sold to Contractors for Capital Improvements or Repairs for Exempt Organizations	2011	96.0

HEALTH

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	27	Drugs, Medicine and Medical Supplies	2011	965.0
SUT	28	Eyeglasses, Hearing Aids and Prosthetic Aids	2011	131.0
PIT	20a	Medical/Dental Deduction	2011	118.0
PIT	20c	Charitable Contribution Deduction	2011	38.2
SUT	122	Charitable Organizations	2011	36.0

INCOME SECURITY, SOCIAL SECURITY & RAILROAD RETIREMENT

Tax	Item #	Description	Base Year	Amount ($ Millions)
SUT	17	Certain Food Products	2011	1,215.0
PIT	23	Earned Income Credit	2011	986.3
PIT	4	Exclusion of Pensions, Annuities, Interest and Lump Sum Payments Received by NYS & Municipal Retirees	2011	787.0
SUT	31	Residential Energy	2011	754.0
SUT	110	Clothing and Footwear	2011	359.0

VETERANS BENEFITS & SERVICES

Tax	Item #	Description	Base Year	Amount ($ Millions)
PBT	11	Not-For-Profit Groups and Veterans Organizations	2012	8.7
SUT	123	Veterans Posts or Organizations	2011	*
SUT	124	Veterans Home Gift Shops	2011	*
PBT	28	Not-For-Profit Groups and Veterans Organizations	2012	*

GENERAL PURPOSE FISCAL ASSISTANCE

Tax	Item #	Description	Base Year	Amount ($ Millions)
PIT	20e	Taxes Paid Deduction	2011	310.0

OTHER

Tax	Item #	Description	Base Year	Amount ($ Millions)
PIT	19	Value of Standard Deductions for Those Returns with Itemized Deductions in Excess of Standard Deduction	2011	1,645.4
SUT	82	Trade-In Allowance	2011	638.0
INSURAN	10	Exemption from Article 33 for Specified Types of Entities Engaged in an Insurance business	2010	326.2
SUT	59	Cable Television Service	2011	280.0
PIT	21	Dependent Exemptions	2011	277.6

RECENT LEGISLATION THAT HAS AFFECTED TAX EXPENDITURES

State legislation enacted in recent years has resulted in the addition, deletion, or modification of various provisions in the report this year. The changes are as follows:

Additions:

- For taxable years beginning on or after January 1, 2014, a new exclusion of small business and/or farm income is available to Article 22 taxpayers. Small business is defined as a sole proprietor or a farm business employing one or more persons during the taxable year that has net business income or net farm income of less than $250,000.

- The START-UP NY Program benefits are available for taxable years beginning on or after January 1, 2014. Benefits include a new exclusion of wages received from an employer located in a START-UP NY area during the first five years of such business's ten year taxable year period to the extent the wages are included in federal adjusted gross income is available to Article 22 taxpayers. Approved Article 9-A and Article 22 businesses located within a START-UP area can also claim a START-UP NY tax elimination credit. Certain new leases of real property, or an assignment of an existing lease, to an approved businesses located in a START-UP NY are also exempt from the real estate transfer tax (Article 31). Finally, effective March 1, 2014, a credit or refund is available for sales tax paid on tangible personal property and certain services purchased by an approved business that is located in a START-UP NY area.

- For taxable years beginning on or after January 1, 2014, a new exclusion of wages received from an employer located in a tax-free New York Area during the first five years of such business's ten year taxable year period to the extent the wages are included in federal adjusted gross income is available to Article 22 taxpayers.

- For taxable years beginning on or after January 1, 2014 and before January 1, 2017 resident taxpayers under Article 22 may claim a refundable family tax relief credit equal to $350. To qualify for the credit the taxpayer must have claimed one or more dependents under the age of 17 on the last day of the tax year, had New York adjusted gross income of at least $40,000 but no greater than $300,000, and had tax less other credits greater than or equal to zero on the return they filed two years prior to the effective date.

- For taxable years beginning on or after January 1, 2013 and before January 1, 2018, a new alternative fuels and electric vehicle recharging property credit is available to Article 9-A, Article 22, and certain Article 9 taxpayers. This credit replaces the Alternative Fuels credit that expired in 2010.

- For taxable years beginning on or after January 1, 2014 and before January 1, 2019, a new minimum wage reimbursement credit is available to eligible employers subject to tax under Articles 9, 9-A, 22, 32, or 33 for wages paid to eligible employees equal to the number of hours worked by eligible employees multiplied by the credit rate. To qualify for the credit, eligible employees must be employed by an eligible employer in New York, paid at the minimum wage rate, be between the ages of 16 and 19 and be a student.

- Employers hiring a qualified veteran to begin employment on or after January 1, 2014 but before January 1, 2016, and employing the qualified veteran in New York State for at least one year and 35 hours each week may claim the hire a vet credit in the tax year in which the qualified veteran completes one year of employment with the taxpayer. The credit may be claimed for tax years beginning on or after January 1, 2015, but before January 1, 2017.

- For taxable years beginning on or after January 1, 2014, the tax rates for qualified New York manufacturers are reduced according to the phase-in schedule below. Tax rates applicable to the entire net income (ENI), capital, and alternative minimum tax (AMT) bases, as well as the fixed-dollar minimum amounts, are reduced. The reduction applies to the rates or the amounts, in the case of the fixed-dollar minimum tax, as they are in effect for tax years beginning on or after January 1, 2013 and before January 1, 2014.

Tax Year Beginning Between:	Rate or Amount Reduction on Each Tax Base
January 1, 2014 and December 31, 2014	9.2%
January 1, 2015 and December 31, 2015	12.3%
January 1, 2016 and December 31, 2017	15.4%
January 1, 2018 and onward	25.0%

- The creation of the New York State Business Incubator and Innovation Hot Spot Support Act to support the growth of companies in the early stages of development authorizes the Empire State Development Corporation (ESDC) to designate five "New York State innovation hot spots" in SFY 2013-14 and an additional five in SFY 2014-15. Qualified entities in innovation hot spots are eligible for certain tax benefits for five taxable years, beginning with the year the entity becomes a tenant in or part of an innovation hot spot. Entities that are general business corporations and located completely within the hot spot are only liable for the fixed dollar minimum tax. Sole proprietors, members of LLCs, partners, and S corporation shareholders of qualified entities can deduct the amount of income or gain attributable to the operations at the hot spot. Qualified entities can also claim a refund or credit for sales taxes imposed on the retail sale of tangible personal property or services provided such property or service is used or consumed by the business at the hot spot. The amendment is effective March 28, 2013.

- Receipts from the sale of water and sewer service line protection programs sold to owners of residential property are exempt from sales tax. The amendment is effective October 21, 2013.

- Motor vehicles purchased in another state by a person while he or she was in the military service of the United States are exempt from tax. The amendment is effective December 18, 2013.

Modifications:

- For tax years 2015 through 2017, the personal income tax brackets provided for in section 601 of the Tax Law and the standard deduction provided for in section 614 of the Tax Law are indexed by a cost of living percentage adjustment.

- The limitation limiting itemized deductions to 25 percent of the federal itemized deduction for charitable contributions for individuals with New York adjusted gross income of more than $10 million is extended to tax years 2013 through 2015.

- The historic homeownership rehabilitation credit, available to Article 22 taxpayers, was enhanced and extended through tax year 2019. The enhancements increase the maximum credit from $25,000 to $50,000 per household, and make the credit refundable for taxpayers with New York adjusted gross income of $60,000 or less.

- The rehabilitation of historic properties credit, available to Article 9-A and Article 22 taxpayers, was enhanced and extended for an additional five years to 100% of the federal credit, up to a maximum of $5 million, through the end of tax year 2019, after which the credit reverts to an equivalent of 30% of the federal credit, up to a maximum of $100,000. The credit is only refundable for qualified rehabilitations placed in service on or after January 1, 2015.

- The New York youth works tax credit, available to Article 9-A and Article 22 taxpayers, was extended through tax year 2017. In addition to capping the original Youth Works credit at $25 million, the credit was expanded and extended to incorporate five separate programs with independent credit allocation caps of $6 million per year for employment beginning during the 2014 calendar year through the calendar year 2017.

- The empire state film production credit and the empire state film post production credit, available to Article 9-A and Article 22 taxpayers, were amended to allocate an additional $2.1 billion in tax credits in installments of $420 million per year in 2015 through 2019, to provide an additional credit equal to 10 percent of the wages or salaries of individuals employed by a qualified film or independent film production company for services performed in specific Upstate New York counties for tax years 2015 through 2019 and to expand the definition of *qualified film* to include a relocated television production.

- Starting in 2015, the amount of the allocation dedicated to the empire state film post production credit, available to Article 9-A and Article 22 taxpayers, increases from $7 million to $25 million annually. Also the post production credit eligibility threshold for visual effects and animation (VFX) is lowered.

PERSONAL INCOME TAX

This section provides revenue estimates of tax expenditures for 84 provisions of the 2014 New York State Personal Income Tax. Tax expenditures are first estimated for the 2011 tax year (the latest year for which historical tax data are available) and then projected to the 2014 tax year. This section also provides historical estimates from 2007 through 2010 for comparison. Table 2 lists the income tax provisions for which estimates exist, and the estimates themselves. To provide some perspective, it also shows total Personal Income Tax liability for the 2011 tax year. The data used to generate the estimates do not include late filed returns, audited returns, or fiduciary returns because no contemporaneous data exist to make the estimates. On average, the sample used to make the estimates covers between 90 and 95 percent of total Personal Income Tax liability.

Description of Tax

The computation of the New York State Personal Income Tax starts with the Federal definition of adjusted gross income as included in the Internal Revenue Code (IRC). The IRC permits certain exclusions and adjustments in arriving at Federal adjusted gross income. New York allows several subtraction modifications and requires certain addition modifications in arriving at New York adjusted gross income (NYAGI). Taxpayers can then reduce their NYAGI by subtracting the higher of the New York standard deduction or New York itemized deductions. New York itemized deductions generally conform to Federal itemized deductions; however, certain modifications, such as an add-back for income taxes, apply. Federal law, to which New York conforms, requires certain high-income taxpayers to further limit itemized deductions. In addition, an overall New York State deduction limitation applies to upper-income taxpayers. New York taxpayers may also subtract from NYAGI a $1,000 exemption for each dependent, not including the taxpayer and spouse.

The above computation determines taxable income. After computing taxable income, taxpayers apply a marginal tax rate schedule to compute their tax. For tax years 2003-2005, the top rate was 7.7 percent on taxable incomes above $500,000 for all filing statuses. For tax years 2006-2008, the top rate returned to the pre-2003 level of 6.85 percent applying to taxable income in excess of $20,000 for single individuals, $30,000 for head of household, and $40,000 for married couples filing jointly. For tax years 2009-2011, the top rate was 8.97 percent on taxable incomes above $500,000 for all filing statuses. In 2012, the top rate was 8.82 percent on taxable incomes over $1,000,000 for single individuals, $1,500,000 for head of household, and $2,000,000 for married couples filing jointly. For tax years 2013 through 2017, the tax brackets are indexed by a cost of living percentage adjustment. In 2014, the top rate remains 8.82 percent on taxable incomes over $1,046,350 for single individuals, $1,569,550 for head of household, and $2,092,800 for married couples filing jointly. If New York adjusted gross income exceeds $100,000, then taxpayers must also compute a supplemental tax that recaptures the tax benefit that results from income being taxed at less than the top marginal rate. Taxpayers may then subtract certain credits in arriving at their actual tax liability. An add-on minimum tax then applies to certain Federal tax preference items.

Many of the effective dates for the income tax items occurred in 1960. The State Personal Income Tax was originally enacted in 1919, but the present system of Federal conformity with respect to income and deductions did not begin until 1960. Therefore, the report uses 1960 as the effective date for the provisions existing since the reorganization of the State's income tax. Many provisions have also been amended since their enactment; however, this report does not provide a detailed legislative history of each item covering the entire intervening time frame.

The descriptive paragraph on each income tax expenditure summarizes the provision as it appears in the Tax Law in effect as of January 1, 2014. It also includes any differences applicable between the 2011 and 2014 tax years. The listing does not include provisions repealed or sunsetted prior to 2014. Also, only tax credits specific to the Personal Income Tax are described here. Descriptions of tax credits available under multiple tax articles are contained in the Cross-Article Tax Credits section of the report

Data Sources

The major sources of data used in this section and the Appendix include:

- 2011 Personal Income Tax Study File — A data file based on a statistical sample of approximately 739,250 New York State Personal Income Tax returns. The sample is weighted to be consistent with income and liability totals for the taxpayer population contained on the New York State Department of Taxation and Finance's master file. Double-checking all sample data ensures accuracy and reliability. This data file is then used in conjunction with a Personal Income Tax simulation model, a set of complex computer programs which simulate the various features of the Tax Law and variations thereof for the years being estimated.

- 2011 Personal Income Tax Population File — A data file based on approximately 9,850,000 Personal Income Tax returns filed in 2012 with the New York State Department of Taxation and Finance. The data represent amounts accepted by the Department's tax return processing system.

- 2011 Federal Statistics of Income (SOI) — An annual statistical report produced by the U.S. Treasury Department. It contains Internal Revenue Service data collected from the Federal tax returns filed by New York residents. Verification of the data for accuracy ensures high data quality. The SOI sample of New York taxpayers contains 26,180 returns.

- Office of Management and Budget (OMB) Federal tax expenditure estimates — OMB's estimates of Federal tax expenditure items listed in this report came from the fiscal year 2014 *Corporate and Individual Income Tax Revenue Loss Estimates for Tax Expenditures*. Historical estimates were based on prior reports.

- U.S. Congressional Joint Committee on Taxation (JCT) Federal tax expenditure estimates — JCT's estimates of Federal tax expenditure items listed in this report came from *Estimates of Federal Tax Expenditures for Fiscal Years 2013-2017*. The JCT publishes this pamphlet annually. Historical estimates are based on prior reports.

Methodology

For estimating tax expenditures in 2014, components of income, modifications, and itemized deductions on the 2011 sample return file are extrapolated to 2014 levels using growth assumptions based on the economic forecast provided by the Division of the Budget during December 2013. This data file is then used with the Personal Income Tax model revised to simulate 2014 tax law.

The Federal Office of Management and Budget and U.S. Joint Committee on Taxation tax expenditure estimates of Federal tax expenditure items are prorated to New York using New York's share of total U.S. personal income and applying New York State effective tax rates.

Tax expenditures with values of less than $0.1 million are indicated with an asterisk.

Table 2
2014 Personal Income Tax Expenditure Estimates
(2011 Total Personal Income Tax Liability = $36,307 Million)
(Millions of Dollars)

Tax Item	History 2007	History 2008	History 2009	History 2010	History 2011	Forecast 2014	Reliability Level
New York Modifications							
1. Pension/Annuity Exclusion	508.9	503.1	427.0	548.4	595.5	657.6	1
2. Exclusion of Social Security and Tier I Railroad Retirement Benefits (Taxable Social Security for Federal Purposes but New York Exempt)	608.2	617.1	614.7	715.7	742.8	875.0	1
3. Exclusion of Interest on U.S. Obligations	217.7	133.1	95.0	70.7	66.0	60.6	1
4. Exclusion of Pensions, Annuities, Interest, and Lump Sum Payments Received by New York State and Municipal Retirees	609.5	607.4	678.1	748.3	787.0	927.4	1
5. Exclusion of Pensions, Annuities, Interest, and Lump Sum Payments by Federal Retirement Systems	122.6	120.9	134.0	147.3	154.0	178.0	1
6. Disability Income Exclusion	N/A	N/A	N/A	N/A	N/A	N/A	5
7. Exclusion of Interest or Dividends on Obligations or Securities of a U.S. Agency	N/A	N/A	N/A	N/A	N/A	N/A	5
8. Exclusion of Interest or Dividend Income on Obligations or Securities Taxable for Federal Purposes but Exempt for New York Tax Purposes	N/A	N/A	N/A	N/A	N/A	N/A	5
9. Exclusion of Accelerated Death Benefits and Viatical Settlements	*	*	*	*	*	*	4
10. Exclusion for Contributions to New York State College Choice Tuition Savings Program	50.3	45.9	50.0	56.6	60.3	59.2	1
11. Deferral of Gain from Sale of Qualified Emerging Technology Investments	*	*	*	*	*	*	4
12. Exclusion of Payments to Victims of Nazi Persecution	*	*	*	*	*	*	4
13. Exclusion of Compensation for Members of an Organized Militia	*	*	*	*	*	*	4
14. Exclusion for Living Human Organ Donors	*	*	*	*	*	*	4
15. Exclusion of Compensation for Service in a Combat Zone for Members of the Armed Services	--	*	*	*	*	*	4
16. Exclusion of Small Business and/or Farm Income	--	--	--	--	--	35.0	4
17. Exclusion of Income Attributable to the New York State Business Incubator and Innovation Hot Spot Support Act	--	--	--	--	--	*	4
18. Exclusion of Wages Received From an Employer Located in a Tax-Free New York Area	--	--	--	--	--	7.0	4
New York Itemized Deductions and Exemptions							
19. Value of Standard Deductions for Those Returns with Itemized Deductions in Excess of Standard Deduction	1,681.5	1,681.4	1,677.5	1,652.9	1,645.4	1,645.1	1
20. Itemized Deductions							
a. Medical/Dental Deduction	114.4	108.0	100.5	113.8	118.0	131.5	1
b. Interest Deduction	1,343.7	1,327.4	1,195.6	1,104.4	1,029.0	971.2	1
c. Charitable Contribution Deduction	686.0	614.1	615.7	561.3	559.3	690.5	1
d. Casualty/Theft Deduction	3.8	6.0	4.9	2.6	10.4	10.4	1
e. Taxes Paid Deduction	735.0	750.0	790.0	771.5	775.0	781.4	1
f. Miscellaneous Deductions Subject to 2 Percent of AGI Limitation	356.9	370.5	300.5	303.7	316.0	305.0	1
g. Other Miscellaneous Deductions	43.4	95.7	41.2	40.1	35.0	32.1	1

	Tax Item	History 2007	2008	2009	2010	2011	Forecast 2014	Reliability Level
21.	Dependent Exemptions	299.4	293.9	304.1	308.8	308.8	311.0	1
New York Credits								
22.	Household Credit	96.7	93.2	95.8	99.6	99.6	93.0	1
23.	Earned Income Credit	858.1	811.1	966.9	943.8	986.3	1,096.0	1
24.	Real Property Tax Credit (Circuit Breaker)	31.0	25.5	23.9	20.2	23.1	22.0	1
25.	Child and Dependent Care Credit	332.3	297.4	245.7	199.6	184.7	180.8	1
26.	Accumulation Distribution Credit[2]	0.1	*	*	0.1	0.1	0.1	1
27.	Solar Energy System Equipment Credit [1,2,4]	2.3	3.2	4.7	7.4	6.4	8.0	1
28.	College Tuition Credit[3]	227.3	247.8	268.3	248.5	254.0	255.0	1
29.	Nursing Home Assessment Tax Credit	11.3	12.3	12.2	12.8	16.3	18.0	1
30.	Empire State Child Credit	660.0	655.2	705.3	694.1	687.4	665.2	1
31.	Enhanced State Earned Income Tax Credit for Certain Non-Custodial Parents	2.1	2.8	4.4	3.5	4.4	4.5	1
32.	Volunteer Firefighters and Ambulance Workers Credit	13.9	13.0	13.4	13.9	15.0	16.0	1
33.	Historic Homeownership Rehabilitation Credit[4]	*	*	*	0.2	0.3	3.0	1
34.	Family Tax Relief Credit	--	--	--	--	--	410.0	1
Cross-Article Credits								
1.	Investment Credit[2,4]	25.7	25.2	17.0	21.3	27.4	30.0	1
2.	Investment Credit for Financial Services Industry[2,4]	0.1	0.5	0.1	0.2	0.1	0.4	1
3.	Special Additional Mortgage Recording Tax Credit[2,4]	19.3	11.2	6.3	4.0	6.6	10.0	1
4.	Empire Zone (EZ), Qualified Zone Enterprise (QEZE), and Zone Equivalent Areas Tax Credit [2,4]							
	a. EZ Investment Tax Credit and Employment Incentive Credit	17.8	12.2	11.7	15.1	13.6	9.8	1
	b. EZ/ZEA Wage Tax Credit	30.0	17.0	17.2	17.8	14.6	10.5	1
	c. EZ Capital Credit	1.5	1.2	0.9	1.5	1.5	1.0	1
	d. QEZE Real Property Tax Credit	100.9	70.7	83.2	86.1	91.7	66.0	1
	e. QEZE Tax Reduction Credit	53.1	29.8	40.9	52.9	52.5	37.7	1
5.	Farmers' School Property Tax Credit	26.0	28.6	29.1	31.2	33.5	35.0	1
6.	Credit for Employment of Persons with Disabilities[2,4]	*	*	*	*	*	*	1
7.	Qualified Emerging Technology Company Credits[2,4]							
	a. QETC Capital Tax Credit	0.5	0.9	0.7	1.0	1.5	2.0	1
	b. QETC Employment Credit	0.2	0.2	0.2	0.2	0.1	0.2	1
8.	Low-Income Housing Credit[2,4]	0.1	0.1	*	*	*	*	1
9.	Credit for Purchase of an Automated External Defibrillator[2, 4]	0.1	*	*	0.1	1.0	0.2	1
10.	Green Building Credit[2,4]	0.3	*	0.2	*	*	0.3	1
11.	Long-Term Care Insurance Credit[2]	63.6	63.9	51.7	71.3	74.7	77.0	1
12.	Empire State Film and Commercial Production Credits							
.	a. Empire State Film Production Credit[2]	5.8	8.3	7.8	8.8	7.7	13.0	1
	b. Empire State Film Post Production Credit	--	--	--	0.0	0.1	1.0	1
	c. Empire State Commercial Production Credit				1.0	0.9	1.0	1
13.	Security Training Tax Credit[2,4]	0.2	*	0.2	0.1	*	0.1	1
14.	Brownfields Tax Credits[4]	88.0	82.3	71.5	7.8	64.1	282.0	1

	History					Forecast	Reliability
Tax Item	2007	2008	2009	2010	2011	2014	Level
a. Brownfield Redevelopment Tax Credit	87.9	81.4	70.3	5.6	62.3	276.0	1
b. Remediated Brownfield Credit for Real Property Taxes	*	0.9	1.2	2.2	1.8	6.0	1
c. Environmental Remediation Insurance Credit	0.0	0.0	0.0	0.0	0.0	*	1
15. Biofuel Production Credit[4]	0.3	5.8	6.1	1.8	*	1.0	1
16. Land Conservation Easement Credit[4]	1.1	1.1	1.2	1.2	1.4	1.5	1
17. Clean Heating Fuel Credit[4]	0.5	0.3	0.4	0.3	0.6	0.5	1
18. Rehabilitation of Historic Properties Credit[4]	0.2	0.1	0.2	0.5	0.6	12.0	1
19. Excelsior Jobs Program (EJP) Tax Credits	--	--	--	--	*	100.0	1
20. Credit for Companies Who Provide Transportation to Individuals with Disabilities	--	--	--	--	--	5.0	4
21. Economic Transformation and Facility Redevelopment Program Tax Credit	--	--	--	--	*	5.0	1
22. New York Youth Works Tax Credit	--	--	--	--	--	*	4
23. Empire State Jobs Retention Program Credit[5]	--	--	--	--	--	--	4
24. Beer Production Credit	--	--	--	--	--	*	4
25. Alternative Fuels and Electric Vehicle Recharging Property Credit[1]	--	--	--	--	--	*	4
26. START-UP NY Tax Elimination Credit[1]	--	--	--	--	--	23.0	4
27. Minimum Wage Reimbursement Credit[1]	--	--	--	--	--	8.0	4
28. Hire A Vet Credit[1]	--	--	--	--	--	--	4

[1] A new tax expenditure item or a revision of the methodology or revisions in the data sources resulted in an estimate which better reflects the tax expenditure value.

[2] Credit estimates include non-refundable amount used to reduce current year tax liability. Figure also includes refundable amounts where applicable.

[3] Estimate includes value of itemized deduction and credit.

[4] For tax years 2010, 2011, and 2012, credits subject to deferral. Values reported reflect the amount of credit computed absent deferral rules.

[5] 2014 Estimate included in Excelsior Jobs Program Credit.

* Less than $0.1 Million

-- The tax expenditure was not applicable for these years.

N/A No data available.

NOTE: Totals may differ from estimates included with individual components of expenditure items due to rounding.

New York Modifications

The NYAGI of a resident or nonresident individual is defined as Federal adjusted gross income with modifications as specified by New York Tax Law, Article 22, Section 612.

1. **Pension/Annuity Exclusion**
   Citation: Section 612(c)(3-a)
   Effective Date: Effective for taxable years beginning on or after January 1, 1982
   Description: Taxpayers aged 59 ½ and over may exclude from New York adjusted gross income pensions and annuities, to the extent included in Federal adjusted gross income, but not in excess of $20,000 ($20,000 each for two married pensioners or annuitants filing jointly).
   Estimates: 2011: $595.5 million — 2014: $657.6 million
   Data Source: PIT Simulation Model
   Reliability: Level 1

2. **Exclusion of Social Security and Tier 1 Railroad Retirement Benefits (Taxable Social Security for Federal Purposes but New York Exempt)**
   Citation: Section 612(c)(3-c)
   Effective Date: Effective for taxable years beginning after December 31, 1983
   Description: Taxpayers may exclude from New York adjusted gross income Social Security and Tier 1 railroad retirement benefits, to the extent included in Federal adjusted gross income.
   Estimates: 2011: $742.8 million — 2014: $875.0 million
   Data Source: PIT Simulation Model
   Reliability: Level 1

3. **Exclusion of Interest on U.S. Obligations**
   Citation: Section 612(c)(1)
   Effective Date: Effective for taxable years beginning on or after January 1, 1960
   Description: Taxpayers may exclude from New York adjusted gross income interest income on obligations of the United States and its possessions, to the extent included in FAGI. Federal law prohibits New York from taxing this item.
   Estimates: 2011: $66.0 million — 2014: $60.6 million
   Data Source: PIT Simulation Model
   Reliability: Level 1

4. **Exclusion of Pensions, Annuities, Interest, and Lump Sum Payments Received by New York State and Municipal Retirees**
   Citation: Section 612(c)(3)(i)
   Effective Date: Effective for taxable years beginning on or after January 1, 1960
   Description: Retirement payments received by officers and employees (or their beneficiaries) of New York State and its municipalities (including corporations and authorities), to the extent includable in Federal adjusted gross income, may be subtracted in computing New York adjusted gross income. The State Constitution prohibits taxation of this income.
   Estimates: 2011: $787.0 million — 2014: $927.4 million
   Data Source: PIT Simulation Model

Reliability: Level 1

5. **Exclusion of Pensions, Annuities, Interest, and Lump Sum Payments by Federal Retirement Systems**
   Citation: Section 612(c)(3)(ii)
   Effective Date: Effective for tax years beginning on or after January 1, 1989
   Description: Payments received by officers and employees (and their beneficiaries) from Federal retirement systems, to the extent includable in Federal adjusted gross income, may be subtracted in determining New York adjusted gross income. A 1989 U.S. Supreme Court ruling (*Davis v. Michigan Department of Treasury*) mandated that states must provide equal tax treatment for Federal and state/local pensions.
   Estimates: 2011: $154.0 million — 2014: $178.0 million
   Data Source: PIT Simulation Model
   Reliability: Level 1

6. **Disability Income Exclusion**
   Citation: Section 612(c)(3-b)
   Effective Date: Effective for taxable years beginning after December 31, 1983
   Description: A taxpayer may subtract up to $5,200 of disability income included in Federal adjusted gross income, to the extent that such income would have been excluded from Federal gross income prior to January 1, 1984, under the repealed provisions of IRC Section 105(d). The total exclusion for disability and pension and annuity income may not exceed $20,000. The exclusion is reduced by the amount that the taxpayer's adjusted gross income exceeds $15,000.
   Estimate: No data available. Included in "other" category for New York modifications in second pass data and, therefore, cannot be separately identified.
   Reliability: Level 5

7. **Exclusion of Interest or Dividends on Obligations or Securities of a U.S. Agency**
   Citation: Section 612(c)(2)
   Effective Date: Effective for taxable years on or after January 1, 1960
   Description: Taxpayers may subtract from Federal adjusted gross income, interest or dividend income on obligations or securities of a U.S. agency, to the extent that such income has been included in Federal adjusted gross income. Federal law prohibits New York from taxing this income.
   Estimate: No data available. Included in "other" category for New York modifications in second pass data and, therefore, cannot be separately identified.
   Reliability: Level 5

8. **Exclusion of Interest or Dividend Income on Obligations or Securities Taxable for Federal Purposes but Exempt for New York Tax Purposes**
   Citation: Section 612(c)(6)
   Effective Date: Effective for taxable years beginning on or after January 1, 1960
   Description: The taxpayer may subtract from Federal adjusted gross income interest or dividend income on obligations or securities, to the extent that such income is exempt for New York income tax purposes under New York law but is subject to Federal income tax.

Estimate: No data available. Included in "other" category for New York modifications in second pass data and, therefore, cannot be separately identified.
Reliability: Level 5

9. **Exclusion of Accelerated Death Benefits and Viatical Settlements**
Citation: Section 612(c)(30)
Effective Date: Effective for taxable years beginning on or after January 1, 1991 for death benefits and for payments received on or after July 27, 1994 on viatical settlements
Description: Taxpayers may subtract from Federal adjusted gross income accelerated payments of part or all of the death benefit or special surrender value of a life insurance policy as a result of certain diagnoses (i.e., terminal illnesses), specified in the Insurance Law. Also, taxpayers may subtract the amount received from a viatical settlement company from the sale of a life insurance policy. Persons with catastrophic or life threatening illnesses are eligible for this subtraction when they sell such policies to a viatical settlement company licensed by the State Insurance Department.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: Federal Office of Management and Budget
Reliability: Level 4

10. **Exclusion for Contributions to New York State College Choice Tuition Savings Program**
Citation: Section 612(c)(32)
Effective Date: Effective for taxable years beginning after December 31, 1997
Description: Taxpayers may subtract from Federal adjusted gross income up to $5,000 per year ($10,000 for married couples filing jointly) of contributions to "family tuition accounts," as defined in Article 14-A of the Education Law, to the extent not deductible or eligible for credit for Federal tax purposes. The maximum account balance may not exceed $235,000 per beneficiary, and the State Comptroller has authority to increase this figure to reflect increases in higher education costs.
Estimates: 2011: $60.3 million — 2014: $59.2 million
Data Source: PIT Simulation Model
Reliability: Level 1

11. **Deferral of Gain from Sale of Qualified Emerging Technology Investments**
Citation: Section 612(c)(34)
Effective Date: Effective for qualified investments acquired on or after March 12, 1998
Description: Gain from the sale of qualified emerging technology investments may be subtracted from Federal adjusted gross income, if reinvested in another qualified emerging technology investment. The amount subtracted must be added to Federal adjusted gross income when the reinvestment is sold, if the gain is not reinvested in a qualified emerging technology investment.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: Industry Data
Reliability: Level 4

12. **Exclusion of Payments to Victims of Nazi Persecution**
Citation: Sections 612(c)(35) and (36)
Effective Date: Effective for taxable years beginning on or after January 1, 1995
Description: Taxpayers may subtract certain distributions, to the extent included in FAGI, made based on their status as a victim of Nazi persecution as defined in Public Law 103-286. The subtraction also applies to distributions received by victims' spouses and needy descendants. In addition, a subtraction is allowed for items of income included in FAGI attributable to assets stolen or hidden from, or otherwise lost by victims of Nazi persecution immediately prior to, during, or after World War II.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Banking Department
Reliability: Level 4

13. **Exclusion of Compensation for Members of an Organized Militia**
Citation: Section 612(c)(8-b)(i)(ii)
Effective Date: Effective for taxable years beginning on or after January 1, 2004
Description: An individual who is a member of a New York State organized militia may subtract from Federal adjusted gross income compensation received for performing active service within New York State pursuant to active duty orders issued by the Governor or the Federal government.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: Estimates from Division of the Budget
Reliability: Level 4

14. **Exclusion for Living Human Organ Donors**
Citation: Section 612(c)(38)
Effective Date: Effective for taxable years beginning on or after January 1, 2007
Description: Resident taxpayers may subtract certain unreimbursed expenses from Federal adjusted gross income which are incurred by the taxpayer while donating one or more of their human organs, while living, to another human being for human organ transplantation. Unreimbursed expenses include travel expenses, lodging expenses and lost wages. In addition, a "human organ" is defined as all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The subtraction can only be claimed once and must be claimed in the taxable year in which the human organ transplantation occurs. The maximum allowable subtraction is $10,000 per taxpayer.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: Estimates from Division of the Budget
Reliability: Level 4

15. **Exclusion of Compensation for Service in a Combat Zone for Members of the Armed Services of the United States**
Citation: Section 612(c)(8-c)
Effective Date: Effective for taxable years beginning on or after January 1, 2008
Description: An individual who is a member of the armed services of the United States may subtract from federal adjusted gross income compensation received for performing active service in an area designated by the President of the United States by executive order as a "combat zone."

Estimates: 2011: Minimal — 2014: Minimal
Data Source: Estimates from Division of the Budget
Reliability: Level 4

16. **Exclusion of Small Business and/or Farm Income**
Citation: Section 612(c)(39)
Effective Date: Effective for taxable years beginning on or after January 1, 2014
Description: Resident taxpayers with small business and/or farm income may subtract three percent of the net items of income, gain, loss and deduction attributable to a business or farm included in federal adjusted gross income (but not less than zero) for tax year 2014. This is increased to 3.75 percent in tax year 2015 and five percent for tax year 2016 and after. Small business is defined as a sole proprietor or a farm business employing one or more persons during the taxable year that has net business income or net farm income of less than $250,000.
Estimates: 2011: Not Applicable – 2014: $35.0 million
Data Source: Estimates from Division of the Budget
Reliability: Level 4

17. **Exclusion of Income Attributable to the New York State Business Incubator and Innovation Hot Spot Support Act**
Citation: Section 612(c)(39)
Effective Date: Effective for taxable years beginning on or after January 1, 2014
Description: The creation of the New York State Business Incubator and Innovation Hot Spot Support Act allows an exclusion for five years beginning with the first tax year a qualified entity becomes a tenant in or part of an innovation hot spot. An individual who is the sole proprietor of a qualified entity, or a member of a limited liability company treated as a partnership, a partner in a partnership, or a shareholder in a New York S corporation, who it taxable under Article 22 is allowed a deduction (in the form of a subtraction modification) for the amount of income or gain included in his or her federal adjusted gross income, only to the extent that the income or gain is attributable to the operations of the qualified entity at (or as part of) an innovation hot spot. The amount of the subtraction modification is determined using books and records.
Estimates: 2011: Not Applicable – 2014: Minimal
Data Source: Estimates from Division of the Budget
Reliability: Level 5

18. **Exclusion of Wages Received From an Employer Located in a Tax-Free New York Area** (START-UP NY Program)
Citation: Section 612c(40)
Effective Date: Effective for taxable years beginning on or after January 1, 2014
Description: Resident taxpayers may subtract any wages received as an employee of a business located within a tax-free NY area during the first five years of such business's ten year taxable year period to the extent the wages are included in federal adjusted gross income. During the second five years of such business's ten year taxable period, resident taxpayers may subtract the first $200,000 of such wages in the case of a taxpayer filing as a single individual, the first $250,000 of such wages in the case of a taxpayer filing as a head of household, and $300,000 of such wages in the

case of a taxpayer filing a joint return, to the extent included in federal adjusted gross income.
Estimates: 2011: Not Applicable – 2014: $7.0 million
Data Source: Estimates from Division of the Budget
Reliability: Level 5

New York Itemized Deductions and Exemptions

Individual taxpayers who elect not to use the standard deduction may reduce their New York adjusted gross income by their itemized deductions, and all taxpayers are allowed exemptions for dependents who qualify for the Federal exemption.

19. **Value of Standard Deductions for Those Returns with Itemized Deductions in Excess of Standard Deduction**
Citation: Section 614
Effective Date: Effective for taxable years beginning on or after January 1, 1960
Description: Because all taxpayers are entitled to a standard deduction as a minimum, itemizers have their standard deduction "built into" their total deduction.
Estimates: 2011: $1,645.4 million — 2014: $1,645.1 million
Data Source: PIT Simulation Model
Reliability: Level 1

20. **Itemized Deductions**
Taxpayers who itemize deductions on their Federal returns may also itemize on their New York State returns if the aggregate of such deductions, minus state and local income taxes and certain other modifications, exceeds the New York standard deduction.

New York itemized deductions flow through from Federal law. Thus, the citations below reference the Internal Revenue Code. They are authorized in New York Tax Law, Article 22, Section 615. New York limits the availability of itemized deductions for certain high income taxpayers. The percentage of disallowed deductions varies according to the taxpayer's NYAGI and filing status. Itemized deductions for a single taxpayer with NYAGI in excess of $100,000 are reduced by up to 25 percent. This reduction also applies to married taxpayers filing jointly with NYAGI in excess of $200,000 and heads of household with NYAGI exceeding $250,000. For all taxpayers with NYAGI above $475,000, itemized deductions are reduced by up to an additional 25 percent, equaling 50 percent for all taxpayers with NYAGI above $525,000. Beginning in tax year 2009 and after, the New York itemized deduction limitation has been revised to further limit a taxpayer's New York itemized deduction. If a taxpayer's NYAGI is more than $1,000,000, but not more than $10 million, the New York itemized deduction is limited to 50 percent of the federal itemized deduction for charitable contributions. For tax years 2013, 2014 and 2015, if an individual's NYAGI is more than $10 million, the itemized deduction is limited to 25 percent of the federal itemized deduction for charitable contributions. All other federal itemized deductions are reduced to zero based on the new limitation.

The Federal itemized deduction limitation further reduces the value of the deductions. However, for tax years after 2012, the Federal itemized deduction limitation is repealed for families with incomes below $300,000 and single taxpayers with income below $250,000.

a. **Medical/Dental Deduction**
Citation: IRC Section 213
Effective Date: Effective for taxable years beginning on or after January 1, 1960
Description: Medical and dental expenses paid during the taxable year by and on behalf of the individual or his/her spouse or dependent may be deducted from Federal adjusted gross income, as an itemized deduction, to the extent that the expenses (a) exceed 7.5 percent of adjusted gross income, and (b) are not compensated for by insurance or otherwise.
Estimates: 2011: $118.0 million — 2014: $131.5 million
Data Source: PIT Simulation Model
Reliability: Level 1

b. **Interest Deduction**
Citation: IRC Section 163
Effective Date: Effective for taxable years beginning on or after January 1, 1960
Description: A taxpayer may deduct mortgage and investment interest paid or accrued during the taxable year on debt owed by the taxpayer. However, interest incurred on loans made to purchase securities, the income from which is tax-exempt in New York, is not deductible for New York purposes. Generally, mortgage interest is totally deductible (certain limitations apply).
Estimates: 2011: $1029.0 million — 2014: $971.2 million
Data Source: PIT Simulation Model
Reliability: Level 1

c. **Charitable Contribution Deduction**
Citation: IRC Section 170
Effective Date: Effective for taxable years beginning on or after January 1, 1960
Description: Taxpayers may subtract from Federal adjusted gross income contributions made to qualified organizations, up to a limit of 50 percent of their adjusted gross income. In certain cases, lower limits may apply.
Estimates: 2011: $559.3 million — 2014: $690.5 million
Data Source: PIT Simulation Model
Reliability: Level 1

d. **Casualty/Theft Deduction**
Citation: IRC Section 165
Effective Date: Effective for taxable years beginning on or after January 1, 1960
Description: Individuals may deduct casualty losses. Casualty losses mean uncompensated losses sustained as a result of the total or partial destruction of property, caused by a sudden, unexpected, or unusual event. Losses incurred as a consequence of the theft or embezzlement of the taxpayer's property may also be deducted from Federal gross income. In both cases, a deduction is allowed only

with respect to individual losses which exceed $100 and to the extent that total net losses exceed 10 percent of Federal adjusted gross income.
Estimates: 2011: $10.4 million — 2014: $10.4 million
Data Source: PIT Simulation Model
Reliability: Level 1

e. **Taxes Paid Deduction**
Citation: IRC Section 164, Section 615(c)(1)
Effective Date: Effective for taxable years beginning on or after January 1, 1960 for property taxes. Effective for taxable years beginning on or after January 1, 2010 and expiring at the end of tax year 2011 for sales and use taxes.
Description: Individuals may deduct from Federal adjusted gross income, real and personal property taxes which have been paid to any state, local or foreign government during the year.
Estimates: 2011: $775.0 million — 2014: $781.4 million
Data Source: PIT Simulation Model
Reliability: Level 1

f. **Miscellaneous Deductions Subject to 2 Percent of AGI Limitation**
Citation: IRC Sections 67, 212, 280A
Effective Date: Effective for taxable years beginning after December 31, 1986 (Sec. 67); on or after January 1, 1960 (Sec. 212); after December 31, 1975 (Sec. 280A)
Description: Taxpayers may deduct certain miscellaneous expenses. Miscellaneous itemized deductions consist of three broad categories of personal expenses: deductible employee expenses, deductible expenses of producing income, and other deductible expenses (essentially, tax counsel and assistance and appraisal fees). The first two categories include such items as work clothes and uniforms, union dues and expenses, safe deposit box rentals, and malpractice insurance premiums.
Estimates: 2011: $316.0 million — 2014: $305.0 million
Data Source: PIT Simulation Model
Reliability: Level 1

g. **Other Miscellaneous Deductions**
Citation: IRC Section 67
Effective Date: Effective for taxable years beginning on or after January 1, 1987
Description: Taxpayers may deduct miscellaneous expenses **not** subject to the 2 percent AGI limitation. These include gambling losses (up to the amount of gambling winnings), impairment-related work expenses, and certain other expenses.
Estimates: 2011: $35.0 million — 2014: $32.1 million
Data Source: PIT Simulation Model
Reliability: Level 1

21. **Dependent Exemptions**
Citation: Section 616
Effective Date: Effective for taxable years beginning on or after January 1, 1960
Description: In computing taxable income, taxpayers may deduct $1,000 for each exemption for qualified dependents to which they are entitled a deduction for Federal income tax purposes.
Estimates: 2011: $308.8 million — 2014: $311.0 million
Data Source: PIT Simulation Model
Reliability: Level 1

New York Credits

Credits are amounts which may be subtracted from the individual's computed State tax liability. Improvements in data sources and methodology allow the reporting of credit claims by New York adjusted gross income class for many of the largest income tax credits for tax year 2010. Furthermore, the nonrefundable credit amounts reported for 2010 are credit "used" to reduce liability for the tax year. For tax years beginning in 2010 and ending after tax year 2012, taxpayers were required to defer the use and refund of certain tax credits if they exceed $2 million in aggregate. See Table 2 for a list of affected tax credits. The credits described below are specific to the Personal Income Tax. Descriptions of other tax credits that are available under the Personal Income Tax as well as other tax articles are contained in the Cross-Article Tax Credits section of the report.

22. **Household Credit**
Citation: Section 606(b)
Credit Type: Non-refundable/Non-carryforward
Effective Date: Effective for taxable years beginning on or after January 1, 1978
Description: Taxpayers with certain incomes may claim a credit as shown in the table below:

Single Filing Status If Federal AGI is:			All Other Filing Statuses If Federal AGI is:				
Over	But Not Over	The Credit Is	Over	But Not Over	The Credit Is	+	For Each Federal Exemption
$ 0	$ 5,000	$75	$ 0	$ 5,000	$75		$15
5,000	6,000	60	5,000	6,000	60		15
6,000	7,000	50	6,000	7,000	50		15
7,000	20,000	45	7,000	20,000	45		15
20,000	25,000	40	20,000	22,000	50		10
25,000	28,000	20	22,000	25,000	40		10
28,000	No Credit		25,000	28,000	35		5
			28,000	32,000	15		5
			32,000	No Credit			

Estimates: 2011: $99.6 million — 2014: $93.0 million
Data Source: PIT Population File
Reliability: Level 1

23. **Earned Income Credit**
Citation: IRC Section 32, Tax Law Section 606(d)
Credit Type: Refundable (Residents only)
Effective Date: Effective for taxable years beginning after 1993
Description: Taxpayers may claim a credit equal to 30 percent of their Federal earned income credit. In previous tax years, the credit equaled the following percentages of the Federal credit:

1994	1995	1996-1999	2000	2001	2002	2003+
7.5%	10%	20%	22.5%	25%	27.5%	30.0%

The table below shows income eligibility parameters and maximum amounts for the 2013 tax year:

	Maximum Creditable Earnings	Federal Credit Rate	Maximum State Credit	Income for Start of Phase-out (MFJ)*	Others	Income Cut-off (MFJ)*	Others
Taxpayers With 1 Child	$ 9,720	34%	$ 992	$23,260	$17,830	$43,941	$38,511
Taxpayers With 2 Children	$13,650	40%	$1,638	$23,260	$17,830	$49,186	$43,756
Taxpayers With 3 or More Children	$13,650	45%	$1,843	$23,260	$17,830	$52,427	$46,997
Taxpayers Age 25-64 Without Children	$6,480	7.65%	$ 149	$13,540	$ 8,110	$20,020	$14,590

* Earned income or Federal adjusted gross income, whichever is greater.

Taxpayers must subtract from the earned income credit the amount of household credit used to reduce tax liability.

Estimates: 2011: $986.3 million — 2014: $1,096.0 million
Data Source: Earned Income Tax Credit Study
Reliability: Level 1

24. **Real Property Tax Credit (Circuit Breaker)**
Citation: Section 606(e)
Credit Type: Refundable
Effective Date: Effective for taxable years beginning after December 31, 1977
Description: Qualified individuals may claim a credit in the amount of 50 percent of excess real property taxes, determined according to the level of household gross income, subject to certain specified conditions and limits. Eligibility for the credit depends on the size of household gross income ($18,000 or less), property use, the value of the property, or the adjusted rent of a tenant. The credit claimant must be a New York resident for the entire taxable year. The maximum credit is $375 for taxpayers age 65 and over and $75 for taxpayers under age 65. The amount of the credit decreases as household gross income increases. Only one credit is allowed per household.
Estimates: 2011: $23.1 million — 2014: $22.0 million
Data Source: Real Property Tax Credit Study
Reliability: Level 1

25. **Child and Dependent Care Credit**
Citation: Section 606(c)
Credit Type: Refundable (Residents only)
Effective Date: Effective for taxable years beginning after December 31, 1976
Description: Taxpayers may claim a credit for a percentage of the Federal credit for household and dependent care expenses necessary to allow gainful employment. The Federal credit was significantly enhanced beginning in 2003 when allowable expenses increased from $2,400 per child ($4,800 maximum) to $3,000 per child ($6,000 maximum) and the credit rate schedule was enriched. Beginning in 2013, these enhancements have been permanently extended with the maximum credit rate increasing from 30 percent to 35 percent and the minimum credit available for incomes over $43,000 instead of $28,000. A taxpayer and spouse filing a joint Federal return, but electing to file separate New York returns, may apply the credit only against the tax of the spouse with the lower taxable income.

The credit equals the following percentages of the Federal credit:

- 110 percent for NYAGI of $25,000 or less
- 110-100 percent for NYAGI between $25,000 and $40,000
- 100 percent for NYAGI between $40,000 and $50,000
- 100-20 percent for NYAGI between $50,000 and $65,000
- 20 percent for NYAGI greater than $65,000

Estimates: 2011: $184.7 million — 2014: $180.8 million
Data Source: PIT Study File
Reliability: Level 1

26. **Accumulation Distribution Credit**
Citation: Sections 621 and 635
Credit Type: Non-refundable/Non-carryforward
Effective Date: Effective for taxable years beginning on or after January 1, 1962
Description: Beneficiaries of trusts (residents and nonresidents) receiving an accumulation distribution can claim a credit for tax paid by the trust fiduciary on income included in the distribution.
Estimates: 2011: $0.1 million — 2014: $0.1 million
Data Source: PIT Population File
Reliability: Level 1

27. **Solar Energy System Equipment Credit**
Citation: Section 606(g-1)
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for property placed in service in taxable years beginning on or after January 1, 1998
Description: Taxpayers may claim a credit equal to 25 percent of qualified solar energy system equipment expenditures which are expenditures for the purchase and installation of solar energy system equipment used at a principal residence in New York. The credit was expanded in 2008 to apply to members of large multi-unit

dwellings like cooperative housing corporations and condominium associations. Qualified expenditures include material and installation costs relating to components utilizing solar radiation to produce energy designed to provide heating, cooling, hot water, or electricity for residential use. The credit is capped at $3,750 for equipment placed in service before September 1, 2006 and $5,000 for equipment placed in service after such date. If the credit exceeds tax liability, taxpayers may carry over the credit for five years.
Estimates: 2011: $6.4 million — 2014: $8.0 million
Data Source: PIT Population File
Reliability: Level 1

28. **College Tuition Credit/Deduction**
Citation: Sections 606(t), 615(d)(4)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2001
Description: A credit is permitted for undergraduate college tuition expenses paid by New York residents on behalf of themselves, their spouses, or dependents to attend qualifying in-state or out-of-state institutions of higher education. The credit equals 4 percent of expenses, up to a maximum of $10,000 of expenses per student. The minimum credit equals the lesser of expenses or $200.

In lieu of the credit, both resident and nonresident taxpayers may elect to deduct qualifying expenses as an itemized deduction. The maximum deduction is a maximum of $10,000 of expenses per student.

Qualifying tuition expenses are defined as net of scholarships and financial aid. Qualifying institutions include colleges and business, trade, technical, or other occupational schools recognized and approved by the Regents of the University of the State of New York, or by other nationally recognized accrediting agencies accepted by the Regents, which provide study leading to a post-secondary degree, certificate, or diploma. Tuition paid by a dependent student who is claimed on a parent's New York return is attributed to the parent and used by the parent to claim the credit or deduction.

Estimates: 2011: $254.0 million — 2014: $255.0 million

College Tuition Credit/Deduction Claims in 2011
By New York Adjusted Gross Income

NYAGI	Number of Taxpayers	Tax Expenditure (Millions $)
Less than $10,000	89,141	$22,949,359.0
$ 10,000 - $24,999	147,281	$35,817,704.0
$ 25,000 - $49,999	159,318	$41,045,471.0
$ 50,000 - $99,999	182,542	$60,091,880.0
$100,000 - $199,999	146,060	$65,619,660.0
$200,000 and over	53,365	$28,486,579.0
Total:	**777,707**	**$254,010,653.0**

Data Source: PIT Simulation Model
Reliability: Level 1

29. **Nursing Home Assessment Tax Credit**
Citation: Section 606 (hh)
Credit Type: Refundable
Effective Date: Effective for taxable years beginning on or after January 1, 2005
Description: Taxpayers may claim a nursing home assessment tax credit equal to the assessment imposed on the gross receipts of residential health care facilities under Public Health Law §2807-d. The credit is allowed in cases where the assessment is paid by the taxpayer and is not covered under Medicaid or private insurance.
Estimates: 2011: $16.3 million — 2014: $18.0 million

Nursing Home Assessment Tax Credit Claims in 2011
By New York Adjusted Gross Income

NYAGI	Number of Claims	Amount Claimed (Millions $)
Less than $10,000	2,159	$7.9
$ 10,000 - $24,999	648	$2.8
$ 25,000 - $49,999	511	$2.3
$ 50,000 - $99,999	385	$2.0
$100,000 - $199,999	164	$1.0
$200,000 and over	51	$0.3
Total:	**3,918**	**$16.3**

Data Source: PIT Population File
Reliability: Level 1

30. **Empire State Child Credit**
Citation: Section 606(c-1)
Credit Type: Refundable (Residents only)
Effective Date: Effective for taxable years beginning on or after January 1, 2006
Description: Resident taxpayers with children ages 4-16 may claim a credit equal to the greater of $100 times the number of children who qualify for the Federal child tax credit, or 33 percent of the taxpayer's allowed Federal child tax credit. The Federal credit is currently a maximum of $1,000 per qualifying child. The Federal credit phases-out beginning at $110,000 of Modified Federal Adjusted Gross Income (MFAGI) for married taxpayers filing jointly, and $75,000 for others. New York taxpayers with MFAGI above these thresholds may only claim a New York credit equal to 33 percent of their allowed Federal credit.
Estimates: 2011: $687.4 million — 2014: $665.2 million

Empire State Child Credit Claims in 2011
By New York Adjusted Gross Income

NYAGI	Number of Claims	Amount Claimed (Millions $)
Less than $10,000	143,033	$32.9
$ 10,000 - $24,999	440,948	$180.1
$ 25,000 - $49,999	429,542	$208.0
$ 50,000 - $99,999	400,060	$199.7
$100,000 - $199,999	163,411	$66.5
$200,000 and over	382	$0.1
Total:	**1,577,376**	**$687.4**

Data Sources: PIT Population File
Reliability: Level 1

31. **Enhanced State Earned Income Tax Credit for Certain Non-Custodial Parents**
Citation: Section 606(d-1)
Credit Type: Refundable (Residents only)
Effective Date: Effective for taxable years beginning on or after January 1, 2006 and before January 1, 2015
Description: Certain taxpayers may claim an enhanced State earned income tax credit (EITC). To qualify for the enhanced credit, claimants must be a resident taxpayer, age 18 and over, and have a minor child with whom they do not reside. The credit is equal to the greater of 20 percent of the Federal EITC that the taxpayer would otherwise be able to claim for one qualifying child (if he/she were a custodial parent) or 2.5 times the EITC for taxpayers without qualifying children. Claimants must have a child support order in effect for at least half the tax year and have made required support payments. In addition, unlike the existing State EITC, the amount of credit allowed is not reduced by the amount of the State household credit used by the taxpayer. Taxpayers are not allowed more than one credit if they have multiple children or support orders.
Estimates: 2011: $4.4 million — 2014: $4.5 million
Data Source: Earned Income Tax Credit Study
Reliability: Level 1

32. **Volunteer Firefighters and Ambulance Workers Credit**
Citation: Section 606(e-1)
Credit Type: Refundable
Effective Date: Effective for taxable years beginning on or after January 1, 2007
Description: Resident taxpayers serving as active volunteer firefighters or volunteer ambulance workers may claim a $200 credit. To receive the credit, the taxpayer must be an active volunteer for the entire taxable year and must not be receiving a real property tax exemption relating to such service. In the case of a taxpayer and spouse filing jointly who both qualify for the credit, the amount of the credit is $400.
Estimates: 2011: $15.0 million — 2014: $16.0 million
Data Source: PIT Population File
Reliability: Level 1

33. **Historic Homeownership Rehabilitation Credit**
Citation: Section 606(pp)
Credit Type: Non-refundable/Carryforward/Refundable to certain taxpayers
Effective Date: Effective for taxable years beginning on or after January 1, 2007/Amended credit effective for taxable years beginning on or after January 1, 2010 and before January 1, 2020.
Description: Taxpayers may claim a tax credit for the rehabilitation of historic homes located in New York State. The amount of the credit is equal to 20 percent of qualified rehabilitation expenditures made by the taxpayer with respect to a qualified historic home. A qualified historic home is defined as one located in a targeted area within the meaning of section 143(j) of the Internal Revenue Code and located in an area of a city, town, or village whose governing body has identified by resolution that

such area is an area in need of community renewal and which has adopted an historic preservation and community renewal program. The taxpayer must own the home and reside there during the taxable year. The credit is limited to $25,000 per residence. For taxable years beginning on or after January 1, 2010, the credit is amended by increasing the credit cap from $25,000 to $50,000, making the credit refundable for taxpayers with New York adjusted gross income that is less than or equal to $60,000, and expanding the definition of eligible properties to include those located within a census tract that is at or below 100 percent of the state median family income in the most recent federal census. After December 31, 2019, the credit reverts back to pre-2010 law.
Estimates: 2011: $0.3 million — 2014: $3.0 million
Data Source: NYS Historic Preservation Office
Reliability: Level 1

34. **Family Tax Relief Credit**
Citation: Section 606(vv)
Credit Type: Refundable
Effective Date: Effective for taxable years beginning on or after January 1, 2014 and before January 1, 2017
Description: Resident taxpayers may claim a refundable credit equal to $350 if the taxpayer claimed one or more dependents who were under the age of 17 on the last day of the tax year, had New York adjusted gross income of at least $40,000 but no greater than $300,000, and had tax less other credits greater than or equal to zero on the return they filed two years prior to the effective date.
Estimates: 2011: Not applicable – 2014: $410.0 million
Data Source: PIT Population File
Reliability: Level 1

CORPORATION FRANCHISE TAX

This section of the report provides tax expenditure estimates for 71 separate provisions of the Corporation Franchise Tax on general business corporations. It contains estimates of the tax expenditures for tax years 2006 through 2010 (2010 is the latest year for which Article 9-A tax return data are available). The list of tax expenditures is based on the Tax Law as of January 1, 2014. The estimates are also extrapolated to the 2014 tax year. The tax year refers to both the 2010 and 2014 calendar years and fiscal years beginning in 2010 and 2014, respectively. Table 3 summarizes the tax expenditure estimates. It also includes total Article 9-A corporate franchise tax liability for the 2010 tax year.

Description of Tax

Article 9-A imposes a Corporate Franchise Tax on general business corporations for the privilege of conducting business in New York. Certain other corporations (public utilities, banks, and insurance companies) pay tax under other articles of the Tax Law. The Corporation Franchise Tax has four separate bases: allocated entire net income; allocated business and investment capital; allocated minimum taxable income; and a fixed dollar minimum. Corporations pay the highest tax computed on these bases less applicable credits, but generally not less than the fixed dollar amount. The Tax Law imposes an additional tax on allocated subsidiary capital. Because of the similarities between the entire net income and alternative minimum taxable income computations, the tax expenditure provisions and estimates discussed in this section pertain only to the allocated entire net income and allocated business and investment capital bases.

The computation of Corporation Franchise Tax on the allocated entire net income and allocated minimum taxable income bases generally starts with Federal taxable income. Taxpayers then make several state-specific modifications to arrive at New York entire net income and alternative minimum taxable income. Both income bases consist of business and investment income. Taxpayers allocate each type of income to New York by its respective allocation percentage. The sum of these allocated incomes equals the taxable income bases. For most corporations, the tax rate is 7.1 percent of allocated entire net income (ENI) or 1.5 percent of alternative minimum taxable income (AMT). Lower tax rates apply to small businesses, manufacturers, and qualified emerging technology companies (QETCs).

The tax on allocated business and investment capital starts with the taxpayer's total assets. Taxpayers reduce their assets by both long- and short-term liabilities to arrive at total capital. Total capital minus subsidiary capital and investment capital equals business capital. Taxpayers then multiply each type of capital by its respective allocation percentage. Total allocated business and investment capital forms the allocated capital base. (A separate tax applies to allocated subsidiary capital.) The tax rate of 0.15 percent applies to allocated capital of most corporations. Lower rates apply to manufacturers and QETCs. The maximum tax under this base is capped at $350,000 for manufacturers and qualified emerging technology companies and $1 million for all other taxpayers. For tax years 2008 through 2010, all other taxpayers were subject to a temporary cap.

In tax years beginning on or after January 1, 2008, the fixed dollar minimum tax generally ranges from $25 to $5,000 depending on the amount of New York receipts for the taxable year. Manufacturers and QETCs are subject to lower amounts. Prior to the 2008 tax year, the fixed dollar minimum tax was based on a taxpayer's gross payroll. The amounts ranged from $100 to $1,500, although in the 2004 and 2005 tax years, the $1,500 amount was temporarily raised to $5,000 and $10,000. Also in those two tax years, taxpayers with gross payroll between $250,001 and $500,000 paid $100 instead of the $225 amount in effect for tax years prior to 2004 and in 2006 and 2007.

Starting in the 2012 tax year, manufacturers begin to benefit from a series of tax rate preferences. In tax years 2012 through 2014, eligible qualified New York manufacturers will have an ENI rate of 3.25 percent, an AMT rate of 0.75 percent, and fixed dollar minimum amounts that are one-half of the amounts for other taxpayers. To be eligible, a taxpayer must satisfy the property and receipts tests in law for all manufacturers and have a Metropolitan Commuter Transportation District allocation percentage of less than 15 percent and have 100 or fewer employees in New York State.

Starting in the 2014 tax year, qualified New York manufacturers will receive a cut of 9.2 percent on the rate of each tax base and on each fixed dollar minimum amount. This results in a 5.9 percent ENI rate, a 1.36 percent AMT rate, a 0.136 percent capital base rate, and commensurate reductions in each of the seven fixed dollar minimum amounts. The cut will ultimately reach 25 percent by the 2018 tax year; actual amounts for future tax years will be reported here in the year in which they are in effect.

Data Sources

The major sources of data used to compute the tax expenditure estimates include:

- 2010 Article 9-A Corporation Franchise Tax (CFT) Study File — This file, compiled by the Department of Taxation and Finance, includes all corporations filing under Article 9-A except certain fixed minimum tax filers and S corporations. It includes selected data items from the tax returns for each corporation.

- Congressional Joint Committee on Taxation (JCT) Estimates of Federal Tax Expenditures and relevant fiscal analyses.

Methodology

The projections of the tax expenditures from 2010 to 2014 use a variety of economic forecast variables.

Simulations and queries of the study file generate the base case and forecast tax expenditures.

Because no data for Federal exclusion items which are listed in the Appendix exist at the State level, the estimates of the Federal tax expenditure items come from prorations of JCT estimates to New York.

Tax expenditures whose values are less than $0.1 million are considered minimal and are designated by an asterisk.

The study file is comprised of taxpayers whose filing period began in 2010.

Table 3
2014 New York State Article 9-A Tax Expenditure Estimates
(2010 Total Corporate Franchise Tax Liability = $2,076.6 Million)
(Millions of Dollars)

Tax Item	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
New York Modifications to Federal Taxable Income							
1. Exclusion of Interest, Dividends, and Capital Gains from Subsidiary Capital	2,603.3	1,796.1	592.3	1,031.2	1,221.9	1,232.0	1
2. Deduction of Fifty Percent of Dividends from Non-Subsidiary Corporations	57.3	20.9	12.5	22.9	32.5	32.0	1
3. New Small Business Exemption (Capital Base only)	N/A	N/A	N/A	N/A	N/A	N/A	5
4. Deduction of Receipts from School Bus Operation	N/A	N/A	N/A	N/A	N/A	N/A	5
5. Exclusion of Income for Foreign Airlines	N/A	N/A	N/A	N/A	N/A	N/A	5
Allocation Percentages							
6. Optional Treatment of Cash	9.4	8.9	22.3	20.9	18.5	6.0	1
Corporate Exemptions							
7. Exempt Companies	N/A	N/A	N/A	N/A	N/A	N/A	5
8. Companies Whose Income "Passes Through" to Shareholders							
a. Real Estate Investment Trusts (REITs)[2]	N/A	N/A	N/A	N/A	N/A	N/A	5
b. Regulated Investment Companies (RICs)[2]	N/A	N/A	N/A	N/A	N/A	N/A	5
9. Businesses Using Fulfillment Services	N/A	N/A	N/A	N/A	N/A	N/A	5
10. Corporate Parent with Bank and Insurance Subsidiaries or Gas and Electric Subsidiaries	10.7	14.2	9.8	16.7	14.7	14.0	1
11. Homeowners Association Exemption from Fixed Dollar Minimum Tax	N/A	N/A	N/A	N/A	N/A	N/A	5
12. Companies Operating In an Innovation Hot Spot[1]	-	-	-	-	-	*	5
Preferential Tax Rates							
13. Special ENI Rates for Qualifying Small Business Corporations	10.3	6.8	6.8	6.0	6.1	6.0	1
14. Special Tax Benefits for New York Manufacturers							
a. Lower Capital Base Liability Cap	3.3	4.4	4.2	13.2	7.8	1.0	1
b. Reduced ENI Rate	--	4.9	3.4	4.5	6.2	--	1
c. Uniform Percent Reduction in All Tax Rates[1]	--	--	--	--	--	30.0	5
d. Capped Tax Cut for Eligible Qualified New York Manufacturers	--	--	--	--	--	25.0	5
Cross-Article Credits							
1. Investment Tax Credit, Retail Enterprise Tax Credit, Employment Incentive Credit, and Rehabilitation Credit for Historic Barns[4]	113.5	99.0	106.5	106.6	82.3	103.0	1
2. Investment Tax Credit for the Financial Services Industry[4]	17.1	6.8	20.5	18.6	18.1	20.0	1
3. Credit for Servicing SONYMA Mortgages[4]	*	0.0	0.0	0.0	0.0	*	1
4. Special Additional Mortgage Recording Tax Credit[4]	7.0	7.0	3.4	3.9	2.7	5.0	1

Tax Item	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
5. Empire Zone (EZ) and Qualified Empire Zone Enterprise (QEZE) Credits[4]							
a. EZ Investment Tax Credit and Employment Incentive Credit	53.7	30.9	32.3	21.8	26.3	15.0	1
b. EZ and Zone Equivalent Area Wage Tax Credit	31.3	28.9	23.4	14.6	12.0	6.0	1
c. EZ Capital Credit	0.2	0.1	0.1	*	*	*	1
d. QEZE Real Property Tax Credit	106.7	118.6	119.0	128.0	131.9	70.0	1
e. QEZE Tax Reduction Credit	43.0	30.8	31.7	28.5	28.4	15.0	1
6. Farmers' School Property Tax Credit	1.1	1.1	1.1	1.2	1.1	1.0	1
7. Credit for Employment of Persons with Disabilities[4]	*	0.1	*	*	*	*	1
8. Qualified Emerging Technology Company (QETC) Credits[4]							
a. QETC Capital Tax Credit	*	*	*	*	*	*	1
b. QETC Employment Credit	1.0	0.3	0.4	0.4	0.4	1.0	1
9. Low-Income Housing Credit[4]	0.0	*	0.0	*	0.0	*	1
10. Credit for Purchase of an Automated External Defibrillator[4]	*	*	0.1	*	*	*	1
11. Green Building Credit[4]	1.2	1.2	1.2	3.7	0.4	3.0	1
12. Long-Term Care Insurance Credit	*	0.1	0.1	0.2	0.2	*	1
13. Empire State Film and Commercial Credits							
a. Empire State Film Production Credit	39.8	61.4	137.1	102.6	200.4	400.0	1
b. Empire State Film Post Production Credit	--	--	--	--	0.0	6.0	1
c. Empire State Commercial Production Credit	--	0.6	1.6	0.8	1.0	6.0	1
14. Security Training Tax Credit[4]	0.3	0.4	0.3	0.2	*	*	1
15. Brownfields Tax Credits[4]							
a. Brownfield Redevelopment Tax Credit	42.7	126.4	32.4	8.7	171.6	216.0	1
b. Remediated Brownfield Credit for Real Property Taxes	0.1	1.5	2.6	2.8	2.8	2.0	1
c. Environmental Remediation Insurance Credit	0.1	0.1	0.0	0.0	0.0	*	1
16. Biofuel Production Credit[4]	0.0	0.0	0.0	*	2.4	2.0	1
17. Land Conservation Easement Credit [4]	*	*	*	*	*	*	1
18. Clean Heating Fuel Credit[4]	*	*	*	*	*	*	1
19. Credit for Rehabilitation of Historic Properties[4]	--	0.3	*	*	1.0	1.0	1
20. Excelsior Jobs Program Tax Credit	--	--	--	--	--	100.0	5
21. Credit for Companies Who Provide Transportation to Individuals with Disabilities	--	--	--	--	--	*	5
22. Economic Transformation and Facility Redevelopment Program Tax Credit	--	--	--	--	--	5.0	5
23. New York Youth Works Tax Credit	--	--	--	--	--	6.0	5
24. Empire State Jobs Retention Program Tax Credit[5]	--	--	--	--	--	--	5
25. Beer Production Credit	--	--	--	--	--	3.0	5
26. Alternative Fuels and Electric Vehicle Recharging Property Credit[1]	--	--	--	--	--	1.0	5
27. START-UP NY Tax Elimination Credit[1]	--	--	--	--	--	18.0	5
28. Minimum Wage Reimbursement Credit[1]	--	--	--	--	--	16.0	5
29. Hire A Vet Credit[1]	--	--	--	--	--	--	5

Tax Item	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level

1/ A new tax expenditure item, a revision of the methodology or revisions in the data sources resulting in an estimate which better reflects the tax expenditure value.

2/ The income of a REIT or RIC which is passed through to its shareholders is not subject to entity level taxes imposed by the Federal government. (The income of the REIT or RIC that is paid to its shareholders is subject to individual income taxes imposed on the shareholders). New York conforms to the Federal government's treatment of REIT or RIC income. As a result, the Federal taxable income, which is the starting point for determining the State tax liability, of a REIT or RIC is minimal or zero. Thus, the New York State tax returns filed by a REIT or RIC do not provide the data necessary to determine or estimate the value of this tax expenditure.

3/ In 2005, the liability cap only applied to manufacturers. For tax years beginning on or after January 1, 2008, the cap was extended to QETCs.

4/ For tax years 2010, 2011, and 2012, credit is subject to deferral. Values reported reflect the amount of credit computed absent deferral rules.

5/ Forecast is included in the forecast for Excelsior Jobs Program Tax Credits.

* Less than $0.1 million

-- The tax expenditure was not applicable for these years

N/A No data available

New York Modifications to Federal Taxable Income

In computing New York entire net income (ENI), Article 9-A allows certain modifications to Federal taxable income.

1. **Exclusion of Interest, Dividends, and Capital Gains from Subsidiary Capital**
   Citation: Section 208(9)(a)(1)
   Effective Date: Effective for tax years beginning on or after January 1, 1944
   Description: In computing New York entire net income, taxpayers may subtract dividends, interest, and gains derived from subsidiary corporations (other than DISCs) that are not part of the combined filing entity from Federal taxable income.
   Estimates: 2010: $1,221.9 million — 2014: $1,232.0 million
   Data Source: CFT Study File
   Reliability: Level 1

2. **Deduction of Fifty Percent of Dividends from Non-Subsidiary Corporations**
   Citation: Section 208(9)(a)(2)
   Effective Date: Effective for tax years beginning on or after January 1, 1944
   Description: A New York corporation may deduct 50 percent of dividend income received from non-subsidiary corporations (other than DISCs) from Federal taxable income. For tax years beginning on or after January 1, 1989, New York conforms to IRC Section 246(c); stock must be held for 45 days or more to qualify for the deduction.
   Estimates: 2010: $32.5 million — 2014: $32.0 million
   Data Source: CFT Study File
   Reliability: Level 1

3. **New Small Business Exemption (Capital Base only)**
   Citation: Section 210(1-c)
   Effective Date: Effective for tax years beginning on or after January 1, 1981
   Description: The law exempts new small businesses from the tax based on allocated business and investment capital. This exemption applies to the first two years of operation of a business that:
   - operates as a small business corporation as defined under the Internal Revenue Code;
   - has at least 90 percent of its assets and 80 percent of its employees located and employed within New York State;
   - is not a subsidiary of a taxable New York corporation; and
   - is not a corporation which is substantially similar in operation and in ownership to a business entity (or entities) previously taxable under Article 9-A.

   Estimate: No data available
   Reliability: Level 5

4. **Deduction of Receipts from School Bus Operation**
   Citation: Section 208(9)(a)(4)
   Effective Date: Effective for tax years beginning on or after January 1, 1962
   Description: A taxpayer may exclude income and deductions with respect to amounts received from school districts and nonprofit religious, charitable, or

educational organizations for the operation of school buses in determining a corporation's taxable entire net income.
Estimate: No data available
Reliability: Level 5

5. **Exclusion of Income for Foreign Airlines**
Citation: Section 208(9)(c-1)
Effective Date: The law applies income provisions retroactive to January 1, 1989; the allocation of foreign airlines' business capital became effective for taxable years beginning on or after January 1, 1994
Description: Certain foreign airlines may exclude all income from international operations of aircraft effectively connected to the United States, foreign passive income, and income earned overseas from overseas operations of aircraft from entire net income. These foreign airlines may also exclude business and investment assets connected with such exempt income from the capital base tax. These tax benefits apply provided the "home country" provides similar treatment to United States airlines.
Estimates: No data available
Reliability: Level 5

Allocation Percentages

Business corporations are subject to tax only on the portion of their income and capital attributable to New York activities. Consequently, formulas have been devised (called allocation percentages) for the purpose of determining the portion of a corporation's business income and capital, investment income and capital, and subsidiary capital taxable in New York. The tax provisions listed in this section are the consequence of preferences given through the calculation of the allocation percentages contained in Article 9-A.

6. **Optional Treatment of Cash**
Citation: Section 208(7)
Effective Date: Effective for tax years beginning on or after January 1, 1944
Description: Taxpayers with investment capital may elect to report cash as either investment or business capital. Taxpayers reporting cash as investment capital allocate using the generally lower investment allocation percentage.
Estimates: 2010: $18.5 million — 2014: $6.0 million
Data Source: CFT Study File
Reliability: Level 1

Corporate Exemptions

Certain entities are exempt from the Article 9-A corporate franchise tax.

7. **Exempt Companies**
Citation: Sections 3 and 209(4)(5)(6)(7) and (9)
Effective Date: Certain companies have been exempt from tax since Article 9-A was enacted in 1944. Other exemptions have been added over the years as new entities have been granted an exemption legislatively or in accordance with Federal

exemption language. The approximate effective date of each of the following types of companies or organizations is noted in parentheses after each item.

Description: The following companies or organizations are exempt from taxation under Article 9-A:

- Limited Profit Housing Companies (6/7/74)
- Limited Dividend Housing Companies (1/1/74)
- Trust Companies organized under a law of New York, all of the stock of which is owned by not less than 20 savings banks organized under a law of New York (3/31/44)
- Urban Development Corporation and its subsidiaries (1/1/69)
- Domestic corporations exclusively engaged in the operation of one or more vessels in foreign commerce (3/31/44)
- Domestic International Sales Corporations (DISCs), to the extent a DISC is required to have its income imputed to its shareholders (1/1/71)
- Passive Trusts (3/31/44)
- Certain corporations organized other than for profit and those corporations which are generally exempt from Federal tax by the Internal Revenue Code (3/31/44)
- Corporations exempt pursuant to Federal Public Law 86-272 wherein a foreign corporation has limited its activities in New York to the mere solicitation of orders by its employees or representative (9/14/59)
- Real Estate Mortgage Investment Conduits (REMICs) (1/1/87)
- Industrial Development Agencies (1/1/69)
- Housing Development Fund Companies (7/24/86)
- Corporations exempt from tax under IRC Sections 501(c)(2) and (25) (1/1/87)
- Certain cooperative heating and cooling service companies that are organized without capital stock and that are exempt from tax pursuant to IRC Section 501(c)(12). Such corporations pay an annual fee of $10 to the Commissioner of Taxation and Finance in lieu of all corporation franchise taxes. (1/1/95)

Estimate: No data available
Reliability: Level 5

8. **Companies Whose Income "Passes Through" to Shareholders**

a. **Real Estate Investment Trusts (REITs)**
Citation: Section 209(5)
Effective Date: Effective for tax years beginning after December 31, 1972
Description: To the extent that the REIT passes through its income to the shareholders, the REIT is exempt from the franchise tax. The shareholders have their dividend or distributed gain taxed at their own rate of tax, usually under the Personal Income Tax. Any undistributed income by the REIT would be subject to the franchise tax. Effective for taxable years beginning on or after January 1, 2007, REITs that were subsidiaries of corporate franchise taxpayers were required to file combined with their parents and did not receive preferential tax treatment at the entity level. Effective for tax years beginning on or after January 1, 2008, the 2007 combined reporting rules were modified to require captive REITs to now file combined with their closest controlling stockholder.
Estimate: No data available
Reliability: Level 5

b. **Regulated Investment Companies (RICs)**
Citation: Section 209(7)
Effective Date: Effective for tax years beginning after December 31, 1980
Description: To the extent that the RIC passes through its income to the shareholders, the RIC is exempt from the franchise tax. The shareholders have their dividend or distributed gain taxed at their own rate of tax, usually under the Personal Income Tax. Any undistributed income by the RIC would be subject to the franchise tax. Effective for tax years beginning on or after January 1, 2007, RICs that were subsidiaries of corporate franchise taxpayers were required to file combined with their parents and did not receive preferential tax treatment at the entity level. Effective for tax years beginning on or after January 1, 2008, the 2007 combined reporting rules were modified to require captive RICs to now file combined with their closest controlling stockholder.
Estimate: No data available
Reliability: Level 5

9. **Businesses Using Fulfillment Services**
Citation: Sections 208(19) and 209(2)
Effective Date: September 1, 1997
Description: A corporation shall not be deemed to be doing business, employing capital, owning or leasing property, or maintaining an office in the State for purposes of the Corporation Franchise Tax by reason of the use of fulfillment services of an entity other than an affiliated entity and the ownership of property stored on the premises of such entity in conjunction with such services. Fulfillment services are defined as the: acceptance of orders; responses to consumers inquiries; billing collection activities; and shipment of orders from an inventory of products regularly offered for sale by the purchaser of such services.
Estimate: No data available
Reliability: Level 5

10. **Corporate Parent with Bank and Insurance Subsidiaries or Gas and Electric Subsidiaries**
Citation: Section 210(1)(e)(2)
Effective Date: Effective for tax years beginning after December 31, 1999 for corporate parents with bank and insurance subsidiaries; for corporate parents with gas and electric subsidiaries, the 30 percent exclusion is effective for tax years beginning on or after January 1, 2000; the 100 percent exclusion applies to tax years beginning on or after January 1, 2001.
Description: A corporate parent is allowed to exclude from its subsidiary capital tax base, capital attributable to subsidiaries taxable under Article 32 (bank) or 33 (insurance) taxes. The corporate parent is also allowed to exclude from its subsidiary capital tax base, capital attributable to gas and electric subsidiaries taxable under Section 186 of the Tax Law.
Estimate: 2010: $14.7 million — 2014: $14.0 million
Data Source: CFT Study File
Reliability: Level 1

11. **Homeowners Association Exemption from Fixed Dollar Minimum Tax**
Citation: Section 210(1)
Effective Date: Effective for tax years beginning on or after January 1, 2000
Description: Article 9-A exempts qualified homeowners associations that have no homeowner's taxable income from payment of the fixed dollar minimum tax. The associations would still be subject to the other taxable bases under Article 9-A, if applicable.
Estimates: No data available
Reliability: Level 5

12. **Companies Operating In an Innovation Hot Spot**
Citation: Section 38, Section 208(9)(a)(18), Section 209(11)
Effective Date: Effective for tax years beginning on or after January 1, 2014
Description: The New York State Business Incubator and Innovation Hot Spot Support Act created special tax benefits for qualified entities operating in Innovation Hot Spots. These tax benefits are allowed for five tax years beginning with the first tax year the qualified entity becomes a tenant in (or part of) an Innovation Hot Spot.

Qualified entities located completely within an Innovation Hot Spot are exempt from the ENI, AMT, and capital tax bases. Instead, these entities must only pay the fixed dollar minimum tax.

Qualified entities located both within and without an Innovation Hot Spot, or that are a corporate partner in a qualified entity, are allowed a deduction in computing ENI for the amount of income or gain attributable to the operations at (or as part of) the Innovation Hot Spot.
Estimates: 2010: Not Applicable — 2014: Minimal
Reliability: Level 5

Preferential Tax Rates

13. **Special ENI Rates for Qualifying Small Business Corporations**
Citation: Section 210(1)(a)(iv)
Effective Date: Effective for tax years beginning after December 31, 1986
Description: Special tax rates apply to corporations that qualify as small business taxpayers. The law defines a small business taxpayer as a taxpayer that meets the Federal definition of a small business (IRC Section 1244(c)(3)) and that has worldwide entire net income (ENI) of not more than $290,000 for the taxable year. Prior to the 2005 tax year, small business taxpayers with an ENI base of $200,000 or less paid a 6.85 percent rate. Taxpayers with an ENI base of more than $200,000 but not more than $290,000 paid $13,700 plus 7.5 percent of the amount over $200,000, plus 3.25 percent of the amount over $250,000.

For tax years beginning on or after January 1, 2005, the preferential small business rate was lowered and the ENI threshold was raised to $390,000. Taxpayers with an ENI base of $290,000 or less paid a 6.5 percent rate. Taxpayers with an ENI base of more than $290,000 but not more than $390,000 paid $18,850 plus 7.5 percent of the

amount over $290,000 plus 7.25 percent of the amount over $350,000. To account for changes in the Article 9-A rate, starting in tax years beginning on or after January 1, 2007, taxpayers with an ENI base of $290,000 or less continued to pay a 6.5 percent rate. However, taxpayers with an ENI base of more than $290,000 but not more than $390,000 pay $18,850 plus 7.1 percent of the amount over $290,000, plus 4.35 percent of the amount over $350,000.
Estimates: 2010: $6.1 million — 2014: $6.0 million
Data Source: CFT Study File
Reliability: Level 1

14. **Special Tax Benefits for New York Manufacturers**
Manufacturers in New York are subject to reduced tax rates and fixed dollar minimum amounts, as well as a lower capital base liability cap.

A *manufacturer* is defined as "a taxpayer…principally engaged in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing." The generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity is specifically excluded for purposes of the lower ENI rates.

To be a *qualified New York manufacturer* eligible for the preferential tax treatment, the taxpayer must meet two tests. First, the taxpayer, or the combined group, must be principally engaged in manufacturing. This test is satisfied if more than 50 percent of the taxpayer's or group's gross receipts are derived from the sale of goods produced by the activities listed above.

The second test requires the taxpayer to have manufacturing property in New York State with a federal adjusted basis of at least $1 million or have all of its real and personal property located in New York State.

Eligible qualified New York manufacturers are subject to even lower rates for tax years 2012 through 2014. To be eligible, a qualified New York manufacturer must have a Metropolitan Commuter Transportation District allocation percentage of less than 15 percent for that year and have an average of 100 or fewer full-time equivalent employees in New York State during the tax year.

a. **Lower Capital Base Liability Cap**
Citation: Section 210(1)(b)(1)(vi)
Effective Date: Effective for qualified New York manufacturers for tax years beginning on or after January 1, 2005; Effective for QETCs for tax years beginning on or after January 1, 2008
Description: The maximum liability under the capital base is $1 million, except taxpayers that are qualified New York manufacturers or QETCs are subject to a lower cap of $350,000. For tax years beginning on or after January 1, 2008 and before January 1, 2011, the non-manufacturer/non-QETC cap was temporarily raised to $10 million.

Estimates: 2010: $7.8 million — 2014: $1.0 million
Data Source: CFT Study File
Reliability: Level 1

b. **Reduced ENI Rate**
Citation: Section 210(1)(a)
Effective Date: Effective for tax years beginning on or after January 31, 2007
Description: Taxpayers that are qualified New York manufacturers or QETCs are subject to a reduced ENI rate of 6.5 percent.
Estimates: 2010: $6.2 million — 2014: Not Applicable
Data Source: CFT Study File
Reliability: Level 1

c. **Uniform Percent Reduction in All Tax Rates**
Citation: Section 210(1)(a)(vii), Section 210(b)(1)(3), Section 210(c)(1)(iii), Section 210(d)(1)(6)
Effective Date: Effective for tax years beginning on or after January 1, 2014
Description: For qualified New York manufacturers and QETCs, the tax rates applicable to the ENI, capital, and AMT bases, as well as the fixed-dollar minimum amounts, are reduced according to the following phase-in schedule. The reduction applies to the rates or the amounts, in the case of the fixed-dollar minimum tax, as they are in effect for tax years beginning on or after January 1, 2013 and before January 1, 2014.

Tax Year Beginning Between:	Rate or Amount Reduction on Each Tax Base
January 1, 2014 and December 31, 2014	9.2%
January 1, 2015 and December 31, 2015	12.3%
January 1, 2016 and December 31, 2017	15.4%
January 1, 2018 and onward	25.0%

Estimates: 2010: Not Applicable — 2014: $30.0 million
Data Source: New York State Division of the Budget
Reliability: Level 5

d. **Capped Tax Cut for Eligible Qualified New York Manufacturers**
Citation: Section 210(1)(a)(vi), 210(1)(c)(ii), 210(1)(d)(5)
Effective Date: Effective for tax years beginning on or after January 1, 2012 and before January 1, 2015.
Description: Eligible qualified New York manufacturers are subject to the following tax base preferences:

- entire net income rate of 3.25 percent;
- alternative minimum tax rate of 0.75 percent; and
- fixed dollar minimum amounts equal to half the amounts applicable to all other taxpayers.

Estimates: 2010: Not Applicable — 2014: $25.0 million
Data Source: New York State Division of the Budget
Reliability: Level 5

Cross-Article Credits

Credits include amounts that the taxpayer may subtract in calculating New York tax liability or request as a refund or apply as a payment for the next tax period. Full descriptions of all the tax credits available under Article 9-A as well as other tax articles are contained in the Cross-Article Tax Credits section of this report. For tax years 2010, 2011, and 2012, taxpayers are required to defer the use and refund of certain tax credits if they exceed $2 million in aggregate.

The following summary table presents total credit amounts for Article 9-A tax credits and their various components for the most recent year for which there is data. The definitions of the components are:

- Credit earned — the amount of credit generated in the current tax year.
- Unused credit from the prior year — amounts carried forward from the previous tax year.
- Recaptured credit — amounts that taxpayers had to subtract from credit available because the basis for the credit was no longer qualified.
- Credit claimed — credit available less recaptured credit; the claimed amount also reflects the impact of any statutory credit limitations.
- Credit used — amounts of credit actually applied by the taxpayer to reduce liability.
- Refundable credit — the amount of excess credit, where applicable, requested as a refund by the taxpayer or applied as a payment to the next tax period.
- Credit carried forward — unused, unrefunded amounts of credit allowed to offset tax liability in future years.

The amount of credit used plus refunded is the tax expenditure for the year. For additional detail on credits, see the Office of Tax Policy Analysis' annual publication, *Analysis of Article 9-A General Business Corporation Franchise Tax Credits*.

2010

($ in millions)

	Total Credit Earned	Unused Credit from the Prior Year	Total Credit Available	Recaptured Credit	Credit Claimed	Credit Used	Refundable Credit[1]	Credit Carried Forward
Investment Tax Credit	$138.3	$1,156.3	$1,294.6	$7.5	$1,257.7	$81.0	$1.3	$1,175.4
Investment Tax Credit for the Financial Services Industry	16.0	24.3	40.3	0.0	40.3	18.1	0.0	22.2
Mortgage Servicing Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	--	--
Special Additional Mortgage Recording Tax Credit	2.4	3.5	6.3	0.0	6.3	0.9	1.8	3.7
Empire Zone Credits	378.4	1,122.9	1,501.3	27.3	1,433.4	78.7	120.0	1,234.7
Alternative Minimum Tax Credit	2.1	28.2	30.3	0.0	30.3	2.0	--	28.3
Farmers' School Tax Credit	1.2	0.6	1.8	0.0	1.8	0.1	1.1	0.7
Credit for Employment of Persons with Disabilities	0.1	0.0	0.1	0.0	0.1	0.0	--	0.0
QETC Employment Credit	0.4	0.0	0.4	0.0	0.4	0.1	0.4	--
QETC Capital Tax Credit	0.8	0.1	0.9	0.0	0.9	0.1	0.0	0.5
Low-Income Housing Credit	0.0	0.0	0.0	0.0	0.0	0.0	--	0.0
Credit for Purchase of an Automated External Defibrillator	0.0	0.0	0.0	0.0	0.0	0.0	--	--
Green Building Credit	0.0	0.4	d/	0.0	d/	d/	--	d/
Long-Term Care Insurance Credit	0.3	0.4	0.7	0.0	0.7	0.2	--	0.5
Empire State Film Production Credit[2]	277.4	89.6	367.0	0.0	200.4	9.1	191.3	209.5
Empire State Commercial Production Credit	1.2	0.4	1.6	0.0	1.6	0.0	1.0	0.6
Security Officer Training Tax Credit	d/	d/	0.0	0.0	d/	0.0	d/	--
Fuel Cell Electric Generating Equipment Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brownfield Tax Credits	174.3	0.0	174.3	0.0	174.3	0.2	174.2	--
Biofuel Production Credit	d/	d/	2.4	0.0	d/	d/	d/	--
Conservation Easement Tax Credit	0.1	0.0	0.1	0.0	0.0	0.0	0.0	--
Clean Heating Fuel Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	--
Historic Properties Rehabilitation Credit	d/	d/	d/	0.0	d/	d/	--	d/
Credit for Taxicabs & Livery Service Vehicles Accessible to Persons with Disabilities	d/	d/	0.4	0.0	0.4	0.0	--	0.4
Empire State Film Post-Production Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total[3]	$998.1	$2,427.1	$3,425.6	$34.9	$3,154.2	$192.5	$492.8	$2,678.0

[1]Credit refunded includes amounts eligible for refund, but instead claimed as an overpayment applied against next year's tax liability at the discretion of the taxpayer.

[2]The amount of credit claimed only reflects amounts that will be used and refunded during the tax year. The amount of credit carried forward is the amount that was deferred due to the bi/trifurcation rules of the credit. It will be utilized in the following year or two years depending on the size of the respective credit amount earned.

[3]Total row reflects the vertical summation of the individual credit components. Horizontal calculations within the row are not valid. Totals may not add due to rounding.

d/ Tax Law provisions prohibit the disclosure of data.

BANK TAX

This section of the report provides tax expenditure estimates for 42 separate provisions of the Franchise Tax on Banking Corporations. The list of expenditures contained in Table 4 is based on the Tax Law as of January 1, 2014. The estimates are based on data from the 2010 tax year, the latest year for which Article 32 tax return data are available. They are also extrapolated to the 2014 tax year. Total bank tax liability has been included to provide a benchmark for the tax expenditure estimates. The tax years refer to both the 2010 and 2014 calendar tax years and fiscal tax years beginning in 2010 and 2014.

Description of Tax

Article 32 imposes a franchise tax on banking corporations for the privilege of doing business in New York. Under Article 32, a bank's tax liability equals the larger of:

- 7.1 percent of allocated entire net income;
- 0.01 percent on each dollar of allocated assets (reduced rates of 0.002 percent or 0.004 percent apply to a bank that meets certain criteria based on its net worth to asset ratio and the percentage of mortgages included in its total assets);
- 3 percent of allocated alternative entire net income; or
- a fixed dollar minimum tax of $250.

Corporations doing business within and without the State use formula apportionment to determine the portion of the tax base (i.e., entire net income, alternative entire net income, or assets) attributable to New York. Taxpayers determine the base allocable to New York by multiplying the unallocated base by an allocation percentage based on the ratio of receipts, deposits, and payroll earned or paid in New York to those everywhere. The receipts and deposits factors are double-weighted. The payroll factor is single-weighted, but taxpayers can discount 20 percent of New York wages, salary, and compensation.

Calculation of the taxes on allocated entire net income or allocated alternative entire net income starts with Federal taxable income, which includes certain exclusions and deductions. Taxpayers then make several New York modifications and allocate the income to arrive at New York entire net income, which is multiplied by the tax rate. Alternative entire net income is the same as entire net income, except that the deductions for subsidiary interest, subsidiary dividends, and interest on government obligations are not allowed. In addition, the factors of the alternative income allocation percentage are single-weighted. A three percent tax rate applies to allocated alternative income.

The tax on allocated taxable assets starts with the taxpayer's total assets. Taxable assets equal total assets minus assets attributable to the Federal Deposit Insurance Corporation (FDIC) and Federal Savings and Loan Insurance Corporation (FSLIC). Taxpayers multiply the total by their allocation percentage. The tax rate imposed on this amount (0.01 percent, 0.002 percent, or 0.004 percent), is determined by the taxpayer's net-worth-to-assets ratio and the percentage of its loans secured by mortgages.

Taxpayers apply certain credits against the highest tax liability to determine their after-credit tax liability.

Many of the exclusions, deductions, modifications, allocation percentages, and credits discussed above give rise to the tax expenditures listed and estimated in this section.

Data Sources

The major data sources used to compute the tax expenditure estimates for the Article 32 Bank Tax include:

- 2010 Bank Tax Study File — This file, compiled by the Department of Taxation and Finance, includes all banks filing under Article 32. The file is used to simulate the tax expenditure items.

- Congressional Joint Committee on Taxation (JCT) Estimates of Federal Tax Expenditures — Since no data for Federal exclusion items are available at the State level, Federal tax expenditure items estimated by the JCT are prorated to New York.

Methodology

The projections of the tax expenditure from 2010 to 2014 use a variety of forecast variables. Projections of items under Federal exclusions from income in the Appendix were taken from JCT estimates of Federal tax expenditures and prorated to New York. Projections were computed using historical trends.

Tax expenditures whose values are less than $0.1 million are considered minimal and are designated by an asterisk.

Table 4
2014 New York State Bank Tax Expenditure Estimates
(2010 Total Bank Tax Liability = $892.8 Million)
(Millions of Dollars)

Tax Item	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
New York Modifications to Federal Taxable Income							
1. Deduction of Money Received from the FDIC and FSLIC	0.0	0.0	0.0	*	4.0	4.0	1
2. Deduction for Eligible Net Income of IBFs	1.9	1.8	4.5	*	2.3	2.0	1
3. Deduction of 17 Percent of Interest Income from Subsidiary Capital	29.7	11.9	1.2	1.3	0.8	1.0	1
4. Deduction of 60 Percent of Dividend Income and Excess Gains from Subsidiary Capital	143.1	84.7	31.4	33.9	36.1	36.0	1
5. Deduction of 22.5 Percent of Interest Income from Government Obligations	15.5	5.4	3.7	3.2	9.3	9.0	1
Alternative Bases							
6. Reduced Rate of Asset-Based Tax for Banks Meeting Net Worth and Mortgage Holdings Criteria	*	*	1.4	0.1	*	*	1
7. Exclusion of Money Received from FDIC and FSLIC from Asset Based Tax	0.0	0.0	*	*	*	*	1
Allocation Percentages							
8. Discounting of the Wage Factor in the Calculation of Entire Net Income and Taxable Assets Allocation Percentages	30.8	26.7	28.4	24.8	32.8	33.0	1
9. Exclusion of Wages of Executive Officers in the Calculation of Entire Net Income, Alternative Entire Net Income, and Taxable Assets Allocation Percentages	N/A	N/A	N/A	N/A	N/A	N/A	5
10. IBF Formula Allocation Election	37.2	30.3	33.0	22.6	8.6	9.0	1
Corporate Exemptions							
11. Exemption of Trust Companies Whose Capital Stock is Owned by Twenty or More New York Savings Banks	*	*	*	*	*	*	4
12. Exemption of Federal and State Chartered Credit Unions	34.1	32.1	34.1	38.7	32.6	39.0	4
Cross-Article Credits							
13. Investment Credit for Financial Services Industry[1]	1.6	1.4	11.6	14.9	7.7	10.0	1
14. Credit for Servicing SONYMA Mortgages	8.7	5.8	7.7	5.7	7.2	8.0	1
15. Special Additional Mortgage Recording Tax Credit[1]	14.3	15.4	19.6	14.5	21.8	22.0	1
16. Empire Zone (EZ) and Qualified Empire Zone Enterprise (QEZE) Credits[1]							
a. EZ and Zone Equivalent Area Wage Tax Credit	1.2	0.9	0.2	0.7	0.7	*	1
b. EZ Capital Credit	*	*	*	*	*	*	1
c. QEZE Real Property Tax Credit	2.7	3.1	4.9	10.6	4.9	4.0	1
d. QEZE Tax Reduction Credit	4.4	0.9	1.2	1.2	8.7	4.0	1
17. Credit for Employment of Persons with Disabilities[1]	0.0	0.0	0.0	0.0	0.0	*	1
18. Low-Income Housing Credit[1]	0.5	0.3	4.1	8.0	11.8	15.0	1
19. Credit for Purchase of an Automated External Defibrillator[1]	*	*	*	0.0	0.0	*	1
20. Green Buildings Credit[1]	0.0	0.0	0.6	6.2	0.0	3.0	1
21. Long-Term Care Insurance Credit	*	*	0.0	*	*	*	1
22. Security Training Tax Credit[1]	0.0	0.0	0.0	0.0	0.0	*	1
23. Brownfields Tax Credits[1]							
a. Brownfield Redevelopment Tax Credit	1.3	0.0	2.1	59.1	0.0	*	1

	Tax Item	2006	2007	2008	2009	2010	2014	Reliability Level
		History					Forecast	
	b. Remediated Brownfield Credit for Real Property Taxes	0.0	0.0	0.0	0.0	0.0	*	1
	c. Environmental Remediation Insurance Credit	0.0	0.0	0.0	0.0	0.0	*	1
24.	Credit for Rehabilitation of Historic Properties[1]	--	--	--	--	7.1	10.0	1
25.	Excelsior Jobs Program Tax Credits	--	--	--	--	--	*	5
26.	Economic Transformation and Facility Redevelopment Program Tax Credit	--	--	--	--	--	*	5
27.	Empire State Jobs Retention Program Credit[3]	--	--	--	--	--	--	5
28.	Minimum Wage Reimbursement Credit[2]	--	--	--	--	--	*	5
29.	Hire A Vet Credit[2]	--	--	--	--	--	--	5

1/ For tax years 2010, 2011, and 2012, credits subject to deferral. Values reported reflect the amount of credit computed absent deferral rules.

* Less than $0.1 million.

2/ A new tax expenditure item, a revision of the methodology or revisions in the data sources resulting in an estimate which better reflects the tax expenditure value.

3/ Forecast is included in the forecast for Excelsior Jobs Program Tax Credits.

-- The tax expenditure was not applicable for these years.

N/A No data available.

New York Modifications to Federal Taxable Income

In computing New York entire net income, Article 32 permits modifications to Federal taxable income.

1. **Deduction of Money Received from the Federal Deposit Insurance Corporation (FDIC) and Federal Savings and Loan Insurance Corporation (FSLIC)**
   Citation: Section 1453(e)(9)-(10)
   Effective Date: Effective for tax years beginning on or after January 1, 1985
   Description: A taxpayer may deduct certain money or other property received from the FDIC or FSLIC to the extent not deductible in determining Federal taxable income.
   Estimates: 2010: $4.0 million — 2014: $4.0 million
   Data Source: Bank Tax Study File
   Reliability: Level 1

2. **Deduction for Eligible Net Income of International Banking Facilities (IBF)**
   Citation: Section 1453(f)
   Effective Date: Effective for tax years ending on or after December 3, 1981
   Description: An International Banking Facility is a separate set of asset and liability accounts established for the purpose of receiving deposits from, and extending credit to, foreign individuals or businesses. IBFs are free from domestic reserve requirements and limitations on interest rates and may be established by United States banks as well as agencies of foreign banks. A financial institution which establishes an IBF within New York may deduct, in computing its entire net income, the adjusted eligible net income of the IBF.
   Estimates: 2010: $2.3 million — 2014: $2.0 million
   Data Source: Bank Tax Study File
   Reliability: Level 1

3. **Deduction of 17 Percent of Interest Income from Subsidiary Capital**
   Citation: Section 1453(e)(11)(i)
   Effective Date: Effective for tax years beginning on or after January 1, 1985
   Description: In computing New York entire net income, banks may deduct 17 percent of interest income from subsidiary capital. For purposes of calculating the amount of the deduction, interest income from subsidiary capital is not reduced by expenses directly or indirectly attributable to subsidiary capital.
   Estimates: 2010: $0.8 million — 2014: $1.0 million
   Data Source: Bank Tax Study File
   Reliability: Level 1

4. **Deduction of 60 Percent of Dividend Income and Net Gains from Subsidiary Capital**
   Citation: Section 1453(e)(11)(ii) and (iii)
   Effective Date: Effective for tax years beginning on or after January 1, 1985; Net gains added for taxable years beginning on or after January 1, 1994.
   Description: In computing New York entire net income, banks may deduct 60 percent of dividend income and net gains from subsidiary capital. For purposes of

calculating the amount of the deduction, dividend income and net gains from subsidiary capital are not reduced by expenses directly or indirectly attributable to subsidiary capital.
Estimates: 2010: $36.1 million — 2014: $36.0 million
Data Source: Bank Tax Study File
Reliability: Level 1

5. **Deduction of 22.5 Percent of Interest Income from Government Obligations**
Citation: Section 1453(e)(12)
Effective Date: Effective for tax years beginning on or after January 1, 1985
Description: Taxpayers may deduct 22.5 percent of interest income on New York or U.S. obligations, other than obligations held for resale in connection with regular trading activities. For purposes of calculating the amount of the deduction, income from New York and U.S. obligations is not reduced by expenses directly or indirectly attributable to that capital.
Estimates: 2010: $9.3 million — 2014: $9.0 million
Data Source: Bank Tax Study File
Reliability: Level 1

Alternative Bases

Article 32 of the Tax Law provides that the franchise tax paid by a banking corporation is to be determined by an asset-based tax if it results in a tax that is greater than that determined under the income or alternative income bases or the $250 minimum tax. Two tax expenditure items exist under the asset-based tax.

6. **Reduced Rate of Asset-Based Tax for Banks Meeting Net Worth and Mortgage Holdings Criteria**
Citation: Section 1455(b)(1)(i)-(iv)
Effective Date: Effective for tax years beginning on or after January 1, 1985
Description: Under the asset-based alternative tax, banks with a net worth below 5 percent of total assets and whose assets are comprised of at least 33 percent mortgages are subject to reduced rates of 0.00002 or 0.00004. The regular rate of the asset based tax equals 0.0001.
Estimates: 2010: Minimal — 2014: Minimal
Data Source: Bank Tax Study File
Reliability: Level 1

7. **Exclusion of Money Received from Federal Deposit Insurance Corporation (FDIC) and Federal Savings and Loan Insurance Corporation (FSLIC) from Asset Based Tax**
Citation: Section 1455(b)(1)(v)(A)
Effective Date: Effective for tax years beginning on or after January 1, 1985
Description: Under the asset based alternative tax, taxable assets do not include certain monies or other property received from the FDIC or the FSLIC.
Estimates: 2010: Minimal — 2014: Minimal
Data Source: Bank Tax Study File
Reliability: Level 1

Allocation Percentages

Banking corporations are taxed on the portion of their income and assets attributable to New York activities. Consequently, formulas have been devised (called allocation percentages) for the purpose of determining the portion of a banking corporation's income and assets taxable in New York. The tax expenditures listed result from preferences given through the calculation of the allocation percentages.

8. **Discounting of the Wage Factor in the Calculation of Entire Net Income and Taxable Assets Allocation Percentages**
Citation: Section 1454(a), (b) and (d)
Effective Date: Effective for tax years beginning on or after January 1, 1985
Description: In computing both the entire net income and taxable assets allocation percentages, the numerator of the wage factor is discounted to 80 percent of the taxpayer's wages, salaries, and other personal service compensation during the taxable year.
Estimates: 2010: $32.8 million — 2014: $33.0 million
Data Source: Bank Tax Study File
Reliability: Level 1

9. **Exclusion of Wages of Executive Officers in the Calculation of Entire Net Income, Alternative Entire Net Income, and Taxable Assets Allocation Percentages**
Citation: Section 1454(a), (d)
Effective Date: Effective for tax years beginning on or after January 1, 1985
Description: The wages, salaries, and other personal service compensation paid to general executive officers are not included in the computation of a banking corporation's entire net income, alternative entire net income, and taxable asset allocation percentages.
Estimate: No data available
Reliability: Level 5

10. **International Banking Facility (IBF) Formula Allocation Election**
Citation: Section 1454(b)(2)(A)
Effective Date: Effective for tax years beginning on or after January 1, 1985
Description: A banking corporation that establishes an IBF within New York may deduct, in computing its entire net income, the adjusted eligible net income of the IBF. In lieu of this deduction, such banking corporation may elect to modify its entire net income and alternative entire net income allocation percentages by reducing payroll, receipts, and deposits (from foreign persons) which are attributable to the gross income of an IBF.
Estimates: 2010: $8.6 million — 2014: $9.0 million
Data Source: Bank Tax Study File
Reliability: Level 1

Corporate Exemptions

Certain banks are exempt from taxation under Article 32 of the Tax Law.

11. **Exemption of Trust Companies Whose Capital Stock is Owned by Twenty or More New York Savings Banks**
Citation: Section 1452(c)
Effective Date: Effective for tax years beginning on or after January 1, 1973
Description: Trust companies, all of whose capital stock is owned by 20 or more savings banks organized under New York law, are exempt from the corporation franchise tax on banking corporations.
Estimates: 2010: Minimal — 2014: Minimal
Data Source: Industry Data
Reliability: Level 4

12. **Exemption of Federal and State Chartered Credit Unions**
Citation: 12 U.S. Code Section 1768; I.R.C. Section 501(c)(14)(A); New York State Banking Law Section 479
Effective Date: Effective March 13, 1945
Description: Pursuant to Federal law and the State Banking Law, Federal and State chartered credit unions are not subject to tax under Article 32.
Estimates: 2010: $32.6 million — 2014: $39.0 million
Data Source: JCT estimates prorated to New York
Reliability: Level 4

Cross-Article Credits

Credits are amounts stipulated by Article 32 that banking corporations may subtract from their calculated New York tax liability. For tax years 2010, 2011, and 2012, taxpayers are required to defer the use and refund of certain tax credits if they exceed $2 million in aggregate. Descriptions of the tax credits that are available under the Bank Tax as well as other tax articles are contained in the Cross-Article Tax Credits section of the report.

INSURANCE TAX

This section of the report provides tax expenditure estimates for 44 separate provisions of the corporate franchise tax on insurance companies. The list of tax expenditures contained in Table 5 is based on the Tax Law as of January 1, 2014. The estimates are based on data from the 2010 tax year, the latest year for which Article 33 tax return data are available. They are also extrapolated to the 2014 tax year. The tax years refer to both the 2010 and 2014 calendar years and fiscal tax years beginning in 2010 and 2014. Total insurance tax liability for the 2010 tax year has been included to provide some perspective to the tax expenditure estimates.

Description of Tax

Article 33 imposes a franchise tax on insurance companies. There are two components of the tax: (1) an income tax based on the higher of four bases plus a tax on subsidiary capital; and (2) a tax based on gross direct premiums written on State-located risks or residents in the State. Life insurance corporations are subject to both the income tax component and the premiums tax. Non-life insurance corporations are subject only to the tax on premiums.

The income tax component is based on one of four alternative bases. A life insurance corporation's tax liability for this component is based on the alternative that results in the largest tax, plus an additional 0.08 percent tax on subsidiary capital allocated to New York. The four bases are:

- 7.1 percent of allocated entire net income; or
- 0.16 percent on allocated business and investment capital; or
- 9 percent of entire net income plus officers' salaries less specified deductions; or
- a fixed dollar minimum tax of $250.

The second component of the Article 33 tax is a tax on gross premiums, less return premiums thereon, written on risks located or resident in New York. The rate of the tax on premiums varies according to the type of insurance risk covered by a premium. However, accident and health premiums are taxed at different rates dependent on the type of insurer. A 0.7 percent tax rate applies to premiums received by corporations licensed as life and health insurers, including premiums on accident and health contracts. A 2.0 percent tax rate applies to premiums written by corporations licensed as property and casualty insurers. However, a 1.75 percent tax rate applies to premiums on accident and health contracts written by property and casualty insurers.

Life insurance corporations doing business within and without the State allocate entire net income, business and investment capital, and entire net income plus officers' salaries bases to New York based on weighted ratios of premiums and wages earned or paid in New York to those earned or paid everywhere.

In computing the Article 33 tax, life insurance corporations add the tax on gross premiums to the highest of the four alternative taxes. The total tax liability of the two components, less Empire Zone (EZ) credits, cannot be greater than 2 percent or less than 1.5 percent of taxable premiums. Taxpayers may then claim other credits against the total tax liability. The Article 33 tax for non-life insurance corporations is solely the tax on gross premiums, although a fixed dollar minimum tax of $250 still applies.

Many of the exclusions, deductions, modifications, allocation percentages, and credits discussed above give rise to the tax expenditures listed and estimated in this section.

Data Sources

The major sources of data used to compute the tax expenditure estimates under Article 33 Insurance Tax include:

- 2010 Article 33 Insurance Tax Study File — This file, compiled by the Department of Taxation and Finance, includes the tax returns of all insurance companies filing under Article 33. The file is used to simulate all tax expenditures with the exception of Federal exclusion items.

- Congressional Joint Committee on Taxation Estimates of Federal Tax Expenditures — No data are available for Federal items at the State level. Federal tax expenditure items estimated by the JCT are prorated to New York.

- New York State Department of Financial Services aggregate data.

Methodology

The projections of the tax expenditures from 2010 to 2014 use a variety of economic forecast variables. Projections of items under Federal exclusions from income in the Appendix were taken from JCT estimates of Federal tax expenditures and prorated to New York.

Tax expenditures whose values are less than $0.1 million are considered minimal and are designated by an asterisk.

Table 5
2014 New York State Insurance Tax Expenditure Estimates
(2010 Total Insurance Tax Liability = $1,106.0 Million)
(Millions of Dollars)

Tax Item	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
New York Modifications to Federal Taxable Income							
1. Exclusion of Interest, Dividends, and Capital Gains from Subsidiary Capital[1]	11.0	2.3	0.2	0.2	0.2	*	1
2. Deduction of 50 Percent of Dividends from Non-Subsidiary Corporations[1]	8.5	2.4	0.4	4.3	3.8	4.0	1
Alternative Bases							
3. Exclusion of Assets Held as Reserves Under NYS Insurance Law Sections 1303, 1304, and 1305[1]	*	*	*	*	*	*	4
Exclusions from Premiums Based Tax							
4. Exclusion of Annuities from the Tax on Premiums[1]	8.2	11.9	20.5	15.0	14.5	14.0	1
5. Exclusion of Premiums Written on Certain Joint Underwriting Policies[1]	2.1	3.0	5.1	3.7	3.6	4.0	1
6. Exclusion of Premiums Written on Marine Vessels	8.7	7.4	7.1	6.3	6.2	6.0	1
7. Exclusion of Premiums Written on Certain Reinsurance Policies	244.4	228.2	293.9	317.3	205.8	206.0	1
8. Exclusion for Certain Non-New York Property or Individuals	N/A	N/A	N/A	N/A	N/A	N/A	5
Limitation on Tax							
9. Limitation on Tax Liability[1]	85.4	99.5	60.2	77.0	65.2	65.0	1
Corporate Exemptions							
10. Exemption from Article 33 for Specific Types of Entities Engaged in an Insurance Business	257.8	271.3	285.5	308.4	326.2	408.0	4
Preferential Tax Rates							
11. Preferential Tax Treatment for Captive Insurance Companies	14.7	15.6	17.6	17.0	14.1	13.0	2
Insurance Tax Credits							
12. Fire Insurance Premiums Tax Credit	44.6	47.0	47.7	49.6	47.7	52.0	1
13. Retaliatory Tax Credit	64.4	58.6	56.5	34.1	36.5	50.0	1
14. Credit for Assessments Paid to the Life Insurance Company Guaranty Corporation[1]	0.0	0.0	0.0	0.0	0.0	*	5
15. Credit for Investment in Certified Capital Companies[2]	30.6	35.3	36.4	33.7	30.1	12.0	1
Cross-Article Credits							
16. Investment Tax Credit for the Financial Services Industry[2]	0.0	0.0	0.0	0.0	0.0	*	1
17. Special Additional Mortgage Recording Tax Credit[2]	0.0	0.0	0.0	0.0	0.0	*	1
18. Empire Zone (EZ) and Qualified Empire Zone Enterprise (QEZE) Tax Credits[2]							
a. EZ and Zone Equivalent Area Wage Tax Credit	3.4	3.1	4.3	0.4	0.4	*	1
b. EZ Capital Credit	*	0.0	0.0	0.0	0.0	*	1
c. QEZE Real Property Tax Credit	0.1	0.1	0.1	0.2	0.2	*	1
d. QEZE Tax Reduction Credit	20.1	21.7	16.0	10.1	15.8	10.0	1
19. Credit for Employment of Persons with Disabilities[2]	0.0	0.0	0.0	0.0	0.0	*	1
20. Low-Income Housing Credit[2]	*	0.1	0.1	0.0	0.1	1.0	1
21. Credit for Purchase of Automated External Defibrillator[2]	0.0	0.0	0.0	0.0	0.0	*	1
22. Green Buildings Credit[2]	0.4	0.4	0.4	0.0	0.0	*	1

Tax Item	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
23. Long-Term Care Insurance Credit	0.0	0.0	0.1	0.2	0.0	*	1
24. Security Training Tax Credit[2]	0.0	0.0	0.0	0.0	0.0	*	1
25. Brownfields Tax Credits[2]							
a. Brownfield Redevelopment Tax Credit	0.0	0.0	0.0	0.0	0.0	*	1
b. Remediated Brownfield Credit for Real Property Taxes	0.0	0.0	0.0	0.0	0.0	*	1
c. Environmental Remediation Insurance Credit	0.0	0.0	0.0	0.0	0.0	*	1
26. Credit for Rehabilitation of Historic Properties[2]	--	--	--	--	2.0	1.0	1
27. Excelsior Jobs Program (EJP) Tax Credit[5]	--	--	--	--	--	*	5
28. Economic Transformation and Facility Redevelopment Program Tax Credit	--	--	--	--	--	*	5
29. Empire State Jobs Retention Program Credit[4]	--	--	--	--	--	--	5
30. Minimum Wage Reimbursement Credit[3]	--	--	--	--	--	*	5
31. Hire A Vet Credit[3]	--	--	--	--	--	--	5

1/ Tax expenditure item applies only to life insurance corporations

2/ For tax years 2010, 2011, and 2012, credit is subject to deferral. Values reported reflect the amount of credit computed absent deferral rules.

* Less than $0.1 million.

3/ A new tax expenditure item, a revision of the methodology or revisions in the data sources resulting in an estimate which better reflects the tax expenditure value.

4/ Forecast is included in the forecast for Excelsior Jobs Program Tax Credits.

-- The tax expenditure was not applicable for these years.

N/A No data available.

New York Modifications to Federal Taxable Income

In computing New York entire net income, modifications to Federal taxable income are provided for under Article 33 of the Tax Law. These modifications apply only to life insurance corporations.

1. **Exclusion of Interest, Dividends, and Capital Gains from Subsidiary Capital**
   Citation: Section 1503(b)(1)(A)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: In computing New York entire net income, taxpayers may subtract from Federal taxable income dividends, interest, and gains derived from subsidiary corporations that are not part of the combined filing entity.
   Estimates: 2010: $0.2 million — 2014: Minimal
   Data Source: Insurance Tax Study File
   Reliability: Level 1

2. **Deduction of 50 Percent of Dividends from Non-Subsidiary Corporations**
   Citation: Section 1503(b)(1)(B)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: Insurance corporations may deduct from Federal taxable income, before Federal exclusion, 50 percent of the company's share of dividend income received from non-subsidiary corporations.
   Estimates: 2010: $3.8 million — 2014: $4.0 million
   Data Source: Insurance Tax Study File
   Reliability: Level 1

Alternative Bases

Under Section 1502 of Article 33 of the Tax Law, life insurance corporations must calculate the following alternative franchise taxes and the greatest one must be paid:

- 7.1 percent of allocated entire net income;
- 0.16 percent of allocated business and investment capital;
- 9 percent on 30 percent of allocated entire net income plus salaries of officers and certain shareholders; or
- fixed dollar minimum tax of $250.

One tax expenditure item is provided for under the alternative tax on business and investment capital.

3. **Exclusion of Assets Held as Reserves Under NYS Insurance Law Sections 1303, 1304 and 1305**
   Citation: State Insurance Law Sections 1303, 1304, and 1305; Tax Law Section 1500(I)(j)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: Insurance corporations may exclude assets that are held for loss or claim reserves, valuation reserves, and unearned premium reserves (as specified in the Insurance Law) from the definition of business capital and investment capital for purposes of computing tax liability under the capital based tax.
   Estimates: 2010: Minimal — 2014: Minimal
   Data Source: Insurance Tax Study File, Industry Data
   Reliability: Level 4

Exclusions from Premiums Based Tax

The premiums based tax excludes premiums from several types of insurance.

4. **Exclusion of Annuities from the Tax on Premiums**
   Citation: Section 1510(c)(1)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: The premiums tax base excludes annuities.
   Estimates: 2010: $14.5 million — 2014: $14.0 million
   Data Source: Insurance Study File
   Reliability: Level 1

5. **Exclusion of Premiums Written on Certain Joint Underwriting Policies**
   Citation: Section 1510(c)(2)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: The premiums tax base does not include premiums on joint underwriting of group health insurance for persons aged 65 and over.
   Estimates: 2010: $3.6 million — 2014: $4.0 million
   Data Source: Insurance Study File
   Reliability: Level 1

6. **Exclusion of Premiums Written on Marine Vessels**
   Citation: Section 1510(c)(2)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: The premiums tax base does not include premiums for ocean marine insurance.
   Estimates: 2010: $6.2 million — 2014: $6.0 million
   Data Source: Insurance Study File
   Reliability: Level 1

7. **Exclusion of Premiums Written on Certain Reinsurance Policies**
   Citation: Section 1510(c)(3)(A-B)
   Effective Date: Effective for tax years beginning on or after January 1, 1974
   Description: The premiums tax base does not include premiums received by way of reinsurance from corporations or other insurers authorized to transact business in New York. It also excludes premiums received by way of reinsurance from corporations or other insurers not authorized to transact business in New York if such premiums are subject to the Excess Line Tax imposed under the Insurance Law.
   Estimates: 2010: $205.8 million — 2014: $206.0 million
   Data Source: Insurance Study File
   Reliability: Level 1

8. **Exclusion for Certain Non-New York Property or Individuals**
   Citation: Section 1512(b)(1)-(3)
   Effective Date: Effective for tax years beginning on or after January 1, 1974 (Section 1512(b)(3) effective for tax years beginning on or after January 1, 1978)
   Description: The premiums tax base does not include premiums from:
   - Property, risks, or residents located outside of New York written by nonprofit life or fire insurance companies;
   - Insurance risks on residents outside of the State of New York written by federally exempt life insurance companies organized by nonprofit voluntary employees' beneficiary associations.

   Estimate: No data available
   Reliability: Level 5

Limitation on Tax

Article 33 provides for a maximum tax liability cap for life insurance corporations. The total tax less EZ credits, but before other credits, may not exceed 2 percent of taxable premiums. Taxpayers may apply all other insurance corporation tax credits to reduce the tax as determined under the cap.

9. **Limitation on Tax Liability**
   Citation: Section 1505
   Effective Date: Effective for tax years beginning on or after January 1, 1977
   Description: Article 33 limits the total tax liability of a life insurance corporation. Effective for taxable years beginning on or after January 1, 1998, the limitation, or cap, equals 2.0 percent of gross premiums for life insurers. An insurance corporation's tax liability equals the lower of (1) the tax determined under the cap, or (2) the tax determined on the highest of four alternative bases, plus the taxes on the subsidiary capital and premiums bases.
   Estimates: 2010: $65.2 million — 2014: $65.0 million
   Data Source: Insurance Tax Study File
   Reliability: Level 1

Corporate Exemptions

Article 33 of the Tax Law does not apply to several types of entities which may be engaged in an insurance business. Several additional types of entities are exempt only from the premiums tax.

10. **Exemption from Article 33 for Specific Types of Entities Engaged in an Insurance Business**
Citation: Section 1512(a)(1)-(8), (c)
Effective Date: Effective for tax years beginning on or after January 1, 1974 (Sections 1512(a)(8) and 1512 (c) effective for taxable years beginning on or after January 1, 1978)
Description: The corporate franchise tax on insurance does not apply to several types of entities which may be engaged in an insurance business. Among the exempt entities are:
- Charitable, religious, missionary, educational, and philanthropic non-stock corporations. (1512(a)(2))
- Retirement systems or pension funds engaged solely in an annuity business. (1512(a)(3))
- Nonprofit medical expense indemnity or hospital service corporations. (1512(a)(4))
- Incorporated or unincorporated fraternal benefit societies. (1512(a)(5))
- Corporations for the insurance of domestic animals on a cooperative plan. (1512(a)(6))
- A town or county cooperative insurance corporation exempt from tax under Section 187 of the Tax Law as it existed prior to 1974. (1512(a)(7))
- Not-for-profit voluntary employees' beneficiary associations exempted from Federal income tax the members of which are employees (or beneficiaries or dependent of employees) of a single employer. (1512(a)(8))
- Any nonprofit property/casualty insurance company organized pursuant to Section 6703 of the Insurance Law. (1512(a)(9))
- Entities conducting insurance business as a member of the New York Insurance Exchange. (1512 (c))

Estimates: 2010: $326.2 million — 2014: $408.0 million
Data Source: New York State Department of Financial Services
Reliability: Level 4

Preferential Tax Rates

11. **Preferential Tax Treatment for Captive Insurance Companies**
Citation: Section 1502-b
Effective Date: Effective for tax years beginning on or after January 1, 1998
Description: Captive insurers are subject to a special premiums tax at lower rates than the premiums tax that applies to other insurers. The tax imposed on captives equals the greater of the sum of the tax imposed on gross direct premiums and the tax imposed on assumed reinsurance premiums, or $5,000. The tax rates that apply to gross direct premiums and assumed reinsurance premiums will decrease as the

amount of premiums subject to tax increases, with the highest rate equaling 0.4 percent.

For tax years beginning on or after January 1, 2009, an overcapitalized captive insurance company must be included in a combined return under either Article 9-A or 32 with the closest corporation that directly or indirectly owns or controls over 50 percent of the voting stock of the overcapitalized captive insurance company.
Estimates: 2010: $14.1 million — 2014: $13.0 million
Data Source: Captive Tax Return Data
Reliability: Level 2

Credits

Credits are amounts, enumerated by Article 33 of the New York State Tax Law, that insurance corporations may subtract from their calculated New York tax liability. Article 33 credits are available to both life and non-life insurance corporations unless otherwise noted. For tax years 2010, 2011, and 2012, taxpayers are required to defer the use and refund of certain tax credits if they exceed $2 million in aggregate.

Insurance Tax Credits

The credits described below are specific to the Insurance Tax.

12. **Fire Insurance Premiums Tax Credit**
Citation: Section 1511(a)
Credit Type: Non-refundable/Non-Carryforward
Effective Date: Effective for tax years beginning on or after January 1, 1974
Description: A credit is allowed for additional taxes on premiums written by foreign or alien corporations for any insurance against loss or damage by fire, paid by foreign and alien fire insurance companies and foreign mutual fire insurance companies. Such taxes are imposed under the Insurance Law and under the charters of the cities of Buffalo and New York. Taxpayers must have paid or accrued the taxes during the tax year covered by the return.
Estimates: 2010: $47.7 million — 2014: $52.0 million
Data Source: Insurance Tax Study File
Reliability: Level 1

13. **Retaliatory Tax Credit**
Citation: Section 1511(c)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 1974
Description: Taxpayers may claim a credit for up to 90 percent of any retaliatory taxes paid to other states by New York domiciled or organized insurers as a result of New York State imposed taxes on insurers domiciled or organized in those other states.
Estimates: 2010: $36.5 million — 2014: $50.0 million
Data Source: Insurance Tax Study File
Reliability: Level 1

14. **Credit for Assessments Paid to the Life Insurance Company Guaranty Corporation**
Citation: Insurance Law Section 7712(a)(b); Tax Law Section 1511(f)
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for tax years beginning after December 31, 1986
Description: Life insurance corporations may claim a tax credit for a portion of the cost of assessments paid to the life insurance company guaranty corporation in prior years. The maximum credit allowed to all life insurance companies for a particular year is limited to the greater of $40 million or 40 percent of the total tax liability of all such companies. To calculate its respective credit amount, an individual corporation multiplies the $40 million/40 percent maximum by the assessments it paid divided by the sum all assessments paid by all corporations.
Estimates: 2010: $0.0 million — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 5

15. **Credit for Investment in Certified Capital Companies**
Citation: Section 1511(k)
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for tax years beginning after 1998, although the credit may be earned before 1999; the credit has been expanded four times since its enactment, to a combined statewide cap for all five programs of $400 million, effective January 1, 2007
Description: Under the five programs, taxpayers may claim a credit for 100 percent of the amount invested in certified capital companies (CAPCOs). The credit can be claimed over 10 years, at a rate of 10 percent per year. The combined statewide cap is $400 million on the total amount of investments for which credits may be claimed. The total for all five programs may not exceed $40 million in any year.
Estimates: 2010: $30.1 million — 2014: $12.0 million
Data Source: Insurance Tax Study File
Reliability: Level 1

Cross-Article Credits

Descriptions of other tax credits that are available under the Insurance Tax as well as other tax articles are contained in the Cross-Article Tax Credits section of the report.

CORPORATION TAX

This section of the report provides descriptions of 38 separate tax expenditure provisions of the Article 9 tax. It contains estimates of the tax expenditures for tax years 2006 through 2010 (2010 is the latest year for which Article 9 tax return data is available). The list of tax expenditures is based on the Tax Law as of January 1, 2014. The estimates are also extrapolated to the 2014 tax year. The tax year refers to both the 2014 calendar year and fiscal years beginning in 2014. Table 6 summarizes the tax expenditure estimates. It also includes total tax liability of Article 9 to provide perspective.

Description of Tax

Article 9 of the Tax Law imposes initial taxes and annual fees on domestic (in-state) and foreign (out-of-state) corporations. It also imposes gross receipts-based taxes on a variety of specialized businesses.

Section 180 imposes an organization tax, at a rate of 0.05 percent, on the total amount of the par value of stock authorized to be issued by domestic corporations. The tax rate on shares without par value is five cents per share. The minimum tax under this section is $10. The tax also applies to any subsequent increases in authorized stock or other changes in capital structure.

Section 181.1 imposes a license fee on all foreign corporations, except certain banks and most insurance corporations. The rate is the same as for the organization tax but only applies to out-of-state corporations exercising a franchise or carrying on business in the State. The fee is payable only once, unless the capital share structure changed or the amount of capital employed in New York increases.

Section 181.2 imposes an additional annual maintenance fee of $300 on all foreign corporations, except certain banks and most insurance corporations. Foreign corporations may credit the maintenance fee against any tax due under Article 9 (other than Sections 180 and 181), Article 9-A, and Article 32.

Section 183 imposes a franchise tax on transportation and transmission companies and associations (excluding aviation companies which are taxable under Article 9-A) on the basis of allocated capital stock. Generally, a corporation's stock is allocated to New York in the ratio that the corporation's gross assets employed in the State bear to gross assets everywhere. U.S. obligations and cash in hand are excluded from the calculation. The tax equals the highest of the three amounts computed by the following methods: (1) allocated value of issued capital stock multiplied by 1.5 mills; (2) allocated value of issued capital stock on which dividends are paid 6 percent or more, multiplied by 0.375 mills for each one percent of dividends paid; or (3) a fixed minimum tax of $75. Effective January 1998, trucking and railroad companies previously taxable under Section 183 became taxable under Article 9-A, unless an election had been made to remain taxable under Article 9. Effective January 1, 2000, gas pipelines became taxable under Article 9-A.

Section 184 imposes an additional franchise tax on transportation and transmission corporations and associations based on their gross earnings within the State. The tax is 3/8 percent of gross earnings received from business conducted in New York. Beginning in 1995, Section 184 no longer applies to inter-exchange carriers, but applies only to those telecommunications corporations or associations principally engaged in a local telephone business. Companies principally engaged in long distance services are excluded from the tax. In addition, the law provided two exclusions to equalize the tax treatment of telecommunications services provided by local carriers, which remain subject to the Section 184 tax, and inter-exchange carriers. One hundred percent of receipts from sales for ultimate consumption from interLATA, interstate, or international services and 30 percent of intraLATA toll services, including interregion regional calling plan services are excluded in the computation of tax under Section 184. In January 1998, trucking and railroad companies formerly taxable under Section 184 became taxable under Article 9-A, unless they elected to remain taxable under Article 9. In January 2000, gas pipelines became taxable under Article 9-A.

Section 185 imposes a franchise tax on farmers, fruit growers, and other like agricultural corporations organized and operated on a cooperative basis. The tax is the highest amount computed under the following calculations: (1) allocated value of issued capital stock multiplied by one mill; (2) allocated value of issued capital stock on which dividends paid are six percent or more, multiplied by ¼ mill for each one percent of dividends paid; or (3) a fixed dollar minimum tax of $10.

Section 186, which was repealed effective January 1, 2000, provided for a franchise tax on waterworks companies, gas companies, electric or steam heating, lighting, and power companies. The tax was imposed at a rate of .75 percent on New York gross earnings and 4.5 percent on the amount of dividends paid which exceeded 4 percent of the amount of the taxpayer's paid-in capital employed in New York State. The minimum tax alternative of $125 applied, but only in case and to the extent that the tax computed under the primary method was less than $125. An additional excess dividends tax may have also applied. Energy and water companies formerly taxable under this Section are now taxable under Article 9-A. However, a company may elect to remain a continuing Section 186 taxpayer, and be subject to the tax as it existed in 1999, if certain conditions apply.

Section 186-a provides for a gross receipts tax on the furnishing of utility services. A utility is defined as any seller of gas, electricity, steam, water, or refrigeration. The tax is imposed on receipts from transportation, transmission, distribution, or delivery of energy for residential customers at a rate of 2.0 percent. Utilities that provide telephone or telegraph services which are subject to the supervision of the Public Service Commission pay the tax on their gross receipts not derived from the sale of telecommunications services at a rate of 2.5 percent. Telecommunications service receipts are taxable under Section 186-e.

For tax years in the History portion of the following Table 8, the tax rate was reduced to 2.5 percent effective January 1, 2000. The tax is now imposed on receipts from transportation, transmission, distribution, or delivery of energy for residential customers at a rate of 2.0 percent. For taxable years beginning on or after January 1, 2000 separate additional rate reduction schedules are applied to receipts from the sale of an energy commodity and to receipts from charges for the transportation, transmission, distribution, or delivery of energy, as follows:

Calendar Year	2000	2001	2002	2003	2004	2005 and After
Commodity Rate	2.1%	2.0%	1.9%	0.85%	0.4%	0%
T&D Rate	2.5%	2.45%	2.4%	2.25%	2.125%	2.0%

Section 186-e provides for an excise tax on telecommunications services at a rate of 2.5 percent on the gross receipts of all providers of telecommunications services. The tax applies to gross receipts from all intrastate services and interstate and international services that either originate or terminate in New York and are billed to a service address in the State. Providers of mobile telecommunication services source gross receipts to their customer's place of primary use.

Most of the revenue from the Article 9 tax resulted from the gross receipts-based taxes (Sections 184, 186, 186-a, and 186-e).

Data Sources

The major source of data used to compute the tax expenditure estimates under Article 9 is the 2010 Corporation Tax Study File. This file, compiled by the Department of Taxation and Finance, includes all corporations filing under Article 9. It includes selected data items from the tax returns of each corporation. Simulations of the file generate the base case tax expenditures.

Methodology

The projections of the tax expenditures from 2010 to 2014 use a variety of economic forecast variables.

Tax expenditures whose values are less than $0.1 million are considered minimal and are designated by an asterisk.

Table 6
2014 New York State Corporation and Utilities (Article 9) Tax Expenditure Estimates
(2010 Corporation and Utilities Tax Liability = $588.8 Million)
(Millions of Dollars)

Tax Item[1]	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
New York Modifications to Gross Income							
1. Exclusion of Interstate and Foreign Income	N/A	N/A	N/A	N/A	N/A	N/A	5
2. Exclusion of Receipts from InterLATA, Interstate, and International Telephone Services	4.5	4.3	5.1	4.6	4.5	4.0	1
3. Exclusion of Thirty Percent of Receipts from IntraLATA Toll Telephone Services	4.3	4.0	4.6	3.8	3.5	3.0	1
4. Exclusion of Cable Television Service	103.0	97.0	116.0	121.0	123.0	130.0	3
5. Exclusion of Receipts from Certain Telecommunications Services for Air Safety and Navigation Purposes	N/A	N/A	N/A	N/A	N/A	N/A	5
Corporate Exemptions							
6. Certain Banking and Insurance Companies	N/A	N/A	N/A	N/A	N/A	N/A	5
7. Ferry Companies	N/A	N/A	N/A	N/A	N/A	N/A	5
8. Taxicabs and Omnibuses	N/A	N/A	N/A	N/A	N/A	N/A	5
9. Railroads and Vessels Engaged in Interstate or Foreign Commerce	N/A	N/A	N/A	N/A	N/A	N/A	5
10. Corporations Principally Engaged in Providing Telecommunications for Air Safety and Navigation Purposes	N/A	N/A	N/A	N/A	N/A	N/A	5
11. Foreign Commerce	N/A	N/A	N/A	N/A	N/A	N/A	5
12. Railroad Leasing	N/A	N/A	N/A	N/A	N/A	N/A	5
13. Foreign Taxicabs and Omnibuses	N/A	N/A	N/A	N/A	N/A	N/A	5
14. Exempt Companies	N/A	N/A	N/A	N/A	N/A	N/A	5
15. Exempt Organizations – Section 186-a	N/A	N/A	N/A	N/A	N/A	N/A	5
16. Water Pollution Facilities	N/A	N/A	N/A	N/A	N/A	N/A	5
17. Commercial, Industrial, and Not-For-Profit Relief	N/A	N/A	N/A	N/A	N/A	N/A	5
18. Exempt Organizations – Section 186-e	N/A	N/A	N/A	N/A	N/A	N/A	5
Credits							
Corporation Tax Credits							
19. Credit for Tax Paid in Another Jurisdiction [1]	0.0	*	*	*	*	*	1
Cross-Article Credits							
20. Special Additional Mortgage Recording Tax Credit [1,2]	0.0	0.0	0.0	0.0	0.0	*	1
21. Empire Zone (EZ) and Qualified Empire Zone Enterprise (QEZE) Credits [1,2]							
a. EZ Investment Tax Credit and Employment Incentive Credit[2]	*	*	0.1	*	*	*	1
b. EZ Wage Tax Credit[1]	*	*	*	0.1	0.1	*	1
c. QEZE Real Property Tax Credit[1]	0.3	0.3	0.4	0.4	0.4	*	
22. Credit for Employment of Persons with Disabilities[1,2]	0.0	0.0	0.0	0.0	0.0	*	1
23. Green Building Credit [1,2]	0.0	0.0	0.0	0.0	0.0	*	1
24. Long-Term Care Insurance Credit[1]	0.0	0.0	0.0	0.0	0.0	*	1
25. Security Training Tax Credit[2]	0.0	0.0	0.0	0.0	0.0	*	1
26. Brownfields Tax Credits [2,3]							

Tax Item[1]	History 2006	2007	2008	2009	2010	Forecast 2014	Reliability Level
. Brownfield Redevelopment Tax Credit	0.0	0.0	0.0	0.0	0.0	*	1
. Remediated Brownfield Credit for Real Property Taxes	0.0	0.0	0.0	0.0	0.0	*	1
. Environmental Remediation Insurance Credit	0.0	0.0	0.0	0.0	0.0	*	1
27. Biofuel Production Credit[2]	0.0	0.0	0.0	0.0	0.0	*	1
28. Economic Transformation and Facility Redevelopment Program Tax Credit	--	--	--	--	--	*	5
29. Alternative Fuels and Electrical Vehicle Recharging Property Credit[3]	--	--	--	--	--	*	5
30. Minimum Wage Reimbursement Credit[3]	--	--	--	--	--	*	5

1/ Amounts in the table are the sum of the expenditure estimates across all Article 9 tax sections. See specific descriptions to determine the sections to which the expenditure applies and to view the section-specific estimates.

2/ For tax years 2010, 2011, and 2012, credits subject to deferral. Values reported reflect the amount of credit computed absent deferral rules.

3/ A new tax expenditure item, a revision of the methodology or revisions in the data sources resulting in an estimate which better reflects the tax expenditure value.

* Less than $0.1 million.

-- The tax expenditure was not applicable for these years.

N/A No data available.

New York Modifications to Gross Income

Article 9 of the New York State Tax Law provides for select modifications when computing New York gross income.

1. **Exclusion of Interstate and Foreign Income**
   Citation: Section 184(1)
   Effective Date: June 15, 1896
   Description: Corporations, joint stock corporations, or associations formed for or principally engaged in canal, steamboat, ferry, navigation, or corporations formed for or principally engaged in the operation of vessels may exclude earnings derived from business of an interstate or foreign character.
   Section 184 Estimate: No data available
   Reliability: Level 5

2. **Exclusion of Receipts from InterLATA, Interstate, and International Telephone Services**
   Citation: Section 184(1)
   Effective Date: January 1, 1995
   Description: Telephone companies subject to the tax may exclude 100 percent of receipts (other than those from the provision of carrier access services) from sales for ultimate consumption of interLATA, interstate, and international services.
   Section 184 Estimates: 2010: $4.5 million — 2014: $4.0 million
   Data Source: Corporation Tax Study File
   Reliability: Level 1

3. **Exclusion of Thirty Percent of Receipts from IntraLATA Toll Telephone Services**
   Citation: Section 184.1
   Effective Date: Effective for tax years beginning on or after January 1, 1996
   Description: Telephone companies subject to the tax may exclude 30 percent of receipts (other than those from the provision of carrier access services) from sales for ultimate consumption of intra-LATA toll services, including inter-region regional calling plan services.
   Section 184 Estimates: 2010: $3.5 million — 2014: $3.0 million
   Data Source: Corporation Tax Study File
   Reliability: Level 1

4. **Exclusion of Cable Television Service**
   Citation: Section 186-e(2)(b)(2)
   Effective Date: January 1, 1995
   Description: Cable television service is specifically excluded from the definition of telecommunications services and receipts from the sale of such service are not subject to tax.
   Section 186-e Estimates: 2010: $123.0 million — 2014: $130.0 million
   Data Source: Annual Reports to the New York State Public Service Commission
   Reliability: Level 3

5. **Exclusion of Receipts from Certain Telecommunications Services for Air Safety and Navigation Purposes**
Citation: Section 186-e(2)(b)(3)
Effective Date: January 1, 1995
Description: Receipts from the sale of telecommunications to air carriers solely for the purposes of air safety and navigation are excluded from the tax. Providers must be at least 90 percent owned (directly or indirectly) by air carriers and have the principal function of fulfilling requirements of the Federal Aviation Administration (FAA) or International Civil Aviation Organization (ICAO) relating to the existence of a communication system between aircraft and dispatcher, aircraft and air traffic control or ground station and ground station (or any combination of these entities).
Section 186-e Estimate: No data available
Reliability: Level 5

Corporate Exemptions

6. **Banking and Insurance Companies**
Citation: Section 181(1) (license fee); 181(2) (annual maintenance fee)
Effective Date: April 4, 1895; September 1, 1976
Description: Certain banking corporations, fire, marine, casualty and life insurance companies, cooperative fraternal insurance companies, and building and loan associations are exempt from the license fee or the annual maintenance fee imposed on foreign corporations.
Section 181 Estimate: No data available
Reliability: Level 5

7. **Ferry Companies**
Citation: Sections 183(1)(b) and 184(1)
Effective Date: April 14, 1914
Description: Ferry companies operating between any of the boroughs of the City of New York under a lease granted by the City are exempt from tax under Sections 183 and 184.
Section 183 Estimate: No data available
Section 184 Estimate: No data available
Reliability: Level 5

8. **Taxicabs and Omnibuses**
Citation: Section 183(1)(c)
Effective Date: April 11, 1951 (taxicabs); January 1, 1960 (omnibuses)
Description: With certain exceptions, and so long as the State tax on motor fuel exceeds two cents per gallon, corporations classified as taxicabs and omnibuses are taxable under Article 9-A and therefore are exempt from the tax imposed by Section 183.
Section 183 Estimate: No data available
Reliability: Level 5

9. **Railroads and Vessels Engaged in Interstate or Foreign Commerce**
Citation: Section 183(7)
Effective Date: November 11, 1981 for taxable periods beginning on or after January 1, 1981 (original exclusion for vessels only, June 15, 1896)
Description: A railroad, palace car, or sleeping car corporation, navigation, canal, ferry (except a ferry operating between any of the boroughs of New York under a lease granted by the City), steamboat, or any other corporation formed for or principally engaged in the operation of vessels in interstate or foreign commerce is not subject to the Section 183 tax, even though it maintains an office or otherwise employs capital in New York.
Section 183 Estimate: No data available
Reliability: Level 5

10. **Corporations Principally Engaged in Providing Telecommunications for Air Safety and Navigation Purposes**
Citation: Sections 183(1)(b) and 184(1)
Effective Date: January 1, 1995
Description: Corporations principally engaged in selling of telecommunications to air carriers solely for the purposes of air safety and navigation are exempt from the tax under Sections 183 and 184. Providers must be at least 90 percent owned (directly or indirectly) by air carriers and have the principal function of fulfilling requirements of the Federal Aviation Administration (FAA) or International Civil Aviation Organization (ICAO) relating to the existence of a communication system between aircraft and dispatcher, aircraft and air traffic control or ground station and ground station (or any combination of these entities).
Section 183 Estimate: No data available
Section 184 Estimate: No data available
Reliability: Level 5

11. **Foreign Commerce**
Citation: Section 3
Effective Date: November 11, 1981 (original exclusion for vessels only, June 15, 1896)
Description: All corporations incorporated under the laws of the State of New York, exclusively engaged in the operation of vessels in foreign commerce, are exempted from tax on their capital stock, franchises, and earnings for State and local purposes.
Section 184 Estimate: No data available
Reliability: Level 5

12. **Railroad Leasing**
Citation: Section 184(3)
Effective Date: June 1, 1917
Description: In lieu of the tax on gross earnings, a railroad corporation involved in leasing railroad property to another railroad is subject to an excess income tax measured at the rate of 4 ½ percent on that portion of dividends paid in a calendar year in excess of 4 percent on the capital stock of the company.
Section 184 Estimate: No data available

Reliability: Level 5

13. **Foreign Taxicabs and Omnibuses**
Citation: Section 184(2)(b)(1)(iv)
Effective Date: January 1, 1988
Description: A foreign taxicab or omnibus company doing business in New York by making fewer than 12 trips into New York State on an annual basis, but not otherwise owning or leasing property, maintaining an office, or otherwise doing business in the State so as to become subject to tax, pays a tax equal to $15 per trip.
Section 184 Estimate: No data available
Reliability: Level 5

14. **Exempt Companies**
Citation: Section 186-a(2)(a)
Effective Date: January 1, 1960 (omnibuses)
Description: Persons engaged in operating omnibuses having a seating capacity of more than seven persons; or, street surface, rapid transit, subway, and elevated railroads are not subject to the Section 186-a tax.
Section 186-a Estimate: No data available
Reliability: Level 5

15. **Exempt Organizations**
Citation: Section 186-a(2)(b)
Effective Date: 1937
Description: The furnishing of utilities services by the State is exempt from tax. Utility services furnished by municipalities, political and civil subdivisions of the State or a municipality, public districts, and certain corporations and associations organized and operated exclusively for religious, charitable, or educational purposes are exempt from tax under certain circumstances.
Section 186-a Estimate: No data available
Reliability: Level 5

16. **Water Pollution Facilities**
Citation: Section 186-a(2)(b)
Effective Date: January 1, 1969
Description: Section 186-a does not apply to a corporation organized and operated exclusively for the purpose of leasing from a city a water works system designed to alleviate water pollution within the city.
Section 186-a Estimate: No data available
Reliability: Level 5

17. **Commercial, Industrial, and Not-For-Profit Relief**
Citation: Section 182-a(2)(c)(1)
Effective Date: January 1, 2000
Description: In addition to the reduction and elimination of the tax on the commodity, the Section 186-a tax on transmission and distribution for commercial, industrial and not-for-profit customers was eliminated through a phased in exclusion according to the following schedule:

Calendar Year	2000	2001	2002	2003	2004	2005 and After
Exclusion	0%	0%	25%	50%	75%	100%

Section 186-a Estimate: No data available
Data Source: No data available
Reliability: Level 5

18. **Exempt Organizations**
Citation: Section 186-e(1)(c)
Effective Date: January 1, 1995
Description: Telecommunications services provided by the State, municipalities, political and civil subdivisions of the State or municipality, public districts, and corporations and associations organized and operated exclusively for religious, charitable, or educational purposes are exempt from Section 186-e tax.
Section 186-e Estimate: No data available
Reliability: Level 5

Credits

Credits include amounts, stipulated by the New York State Tax Law, which the taxpayer may subtract in calculating New York tax liability. For tax years 2010, 2011, and 2012, taxpayers are required to defer the use and refund of certain tax credits if they exceed $2 million in aggregate.

Corporation Tax Credits

The credits described below are specific to the Corporation Tax.

19. **Credit for Tax Paid in Another Jurisdiction**
Citation: Section 186-e(4)(a)(2)
Credit Type: Non-refundable/Non-Carryforward
Effective Date: January 1, 1995
Description: To prevent actual multijurisdictional taxation of sales of telecommunications services, providers of interstate and international telecommunications services may claim a credit for a like tax paid to another state or country on a telecommunications service taxable under Section 186-e. The amount of the credit is the amount of tax lawfully due and paid to the other country or jurisdiction not exceeding the tax due to New York.
Section 186-e Estimates: 2010: Minimal — 2014: Minimal
Data Source: Corporation Tax Study File
Reliability: Level 1

Cross-Article Credits

Descriptions of tax credits that are available under the Corporation Tax as well as other tax articles are contained in the Cross-Article Tax Credits section of the report.

SALES AND USE TAX

This section of the report provides tax expenditure descriptions and estimates for 153 provisions of the Sales and Use Tax Law. The list of expenditures is based on the Tax Law in effect as of January 1, 2014. The tax expenditure estimates only pertain to the State portion of the tax and do not include any estimates of the revenue foregone by local governments levying sales and use taxes.

The report presents historical estimates for calendar years 2007 through 2011. Table 7 lists the tax expenditures and provides historical year and projected 2014 estimates. It also lists the years for which data are available. For recently added tax expenditures, the report displays historical estimates only for years the item existed as a tax expenditure. The effective dates recorded in the report refer to the date the applicable provision took effect.

Description of Tax

The New York State Sales and Use Tax was enacted in 1965 and took effect August 1, 1965. This tax applies primarily to sales of tangible personal property in New York State, not for subsequent resale. The Sales and Use Tax also applies to a variety of services, notably, services to real or personal property, telephone service, and commercial energy use. Certain admissions, hotel occupancies, and restaurant meals are also taxed. Generally the tax base includes tangible personal property unless the law provides a specific exclusion or exemption and does not include services unless the law specifically enumerates the service as taxable.

The Tax Law provides manufacturers with exemptions for the purchase, repair, and maintenance of machinery and equipment used in production. Other exempt items include food, medicine, residential energy, and sales to exempt entities. Although most services are not subject to sales or use tax, this report examines only services which are specifically exempted by New York State law. Thus, this report does not list unenumerated services (e.g., accounting services, engineering services) as tax expenditures.

The Department of Taxation and Finance administers the Sales and Use Tax for the State and its constituent jurisdictions that also impose the tax. The State rate equals 4 percent. Local rates range from 3 percent to 4.75 percent. Communities within the Metropolitan Commuter Transportation District are subject to an additional 3/8 of 1 percent tax rate. In State fiscal year 2012-13, the Department collected about $11.3 billion for the State and approximately $14.2 billion for local governments from sales and use taxes.

Data Sources

Most tax expenditure estimates for the Sales Tax use aggregate, non-tax data sources because no tax return data exists for the many exclusions and exemptions. Thus, the estimates are only suggestive of the revenue loss associated with each of the provisions. The estimates are rounded to the nearest million dollars.

The major non-tax data sources used to compute the tax expenditure estimates include:

- Government publications and surveys such as the U.S. Census Bureau's *Economic Census*;
- Data compiled by individual New York State agencies; and
- Industry surveys and information, such as the information provided by the International Dairy Food Association.

Methodology

The report bases the historical estimates on the most recent data available. If data are not available for a particular year covered by the report, the tax expenditure is estimated from the most recent data. For example, where 2007 represents the latest year for which relevant data are available, the 2007 data are used to derive the historical estimates. Historical estimates may vary from prior year reports due to the availability of more recent data. From the most recent data, tax expenditure estimates are projected to 2014 levels. Historical estimates are projected to 2014 levels using the New York State Division of the Budget's forecast of the U.S. and New York economies. Where applicable, such measures as price, employment, and productivity were used to extrapolate to the expenditure value.

A sales tax transaction can be exempt from tax because the good or service is exempt or because its use, purchaser, or seller is exempt. In valuing the exemptions, no account is taken of the fact that if the good or service were made taxable, some of the transactions would remain exempt because of the nature of the use, purchaser, or seller. Hence, the value of a particular good or service may be included in two or more tax expenditure estimates. Because of this overlapping, the revenue value of eliminating an exemption would not necessarily coincide with the estimated value herein.

Table 7
2014 New York State Sales and Use Tax Expenditure Estimates
(2012-13 Total NY Sales and Use Tax Liability = $11,346.0 Million)
(Millions of Dollars)

Tax Item	Data Source Year(s)	History 2007	2008	2009	2010	2011	Forecast 2014	Reliability Level
Services								
1. Certain Information Services		N/A	N/A	N/A	N/A	N/A	N/A	5
2. Certain Information Services Provided Over the Telephone		N/A	N/A	N/A	N/A	N/A	N/A	5
3. Services Performed on a Non-Trade Basis		N/A	N/A	N/A	N/A	N/A	N/A	5
4. Laundering, Tailoring, Shoe Repair, and Similar Services	2007	72.0	75.0	77.0	79.0	82.0	90.0	4B
5. Capital Improvement Installation Services	2007-2009	606.0	738.0	540.0	486.0	495.0	546.0	4C
6. Services Related to Railroad Rolling Stock	2008	2.0	2.0	2.0	2.0	2.0	2.0	4B
7. Services to Property Delivered Outside New York		N/A	N/A	N/A	N/A	N/A	N/A	5
8. Municipal Parking Services	2010	7.0	8.0	8.0	9.0	9.0	10.0	4A
9. Parking and Garaging at a Private Residence	2010	*	*	*	*	*	*	4A
10. Certain Protective and Detective Services	2008–2010	*	*	*	*	*	*	4A
11. Medical Emergency Alarm Call Services	2010	1.0	1.0	1.0	1.0	1.0	1.0	4C
12. Coin-Operated Car Wash Services	2007	8.0	8.0	8.0	9.0	9.0	11.0	4C
13. Trash Removal from a Waste Transfer Facility	2007-2010	4.0	3.0	3.0	3.0	3.0	2.0	4B
14. Transportation Services in Connection with Funerals[2]	2010	--	--	*	1.0	1.0	1.0	4C
15. Transportation Services Provided by Affiliated Livery Vehicles[2]	2010	--	--	1.0	3.0	3.0	3.0	4C
16. Water and Sewer Line Protection Services[1]	2013	--	--	--	--	--	*	4C
Food								
17. Certain Food Products	2007-2010	1,064.0	1,143.0	1,168.0	1,147.0	1,215.0	1,361.0	4B
18. Food Sold to Airlines	2010	6.0	6.0	5.0	5.0	5.0	6.0	4A
19. Food Sold at School Cafeterias	2007-2010	110.0	116.0	117.0	119.0	124.0	140.0	4A
20. Food Purchased with Food Stamps	2007-2010	95.0	112.0	174.0	206.0	214.0	243.0	4A
21. Water Delivered Through Mains or Pipes	2007-2010	67.0	68.0	73.0	77.0	78.0	81.0	4B
22. Mandatory Gratuity Charges	2007-2009	27.0	29.0	27.0	28.0	28.0	30.0	4A
23. Wine Used for Wine Tastings	2010	*	*	*	*	*	*	4A
24. Vending Machine Sales of Hot Drinks and Certain Foods	2007-2010	18.0	17.0	16.0	14.0	13.0	13.0	4C
25. Vending Machine Sales of Candy, Juice and Soft Drinks	2007-2010	8.0	6.0	4.0	3.0	3.0	3.0	4C
26. Food Sold at Senior Citizen Housing Communities	2008	*	*	*	*	*	*	4B
Medical								
27. Drugs, Medicine, and Medical Supplies	2007-2010	811.0	841.0	877.0	913.0	965.0	1,147.0	4C
28. Eyeglasses, Hearing Aids and Prosthetic Aids	2007	111.0	117.0	123.0	129.0	131.0	138.0	4C
29. Veterinarian Services	2007, 2010	29.0	31.0	32.0	33.0	34.0	37.0	4B
30. Service Dogs	2010	*	*	*	*	*	*	4B

Tax Item	Data Source Year(s)	History 2007	2008	2009	2010	2011	Forecast 2014	Reliability Level
Energy								
31. Residential Energy	2007-2010	717.0	806.0	730.0	749.0	754.0	760.0	4A
32. Fuel, Gas, Electricity, Refrigeration, and Steam Used in Research and Development and Production	2007-2010	205.0	207.0	147.0	164.0	176.0	181.0	4C
33. Fuel, Gas, Electricity, Refrigeration, and Steam Used in Farming and Commercial Horse Boarding	2007-2010	12.0	13.0	11.0	11.0	13.0	15.0	4B
34. Reduced Rate on Gas and Electric Delivery	2007	46.0	49.0	53.0	57.0	58.0	61.0	4B
35. Gas and Electricity Used in Transmission, Distribution and Storage	2007-2010	6.0	7.0	6.0	6.0	7.0	7.0	4C
36. Residential Solar Energy Systems	2010	*	*	*	*	*	*	4B
37. Commercial Solar Energy Systems	2010	--	--	--	--	--	1.0	4C
38. Electricity, Refrigeration, and Steam Sold by Certain Cooperative Corporations	2010	N/A	N/A	N/A	N/A	N/A	N/A	5
39. Automotive Fuel Receipts Exceeding Two Dollars Per Gallon	2007-2010	176.0	312.0	70.0	178.0	369.0	330.0	4A
40. Alternative Fuels	2007-2010	*	*	*	*	*	3.0	4A
41. B20 Bio-Diesel Fuel	2007-2010	*	*	*	*	*	*	4A
Transportation								
42. Commercial Vessels		N/A	N/A	N/A	N/A	N/A	N/A	5
43. Barge Repairs	2007	*	*	*	*	*	*	4C
44. Commercial Aircraft	2010	19.0	20.0	15.0	12.0	12.0	13.0	4C
45. Fuel Sold to Airlines	2007-2010	71.0	109.0	46.0	52.0	62.0	64.0	4A
46. Parts for Foreign Aircraft		N/A	N/A	N/A	N/A	N/A	N/A	5
47. Services to Private Aircraft	2010	3.0	3.0	4.0	4.0	4.0	4.0	4C
48. Intra-family Sales of Motor Vehicles		N/A	N/A	N/A	N/A	N/A	N/A	5
49. Motor Vehicles and Vessels Sold to Nonresidents		N/A	N/A	N/A	N/A	N/A	N/A	5
50. Motor Vehicles Purchased Out-of-State by a Member of the Military Service[1]	2013	--	--	--	--	--	3.0	4C
51. Rental of Trucks in Certain Cases		N/A	N/A	N/A	N/A	N/A	N/A	5
52. Tractor-Trailer Combinations	2010	9.0	10.0	10.0	10.0	12.0	14.0	4A
53. Sales of Property by Railroads in Reorganization	2007-2010	0.0	0.0	0.0	0.0	0.0	0.0	4A
54. Commercial Buses	2010	5.0	5.0	5.0	5.0	6.0	7.0	4A
55. Marine Terminal Facility Equipment	2007	*	*	*	*	*	*	4B
56. Ferry Boats[2]	2008, 2009	--	*	*	*	*	*	4A
Communication and Media								
57. Interstate or International Telephone and Telegraph Service	2007-2009	230.0	221.0	244.0	237.0	230.0	251.0	4A
58. Internet Access Service	2007-2010	157.0	186.0	208.0	233.0	261.0	293.0	4C
59. Cable Television Service	2007-2011	220.0	234.0	249.0	264.0	280.0	327.0	4C
60. Newspapers and Periodicals	2007-2009	63.0	58.0	53.0	50.0	48.0	47.0	4B
61. Electronic News Services and Electronic Periodicals	2010	--	--	--	--	--	*	4C
62. Shopping Papers	2007-2009	1.0	1.0	1.0	1.0	1.0	1.0	4C
63. Telephone Service Used by the Media		N/A	N/A	N/A	N/A	N/A	N/A	5

Tax Item	Data Source Year(s)	History 2007	2008	2009	2010	2011	Forecast 2014	Reliability Level
64. Certain Coin-Operated Telephone Charges	2007-2008	1.0	1.0	1.0	1.0	1.0	1.0	4C
65. Telecommunications and Internet Equipment	2007-2010	78.0	74.0	72.0	74.0	74.0	84.0	4B
66. Internet Data Centers	2011	11.0	11.0	11.0	12.0	12.0	13.0	4C
67. Radio and Television Broadcasting	2007-2011	4.0	4.0	3.0	4.0	3.0	4.0	4C
68. Film Production		N/A	N/A	N/A	N/A	N/A	N/A	5
69. Certain Mobile Telecommunication Services	2007-2010	5.0	5.0	4.0	4.0	4.0	4.0	4B
Industry								
70. Tools and Supplies Used in Production		N/A	N/A	N/A	N/A	N/A	N/A	5
71. Farm Production and Commercial Horse Boarding	2007-2011	60.0	70.0	61.0	65.0	73.0	84.0	4B
72. Research and Development Property	2007-2009	57.0	59.0	61.0	63.0	65.0	71.0	4B
73. Machinery and Equipment Used in Production	2007-2011	286.0	302.0	335.0	319.0	325.0	337.0	4B
74. Services to Machinery and Equipment Used in Production	2007	15.0	16.0	16.0	16.0	16.0	17.0	4B
75. Wrapping and Packaging Materials		N/A	N/A	N/A	N/A	N/A	N/A	5
76. Milk Crates	2010, 2013	*	*	*	*	*	*	4C
77. Commercial Fishing Vessels	2007-2011	1.0	1.0	1.0	1.0	1.0	*	4B
78. Certain Services Used in Gas or Oil Production	2007-2011	4.0	4.0	2.0	1.0	1.0	1.0	4C
79. Pollution Control Equipment	2007-2011	5.0	9.0	10.0	11.0	14.0	14.0	4C
80. Property Manufactured by the User	2009-2010	*	*	*	*	*	*	4B
Miscellaneous								
81. Certain Property Sold Through Vending Machines	2007-2011	1.0	1.0	1.0	1.0	1.0	1.0	4C
82. Trade-in Allowance	2007-2011	602.0	493.0	449.0	541.0	638.0	775.0	4A
83. Certain Hotel Room Rent		N/A	N/A	N/A	N/A	N/A	N/A	5
84. Dues for Fraternal Societies	2007-2011	17.0	18.0	17.0	17.0	17.0	18.0	4C
85. Homeowner Association Dues		N/A	N/A	N/A	N/A	N/A	N/A	5
86. Homeowner Association Parking Services		N/A	N/A	N/A	N/A	N/A	N/A	5
87. Property Sold by Morticians	2007-2011	9.0	9.0	9.0	9.0	9.0	10.0	4C
88. Flags		N/A	N/A	N/A	N/A	N/A	N/A	5
89. Military Decorations	2007-2011	*	*	*	*	*	*	4C
90. Military Flags and Banners	2012	--	--	--	--	--	*	4C
91. Garage Sales		N/A	N/A	N/A	N/A	N/A	N/A	5
92. New Mobile Homes	2007-2011	2.0	1.0	1.0	1.0	1.0	1.0	4A
93. Used Mobile Homes		N/A	N/A	N/A	N/A	N/A	N/A	5
94. Modular Homes[2]	2008	--	--	*	*	*	*	4B
95. Registered Race Horses		N/A	N/A	N/A	N/A	N/A	N/A	5
96. Race Horses Purchased Through Claiming Races		N/A	N/A	N/A	N/A	N/A	N/A	5
97. Race Horses Purchased Out of State		N/A	N/A	N/A	N/A	N/A	N/A	5
98. Training and Maintaining Race Horses	2007	3.0	3.0	3.0	3.0	3.0	3.0	4C
99. Property Sold to Contractors for Capital Improvements or Repairs for Exempt Organizations	2007-2011	92.0	97.0	102.0	98.0	96.0	109.0	4C
100. Property Donated by a Manufacturer to an Exempt Organization		N/A	N/A	N/A	N/A	N/A	N/A	5

	Tax Item	Data Source Year(s)	History 2007	2008	2009	2010	2011	Forecast 2014	Reliability Level
101.	Sales and Use Tax Paid to Other States		N/A	N/A	N/A	N/A	N/A	N/A	5
102.	Precious Metal Bullion and Coins	2011	215.0	267.0	294.0	373.0	494.0	519.0	4C
103.	Computer Software Transferred to Affiliated Corporations		N/A	N/A	N/A	N/A	N/A	N/A	5
104.	Services to Computer Software		N/A	N/A	N/A	N/A	N/A	N/A	5
105.	Self-use of Prewritten Software by its Author		N/A	N/A	N/A	N/A	N/A	N/A	5
106.	Computer System Hardware	2007-2011	14.0	13.0	12.0	16.0	14.0	14.0	4C
107.	Promotional Materials Mailed Out of State		N/A	N/A	N/A	N/A	N/A	N/A	5
108.	Printed Promotional Materials	2007	40.0	43.0	47.0	46.0	43.0	42.0	4C
109.	U.S. Postage Used in the Distribution of Promotional Materials		N/A	N/A	N/A	N/A	N/A	N/A	5
110.	Clothing and Footwear	2007	727.0	715.0	700.0	515.0	359.0	871.0	4B
111.	Coin-Operated Photocopying Machines	2007	*	*	*	*	*	*	4C
112.	Luggage Carts	2008	*	*	*	*	*	*	4C
113.	Emissions Testing Equipment	2007-2009	*	*	*	*	*	*	4A
114.	College Textbooks	2007-2009	24.0	24.0	24.0	24.0	25.0	23.0	4B
115.	Live Dramatic or Musical Arts Production	2007	4.0	4.0	4.0	4.0	4.0	5.0	4A
116.	Lower Manhattan Commercial Office Space[1]	2013	8.0	10.0	14.0	8.0	7.0	18.0	4B
Exempt Organizations									
117.	New York State Agencies and Political Subdivisions	2007-2008	1,228.0	1,316.0	1,261.0	1,275.0	1,276.0	1,288.0	4C
118.	Industrial Development Agencies	2007-2009	98.0	109.0	76.0	77.0	78.0	83.0	4A
119.	Federal Agencies	2007-2009	282.0	330.0	348.0	352.0	352.0	353.0	4B
120.	United Nations		N/A	N/A	N/A	N/A	N/A	N/a	5
121.	Diplomats and Foreign Missions		N/A	N/A	N/A	N/A	N/A	N/A	5
122.	Charitable Organizations	2007-2011	438.0	471.0	488.0	508.0	530.0	560.0	4C
123.	Veterans Posts or Organizations	2007-2011	*	*	*	*	*	*	4C
124.	Veterans Home Gift Shops	2007	*	*	*	*	*	*	4C
125.	Indian Nations and Members of Such Indian Nations	2010	4.0	4.0	4.0	5.0	6.0	6.0	4C
126.	U.S. Military Base Post Exchanges	2007	7.0	8.0	8.0	8.0	9.0	9.0	4A
127.	Nonprofit Health Maintenance Organizations	2007-2009	12.0	13.0	13.0	13.0	13.0	14.0	4A
128.	Nonprofit Medical Expense Indemnity or Hospital Service Corporations	2007-2009	5.0	5.0	5.0	5.0	5.0	5.0	4A
129.	Nonprofit Property/Casualty Insurance Companies		N/A	N/A	N/A	N/A	N/A	N/A	5
130.	Certain State Credit Unions	2007-2009	0.0	2.0	2.0	2.0	2.0	3.0	4A
131.	Rural Electric Cooperatives	2007-2009	*	*	*	*	*	*	4A
132.	Municipal Trash Removal Services	2007-2009	39.0	40.0	39.0	39.0	39.0	40.0	4B
Exempt Admission Charges									
133.	Certain Admission Charges	2007	65.0	67.0	69.0	71.0	73.0	78.0	4B
134.	Amusement Park Admissions	2007	2.0	2.0	2.0	2.0	2.0	2.0	4A
135.	Events Given for the Benefit of Charitable Organizations, Veterans Posts, and Indian Nations		N/A	N/A	N/A	N/A	N/A	N/A	5

	Tax Item	Data Source Year(s)	History 2007	2008	2009	2010	2011	Forecast 2014	Reliability Level
136.	Events Given for the Benefit of Certain Orchestras and Opera Companies		N/A	N/A	N/A	N/A	N/A	N/A	5
137.	National Guard Organization Events		N/A	N/A	N/A	N/A	N/A	N/A	5
138.	Municipal Police and Fire Department Events		N/A	N/A	N/A	N/A	N/A	N/A	5
139.	Certain Athletic Games		N/A	N/A	N/A	N/A	N/A	N/A	5
140.	Carnivals or Rodeos for Certain Charitable Organizations	2007	*	*	*	*	*	*	4B
141.	Agricultural Fairs	2007-2009	*	*	*	*	*	*	4A
142.	Historical Homes, Gardens, Sites, and Museums		N/A	N/A	N/A	N/A	N/A	N/A	5
143.	Performances at a Roof Garden or Cabaret	2008	*	*	*	*	*	*	4C
Credits									
144.	Sales Tax Vendor Credit	2007-2011	94.0	95.0	96.0	79.0	74.0	79.0	3
145.	Tangible Property Sold by Contractors in Certain Situations		N/A	N/A	N/A	N/A	N/A	N/A	5
146.	Veterinary Drugs		N/A	N/A	N/A	N/A	N/A	N/A	5
147.	Construction Materials Used in Empire Zones		N/A	N/A	N/A	N/A	N/A	N/A	5
148.	Bus Companies Providing Local Transit Service	2007-2009	*	*	*	*	*	*	4A
149.	Vessel Operators Providing Local Transit Service	2007-2009	*	*	*	*	*	*	4B
150.	Qualified Empire Zone Enterprises[2]	2009	--	--	*	20.0	20.0	20.0	4C
151.	Economic Transformation and Facility Redevelopment Program	2012	--	--	--	--	--	1.0	4B
152.	New York State Business Incubator and Innovation Hot Spot Program[1]	2013	--	--	--	--	--	*	4C
153.	START-UP NY Tax Elimination Credit[1]	2013	--	--	--	--	--	11.0	4C

1/ A new tax expenditure item or a revision of the methodology, data or data sources resulting in an estimate that better reflects the tax expenditure value.

2/ First estimate in history is a partial calendar year estimate.

-- The tax expenditure was not applicable for these years.

* Less than $1 million.

N/A No data available.

Services

1. **Certain Information Services**
   Citation: Section 1105(c)(1)
   Effective Date: August 1, 1965; September 1, 1995 for meteorological services; March 1, 2012 for electronic news services.
   Description: An exclusion is allowed for the furnishing of information that is personal or individual in nature, the services of advertising or other agents acting in a representative capacity, information services used by newspapers, electronic news services, radio broadcasters, and television broadcasters in the collection and dissemination of news, and meteorological services.
   Estimate: No data available
   Reliability: Level 5

2. **Certain Information Services Provided Over the Telephone**
   Citation: Section 1105(c)(9)
   Effective Date: September 1, 1990
   Description: An information service that would be exempt from tax if delivered in printed form is also exempt from tax when provided over the telephone. This exemption complements Section 1105(c)(1), which is Item number 1 above.
   Estimate: No data available
   Reliability: Level 5

3. **Services Performed on a Non-Trade Basis**
   Citation: Section 1105(c)(3)(i) and Section 1105(c)(5)(i)
   Effective Date: August 1, 1965
   Description: An exclusion is allowed for installation, repair, and maintenance services rendered by an individual who is engaged directly by a private homeowner or lessee in or about his residence and who is not in a regular trade or business offering those services to the public.
   Estimate: No data available
   Reliability: Level 5

4. **Laundering, Tailoring, Shoe Repair, and Similar Services**
   Citation: Section 1105(c)(3)(ii)
   Effective Date: August 1, 1965
   Description: Charges for laundering, dry cleaning, tailoring, weaving, pressing, shoe repairing, and shoe shining are excluded from tax.
   Estimates: 2011: $82.0 million — 2014: $90.0 million
   Data Source: U.S. Census Bureau
   Reliability: Level 4B

5. **Capital Improvement Installation Services**
   Citation: Section 1105(c)(3)(iii)
   Effective Date: August 1, 1965
   Description: An exclusion is allowed for installing property which, when installed, will constitute an addition or capital improvement to real property.
   Estimates: 2011: $495.0 million — 2014: $546.0 million

Data Source: U.S. Census Bureau, F.W. Dodge
Reliability: Level 4C

6. **Services Related to Railroad Rolling Stock**
Citation: Section 1105(c)(3)(viii)
Effective Date: September 1, 1985
Description: Excluded from tax are repair and maintenance services rendered with respect to railroad rolling stock primarily engaged in carrying freight, but not including any charge for parts.
Estimates: 2011: $2.0 million — 2014: $2.0 million
Data Source: New York State Department of Transportation
Reliability: Level 4B

7. **Services to Property Delivered Outside New York**
Citation: Section 1115(d)
Effective Date: August 1, 1965
Description: Services to tangible personal property are exempt when the property is delivered outside New York State for use outside the State.
Estimate: No data available
Reliability: Level 5

8. **Municipal Parking Services**
Citation: Section 1105(c)(6)
Effective Date: December 1, 1996
Description: Charges for parking, garaging, or storing motor vehicles are exempt at facilities owned and operated by local governments and local public parking authorities.
Estimates: 2011: $9.0 million — 2014: $10.0 million
Data Source: New York State Office of the Comptroller; City of New York Office of Management and Budget
Reliability: Level 4A

9. **Parking and Garaging at a Private Residence**
Citation: Section 1105(c)(6)
Effective Date: June 1, 1990
Description: Charges for parking, garaging or storing vehicles at a garage which constitutes part of the premises occupied solely as a private one- or two-family dwelling are exempt.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

10. **Certain Protective and Detective Services**
Citation: Section 1105(c)(8)
Effective Date: June 1, 1990
Description: Protective and detective services provided by a port watchman licensed by the Waterfront Commission of New York Harbor are exempt from tax.
Estimates: 2011: Minimal — 2014: Minimal

Data Source: New York Shipping Association, Inc.
Reliability: Level 4A

11. **Medical Emergency Alarm Call Services**
Citation: Section 1115(r)
Effective Date: September 1, 1994
Description: Exempt from tax are medical emergency alarm services.
Estimates: 2011: $1.0 million — 2014: $1.0 million
Data Source: U.S. Census Bureau; Philips Lifeline, Inc.
Reliability: Level 4C

12. **Coin-Operated Car Wash Services**
Citation: Section 1115(t)
Effective Date: December 1, 1997; December 1, 2004 for certain vacuuming services; December 1, 2005 for additional automated services.
Description: The sales tax exempts the service of washing, waxing, or vacuuming a motor vehicle or other property by means of coin-operated equipment.
Estimates: 2011: $9.0 million — 2014: $11.0 million
Data Source: U.S. Census Bureau; Professional Car Washing & Detailing Magazine
Reliability: Level 4C

13. **Trash Removal from a Waste Transfer Facility**
Citation: Section 1105(c)(5)(iv)
Effective Date: December 1, 2005
Description: Excluded from tax is the removal of waste material from a waste transfer station or construction and demolition debris processing facility, where the waste to be removed was not originally generated by the facility.
Estimate: 2011: $3.0 million — 2014: $2.0 million
Data Source: New York State Department of Environmental Conservation; New York State Department of Taxation and Finance
Reliability: Level 4B

14. **Transportation Services in Connection with Funerals**
Citation: Sections 1101(b)(34)
Effective Date: June 1, 2009
Description: Excluded from tax is the transportation service of transporting persons in connection with funerals.
Estimates: 2011: $1.0 million — 2014: $1.0 million
Data Source: New York State Department of Health; National Funeral Directors Association
Reliability: Level 4B

15. **Transportation Services Provided by Affiliated Livery Vehicles**
Citation: Sections 1101(b)(34)
Effective Date: June 1, 2009

Description: Charges for transportation services provided by affiliated livery vehicles within New York City are excluded from the sales tax on certain transportation services.
Estimates: 2011: $3.0 million — 2014: $3.0 million
Data Source: New York State Division of the Budget
Reliability: 4C

16. **Water and Sewer Service Line Protection Services**
Citation: Section 1115(ii)
Effective Date: October 21, 2013
Description: Water and sewer service line protection programs sold to owners of residential property are exempt from tax.
Estimates: 2011: Not Applicable — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: 4C

Food

17. **Certain Food Products**
Citation: Sections 1115(a)(1), 1105(d)(i)(3)
Effective Date: August 1, 1965
Description: Exempt from tax are food, food products, beverages, dietary foods, and health supplements sold for human consumption. The exemption does not include candy and confectionery, fruit drinks which contain less than 70 percent of natural fruit juice, soft drinks, sodas, beer, wine, or other alcoholic beverages. In addition, sales of food (other than sandwiches) or drink of a type commonly sold in food stores (other than food stores principally engaged in selling prepared foods) are exempt when sold by a restaurant or other establishment in an unheated state, for off-premises consumption.
Estimates: 2011: $1,215.0 million — 2014: $1,361.0 million
Data Source: U.S. Bureau of Labor Statistics
Reliability: Level 4B

18. **Food Sold to Airlines**
Citation: Section 1105(d)(ii)(A)
Effective Date: August 1, 1965
Description: The sales tax does not apply to food or drink that is sold to an airline for consumption by passengers while in flight.
Estimates: 2011: $5.0 million — 2014: $6.0 million
Data Source: Air Transport Association
Reliability: Level 4A

19. **Food Sold at School Cafeterias**
Citation: Section 1105(d)(ii)(B)
Effective Date: September 1, 1968
Description: Food or drink sold to nursery school, kindergarten, elementary, or secondary school students at a restaurant or cafeteria located at the school is excluded from tax. Also excluded are food and nonalcoholic beverages sold at a

restaurant, tavern, or other establishment located on the premises of a college or university when sold to enrolled students under a contractual arrangement whereby the students do not pay cash at the time they are served.
Estimates: 2011: $124.0 million— 2014: $140.0 million
Data Source: New York State Department of Education
Reliability: Level 4A

20. **Food Purchased with Food Stamps**
Citation: Section 1115(k)
Effective Date: October 1, 1987
Description: Receipts from the sale of food eligible to be purchased with Food Stamps are exempt from tax when such food is purchased with Food Stamps.
Estimates: 2011: $214.0 million — 2014: $243.0 million
Data Source: New York State Office of Temporary and Disability Assistance
Reliability: Level 4A

21. **Water Delivered Through Mains or Pipes**
Citation: Section 1115(a)(2)
Effective Date: August 1, 1965
Description: Water delivered to consumers through mains or pipes is exempt.
Estimates: 2011: $78.0 million — 2014: $81.0 million
Data Source: New York State Department of Public Service; New York State Office of the State Comptroller; New York City Water and Sewer System
Reliability: Level 4B

22. **Mandatory Gratuity Charges**
Citation: Section 1105(d) and Regulation Section 527.8(l)
Effective Date: August 1, 1965
Description: A separately stated charge specifically designated as a gratuity is exempt where all such monies received are paid over to employees.
Estimates: 2011: $28.0 million — 2014: $30.0 million
Data Source: New York State Department of Taxation and Finance; Cornell University School of Hotel and Food Service Management
Reliability: Level 4A

23. **Wine Used for Wine Tastings**
Citation: Section 1115(a)(33)
Effective Date: December 1, 1997
Description: Exempt from tax is the wine that a winery, wine wholesaler, or wine importer furnishes to customers or prospective customers at a wine tasting.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

24. **Vending Machine Sales of Hot Drinks and Certain Foods**
Citation: Section 1105(d)(i)(3)
Effective Date: December 1, 1997; December 1, 1999 for credit/debit card-operated machines.
Description: Exempt from tax are hot drinks sold through coin-operated vending machines and vending machines accepting credit cards or debit cards. In addition, vending machine sales of other food and beverage, including food and beverage sold for on-premises consumption, are exempt if the food or beverage would be exempt when sold at a grocery store.
Estimates: 2011: $13.0 million — 2014: $13.0 million
Data Source: Vending Times; U.S. Census Bureau
Reliability: Level 4C

25. **Vending Machine Sales of Candy, Juice and Soft Drinks**
Citation: Section 1115(a)(1)
Effective Date: September 1, 2000
Description: Candy, fruit drinks, and soft drinks sold for 75 cents or less through a vending machine are exempt from tax.
Estimates: 2011: $3.0 million — 2014: $3.0 million
Data Source: Vending Times; U.S. Census Bureau
Reliability: Level 4C

26. **Food Sold at Senior Citizen Housing Communities**
Citation: Section 1115(w)
Effective Date: December 1, 2000
Description: Sales by a senior citizen independent housing community of food or drink (except alcoholic beverages) for on-premise consumption are exempt from tax when served to residents and their guests at the dining facility or in the resident's room.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance, New York State Department of Health
Reliability: Level 4B

Medical

27. **Drugs, Medicine, and Medical Supplies**
Citation: Section 1115(a)(3), (g)
Effective Date: August 1, 1965 for drugs and medicines; September 1, 1976 for medical equipment and supplies and services to medical equipment.
Description: Exempt from tax are drugs and medicines intended for use, internally or externally, in the cure, mitigation, treatment, or prevention of illnesses or diseases in human beings. The exemption extends to medical equipment and supplies required for such use or to correct or alleviate physical incapacity, services to medical equipment, and products consumed by humans for the preservation of health. This exemption does not include cosmetics or toilet articles and does not

include purchases of medical equipment and supplies by a person who provides medical or dental services for compensation.
Estimates: 2011: $965.0 million — 2014: $1,147.0 million
Data Source: U.S. Department of Commerce, U.S. Census Bureau
Reliability: Level 4C

28. **Eyeglasses, Hearing Aids, and Prosthetic Aids**
Citation: Section 1115(a)(4), (g)
Effective Date: August 1, 1965 (Sec. 1115(a)(4)); September 1, 1969 (Sec. 1115(g))
Description: Eyeglasses, hearing aids, prosthetic aids, and artificial devices and component parts purchased to correct physical incapacity in human beings, as well as services performed upon these items, are exempt from tax.
Estimates: 2011: $131.0 million — 2014: $138.0 million
Data Source: U.S. Department of Commerce*;* U.S. Census Bureau
Reliability: Level 4C

29. **Veterinarian Services**
Citation: Section 1115(f)
Effective Date: June 1, 1967
Description: Services rendered by a licensed veterinarian in the practice of veterinary medicine are exempt from tax. Tangible personal property designed for use by domestic animals or poultry is also exempt when sold by a veterinarian. However, the veterinarian is liable for the sales tax on the purchase of such property.
Estimates: 2011: $34.0 million — 2014: $37.0 million
Data Source: American Veterinary Medical Association; The Nelson A. Rockefeller Institute of Government
Reliability: Level 4B

30. **Service Dogs**
Citation: Section 1115(s)
Effective Date: September 24, 1995
Description: The sale of any good or service necessary to acquire, sustain, or maintain a guide dog, a hearing dog, or a service dog which is used by a person with a disability is exempt.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Agriculture and Markets; New York City Department of Health
Reliability: Level 4B

Energy

31. **Residential Energy**
Citation: Sections 1105-A, 1115(a)(25)
Effective Date: October 1, 1980 (Section 1105-A); September 1, 1985 (Section 1115(a)(25))
Description: Receipts from the retail sale of wood used for residential heating purposes, fuel oil, propane (except when sold in containers that hold less than 100

pounds), natural gas, electricity and steam, and gas, electric, and steam services used for residential purposes are taxed at the rate of zero percent and thus are exempt from State sales tax. Residential use of natural gas obtained from a gas well located on the landowner's property is exempt.
Estimates: 2011: $754.0 million — 2014: $760.0 million
Data Source: New York State Department of Taxation and Finance; New York State Energy Research and Development Authority; U.S. Census Bureau
Reliability: Level 4A

32. **Fuel, Gas, Electricity, Refrigeration, and Steam Used in Research and Development and Production**
Citation: Section 1115(a)(10), (b)(ii), (c)(1)
Effective Date: August 1, 1965
Description: Fuel, gas, electricity, refrigeration, and steam; and gas, electric, refrigeration, and steam service used directly and exclusively in research and development in the experimental or laboratory sense, or used directly and exclusively in the production of tangible personal property, gas, electricity, refrigeration, or steam, for sale, by manufacturing, processing, assembling, generating, refining, mining, or extracting are exempt from the sales tax.
Estimates: 2011: $176.0 million — 2014: $181.0 million
Data Source: New York State Energy Research and Development Authority; U.S. Department of Energy
Reliability: Level 4C

33. **Fuel, Gas, Electricity, Refrigeration, and Steam Used in Farming and Commercial Horse Boarding**
Citation: Section 1115(c)(2)
Effective Date: September 1, 2000
Description: Fuel, gas, electricity, refrigeration, and steam; and gas, electric, refrigeration, and steam service used in the production of tangible personal property, for sale, by farming or in a commercial horse boarding operation are exempt from tax.
Estimates: 2011: $13.0 million — 2014: $15.0 million
Data Source: U.S. Department of Agriculture; New York State Department of Agriculture and Markets
Reliability: Level 4B

34. **Reduced Rate on Gas and Electric Delivery**
Citation: Section 1105-C
Effective Date: September 1, 2000
Description: On September 1, 2000, and on September 1 of each of the following three years, the sales and use tax rate on transportation, transmission, or distribution of gas or electricity when sold by someone other than the vendor of the gas or electricity was reduced by 25 percent of the rate in effect on September 1, 2000. Beginning September 1, 2003, the State tax rate was reduced to zero.
Estimates: 2011: $58.0 million — 2014: $61.0 million
Data Source: New York State Public Service Commission
Reliability: Level 4B

35. **Gas and Electricity Used in Transmission, Distribution and Storage**
Citation: Section 1115(w)
Effective Date: June 1, 2000
Description: Gas or electricity or gas or electric service used directly and exclusively to provide gas or electric service consisting of operating a gas pipeline or gas distribution line or an electric transmission or distribution line and ensuring the necessary working pressure in an underground gas storage facility is exempt.
Estimates: 2011: $7.0 million — 2014: $7.0 million
Data Source: New York State Public Service Commission; U.S. Department of Energy, Energy Information Administration
Reliability: Level 4C

36. **Residential Solar Energy Systems**
Citation: Section 1115(ee)
Effective Date: September 1, 2005
Description: Residential solar energy systems equipment and the service of installing such systems is exempt from tax.
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Energy Research and Development Authority; U.S. Department of Energy, Energy Information Administration
Reliability: Level 4B

37. **Commercial Solar Energy Systems**
Citation: Section 1115(hh)
Effective Date: January 1, 2013
Description: The retail sale and installation of commercial solar energy systems equipment is exempt from tax.
Estimates: 2011: Not Applicable — 2014: $1.0 million
Data Source: New York State Division of the Budget
Reliability: 4C

38. **Electricity, Refrigeration, and Steam Sold by Certain Cooperative Corporations**
Citation: Section 1115(b)(iii)
Effective Date: March 1, 2006
Description: Exempt from tax are electricity, steam, and refrigeration produced by a cogeneration facility owned and operated by certain cooperative corporations and distributed to tenants.
Estimate: No data available
Reliability: Level 5

39. **Automotive Fuel Receipts Exceeding Two Dollars Per Gallon**
Citation: Section 1111(m)
Effective Date: June 1, 2006
Description: Certain motor fuel and diesel motor fuel sales are subject to tax at the rate of 8 cents per gallon. This effectively exempts the portion of the taxable receipt exceeding two dollars per gallon.

Estimate: 2011: $369.0 million — 2014: $330.0 million
Data Source: New York State Department of Taxation and Finance, New York State Energy Research and Development Authority
Reliability: Level 4A

40. **Alternative Fuels**
Citation: Section 1115(a)(42)
Effective Date: September 1, 2006
Description: E85, CNG, or hydrogen is exempt from sales tax when used directly and exclusively in the engine of a motor vehicle.
Termination Date: Expires August 31, 2014
Estimate: 2011: Minimal — 2014: $3.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

41. **B20 Bio-Diesel Fuel**
Citation: Section 1111(n)
Effective Date: September 1, 2006
Description: Bio-diesel fuel that is B20 is exempt from 20 percent of the cents-per-gallon sales tax rate imposed on certain sales of diesel motor fuel.
Termination Date: Expires August 31, 2014
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

Transportation

42. **Commercial Vessels**
Citation: Sections 1101(b)(16), 1105(c)(3)(iv), 1115(a)(8)
Effective Date: August 1, 1965 (Sections 1105(c)(3)(iv), 1115(a)(8)); December 1, 1996 (Section 1101(b)(16))
Description: Sales of commercial vessels primarily engaged in interstate or foreign commerce and property used by or purchased for the use of such vessels for fuel, provisions, supplies, maintenance, and repairs are exempt. Services rendered with respect to commercial vessels are also exempt.
Estimates: No data available.
Reliability: Level 5

43. **Barge Repairs**
Citation: Section 1115(q)
Effective Date: December 1, 1993
Description: Exempt from tax are maintenance and repair services (including parts) performed on a barge having a cargo capacity of at least 1,000 short tons used exclusively to transport goods in the conduct of its owner's business and primarily engaged in transportation between New York State and any other state or foreign country.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: U.S. Department of Commerce; U.S. Army Corps of Engineers

Reliability: Level 4C

44. **Commercial Aircraft**
Citation: Sections 1101(b)(17), 1105(c)(3)(v), 1115(a)(21)
Effective Date: March 1, 1979 (Sections 1105(c)(3)(v), 1115(a)(21)); December 1, 1996 (Section 1101(b)(17))
Description: Exempt from tax are commercial aircraft primarily engaged in intrastate, interstate, or foreign commerce; machinery or equipment to be installed on such aircraft; property used by or purchased for the use of such aircraft for maintenance and repairs; flight simulators purchased by commercial airlines; and services rendered with respect to exempt purchases.
Estimates: 2011: $12.0 million — 2014: $13.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

45. **Fuel Sold to Airlines**
Citation: Section 1115(a)(9)
Effective Date: August 1, 1965
Description: Fuel sold to an airline for use in its airplanes is exempt from tax.
Estimates: 2011: $62.0 million — 2014: $64.0 million
Data Source: New York State Energy Research and Development Authority
Reliability: Level 4A

46. **Parts for Foreign Aircraft**
Citation: Section 1118(8)
Effective Date: September 1, 1977
Description: Parts, engines, consumable technical supplies, and maintenance and ground equipment used exclusively in the operation, handling, or maintenance of aircraft are exempt from use tax if it is a foreign airline which brings such items into New York from a foreign country. These items must be used on aircraft owned by the foreign airline, and are exempt only if similar items would not be subject to tax in the airline's home country if taken into such country by a U.S. airline.
Estimate: No data available
Reliability: Level 5

47. **Services to Private Aircraft**
Citation: Section 1115(dd)
Effective Date: December 1, 2004
Description: A sales and use tax exemption is provided for maintenance and certain other services performed on private aircraft, as well as the tangible personal property purchased and used in performing the services and any related storage charges.
Estimate: 2011: $4.0 million — 2014: $4.0 million
Data Source: General Aviation Manufacturers Association, New York State Department of Transportation
Reliability: Level 4C

48. **Intra-family Sales of Motor Vehicles**
Citation: Section 1115(a)(14)
Effective Date: September 1, 1969 for transactions between spouses, and September 1, 1972 for transactions between parents and children.
Description: Motor vehicles sold between spouses, or by a parent to a child or child to parent are exempt from tax.
Estimate: No data available
Reliability: Level 5

49. **Motor Vehicles and Vessels Sold to Nonresidents**
Citation: Section 1117(a)
Effective Date: August 1, 1965, as amended December 1, 1994 and March 1, 2001.
Description: Sales of motor vehicles and vessels in New York to nonresidents are exempt from the sales tax provided the nonresident purchaser is not registering the newly purchased vehicle or vessel for use in New York.
Estimate: No data available
Reliability: Level 5

50. **Motor Vehicles Purchased Out-of-State by a Member of the Military Service**
Citation: Section 1115(a)(14-a)
Effective Date: December 18, 2013
Description: Motor vehicles purchased in another state by a person while he or she was in the military service of the United States are exempt from tax.
Estimates: 2011: Not Applicable 2014: $3.0 million
Data Source: New York State Division of the Budget
Reliability: 4C

51. **Rental of Trucks in Certain Cases**
Citation: Section 1115(a)(22)
Effective Date: May 15, 1981
Description: Certain rentals or leases of trucks, tractors, or tractor-trailer combinations to an authorized carrier, pursuant to a written contractual agreement are exempt. To qualify for exemption the equipment must be for use as augmenting equipment in the transportation, for hire, of tangible personal property, provided the owner of the vehicle, or an employee of the owner, operates the vehicle.
Estimate: No data available
Reliability: Level 5

52. **Tractor-Trailer Combinations**
Citation: Section 1115(a)(26), (g)
Effective Date: January 1, 1988
Description: Exempt from tax are tractors, trailers or semitrailers, and property installed on such vehicles for their equipping, maintenance, or repair, provided the vehicle is used in combination where the gross weight of such combination exceeds 26,000 pounds. Related services performed on these vehicles are also exempt.
Estimates: 2011: $12.0 million — 2014: $14.0 million

Data Source: New York State Department of Motor Vehicles; U.S. Census Bureau
Reliability: Level 4A

53. **Sales of Property by Railroads in Reorganization**
Citation: Section 1115(h)
Effective Date: August 1, 1975
Description: Sales of tangible personal property by a railroad in reorganization to a profitable railroad are exempt if the transactions are part of a reorganization plan.
Estimates: 2011: $0.0 million — 2014: $0.0 million
Data Source: New York State Department of Transportation
Reliability: Level 4A

54. **Commercial Buses**
Citation: Section 1115(a)(32), (u)
Effective Date: December 1, 1997
Description: Exempt from tax are buses and parts, equipment, and lubricants used in operating the bus, provided the vehicle weighs at least 26,000 pounds and measures 40 feet and is used to transport persons for hire. Related services performed on these vehicles are also exempt.
Estimates: 2011: $6.0 million — 2014: $7.0 million
Data Source: New York State Department of Motor Vehicles; The Bus Association of New York State
Reliability: Level 4A

55. **Marine Terminal Facility Equipment**
Citation: 1115(a)(41)
Effective Date: December 1, 2005
Description: Exempt from tax are machinery and equipment for use directly and predominantly in loading, unloading, and handling cargo at a marine terminal facility located in a city with a population of one million or more which in 2003, handled more than 350,000 twenty-foot equivalent units (TEUs).
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 4B

56. **Ferry Boats**
Citation: Section 1115(a)(43)
Effective Date: September 1, 2008
Description: Exempt from tax are ferry boats and property used in conjunction with exempt boats for fuel, provisions, supplies, maintenance and repairs.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: 4A

Communication and Media

57. **Interstate or International Telephone and Telegraph Service**
Citation: Section 1105(b)
Effective Date: August 1, 1965
Description: Charges for interstate and international telephone and telegraph services are exempt.
Estimates: 2011: $230.0 million — 2014: $251.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

58. **Internet Access Service**
Citation: Section 1115(v)
Effective Date: February 1, 1997
Description: The sales tax exempts Internet access service. Incidental services such as Internet communications or navigation software, an email address, and news headlines when offered in conjunction with Internet access are considered part of the exempt service.
Estimates: 2011: $261.0 million — 2014: $293.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

59. **Cable Television Service**
Citation: Section 1105(c)(9)
Effective Date: September 1, 1990
Description: Cable television service is exempt from tax.
Estimates: 2011: $280.0 million — 2014: $327.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

60. **Newspapers and Periodicals**
Citation: Sections 1101(b)(6), 1115(a)(5), Regulation Section 528.6, Section 1118(5)
Effective Date: August 1, 1965 (Section 1115(a)(5)); December 1, 1994 (Section 1101(b)(6))
Description: The sales of newspapers and periodicals, including newspapers and periodicals delivered electronically, are exempt from tax. In addition, the paper and ink used to publish newspapers and periodicals are exempt.
Estimates: 2011: $48.0 million — 2014: $47.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4B

61. **Electronic News Services and Electronic Periodicals**
Citation: Section 1115(gg)
Effective Date: March 1, 2012
Description: Certain electronic news services and electronic periodicals are exempt from tax.
Estimates: 2011: Not Applicable — 2014: Minimal
Data Source: New York State Department of Taxation and Finance

Reliability: 4C

62. **Shopping Papers**
Citation: Section 1115(a)(20), (i)
Effective Date: September 1, 1977
Description: Receipts from the retail sale of a shopping paper to the publisher are exempt as well as the receipts from the sale of printing services performed in publishing such paper. In addition, the paper and ink used to publish a shopping paper are exempt.
Estimates: 2011: $1.0 million— 2014: $1.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

63. **Telephone Service Used by the Media**
Citation: Section 1115(b)(i)
Effective Date: August 1, 1965; March 1, 2012 for electronic news services
Description: Charges for telephone and telegraph service used by newspapers, electronic news services, radio broadcasters, and television broadcasters in the collection or dissemination of news are exempt if the charges are toll charges or charges for mileage.
Estimates: No data available
Data Source: New York State Department of Taxation and Finance
Reliability: Level 5

64. **Certain Coin-Operated Telephone Charges**
Citation: Section 1115(e)
Effective Date: September 1, 1998
Description: Coin-operated telephone charges of 25 cents or less are exempt.
Estimates: 2011: $1.0 million — 2014: $1.0 million
Data Source: U.S. Federal Communications Commission; New York State Public Service Commission
Reliability: Level 4C

65. **Telecommunications and Internet Equipment**
Citation: Sections 1115(a)(12-a), 1105(c)(3)(x)
Effective Date: September 1, 2000
Description: Exempt from tax is tangible personal property used directly and predominantly in the receiving, initiating, amplifying, processing, transmitting, re-transmitting, switching, or monitoring or switching of telecommunications services for sale or Internet access services for sale.
Estimates: 2010: $74.0 million — 2014: $84.0 million
Data Source: New York State Public Service Commission; CTIA – The Wireless Association
Reliability: Level 4B

66. **Internet Data Centers**
Citation: Section 1115(a)(37), (y)
Effective Date: September 1, 2000

Description: Machinery, equipment, and certain other tangible personal property sold to a person operating an Internet data center that is required for and directly related to the provision of Internet Web site hosting and other Web site services at the data center are exempt. Also exempt are certain services to the exempt tangible personal property and building security services.
Estimates: 2011: $12.0 million — 2014: $13.0 million
Data Source: The Uptime Institute
Reliability: Level 4C

67. **Radio and Television Broadcasting**
Citation: Section 1115(a)(38), (aa)
Effective Date: September 1, 2000
Description: Exempt from tax are purchases by radio and television broadcasters of machinery, equipment, parts, tools, and supplies used in the production and transmission of live or recorded programs. Installing, maintaining, servicing, or repairing the exempt items is also exempt. Moreover, the services of producing, fabricating, processing, printing, or imprinting tangible personal property furnished to the service provider by the broadcaster and performed in connection with the production, post-production, or the transmission of live or recorded programs are exempt. A broadcaster includes Federal Communications Commission licensed radio and television stations, radio and television networks, and cable television networks.
Estimates: 2011: $3.0 million — 2014: $4.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

68. **Film Production**
Citation: Section 1115(a)(39) and Section 1115(bb)
Effective Date: December 1, 2002
Description: Tangible personal property used or consumed directly and predominantly in the production of a film for sale is exempt, regardless of the medium by which the film is conveyed to the purchaser. For purposes of this exemption, *film* means feature films, documentary films, shorts, television films, television commercials, and similar productions. The exemption also extends to services rendered to the exempt property and to fuel and utility services used directly and exclusively in production.
Estimate: No data available
Reliability: Level 5

69. **Certain Mobile Telecommunication Services**
Citation: Section 1115(cc)
Effective Date: August 1, 2002
Description: The sale of mobile telecommunication services by a home service provider is exempt from tax if the mobile telecommunications customer's place of primary use is outside of New York State.
Estimate: 2011: $4.0 million — 2014: $4.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4B

Industry

70. **Tools and Supplies Used in Production**
Citation: Sections 1105-B(a), 1115(a)(36)
Effective Date: March 1, 1981, December 1, 1998 (Section 1115(a)(36)
Description: Receipts from the retail sale of parts with a useful life of one year or less, tools and supplies for use or consumption directly and predominantly in the production of tangible personal property, gas, electricity, refrigeration, or steam for sale by manufacturing, processing, generating, assembling, refining, mining, or extracting are exempt from sales tax.
Estimate: No data available
Reliability: Level 5

71. **Farm Production and Commercial Horse Boarding**
Citation: Sections 1115(a)(6), 1105(c)(3)(vi), 1105(c)(5)(iii)
Effective Date: August 1, 1965 (Section 1115(a)(6)); September 1, 1982 (Section 1105(c)(3)(vi)), September 1, 2000 (Section 1105(c)(5)(iii))
Description: Exempt from tax is tangible personal property for use or consumption predominantly in the production, for sale, of tangible personal property by farming or in a commercial horse boarding operation. Also exempt are the services of installing, repairing, maintaining, and servicing tangible personal property and real property used predominantly in farming or in a commercial horse boarding operation.
Estimates: 2011: $73.0 million — 2014: $84.0 million
Data Source: U.S. Department of Agriculture, Economic Research Service; New York State Department of Agriculture and Markets, U.S. Agriculture Statistics Service
Reliability: Level 4B

72. **Research and Development Property**
Citation: Section 1115(a)(10)
Effective Date: August 1, 1965
Description: Tangible personal property purchased for use or consumption directly and predominantly in research and development in the experimental or laboratory sense is exempt from tax.
Estimates: 2011: $65.0 million — 2014: $71.0 million
Data Source: National Science Foundation
Reliability: Level 4B

73. **Machinery and Equipment Used in Production**
Citation: Section 1115(a)(12)
Effective Date: August 1, 1965
Description: Exempt from sales tax are machinery and equipment for use or consumption directly or predominantly in the production of tangible personal property, gas, electricity, refrigeration, or steam for sale by manufacturing, processing, generating, assembling, refining, mining, or extracting.
Estimates: 2011: $325.0 million — 2014: $337.0 million

Data Source: U.S. Census Bureau
Reliability: Level 4B

74. **Services to Machinery and Equipment Used in Production**
Citation: Section 1105-B(b)
Effective Date: March 1, 1981
Description: The services of installing, repairing, maintaining, or servicing exempt production machinery and equipment or exempt parts, tools, and supplies are exempt.
Estimates: 2011: $16.0 million — 2014: $17.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4B

75. **Wrapping and Packaging Materials**
Citation: Section 1115(a)(19)
Effective Date: July 1, 1974
Description: Cartons, containers, wrapping, and packaging materials and supplies are nontaxable when used by a vendor in packaging or packing tangible personal property for sale and actually transferred by the vendor to the purchaser.
Estimate: No data available
Reliability: Level 5

76. **Milk Crates**
Citation: Section 1115(a)(19-a)
Effective Date: September 1, 2007
Description: Exempt from tax are milk crates purchased by a dairy farmer or licensed milk distributor used exclusively and directly for packaging and delivering milk and milk products to customers.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 4C

77. **Commercial Fishing Vessels**
Citation: Sections 1115(a)(24), 1105(c)(3)(vii)
Effective Date: August 1, 1985
Description: Exempt from tax are the sales of commercial fishing vessels used directly and predominantly in the harvesting of fish for sale, and property used by or purchased for the use of such vessels for fuel, provisions, supplies, maintenance, and repairs. Related services are also exempt.
Estimates: 2011: $1.0 million — 2014: Minimal
Data Source: National Marine Fisheries Services
Reliability: Level 4B

78. **Certain Services Used in Gas or Oil Production**
Citation: Section 1105(c)(3)(ix), (c)(5)
Effective Date: December 1, 1998
Description: Exempt from tax are the services of installing, maintaining, repairing, or servicing tangible personal property used directly and predominately

in producing gas or oil for sale. Also exempt are maintenance and repair services rendered to real property or land used directly and predominately in producing gas or oil for sale.
Estimates: 2011: $1.0 million — 2014: $1.0 million
Data Source: U.S. Department of Commerce, Bureau of Economic Analysis
Reliability: Level 4C

79. **Pollution Control Equipment**
Citation: Section 1115(a)(40)
Effective Date: March 1, 2001
Description: Machinery or equipment used directly and predominantly in the control, prevention, or abatement of pollution or contaminants from manufacturing or industrial facilities is exempt to the extent not exempted under expenditure Item number 73.
Estimates: 2011: $14.0 million — 2014: $14.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

80. **Property Manufactured by the User**
Citation: Section 1110(c)
Effective Date: March 1, 2001
Description: The Compensating Use Tax imposed on certain self-produced items used by a manufacturer on its own premises is computed on the cost of materials rather than on the manufacturer's normal selling price.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4B

Miscellaneous

81. **Certain Property Sold Through Vending Machines**
Citation: Section 1115(a)(13), (13-a)
Effective Date: August 1, 1965 (Section 1115(a)(13)); 50-cent exemption effective Department 1, 1997 (Section 1115(a)(13-a))
Description: Tangible personal property sold through coin-operated vending machines at 10 cents or less is exempt, provided the retailer is primarily engaged in making such sales. Also exempt is tangible personal property sold through coin-operated bulk vending machines at 50 cents or less, provided the retailer is primarily engaged in making such sales.
Estimates: 2011: $1.0 million — 2014: $1.0 million
Data Source: Vending Times; U.S. Census Bureau
Reliability: Level 4C

82. **Trade-in Allowance**
Citation: Section 1101(b)(3)
Effective Date: August 1, 1965

Description: A credit for a trade-in on an automobile and/or other item qualifies as a reduction of the taxable receipts, provided the item traded in is intended for resale by the vendor.
Estimates: 2011: $638.0 million — 2014: $775.0 million
Data Source: National Automobile Dealers Association
Reliability: Level 4B

83. **Certain Hotel Room Rent**
Citation: Section 1105(e)(1),(2)
Effective Date: August 1, 1965
Description: The rent for occupancy of a hotel room by a permanent resident or where the rent is not more than two dollars per day is exempt from tax.
Estimates: No data available
Reliability: Level 5

84. **Dues for Fraternal Societies**
Citation: Section 1105(f)(2)(ii)(a), (b)
Effective Date: August 1, 1965
Description: Dues and initiation fees paid to a fraternal society, order, or association operating under the lodge system or any fraternal association of students of a college or university are excluded from tax. Also excluded are dues paid to any social or athletic club which are ten dollars or less a year.
Estimates: 2011: $17.0 million — 2014: $18.0 million
Data Source: U.S. Department of Commerce
Reliability: Level 4C

85. **Homeowner Association Dues**
Citation: Section 1105(f)(ii)(c)
Effective Date: September 1, 1995
Description: The Tax Law exempts the dues paid to a homeowner association operating social or athletic facilities for its members.
Estimate: No data available
Reliability: Level 5

86. **Homeowner Association Parking Services**
Citation: Section 1105(c)(6)
Effective Date: December 1, 1997
Description: Charges paid by a homeowner association member for parking, garaging, or storing motor vehicles at a facility owned or operated by the association are exempt.
Estimates: No data available
Reliability: Level 5

87. **Property Sold by Morticians**
Citation: Section 1115(a)(7)
Effective Date: August 1, 1965

Description: Exempt from tax is tangible personal property sold by a mortician, undertaker, or funeral director. However, sales to them for use in conducting funerals do not qualify as a sale for resale and are taxable.
Estimates: 2011: $9.0 million — 2014: $10.0 million
Data Source: National Funeral Directors' Association; Cremation Association of North America
Reliability: Level 4C

88. **Flags**
Citation: Section 1115(a)(11)
Effective Date: August 1, 1965
Description: Flags of the United States of America and the State of New York are exempt.
Estimate: No data available
Reliability: Level 5

89. **Military Decorations**
Citation: Section 1115(a)(11-a)
Effective Date: December 1, 2006
Description: Purchases of military decorations (e.g., ribbons, medals, and lapel pins) by a veteran or active member of the United States military are exempt from tax.
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 4C

90. **Military Flags and Banners**
Citation: Section 1115(a)(11-b)
Effective Date: December 1, 2012
Description: Military service flags, prisoner of war flags and blue star banners are exempt from tax.
Estimates: 2011: Not Applicable — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: 4C

91. **Garage Sales**
Citation: Section 1115(a)(18)
Effective Date: September 1, 1973
Description: Certain sales of property at private residences are not taxable if the sales do not take place more than three days in a calendar year, are reasonably expected not to exceed $600, if no member of the household conducts a trade or business selling similar products, and the sale is not held to liquidate an estate.
Estimate: No data available
Reliability: Level 5

92. **New Mobile Homes**
Citation: Section 1111(f)
Effective Date: September 1, 1983

Description: Thirty percent of the receipts or consideration from sales of new mobile homes is exempt from tax.
Estimates: 2011: $1.0 million — 2014: $1.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4A

93. **Used Mobile Homes**
Citation: Section 1115(a)(23)
Effective Date: January 1, 1982
Description: Sales of used mobile homes are fully tax exempt.
Estimate: No data available
Reliability: Level 5

94. **Modular Homes**
Citation: Section 1111(p)
Effective Date: December 1, 2009
Description: Forty percent of a vendor's receipt from the sale of a new modular home module is exempt from sales tax.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York Housing Association Inc.; Modular Building Systems Association; Manufactured Housing Institute
Reliability: Level 4B

95. **Registered Race Horses**
Citation: Section 1115(a)(29)
Effective Date: June 1, 1994
Description: The Sales Tax exempts racehorses registered with the Jockey Club, the United States Trotting Association, or the National Steeplechase and Hunt Association (or such a horse during the first 24 months of its life if eligible to be so registered) purchased or used for entry in events on which pari-mutuel wagering is authorized by law. The exemption, however, does not apply to a horse which had never raced in such an event during the first four years of its life.
Estimate: No data available
Reliability: Level 5

96. **Race Horses Purchased Through Claiming Races**
Citation: Section 1111(g)
Effective Date: July 1, 1985
Description: The sale in New York of race horses through claiming races, if not otherwise exempt, is taxable on the full initial purchase price. On the second or later sale of the same horse in the same calendar year within the State, the tax applies only to the excess of the purchase price over the highest of the prior purchase prices.
Estimate: No data available
Reliability: Level 5

97. **Race Horses Purchased Out of State**
Citation: Section 1118(9), (10)
Effective Date: July 28, 1981 (Section 1118(9)); July 1, 1985 (Section 1118(10))
Description: Race horses purchased by New York residents outside New York and brought into the State for the purpose of entering racing events on five or less days in any one calendar year for which pari-mutuel racing is authorized, if not otherwise exempt, are exempt from use tax. For those race horses not otherwise exempt and entered in racing events in New York on more than five days and subject to use tax, the tax does not apply to the extent that the value of the race horse exceeds $100,000.
Estimate: No data available
Reliability: Level 5

98. **Training and Maintaining Race Horses**
Citation: Section 1115(m)
Effective Date: July 19, 1988
Description: Exempt from tax are the services of training and maintaining race horses. Also exempt is the tangible personal property actually transferred by a trainer to the race horse owner in conjunction with the above services.
Estimates: 2011: $3.0 million — 2014: $3.0 million
Data Source: American Horse Council Foundation; New York State Agricultural Statistics Service
Reliability: Level 4C

99. **Property Sold to Contractors for Capital Improvements or Repairs for Exempt Organizations**
Citation: Section 1115(a)(15), (16)
Effective Date: September 1, 1969
Description: Tangible personal property sold to a contractor, subcontractor, or repairman is exempt from tax if the property is used in erecting structures, maintaining, servicing, repairing, or adding to or altering the real property of an exempt organization and such property becomes an integral component part of the realty.
Estimates: 2011: $96.0 million — 2014: $109.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

100. **Property Donated by a Manufacturer to an Exempt Organization**
Citation: Section 1115(l)
Effective Date: September 1, 1986
Description: Tangible personal property manufactured and donated by the manufacturer to an exempt organization is exempt from tax provided that the manufacturer offers the same kind of property for sale in the regular course of business and that the manufacturer has not made any other use of the donated property.
Estimate: No data available
Reliability: Level 5

101. **Sales and Use Tax Paid to Other States**
Citation: Section 1118(7)
Effective Date: August 1, 1965
Description: Exempt from tax are property or services upon which a sales or use tax was properly paid to another state, providing such state allows a corresponding exemption for taxable purchases in New York, and no credit or refund is available from such other state. However, tax is due to New York to the extent that the tax imposed by New York is at a higher rate than the rate of such other state.
Estimate: No data available
Reliability: Level 5

102. **Precious Metal Bullion and Coins**
Citation: Section 1115(a)(27)
Effective Date: September 1, 1989
Description: Precious metal bullion and coins purchased for investment are exempt.
Estimates: 2011: $494.0 million — 2014: $519.0 million
Data Source: New York Mercantile Exchange
Reliability: Level 4C

103. **Computer Software Transferred to Affiliated Corporations**
Citation: Section 1115(a)(28)
Effective Date: September 1, 1991
Description: Computer software that was originally purchased as a nontaxable custom computer program, and which is subsequently sold by the original purchaser to a corporation which is a member of an affiliated group to which the original purchaser also belongs, is exempt from tax.
Estimate: No data available
Reliability: Level 5

104. **Services to Computer Software**
Citation: Section 1115(o)
Effective Date: September 1, 1991
Description: Installing, maintaining, servicing, or repairing prewritten computer software is exempt from tax.
Estimate: No data available
Reliability: Level 5

105. **Self-use of Prewritten Software by its Author**
Citation: Section 1110(g)
Effective Date: September 1, 1991
Description: The Use Tax on prewritten computer software used by its author or creator is calculated on the cost of the blank medium, such as the disks or tapes, and not at the price at which the software is normally offered for sale.
Estimate: No data available
Reliability: Level 5

106. **Computer System Hardware**
Citation: Section 1115(a)(35)
Effective Date: June 1, 1998; March 1, 2001 for Internet Web sites
Description: Exempt from tax are purchases, leases, or rentals of computer system hardware used or consumed directly and predominantly in designing and developing computer software for sale or in providing the service, for sale, of designing and developing Internet Web sites.
Estimates: 2011: $14.0 million — 2014: $14.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

107. **Promotional Materials Mailed Out of State**
Citation: Section 1115(n)(1), (2)
Effective Date: September 1, 1989
Description: Exempt from tax are promotional materials mailed out of state, envelopes, and Cheshire labels used in mailing promotional materials from points in New York State to customers outside New York State. A pro rata exemption is also allowed for charges for the use of a mailing list, in connection with mailing such promotional materials.
Estimates: No data available
Reliability: Level 5

108. **Printed Promotional Materials**
Citation: Section 1115(n)(4), (5) and (6)
Effective Date: March 1, 1997
Description: Exempt from tax are printed promotional materials distributed by U.S. mail or common carrier. Also exempt are certain services purchased in connection with the exempt promotional materials, such as mailing list services and a printer's storage service.
Estimates: 2011: $43.0 million — 2014: $42.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4C

109. **U.S. Postage Used in the Distribution of Promotional Materials**
Citation: Section 1115(n)(3)
Effective Date: September 1, 1991
Description: Separately stated charges by a vendor to the purchaser of promotional materials, or of taxable services to such promotional material, for the cost of mailing such promotional materials by means of the United States Postal Service to the purchaser's customers or prospective customers are exempt from tax where such charges do not exceed the vendor's United States Postal Service costs.
Estimate: No data available
Reliability: Level 5

110. **Clothing and Footwear**
Citation: Section 1115(a)(30)
Effective Date: March 1, 2000; Suspended June 1, 2003 through March 31, 2006; Eliminated for the period October 1, 2010 through March 31, 2011; Reimposed at

a $55 exemption threshold for the April 1, 2011 through March 31, 2012 period; Exemption threshold reinstated at $110 on April 1, 2012.
Description: Exempt from tax are items of clothing and footwear costing less than $110. The exemption applies to most clothing and footwear worn by human beings. It also applies to most fabric, thread, yarn, buttons, snaps, hooks, zippers, and like items which become a physical component part of exempt clothing or are used to make or repair the exempt clothing.
Estimates: 2011: $359.0 million — 2014: $871.0 million
Data Source: New York State Division of the Budget; New York State Department of Taxation and Finance
Reliability: Level 4B

111. **Coin-Operated Photocopying Machines**
Citation: Section 1115(a)(31)
Effective Date: December 1, 1997
Description: Copies made using a coin-operated photocopy machine where the charge is 50 cents or less per copy are exempt from tax.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: Vending Times
Reliability: Level 4C

112. **Luggage Carts**
Citation: Section 1115(a)(13-b)
Effective Date: December 1, 1997
Description: Exempt from tax are temporary transportation devices (e.g., luggage carts) sold through coin operated equipment, provided the retailer is primarily engaged in making such sales.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4C

113. **Emissions Testing Equipment**
Citation: Section 1115(a)(31)
Effective Date: September 1, 1997
Description: Exempt from tax is enhanced emissions inspection equipment certified by the Department of Environmental Conservation for use in an enhanced emissions inspection and maintenance program as required by the Federal Clean Air Act of 1990, where such equipment is purchased and used by an official inspection station authorized to conduct the enhanced emissions inspections.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Environmental Conservation
Reliability: Level 4A

114. **College Textbooks**
Citation: Section 1115(a)(34)
Effective Date: June 1, 1998
Description: Course textbooks purchased by full or part-time students enrolled in an institution of higher education are exempt.

Estimates: 2011: $25.0 million — 2014: $23.0 million
Data Source: New York State Department of Education
Reliability: Level 4B

115. **Live Dramatic or Musical Arts Production**
Citation: Section 1115(x)
Effective Date: March 1, 2001
Description: Exempt from sales and use taxes are certain items of tangible personal property and certain services that are used directly and predominantly in producing live dramatic or musical arts performances. The performances must take place in a theater or other similar place of assembly with a fixed seating capacity of at least 100.
Estimates: 2011: $4.0 million — 2014: $5.0 million
Data Source: Alliance for the Arts
Reliability: Level 4A

116. **Lower Manhattan Commercial Office Space**
Citation: Section 1115(ee)
Effective Date: September 1, 2005
Description: Exempt from sales and compensating use tax is a commercial tenant's, landlord's, and contractor's purchases and uses of certain property used to outfit, furnish, and equip certain leased commercial office space in eligible areas in Lower Manhattan.
Estimate: 2011: $7.0 million — 2014: $18.0 million
Data Source: New York State Division of the Budget
Reliability: Level 4B

Exempt Organizations

117. **New York State Agencies and Political Subdivisions**
Citation: Section 1116(a)(1)
Effective Date: August 1, 1965
Description: Exempt from tax is the State of NewYork, or any of its agencies, instrumentalities, public corporations, or political subdivisions where it is the purchaser, user, or consumer, or where it is a vendor of services or property of a kind not ordinarily sold by private persons.
Estimates: 2011: $1,276.0 million — 2014: $1,288.0 million
Data Source: New York State Division of the Budget; U.S. Department of Commerce
Reliability: Level 4C

118. **Industrial Development Agencies**
Citation: Section 1116(a)(1), and General Municipal Law Article 18-A
Effective Date: May 26, 1969
Description: An Industrial Development Agency (IDA) qualifies as an exempt government organization under Section 1116(a)(1) and receives all the benefits of that status. In addition, Article 18-A of the General Municipal Law grants tax exempt status to purchases made by an IDA project beneficiary (as agent of the

IDA) and for sales by an IDA even where it is a vendor of services or property of a kind ordinarily sold by private persons.
Estimates: 2011: $78.0 million — 2014: $83.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

119. **Federal Agencies**
Citation: Section 1116(a)(2), and 12 U.S. Code, Section 1768
Effective Date: August 1, 1965
Description: Exempt from tax is the United States of America, and any of its agencies and instrumentalities where it is the purchaser, user, or consumer, or where it sells services or property of a kind not ordinarily sold by private persons.
Estimates: 2011: $352.0 million — 2014: $353.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4B

120. **United Nations**
Citation: Section 1116(a)(3)
Effective Date: August 1, 1965
Description: Exempt from tax is the United Nations, or any international organization of which the United States is a member, where it is the purchaser, user, or consumer, or where it sells services or property of a kind not ordinarily sold by private persons.
Estimate: No data available
Reliability: Level 5

121. **Diplomats and Foreign Missions**
Citation: Federal treaties with diplomat's country
Effective Date: Effective dates vary by Federal treaties
Description: Diplomats of foreign countries and foreign missions are exempt from all national, state, and local taxes if the treaty with the foreign nation provides a reciprocal exemption for U.S. diplomats abroad.
Estimate: No data available
Reliability: Level 5

122. **Charitable Organizations**
Citation: Section 1116(a)(4)
Effective Date: August 1, 1965
Description: Exempt from tax are purchases by nonprofit organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, fostering national or international amateur sports competition, or for the prevention of cruelty to children or animals. These organizations may not be engaged substantially in political activities and no part of net earnings may inure to the benefit of a private shareholder or individual.
Estimates: 2011: $530.0 million — 2014: $560.0 million
Data Source: U.S. Department of Commerce
Reliability: Level 4C

123. **Veterans Posts or Organizations**
Citation: Section 1116(a)(5), (g)
Effective Date: September 1, 1974 (Section 1116(a)(5)); December 1, 1993 (Section 1116(g))
Description: Exempt from tax are purchases by posts or organizations of past or present members of the Armed Forces of the United States, provided that such post or organization is organized in New York and at least 75 percent of its members are past or present members of the U.S. Armed Forces, and no part of net earnings inures to the benefit of a private shareholder or individual. Purchases of hotel accommodations by individual members acting as duly authorized representatives of the post or organization are also exempt from tax.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance; Food Institute
Reliability: Level 4C

124. **Veterans Homes Gift Shops**
Citation: Section 1115(ff)
Effective Date: December 1, 2006
Description: Sales of tangible personal property by any gift shop located in a veterans' home are exempt.
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 4C

125. **Indian Nations and Members of Such Indian Nations**
Citation: Section 1116(a)(6); Federal restrictions
Effective Date: September 1, 1976
Description: The following Indian Nations residing in New York are exempt where they are the purchaser, user, or consumer: Cayuga, Oneida, Onondaga, Poospatuck, Saint Regis Mohawk, Seneca, Shinnecock, Tonawanda, and Tuscarora. In addition, members of these Nations are excluded from tax for purchases made by them on the reservation in New York State.
Estimates: 2011: $6.0 million — 2014: $6.0 million
Data Source: U.S. Census Bureau; U.S. Bureau of Indian Affairs
Reliability: Level 4C

126. **U.S. Military Base Post Exchanges**
Citation: 4 U.S. Code, Sections 104-110
Effective Date: August 1, 1965
Description: Sales, except sales of motor fuel, made on a military base at a post exchange or commissary are exempt.
Estimates: 2011: $9.0 million — 2014: $9.0 million
Data Source: Regional sales offices of U.S. Armed Services
Reliability: Level 4A

127. **Nonprofit Health Maintenance Organizations**
Citation: Section 1116(a)(7)
Effective Date: April 1, 1980
Description: Purchases by a nonprofit health maintenance organization subject to the provisions of Article 44 of the Public Health Law are tax exempt.
Estimates: 2011: $13.0 million — 2014: $14.0 million
Data Source: New York State Department of Health
Reliability: Level 4A

128. **Nonprofit Medical Expense Indemnity or Hospital Service Corporations**
Citation: Insurance Law Article 43, Section 4310(j)
Effective Date: June 15, 1939
Description: The Insurance Law provides for an exemption from all State and local taxes (including State and local sales taxes) for certain entities. These entities include nonprofit corporations organized for the purpose of family medical expense indemnity, dental expense indemnity, hospital services, or health services.
Estimates: 2011: $5.0 million — 2014: $5.0 million
Data Source: New York State Insurance Department
Reliability: Level 4A

129. **Nonprofit Property/Casualty Insurance Companies**
Citation: Insurance Law, Article 67, Section 6707
Effective Date: December 20, 2000
Description: The Insurance Law provides for an exemption from Sales and Use Tax for a nonprofit property/casualty insurance company subject to the provisions of Article 67 with respect to any property owned by it or under its jurisdiction, control, or supervision.
Estimate: No data available
Reliability: Level 5

130. **Certain State Credit Unions**
Citation: Section 1116(a)(9)
Effective Date: March 1, 2006
Description: New York State chartered credit unions are exempt from tax if they had converted to a State charter from a federal charter on or after January 1, 2006.
Estimate: 2011: $2.0 million — 2014: $3.0 million
Data Source: New York State Credit Union League
Reliability: Level 4A

131. **Rural Electric Cooperatives**
Citation: Section 1116(a)(8)
Effective Date: September 1, 1983
Description: Exempt from tax on their purchases are cooperatives and foreign corporations doing business in this State pursuant to the Rural Electric Cooperative Law.
Estimates: 2011: Minimal — 2014: Minimal

Data Source: Rural Electric Cooperatives Association; U.S. Department of Agriculture
Reliability: Level 4A

132. **Municipal Trash Removal Services**
Citation: Section 1116(e)
Effective Date: June 30, 1980
Description: Receipts from the service of trash removal are exempt from tax where such service is rendered by or on behalf of a municipal corporation of the State other than New York City.
Estimates: 2011: $39.0 million — 2014: $40.0 million
Data Source: New York State Office of the State Comptroller
Reliability: Level 4B

Admission Charges

133. **Certain Admission Charges**
Citation: Section 1105(f)(1)
Effective Date: August 1, 1965; December 1, 1997 for circus admissions
Description: Exempt from tax are admission charges of ten cents or less, plus admission charges to: race tracks; boxing or wrestling matches; live circus performances, dramatic, or musical arts performances; motion picture theaters; and sporting facilities where the patron is to be a participant, such as bowling alleys, health and fitness centers, and swimming pools.
Estimates: 2011: $73.0 million — 2014: $78.0 million
Data Source: U.S. Census Bureau
Reliability: Level 4B

134. **Amusement Park Admissions**
Citation: Section 1122
Effective Date: July 27, 2004
Description: An exemption from Sales and Use Tax applies to 75 percent of the admission charge to certain amusement parks when the charge includes a fee for the use of amusement rides within the park.
Estimate: 2011: $2.0 million — 2014: $2.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: 4A

135. **Events Given for the Benefit of Charitable Organizations, Veterans Posts, and Indian Nations**
Citation: Section 1116(d)(1)(A)
Effective Date: August 1, 1965
Description: In general, admissions are exempt if all of the proceeds go exclusively to the benefit of a tax-exempt charitable organization, Indian Nations, or organization of past or present members of the Armed Forces.
Estimate: No data available
Reliability: Level 5

136. **Events Given for the Benefit of Certain Orchestras and Opera Companies**
Citation: Section 1116(d)(1)(B)
Effective Date: August 1, 1965
Description: Admissions are exempt if all of the proceeds go exclusively to the benefit of a society or organization conducted for the sole purpose of maintaining symphony orchestras or operas and receiving substantial support from voluntary contributions.
Estimate: No data available
Reliability: Level 5

137. **National Guard Organization Events**
Citation: Section 1116(d)(1)(c)
Effective Date: August 1, 1965
Description: Admissions are exempt if all of the proceeds go exclusively to the benefit of a National Guard organization.
Estimate: No data available
Reliability: Level 5

138. **Municipal Police and Fire Department Events**
Citation: Section 1116(d)(1)(D)
Effective Date: August 1, 1965
Description: Admissions are exempt if all of the proceeds go exclusively to the benefit of a police or fire department of a political subdivision of the State, including its pension or disability funds, or to volunteer fire and ambulance companies.
Estimate: No data available
Reliability: Level 5

139. **Certain Athletic Games**
Citation: Section 1116(d)(2)(A)
Effective Date: August 1, 1965
Description: Admissions to any athletic game or exhibition are exempt where the proceeds go exclusively to the benefit of elementary or secondary schools.
Estimate: No data available
Reliability: Level 5

140. **Carnivals or Rodeos for Certain Charitable Organizations**
Citation: Section 1116(d)(2)(B)
Effective Date: July 30, 1983
Description: Admissions to carnivals or rodeos in which any professional performer or operator participates for compensation are exempt when the entire net profit inures exclusively to the benefit of a tax-exempt charitable organization having as its charitable purpose the operation of a school.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: U.S. Census Bureau
Reliability: Level 4B

141. **Agricultural Fairs**
Citation: Section 1116(d)(3)(A)
Effective Date: August 1, 1965
Description: Admissions to agricultural fairs are exempt if no part of net earnings inures to the benefit of any stockholders or members of the association conducting the fair, and if the proceeds from the fair are used exclusively for the improvement, maintenance, and operation of such agricultural fairs.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Agriculture
Reliability: Level 4A

142. **Historical Homes, Gardens, Sites, and Museums**
Citation: Section 1116(d)(3)(B), (c)
Effective Date: August 1, 1965
Description: Admissions to an historical home or garden, historic sites, houses and shrines, or museums which are maintained and operated by a society or organization devoted to the preservation and maintenance of such historic places are exempt, provided that no part of net earnings goes to the benefit of any private stockholder or individual.
Estimate: No data available
Reliability: Level 5

143. **Performances at a Roof Garden or Cabaret**
Citation: Section 1123
Effective Date: December 1, 2006
Description: The admission charge to a roof garden, cabaret, or similar place to attend a dramatic or musical arts performance is exempt from tax when separate from other charges such as charges for food or drink.
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 4C

Credits

144. **Sales Tax Vendor Credit**
Citation: Section 1137(f)
Effective Date: September 1, 1994; September 1, 2006 for increased rates; September 1, 2010 for limitation of the credit to quarterly and annual filers.
Description: A vendor allowance is provided to vendors that are not required to file part-quarterly (monthly) returns or participate in the PrompTax program who collect sales tax and remit the tax with their timely filed and fully paid quarterly or annual returns. The credit is equal to five percent of State and local taxes remitted up to $200 per return. Effective September 1, 2006 through March 1, 2007, the cap was $175.
Estimates: 2011: $74.0 million — 2014: $79.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 3

145. **Tangible Property Sold by Contractors in Certain Situations**
Citation: Section 1119(a)
Effective Date: August 1, 1965
Description: A credit for taxes paid is allowed on the sale to or use by a contractor or subcontractor of tangible personal property if that property is used solely in the performance of a preexisting lump sum or unit price construction contract. The credit would only be applicable following a sales and use tax rate change.
Estimate: No data available
Reliability: Level 5

146. **Veterinary Drugs**
Citation: Section 1119(a)
Effective Date: September 1, 1978
Description: A credit for taxes paid is allowed on the sale to, or use by, a veterinarian of drugs or medicine if they are used by the veterinarian in rendering exempt services to livestock or poultry used in the production for sale of tangible personal property by farming. The credit also extends to farmers, who qualify for the farming exemption, for use by such persons on livestock or poultry.
Estimate: No data available
Reliability: Level 5

147. **Construction Materials Used in Empire Zones**
Citation: Section 1119(a)
Effective Date: September 1, 1986
Description: A credit for taxes paid is allowed on the sale of tangible personal property purchased for use in constructing, expanding, or rehabilitating industrial or commercial real property located in an Empire Zone, but only to the extent that such property becomes an integral component part of the real property.
Estimate: No data available
Reliability: Level 5

148. **Bus Companies Providing Local Transit Service**
Citation: Section 1119(b)
Effective Date: March 1, 1974
Description: A credit for taxes paid is allowed on the sale to, or use by, an omnibus carrier in New York of any omnibus, parts, equipment, lubricants, motor fuel, diesel fuel, maintenance or service, or repair purchased and used in the operation of any such omnibus by such carrier. The amount of credit is based on the ratio of the vehicle mileage in local transit service in New York to the total vehicle mileage in the State.
Estimates: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4A

149. **Vessel Operators Providing Local Transit Service**
Citation: Section 1119(b)
Effective Date: December 1, 2004
Description: A credit or refund for taxes paid is allowed on the sale to, or use by, a vessel operator of any vessel, parts, equipment, lubricants, diesel motor fuel, maintenance, servicing, or repairs purchased and used in the operation of certain vessels providing local transit service (e.g., water taxis). The credit or refund is provided according to the percentage of the vessel's use in local transit service.
Estimate: 2011: Minimal — 2014: Minimal
Data Source: New York State Department of Taxation and Finance
Reliability: 4B

150. **Qualified Empire Zone Enterprises**
Citation: Section 1119(d)
Effective Date: September 1, 2009
Description: A credit or refund is available for tax paid on tangible personal property and certain services purchased by a Qualified Empire Zone Enterprise (QEZE) and used directly and predominantly in an Empire Zone in which the QEZE has qualified for benefits. A refund or credit is also allowed for tax paid on tangible personal property sold to a contractor, subcontractor or repairman if the property is used in erecting a structure or building of a QEZE, or used in adding to, altering, improving, maintaining, servicing, or repairing the real property of a QEZE. (Prior to September 1, 2009, the QEZE sales tax benefit was available as a sales tax exemption instead of a credit or refund.)
Estimates: 2011: $20.0 million — 2014: $20.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 4C

151. **Economic Transformation and Facility Redevelopment Program**
Citation: Section 1119(f)
Effective Date: March 31, 2011
Description: A refund is available to a participant in this program (or its contractor) for State tax paid on tangible personal property used in the construction, expansion, or rehabilitation of industrial or commercial real property located in an economic transformation area, but only to the extent that such property becomes an integral component part of the real property.
Termination Date: Expires on December 31, 2021
Estimates: 2011: Not Applicable — 2014: $1.0 million
Data Source: New York State Division of the Budget
Reliability: 4B

152. **New York State Business Incubator and Innovation Hot Spot Program**
Citation: Section 1119(d)
Effective Date: March 28, 2013
Description: A credit or refund for taxes paid is allowed on tangible personal property and certain services purchased by a qualified entity that is a tenant in or part of a New York State innovation hot spot.

Estimates: 2011: Not Applicable 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: 4C

153. **START-UP NY Tax Elimination Credit**
Citation: Section 1119(d)
Effective Date: March 1, 2014
Description: A credit or refund is available for tax paid on tangible personal property and certain services purchased by an approved business that is located in a tax-free NY area. In addition, a credit or refund is available for certain purchases of tangible personal property by contractors, subcontractors, and repairmen that is used in constructing, improving, maintaining, servicing, or repairing real property of such an approved business.
Estimates: 2011: Not Applicable 2014: $11.0 million
Data Source: New York State Division of the Budget
Reliability: 4C

PETROLEUM BUSINESS TAX

This section provides tax expenditure estimates for 34 provisions of the Petroleum Business Tax. Table 8 provides a list of expenditures based on the Tax Law as of January 1, 2014. The estimates are based on data for the 2012 calendar year (the latest complete year for which tax return data is available) and then extrapolated to the 2014 calendar year. Total Petroleum Business Tax liability for calendar 2012 is provided as a benchmark for the tax expenditure estimates.

Description of Tax

Article 13-A of the Tax Law imposes a business privilege tax on petroleum businesses operating in New York State. The tax is measured by the quantity of various petroleum products refined or sold in the State or imported for sale or use in the State. Imposition of the tax occurs at different points in the distribution chain, depending upon the type of petroleum product. Motor fuel (gasoline) is subject to tax upon importation to New York State. Highway diesel motor fuel is taxable upon removal from an in-state registered fuel terminal. Non-highway diesel motor fuel and residual petroleum products become taxable on the final sale or use of the product in New York.

The Article 13-A business privilege tax was added to the Tax Law in 1983 and was imposed on the gross receipts of such businesses. The tax was initially imposed at the rate of 3.25 percent and was reduced to 2.75 percent on April 1, 1984. On June 1, 1990, the rate was increased to 7.2 percent and was subject to a 15 percent surcharge similar to that applied temporarily to other businesses. On September 1, 1990, the tax was restructured, converting the annual gross receipts tax to a monthly tax measured by gallons.

Some of the exemptions, credits, and reimbursements provided for in the restructuring applied to the prior gross receipts tax. Although these provisions already had been in place, the effective dates and estimates cited herein reflect the date on which they were restructured.

The rate schedule displays the petroleum business tax rates effective January 1, 2014. These rates generally have two components: the basic tax whose rates vary by product type and the supplemental tax. For example, the motor fuel tax rate of 18.4 cents per gallon consists of a 11.1 cents per gallon basic tax and a 7.3 cents per gallon supplemental tax.

Data Sources

The major sources of data used to compute the tax expenditure estimates under Article 13-A include:

- Petroleum Business Tax (PBT) Master File for 2008-2012. This is an unverified file of all taxpayers filing a return under Article 13-A. Some of the expenditure items, as indicated, were simulated using this file by reading the gallons from the database and applying the statutory tax rate for the appropriate periods to arrive at an estimate of revenue foregone. For kerosene, bunker fuel, and liquid petroleum gas, where no statutory tax rate existed, the most closely associated tax rate was selected. The rate used for each type of fuel are as follows: kerosene — the non-highway diesel fuel rate; bunker fuel — the residual petroleum products rate; and for liquid petroleum gas — the motor fuel rate and non-highway diesel rates.

- Refund data from the Department of Taxation and Finance's Audit Division.

- Nontax data sources such as: Data from the U.S. Department of Energy and U.S. Department of Defense and New York State Energy Research and Development Authority.

Methodology

The projections of the tax expenditures from 2012 to 2014 are based, where possible, on forecasted consumption of various petroleum products. These forecasts were produced by the United States Department of Energy - Energy Information Agency. The remaining expenditure estimates used forecasts of appropriate economic variables.

Tax expenditures whose values are less than $0.1 million are considered Minimal and are designated by an asterisk.

Petroleum Business Tax Rates as of January 1, 2014
(Cents-Per-Gallon)

Product	Base Tax	Supplemental Tax	Total Tax
Taxes:			
Motor Fuel and Aviation Gasoline	11.1	7.3	18.4
Highway Diesel Fuel	11.1	5.55	16.65
Railroad Diesel	9.8	—	9.8
Kero-jet Fuel	7.3	—	7.3
Non-highway Diesel Fuel	10.0	7.3	17.3
Residual Petroleum Product	7.6	7.3	14..9

	Base Credit	Supplemental Credit	Total Credit
Credits/Reimbursements:			
Electric Utility Credit/Reimbursement			
Non-highway Diesel Fuel	6.73	—	6.73
Residual Fuel	6.69	—	6.69
Manufacturing Reimbursement[1]			
Non-highway Diesel Motor Fuel	10.0	7.3	17.3
Residual Petroleum Product	7.6	7.3	14.9
Commercial Gallonage			
Non-highway Diesel Fuel	—	7.3	7.3
Residual Petroleum Product	—	7.3	7.3
Non-residential Heating[4]			
Non-highway Diesel Motor Fuel	4.6	—	4.6
Residual Petroleum Product	3.5	—	3.5
Railroad Gallonage	1.3	5.55	6.85
Farm Use Reimbursement[2]			
Motor Fuel	11.1	7.3	18.4
Commercial Fisherman Reimbursement			
Motor Fuel	11.1	7.3	18.4
Diesel Motor Fuel	11.1	5.55	16.65
Distributor of Aviation Gasoline Reimbursement	3.8	7.3	11.1
Not-for-Profit and Veterans' Group Credit/Reimbursement[3]			
Non-highway Diesel Motor Fuel	10.0	7.3	17.3
Residual Petroleum Product	7.6	7.3	14.9
Alternative Fuels Reimbursements			
E-85 and CNG	11.1	7.3	18.4
B-20	2.22	1.111	3.33

[1] Non-highway diesel motor fuel and residual petroleum product used and consumed directly and exclusively in the production of tangible personal property are exempt from the tax.

[2] Diesel motor fuel and residual petroleum product for farm use are exempt from the tax.

[3] Non-highway diesel motor fuel and residual petroleum product used and consumed exclusively by certain not-for-profit organizations and veterans' groups for related activities are exempt from the tax.

[4] This reimbursement rate applies where the PBT commercial gallonage rate of 10.0 cents per gallon was paid at the time of purchase and the product was subsequently used for non-residential heating purposes. Other reimbursement rates would apply if the product used was the full highway or non-highway diesel rates were paid at the time of purchase and the product was subsequently used for non-residential heating purposes.

Table 8
2014 New York State Petroleum Business Tax Expenditure Estimates
(2012 Calendar Year Total Petroleum Business Tax Liability = $1,111.6 Million)
(Millions of Dollars)

Tax Item	History					Forecast	Reliability
	2208	2009	2010	2011	2012	2014	Level
Exemptions							
Products							
1. Kerosene	2.7	3.4	2.0	1.7	1.3	1.4	2
2. Bunker Fuel	68.0	56.2	45.0	32.0	42.9	50.2	2
3. Liquid Petroleum Gases	52.2	47.9	48.2	53.8	51.3	52.8	4
4. CNG and Hydrogen[1]	0.2	0.3	0.3	0.4	2.7	4.4	2
5. E-85[1]	0.2	0.3	0.6	1.3	1.5	1.7	2
6. B-20[1]	0.2	0.2	0.2	0.4	0.5	0.5	2
Sales							
7. Governments	64.0	61.7	57.8	58.7	58.2	59.6	2
8. Residential Heating	228.4	239.7	207.0	198.3	171.4	176.5	2
9. Fuel Used for Manufacturing Purposes	9.6	8.7	7.8	7.8	6.9	7.3	2
10. Fuel Used for Farm Production	7.6	7.8	7.8	7.9	8.2	8.5	2
11. Not-for-Profit Organizations and Veterans Groups	10.0	11.0	8.6	8.8	8.7	8.8	2
12. Fuel Used for Railroad Purposes	1.4	1.1	1.3	1.6	2.3	2.5	2
13. Certain Commercial Gallonage	20.0	18.9	8.4	6.4	4.4	4.6	2
14. Fuel Used for Non-Residential Heating Purposes	10.5	10.8	8.6	8.8	7.4	8.9	2
Credit, Refund, or Reimbursement							
15. Residential Heating Fuel	*	*	*	*	*	*	2
16. Governments	3.2	2.8	4.8	5.4	5.4	5.5	2
17. Omnibus Carriers	5.1	5.0	5.1	5.1	5.4	5.3	2
18. Non-Public School Operators	*	0.2	0.2	0.2	0.2	0.2	2
19. Regulated Electric Utilities	0.1	0.2	0.1	0.1	0.1	0.1	2
20. Fuel Used for Manufacturing Purposes	0.2	*	*	*	*	*	2
21. Certain Commercial Gallonage	*	*	*	*	*	*	2
22. Fuel Used by Commercial Fishers	0.3	0.3	0.2	0.5	0.3	0.4	2
23. Fuel Used for Farm Production	0..6	0.5	0.4	0.4	0.4	0.5	2
24. Fuel Used for Railroad Purposes	*	*	*	*	*	*	2
25. Fuel Used for Non-Residential Heating Purposes	*	*	*	*	*	*	2
26. Fuel Used for Mining or Extracting Purposes	1.2	1.5	1.2	1.6	1.3	1.5	2
27. Bad Debts	*	*	0.1	0.2	*	*	2
28. Not-for-Profit Organizations and Veterans Groups	*	*	*	*	*	*	2
29. Fuel Used by Passenger Commuter Ferries	0.2	0.3	0.3	0.2	0.3	0.3	2
30. E-85[1]	*	*	*	*	*	*	2
31. B-20[1]	*	*	*	*	*	*	2

Tax Item	History					Forecast	Reliability
	2208	2009	2010	2011	2012	2014	Level
Exempt Entities							
32. Fuel Used by Voluntary Ambulance Services and Volunteer Fire Departments	--	--	--	--	--	0.1	2
33. Governments, the United Nations and Certain Not-for-Profit Organizations	*	*	*	*	*	*	4
34. Certain Airlines	1.0	1.0	1.1	1.2	1.3	1.3	2

* Less than $0.1 million.

N/A No data available.

-- The tax expenditure was not applicable for these years

1) Effective for sales through August 31, 2014.

Exemptions

The Petroleum Business Tax allows certain exemptions for gallonage otherwise included in the calculation of tax.

Products

1. **Kerosene**
   Citation: Section 301-b(a)(1)
   Effective Date: September 1, 1990
   Description: Exemptions from tax apply to kerosene sold or used by a petroleum business registered as a diesel motor fuel distributor. The exemption applies to kerosene which has not been blended or mixed with any diesel motor fuel, motor fuel, or residual petroleum product and is not used by the petroleum business as fuel to operate a motor vehicle or sold to a consumer to use as fuel for operation of a motor vehicle.
   Estimates: 2012: $1.3 million — 2014: $1.4 million
   Data Source: PBT Master File
   Reliability: Level 2

2. **Bunker Fuel**
   Citation: Section 301-b(a)(4)
   Effective Date: September 1, 1990
   Description: This section exempts from tax residual petroleum products sold by a business registered as a "residual petroleum business" to a consumer for exclusive use as bunker fuel, or, for use by the residual petroleum business as bunker fuel for its own vessels. Bunker fuel is petroleum fuel used in ships.
   Estimates: 2012: $42.9 million — 2014: $52.0 million
   Data Source: PBT Master File
   Reliability: Level 2

3. **Liquid Petroleum Gases**
   Citation: Section 301-b(a)(5)
   Effective Date: September 1, 1990
   Description: An exemption from tax is allowed for liquid petroleum gases such as butane, ethane, or propane.
   Estimates: 2012: $51.3 million — 2014: $52.8 million
   Data Source: Crude oil: U.S. Department of Energy; Liquid Petroleum Gases: PBT Master File and U.S. Department of Energy
   Reliability: Level 4

4. **CNG and Hydrogen**
   Citation: Section 301-b(a)(8)
   Effective Date: September 1, 2006
   Description: Exemptions from tax apply to compressed natural gas (CNG) and hydrogen which are suitable for use in the engine of a motor vehicle. This provision sunsets on September 1, 2014.
   Estimates: 2012: $2.7 million — 2014: $4.4 million

Data Source: PBT Master File
Reliability: Level 2

5. **E-85**
Citation: Section 301-b(a)(6)
Effective Date: September 1, 2006
Description: Exemptions from tax apply to sales of E-85 provided the E-85 is delivered to and placed in a storage tank of a filling station to be dispensed directly into a motor vehicle for use in the operation of the motor vehicle. This provision sunsets on September 1, 2014.
Estimates: 2012: $1.5 million — 2014: $1.7 million
Data Source: PBT Master File
Reliability: Level 2

6. **B-20**
Citation: Section 301-b(a)(7)(i,ii)
Effective Date: September 1, 2006
Description: A partial exemption from tax applies to sales of B-20 (20% biodiesel and 80% diesel motor fuel). The partial exemption is equal to a 20 percent reduction of the otherwise applicable PBT rates on diesel motor fuel. This provision sunsets on September 1, 2014.
Estimates: 2012: $0.5 million — 2014: $0.5 million
Data Source: PBT Master File
Reliability: Level 2

Sales

7. **Governments**
Citation: Section 301-b(c), 301-e(e)(4)
Effective Date: September 1, 1990
Description: The petroleum business tax exempts the sales of motor fuel, diesel motor fuel, or residual petroleum products to the State of New York, the United States of America, or any of their agencies, instrumentalities, or political subdivisions. The exemption applies where such fuel is used by these entities for its own use or consumption. An exemption from tax also exists for naphtha based aviation fuel used solely for propelling military jet aircraft of the United States Armed Forces.
Estimates: 2012: $58.2 million — 2014: $59.6 million
Data Source: PBT Master File and U.S. Department of Defense
Reliability: Level 2

8. **Residential Heating**
Citation: Section 301-b(d)(1)
Effective Date: September 1, 1990
Description: An exemption from tax applies to non-highway diesel motor fuel and residual petroleum product sold by a registered distributor of the product to a consumer, exclusively for residential heating purposes.
Estimates: 2012: $171.4 million — 2014: $176.5 million
Data Source: PBT Master File

Reliability: Level 2

9. **Fuel Used for Manufacturing Purposes**
Citation: Section 301-a(f)(4), 301-a(g)(4)
Effective Date: January 1, 1998
Description: The sale or use of residual fuel or non-highway diesel fuel for use and consumption directly and exclusively in the production of tangible personal property for sale by manufacturing, processing, or assembly are exempt from the full petroleum business tax. Prior to January 1, 1998 (effective in September 1994), the above sales or uses of such fuels were exempt from the supplemental portion of the petroleum business tax. (See item 20: "Fuel Used for Manufacturing Purposes" for reimbursement if the tax was paid on subsequent sales.)
Estimates: 2012: $6.9 million — 2014: $7.3 million
Data Source: PBT Master File
Reliability: Level 2

10. **Fuel Used for Farm Production**
Citation: Section 301-b(g)
Effective Date: September 1, 1994
Description: The sale or use of non-highway diesel motor fuel and residual petroleum product for off-highway farm production of goods for sale are exempt from the tax. However, the fuel must be delivered on the farm site. (See item 23: "Fuel Used for Farm Production.")
Estimates: 2012: $8.2 million — 2014: $8.5 million
Data Source: PBT Master File
Reliability: Level 2

11. **Not-for-Profit Organizations and Veterans Groups**
Citation: Section 301-b(h)
Effective Date: January 1, 1996
Description: Not-for-profit organizations and veterans' groups purchasing and using residual fuel, non-highway diesel motor fuel for their exclusive use are eligible for a full, up-front exemption from the tax. These organizations include not-for-profit groups organized for religious, charitable, scientific, testing for public safety, literary or educational purposes, to foster national or international amateur sports competition, for the prevention of cruelty to children or animals, or veteran groups as listed in Section 1116(a)(4) or (5) of the Tax Law. (See item 28: "Not-for-Profit Organizations and Veterans Groups" for a full credit/reimbursement of the tax.)
Estimates: 2012: $8.7 million — 2014: $8.8 million
Data Source: PBT Master File
Reliability: Level 2

12. **Fuel Used for Railroad Purposes**
Citation: Section 301-a(e)(4); 301-j(a)(3)
Effective Date: January 1, 1997
Description: The sale of non-highway diesel motor fuel for use or consumption directly and exclusively in the operation of a locomotive or a self-propelled vehicle run only on rails or tracks is exempt from the supplemental portion of the tax. Such fuel is also taxed at a preferential rate under the base portion of the tax which is computed as the automotive diesel base rate less 1.3 cents. (See item 24: "Fuel Used for Railroad Purposes" for refund/reimbursement of tax.)
Estimates: 2012: $2.3 million — 2014: $2.5 million
Data Source: PBT Master File and refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

13. **Certain Commercial Gallonage**
Citation: Section 301-j(a)(2)
Effective Date: March 1, 1997
Description: Commercial gallonage defined as non-highway type diesel motor fuel and residual fuel that does not qualify for the utility credit/reimbursement or the manufacturing exemption or the not-for-profit exemption or the non-residential heating rate or will not be used in a commercial vessel is exempt from the supplemental portion of the tax. This fuel is primarily used for electric generation purposes. (See item 21: "Certain Commercial Gallonage" for refund/reimbursement of tax.)
Estimates: 2012: $4.4 million — 2014: $4.6 million
Data Source: PBT Master File
Reliability: Level 2

14. **Fuel Used for Non-Residential Heating Purposes**
Citation: Section 301-b(d)(2)
Effective Date: April 1, 2001
Description: A partial exemption from tax applies to non-highway diesel motor fuel and residual petroleum product sold by a registered distributor of the product to a consumer exclusively for non-residential heating purposes. The rate of the partial exemption was calculated as the then-current PBT supplemental tax rate (imposed under Section 301-j) plus 20 percent of the then current PBT base rate (imposed under Section 301-a) for the applicable fuel above. Effective September 1, 2002, this partial exemption is calculated as the then-current supplemental tax rate plus 46 percent of the then-current PBT base rate.
Estimates: 2012: $7.4 million — 2014: $8.9 million
Data Source: PBT Master File
Reliability: Level 2

Credit, Refund, or Reimbursement

A credit, refund, or reimbursement is allowed against taxes paid by certain petroleum businesses for particular petroleum products.

15. **Residential Heating Fuel**
Citation: Section 301-c(a)(1)
Effective Date: September 1, 1990
Description: A reimbursement is allowed for taxes paid by subsequent purchasers of non-highway diesel motor fuel purchased in the State and sold to a consumer for use exclusively for residential heating purposes.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

16. **Governments**
Citation: Section 301-c(b)
Effective Date: September 1, 1990
Description: This section provides a reimbursement for taxes paid pursuant to the petroleum business tax on motor fuel and diesel motor fuel purchased in the State and then sold by the purchaser to the State of New York, the United States of America, or any of their instrumentalities, agencies, or political subdivisions.
Estimates: 2012: $5.4 million — 2014: $5.5 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

17. **Omnibus Carriers**
Citation: Section 301-c(c)
Effective Date: April 1, 1992
Description: A reimbursement is allowed for taxes paid on motor fuel and diesel motor fuel purchased in the State by an omnibus carrier. The reimbursement applies to fuel used in the operation of: i) an omnibus in local transit service pursuant to a certificate of convenience and necessity issued by the Commissioner of the Department of Transportation, or issued by the Interstate Commerce Commission of the United States, or pursuant to a contract, franchise, or consent with a city having a population of one million or more; and ii) as a school bus used for the transportation of children in the State pursuant to the Education Law.
Estimates: 2012: $5.4 million — 2014: $5.3 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

18. **Non-Public School Operators**
Citation: Section 301-c(d)
Effective Date: April 1, 1992

Description: This section provides a reimbursement for taxes paid on motor fuel and diesel motor fuel purchased in the State by a non-public school operator and consumed by the operator exclusively for education related activities.
Estimates: 2012: $0.2 million — 2014: $0.2 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

19. **Regulated Electric Utilities**
Citation: Section 301-d
Effective Date: September 1, 1990
Description: This section extends a credit, refund, or reimbursement for the tax surcharge and part of the basic tax for fuel used in the production of electricity. For periods July 1991 and August 1991, this credit was available only for petroleum used to produce residential electricity.
Estimates: 2012: $0.1 million — 2014: $0.1 million
Data Source: PBT Master File
Reliability: Level 2

20. **Fuel Used for Manufacturing Purposes**
Citation: Section 301-c(j)
Effective Date: January 1, 1998
Description: Purchasers who subsequently sell residual fuel or non-highway diesel fuel used and consumed for manufacturing purposes may be reimbursed for the full Petroleum Business Tax. (See item 9: "Fuel Used for Manufacturing Purposes" for the up-front exemption.) Prior to January 1, 1998 (effective in September 1994), the above purchasers making such sales were eligible for reimbursement of the supplemental portion of the petroleum business tax.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

21. **Certain Commercial Gallonage**
Citation: Section 301-c(i)(1, 2)
Effective Date: March 1, 1997
Description: Reimbursements are allowed to a consumer where such consumer purchased non-highway type diesel fuel or residual fuel, absorbed the supplemental portion of the tax in the purchase price and used such gallonage as "commercial gallonage." The reimbursement is calculated as the amount of such gallonage multiplied by the then-applicable supplemental tax rate. (See item 13: "Certain Commercial Gallonage" for refund/reimbursement of tax.) Prior to March 1997 (and subsequent to September 1994), commercial gallonage was eligible for a credit/reimbursement at a rate of one-half the then-applicable supplemental tax plus surcharge on the supplemental tax under Section 301-k.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Refund data from the Department of Taxation and Finance's Audit Division

Reliability: Level 2

22. **Fuel Used by Commercial Fishers**
Citation: Section 301-c(g)
Effective Date: September 1, 1994
Description: A reimbursement is allowed for diesel motor fuel and motor fuel used in the operation of a commercial fishing vessel by commercial fishers while such vessel is engaged in harvesting fish for sale.
Estimates: 2012: $0.3 million — 2014: $0.4 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

23. **Fuel Used for Farm Production**
Citation: Section 301-c(e), (f)
Effective Date: September 1, 1994
Description: Reimbursements are allowed for non-highway diesel motor fuel and residual fuel purchased in this State and sold by such purchaser to a consumer for farm use. In addition, a purchaser of motor fuel who uses the fuel for farm production is eligible for a reimbursement of the PBT. The reimbursement is only allowed if it is not more than 1,500 gallons of gasoline purchased in a 30 day period, or for greater amounts with prior clearance by the Commissioner of Taxation and Finance. The motor fuel must be delivered on the farm site and consumed off-highway in the production of goods for sale. (See item 10: "Fuel Used for Farm Production" for the up-front exemption
Estimates: 2012: $0.4 million — 2014: $0.5 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

24. **Fuel Used for Railroad Purposes**
Citation: Section 301-c(k)(1, 2)
Effective Date: January 1, 1997
Description: Reimbursements are allowed to subsequent purchasers, who are registered as distributors of diesel motor fuel, have absorbed the full PBT non-highway diesel rate and then sell such fuel as "railroad diesel." The amount of the reimbursement is equal to the difference between the full non-highway diesel rate and the railroad diesel rate. (See item 12: "Fuel Used for Railroad Purposes" for the exemption from tax.)
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Department of Taxation and Finance Audit Division
Reliability: Level 2

25. **Fuel Used for Non-Residential Heating Purposes**
Citation: Section 301-c(a)(2)
Effective Date: April 1, 2001
Description: A partial reimbursement from tax applies to non-highway diesel motor fuel purchased in the State and then sold by such purchaser to a consumer exclusively for non-residential heating purposes. The partial reimbursement is provided only when such non-highway diesel motor fuel is delivered into a storage tank (which is not equipped with a hose or other apparatus where such fuel can be dispensed into the tank of a motor vehicle) – and where such tank is attached to the heating unit burning such fuel. Additionally, the purchaser must possess documentary proof that it absorbed the full amount of the PBT.

The rate of the partial reimbursement was calculated as the then-current PBT supplemental tax rate (imposed under Section 301-j) plus 20 percent of the then-current PBT base rate (imposed under Section 301-a) applicable for the specific diesel motor fuel rate above. Effective September 1, 2002, this partial exemption is calculated as the then-current supplemental tax rate plus 46 percent of the then-current PBT base rate.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Department of Taxation and Finance Audit Division
Reliability: Level 2

26. **Fuel Used for Mining or Extracting Purposes**
Citation: Section 301-c(l)
Effective Date: April 1, 2001
Description: A purchaser may obtain a reimbursement of the PBT paid on non-highway diesel motor fuel or residual petroleum product when such fuel is purchased exclusively for use and consumption directly and exclusively in the production of tangible personal property for sale by mining or extracting. The reimbursement is provided only where such fuel is delivered at the mining or extracting site and is consumed other than on the public highways of the State. Additionally, the purchaser must possess documentary proof that it absorbed the full amount of the PBT.
Estimates: 2012: $1.3 million — 2014: $1.5 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

27. **Bad Debts**
Citation: Section 301-l
Effective Date: September 1, 1994
Description: A registered petroleum business or aviation fuel business may apply for a refund for PBT that it has paid with respect to gallonage sold in-bulk by the business for the purchaser's own consumption. The same must then give rise to a debt that becomes worthless for Federal income tax purposes. In addition, a sale of motor fuel and highway diesel motor fuel to a filling station is a sale in-bulk for such filling station's own use and consumption. Sales by a filling station are not eligible for this refund.
Estimates: 2012: Minimal — 2014: Minimal

Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

28. **Not-for-Profit Organizations and Veterans Groups**
Citation: Section 301-c(h)
Effective Date: January 1, 1996
Description: Purchasers who subsequently sell residual fuel or non-highway diesel motor fuel used and consumed exclusively by certain not-for-profit organizations and veterans' groups may apply for a full refund of the PBT. These organizations include the organizations listed in Section 1116(a)(4) or (5) of the Tax Law. (See item 8: "Not-for-Profit Organizations and Veterans Groups" for the full up-front exemption.)
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

29. **Fuel Used by Passenger Commuter Ferries**
Citation: 301-c(m)
Effective Date: December 1, 2000
Description: A reimbursement is allowed for non-highway diesel motor fuel and residual petroleum product used and consumed by a passenger commuter ferry when such fuel is used exclusively in providing a mass transportation service.
Estimates: 2012: $0.3 million — 2014: $0.3 million
Data Source: Refund data from the Department of Taxation and Finance's Audit Division
Reliability: Level 2

30. **E-85**
Citation: Section 301-c(n)
Effective Date: September 1, 2006
Description: A reimbursement of tax applies for purchases of E-85 where the tax was paid by the purchaser and the E-85 was delivered to and placed in a storage tank of a filling station to be dispensed directly into a motor vehicle for use in the operation of the motor vehicle. This provision sunsets on September 1, 2014.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Department of Taxation and Finance Audit Division
Reliability: Level 2

31. **B-20**
Citation: 301-c(o)
Effective Date: September 1, 2006
Description: A partial reimbursement of tax applies for purchases of B-20 where the tax was paid by the purchaser and subsequently resold. The partial reimbursement is equal to 20 percent of the PBT tax paid on diesel motor fuel. This provision sunsets on September 1, 2014.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: Department of Taxation and Finance Audit Division

Reliability: Level 2

EXEMPT ENTITIES

32. **Fuel Used by Volunteer Ambulance Services and Volunteer Fire Departments**
Citation: Section 301-c (p)
Effective Date: June 1, 2013
Description: A reimbursement is allowed for petroleum business tax paid on motor fuel and diesel motor fuel purchased by volunteer ambulance services (as defined in section three thousand one of the Public Health Law), volunteer fire companies and volunteer fire departments (as defined in section three of the volunteer firefighters' benefit law) and volunteer rescue squads. To qualify, the entity must be the purchaser, user or consumer of the motor fuel or diesel motor fuel and use it in a vehicle owned and operated by such entity exclusively for its purposes.
Estimates: 2012: Minimal — 2014: $0.1 million
Reliability: Level 2

33. **Governments, The United Nations, and Certain Not-for-Profit Organizations**
Citation: Section 305
Effective Date: July 1, 1983
Description: Organizations exempt under the Sales Tax Law Section 1116(a) that import petroleum into New York exclusively for their own use and consumption are not considered petroleum businesses and are exempt from the PBT. These organizations include: the State of New York, the United States of America and any of its agencies, instrumentalities, or political subdivisions; the United Nations; or any international organization of which the United States is a member; any trust, corporation, association, fund, or foundation operated exclusively for religious, charitable, or scientific purposes, or to foster international amateur sports competition, for the prevention of cruelty to children or animals, or veteran's groups; certain Indian nations or tribes; and certain not-for-profit health maintenance organizations.
Estimates: 2012: Minimal — 2014: Minimal
Data Source: PBT Master File
Reliability: Level 4

34. **Certain Airlines**
Citation: 301-e(f)
Effective Date: June 1, 2005
Description: Aviation fuel businesses (i.e., airlines) which service four or more cities in the State with direct non-stop flights between these cities are fully exempt from the PBT. This provision will allow these airlines to "burn" jet fuel on take-offs in New York State without paying the PBT whether the associated flights or legs of flights are intra or interstate in destination.
Estimates: 2012: $1.3 million — 2014: $1.3 million
Data Source: PBT Master File
Reliability: Level 2

REAL ESTATE TRANSFER TAX

This section of the report provides tax expenditure estimates for 18 separate provisions of the Real Estate Transfer Tax. Table 9 provides a list of expenditures based on the Tax Law as of January 1, 2014. The estimates are based on liability data from the 2011-12 fiscal year. Base year 2011-12 liability is also extrapolated to the 2014-15 fiscal year. The estimates are based on an examination of liability incurred between April 1 and March 31. Real Estate Transfer Tax liability for the 2011-12 fiscal year has been included to provide some perspective to the tax expenditure estimates.

Description of Tax

Adopted in 1968, Article 31 of the New York State Tax Law imposes a Real Estate Transfer Tax on the conveyance of real property or an interest in real property where the consideration exceeds $500. Payment is due no later than fifteen days after the delivery of the instrument affecting the conveyance (such as a deed). The rate of tax equals two dollars for every five hundred dollars (or fraction thereof) of consideration. Responsibility for payment rests with the person making the conveyance, the grantor. If the grantor (the seller) has failed to pay the tax or is exempt from liability, the grantee (the buyer) is responsible for payment.

The transfer tax also applies to conveyances of shares of stock in a cooperative housing corporation, the creation of long-term leaseholds and subleases, and transfers or acquisitions of a controlling interest in an entity which owns an interest in real property.

Together with the basic transfer tax, an additional one percent tax (the "mansion" tax) is imposed on the conveyance of residential real property or interest therein where the consideration is one million dollars or more. The additional tax is imposed upon the grantee. However, if the grantee is exempt from tax, then the tax is imposed on the grantor.

Data Sources

The major source of data used to compute the tax expenditure estimates include:

- Real Estate Transfer Tax Return Database — This file, compiled by the Department of Taxation and Finance, includes information on selected transfers of real property. It includes data items from the TP-584 tax return filed with these transfers and is an unverified data file.

Methodology

Historical estimates are projected to Fiscal Year 2014-15 levels using various economic forecast variables.

Table 9
2014 New York State Real Estate Transfer Tax Expenditure Estimates
(Fiscal Year 2012 Total Real Estate Transfer Tax Liability = $610.05 Million)
(Millions of Dollars)

Tax Item	History				Forecast	Reliability
	2008-09	2009-10	2010-11	2011-12	2014-15	Level
Exclusions						
1. Continuing Lien Deduction	1.6	1.7	2.1	1.6	1.9	2
Exemptions						
2. State of New York	N/A	N/A	N/A	N/A	N/A	5
3. The United Nations and United States of America	N/A	N/A	N/A	N/A	N/A	5
4. Conveyances to the United Nations, United States of America, or State of New York	5.3	4.8	4.3	4.8	4.6	2
5. Conveyances Which Secure a Debt or Other Obligation	0.3	0.3	0.1	0.3	0.3	2
6. Conveyances that Confirm, Correct, Modify, or Supplement a Prior Conveyance	0.2	0.1	0.1	0.1	0.4	2
7. Bona Fide Gifts and Conveyance Without Consideration	0.3	0.4	0.5	0.4	0.4	2
8. Tax Sale	0.4	0.5	0.4	1.1	0.6	2
9. Mere Changes of Identity	5.2	0.7	8.6	1.6	4.6	2
10. Deeds of Partition	*	*	*	*	*	2
11. Federal Bankruptcy Act	4.3	1.6	2.8	5.1	2.9	2
12. Contract to Sell or Option to Purchase Without Use	*	0.1	0.1	*	0.1	2
13. Option or Contract to Purchase With Right to Occupy	*	*	*	*	*	2
14. START-UP NY Leases	--	--	--	--	*	2
Credits						
15. Credit for Prior Transfer Tax Paid	0.1	*	0.1	0.1	0.1	2
16. Cooperative Housing Corporation Transfer Credit	0.3	0.8	0.4	0.6	0.6	2
Preferential Tax Rates						
17. Real Estate Investment Trust Transfers (Initial Formation REITS)	0.0	0.0	0.0	0.0	0.0	2
18. Real Estate Investment Trust Transfers (Existing REITS)	0.0	D/	D/	3.5	0.8	2

* Minimal

N/A No data available.

D/ Tax Law prohibits the disclosure of individual taxpayer information.

-- The tax expenditure was not applicable for these years.

Exclusions

1. **Continuing Lien Deduction**
   Citation: Section 1402
   Effective Date: August 1, 1968 (amended May 1, 1983)
   Description: The Real Estate Transfer Tax excludes the amount of any lien or encumbrance remaining at the time of sale involving a one-, two-, or three-family house or individual residential condominium unit, from the total consideration used to calculate the tax due. Additionally, consideration does not include the value of any lien or encumbrance at the time of sale where consideration is less than $500,000.
   Estimates: FY2012: $1.6 million — FY2015: $1.9 million
   Data Source: RETT Database
   Reliability: Level 2

Exemptions

Section 1405 of the New York State Tax Law exempts certain organizations from payment of the transfer tax. Liability for any tax incurred, when an exempt organization is the grantor, becomes the responsibility of the grantee and is payable no later than 15 days after delivery of the instrument effecting the conveyance. Where both parties are exempt there is no tax due. Section 1405 also exempts certain conveyances from tax.

2. **State of New York**
   Citation: Section 1405(a)(1)
   Effective Date: August 1, 1968
   Description: This section exempts the State of New York or any of its agencies, instrumentalities, political subdivisions, or public corporations (including a public corporation created pursuant to an agreement with another state or Dominion of Canada) from liability for the transfer tax.
   Estimate: No data available
   Reliability: Level 5

3. **The United Nations and United States of America**
   Citation: Section 1405(a)(2)
   Effective Date: August 1, 1968
   Description: The real estate transfer tax excuses the United Nations, the United States of America, and any of its agencies or instrumentalities from incurring liability for payment of the tax.
   Estimate: No data available
   Reliability: Level 5

4. **Conveyances to the United Nations, United States of America, or State of New York**
   Citation: Section 1405(b)(1)
   Effective Date: August 1, 1968
   Description: Exempt from tax are conveyances to the United Nations, the United States of America, the State of New York, or any of their agencies, political subdivisions, instrumentalities, or any public corporation (including public

corporations created pursuant to an agreement with another state or Dominion of Canada).
Estimates: FY2012: $4.8 million — FY2015: $4.6 million
Data Source: RETT Database
Reliability: Level 2

5. **Conveyances which Secure a Debt or Other Obligation**
Citation: Section 1405(b)(2)
Effective Date: August 1, 1968
Description: The transfer tax exempts conveyances used to secure a debt or other obligation.
Estimates: FY2012: $0.3 million — FY2015: $0.3 million
Data Source: RETT Database
Reliability: Level 2

6. **Conveyances that Confirm, Correct, Modify, or Supplement a Prior Conveyance**
Citation: Section 1405(b)(3)
Effective Date: August 1, 1968
Description: The real estate transfer tax does not apply to conveyances which without additional consideration confirm, correct, modify, or supplement a prior conveyance.
Estimates: FY2012: $0.1 million — FY2015: $0.4 million
Data Source: RETT Database
Reliability: Level 2

7. **Bona Fide Gifts and Conveyance Without Consideration**
Citation: Section 1405(b)(4)
Effective Date: August 1, 1968
Description: Conveyances exempted from the tax include: conveyances made without consideration, bona fide gifts, bequests, or inheritances.
Estimates: FY2012: $0.4 million — FY2015: $0.4 million
Data Source: RETT Database
Reliability: Level 2

8. **Tax Sale**
Citation: Section 1405(b)(5)
Effective Date: August 1, 1968
Description: The real estate transfer tax exempts any conveyance given in connection with a tax sale.
Estimates: FY2012: $1.1 million — FY2015: $0.6 million
Data Source: RETT Database
Reliability: Level 2

9. **Mere Changes of Identity**
Citation: Section 1405(b)(6)
Effective Date: July 1, 1989
Description: The transfer tax does not apply to a conveyance used to effectuate a mere change in identity or form of ownership where there is no change in beneficial

ownership. This exemption is not applicable to conveyances to a cooperative housing corporation of the real property comprising the cooperative dwelling.
Estimates: FY2012: $1.6 million — FY2015: $4.6 million
Data Source: RETT Database
Reliability: Level 2

10. **Deeds of Partition**
Citation: Section 1405(b)(7)
Effective Date: August 1, 1968
Description: Exempt from the tax are conveyances which consist of a deed of partition. Partition is the division of property between several persons who are co-owners of the property. The object of a partition is to end the joint tenancy or tenancy in common and divide the property among the respective co-owners.
Estimates: FY2012: Minimal — FY2015: Minimal
Data Source: RETT Database
Reliability: Level 2

11. **Federal Bankruptcy Act**
Citation: Section 1405(b)(8)
Effective Date: August 1, 1968
Description: This section exempts from taxation any conveyance given pursuant to the Federal Bankruptcy Act.
Estimates: FY2012: $5.1 million — FY2015: $2.9 million
Data Source: RETT Database
Reliability: Level 2

12. **Contract to Sell or Option to Purchase Without Use**
Citation: Section 1405(b)(9)
Effective Date: July 1, 1989
Description: The real estate transfer tax exempts a conveyance which consists of a contract to sell real property without the use or occupancy of such property. Likewise, exempt from tax are conveyances granting an option to purchase real property without the use or occupancy of the property.
Estimates: FY2012: Minimal — FY2015: $0.1 million
Data Source: RETT Database
Reliability: Level 2

13. **Option or Contract to Purchase With Right to Occupy**
Citation: Section 1405(b)(10)
Effective Date: July 1, 1989
Description: An exemption from the transfer tax is allowed for conveyances of an option or contract to purchase real property, which includes the right to use or occupy the property, providing:

a. the consideration is less than $200,000;
b. such property or at least one unit of a two- or three-family house was used solely as the grantor's personal residence; and

c. the real property consists of a one-, two-, or three-family house, an individual residential condominium unit or the sale of stock in a cooperative housing corporation in connection with a grant or transfer of a proprietary leasehold covering an individual residential cooperative unit.

Estimates: FY2012: Minimal — FY2015: Minimal
Data Source: RETT Database
Reliability: Level 2

14. **START-UP NY Leases**
Citation: Section 1405(b)(11)
Effective Date: January 1, 2014
Description: Under the Real Estate Transfer Tax certain leases created for a term in excess of 49 years, as well as assignments of any existing leases, are taxable. An exemption is allowed for these leases of real property located in tax-free NY areas to an approved business participating in the START-UP N Y program.
Estimates: FY 2012: Not Applicable – FY 2015: Minimal
Data Source: RETT Database
Reliability: Level 1

Credits

The real estate transfer tax allows credits for taxes paid in certain transactions.

15. **Credit for Prior Transfer Tax Paid**
Citation: Section 1405-A
Effective Date: July 1, 1989
Description: A grantor is allowed credit against the tax due on a conveyance of real property to the extent tax was paid by the grantor on a prior creation of a leasehold for all or a portion of the same real property or on the granting of a contract or option to purchase all or a part of the same real property.
Estimates: FY2012: $0.1 million — FY2015: $0.1 million
Data Source: RETT Database
Reliability: Level 2

16. **Cooperative Housing Corporation Transfer Credit**
Citation: Section 1405-B
Effective Date: July 1, 1989
Description: A credit is allowed for a proportionate part of the amount of tax paid upon the conveyance to the cooperative housing corporation of real property comprising the cooperative dwelling(s). The credit applies to the conveyance of cooperative shares to unit purchases. It is allowed only to the extent that the original conveyance of the real property to the cooperative housing corporation effectuates a mere change in identity or form of ownership, and not a change in the beneficial ownership of the property.
Estimates: FY2012: $0.6 million — FY2015: $0.6 million
Data Source: RETT Database
Reliability: Level 2

Preferential Tax Rates

The Real Estate Transfer Tax allows a preferential tax rate in the following instances.

17. **Real Estate Investment Trust Transfers (Initial Formation REITs)**
Citation: Section 1402(b)
Effective Date: June 9, 1994 (amended July 13, 1996)
Description: The transfer tax rate is reduced to $1.00 per $500 (or fractional part thereof) on transfers of real property effected through qualifying “real estate investment trust transfers” in order to form a REIT occurring on or after June 9, 1994.
Estimates: FY2012: $0.0 million — FY2015: $0.0 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 2

18. **Real Estate Investment Trust Transfers (Existing REITs)**
Citation: Section 1402(b)
Effective Date: July 13, 1996
Description: The transfer tax rate is reduced to $1.00 per $500 (or fractional part thereof) on transfers of real property to existing REITs effected through qualifying “real estate investment trust transfers” occurring on or after July 13, 1996 and before September 1, 2014.
Estimates: FY2012: $3.5 million — FY2015: $0.8 million
Data Source: New York State Department of Taxation and Finance
Reliability: Level 2

CROSS-ARTICLE TAX CREDITS

Many of the tax credits New York State offers are available to taxpayers regardless of the tax article to which they are subject. This section provides descriptions of these credits and notes where there may be article-specific differences. The section also provides an estimate for the credit under each article where it is available. Credits that are only available under one tax article are reported in their respective section.

Taxpayers using and refunding over $2 million in certain tax credits in tax years 2010, 2011, and 2012 were required to defer excess amounts. Taxpayers can begin to redeem deferred credits starting in the 2013 tax year. All deferred nonrefundable tax credits are aggregated into the *temporary deferral nonrefundable payout credit* and may be applied to the extent permitted by the taxpayer's liability. Amounts in excess of any liability limitations will be allowed to be carried forward indefinitely for future use. All deferred refundable credits are aggregated into the *temporary deferral refundable payout credit*. Taxpayers may use and refund 50 percent of the total credit in tax year 2013, 75 percent of the remainder in tax year 2014, and the remaining balance in tax year 2015.

Because the temporary credit deferral program was essentially a shift in the timing of credit utilization, credit amounts reported in the Tax Expenditure Report do not account for the impact of deferral. Thus, data for the 2010-2012 tax years reflect the cost of credits as if deferral was not in place. This allows for a consistent basis against which to measure trends in credit utilization without needing to adjust for the timing distortion caused by the deferral program.

Because credit amounts in 2010-2012 are reported without regard to deferral, including the amounts of the deferral payout credits would amount to double-counting of the cost of credits. In the years where deferral was in effect, the impact on the financial plan was lower than the reported credit amounts. Likewise, in years where deferral payout credits are claimed, the total cost of credits is higher than what is shown. However, the two amounts will offset each other.

Table 10
2014 New York State Cross-Article Tax Credits Estimates

		History						**Forecast**
	Tax Item	**2006**	**2007**	**2008**	**2009**	**2010**	**2011[3]**	**2014**
1.	Investment Tax Credit, Retail Enterprise Tax Credit, Rehabilitation Credit for Historic Barns, and Employment Incentive Credit[4]							
	PIT[1]	23.1	25.7	25.2	17.0	21.3	27.4	30.0
	CFT[2]	113.5	99.0	106.5	106.6	82.3		103.0
	Total	**136.6**	**124.7**	**131.7**	**123.6**	**103.6**		**133.0**
2.	Investment Tax Credit for the Financial Services Industry[4]							
	PIT	0.3	0.1	0.5	0.1	0.2	.01	0.4
	CFT	17.1	6.8	20.5	18.6	18.1		20.0
	Bank	1.6	1.4	11.6	14.9	7.7		10.0
	Insurance	0.0	0.0	0.0	0.0	0.0		*
	Total	**19.0**	**8.3**	**32.6**	**33.6**	**26.0**		**30.4**
3.	Credit for Servicing SONYMA Mortgages[4]							
	CFT	*	0.0	0.0	0.0	0.0		*
	Bank	8.7	5.8	7.7	5.7	7.2		8.0
	Total	**8.7**	**5.8**	**7.7**	**5.7**	**7.2**		**8.0**
4.	Special Additional Mortgage Recording Tax Credit[4]							
	PIT	18.2	19.3	11.2	6.3	4.0	6.6	10.0
	CFT	7.0	7.0	3.4	3.9	2.7		5.0
	Bank	14.3	15.4	19.6	14.5	21.8		22.0
	Insurance	0.0	0.0	0.0	0.0	0.0		*
	Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
	Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
	Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
	Article 9, §186	0.0	0.0	0.0	0.0	0.0		*
	Total	**39.5**	**41.7**	**34.2**	**24.7**	**28.5**		**37.0**
5.	Empire Zone (EZ), Qualified Empire Zone Enterprise (QEZE), and Zone Equivalent Areas Tax Credits[4, 6]							
	a. EZ Investment Tax Credit and Employment Incentive Credit							
	PIT	16.1	17.8	12.2	11.7	15.1	13.6	9.8
	CFT	53.7	30.9	32.3	21.8	26.3		15.0
	Article 9, §185	*	*	0.1	*	*		*
	b. EZ/ZEA Wage Tax Credit							
	PIT	32.3	30.0	17.0	17.2	17.8	14.6	10.5
	CFT	31.3	28.9	23.4	14.6	12.0		6.0
	Bank	1.2	0.9	0.2	0.7	0.7		*
	Insurance	3.4	3.1	4.3	0.4	0.4		*
	Article 9, §185	*	*	*	0.1	0.1		*
	c. EZ Capital Credit							
	PIT	2.0	1.5	1.2	0.9	1.5	1.5	1.0
	CFT	0.2	0.1	0.1	*	*		*
	Bank	*	*	*	*	*		*
	Insurance	*	0.0	0.0	0.0	0.0		*
	d. QEZE Real Property Tax Credit							
	PIT	103.8	100.9	70.7	83.2	86.1	91.7	66.0
	CFT	106.7	118.6	119.0	128.0	131.9		70.0
	Bank	2.7	3.1	4.9	10.6	4.9		4.0
	Insurance	0.1	0.1	0.1	0.2	0.2		*
	Article 9, §185	0.3	0.3	0.4	0.4	0.4		*
	e. QEZE Tax Reduction Credit							
	PIT	41.8	53.1	29.8	40.9	52.9	52.5	37.7
	CFT	43.0	30.8	31.7	28.5	28.4		15.0
	Bank	4.4	0.9	1.2	1.2	8.7		4.0
	Insurance	20.1	21.7	16.0	10.1	15.8		10.0
	Total	**463.1**	**442.7**	**364.6**	**370.5**	**403.2**		**249.0**
6.	Farmers' School Property Tax Credit							
	PIT	24.3	26.0	28.6	29.1	31.2	33.5	35.0
	CFT	1.1	1.1	1.1	1.2	1.1		1.0
	Total	**25.4**	**27.1**	**29.7**	**30.3**	**32.3**		**36.0**

Tax Item	History						Forecast
	2006	2007	2008	2009	2010	2011[3]	2014
7. Credit for Employment of Persons with Disabilities[4]							
PIT	*	*	*	*	*	*	*
CFT	*	0.1	*	*	*		*
Bank	0.0	0.0	0.0	0.0	0.0		*
Insurance	0.0	0.0	0.0	0.0	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186	0.0	0.0	0.0	0.0	0.0		*
Total	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**		*****
8. Qualified Emerging Technology Company (QETC) Credits[4]							
a. QETC Capital Tax Credit							
PIT	1.0	0.5	0.9	0.7	1.0	1.5	2.0
CFT	*	*	*	*	*		*
b. QETC Employment Credit							
PIT	0.2	0.2	0.2	0.2	0.2	0.1	0.2
CFT	1.0	0.3	0.4	0.4	0.4		1.0
Total	**2.2**	**1.0**	**1.5**	**1.3**	**1.6**		**3.2**
9. Low-Income Housing Credit[4]							
PIT	*	0.1	0.1	*	*	*	*
CFT	0.0	*	0.0	*	0.0		*
Bank	0.5	0.3	4.1	8.0	11.8		15.0
Insurance	*	0.1	0.1	0.0	0.1		1.0
Total	**0.5**	**0.5**	**4.3**	**8.0**	**11.9**		**16.0**
10. Credit for Purchase of an Automated External Defibrillator[4]							
PIT	0.1	0.1	*	*	0.1	1.0	0.2
CFT	*	*	0.1	*	*		*
Bank	*	*	*	0.0	0.0		*
Insurance	0.0	0.0	0.0	0.0	0.0		*
Total	**0.1**	**0.1**	**0.1**	**0.0**	**0.1**		**0.2**
11. Green Buildings Credit[4]							
PIT	0.8	0.3	*	0.2	*	*	0.3
CFT	1.2	1.2	1.2	3.7	0.4		3.0
Bank	0.0	0.0	0.6	6.2	0.0		3.0
Insurance	0.4	0.4	0.4	0.0	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186	0.0	0.0	0.0	0.0	0.0		*
Total	**2.4**	**1.9**	**2.2**	**10.1**	**0.4**		**6.3**
12. Long-Term Care Insurance Credit							
PIT	56.9	63.6	63.9	51.7	71.3	74.7	77.0
CFT	*	0.1	0.1	0.2	0.2		*
Bank	*	*	0.0	*	*		*
Insurance	0.0	0.0	0.1	0.2	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186-a	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186-e	0.0	0.0	0.0	0.0	0.0		*
Total	**56.9**	**63.7**	**64.1**	**52.0**	**71.5**		**77.0**
13. Empire State Film and Commercial Credits							
a. Empire State Film Production Credit							
PIT	2.8	5.8	8.3	7.8	8.8	7.7	13.0
CFT	39.8	61.4	137.1	102.6	200.4		400.0
b. Empire State Film Post Production Credit							
PIT	--	--	--	--	0.0	0.1	1.0
CFT	--	--	--	--	0.0		6.0
c. Empire State Commercial Production Credit[4]							
PIT	--	--			1.0	0.9	1.0
CFT	--	0.6	1.6	0.8	1.0		6.0

CROSS-ARTICLE TAX CREDITS

Tax Item	History						Forecast
	2006	2007	2008	2009	2010	2011[3]	2014
Total	**42.6**	**67.8**	**147.0**	**111.2**	**211.2**		**427.0**
14. Security Training Tax Credit[4]							
PIT	*	0.2	*	0.2	0.1	*	0.1
CFT	0.3	0.4	0.3	0.2	*		*
Bank	0.0	0.0	0.0	0.0	0.0		*
Insurance	0.0	0.0	0.0	0.0	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186-a	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186-e	0.0	0.0	0.0	0.0	0.0		*
Total	**0.3**	**0.6**	**0.3**	**0.4**	**0.1**		**0.1**
15. Brownfields Tax Credit[4]							
a. Brownfield Redevelopment Tax Credit							
PIT	28.2	87.9	81.4	70.3	5.6	62.3	276.0
CFT	42.7	126.4	32.4	8.7	171.6		216.0
Bank	1.3	0.0	2.1	59.1	0.0		*
Insurance	0.0	0.0	0.0	0.0	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
b. Remediated Brownfield Credit for Real Property Taxes							
PIT	*	*	0.9	1.2	2.2	1.8	6.0
CFT	0.1	1.5	2.6	2.8	2.8		2.0
Bank	0.0	0.0	0.0	0.0	0.0		*
Insurance	0.0	0.0	0.0	0.0	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
c. Environmental Remediation Insurance Credit							
PIT	0.0	*	0.0	0.0	0.0	0.0	*
CFT	0.1	0.1	0.0	0.0	0.0		*
Bank	0.0	0.0	0.0	0.0	0.0		*
Insurance	0.0	0.0	0.0	0.0	0.0		*
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
Total	**72.4**	**216.2**	**119.4**	**142.1**	**182.2**		**500.0**
16. Biofuel Production Credit[4]							
PIT	0.0	0.3	5.8	6.1	1.8	*	1.0
CFT	0.0	0.0	0.0	*	2.4		2.0
Article 9, §183	0.0	0.0	0.0	0.0	0.0		*
Article 9, §184	0.0	0.0	0.0	0.0	0.0		*
Article 9, §185	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186-a	0.0	0.0	0.0	0.0	0.0		*
Article 9, §186-e	0.0	0.0	0.0	0.0	0.0		*
Total	**0.0**	**0.3**	**5.8**	**6.1**	**4.2**		**3.0**
17. Land Conservation Easement Credit[4]							
PIT	1.0	1.1	1.1	1.2	1.2	1.4	1.5
CFT	*	*	*	*	*		*
Total	**1.0**	**1.1**	**1.1**	**1.2**	**1.2**		**1.5**
18. Clean Heating Fuel Credit[4]							
PIT	0.3	0.5	0.3	0.4	0.3	0.6	0.5
CFT	*	*	*	*	*		*
Total	**0.3**	**0.5**	**0.3**	**0.4**	**0.3**		**0.5**
19. Rehabilitation of Historic Properties Credit[4]							
PIT	--	0.2	0.1	0.2	0.5	0.6	12.0
CFT	--	0.3	*	*	1.0		1.0
Bank	--	--	--	--	7.1		10.0
Insurance	--	--	--	--	2.0		1.0
Total		**0.5**	**0.1**	**0.2**	**10.6**		**24.0**

	Tax Item	History						Forecast
		2006	2007	2008	2009	2010	2011[3]	2014
20.	Excelsior Jobs Program Tax Credits							
	PIT	--	--	--	--	--	*	100.0
	CFT	--	--	--	--	--		100.0
	Bank	--	--	--	--	--		*
	Insurance	--	--	--	--	--		*
	Total							**200.0**
21.	Credit for Companies who Provide Transportation to Individuals with Disabilities							
	PIT	--	--	--	--	--	--	*
	CFT	--	--	--	--	--		5.0
	Total							**5.0**
22.	Economic Transformation and Facility Redevelopment Program Tax Credit[7]							
	PIT	--	--	--	--	--	*	5.0
	CFT	--	--	--	--	--		5.0
	Bank	--	--	--	--	--		*
	Insurance	--	--	--	--	--		*
	Article 9, §185	--	--	--	--	--		*
	Total							**10.0**
23.	New York Youth Works Tax Credit							
	PIT	--	--	--	--	--	--	*
	CFT	--	--	--	--	--		6.0
	Total							**6.0**
24.	Empire State Jobs Retention Program Credit							
	PIT	--	--	--	--	--	--	5/
	CFT	--	--	--	--	--		5/
	Bank	--	--	--	--	--		5/
	Insurance	--	--	--	--	--		5/
	Total							
25.	Beer Production Credit							
	PIT	--	--	--	--	--	--	*
	CFT	--	--	--	--	--		3.0
	Total							**3.0**
26.	Alternative Fuels and Electric Vehicle Recharging Property Credit							
	PIT	--	--	--	--	--	--	*
	CFT	--	--	--	--	--		1.0
	Article 9, §183	--	--	--	--	--		*
	Article 9, §184	--	--	--	--	--		*
	Article 9, §185	--	--	--	--	--		*
	Total							**1.0**
27.	START-UP NY Tax Elimination Credit[8]							
	PIT	--	--	--	--	--	--	23.0
	CFT	--	--	--	--	--		18.0
	Total							**41.0**
28.	Minimum Wage Reimbursement Credit							
	PIT	--	--	--	--	--	--	8.0
	CFT	--	--	--	--	--		16.0
	Bank	--	--	--	--	--		*
	Insurance	--	--	--	--	--		*
	Article 9, §185	--	--	--	--	--		*
	Total							**24.0**
29.	Hire A Vet Credit							
	PIT	--	--	--	--	--	--	--
	CFT	--	--	--	--	--		--
	Bank	--	--	--	--	--		--
	Insurance	--	--	--	--	--		--
	Total							

CROSS-ARTICLE TAX CREDITS

Tax Item	History						Forecast
	2006	2007	2008	2009	2010	2011[3]	2014

1/ Personal Income Tax
2/ Corporation Franchise Tax
3/ Data for non-PIT items is not yet available
4/ For tax years 2010, 2011, and 2012, credits subject to deferral. Values reported reflect the amount of credit computed absent deferral rules.
5/ Forecasts for this program are included in the Excelsior Jobs Program estimates and are not separately available for PIT, CFT, Bank, and Insurance taxes.
6/ The total forecast for the EZ/QEZE Program, including $20.0 million for Sales Tax, is $269.0 million.
7/ The total forecast for the Economic Transformation and Facility Redevelopment Program, including $1.0 million for Sales Tax, is $11.0 million.
8/ The total forecast for the START-UP NY Program, including $11.0 million for Sales Tax and $7.0 million for PIT Exclusion of Wages, is $59.0 million.
* Less than $0.1 million
-- Tax expenditure not applicable for these years

1. **Investment Tax Credit, Retail Enterprise Tax Credit, Rehabilitation Credit for Historic Barns, and Employment Incentive Credit**

   a. **Investment Tax Credit (ITC)**
   Citation: Section 210(12); Section 606(a), a-1
   Credit Type: Refundable to New Businesses Only
   Effective Date: Effective for tax years beginning on or after January 1, 1969; the sections of this credit covering research and development (R&D) property and pollution control facilities represent a consolidation of previously separate tax benefits and are effective for tax years beginning on or after January 1, 1987
   Description: The law allows a credit based on the cost or other basis for Federal tax purposes of depreciable tangible personal property, including buildings and their structural components, acquired, constructed, reconstructed, or erected after December 31, 1968 having a useful life of four years or more, located within the State of New York, and used primarily for the production of goods by a variety of processes. The claiming of a depreciation or expense deduction for such property under certain other tax provisions, or the leasing of the property to another individual or corporation, unless explicitly allowed, disqualifies the taxpayer from exercising a claim under this provision. A taxpayer may carry forward any unused credit and apply it against the tax for subsequent years or, in the case of a qualified new business, claim it as a refund.

   Taxpayers who provide three or more services, such as a studio lighting grid, lighting and grip equipment, or industrial scale electrical capacity to qualified film productions are eligible to claim the ITC on property used in the qualified film production facility.

   The law allows a credit for expenditures paid or incurred during the tax year for the construction, reconstruction, erection, or improvement of pollution control, waste treatment, and acid rain control facilities. To qualify for the credit, facilities must be located within the State, used in regular business activities, and certified by the State Commissioner of Environmental Conservation.

   Tangible property, including buildings and structural components of buildings used for the purpose of research and development in the laboratory or experimental sense is eligible for a higher credit rate. However, credit is not allowed with respect to property that has been leased to another individual or corporation, or that has been the basis of a claim for an elective expense deduction or a regular ITC.

   PIT Filers – The credit rate equals 4 percent of the investment credit base. The taxpayer may claim a rate of 7 percent on R&D property but is not allowed to also claim the employment incentive credit. Where the allowable credit exceeds the taxpayer's liability for a given year, the taxpayer may carry forward the excess credit for 10 subsequent tax years. In the case of a new business, excess credit may be received as a refund.

CFT Filers – The credit rate equals 5 percent of the first $350 million of the investment credit base. A 4 percent rate applies to amounts above $350 million. The taxpayer may claim a rate of 9 percent on R&D property but is not allowed to also claim the employment incentive credit. Where the allowable credit exceeds the taxpayer's liability for a given year, the taxpayer may carry forward the excess credit for 15 subsequent tax years. In the case of a new business, excess credit may be received as a refund.

NOTE: When qualified ITC property is disposed of or ceases to be in qualified use prior to the end of its useful life, a portion of the credit must be recaptured. Any ITC recapture may be added to the tax otherwise due in the year of disposition or disqualification.

b. **Retail Enterprise Tax Credit**
Citation: Section 606(a), Section 210(12)(k)
Credit Type: Refundable to New Businesses Only
Effective Date: Effective for investments made on or after June 1, 1981
Description: A retail enterprise not eligible for the ITC may claim a credit based on qualified rehabilitation expenditures incurred or paid with respect to a building used in retail sales activities and located in New York State. The amount of the credit equals the amount of qualified rehabilitation expenditures multiplied by the applicable ITC percentages.

c. **Rehabilitation Credit for Historic Barns**
Citation: Section 606(a), Section 210(12)(l)
Credit Type: Refundable to New Business Only
Effective Date: Effective for tax years beginning on or after January 1, 1997
Description: Taxpayers may claim a tax credit for the rehabilitation of historic barns in New York State. The credit equals 25 percent of qualified rehabilitation expenditures. The definition of a qualified rehabilitated barn has the same meaning as a "qualified rehabilitated building" for purposes of the Federal rehabilitation credit under Section 47 of the Internal Revenue Code. In accordance with Federal law for rehabilitation of historic buildings, the barn must have been placed in service before 1936 and would only qualify for the credit based on substantial rehabilitation. Generally, a building will only have been considered substantially rehabilitated if the expenditures exceed the greater of the adjusted basis of the barn or $5,000. A taxpayer may not claim both the regular ITC on manufacturing property and the ITC for rehabilitation of historic barns on the same property.

d. **Employment Incentive Credit (EIC)**
Citation: Section 606(a-1), Section 210(12-D)
Credit Type: CFT - Non-refundable/Carryforward; PIT - Refundable to New Businesses Only
Effective Date: Effective for tax years beginning on or after January 1, 1987 for corporate franchise taxpayers; January 1, 1997 for personal income taxpayers
Description: Taxpayers that increase employment may be eligible for the employment incentive credit, which is allowed for each of the two years

succeeding the taxable year in which the ITC is earned. The amount of the credit is as follows:

- 1.5 percent of the ITC base if employment is at least 101 percent but less than 102 percent of the employment base year;
- 2.0 percent of the ITC base if employment is at least 102 percent but less than 103 percent of the employment base year;
- 2.5 percent of the ITC base if employment is at least 103 percent of the employment base year.

PIT Estimates: 2011: $27.4 million — 2014: $30.0 million
CFT Estimates: 2010: $82.3 million — 2014: $103.0 million
Information on the amount of credits used and refunded in any year is not separately available for the above four credits.
Data Sources: PIT Population File, CFT Study File
Reliability: Level 1

2. **Investment Tax Credit for the Financial Services Industry**
Citation: Section 606(a)(2)(A), Section 210(12), Section 1456(i), Section 1511(q)
Credit Type: Refundable to New Businesses Only
Effective Date: PIT/CFT/Bank - Effective for property placed in service on or after October 1, 1998, and before October 1, 2015; Insurance - Available for property placed in service between January 1, 2002 and October 1, 2015
Description: An ITC and EIC are allowed for qualified property used in the financial services industry and employment increase respectively. The rate of credit, maximum amounts, refund/carryforward provisions, and recapture rules are generally the same as for the regular ITC/EIC available under the corporate franchise and personal income taxes.

Qualified property includes property 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 (as defined in Internal Revenue Code (IRC) Section 475(c)(2)), or of commodities (as defined in IRC Section 475(e)), or in providing lending, loan arrangement, or loan origination services to customers in connection with the purchase or sale of securities as defined in IRC Section 475(c)(2);
- of providing investment advisory services for a regulated investment company as described in IRC Section 851; or
- as an exchange registered as a national securities exchange (such as the New York Stock Exchange) or a board of trade defined under the New York Not-For-Profit Corporation Law, or an entity wholly owned by one or more national security exchanges or boards of trade that provides automation or technical services to the national security exchanges or boards of trade.

Property purchased by a taxpayer affiliated with a regulated broker, dealer, registered investment advisor, or national securities exchange or board of trade, or property leased by a taxpayer to an affiliated regulated broker, dealer, registered investment advisor, national securities exchange, or board of trade is eligible for this credit if the property is used by the affiliate in an activity described above.

Taxpayers must also satisfy an annual employment test that measures New York State employment in the current tax year against one of three standards:

- 80% current-year test: 80% or more of the employees performing the administrative and support functions resulting from or relating to the qualifying uses of the property are located in New York State;
- 95% three-year back-office test: The average number of employees located in New York State performing the administrative and support functions resulting from or related to the qualifying uses of such equipment during the tax year is equal to or greater than 95% of the number during the 36 months immediately preceding the year for which the credit is claimed; or
- 90% end-of-year test: The number of New York State employees during the current tax year is equal to or greater than 90 percent of the number on December 31, 1998 or, if the taxpayer was not a calendar year taxpayer in 1998, the last day of its first taxable year ending after December 31, 1998.

PIT Estimates: 2011: $0.1 million — 2014: $0.4 million
CFT Estimates: 2010: $18.1 million — 2014: $20.0 million
Bank Tax Estimates: 2010: $7.7 million — 2014: $10.0 million
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Data Source: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File
Reliability: Level 1

3. **Credit for Servicing SONYMA Mortgages**
Citation: Section 210(21-a), Section 1456(a)
Credit Type: Non-refundable/Non-carryforward
Effective Date: Bank Tax - Effective for tax years beginning on or after April 25, 1972; CFT - Effective for tax years beginning on or after January 1, 1995
Description: Banking corporations and mortgage bankers registered under Article 12-D of the Banking Law and meeting certain regulatory requirements established by the State of New York Mortgage Agency (SONYMA) may claim a credit for servicing mortgages acquired by SONYMA. The credit equals 2.93 percent of the total principal and interest collected for each SONYMA mortgage secured by a one-to-four family residence. In addition, banks and mortgage bankers may receive an amount equal to the interest collected during the taxable year on each SONYMA mortgage secured by a five or more family residence multiplied by a fraction. The fraction depends on the types of properties which secure the serviced mortgage loans. The credit may reduce tax liability to zero.
CFT Estimates: 2010: Not applicable — 2014: Minimal
Bank Tax Estimates: 2010: $7.2 million — 2014: $8.0 million
Data Sources: CFT Study File, Bank Tax Study File
Reliability: Level 1

4. **Special Additional Mortgage Recording Tax Credit**
Citation: Section 606(f)(3), Section 210(17,21), Section 1456(c), Section 1511(e), Section 187

Credit Type: Non-refundable/Carryforward (Refundable for Residential Mortgages Only)
Effective Date: CFT/Bank/Insurance/Corporation - Effective for tax years beginning after December 31, 1978; PIT - Effective for tax years beginning after 2003
Description: Taxpayers may claim a credit equal to the special additional mortgage recording tax paid on certain mortgages. The credit is not available for special additional tax paid on mortgages of real property principally improved by one or more structures containing in the aggregate not more than six residential dwelling units, each dwelling unit having its own separate cooking facilities, where the real property is located in one or more of the counties comprising the Metropolitan Commuter Transportation District or Erie County.

Effective for special additional mortgage recording tax paid in tax years beginning after January 1, 1994, an S corporation may elect to treat the unused portion of the credit as either a refund or carryforward instead of passing the credit through to shareholders. S corporations may also elect to take a refund regardless of whether the credit is carried from a New York C year or a New York S year.
PIT Estimates: 2011: $6.6 million — 2014: $10.0 million
CFT Estimates: 2010: $2.7 million — 2014: $5.0 million
Bank Tax Estimates: 2010: $21.8 million — 2014: $22.0 million
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186 Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

5. **Empire Zone (EZ), Qualified Empire Zone Enterprise (QEZE), and Zone Equivalent Area Tax Credits**
The Empire Zones (EZ) Program expired on June 30, 2010. No new entrants will be admitted to the Program, but existing participants can continue to earn credits for several years. Taxpayers will be allowed to utilize the remainder of their five year period for the EZ wage tax credit and the remainder of their benefit period for the Qualified Empire Zone (QEZE) credits (15 or 10 years, depending on the date of first certification). Taxpayers will be allowed to earn additional Empire Zone Investment Tax Credit (EZ-ITC) until April 1, 2014, but qualified investment projects (QUIPs) can earn EZ-ITC for their next nine tax years. The Empire Zone Employment Incentive Credit (EZ-EIC) will be fully available for the three years after an EZ-ITC is claimed if the taxpayer meets the requisite employment tests. Finally, taxpayers can continue to earn the EZ capital credit through March 31, 2014 for certified contributions in fulfillment of a pledge made to an EZ community development project.

a. **EZ-ITC and EZ-EIC***
Citation: Section 606(j), Section 606(j-1), Section 210(12-B), Section 210(12-C), Section 187-k, Section 187-l
Credit Type: EZ-ITC - 50 percent Refundable to New Businesses Only; EZ-EIC - Non-refundable/Carryforward for corporate taxpayers; EZ-EIC - 50 percent Refundable to
New Businesses Only for Personal Income Taxpayers
Effective Date: PIT/CFT - Effective for tax years beginning on or after January 1, 1986; Article 9, Section 185 Agricultural Cooperatives - Effective for tax years beginning on or after January 1, 2004
Description: Taxpayers may qualify for an enhanced investment tax credit (EZ-ITC) equal to a percentage of the cost or other Federal basis of tangible personal property, including buildings and structural components of buildings, located within a designated EZ. The credit is also available to taxpayers in the financial services industry and contains the same rules and qualifications as the regular financial services ITC. The credit rate is 10 percent for corporate taxpayers and 8 percent for personal income taxpayers.

Taxpayers may also claim an EZ-EIC similar to the regular EIC, based upon EZ-ITC claimed and employment increased within an EZ. The amount of the EZ-EIC allowed is 30 percent of the EZ-ITC for each of the three years following the year for which the original EZ-ITC was allowed. The EZ-EIC is allowed only for those years during which the average number of employees (except general executive officers) in the EZ is at least 101 percent of the average number of employees (except general executive officers) in the EZ during the tax year immediately preceding the tax year for which the original EZ-ITC was allowed. Corporation franchise taxpayers may apply the EZ-EIC against the alternative minimum tax base.
PIT Estimates: 2011: $13.6 million — 2014: $9.8 million
CFT Estimates: 2010: $26.3 million — 2014: $15.0 million
Section 185 Estimates: 2010: Minimal — 2014: Minimal
Data Sources: PIT Study File**,** CFT Study File, Corporation Tax Study File
Reliability: Level 1
**Estimates include amounts of EZ financial services ITC and EIC.*

b. **EZ/ZEA Wage Tax Credit**
Citation: Section 606(k), Section 210(19), Section 1456(e), Section 1511(g), Section 187-m
Credit Type: 50 percent Refundable to New Business Only
Effective Date: PIT/CFT/Bank/Insurance - Effective for tax years beginning on or after January 1, 1986; Article 9, Section 185 Agricultural Cooperatives - Effective for tax years beginning on or after January 1, 2004
Description: A taxpayer may claim a wage tax credit (EZ-WTC) for doing business and creating full-time jobs in an Empire Zone. The credit equals the product of the average number of newly hired targeted EZ employees receiving EZ wages multiplied by $3,000. The corresponding credit amount for nontargeted employees is $1,500. Taxpayers certified in Investment Zones may

claim an additional $500 for each employee paid over $40,000 in wages. The EZ-WTC is available for five years. Taxpayers employing individuals in areas that met EZ eligibility criteria but were not so designated - Zone Equivalent Areas, or ZEAs - could claim a credit for ZEA wages paid for full-time employment in jobs created in the ZEA. The ZEA credit expired in 2004, but taxpayers are allowed to use carryforwards until exhausted. The total wage tax credit cannot exceed 50 percent of tax due before credits.
PIT Estimates: 2011: $14.6 million — 2014: $10.5 million
CFT Estimates: 2010: $12.0 million — 2014: $6.0 million
Bank Tax Estimates: 2010: $0.7 million — 2014: Minimal
Insurance Tax Estimates: 2010: $0.4 million — 2014: Minimal
Section 185 Estimates: 2010: $0.1 million — 2014: Minimal
Data Sources: PIT Study File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

NOTE: Excess amounts of EZ-ITC and EZ-WTC are 50 percent refundable to new business taxpayers or taxpayers designated as owners of a qualified investment project (QUIP) or a significant capital investment project (SCIP). Owners of QUIPs or SCIPs may also refund 50 percent of excess EZ-EIC.

c. **EZ Capital Credit**
Citation: Section 606(l), Section 210(20), Section 1456(d), Section 1511(h)
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for tax years beginning on or after January 1, 1986
Description: Taxpayers may qualify for a credit for direct equity investments in certified zone businesses and contributions to community development projects. The credit equals 25 percent of the sum of each type of investment. The maximum credit per taxpayer is $100,000 for each investment type for an aggregate limit of $200,000 and cannot exceed one half of the taxpayer's pre-credit tax. Taxpayers may carry unused credits forward indefinitely.
PIT Estimates: 2011: $1.5 million — 2014: $1.0 million
CFT Estimates: 2010: Minimal — 2014: Minimal
Bank Tax Estimates: 2010: Minimal — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Simulation Model, CFT Study File, Bank Tax Study File, Insurance Tax Study File
Reliability: Level 1

d. **QEZE Real Property Tax Credit**
Citation: Section 14, Section 15, Section 606(bb), Section 210(27), Section 1456(o), Section 1511(r), Section 187-j
Credit Type: Refundable
Effective Date: PIT/CFT/Bank/Insurance - Effective for tax years beginning on or after January 1, 2001; Article 9, Section 185 Agricultural Cooperatives - Effective for tax years beginning on or after January 1, 2004
Description: For taxpayers certified prior to April 1, 2005, the QEZE real property tax credit (RPTC) is the product of three factors. The benefit period

factor is 1.0 in the first ten years of certification, declining by 0.2 each year thereafter. The employment increase factor is based upon the QEZE's job growth. The final factor is the QEZE's real property taxes for the current tax year.

For taxpayers certified on or after April 1, 2005 and located in an Investment Zone (IZ), the credit equals 25 percent of the wages and health and retirement benefits of net new employees. Taxpayers located in a Development Zone (DZ) use the same formula but include an additional factor, the DZ employment increase factor, scaled to reward greater job increases. The credit can exceed these amounts if the capital investment limitation is greater, but the credit is capped at the amount of real property taxes.

Taxpayers certified on or after April 1, 2009 must reduce the computed credit amount by 25 percent.
PIT Estimates: 2011: $91.7 million — 2014: $66.0 million
CFT Estimates: 2010: $131.9 million — 2014: $70.0 million
Bank Tax Estimates: 2010: $4.9 million — 2014: $4.0 million
Insurance Tax Estimates: 2010: $0.2 million — 2014: Minimal
Section 185 Estimates: 2010: $0.4 million — 2014: Minimal
Data Sources: PIT Study File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

e. **QEZE Tax Reduction Credit**
Citation: Section 14, Section 16, Section 606(cc), Section 210(28), Section 1456(p), Section 1511(s)
Credit Type: Non-refundable/Non-carryforward
Effective Date: Effective for tax years beginning on or after January 1, 2001
Description: The QEZE tax reduction credit is the product of four factors: the benefit period factor, the employment increase factor, the zone allocation factor, and the tax factor. The first two factors are discussed above. The zone allocation factor measures the QEZE's economic presence in the zone. The tax factor depends on the type of filer:

Tax Type	Tax Factor
Personal Income Tax	The amount of personal income tax attributable to allocated QEZE income
Corporation Franchise Tax	The greater of the QEZE's tax on the ENI or AMT bases
Bank Tax	The greater of the QEZE's tax on the ENI or AMT bases
Insurance Tax	The greater of the QEZE's tax on the ENI or ENI plus compensation bases

For corporation franchise taxpayers located entirely within an EZ, the tax reduction credit can be applied against the AMT and fixed dollar minimum tax, potentially reducing a taxpayer's liability to zero.
PIT Estimates: 2011: $52.5 million — 2014: $37.7 million
CFT Estimates: 2010: $28.4 million — 2014: $15.0 million
Bank Tax Estimates: 2010: $8.7 million — 2014: $4.0 million
Insurance Tax Estimates: 2010: $15.8 million — 2014: $10.0 million

Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File
Reliability: Level 1

6. **Farmers' School Property Tax Credit**
Citation: Section 606(n), Section 210(22)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 1997
Description: Taxpayers primarily engaged in farming may claim a credit equal to 100 percent of total school property taxes paid on qualified New York agricultural property up to 350 acres, and 50 percent of the school taxes paid on acres in excess of 350. To be eligible, taxpayers must earn two-thirds of their Federal income from farming, with three-year income averaging allowed in determining this threshold. Recapture provisions apply if the taxpayer converts the property to a nonqualified use in the two years subsequent to first use of the credit.

PIT Filers - For purposes of this test, total gross income is reduced by the sum (not to exceed $30,000) of earned income, pensions, social security, interest, and dividends. The credit begins to phase out for taxpayers with NYAGI in excess of $200,000, after subtracting principal on farm indebtedness, and is phased out completely at $300,000.

CFT Filers - The credit begins to phase out for taxpayers with New York entire net income in excess of $200,000 and is phased out completely at $300,000. Shareholders may elect to claim their pro rata share of the corporation's income and principal payments on farm indebtedness when determining the farmers' school tax credit. In such instances, the corporation does not claim any credit.

PIT Estimates: 2011: $33.5 million — 2014: $35.0 million
CFT Estimates: 2010: $1.1 million — 2014: $1.0 million
Data Sources: PIT Population File, CFT Study File
Reliability: Level 1

7. **Credit for Employment of Persons with Disabilities**
Citation: Section 606(o), Section 210(23), Section 1456(f), Section 1511(j), Section 187-a
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for tax years beginning on or after January 1, 1998, applicable to individuals who begin work on or after January 1, 1997
Description: Employers may claim a credit equal to 35 percent of the first $6,000 of first year wages paid to employees with disabilities (a maximum of $2,100 per employee). However, if the first year's wages qualify for the Federal work opportunity tax credit, the New York credit will apply to second year wages. To be eligible for the State credit, the disabled employee must work for the employer on a full time basis for at least 180 days or 400 hours, and must be certified by the State Department of Education or another designated State agency. Visually handicapped individuals may receive certification from the appropriate agency responsible for vocational rehabilitation of the blind and visually impaired.

PIT Estimates: 2011: Minimal — 2014: Minimal
CFT Estimates: 2010: Minimal — 2014: Minimal
Bank Tax Estimates: 2010: $0.0 million — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186 Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

8. **Qualified Emerging Technology Company (QETC) Credits**

   a. **QETC Capital Tax Credit**
   Citation: Section 606(r), Section 210(12-F)
   Credit Type: Non-refundable/Carryforward
   Effective Date: Effective for tax years beginning on or after January 1, 1999
   Description: Taxpayers who make a qualified investment in a certified QETC can receive a credit that varies depending upon how long the investment is held. Taxpayers claim the credit in the year the investment is made and certify the duration of the holding period. Investments held for four years from the close of the tax year in which the credit is first claimed qualify for a 10 percent credit. Investments held for nine years qualify for a 20 percent credit. If the property is sold, transferred, or disposed of prior to the end of the holding period, the taxpayer must recapture a portion of the credit. The aggregate limits for all years are $150,000 for the 10 percent credit, and $300,000 for the 20 percent credit. The amount of credit deducted may not exceed 50 percent of the tax due before any credits.
   PIT Estimates: 2011: $1.5 million — 2014: $2.0 million
   CFT Estimates: 2010: Minimal — 2014: Minimal
   Data Sources: PIT Study File, CFT Study File
   Reliability: Level 1

   b. **QETC Employment Credit**
   Citation: Section 606(q), Section 210(12-E)
   Credit Type: Refundable
   Effective Date: Effective for tax years beginning on or after January 1, 1999
   Description: A QETC may claim a credit equaling $1,000 for each individual employed over a base year level. Credit is allowed for three years.
   PIT Estimates: 2011: $0.1 million — 2014: $0.2 million
   CFT Estimates: 2010: $0.4 million — 2014: $1.0 million
   Data Sources: PIT Population File, CFT Study File
   Reliability: Level 1

9. **Low-Income Housing Credit**
   Citation: Section 18, Section 606(x), Section 210(30), Section 1456(l), Section 1511(n)

Credit Type: Non-refundable/Carryforward
Effective Date: Effective for tax years beginning on or after January 1, 2000, with respect to commitments for construction of low-income housing agreed upon on or after May 15, 2000
Description: The "New York State Low-Income Housing Tax Credit Program," based on the existing Federal program, requires an agreement between the taxpayer and the commissioner of the New York State Division of Housing and Community Renewal (DHCR) for a long-term commitment to low-income housing. The amount of the credit is determined by DHCR and depends on the applicable percentage of the qualified basis of each low-income building. The credit amount allocated is allowed as a credit against tax for 10 tax years.
PIT Estimates: 2011: Minimal — 2014: Minimal
CFT Estimates: 2010: $0.0 million — 2014: Minimal
Bank Tax Estimates: 2010: $11.8 million — 2014: $15.0 million
Insurance Tax Estimates: 2010: $0.1 million — 2014: $1.0 million
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

10. **Credit for Purchase of an Automated External Defibrillator**
Citation: Section 606(s), Section 210(25), Section 1456(j), Section 1511(l)
Credit Type: Non-refundable/Non-carryforward
Effective Date: Effective for tax years beginning on or after January 1, 2001
Description: Taxpayers may claim a credit for the purchase of an automated external defibrillator, as defined in section 3000-b of the Public Health Law. The amount of credit equals the cost of each unit, up to a maximum of $500 per defibrillator.
PIT Estimates: 2011: $1.0 million — 2014: $0.2 million
CFT Estimates: 2010: Minimal — 2014: Minimal
Bank Tax Estimates: 2010: $0.0 million — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File
Reliability: Level 1

11. **Green Buildings Credit**
Citation: Section 19, Section 606(y), Section 210(31), Section 1456(m), Section 1511(o), Section 187-d
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for taxable years beginning on or after January 1, 2001
Description: The green building credit consists of several incentives for the purchase of recyclable building materials and other environmentally preferable tangible personal property. It also contains components for the purchase of fuel cells, photovoltaic modules, and environmentally sensitive non-ozone depleting refrigerants. Phase I authorized $25 million in credit for costs incurred on or after June 1, 1999, for property placed in service or that received a final certificate of occupancy in tax years from January 1, 2001 to 2004. Phase II of the program began

in the 2005 tax year. An additional $25 million in total credit could be issued, but the amount on any one credit certificate was limited to $2 million.
PIT Estimates: 2011: Minimal — 2014: $0.3 million
CFT Estimates: 2010: $0.4 million — 2014: $3.0 million
Bank Tax Estimates: 2010: $0.0 million — 2014: $3.0 million
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186 Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

12. **Long-Term Care Insurance Credit**
Citation: Section 606(aa), Section 210(25-a), Section 1456(k), Section 1511(m), Section 190
Credit Type: Non-refundable/Carryforward
Effective Date: Effective for tax years beginning on or after January 1, 2002
Description: Taxpayers may take a credit equal to a percentage of the premiums paid for the purchase of, or continuing coverage under, a long-term care insurance policy approved by the New York State Department of Financial Services. When enacted, the credit rate was 10 percent. Subsequent legislation increased the credit to 20 percent for tax years beginning after 2003.
PIT Estimates: 2011: $74.7 million — 2014: $77.0 million
CFT Estimates: 2010: $0.2 million — 2014: Minimal
Bank Tax Estimates: 2010: Minimal — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186-a Estimates: 2010: $0.0 million — 2014: Minimal
Section 186-e Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

13. **Empire State Film and Commercial Credits**

a. **Empire State Film Production Credit**
Citation: Section 24, Section 606(gg), Section 210(36)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2004
Description: Taxpayers satisfying a threshold level of film production activity in New York State may claim the Empire State film production credit. The credit equals 30 percent of qualified production costs incurred in the production of films and certain television shows. For tax years 2015 through 2019, Empire

State film production and post-production projects are eligible for an additional credit equal to 10 percent of the wages or salaries of individuals employed by a qualified film or independent film production company for services performed in specific Upstate New York counties. Credit is awarded on a first come, first served basis with applications made to the New York State Governor's Office for Motion Picture and Television Development (MP/TV). The annual amount of credit that can be allocated by MP/TV is $420 million in 2010 through 2019. However, up to $7 million of the annual allocation is available for the Empire State film post production credit. Starting in 2015, the amount of the allocation dedicated to the Empire State film post production credit increases from $7 million to $25 million annually. MP/TV has the authority to redirect Empire State film post production credit funds to the film credit if there are insufficient claims for the post production credit and applications for the film production credit exceed the allotted total. For tax years prior to January 1, 2008, the credit was refundable across two years. For tax years starting in 2008, the credit was fully refundable. For tax years beginning on or after January 1, 2009, the utilization of the credit is spread across several years, depending on the size of the credit:

If the amount of the credit is:	Then the credit is claimed:
under $1 million	in the taxable year in which the film is completed
at least $1 million but less than $5 million	over a two year period, with half claimed each year
at least $5 million	over a three year period, with one-third claimed each year

Taxpayers awarded credit from the 2010-2014 allocations claim credit in the later of the tax year the production of the qualified film is completed or the tax year immediately following the allocation year from which the taxpayer was awarded credit. Corporation franchise taxpayers can use the credit against the alternative minimum tax.
PIT Estimates: 2011: $7.7 million — 2014: $13.0 million
CFT Estimates: 2010: $200.4 million — 2014: $400.0 million
Data Sources: PIT Population File, CFT Study File
Reliability: Level 1

b. **Empire State Film Post Production Credit**
Citation: Section 31, Section 606(qq), Section 210(41)
Credit Type: Refundable – Over 2 Years
Effective Date: Effective for tax years beginning on or after August 11, 2010
Description: Companies that are ineligible for the film production credit may qualify for the film post production credit. To be eligible for the credit, the costs incurred at a qualified post production facility, generally a facility in New York State, must equal or exceed 75 percent of the total post production costs at any post production facility. The credit is allowed for the taxable year in which the production of the qualified film is completed. However, as of March 28, 2013, the utilization of the credit is spread across several years, depending on the size of the credit:

If the amount of the credit is:	Then the credit is claimed
Under $1 million	In the taxable year in which the film is completed
At least $1 million but less than $5 million	Over a two-year period, with half claimed each year
At least $5 million	Over a three-year period, with one-third claimed each year

The credit is administered by the Governor's Office for Motion Picture and Television Development (MP/TV) and is capped at $7 million per year (total allocation of $35 million) through tax year 2014. Starting in 2015, the amount of the allocation dedicated to the Empire State film post production credit increases from $7 million to $25 million annually. As enacted, the credit equaled 10 percent of qualified post production costs paid in the production of a qualified film at a qualified post production facility. Subsequent legislation increased the credit rate to 30 percent for costs incurred in the Metropolitan Commuter Transportation District (MCTD) and 35 percent for cost incurred outside the MCTD. MP/TV has the authority to redirect post production credit funds to the film credit if there are insufficient claims for the post production credit and applications for the film production credit exceed the allotted total. Corporation franchise taxpayers can use the credit against the alternative minimum tax.
PIT Estimates: 2011: $0.1 million – 2014: $1.0 million
CFT Estimates: 2010: $0.0 million – 2014: $6.0 million
Data Source: New York State Division of the Budget
Reliability: Level 4 (PIT), Level 5 (CFT)

c. **Empire State Commercial Production Credit**
Citation: Section 28, Section 210(38), and Section 606(jj)
Credit Type: Refundable – Over 2 Years
Effective Date: Effective for tax years beginning on or after January 1, 2007 and before January 1, 2015
Description: A taxpayer satisfying a threshold level of commercial production activity may claim a tax credit for qualified commercial production in New York State. The credit is capped at $7 million per year and is administered by the Governor's Office for Motion Picture and Television Development (MP/TV). The credit consists of three components:

- <u>Incremental cost component ($1 million):</u> 20 percent of qualified production costs in excess of the average of the three prior years' costs. The credit is distributed on a *pro rata* basis among all credit applicants, although no individual company may receive an annual allocation greater than $300,000.
- <u>MCTD component ($3 million):</u> 5 percent of qualified production costs in excess of $500,000 during the calendar year for work within the MCTD. This component is also awarded on a *pro rata* basis, but with no per company limitation.
- <u>Outside MCTD component ($3 million):</u> 5 percent of qualified production costs in excess of $200,000 during the calendar year for work done outside the MCTD. This component is distributed in the same matter as the MCTD component. If the amount authorized for this component exceeds credit claims, MP/TV may redirect the excess to the incremental cost component.

Corporation franchise taxpayers can use the credit against the alternative minimum tax.
PIT Estimates: 2011: $0.9 million — 2014: $1.0 million
CFT Estimates: 2010: $1.0 million — 2014: $6.0 million
Data Source: PIT Population File, CFT Study File
Reliability: Level 1

14. **Security Training Tax Credit**
Citation: Section 26, Section 606(ii), Section 210(37), Section 1456(t), Section 1511(x), Section 187-n
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2005
Description: Owners of commercial buildings over 500,000 square feet can claim $3,000 for each security guard employed who has undergone training certified by the New York State Office of Homeland Security (OHS) and is paid a certain minimum wage. The credit is administered by OHS.
PIT Estimates: 2011: Minimal — 2014: $0.1 million
CFT Estimates: 2010: Minimal — 2014: Minimal
Bank Tax Estimates: 2010: $0.0 million — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186-a Estimates: 2010: $0.0 million — 2014: Minimal
Section 186-e Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

15. **Brownfields Tax Credits**

a. **Brownfield Redevelopment Tax Credit**
Citation: Section 21, Section 606(dd), Section 210(33), Section 1456(q), Section 1511(u), Section 187-g
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after April 1, 2005
Description: The brownfield redevelopment tax credit consists of three components relating to costs associated with: site preparation; tangible property; and on-site groundwater remediation. For sites accepted into the Brownfield Cleanup Program (BCP) prior to June 23, 2008, the credit equals 10 percent of costs associated with each component for personal income taxpayers, and 12 percent for corporate taxpayers. The credit increases by two percent if the site is remediated to a Track 1 cleanup level (determined by the Department of Environmental Conservation), and by another eight percent if at least one half of the site is located in an Environmental Zone (En-Zone). An En-Zone is an area designated by the Commissioner of Economic Development, and as of the 2000 census, has a poverty rate of at least 20 percent and an unemployment rate of at

least 1 1/4 times the statewide unemployment rate, or an area that has a poverty rate of at least two times the poverty rate for the county in which the site is located provided the site was subject to a cleanup agreement before September 1, 2010.

Sites accepted into the BCP after June 23, 2008 are subject to a different credit calculation. The site preparation and groundwater remediation component rates are as follows:

Cleanup Standard	Rate	Track 4
Soil cleanup for unrestricted use; protection of groundwater/ecological resources	50%	n/a
Residential use	40%	28%
Commercial use	33%	25%
Industrial Use	27%	22%

NOTE: Track 4 is a cleanup level that will be protective for the site's current, intended, or reasonably anticipated residential, commercial, or industrial use with restrictions and with reliance on the long-term employment of institutional or engineering controls to achieve such level.

The rates for the tangible property component remain the same with a new 2 percent bonus rate available for sites redeveloped in conformity with the goals and priorities of the brownfield opportunity area (determined by the Department of State) in which the site is located. Also, sites are subject to a cap on the amount of tangible property component they can generate. The cap is the lesser of:

- $35 million or three times the site preparation and groundwater component costs; or
- $45 million or six times the site preparation and groundwater component costs if the site is to be used for manufacturing.

PIT Estimates: 2011: $62.3 million — 2014: $276.0 million
CFT Estimates: 2010: $171.6 million — 2014: $216.0 million
Bank Tax Estimates: 2010: $0.0 million — 2014: $ Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

b. **Remediated Brownfield Credit for Real Property Taxes**
Citation: Section 22, Section 606(ee), Section 210(34), Section 1456(r), Section 1511(v), Section 187-h
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after April 1, 2005
Description: The remediated brownfield credit for real property taxes equals 25 percent of the product of the taxpayer's employment factor (a percentage based on the number of persons employed by the taxpayer on a qualified site) and the taxpayer's eligible real property taxes. If the site is located in an En-Zone the

credit increases to 100 percent. The credit is limited to the number of full time employees at the qualified site multiplied by $10,000.
PIT Estimates: 2011: $1.8 million — 2014: $6.0 million
CFT Estimates: 2010: $2.8 million — 2014: $2.0 million
Bank Tax Estimates: 2010: $0.0 million — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

c. **Environmental Remediation Insurance Credit**
Citation: Section 23, Section 606(ff), Section 210(35), Section 1456(s), Section 1511(w), Section 187-i
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after April 1, 2005
Description: The environmental remediation insurance credit is allowed one time for premiums paid for environmental remediation insurance up to the lesser of $30,000 or 50 percent of the cost of the premiums.
PIT Estimates: 2011: $0.0 million — 2014: Minimal
CFT Estimates: 2010: $0.0 million — 2014: Minimal
Bank Tax Estimates: 2010: $0.0 million — 2014: Minimal
Insurance Tax Estimates: 2010: $0.0 million — 2014: Minimal
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File, Corporation Tax Study File
Reliability: Level 1

16. **Biofuel Production Credit**
Citation: Section 28, Section 606(jj), Section 210(38), Section 187-c
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after 2006 and before January 1, 2020
Description: Taxpayers may claim a tax credit for the production of biofuel. Biofuel is defined as fuel which includes biodiesel and ethanol. Biodiesel is fuel comprised exclusively of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, which meets the specifications of American Society of Testing and Materials designated D 6751. The credit equals 15 cents per gallon after the production of the first 40,000 gallons per year presented to market. The credit is capped at $2.5 million per taxpayer per year for up to four consecutive years per biofuel plant. The cap is applied at the entity level in the case of partnerships, limited liability companies, and S corporations. For taxpayers subject to tax under both Section 183 and 184, the credit must first be deducted from

the taxes imposed under Section 183. Any credit remaining must then be deducted from the taxes imposed under Section 184.
PIT Estimates: 2011: $1.8 million — 2014: $1.0 million
CFT Estimates: 2010: $2.4 million — 2014: $2.0 million
Section 183 Estimates: 2010: $0.0 million — 2014: Minimal
Section 184 Estimates: 2010: $0.0 million — 2014: Minimal
Section 185 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186 Estimates: 2010: $0.0 million — 2014: Minimal
Section 186-a Estimates: 2010: $0.0 million — 2014: Minimal
Section 186-e Estimates: 2010: $0.0 million — 2014: Minimal
Data Sources: PIT Population File, CFT Study File, Corporation Tax Study File
Reliability: Level 1

17. **Land Conservation Easement Credit**
Citation: Section 606(kk), Section 210(38)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2006
Description: Taxpayers may claim a tax credit equal to 25 percent of the school district, county, and city/town real property taxes paid on land that is under a conservation easement held by a public or private conservation agency. The maximum allowable tax credit is $5,000. The credit, in combination with any other credit for property taxes, may not exceed such taxes. The term *conservation easement* means a perpetual and permanent conservation easement as defined in Article 49 of the Environmental Conservation Law (ECL) that serves to protect open space, scenic, natural resources, biodiversity, agricultural, watershed, and/or historic preservation resources. Any conservation easement for which a tax credit is claimed must be filed with the Department of Environmental Conservation and comply with the provisions of Article 49 Title 3 of the ECL and the provisions of subdivision (h) of section 170 of the Internal Revenue Code.
PIT Estimates: 2011: $1.4 million — 2014: $1.5 million
CFT Estimates: 2010: Minimal — 2014: Minimal
Data Sources: PIT Population File, CFT Study File
Reliability: Level 1

18. **Clean Heating Fuel Credit**
Citation: Section 606(mm), Section 210(39)
Credit Type: Refundable
Effective Date: Effective for purchases made on July 1, 2006 through June 30, 2007 and on or after January 1, 2008 and before January 1, 2017
Description: Taxpayers may claim a tax credit for bioheat used for space heating or hot water production for residential purposes within the state. The credit equals 1 cent per percent of biodiesel per gallon of bioheat purchased by the taxpayer and is capped at 20 cents per gallon. Biodiesel is defined as fuel comprised exclusively of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, which meets the specifications of American Society of Testing and Materials designated D6751. In addition, bioheat means a fuel comprised of biodiesel blended with conventional home heating oil, which meets the specifications of the American Society of Testing and Materials designation D396 or D975.

PIT Estimates: 2011: $0.6 million — 2014: $0.5 million
CFT Estimates: 2010: Minimal — 2014: Minimal
Data Sources: PIT Population File, CFT Study File
Reliability: Level 1

19. **Rehabilitation of Historic Properties Credit**
Citation: Section 606(oo), Section 210(40), Section 1456(u), Section 1511(y)
Credit Type: Non-refundable/Carryforward/Refundable for qualified rehabilitations placed in service on/after 1/1/15
Effective Date: PIT/CFT - Effective for tax years beginning on or after January 1, 2007. Bank/Insurance - Effective for tax years beginning on or after January 1, 2010. Amended credit effective for tax years beginning on or after January 1, 2010 and before January 1, 2020
Description: Taxpayers may claim a tax credit for the rehabilitation of historic properties located in New York State. The amount of the State credit is based on the credit amount allowed for the same taxable year under subsection (a)(2) of section 47 of the Federal Internal Revenue Code (IRC). IRC §47(c)(3) defines a certified historic structure as a building and its structural components that are listed in the National Register of Historic Places or located in a registered historic district and certified to be of historic significance to the district. Any State credit taken must be recaptured if the Federal credit upon which it is based is recaptured by the taxpayer.

For tax years beginning on or after January 1, 2010, the credit is 100 percent of the amount of the federal historic properties credit claimed by the taxpayer, capped at $5 million. The cap is imposed at the entity level for partnerships, LLCs, or S corporations. Also, the credit is limited to projects located in distressed areas as defined in IRC§143(j) or located within a census tract that is at or below 100 percent of the State median family income in the most recent American Community Survey. After December 31, 2019, the credit reverts to a 30 percent rate and $100,000 cap. For qualified rehabilitation projects placed in service on or after January 1, 2015 the credit is refundable.
PIT Estimates: 2011: $0.6 million — 2014: $12.0 million
CFT Estimates: 2010: $1.0 million — 2014: $1.0 million
Bank Tax Estimates: 2010: $7.1 million — 2014: $10.0 million
Insurance Tax Estimates: 2010: $2.0 million — 2014: $1.0 million
Data Sources: PIT Population File, CFT Study File, Bank Tax Study File, Insurance Tax Study File
Reliability: Level 1

20. **Excelsior Jobs Program Tax Credits**
Citation: Section 31, Section 606(qq), Section 210(41), Section 1456(u), Section 1511(y)
Credit Type: Refundable
Effective Date: Program effective in 2010; credit effective for tax years beginning on or after January 1, 2011
Description: The Excelsior Jobs Program (EJP) Act was created by Chapter 59 of the Laws of 2010 and subsequently amended by Chapter 61 of the Laws of 2011. The program is administered by Empire State Development (ESD) and offers four

tax credits focused on certain strategic industries. To claim credits, taxpayers must first apply to and be approved by ESD. ESD can issue up to $50 million in new credits annually, with a fully effective annual total program cost of $250 million. ESD will calculate the amount of each credit annually and issue a certificate of tax credit to participants entitling them to the credits. As initially enacted, taxpayers were allowed to claim credits for five consecutive years. Pursuant to Chapter 61, participants accepted into the program after April 1, 2011 have a 10 year benefit period. Corporation franchise taxpayers can use the credit against the alternative minimum tax.

a. **Excelsior Jobs Tax Credit**
EJP participants may claim a credit for each net new job created in the State. For participants accepted into the program on or before April 1, 2011, the value of the credit cannot exceed $5,000 per new job and is computed on marginal wages plus benefit basis as follows:
- 5 percent of wages plus benefits of $50,000 or less;
- 4 percent of wages plus benefits between $50,001 and $75,000; and
- 1.33 percent of wages plus benefits over $75,000.

For taxpayers accepted into the program after April 1, 2011, the credit is equal to the gross wages multiplied by 6.85 percent.

b. **Excelsior Investment Tax Credit (EJP-ITC)**
EJP participants may claim a credit equal to two percent of the cost of qualified investments in New York. Taxpayers cannot claim both the EJP-ITC and the brownfield tangible property credit component for the same property in a given year. In addition, taxpayers accepted into the program on or before April 1, 2011 are prohibited from claiming both the EJP-ITC and the regular ITC.

c. **Excelsior Research and Development Tax Credit (EJP-R&D)**
EJP participants may claim a credit for research and development expenditures in New York. The credit is a percentage of the portion of the taxpayer's federal research and development credit pertaining to expenditures attributable to New York. Eligible expenditures are defined in section 41 of the Internal Revenue Code. For taxpayers accepted into the program on or before April 1, 2011, the percentage is ten percent. For those accepted into the program after April 1, 2011, the percentage is fifty percent, subject to a limit of three percent of qualified research and development expenditures attributable to New York activity.

d. **Excelsior Real Property Tax Credit (EJP-RPTC)**
EJP participants located in areas formerly designated as Investment Zones under the Empire Zones Program or that qualify as regionally significant projects may claim a credit for real property taxes. The credit equals 50 percent of the property taxes assessed and paid in the year immediately prior to a taxpayer's application to the EJP and is gradually phased out. For taxpayers accepted into the program on or before April 1, 2011, the credit is phased down ten percent a

year over five years. For those accepted into the program after April 1, 2011, the credit declines by 5 percent a year over ten years.

PIT Estimates: 2011: Not Applicable – 2014: $100.0 million
CFT Estimates: 2010: Not Applicable – 2014: $100.0 million
Bank Tax Estimates: 2010: Not Applicable – 2014: Minimal
Insurance Tax Estimates: 2010: Not Applicable – 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 5

21. **Credit for Companies who Provide Transportation to Individuals with Disabilities**
Citation: Section 606(tt), Section 210(44)
Credit Type: Non-refundable
Effective Date: Effective for tax years beginning on or after January 1, 2011 and before January 1, 2017
Description: Taxpayers providing taxicab or livery service may claim a tax credit equal to the incremental cost associated with upgrading a vehicle so that it is accessible by individuals with disabilities. In addition, taxpayers may also claim the credit for the purchase of new vehicles manufactured to be accessible by individuals with disabilities and for which there is no comparable make or model. The credit is limited to $10,000 per vehicle. Vehicles accessible for individuals with disabilities must comply with the Americans with Disabilities Act and other Federal regulations. Corporation franchise taxpayers may use the credit to reduce liability to zero. A similar credit existed for tax years beginning on or after January 1, 2006 and before January 1, 2011.
PIT Estimates: 2011: Not Applicable – 2014: $5.0 million
CFT Estimates: 2010: Not Applicable – 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 5

22. **Economic Transformation and Facility Redevelopment Program Tax Credit**
Citation: Sections 35, Section 606(ss), Section 210(43), Section 1456(x), Section 1511(aa), Section 187-r
Credit Type: Refundable
Effective Date: Effective On or After March 31, 2011 and before December 31, 2021
Description: Chapter 61 of the Laws of 2011 created the Economic Transformation and Facility Redevelopment Program designed to mitigate the economic consequences in communities where correctional facilities and facilities operated by the Office of Children and Family Services (OCFS) were closed through the period ending March 31, 2012. The program is administered by Empire State Development (ESD) and offers a tax credit with four components to redevelop closed facilities and attract new businesses to the surrounding areas. Taxpayers may claim credit for five consecutive years. Corporation franchise taxpayers can use the credit against the alternative minimum tax.

a. **Economic Transformation and Facility Redevelopment Jobs Tax Credit Component**
Participants may claim a credit for each net new job created in the State. The credit is equal to the gross wages multiplied by 6.85 percent.

b. **Economic Transformation and Facility Redevelopment Investment Tax Credit Component**
Participants may claim a credit for qualified investments in the economic transformation area. For investments on the grounds of a closed facility, the credit is 10 percent of the cost of the investment, not to exceed $8 million for the facility. For investments in areas outside of the facility but within the economic transformation area, the credit is 6 percent of the cost of the investment, not to exceed $4 million per entity.

c. **Economic Transformation and Facility Redevelopment Job Training Tax Credit Component**
Participants may claim a credit for fifty percent of qualified training expenses paid during the year for employees displaced by a facility closure, not to exceed $4,000 per employee per tax year.

d. **Economic Transformation and Facility Redevelopment Real Property Tax Credit Component**
Participants may claim a credit equal to 50 percent of the real property taxes assessed and paid in the first tax year of the benefit period for property located entirely within the grounds of a closed facility. The percentage decreases by 10 percent each year for the subsequent years of the benefit period. For property located outside of the facility but within the economic transformation area, the credit is equal to 25 percent of the real property taxes assessed and paid decreasing by 5 percent each year for subsequent years of the benefit period.

PIT Estimates: 2011: Not Applicable – 2014: $5.0 million
CFT Estimates: 2010: Not Applicable – 2014: $5.0 million
Bank Tax Estimates: 2010: Not Applicable — 2014: Minimal
Insurance Tax Estimates: 2010: Not Applicable – 2014: Minimal
Section 185 Estimates: 2010: Not Applicable – 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 5

23. **New York Youth Works Tax Credit**
Citation: Section 606(tt), Section 210(44)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2012 and before January 1, 2018
Description: Chapter 56 of the Laws of 2011 created the New York Youth Works Tax Credit Program designed to provide tax incentives to employers for employing at risk youth in full-time and part-time positions in tax years 2012 through 2017. The program is administered by the New York State Department of Labor (NYDOL). The credit equals $500 per month for up to six months for each qualified full-time

employee or $250 per month for each qualified part-time position of at least 20 hours per week. This portion of the credit is allowed for taxable year 2012. An additional $1,000 per full time employee or $500 per part time employee is available if the qualified employee remains employed for at least an additional six months. This portion of the credit is allowed for taxable years 2012 and 2013. To claim the credit, employers must first apply to and be approved by NYDOL. NYDOL will calculate the maximum amount of credit the employer will be allowed to claim and issue a certificate of eligibility to participants entitling them to the credit. NYDOL can issue up to $25 million of tax credit under this program. Corporation franchise taxpayers can use the credit against the alternative minimum tax.
PIT Estimates: 2011: Not Applicable – 2014: Minimal
CFT Estimates: 2010: Not Applicable – 2014: $6.0 million
Data Source: New York State Division of the Budget
Reliability: Level 5

24. **Empire State Jobs Retention Program Credit**
Citation: Section 36, Section 606(tt), Section 210(44), Section 1456(y), Section 1511(bb)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2012 pertaining to emergencies declared on or after January 1, 2011
Description: Chapter 56 of the Laws of 2011 created the Empire State Jobs Retention Program designed to support the retention of strategic businesses and jobs directly impacted by an event that leads to an emergency declaration by the Governor. The Program offers a jobs tax credit equal to the product of 6.85 percent and the gross wages paid for each impacted job, defined as a job existing at the relevant location on the day before an event occurs that leads to an emergency declaration. A participant may also be eligible for a 2 percent ITC, but only for costs in excess of costs recovered by insurance. Taxpayers may claim the credit for ten consecutive years.

For a business to be eligible for the credit it must: (a) be located in the county where an emergency is declared; (b) must demonstrate substantial physical damage and economic harm; and (c) must retain or exceed 100 full-time equivalent jobs in the county where the emergency is declared. To claim credit, taxpayers must apply to and be approved by Empire State Development (ESD). ESD will calculate the amount of credit annually and issue a certificate of tax credit to participants entitling them to the credit. The total amount of tax credit issued by ESD shall be allocated from the funds available for tax credits under the Excelsior Jobs Program Act.
PIT Estimates: 2011: Not Applicable – 2014: Not Applicable
CFT Estimates: 2010: Not Applicable – 2014: Not Applicable
Bank Tax Estimates: 2010: Not Applicable – 2014: Not Applicable
Insurance Tax Estimates: 2010: Not Applicable – 2014: Not Applicable
Data Source: New York State Division of the Budget
Reliability: Level 5

25. **Beer Production Credit**
Citation: Section 37, Section 210(45), and Section 606(uu)
Credit Type: Refundable
Effective Date: Effective for tax years beginning on or after January 1, 2012
Description: The beer production credit is equal to 14 cents per gallon for the first 500,000 gallons produced in New York State during the tax year, plus 4.5 cents per gallon for each additional gallon over 500,000 (up to 15 million additional gallons) produced in New York State in the same tax year, for a maximum credit amount of $745,000. The credit cap is applied at the entity level for partnerships, LLCs, and S corporations. Corporation franchise taxpayers can use the credit against the alternative minimum tax. To be eligible, a taxpayer must be a registered distributor under Article 18 of the Tax Law and produce 60 million or fewer gallons of beer in New York State in the tax year the credit is claimed.
PIT Estimates: 2011: Not Applicable – 2014: Minimal
CFT Estimates: 2010: Not Applicable – 2014: $3.0 million
Data Source: New York State Division of the Budget
Reliability: Level 5

26. **Alternative Fuels and Electric Vehicle Recharging Property Credit**
Citation: Section 187-b, Section 201(24), Section 606(p)
Credit Type: Nonrefundable
Effective Date: Effective for taxable years beginning on or after January 1, 2013 and before January 1, 2018
Description: Taxpayers may claim a nonrefundable credit equal to the lesser of $5,000 or 50 percent of the cost of alternative fuel vehicle refueling property or electric vehicle recharging property located in New York State for which none of the costs have been paid from the proceeds of grants. This credit replaces a prior Alternative Fuels credit that expired in 2010.
PIT Estimates: 2011: Not Applicable – 2014: Minimal
CFT Estimates: 2010: Not Applicable – 2014: $1.0 million
Section 183 Estimates: 2010: Not Applicable – 2014: Minimal
Section 184 Estimates: 2010: Not Applicable – 2014: Minimal
Section 185 Estimates: 2010: Not Applicable – 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 5

27. **START-UP NY Tax Elimination Credit**
Citation: Section 39, Section 40, Section 201(47), Section 606(ww)
Credit Type: Elimination/Refundable for overpayment of tax
Effective Date: Effective for taxable years beginning on or after January 1, 2014
Description: The tax-free NY area tax elimination credit is available to general business corporations, sole proprietorships, partnerships (including limited liability companies taxed as partnerships), and New York S corporations participating in the SUNY Tax-Free Areas to Revitalize and Transform Upstate New York Program (START-UP NY). The credit is equal to the product of:

- the tax-free NY area allocation factor and
- the tax factor.

The tax-free NY area allocation factor is the percentage of the business's economic presence in the tax-free NY area where the business was approved to locate under Article 21 of the Economic Development Law.

For Article 9-A taxpayers, the tax factor is the largest of the taxes on the entire net income base, capital base, minimum taxable income base, or fixed dollar minimum tax after the deduction of any other credits. For Article 22 taxpayers, the tax factor is determined by reducing the individual's tax computed under section 601(a)-(d) of the Tax Law for the tax year by any other allowable credits and adjusting that reduced amount by the ratio of the income from business in the tax-free New York area to the taxpayer's New York adjusted gross income. In both cases, the ratios may not exceed 1.0.

For corporate franchise taxpayers, the credit cannot reduce the tax due below the fixed dollar minimum unless the taxpayer has a tax-free NY area allocation factor of 100%. In that instance, the tax can be reduced to zero. Any excess credit may be refunded.

For personal income taxpayers, the credit may reduce the tax to zero and any excess may be refunded
PIT Estimates: 2011: Not Applicable – 2014: $23.0 million
CFT Estimates: 2010: Not Applicable – 2014: $18.0 million
Data Source: New York State Division of the Budget
Reliability: Level 5

28. **Minimum Wage Reimbursement Credit**
Citation: Section 38, Section 187-s, Section 210(46), Section 606(aaa), Section 1456(z), Section 1511(cc)
Credit Type: Refundable
Effective Date: Effective for taxable years beginning on or after January 1, 2014 and before January 1, 2019
Description: Eligible employers may claim a credit for wages paid to eligible employees equal to the number of hours worked by eligible employees multiplied by the credit rate. The credit rate increases from $0.75 in tax year 2014 to $1.31 in tax year 2015, to $1.35 in tax years 2017 and 2018. Eligible employees must be employed by an eligible employer in New York, paid at the minimum wage rate, be between the ages of 16 and 19 and be a student. In the event that the federal minimum wage is increased to more than 85 percent of New York's minimum wages, the credit rates will be reduced to the difference between New York's minimum wage and the federal minimum wage. The reduction will be effective on the first day that the eligible employer is required to pay the increased federal minimum wage, if such an increase takes place.
PIT Estimates: 2011: Not Applicable – 2014: $8.0 million
CFT Estimates: 2010: Not Applicable – 2014: $16.0 million
Bank Tax Estimates: 2010: Not Applicable – 2014: Minimal

Insurance Tax Estimates: 2010: Not Applicable – 2014: Minimal
Section 185 Estimates: 2010: Not Applicable – 2014: Minimal
Data Source: New York State Division of the Budget
Reliability: Level 5

29. Hire A Vet Credit
Citation: Section 210(23-a), Section 606(a-2), Section 1456(e-1), Section 1511 (g-1)
Credit Type: Nonrefundable/Carryforward for 3 years
Effective Date: Credit effective for taxable years beginning on or after January 1, 2015 and before January 1, 2017, but hiring may commence on January 1, 2014.
Description: Employers hiring a qualified veteran to begin employment on or after January 1, 2014 but before January 1, 2016, and who is employed in New York State for at least one year and 35 hours each week may claim the credit in the tax year in which the qualified veteran completes one year of employment with the taxpayer.
PIT Estimates: 2011: Not Applicable – 2014: Not Applicable
CFT Estimates: 2010: Not Applicable – 2014: Not Applicable
Bank Tax Estimates: 2010: Not Applicable – 2014: Not Applicable
Insurance Tax Estimates: 2010: Not Applicable – 2014: Not Applicable
Data Source: New York State Division of the Budget
Reliability: Level 5

2014-15 EXECUTIVE BUDGET TAX EXPENDITURE PROPOSALS

This section describes the proposals contained in the 2014-15 Executive Budget that modify, add, or repeal specific tax expenditures. Each description begins with background information regarding the proposal, a summary of the proposal, reasons for recommending the change, and an estimate of the revenue implications. Table 11 provides a listing of these provisions.

Table 11
2014-15 Executive Budget Proposals Affecting Tax Expenditures
(Millions of Dollars)

	2014-15 Fiscal Year Estimate
Personal Income Tax	
-Establish an Enhanced Real Property Circuit Breaker Credit	0.0
-Extend the Noncustodial Parent Earned Income Tax Credit	0.0
-Establish a Renter's Personal Income Tax Credit	0.0
-Modify Delivery of Family Tax Relief Credit After Tax Year 2014	0.0
-Establish Property Tax Freeze Credit for Local Government Units Complying with the Property Tax Cap	(400.0)
Personal Income and Corporate Franchise Taxes	
-Extend Empire State Commercial Production Tax Credit	0.0
-Reform the Investment Tax Credit	65.0
-Establish a 20 Percent Real Property Tax Credit for Manufacturers	0.0
-Enhance the Youth Works Tax Credit	0.0
Personal Income, Corporate Franchise, Bank And Insurance Taxes	
-Increase the Low-Income Housing Credit	0.0
-Repeal the Financial Services Investment Tax Credit	30.0
Personal Income, Corporate Franchise, Bank, Insurance and Corporation Tax	
-Extend and Reform the Brownfield Cleanup Program	0.0
Corporate Franchise Taxes	
-Eliminate the Net Income Tax on Upstate Manufacturers	(24.0)
Corporation Tax	
-Repeal the Franchise Tax on Agriculture Cooperatives	0.0
Excise Tax	
-Create a Credit or Refund for START-UP NY Businesses for Excise Tax on Telecommunication Services	0.0
Excise, Petroleum Business, State and Local Sales Tax	
-Extend Expiring Alternative Fuels Exemptions	(8.0)

1. **Proposal to Establish an Enhanced Real Property Circuit Breaker Credit**
   Background: New York homeowners face some of the highest property tax bills in the nation, whether measured in absolute terms or as a percentage of home value. Property taxes have become a serious burden on New York's working families and senior citizens. These burdens not only make the dream of homeownership unaffordable for many New Yorkers, but they also have a negative impact on New York's economy.
   Proposal: This proposal will create an enhanced real property tax circuit breaker credit starting in 2014 for property taxes paid to local taxing jurisdictions that are compliant with the real property tax cap. The existing real property circuit breaker credit will still be allowed to homeowners who benefit from it. For tax year 2014, only school taxes paid to tax cap compliant school districts will be eligible for the credit. For 2015 and after, all property taxes paid to tax cap compliant jurisdictions will be eligible for the credit. The credit will remain in place after 2016 as long as local taxing jurisdictions are subject to the property tax cap. In New York City, the credit will be allowed for all property taxes levied without regard to compliance with a property tax cap. However, real property taxes in New York City will only qualify if taxes levied outside the City are required to be levied by cap-compliant jurisdictions. No credit is allowed for taxpayers with household income equal to or greater than $200,000. The maximum credit allowed is $500 in 2014, $750 in 2015, and $1,000 after 2015. Fully phased in, the credit value will be equal to 20 percent of qualifying property tax liability in excess of 3 percent of household income for homeowners with household income less than or equal to $120,000. The credit will equal 15 percent of property tax liability in excess of 4 percent of household income for homeowners with household income between $120,000 and $150,000. For all other homeowners with income less than or equal to $200,000, the credit is equal to 10 percent of the amount by which property tax liability exceeds 5 percent of household income.
   Discussion: While progress has been made and should continue under the property tax cap, there is also a need to provide help to New York's overburdened homeowners based on ability to pay. This bill creates a new real property tax circuit breaker, with larger credit amounts than the existing circuit breaker credit, for all taxing jurisdictions that stay within the property tax cap. The credit is targeted to help low-income and middle class New York homeowners, with the credit increasing as income decreases. The bill also keeps the existing circuit breaker in place so that New York homeowners currently benefiting from the circuit breaker are not denied a benefit if their taxing jurisdictions do not comply with the property tax cap. According to the Division of the Budget, for tax year 2014, an average credit of $120 will be awarded, followed by an average credit of $250 for tax year 2015. An estimated 2 million homeowners will benefit from this proposal in tax year 2016, the first year that the credit is fully effective. The program will yield a fully effective average benefit of $500. An estimated 37 percent of the benefits will be provided to upstate homeowners, 15 percent provided to New York City homeowners, and the remaining 48 percent provided to downstate suburban areas.
   Revenue: This proposal would have no effect on revenues in SFY2014-15.

2. **Proposal to Extend the Noncustodial Parent Earned Income Tax Credit**
   Background: The credit is available to noncustodial parents who pay child support for a qualifying child with whom they do not reside. The credit applies to tax years beginning before January 1, 2015.

Proposal: This proposal would extend for two years Noncustodial Parent New York State Earned Income Tax Credit.
Discussion: The credit rewards working noncustodial parents who augment their wages, and it provides a substantial work incentive for those not working or working only intermittently while encouraging low-income noncustodial parents to become more involved in the economic and social well-being of their children.
Revenue: This proposal would have no effect on revenues in SFY 2014-15.

3. **Proposal to Establish a Renter's Personal Income Tax Credit**
Background: New York State currently provides certain renters, with household gross income of $18,000 or less, tax relief through a real property tax "circuit breaker" credit. The proposed credit may be taken in lieu of the current real property tax credit for renters if the amount of this credit is higher and the taxpayer qualifies for both credits.
Proposal: This proposal will create a new, refundable credit for eligible New York State residents who rent their primary residence within the state.
Discussion: There are 3.3 million renter households across the state. Over 829,000 low-income renter households spend more than 50 percent of their monthly cash income on housing costs and thousands of moderate-income renters face similar burdens. To help defray the impact of escalating rental housing costs, especially for families, the Executive Budget creates a refundable credit for renters. This tax relief is composed of a base credit that declines with qualifying incomes up to $100,000 for married taxpayers who are filing jointly and have related dependents, taxpayers filing as head of household and married seniors filing jointly. Single seniors with incomes up to $50,000 would also qualify. The base credit will be supplemented with an additional credit per federal exemption, where the value of the supplement also declines with income.
Revenue: The proposal would have no fiscal impact in SFY 2014-15.

4. **Proposal to Modify Delivery of Family Tax Relief Credit After Tax Year 2014**
Background: The Family Relief Tax Credit was enacted in 2013 and provides a refundable $350 credit to certain families with children under the age of 17, with planned credit prepayments in October of 2014, 2015, and 2016.
Proposal: This proposal would eliminate the prepayment element of the Family Relief Tax Credit for tax years beginning on or after January 1, 2015 and administer the relief as a regular income tax credit.
Discussion: Existing law provides that the $350 family tax be made available in each of the three years that the credit is allowed (tax years 2014, 2015 and 2016) through a prepayment or rebate check. Because the prepayment occurs prior to the filing of tax returns, it is necessary to determine eligibility from a taxpayer's return filed two years prior. This provision will allow the Department of Taxation and Finance to determine credit eligibility when taxpayers file their returns instead of determining credit eligibility based on returns filed two years prior.
Revenue: The proposal would have no fiscal impact in SFY 2014-15.

5. **Proposal to Establish a Property Tax Freeze Credit for Local Government Units Complying with the Property Tax Cap**
Background: New York homeowners have traditionally faced some of the highest property taxes in the nation, whether measured as an absolute dollar amount or as a percentage of home value. To address this problem, Governor Cuomo successfully

pressed for legislative approval of a limitation on property tax levy increases, which was enacted in 2011. This measure imposed a limit or cap on annual tax levy increases by local governments, unless a local super-majority voted to override such cap. The current proposal seeks to reward both homeowners and local governments in communities where property tax increases have been contained by the tax cap.

Proposal: Under this measure, tax bills would be frozen for STAR-eligible properties in cap-compliant local governments for two years, beginning in local fiscal years ending in 2015, at the level prevailing in the 2014 fiscal year. Eligible taxpayers would receive a personal income tax credit for the difference between their property tax bill and the property tax they paid in the previous year. Eligible taxpayers in cap-compliant school districts would receive the credit in the form of a check in the autumn of 2014, based on freezing fiscal year 2015 school tax taxes at 2014 levels. For tax levies of cap-compliant school districts in fiscal years ending in 2016, and all other cap-compliant local governments in fiscal years ending in 2015, taxpayers would receive credit checks in the autumn of 2015. And for cap-compliant non-school local governments, credit checks for their fiscal years ending in 2016 would be issued in the autumn of 2016. In the case of cap-compliant budgets for the second of the two local fiscal years in each applicable taxing unit, a further prerequisite for tax freeze credit eligibility would be that the cap-compliant school districts and other local government units in question must work together and make a written commitment to achieving permanent structural savings in government costs through effective efforts in cooperation and consolidation of local services.

Discussion: The freeze is intended to highlight the need for local government spending controls by rewarding taxpayers and local governments where there is cap-compliance. It is also intended to give incentives to local governments to seek consolidation efficiencies in their programs by limiting second-year property tax freeze credits to those governments that enter into joint programs designed to further such efficiencies, as such efficiencies hold for the promise of long run savings.

Revenue: This proposal would decrease revenues by $400 million in SFY 2014-15.

6. Proposal to Extend Empire State Commercial Production Tax Credit

Background: The Empire State commercial production tax credit is available for taxable years beginning on or after January 1, 2007 and expires on December 31, 2014. The credit consists of three components:

i. 20 percent of qualifying costs in excess of the average of the previous years' costs;
ii. 5 percent of costs in excess of $500,000 in the Metropolitan Commuter Transportation District (MCTD); and
iii. 5 percent of costs in excess of $200,000 outside the MCTD.

The credit is capped at $7 million annually and is administered by the Governor's Office for Motion Picture and Television Development.

Proposal: This proposal would extend the personal income and corporate franchise tax credit for the production of television commercials until December 31, 2016.

Discussion: This provision will allow for continued support of the commercial production industry in New York State.

Revenue: This proposal would have no effect on revenues in SFY 2014-15.

7. **Proposal to Reform the Investment Tax Credit**

Background: The investment tax credit (ITC) was enacted in 1969 as a way to reduce the cost of doing business for manufacturers and incentivize the modernization and construction of manufacturing facilities. The current credit is based on the cost of depreciable tangible personal property, including buildings and their structural components, having a useful life of four years or more, located within New York, and used primarily for the production of goods by a variety of processes, including film production and air/water pollution control.

Proposal: This proposal tightens ITC eligibility criteria to refocus the credit on its original intent. In particular, it predicates eligibility for the ITC on the nature of the entity instead of the purpose of the property. The proposal restricts the credit to qualified New York manufacturers and qualified New York agricultural and mining businesses for property used to produce goods for sale or research and development property. It also disallows credit for property on which a former owner has claimed credit. The proposal would be effective January 1, 2014.

Discussion: The added restrictions to the ITC will more effectively target the State's investment toward originally intended and more productive uses. The credit will remain essentially unchanged for New York manufacturers.

Revenue: This proposal would increase revenues in SFY2014-15 by $65 million.

8. **Proposal to Establish a 20 Percent Real Property Tax Credit for Manufacturers**

Background: Historically, New York State tax law has afforded manufacturers specialized treatment such as reduced tax rates and targeted tax credits. Currently, manufacturers are in the first year of a 5 year schedule that will reduce their tax rates and amounts by 25 percent from their tax year 2013 amounts. They also benefit from a lower capital base liability cap of $350,000.

Proposal: This proposal provides a statewide refundable credit for qualified New York manufacturers equal to 20 percent of the real property taxes paid during the taxable year on property owned by such manufacturers and used principally for manufacturing. This credit will not be allowed if the real property taxes that are the basis for this credit are included in the calculation of another credit claimed by the taxpayer. This bill takes effect immediately and would apply to taxable years beginning on or after January 1, 2014.

Discussion: This credit will lower the cost of doing business for manufacturers in order to make New York a more attractive place for firms to locate and create jobs. This proposal, in conjunction with the proposals to eliminate both the entire net income tax for upstate manufacturers and the18-a temporary assessment for industrial customers, is part of the targeted business relief package for manufacturers.

Revenue: This proposal would have no effect on revenues in SFY2014-15.

9. **Proposal to Enhance the Youth Works Tax Credit**
Background: The New York Youth Works Tax Credit Program, administered by the New York State Department of Labor (NYDOL), is designed to provide tax incentives to employers for employing at-risk youth in full-time and part-time positions. Originally begun as a program for tax years 2012 and 2013 with a $25 million credit allocation, it was expanded and extended in 2013 to incorporate four more separate programs—one for each tax year 2014 to 2017—with independent credit allocation caps of $6 million each. The credit equals $500 per month for up to six months for each qualified full-time employee or $250 per month for each qualified part-time position of at least 20 hours per week. For tax years 2012 and 2013, an additional $1,000 per full time employee or $500 per part time employee was available if the qualified employee remained employed for at least an additional six months.
Proposal: This proposal enhances the New York Youth Works Tax Credit Program, beginning in tax year 2014, to provide an additional $1,000 tax credit for employers that retain youth in full-time status for one additional year and an additional $500 for employers that retain youth in a part-time status for one additional year. This bill also amends the Tax Law to conform to amendments to the Labor Law that were added by Chapter 536 of the Laws of 2013 which reduced, from 20 to 10, the number of hours which full-time students must work in order to be eligible for the employer to claim the credit. This proposal increases the annual credit allocation for this program from $6 million to $10 million, for tax years 2014 to 2017.
Discussion: The New York Youth Works Tax Credit Program seeks to provide permanent employment for youth across New York State. The program allows thousands of young people to receive work readiness, occupational training, and digital literacy training to build a foundation for future success.
Revenue: This proposal would have no effect on revenues in SFY2014-15.

10. **Proposal to Increase the Low-Income Housing Credit**
Background: This tax credit is administered by the Division of Housing and Community Renewal (DHCR) and is available under the corporate franchise, personal income, bank, and insurance taxes. The Commissioner of DHCR allocates amounts as a credit against tax for 10 years.
Proposal: This proposal would authorize additional credits of $8 million for the low-income housing credit for each of the next two fiscal years. This bill would increase the aggregate amount of low income housing tax credit the Commissioner of DHCR may allocate from $48 million to $56 million for SFY 2014-15 and from $56 million to $64 million for SFY 2015-16.
Discussion: Increasing the available amount of credit will encourage developers and investors to devote greater resources to the program and will allow for the construction of additional low-income housing in New York State.
Revenue: This proposal would have no effect on revenues in SFY 2014-15.

11. **Proposal to Repeal the Financial Services Investment Tax Credit**
Background: The investment tax credit for the financial services industry (FS-ITC) has been available to Article 9-A, 22, and 32 taxpayers since 1998, and to Article 33 taxpayers since 2002. The credit is allowed for property used in broker/dealer, investment advisory, and registered exchange or board of trade activity. Generally, the rate of credit, maximum amounts, refund and carryforward provisions, and recapture

rules are similar to those for the regular ITC. However, financial services taxpayers must also pass one of three employment tests to be eligible for credit. The credit is currently scheduled to sunset on October 1, 2015.

Proposal: This proposal would repeal the FS-ITC, effective January 1, 2014.

Discussion: The FS-ITC is a complex credit used by a narrow segment of the financial services industry and is frequently subject to complicated recapture calculations. As part of its comprehensive tax reform initiatives, the New York State Tax Reform and Fairness Commission recommended this credit be eliminated. The proposed repeal is also being done in conjunction with the consolidation of Articles 32 and 9-A under the corporate tax reform proposal.

Revenue: This proposal would increase revenues in SFY2014-15 by $30 million.

12. Proposal to Extend and Reform the Brownfield Cleanup Program

Background: The Brownfield Cleanup and Remediation Program (BCP), administered by the Department of Environmental Conservation (DEC) includes three refundable tax credits available to Article 9, 9-A, 22, 32, and 33 taxpayers who remediate a brownfield site: the brownfield redevelopment tax credit, the remediated brownfield credit for real property taxes, and the environmental remediation insurance credit. The vast majority of the BCP credits are claimed in the brownfield redevelopment tax credit, which consists of three credit components relating to costs associated with: site preparation; tangible property; and on-site groundwater remediation.

In addition to various definitional and credit-percentage reforms throughout the program, in 2008 a limitation was imposed on the amount of tangible property credit component that a site could generate, based on the amount of remediation costs generated by the site preparation and groundwater components combined. This was in response to the fact that over 90 percent of the benefits have gone to site redevelopment instead of cleanup. The cap, which applies to sites accepted into the program on or after June 23, 2008, is the lesser of: $35 million or three times the site preparation and groundwater component costs; or $45 million or six times the site preparation and groundwater component costs if the site is to be used for manufacturing.

Proposal: This proposal would extend the Brownfields Cleanup Program for ten years and further reform the program. The reforms relating to the tax credits include:

- limiting eligibility for the tangible property component to: properties vacant for at least 15 years or vacant and tax delinquent for 10 years or more; “upside down” properties, where the property value is less than cleanup costs; and priority economic development projects;
- providing “bonus” credit rates for developing affordable housing, locating in an Environmental Zone, and conforming to a Brownfield Opportunity Area (BOA) plan;
- limiting eligible site preparation costs to only those needed for effective cleanup;
- limiting the tangible property component to five consecutive tax years (reduced from ten), commencing with the later of the date of the issuance of the certificate of completion or the tax year in which qualified property is first placed in service; and
- repealing the insurance remediation tax credit and the real property tax credit for new sites accepted into the program after July 1, 2014.

The brownfield credits are not allowed for a brownfield site for which a COC is issued after December 31, 2015. This bill would take effect July 1, 2014, and extend the BCP and tax credits for 10 years, through December 31, 2025.

Discussion: In the 10 years since it was established, the BCP has catalyzed the cleanup of over 150 contaminated sites statewide, incentivizing redevelopment. This proposal implements recommendations that the BCP be amended to prevent developments that would have gone forward without tax credits from taking advantage of the program. It would also focus the BCP tax credits on sites and areas of the State, especially upstate, with the most need to foster redevelopment. Finally, the proposal seeks greater balance between the cleanup and redevelopment aspects of the credit.
Revenue: This proposal would have no effect on revenues in SFY 2014-15.

13. Proposal to Eliminate the Net Income Tax on Upstate Manufacturers
Background: Since 2007, manufacturers have benefitted from a tax rate on the entire net income base (ENI) that is lower than the rate for non-manufacturers. Prior to the 2014 tax year, the manufacturing rate was 6.5% versus 7.1% for other businesses. In tax year 2014, the rate decreases to 5.9%, and will continue to phase down, ultimately reaching 4.875% starting in the 2018 tax year.
Proposal: This proposal lowers the tax rate on the entire net income base for upstate manufacturers from the current 5.9% to 0% in 2014 and thereafter. An upstate manufacturer is one with a 0% Metropolitan Commuter Transportation District allocation factor. This bill takes effect immediately and would apply to taxable years beginning on or after January 1, 2014.
Discussion: This proposed ENI rate cut for upstate manufacturers is meant to encourage the growth of manufacturing in upstate New York. Under current law, corporations generally must compute four distinct taxes and pay the tax that results in the largest amount owed. This proposal essentially eliminates an entire tax base for upstate manufacturers.
Revenue: This proposal would decrease revenues in SFY 2014-15 by $24 million.

14. Proposal to Repeal the Franchise Tax on Agriculture Cooperatives
Background: Article 9 of the Tax Law imposes initial taxes and annual fees on domestic (in-state) and foreign (out-of-state) corporations. It also imposes gross receipts-based taxes on a variety of specialized businesses. Section 185 imposes a franchise tax on farmers, fruit growers, and other like agricultural corporations organized and operated on a cooperative basis. The tax is the highest amount computed under the following calculations: (1) allocated value of issued capital stock multiplied by one mill; (2) allocated value of issued capital stock on which dividends paid are six percent or more, multiplied by one-quarter mill for each one percent of dividends paid; or (3) a fixed dollar minimum tax of $10.
Proposal: This proposal would repeal the State's Tax Law § 185 franchise tax on farmers', fruit growers', and other like agricultural corporations organized and operated on a co-operative basis.
Discussion: This bill would repeal the franchise tax on agricultural cooperative and exempt those corporations from tax. The bill would also make conforming changes to the Tax Law and various other laws. Only 45 taxpayers pay this tax, and the median tax is $160 with one-third of taxpayers only paying $10. Since SFY 2006-07, in only one year (SFY 2011-12) were the receipts greater than the amount of refunds paid out.
Revenue: This proposal will have no effect on revenues in SFY 2014-15.

15. **Proposal to Create a Credit or Refund for START-UP NY Businesses for Excise Tax on Telecommunication Services**

Background: The Governor's START-UP NY program was intended to provide a tax free zone for businesses located in the START-UP areas. This proposal provides a technical correction that ensures that businesses located in a START-UP zone would avoid pass through taxes like the 186-e tax on telecommunication providers.

Proposal: This proposal would provide a credit or refund for the excise tax on telecommunication services paid by START-UP NY businesses.

Discussion: Section 186-e of the Tax Law imposes an excise tax on telecommunication service providers. That tax is typically passed through to the telecommunication providers customers. This proposal would ensure that a START-UP NY business remain tax free by providing a credit or refund for any 186-e excise taxes that are passed through to such business.

Revenue: The cost of this bill is already included in the Financial Plan as part of the cost of the START-UP NY program.

16. **Proposal to Extend Expiring Alternative Fuels Exemptions**

Background: Alternative Fuel exemptions were enacted under Chapter 109 of the Laws of 2006—effective September 1, 2006. This law provides for a full exemption from the excise tax, petroleum business tax and State and local sales taxes for fuel products identified as E-85, compressed natural gas (CNG) and hydrogen, when suitable for use in a motor vehicle engine.

The law also provides for reduced tax rates under the excise tax and PBT for fuel product identified as biodiesel-B-20 [20 percent bio-product (e.g., soybean oil), 80 percent diesel fuel]. The rate reduction is 20 percent under both taxes. Further, 20 percent of the receipts from the retail sale of B-20 are exempted from the State and local sales tax.

Proposal: Part V of the Budget legislation would extend the alternative fuel tax exemptions for E-85, CNG and hydrogen and the partial exemption for B-20 for two years. Under current law, these exemptions are scheduled to expire on September 1, 2014; this bill would extend this expiration date until September 1, 2016. The bill would take effect immediately upon enactment.

Discussion: New York's alternative fuels tax exemptions and credits are among the most progressive in the country. Extending these expiring tax exemptions and credits represents an energy, environmental, and economic development based policy decision for the Legislature to consider in the upcoming State budget deliberation process.

Revenue: The proposal would decrease State tax revenues in SFY 2014-15 by an estimated $8 million. The proposal would also decrease local sales tax revenues in SFY 2014-15 by an estimated $2.5 million.

GLOSSARY

Compensating Use Tax: Tax levied on tangible personal property and services for its consumption, storage, or use in the State of residency upon which sales tax has not been collected.

Corporate Exemption: The partial or full statutory exemption of certain types of business entities from taxation.

Credit: Credits are amounts that are subtracted from tax liability (i.e., credits reduce the amount of tax due by the amount of the credit):

> *Credit Earned*: The amount of credit generated in the current tax year.
>
> *Credit Claimed*: The amount of credit which taxpayers have available during the taxable year. Taxpayers determine this by adding credit earned in the current year to any unused credit from prior years and subtracting any applicable credit recapture. The claimed amount also reflects the imposition of any statutory limitations.
>
> *Credit Used*: The amount of credit which taxpayers actually apply to their tax liability.
>
> *Credit Carried Forward*: Any unused amount of credit which is allowed to be used to offset tax liability in future years. The amount of credit carried forward is determined by subtracting the amount of credit used or refunded in the current year from the amount of credit claimed.
>
> *Credit Refunded*: Unused credit amounts requested as a refund or applied against the next liability period. These are requested amounts from the tax return, not necessarily amounts actually paid. Refund requests are subject to audit and adjustment by the Tax Department and the Office of the State Comptroller.

Deduction: An amount which a taxpayer is allowed to subtract when computing the tax base.

Deferral: The legal authorization to delay the obligation to pay tax to a future period (e.g., a future tax year).

Dependent Exemptions: A fixed amount that is subtracted from New York Adjusted Gross Income for an individual's dependents, not including the taxpayer or spouse.

Entire Net Income (ENI): The amount of the taxable income base for corporate taxpayers. ENI equals federal taxable income after certain additions and subtractions for items that New York treats differently. The major adjustment in the computation of ENI for most taxpayers is the exclusion of income from subsidiary capital.

Excise Tax: A fixed, per unit tax imposed on a commodity or commodities (e.g., 11 cents per gallon of beer).

Exclusion/Exemption: The statutory elimination of certain items or transactions from the tax base.

Federal Adjusted Gross Income (FAGI): The amount of Federal income earned or received during the income year after certain exclusions and adjustments. Major exclusions from gross income include many government transfer payments, employer-provided pension contributions and fringe benefits, most capital gains from the sale of a primary residence, and a portion of social security benefits. Major adjustments to gross income include deductions for individual retirement arrangements, alimony paid, employee moving expenses, and one-half of self-employment tax paid.

Federal Conformity: The extent to which State tax laws adopt or conform to various provisions of Federal Tax Law.

Federal Taxable Income (FTI): The amount of taxable income before certain deductions reported by a corporate taxpayer on its Federal tax return. FTI includes all income received by the taxpayer during the tax year and most deductions from income. It does not include the Federal net operating loss deduction or the special Federal deductions for dividends received.

Flow-Through Provisions: Provisions (e.g., definitions, deductions, exclusions) that are derived from provisions of the Federal Tax Law and are applied to or flow-through to State Tax Law.

Franchise Tax: A tax imposed on business corporations for the privilege of conducting business in the State.

Gross Receipts Tax: Tax levied on the total receipts (e.g., income from sales) of a business.

Itemized Deductions: Individual deductions that are subtracted from New York Adjusted Gross Income and are applied in lieu of a standard deduction.

New York Adjusted Gross Income (NYAGI): The amount of Federal adjusted gross income earned or received during the income year after certain modifications and before the subtraction of either the standard deduction or itemized deductions, and dependent exemptions. For example, New York State income tax refunds, included in FAGI, are subtracted in determining NYAGI.

Personal Income Tax: A tax imposed on the income of persons. Examples of income that may be subject to tax include wages, non-wage income (interests, dividends, capital gains), business income, and investment income.

Premiums Tax: A tax imposed on insurance corporations and levied on the amount of net premiums received.

Reimbursement: An amount due to a taxpayer where there was a payment of tax, but no liability.

Sales Tax: An ad valorem tax levied on sales at retail.

Service: The performance of an action or activity for others.

Standard Deduction: A statutorily fixed amount, determined by filing status, subtracted from New York adjusted gross income.

Tangible Personal Property: Corporeal personal property of any nature.

Tax Expenditure: Features of the Tax Law that by exemption, exclusion, deduction, allowance, credit, preferential tax rate, deferral, or other statutory device, reduce the amount of taxpayers' liabilities to the State by providing either economic incentives or tax relief to particular classes of persons or entities, to achieve a public purpose.

Taxable Income: The amount to which the applicable tax rate is applied. Taxable income is gross income (prior to any adjustments) minus modifications, deductions, and exemptions.

Tax Liability: The amount of tax required to be paid by a taxpayer.

Transfer Tax: A tax imposed on the transfer of tangible personal property (e.g., real property) from one individual or entity to another.

APPENDIX

Federal Exclusions from Income

This Appendix summarizes Federal "flow through" tax expenditure provisions which impact the New York State Personal Income, Corporate Franchise, Bank, and Insurance Taxes. It should be noted the Appendix items under the Insurance Tax apply only to life insurance corporations. These taxes begin with definitions of income which are derived from provisions of the Federal Internal Revenue Code. As a result of this "coupling" of State definitions of income base to Federal definitions, exclusions, or deductions from income at the Federal level become exclusions or deductions at the State level. Therefore, these provisions automatically become tax expenditures at the State level. The descriptions apply for Federal law as of January 1, 2014. Therefore, estimates for the 2007-2011 tax years (2006-2010 for Corporate Franchise Tax, Bank Tax, and Insurance Tax) might reflect law provisions which have changed since that time.

Code Sections 101-137 set forth items that are excluded from income. In addition, other special types of income are specifically excluded by law. The following types of income are also exempt:

- items that are protected by the U.S. Constitution,
- items that are exempted by virtue of any act of Congress, and
- items that arise under the provisions of foreign tax treaties.

These exclusions (and exemptions) are not interchangeable with deductions from gross income (e.g., losses, expenses, bad debts, etc.). Deductions must be shown on the taxpayer's return, while exclusions generally are not.

Each of these estimates is derived from methodologies which allocate Federal tax expenditures to a New York State tax equivalent. Federal exclusions and deductions from income and their associated New York State tax expenditure value are presented in the following tables.

New York State Tax Expenditure Estimates of
Federal Exclusions from and Adjustments to Income

	Provision	2007	2008	2009	2010	2011	2014
	Personal Income Tax						
1.	***Deduction for IRA and Keogh Contributions*** Taxpayers may deduct up to $5,500 of contributions to qualified IRA plans. For married couples, each spouse may deduct $5,500. Limitations apply for taxpayers covered by an employer-provided retirement plan. In addition, taxpayers may exclude earnings from plans for which they elected not to deduct contributions. Separate limits apply for contributions to a Keogh plan.	135.4	128.8	115.0	116.7	118.0	160.0
2.	***Exclusion of Income Earned Abroad by U.S. Citizens*** A citizen or resident of the United States whose principal residence is in a foreign country may exclude, for Federal income tax purposes, income earned in foreign countries and related housing costs.	65.0	121.0	163.0	139.7	136.0	152.0
3.	***Limited Exception to Passive Loss Rules on Rental Real Estate*** Taxpayers may deduct up to $25,000 of passive losses attributable to rental real estate against active income.	180.8	137.0	231.3	279.0	257.0	381.0
4.	***Exclusion of Capital Gains on Home Sales*** Taxpayers may exclude up to $250,000 (single) and $500,000 (married joint) of gain from the sale of exchange of a principal residence. This exclusion applies for each sale or exchange.	645.2	535.0	583.1	480.0	550.0	800.0
5.	***Exclusion of Capital Gains from Small Business Stock*** Investors may exclude, subject to certain dollar limitations, 50 percent of capital gains from investment in the stock of a qualified small business when held at least five years. In addition, a portion of the gain may be an AMT preference item.	6.4	9.0	13.1	8.0	10.0	12.0
6.	***Exclusion of Scholarship and Fellowship Income*** Scholarship and fellowship income may be excluded from a student's Federal gross income.	42.9	47.3	72.6	77.0	70.0	85.0
7.	***Exclusion of Employee Meals and Lodging*** The value of meals supplied on the employer's business premises and lodging provided as a condition of employment are excluded from an employee's Federal gross income.	20.8	23.0	27.9	30.0	35.0	41.0
8.	***Exclusion of Public Assistance Benefits*** Public assistance benefits are excluded from Federal gross income.	12.0	13.6	16.8	16.9	18.0	19.0
9.	***Exclusion of Veterans' Benefits*** Various benefits received by veterans or their beneficiaries are tax-exempt.	93.1	100.1	126.3	157.6	140.0	232.0
10.	***Exclusion of Employer Contributions for Medical Insurance and Care and Long-Term Care Insurance*** Contributions made by an employer to a health insurance plan which provides compensation to the employee for personal injury and sickness and premiums for long-term care insurance may be excluded from the employee's gross income for Federal income tax purposes.	2,810.8	3,285.0	4,212.7	4,104.0	4,645.0	5,323.0
11.	***Exclusion of Employer Contributions for Employee Pensions*** Employer contributions to an employee's pension plan are excluded from the employee's Federal gross income. Also, earnings are excludible until distributed. Various limitations apply to contributions on behalf of highly-compensated employees.	1,996.8	1,930.0	2,415.9	2,260.0	2,282.0	3,514.0
12.	***Exclusion of Workers' Compensation Benefits*** Amounts received under workers' compensation acts, accident and health insurance, and similar plans are excluded from gross income.	125.0	132.0	178.1	177.5	272.0	275.0
13.	***Exclusion of Employer-Provided Tuition Assistance*** Employees may exclude up to $5,250 of employer-paid tuition for undergraduate and graduate college education.	13.9	15.0	17.9	23.0	17.0	20.0
14.	***Exclusion of Employer-Provided Child Care*** The value of child care provided by an employer is excluded from the employee's Federal gross income. The exclusion may not exceed $5,000 ($2,500 for married filing separately).	20.2	17.5	32.1	21.1	34.0	41.0

Provision	2007	2008	2009	2010	2011	2014
Personal Income Tax						
15. ***Exclusion of Certain Employer-Provided Transportation Benefits*** Employees may exclude from income certain qualified transportation fringe benefits for commuter vehicles, transit passes, and parking.	72.9	79.6	93.4	91.1	81.0	92.0
16. ***Exclusion of Benefits and Allowances to Armed Forces Personnel*** Combat pay and certain other in-kind benefits and cash allowances received by members of the Armed Forces are excluded from Federal gross income.	81.5	125.0	145.0	155.0	275.0	250.0
17. ***Exclusion of Accelerated Death Benefits*** Taxpayers may exclude accelerated death benefits paid under life insurance contracts.	4.0	4.0	4.0	4.0	4.0	4.0
18. ***Deduction for Self-Employed Persons' Health and Long-Term Care Insurance*** Self-employed taxpayers may deduct the entire cost of health insurance and long-term care premiums they provide for themselves and their families. The deduction is not allowed for any month in which the taxpayer or spouse is eligible to participate in an employer's health insurance plan.	94.2	97.6	121.0	103.0	100.0	130.0
19. ***Exclusion of Employer-Provided Adoption Assistance*** Taxpayers may exclude up to $13,190 per child of qualified adoption expenses provided by their employers.	10.1	12.0	17.4	30.2	15.0	15.0
20. ***Exclusion of Employer-Paid Premiums on Life Insurance, Accident Disability Insurance, and Accidental Death Insurance Plans*** Employer-paid life insurance premiums for coverage up to $50,000 and premiums for accident disability and accidental death may be excluded from an employee's Federal gross income.	55.1	57.1	60.5	59.2	48.0	50.0
21. ***Exclusion of Interest on Life Insurance Policy and Annuity Cash Value*** Interest which is credited annually on the cash value of a life insurance policy or annuity contract is not included in the income of the policy holder or annuitant.	397.3	426.0	484.4	494.4	380.0	453.0
22. ***Exclusion of Interest on Qualified New York State and Local Bonds*** Interest payments from qualified New York State and municipal bonds are excluded from the taxpayer's Federal gross income.	423.0	470.0	540.0	534.0	552.0	790.0
23. ***Expensing of Exploration and Development Costs of Oil and Gas*** Investors in oil and gas extraction enterprises may deduct from Federal gross income exploration and development costs incurred during the taxable year.	*	*	*	*	*	*
24. ***Amortization of Business Start-Up Costs*** A taxpayer may elect to amortize, over a period of at least 60 months, the investigatory and start-up expenses of a business in which the taxpayer actively participates.	17.0	20.4	23.7	33.0	25.0	30.0
25. ***Capital Gains at Death*** Capital gains on property which is transferred at death by inheritance or otherwise is exempt from taxation, being excluded from the Federal gross income of both the deceased and the recipient of the property.	463.0	578.0	668.3	601.0	580.0	700.0
26. ***Farm Income Stabilization: Expensing of Capital Outlays*** Farmers are allowed to deduct certain capital outlays for the taxable year during which they are paid or incurred instead of being apportioned over an extended period in the form of depreciation deductions.	28.7	20.2	18.7	21.1	28.0	25.0
27. ***Capital Asset Treatment of Timber Income, Iron Ore, and Coal Royalties*** Income earned from the sale of timber or royalties received pursuant to the lease of coal or iron ore mining rights may be treated as income from long term capital assets, allowing the owner to claim any capital losses against either capital gains or ordinary income.	*	*	*	*	*	*

Provision	2007	2008	2009	2010	2011	2014
Personal Income Tax						
28. ***Expensing of R&D Costs*** A taxpayer may elect to deduct costs incurred or paid during the taxable year with respect to research and development in connection with the taxpayer's trade or business. Alternatively, these expenses may, under specified conditions, be amortized over a period of not less than 60 months.	5.4	5.9	8.9	7.5	3.5	5.5
29. ***Expensing up to $25,000 on Certain Depreciable Business Property*** Businesses investing in certain depreciable property during the taxable year may deduct as an expense, in lieu of depreciation, up to $25,000 of the cost of new equipment put in service during the tax year. This "Section 179" expensing deduction begins to phase out dollar for dollar when the total cost of such property exceeds $200,000.	35.0	65.0	18.4	116.0	100.0	85.0
30. ***Exclusion of Social Security and Tier I Railroad Retirement Benefits*** A minimum one-half of Social Security and Tier I benefits received by single taxpayers with modified adjusted gross income (MAGI) between $25,000 and $34,000 is excluded from Federal gross income. For single taxpayers with income above $34,000, a minimum of 15 percent is excluded. For married taxpayers with MAGI between $32,000 and $44,000, a minimum of one half of Social Security is excluded, and for married taxpayers with MAGI above $44,000, a minimum of 15 percent is excluded.	633.8	717.0	819.0	835.4	850.0	900.0
31. ***Deferred Tax on Installment Sales*** Non-dealer taxpayers may report certain sales using the installment method of accounting as provided by IRC Section 453.	10.7	11.4	13.2	13.0	13.0	15.0
32. ***Deduction for Student Loan Interest*** Taxpayers may deduct up to $2,500 of interest paid on qualified education loans. The deduction phases out when modified AGI exceeds $80,000 (single) and $160,000 (married joint).	26.8	28.4	38.9	35.2	37.0	21.0
33. ***Exclusion for Education IRAs*** Taxpayers may exclude distributions (including earnings) from education IRAs if used for qualified higher education. The exclusion is completely phased out when modified AGI exceeds $110,000 (single) and $220,000 (married joint).	0..6	0.9	1.6	1.8	1.5	2.4
34. ***Exclusion of Earnings of Qualified Tuition Programs*** Taxpayers may exclude the earnings and distributions of qualified tuition programs, such as New York's "College Choice" programs.	12.8	7.0	10.5	15.0	15.0	21.0
35. ***Deduction for Contributions to Health Savings Accounts*** Eligible taxpayers may deduct contributions to HSA's equal to the lesser of the annual deductible under their high deductible health insurance plan or $6,550 for those with family coverage ($3,250 for those with individual coverage).	10.7	15.9	23.7	30.0	38.0	42.0

Provision	2006	2007	2008	2009	2010	2014
Corporate Franchise Tax						
1. ***Expensing of Certain Outlays for Farmers (Soil and Water Conservation Expenditures, etc.)*** Farmers may deduct certain capital outlays from gross income for the tax year in which they pay or incur such costs, instead of apportioning them over an extended period in the form of depreciation deductions.	0.5	0.5	0.5	0.4	0.4	*
2. ***Expensing up to $25,000 on Certain Depreciable Business Property*** Businesses investing in certain depreciable property during the taxable year may deduct as an expense, in lieu of depreciation, up to $25,000 of the cost of new equipment put in service during the tax year. This "Section 179" expensing deduction begins to phase out dollar for dollar when the total cost of such property exceeds $200,000.	*	*	*	*	*	*
3. ***Utility Generation Property Transition Provisions*** Taxpayers that are qualified public utilities and were taxed under former Section 186 in 1999 and earlier may claim for New York depreciation on property placed in service before January 1, 2000, a deduction equal to the amount of depreciation expense shown on the taxpayer's books and records for the taxable year, rather than the Federal MACRS amount. Similarly, the basis for gain or loss upon disposition of such transition property that the taxpayer owned in 1999 is generally the book cost of the property less the aggregate of New York depreciation deductions taken.	N/A	N/A	N/A	N/A	N/A	N/A
4. ***Expensing of Research and Development Costs*** A corporation may deduct from Federal gross income costs incurred or paid during the tax year for research and development in connection with its business.	105.0	195.0	259.0	201.9	228.9	286.0
5. ***Amortization of Business Start-Up Costs*** A corporation may amortize, over a period of at least 180 months, certain investigatory and business start-up expenses.	0.2	0.2	0.2	0.2	0.2	*
6. ***Deferred Tax on Installment Sales*** Non-dealer sellers of property, other than inventory, may use the installment method of accounting as provided by IRC Section 453.	6.0	7.0	3.5	2.7	3.1	4.0
7. ***Deductibility of Charitable Contributions*** Taxpayers may deduct charitable contributions, not exceeding 10 percent of taxable income computed as specified, from gross income.	35.0	35.0	37.0	28.8	32.7	41.0
8. ***Expensing of Exploration and Development Costs*** Taxpayers may deduct exploration costs and development expenditures of a mine or natural deposit as expenses in the year incurred.	*	*	*	*	*	*
9. ***Completed Contract Accounting*** Under the completed contract accounting method, taxpayers report income and expenses associated with a long term contract in the tax year of contract completion. Expenses that are not allowable to the contract (i.e., period costs), are deductible in the year paid or incurred depending on the accounting method employed.	1.0	1.0	1.0	0.8	0.9	1.0
10. ***Amortization of Pollution Control Facilities and Reforestation Expenditures*** Instead of taking MACRS depreciation, a taxpayer may elect to amortize over a 60-month period qualified pollution control facilities, used in connection with a plant or other property in operation before 1976.	N/A	N/A	N/A	N/A	N/A	N/A

Provision	2006	2007	2008	2009	2010	2014
Bank Tax						
1. ***Expensing up to $25,000 on Certain Depreciable Business Property*** Businesses investing in certain depreciable property during the taxable year may deduct as an expense, in lieu of depreciation, up to $25,000 of the cost of new equipment put in service during the tax year. This "Section 179" expensing deduction begins to phase out dollar for dollar when the total cost of such property exceeds $200,000.	*	*	*	*	*	*
2. ***Deductibility of Charitable Contributions*** A corporation may deduct charitable contributions, not exceeding 10 percent of taxable income computed as specified, from gross income.	38.0	40.4	43.0	48.8	41.1	49.0
3. ***Amortization of Business Start-Up Costs*** A corporation may elect to amortize, over a period of 180 months or more, the investigatory and start-up expenses of a business.	N/A	N/A	N/A	N/A	N/A	N/A
4. ***Deferred Tax on Installment Sales*** Pursuant to the Tax Reform Act of 1986, non-dealer taxpayers may report certain sales using the installment method of accounting as provided by IRC Section 453.	30.0	35.0	18.0	20.4	17.2	21.0

Provision	2006	2007	2008	2009	2010	2014
Insurance Tax						
1. ***Expensing up to $25,000 on Certain Depreciable Business Property*** Businesses investing in certain depreciable property during the taxable year may deduct as an expense, in lieu of depreciation, up to $25,000 of the cost of new equipment put in service during the tax year. This "Section 179" expensing deduction begins to phase out dollar for dollar when the total cost of such property exceeds $200,000.	*	*	*	*	*	*
2. ***Deductibility of Charitable Contributions*** Charitable contributions, not exceeding 10 percent of taxable income computed as specified, may be deducted from a corporation's gross income.	*	*	*	*	*	*
3. ***Amortization of Business Start-Up Costs*** A corporation may elect to amortize, over a period of no less than 180 months, the investigatory and start-up expenses of a business.	N/A	N/A	N/A	N/A	N/A	N/A
4. ***Deferred Tax on Installment Sales*** Pursuant to the Tax Reform Act of 1986, non-dealer taxpayers may report certain sales using the installment method of accounting as provided by IRC Section 453.	*	*	*	*	*	*
5. ***Small Life Insurance Company Taxable Income Adjustment*** Small life insurance companies may claim a special deduction from gross income which is not available to other insurance corporations. The deduction is 60 percent of that portion of tentative life insurance company taxable income which does not exceed $3 million for the taxable year. A phase out of the deduction occurs for amounts over $3 million.	0.9	0.9	1.0	1.3	1.1	1.0
6. ***Deduction of Life Insurance Reserves for Life Insurance Companies*** Life insurance companies may deduct a net increase in reserves which are maintained with respect to its insurance contracts and annuity contracts.	7.7	8.1	8.0	10.1	9.2	10.0
7. ***Exclusion of Investment Income on Life Insurance and Annuity Contracts*** Life insurance gross income excludes investment income on life insurance and annuity contracts, in the form of policy holder dividends.	3.8	3.8	4.0	5.0	4.6	5.0

* Less than $0.1 million.

-- The tax expenditure was not applicable for these years.

N/A No data available.