OTPA

New York State Department of Taxation and Finance

Office of Tax Policy Analysis

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Summary of Tax Provisions in SFY 2011-12 Budget

Thomas H. Mattox
Commissioner

Robert D. Plattner
Deputy Commissioner

Contents

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Tax Modernization

Electronic Real Property Tax Administration

Part U, Sections 1 through 7, of Chapter 61 of the Laws of 2011 authorize the Commissioner of Taxation and Finance (the Commissioner) to establish standards for using electronic means for:

- filing exemption applications;
- filing petitions for administrative or judicial review of assessments;
- filing applications for administrative correction of errors,
- issuing tax statements;
- paying taxes and providing receipts;
- issuing certain taxpayer notices; and
- furnishing notices and certificates relating to equalization rates, residential assessment ratios, special franchise assessments, railroad ceilings, taxable state lands, advisory appraisals, and certification of assessors and county directors of real property tax services.

These standards are to be developed in consultation with local government officials, the Office of Court Administration, and the Office of the State Comptroller.

Taxpayers may elect to accept electronic documents but are not required to do so. Assessors and other local officials also may elect but are not required to accept electronic communications from the Department of Taxation and Finance (the Department). Local governments may pass a local law or resolution to elect to provide electronic real property tax administration.

Part U, Section 8, requires the posting of final assessment rolls on city/town websites, and posting of such final rolls on the applicable county website if no city/town website is available, whereas prior law had required that only tentative assessment rolls be so posted.

Part U, Section 10, explicitly authorizes local municipalities to contract with third-party vendors for the purpose of collecting property tax and other payments via the Internet. Current law authorizes Internet payments only when the payment is made directly to the municipality, and many local governments do not have the capacity to process these types of payments.

Part U, Section 11, precludes the disclosure of e-mail addresses and other electronic contact information collected by a municipality in the course of administering the electronic program described above.

These sections all take effect immediately.

Department Use of Electronic Communication

Part U, Section 12, of Chapter 61 of the Laws of 2011 allows the Department to use electronic means of communication to furnish documents to taxpayers where the Department has obtained authorization from a taxpayer who is an online services account holder. If the Department furnishes documents electronically, the Department's records of the electronic transaction constitute proof of delivery.

This section becomes effective immediately.

E-file Mandate

Part U, Sections 13 through 17-b, of Chapter 61 of the Laws of 2011 create several changes to the requirements for electronic filing of tax returns.

If a tax return preparer prepared more than five original tax returns during any calendar year beginning on or after January 1, 2011, and if in any succeeding year that preparer prepares one or more returns using tax software, then all tax documents prepared by that preparer must be filed electronically. This requirement becomes effective 60 days after enactment and sunsets on December 31, 2012.

If a taxpayer does not use a tax return preparer, but instead prepares its income tax return using tax software, those returns must be filed electronically. This requirement takes effect on September 15, 2011, but only if the Department reports that the percentage of individual taxpayers electronically filing their 2010 income tax return is less than 85 percent. The Commissioner shall prepare a report to the Governor and the leaders of the State Legislature by August 31, 2011 showing the number and percentage of individual taxpayers that electronically filed their 2010 income tax return. If the mandate becomes effective, it would sunset on December 31, 2012.

The Commissioner may require tax liability or other amounts due on the return to be paid electronically if the return is required to be filed electronically. This requirement becomes effective with the filing mandates described above and sunsets on December 31, 2012.

A new penalty will be imposed on taxpayers who prepare a return using tax software but do not file returns electronically. The penalty for failure to e-file is $25 for personal income taxpayers and $50 for all other taxpayers, unless the taxpayer can show that the failure was due to a reasonable cause. If a taxpayer or tax return preparer fails to e-file when required to do so, the taxpayer is not eligible to receive interest on any overpayment until the return is filed electronically. These provisions sunset on December 31, 2012.

LLC and Partnership Filing Fee Payment Date

Part U, Section 18, of Chapter 61 of the Laws of 2011 changes the due date for limited liability companies (LLCs) and for partnerships with New York source income to pay the annual filing fee from 30 days after the close of the tax year (typically January 30 for calendar year entities) to 60 days after the close of the tax year (typically March 1 for calendar year entities). This section takes effect immediately.

Abandoned Property and Tax Refund Debit Cards

Part U, Sections 19 and 20, of Chapter 61 of the Laws of 2011 treat debit cards issued by New York State for paying a tax refund as abandoned property if the debit card has not been activated within one year from the date of issuance. These sections take effect immediately.

Sales Tax Compliance

Part U, Sections 21 and 21-a, of Chapter 61 of the Laws of 2011 grant the Commissioner the authority to require any person that does not properly collect sales tax, remit the tax to the Department, or file sales tax returns to deposit the sales tax it collects into a separate account at a banking institution approved by the Commissioner. A deposit must be made at least once per week and the vendor can be required to authorize the Commissioner to debit the account directly. A vendor that fails to comply with these requirements is required to file a bond with the Department. The vendor's certificate of authority may be revoked or suspended if it fails to obtain the bond.

Part U, Section 22, also gives the Commissioner the discretion, when he or she deems it necessary to protect State and local sales tax revenues, to require a vendor that files only quarterly returns to file monthly (part-quarterly) returns as well.

These sections are effective immediately. Sections 21 and 21-a expire on December 31, 2012.

Fuel Taxes

Modernize Motor Fuel Product Definitions

Part K of Chapter 61 of the Laws of 2011 amends the Tax Law to create new product definitions for motor fuel, diesel motor fuel and E-85 (85 percent ethanol/15 percent gasoline) in the excise tax, petroleum business tax (PBT), sales tax, highway use tax, and Article 37 tax crimes sections. The provisions modernize these product definitions to reflect changes in the fuels marketplace that have rendered the current law definitions unworkable. In particular, the new non-highway diesel motor fuel product definition includes the presence of red dye as an indicator of its destination for a non-highway use. Comparatively, all undyed clear ultra-low sulfur diesel fuel falls within the new definition of highway diesel motor fuel. The new motor fuel product definition includes fuel grade ethanol, E-85, reformulated blendstock for oxygenate blending (RBOB) and conventional blendstock for oxygenate blending (CBOB).

The provisions also include changes to the tax imposition, exemption, refund/reimbursement, preferential rate, and rate indexing language to reflect the new product definitions. Provisions also add diesel motor fuel seizure and penalty provisions to the criminal sanctions in Tax Law Section 1848. These provisions are comparable to the motor fuel seizure and penalty provisions currently applicable in Section 1848.

This part is effective on September 1, 2011.

Alternative Fuel Exemptions Extended

Part L of Chapter 61 of the Laws of 2011 extends the alternative fuel tax exemptions for E-85 (85 percent ethanol/15 percent gasoline), compressed natural gas (CNG), and hydrogen and the partial exemption for biodiesel B-20 [20 percent bio-product (e.g. soybean oil), 80 percent diesel fuel] for one year. Under current law, these exemptions were scheduled to expire on September 1, 2011. Part L extends the expiration date until September 1, 2012. The one year extension continues the full exemption from the excise tax, PBT, and State and local sales taxes for fuel products identified as E-85, CNG, and hydrogen when they are suitable for use in a motor vehicle engine. The extension also applies to the reduced tax rates under the excise tax and PBT for fuel product identified as B-20. The rate reduction is 20 percent under both taxes. Further, the extension maintains the exemption for 20 percent of the receipts from the retail sale of B-20 from State and local sales tax. The provisions also clarify the E-85 fuel tax law definition to reference its American Society of Testing Materials active standard–D5798 for fuel ethanol.

This part is effective immediately.

Real Property Taxes

STAR Exemption

Part N of Chapter 58 of the Laws of 2011 limits growth in the STAR real property tax exemption to 2 percent annually, beginning in the 2011-12 school year.

In addition, the new provisions provide taxpayers a means for renouncing the STAR exemption they received in prior years and wish to pay back (generally to qualify for a benefit in another state). The provision sets a limit of 10 years on past-year payments, and includes the imposition of a fine.

Further, the Commissioner is authorized to establish a uniform parcel ID system, effective for 2013 assessment rolls.

Local Government Aid for Assessment Improvement

Chapter 53 of the Laws of 2011 provides State Fiscal Year (SFY) 2011-12 aid payments of $176,000 for assessor training reimbursement and $750,000 in aid to be shared among programs for reassessment, coordinated assessing, and county assessment services. Local aid associated with the rail infrastructure investment program (railroad ceiling program) is eliminated for SFY 2011-12.

State Citizen Empowerment Tax Credit

Part K of Chapter 57 of the Laws of 2011 contains provisions for a State grant program, to be administered by the Department of State, that is designed to encourage local governments to consolidate. State aid would be provided following a consolidation, and 70 percent of such aid would have to be used for property tax relief. Property tax bills would have to be modified to indicate the amount of tax savings accruing to the parcel in question from the State aid program, entitled the “State Citizen Empowerment Tax Credit.” This part is effective immediately and will be deemed to have been in full force and effect on and after April 1, 2011.

Taxable State-Owned Land	Part L of Chapter 57 of the Laws of 2011 contains provisions that relate to Chapter 774 of the Laws of 1989, which in turn relates to payments in lieu of taxes (PILOTs) on state-owned land located in the City of Rochester watershed area. The new language clarifies that the PILOTs in question are treated in the same manner as taxes for state liability purposes, and an amount of $600,000 is appropriated in the State Operations Appropriation, Miscellaneous General State Charges Section, to fund this payment. This part is effective immediately.

Tax Credits

Excelsior Jobs Program Amendments

Part G of Chapter 61 of the laws of 2011 makes several amendments to the Excelsior Jobs Program. It modifies the credit to make it more widely available and more lucrative and creates a new energy incentive. It also lengthens the benefit period from five to ten years. Finally, it makes several administrative changes.

Tax Credit Changes

- The jobs tax credit component formula is revised to be the uncapped product of gross wages multiplied by 6.85 percent; presently it is a marginal wages computation capped at $5,000 per job;
- The research and development (R&D) credit component is increased from 10 percent to 50 percent of the taxpayer's federal R&D credit, subject to a limit of 3 percent of qualified R&D expenditures attributable to New York activity;
- Costs and expenses included in the basis of the Excelsior R&D credit component are allowed to be used for the qualified emerging technology company facilities, operations, and training credit;
- The same property and expenses that qualify for the Excelsior investment tax credit (ITC) component are allowed for the traditional R&D ITC;
- The real property tax credit (RPTC) component schedule is amended to phase down from 50 percent to 5 percent over 10 years (5 percent each year) instead of 5 years (10 percent each year), reflecting the lengthening of the benefit period;
- Property improvements that increase the value of real property will be factored into the amount of the RPTC component; previously the credit base was fixed at the amount of taxes assessed and paid in the year prior to application;

- Utilities are authorized to offer discounted gas or electric rates to Excelsior participants; and
- The credit is extended to eligible agricultural cooperatives subject to tax under Article 9, Section 185.

Administrative Changes

- The strategic industries qualifying test will be applied to the location where the activity will take place instead of on the entity as a whole;
- An Empire Zone participant will only be required to give up its Empire Zone certification at the location where it will claim Excelsior benefits rather than at all its locations;
- Participants will be allowed to claim credit as interim milestones are reached; and
- The tax credit recapture provision will be limited to instances where the Empire State Development Corporation (ESDC) revokes a taxpayer's certification for violating worker protection or environmental laws or failure to pay state and local taxes.

This part is effective immediately.

Economic Transformation and Facility Redevelopment Program

Part V of Chapter 61 of the Laws of 2011 creates the Economic Transformation and Facility Redevelopment Program. This new tax incentive program is designed to mitigate the economic consequences in communities where correctional facilities and facilities operated by the Office of Children and Family Services (OCFS) are closed through the period ending March 31, 2012. The program offers several tax benefits to redevelop closed facilities and attract new businesses to the surrounding areas. To participate, a business must create and maintain at least 5 net new jobs in an economic transformation area (ETA) and meet a benefit-cost ratio of 10:1. Businesses must apply to ESDC for certification and if approved will receive a five-year benefit period.

Economic Transformation Areas

ETAs are areas within a certain radius of a closed correctional or OCFS facility and vary in size depending upon the facility's location. ESDC will establish the ETA boundaries prior to the acceptance of any applications for participation in the Program.

	Economic Transformation Area Region		
	Outside MCTD & Port Authority District	In MCTD, Outside Port Authority District	In Port Authority District
Base size	5 mile radius	1 mile radius	Site of facility
Size if closed facility employed over 60 persons	10 mile radius	5 mile radius	NA
Discretionary size adjustment*	Adjust 10 mile radius to between 5 and 15 miles	Decrease 5 mile radius to no lower than 1 mile	NA
*Discretionary factors for adjusting the size of an ETA radius include population density, poverty rate, unemployment rate, and loss of jobs in the region.			
MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. The Port Authority District is the region within a 25 mile radius of the Statue of Liberty.			

Tax Incentives Summary

Economic Transformation and Facility Redevelopment Program Tax Credit

A fully refundable credit consisting of four components is available to personal income taxpayers, agricultural cooperatives, general business corporations, banks, and insurance companies:

1. *Jobs tax credit component* - 6.85 percent of the gross wages of each net new job created;

2. *Investment tax credit (ITC) component* - 10 percent of the cost of investments at a closed facility, with a facility-based cap of $8 million; 6 percent of the cost of investments elsewhere in an ETA, with a cap of $4 million per entity;

3. *Job training credit component* - 50 percent of training expenses for employees displaced by a facility closure, up to $4,000 per employee per year; and

4. *Real property tax credit component (RPTC)* - 50 percent of real property taxes for projects located entirely within the grounds of a closed facility, declining by 10 percent a year; 25 percent of real property taxes for projects elsewhere in an ETA, declining by 5 percent a year.

Sales and Use Tax Refund

Program participants, or their contractors, may claim a refund of State sales or use tax paid on tangible personal property that is used in constructing, expanding or rehabilitating industrial or commercial real property located in an ETA. The tangible personal property must become an “integral component part” of the real property in order to qualify for the refund. The refund is available for property purchased after the participant receives its certificate of eligibility and used before a certificate of occupancy is issued for the real property. The participant or contractor may only apply for a refund once per sales tax quarter and the amount may not be claimed as a credit on a sales tax return.

<u>Local Option Property Tax Exemption</u>
Localities within an ETA may elect to provide an exemption from local property taxes for Program participants. The exemption is equal to 50 percent of the increase in assessed value attributable to the Program investment in the first year, if the investment occurs at the closed facility. This exemption is phased out in increments of 10 percent over 5 years. Investments in properties other than the facility itself but within the ETA are eligible for exemptions of 25 percent, phased out in increments of 5 percent over 5 years.

Program Administration
ESDC is the lead administrator for the Economic Transformation and Facility Redevelopment Program. Businesses seeking to participate in the Program must first apply to ESDC for a certificate of eligibility. Prospective participants have until the later of 3 years after the closure of a correctional or OCFS facility or January 1, 2015 to submit an application.

ESDC will validate that the applicant is located in an ETA, is a new business, and is not engaged in ineligible operations. Ineligible operations include retail, professional services licensed by the State, and real estate holding companies or landlords for such operations. However, businesses engaged in such operations may be eligible to participate at the site of a closed facility if it is part of an adaptive reuse plan for a substantial portion of the facility.

Once an applicant is granted a certificate of eligibility, it has one year to start construction, acquire a qualified investment, or create at least one net new job. A participant that fails to comply will not be allowed to claim any tax credit. The five year benefit period starts in the first year in which a participant creates five net new jobs and includes the following four consecutive years in which the net new jobs threshold is met. However, the benefit period must commence within two years of the issuance of a certificate of eligibility.

Participants must maintain the five net new jobs throughout their benefit period to remain eligible for the tax credit. Prior to claiming credit in the final year of the benefit period, a participant must demonstrate that it has satisfied the 10:1 benefit cost ratio. The numerator of the ratio is the sum of wages and benefits for net new jobs plus new investment and the denominator is the total tax benefits. Participants failing the ratio test will be required to recapture an amount of credit necessary to achieve the 10:1 ratio.

Finally, to ensure accountability and transparency, two reporting requirements are created. ESDC must issue quarterly reports beginning on June 30, 2012 that include the number of applicants, the number and names of participants, and data regarding jobs, investment, and Program benefits. The Department will issue an annual report beginning on July 31, 2013 containing the names of taxpayers participating in the program and related tax benefit information.

This part is effective immediately and will expire on December 31, 2021.

Investment Tax Credit for Financial Services Taxpayers

Part E of Chapter 61 of the Laws of 2011 extends the investment tax credit for financial services taxpayers to apply to property placed in service before October 1, 2015. The credit had previously been scheduled to expire for property placed in service on or after October 1, 2011. The credit is provided to taxpayers under Articles 9-A, 22, 32, and 33 of the Tax Law for qualifying property that is principally used in the ordinary course of the taxpayer’s trade or business as a broker or dealer in connection with the purchase or sale of stocks, bonds or other securities.

Power for Jobs

Part CC of Chapter 60 of the Laws of 2011 extends the Power for Jobs tax credit under Article 9 of the Tax Law for two years. The credit expired after the 2010 tax year but now is extended through 2012. This extension is effective immediately.

Low-Income Housing Credit

Part F of Chapter 61of the Laws of 2011 increases the statewide aggregate credit limit for the low-income housing credit from $28 million to $32 million. The credit is awarded by the Division of Housing and Community Renewal (DHCR). This part is effective immediately.

Business Taxes

Federal Conformity of the Excess Lines and Independently Procured Insurance Tax to the Dodd-Frank Wall Street Reform and Consumer Protection Act

Part I of Chapter 61 of the Laws of 2011 brings New York's Excess Lines Premium Tax and the Tax on Independently Procured Insurance into conformance with the federal Dodd-Frank Wall Street Reform and Consumer Protection Act, including the Nonadmitted and Reinsurance Reform Act of 2010. The federal legislation supersedes New York's current taxation of excess lines and independently procured insurance by giving the "home state" of the insured the sole authority to regulate and collect taxes on these transactions. Generally, the insured's home state is the state where it is headquartered, or in the case of individuals, their place of principal residence. Part I amends the excess lines tax under the Insurance Law and the tax on independently procured insurance under Article 33-A of the Tax Law to conform definitions and allocation procedures for the taxes to the federal legislation. This section is effective July 21, 2011, with certain subsections having various different effective dates depending on the subject of the provision.

Continuing the Bank Tax and GLBA Provisions

Part J of Chapter 61 of the Laws of 2011 makes permanent certain provisions of the Tax Law and the Administrative Code of the City of New York relating to the taxation of commercial banks that were scheduled to sunset for taxable years beginning on or after January 1, 2011. These include amendments made in 1985 to the bank taxes imposed by New York State and New York City that created the current bank tax structure in Article 32 of the Tax Law.

This part also extends the transitional provisions relating to the enactment and implementation of the federal Gramm-Leach Bliley Act until January 1, 2013. These were scheduled to sunset for taxable years beginning on or after January 1, 2011. The provisions of this section are effective immediately and apply to taxable years beginning on or after January 1, 2011.

Extension of Tax Shelter Reporting Provisions

Part B of Chapter 61 of the Laws of 2011 extends the sunset date for the current tax shelter disclosure and penalty provisions in the Tax Law to July 1, 2015. These provisions had been scheduled to expire on July 1, 2011.

Miscellaneous Provisions

Cigarette Registration Fees

Part T of Chapter 61 of the Laws of 2011 repeals the current graduated schedule of cigarette registration fees and replaces it with a flat rate annual fee of $300 per retail location and $100 per vending machine. The current schedule, which the Department has been enjoined from implementing, contains graduated rates based on gross sales of the vendor, and the fees can be as high as $5,000 per retail location and $1,250 per vending machine. These graduated rates were originally put in place by Section 125 of Part C of Chapter 58 of the Laws of 2009. Part T also removes the requirement that any fees collected in excess of three million dollars must be deposited into the tobacco control and insurance initiatives pool (HCRA).

Part T also includes provisions related to implementation of the new fee. Part T provides that a notice and demand will be issued for calendar years 2010 and 2011 to each retail dealer and vending machine operator for any part of the registration fee that is still owed under this Section. No registrations will be issued to retail dealers or vending machine operators for calendar year 2012 until 2010 and 2011 outstanding registration fees are paid in full. In addition, the Department will refund application fees paid with respect to the registration of a retail establishment or vending machine for calendar years 2010 and 2011.

This part is effective immediately; the new fees will apply retroactively for registrations during calendar years 2010 and 2011.

Offset Lottery Winnings with Outstanding Tax Debts

Part D of Chapter 61 of the Laws of 2011 permits the crediting of lottery prizes exceeding $600 against prize winners' liabilities for taxes owed to New York. The names of tax debtors submitted to the Division of the Lottery would include those against whom a warrant, a public record serving as a judgment, had been filed, as well as those whose tax liabilities have not yet been warranted but are legally fixed, final and not subject to further administrative or judicial review.

The bill's provisions would be implemented by an agreement between the Director of the Lottery and the Commissioner that would detail procedures for effecting offsets through computerized matching of tax liabilities against the names of prize winners, as well as provide reimbursement to the Lottery for the cost of carrying out such procedures. This part is effective August 1, 2011.

Department Reporting for Purposes of the Abandoned Property Law

Part A, Section 36, of Chapter 61 of the Laws of 2011 allows the State Comptroller to request the Department to provide a report on Article 9-A taxpayers that filed a return for any taxable year within ten calendar years prior to the report. The request cannot be made more than once a year. The report will include taxpayer-specific information to the extent practicable, but the information will only be used for administration and enforcement of the abandoned property law. This part is effectively immediately.

Public Safety Communications Surcharge

Part D of Chapter 57 of the Laws of 2011 amends the distribution of receipts from the Public Safety Communications Surcharge. Part D, Section One, suspends deposits to the New York State Emergency Services Revolving Loan Funds in State fiscal years 2011-12 and 2012-13. Part D, Section Two, creates a new funding mandate. Annually, between April 1, 2012 and March 31, 2014, $9 million of receipts from the surcharge will be used for grants or reimbursements to counties for costs related to the operation and improvement of public safety answering points.

Pari-Mutuel Tax Provisions Extended

Part S of Chapter 61 of the Laws of 2011 extends the lower pari-mutuel tax rates that were re-authorized by the Laws of 2010 for one year. In addition, it extends the authorization for account wagering and rules governing simulcasting and wagering on simulcast out-of-state thoroughbred and harness races for one year.

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Chapter 61 of the Laws of 2011 (S.2811-C/A.4011-C)

Section(s)	Page(s)	Subject	Description	Effective Date
Part A, Section 36	13-14	Department Reporting for Purposes of the Abandoned Property Law	Allows the Comptroller to request a report from the Department on Article 9-A taxpayers for purposes of the administration and enforcement of the abandoned property law.	Immediately
Part B	14-15	Extension of Tax Shelter Reporting Provisions	Extends the tax shelter reporting provisions through July 1, 2015.	Immediately
Part D	15-17	Offset Lottery Winnings with Outstanding Tax Debt	Permits the crediting of lottery prizes exceeding $600 against prize winners' liabilities for taxes owed New York.	August 1, 2011
Part E	17	Investment Tax Credit (ITC) for Financial Services Taxpayers	Extends the financial services ITC through October 1, 2015.	Immediately
Part F	17-18	Low-Income Housing Credit	Increases the statewide aggregate credit limit by $4 million to $32 million.	Immediately
Part G	18-25	Excelsior Jobs Program Amendments	Changes the calculation of credit components, expands incentives, lengthens benefit period, and makes administrative changes.	Immediately
Part I	25-33	Federal Conformity of the Excess Lines and Independently Procured Insurance Taxes to the Dodd-Frank Act	Conforms the excess lines tax and the tax on independently procured insurance to the federal Dodd-Frank Act.	Various
Part J	33-40	Bank Tax and GLBA Provisions	Makes the bank tax permanent and extends the GLBA transitional provisions through 2012.	Immediately
Part K	40-90	Modernize Motor Fuel Product Definitions	Creates new product definitions for motor fuel, diesel motor fuel, highway diesel motor fuel, and non-highway diesel motor fuel in the excise tax, petroleum business tax, sales tax, highway use tax, and Article 37 tax crimes sections to reflect changes in the fuels marketplace that have rendered the current definitions unworkable.	Effective for sales and uses occurring on or after September 1, 2011
Part L	90-91	Alternative Fuels Exemptions Extended	Extends the alternative fuel tax exemptions for E-85, CNG, and hydrogen and the partial exemption for B-20 for one year until September 1, 2012.	Immediately
Part S	94-99	Pari-Mutuel Tax Provisions Extended	Extends the expiring lower pari-mutuel tax rates and simulcasting rules and provisions for one year.	Immediately

Summary of Tax Provisions in SFY 2011-12 Budget				
Chapter 61 of the Laws of 2011 (S.2811-C/A.4011-C)				
Section(s)	Page(s)	Subject	Description	Effective Date
Part T	99-101	Cigarette Registration Fees	Replaces the current graduated schedule of cigarette registration fees with a flat rate annual fee of $300 per retail location and $100 per vending machine.	Immediately and will apply retroactively to 2010 and 2011 registrations
Part U, Sections 1-11	101-107	Electronic Real Property Tax Administration	Authorizes the Commissioner to establish standards for using electronic means for filing and paying real property taxes and documents. Taxpayers must opt in as must local governments.	Immediately
Part U, Section 12	107	Department Use of Electronic Communication	Allows the Department to use electronic means of communication to furnish documents to taxpayers where the Department has obtained authorization from a taxpayer.	Immediately
Part U, Sections 13-17-b	107-111	E-file Mandate	If a tax return preparer prepared more than five original tax returns during any calendar year beginning on or after January 1, 2011, and if in any succeeding year that preparer prepares one or more returns using tax software, then all tax documents prepared by that preparer must be filed electronically. Lowers tax preparer threshold to 5 returns, and requires taxpayers that use tax software to file electronically.	60 days after enactment, sunsets on December 31, 2012 September 15, 2011, but only if the Department reports that the percentage of individual taxpayers electronically filing their 2010 income tax return is less than 85 percent. Sunsets on December 31, 2012
Part U, Section 18	111	LLC and Partnership Fee Payment Date	Changes the annual filing fee due date for limited liability companies (LLCs) and partnerships with New York source income.	Immediately
Part U, Sections 19-20	111-112	Abandoned Property and Tax Refund Debit Cards	Treats debit cards issued for paying a tax refund as abandoned property if the debit card has not been activated for one year from the date of issuance.	Immediately
Part U, Sections 21-21-a	112-113	Sales Tax Compliance	Authorizes the Commissioner to require any person that does not properly collect or pay sales tax, or file sales tax returns, to deposit the sales tax it collects into a separate account.	Immediately, sunsets on December 31, 2012

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Chapter 61 of the Laws of 2011 (S.2811-C/A.4011-C)				
Section(s)	Page(s)	Subject	Description	Effective Date
Part U, Section 22	113	Sales Tax Compliance	Provides the Commissioner with the discretion to require a vendor that files only quarterly returns to file monthly (part-quarterly) returns as well.	Immediately
Part V	114-129	Economic Transformation and Facility Redevelopment Program	Creates a new tax incentive program to assist communities impacted by prison closures.	Immediately, expiring on December 31, 2021

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Chapter 53 of the Laws of 2011 (S.2803-E/A.4003-E)				
Section(s)	Page(s)	Subject	Description	Effective Date
Office of Real Property Tax Services Program	944	Local Government Aid for Assessment Improvement	Provides State Fiscal Year (SFY) 2011-12 aid payments of $176,000 for assessor training reimbursement and $750,000 in aid to be shared among programs for reassessment, coordinated assessing, and county assessment services.	Immediately

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Chapter 57 of the Laws of 2011 (S.2807-C/A.4007-C)				
Section(s)	Page(s)	Subject	Description	Effective Date
Part D	11	Public Safety Communications Surcharge	Amends the distribution of receipts from the Public Safety Communications Surcharge.	Various
Part K	26-31	State Citizen Empowerment Tax Credit	Creates a state grant program to encourage local governments to consolidate. State aid would be provided following a consolidation, and 70 percent of the aid would have to be used for property tax relief.	Immediately and deemed to have been in full force and effect on or after April 1, 2011
Part L	31-32	Taxable State Owned Lands	Clarifies that certain Payments in Lieu of taxes (PILOTs) on state-owned land in the City of Rochester watershed area shall be treated in the same manner as taxes for state liability purposes, and appropriates $600,000 to fund this payment.	Immediately

Summary of Tax Provisions in SFY 2011-12 Budget				
Chapter 58 of the Laws of 2011 (S.2808-D/A.4008-D)				
Section(s)	Page(s)	Subject	Description	Effective Date
Part N	66-68	STAR Exemption	Limits the growth in the STAR exemption; provides certain taxpayers a means for renouncing the STAR exemption they received; authorizes the Commissioner to establish a uniform parcel ID system.	Immediately

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Chapter 60 of the Laws of 2011 (S.2810-C/A.4010-C)				
Section(s)	Page(s)	Subject	Description	Effective Date
Part CC	36-37	Power for Jobs	Extends the Power for Jobs tax credit for two years.	Immediately

For more information concerning the data provided in this publication, please contact:

New York State Department of Taxation and Finance
Office of Tax Policy Analysis
W.A. Harriman State Campus Office
Albany, New York 12227
Phone (518-457-3187)